

CANADIAN SPIRIT RESOURCES INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2005

APRIL 20, 2006

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FORWARD-LOOKING STATEMENTS

The corporate information contained throughout this Annual Information Form contains forward-looking information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect" or "is expected", "anticipates" or "does not anticipate", "plans" or "planned", "estimates" or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goals", or "objectives", or state that certain actions, events, or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by Canadian Spirit Resources Inc. at the time of preparation, may prove to be incorrect. The actual results achieved during the future period will vary from the information provided herein and the variations may be material. Consequently, there is no representation by Canadian Spirit Resources Inc. that actual results achieved during the future period will be the same in whole or in part as those estimated. In addition, Canadian Spirit Resources Inc. assumes no obligation to update forward-looking statements should circumstances or managements estimates or opinions change.

CORPORATE INFORMATION

Canadian Spirit Resources Inc. ("CSRI" or the "Company") was incorporated under the *Company Act* (British Columbia) on January 22, 1987 as Super Twin Resources Ltd. (amended on February 18, 1987 to Super Twins Resources Ltd.) and subsequently amended its articles on February 13, 1997 to change its name to Whitegold Resource Corp., on June 30, 1995 to increase its authorized capital, on April 9, 2001 to change its name to Whitegold Natural Resource Corp., consolidate the outstanding share capital and increase the authorized capital and on May 24, 2002 to change its name to Spirit Energy Corp. On March 29, 2004, the British Columbia legislature enacted the *Business Corporations Act* (British Columbia) (the "new Act") and repealed the *Company Act* (British Columbia) (the "former Act"). The Company filed its Notice of Articles on April 19, 2004 to transition under the new Act and on May 27, 2004 the shareholders of the Company approved the following amendments to its charter documents: changing its name from Spirit Energy Corp. to Canadian Spirit Resources Inc.; removing the pre-existing company provisions that were imposed by the new Act; increasing the maximum number of common shares that the Company is authorized to issue to an unlimited number of common shares without par value (the "Common Shares"); and adopting new Articles. On June 15, 2004, a certificate of change of name was issued and the Notice of Articles was filed. CSRI was registered as an extra-provincial corporation in Alberta, Canada on June 15, 2004.

The Company's registered office is Suite 2300 – 1055 Dunsmuir Street, P.O. Box 49122, Four Bentall Center, Vancouver, British Columbia, Canada V7X 1J1. The Company's principal office is located at Suite 2610 Watermark Tower, 530 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 3S8.

The Company does not have any subsidiary companies and does not own any shares in other corporations.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company holds a 100% undivided interest, subject to a 10% net profit interest, in thirteen mineral claims covering 2,925 hectares of land in the Iskut River area of the Liard Mining Division, British Columbia (the "Isk Wollastonite Mineral Properties"). Prior to May 2002, the Company's primary activity was to evaluate its Isk Wollastonite Mineral Properties. The Company determined that this mineral property contains significant reserves, but such reserves are uneconomic to produce at current prices due to lack of access and infrastructure. During the exploration and evaluation phase of operations

from 1992 through April 2002, the Company incurred approximately \$8.0 million of losses, including an impairment charge of \$4.8 million for this mineral property.

Since May 2002, the Company's focus has been to evaluate the resource potential of natural gas from coal ("NGC", also referred to as coalbed methane or "CBM") on exploration properties and is considered to be in its development stage of operations. Although some preliminary evaluation work was performed on NGC potential prior to May 2002, the decision to change the strategic direction of the Company from evaluation of the Isk Wollasonite Mineral Properties to an evaluation of NGC occurred during May 2002 when the Company retained Mr. Geiger and Mr. Sinclair as officers and directors of CSRI.

The Company's strategic advantages are the extensive knowledge and experience of its technical team in coal and NGC exploration and development, the proprietary data base of potential NGC resources in western Canada developed during 2002 and early 2003 and the energy development experience of its management, employees and directors. The original evaluation of potential NGC resources in western Canada was conducted in conjunction with a major industry joint venture partner, however, a change in the capital allocation priorities of the joint venture partner in May 2003 resulted in CSRI proceeding to identify targets, assemble a land base, and commence exploration of prospects on its own.

To finance the Company's general and administrative costs, acquisitions of undeveloped land and the drilling and completion activities completed to date, CSRI has closed the following non-brokered private placements during the past three years:

On March 11, 2005, the Company issued 1,341,696 units at \$6.75 per unit. Each unit ("Unit") consisted of one Common Share and one-half share purchase warrant. Each whole warrant entitles its holder to purchase one Common Share for one year at an exercise price of \$8.00 per share. During January 2006, the Company extended the expiry date of these warrants to July 11, 2006.

On December 29, 2004, the Company issued 160,000 flow-through Common Shares at \$6.25 per share.

On September 15, 2004, the Company issued 1,500,000 Units at \$3.25 per Unit. Each whole warrant entitled its holder to purchase one Common Share for one year at an exercise price of \$3.75 per share. During August 2005, the Company extended the expiry date of these warrants to January 15, 2006.

On June 22, 2004, the Company issued 3,700,000 Units at \$1.65 per Unit. Each whole warrant entitled its holder to purchase one Common Share at an exercise price of \$1.85 per share until June 22, 2005. In addition to finders' fees payable in cash, a total of 30,750 Units were issued to finders in conjunction with this placement.

On April 30, 2004 the Company issued 1,250,000 Common Shares at \$1.60 per share.

On December 30, 2003, the Company issued 666,666 flow-through Common Shares at \$1.50 per share.

