



## NEWS RELEASE

### **CANADIAN SPIRIT RESOURCES INC. ANNOUNCES SUCCESSFUL HORIZONTAL WELL TEST IN THE LOWER MONTNEY FORMATION**

Calgary, AB July 22, 2010 – Canadian Spirit Resources Inc. (“CSRI” or the “Corporation”) (TSXVENTURE:SPI) (OTCBB:CSPUF) is very pleased to announce preliminary results of a lower Montney Formation horizontal well at the c-A48-I/94-B-1 location in the Farrell Creek area of northeastern British Columbia. The c-A48-I well flowed gas from two stages at an initial production (IP) rate of over 3.5 mmcf/d and stabilized at approximately 2 mmcf/d after a period of seven days. With flow rates of approximately 1 mmcf/d per stage, the results compare favorably with upper Montney horizontal wells in Talisman Energy’s (TSX:TLM) commercial Montney play in the area. On a per-stage basis, these results significantly exceeded the Corporation’s expectations of what the lower Montney could contribute to the economics of its overall Montney project.

Operational issues are currently preventing the flow-back from the first three fracture stages. Having demonstrated the potential viability of the lower Montney from only two stages at c-A48-I, Canbriam Energy BC Partnership, the operator, is considering further fracture stimulation of the unstimulated horizontal section in addition to possible remediation to access the first three stages. This is the first known horizontal well drilled into the lower Montney in the Farrell Creek area and is expected to add to the total productivity and reserve potential in the Montney Formation. Consistent with current industry practice in the upper Montney, future wells may exploit the lower Montney using ten or more fracture stimulation stages per horizontal well.

Drilling of the first of two horizontal wells into the upper Montney at the c-18-I location is ongoing. Drilling and casing operations of this first well is expected to be completed by the end of July.

CSRI is a natural resources company focusing on the identification and development of opportunities in the unconventional gas sector of the energy industry. The mission of the Corporation is to develop 1 trillion cubic feet of natural gas from resource plays in western Canada.

Information regarding CSRI is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Corporation’s website at [www.csri.ca](http://www.csri.ca).

On behalf of the Board of Directors,  
**CANADIAN SPIRIT RESOURCES INC.**

“Don Gardner”

Chief Executive Officer

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