



CANADIAN SPIRIT RESOURCES INC.

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## **CANADIAN SPIRIT RESOURCES PROVIDES UPDATE**

**Calgary, AB January 12, 2006 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (SPI-TSX Venture)** is pleased to provide an update of our activities in northeast British Columbia and central Alberta.

The Company's principal area of interest is located in the Farrell Creek area of northeast British Columbia. Since October 2003, the Company has acquired the petroleum and natural gas rights to over 60 sections of land in that area. The principal focus of CSRI on these lands has been the coal seams contained within the Gething Formation (see CSRI's news release dated October 18, 2004). In CSRI's previous news release dated November 15, 2004, the Company announced that, in an independent evaluation report, Sproule Associates Limited ("Sproule") had estimated that the contingent resource (or gas-in-place) estimate for the natural gas contained within the Gething coals was in the range of 9 to 14 Bcf per section. The basis for this estimate was coal gas content of 230 to 530 standard cubic feet per ton (scf/t) in-situ over an average net coal thickness of 30 feet. This contingent resource estimate did not include an estimate of contingent resources for the carbonaceous shale, sandstone and siltstone sequences that are interbedded with the coals. The Company will be providing Sproule with all relevant data regarding these sequences (including core, logs and gas contents) to allow this contingent resource to be estimated.

The principal risk of the Gething Formation facing the Company is the productive capability of these coals. Recently, the Company successfully performed a fracture stimulation within the Gething Formation at the c-83-H test hole. This test hole has now been cleaned out and a downhole pump will be installed. Once the dewatering process has been initiated, indications of productive capability from this test hole of both water and natural gas are expected to be released within sixty days. The Company has also recently drilled and cased two additional test holes at b-92-H and d-93-H. These test holes were drilled to supplement production data

obtained from the test hole at c-83-H. The data from these test holes will be used to further optimize the Company's completion program for the Gething Formation and to enhance the associated reservoir model. Completion programs are currently being designed for these test holes and it is anticipated that b-92-H will be stimulated in February, depending on the availability of equipment.

In addition to the Gething Formation, the Company is also evaluating the potential for natural gas within other shale gas and tight gas sandstone formations. Analyses of results provided by various service companies regarding the Company's shale gas evaluation of the Moosebar/Gates Formations, including the c-A83-H test hole, have indicated a gas content ranging from 2.5 to 11 scf/t with an average thickness of 900 feet. The Company is currently assessing the potential productivity of these shales. At the c-48-I and c-A83-H test holes, the Company stimulated a Bluesky sandstone. Although the results of these stimulations were disappointing, the Bluesky sandstone will remain a secondary objective for the Company in this area.

The Company is also pleased to announce that it has again retained Sproule to prepare the annual evaluation compliant with NI51-101. The Company will be submitting to Sproule all technical and operating data associated with the Gething Formation, Bluesky sandstone and Moosebar/Gates shales by mid-February. Sproule anticipates completing their report by the end of March 2006.

In central Alberta, the Company continues to wait on service rigs to allow it to complete downhole work that was initiated late last year. The tie-in of these wells which was scheduled for the second quarter of this year, is expected to be pushed into the third quarter.

Canadian Spirit Resources Inc. is a natural resources company focusing on the identification and development opportunities in the unconventional gas sector of the energy industry. Since 2002, the mission of the Company has been to develop 1 Tcf of natural gas over a five year period from unconventional resource plays in western Canada. Within three years, the Company has identified several large resource plays, assembled a unique, high working interest land position in over 42,000 gross acres (of which 40,000 are located in British Columbia) and is currently evaluating the productive capability of its principal resource property.

On behalf of the Board of Directors,  
**Canadian Spirit Resources Inc.**

*“Phil Geiger”*

Phillip D.C. Geiger, President & COO

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