



CANADIAN SPIRIT RESOURCES INC.

Suite 2610, 530 - 8th Avenue S.W., Calgary, AB T2P 3S8

Telephone: (403) 539-5005 Facsimile (403) 262-4177

Website: www.csri.ca e-mail: info@csri.ca

CANADIAN SPIRIT RESOURCES UPDATES THIRD EVALUATION WELL AND ANNOUNCES CLOSING OF FLOW-THROUGH PRIVATE PLACEMENT

Calgary, AB December 24, 2004 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (SPI-TSX Venture) announces that a third evaluation well has been drilled, cased and suspended on its Farrell Creek, British Columbia property. The cost of this operation is expected to be below the previously announced \$800,000 budget. Evaluation of data from this well will commence shortly and will take approximately four to six months to fully complete. Conditional upon results, this third well may be completed in early 2005 and would become the first well of the Company's pilot production program.

The Company is also pleased to announce that the \$1,000,000 flow-through share issue announced December 6, 2004 has been fully subscribed and subject to final TSX Venture Exchange approval, is expected to close on December 29, 2004. Proceeds of the issue will be used during 2005 to fund the drilling of natural gas from coal wells and related expenditures on lands held by the Company.

Finders' fees of \$46,500 in cash will be paid in conjunction with the private placement.

The flow-through shares issued pursuant to this private placement shall be subject to a four month hold period expiring April 30, 2005, except those issued to residents of Quebec which are subject to an indefinite hold period until CSRI becomes a reporting issuer in Quebec. The Company is preparing an application to become a reporting issuer in Quebec.

Following this private placement, there will be a total of 22,335,548 common shares of CSRI outstanding.

Canadian Spirit Resources Inc. is a natural resources company focusing on the exploration and development of opportunities in the natural gas from coal ("NGC", also referred to as coalbed methane or "CBM") sector of the energy industry.

On behalf of the Board of Directors,

Canadian Spirit Resources Inc.

"Phil Geiger"

Phillip D.C. Geiger
President & COO

For further information, please contact:
Canadian Spirit Resources Inc.
Telephone (403) 539-5005
Facsimile (403) 262-4177

Phil Geiger (phil.geiger@csri.ca) or Don Gardner (don.gardner@csri.ca)

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