On October 3, 2003, the Company issued 3,700,000 Units at \$0.60 per Unit. Each whole warrant entitled its holder to purchase one Common Share at an exercise price of \$0.75 per share until October 4, 2004. In addition to finders' fees payable in cash, 236,740 Units were issued to finders in conjunction with this placement.

On July 4, 2003, the Company issued 655,000 Units at \$0.45 per Unit. Each whole warrant entitled its holder to purchase one common share at a price of \$0.50 per share until July 4, 2004 and \$0.75 per share until July 4, 2005. In addition to finders' fees payable in cash, 36,400 Units were issued to finders in conjunction with this placement.

On February 7, 2003, the Company issued 567,500 flow-through Common Shares at \$0.40 per share and 632,500 Units at \$0.40 per Unit. Each whole warrant entitled its holder to purchase one Common Share at \$0.50 per share until February 7, 2004. In addition to finders' fees payable in cash, 112,000 Units were issued to finders in conjunction with this placement.

DESCRIPTION OF THE BUSINESS

CSRI is a natural resources exploration company currently focusing on the identification, assembly and development of NGC opportunities in western Canada. All information in this section relates to assets owned or held by CSRI as at December 31, 2005, unless indicated otherwise.

Farrell Creek, Northeast British Columbia

The Farrell Creek properties are located approximately 70 kilometers west of Fort Saint John, British Columbia. The Company began to acquire mineral rights in the Farrell Creek area in October 2003 and currently holds an average of 94.23 percent working interest in 39,506 acres (15,988 hectares) of land in this area with mineral rights varying from surface to the base of the Nikanassin, from the base of the Nikanassin to basement, and in most cases from surface to basement. To date, the Company has drilled six test wells on its lands to evaluate NGC potential. The first test well was drilled, cored, evaluated and suspended in the eastern portion of its land holdings during 2003. The next two test wells were drilled, cored, evaluated and cased to evaluate a contiguous block of thirty four sections in the west side of the Farrell Creek area ("West Farrell") during 2004. At West Farrell during 2005, the Company drilled, cored and cased a test well that was designed to evaluate the up-hole potential for shale gas development; drilled and cased two test wells in close proximity to test well number 3 for a potential pilot development project; completed and production tested two wells for Bluesky production capabilities; and completed test well number 3 for NGC production capabilities in the Gething formation. Of the six test wells that have been drilled, the five test wells in West Farrell have been cased for further evaluation. All drilling and evaluation work to date has been performed 100% by CSRI.

During 2005, the Company expended \$1,121,164 completing and production testing the Bluesky formation in two test wells at West Farrell. Although these wells continue to be prospective for both shale gas in the Gates and Moosebar formations and NGC in the Gething formation, it was determined that the Bluesky formation does not contain commercially recoverable quantities of hydrocarbons. As a result, the Company has made an impairment provision during 2005 for the amount expended on Bluesky completion and production testing.

The Company also completed the Gething formation on test well number 5 at West Farrell during February 2006 in preparation for its NGC pilot production project. During March 2006, the Company was production testing both wells that were completed in the Gething formation. The work programs on these wellbores was designed to evaluate various well completion and production techniques, to support future well design and well spacing requirements, and to determine the productive capability of the Gething rock package resources acquired to date. Based upon the results of the production tests, the Company will be developing a pilot project to further determine the commercial viability of the Gething rock package. Confirming the commercial viability of this prospect may require a period of up to one year and may require the drilling and completions of two or three additional wells, recompletions and further evaluations.

A major natural gas transmission line crosses the West Farrell prospect area that will require a tie-in and additional infrastructure before natural gas from this area can be sold economically. The Company will investigate opportunities to sell or utilize any natural gas produced during the pilot phase, however initial production from the production tests were flared.

Other NGC activities

The Company also holds one section of land in a second area in British Columbia where there is the potential for farm-in and joint venture opportunities. The total land position of the Company in British Columbia totals 40,159 acres (16,252 hectares) which were assembled at a cumulative cost of \$13.3 million. These lands expire in 2008 and 2009 with the potential for extensions if necessary.

During 2004 the Company acted as agent in acquiring two sections of land in Alberta under a joint venture with Lynden Ventures Ltd., an independent third party. Under the terms of the joint venture, Lynden Ventures Ltd. will pay 100% of the initial land acquisition and drilling costs up to \$2.5 million to earn a 50% working interest in the joint venture lands. The area of mutual interest ("AMI") in the proposed joint venture lands covers four townships in central Alberta. The Company acquired an additional section of land in the AMI during the first quarter of 2005. The Company executed this agreement in April 2005 and Lynden Ventures Ltd. obtained regulatory approvals in August 2005 to commence operations.

In late September and early October of 2005 the Company drilled and completed one Horseshoe Canyon well on the joint venture lands. Based upon completion results of this first well the Company drilled three additional wells on the same section of land. After initial positive indications from the first completed well, formation water production increased and the well was shut in. A second well was completed in February 2006 to further evaluate this play. Due to the inability to acquire a sizable land base for development on reasonable terms, the Company will be evaluating disposition or farmout opportunities of these lands.

Isk Wollastonite Mineral Properties, Northwest British Columbia

No field work was conducted at the Isk Wollastonite mine site during 2005. A development option held by a third party expired on December 31, 2005. Two mineral claims were due to expire in March 2006; seven mineral claims are due to expire in August 2006, with the remaining claims to expire in December 2006. Due to expressions of interest to evaluate these claims for other mineral deposits, the Company obtained an annual extension on the two mineral claims in March 2006, and intends to extend the remaining claims prior to their expiry dates in August and December. Annual extensions are available to the Company for the next nine years. The Company will continue to pursue farming these claims out to third parties.

NATURAL GAS LAND HOLDINGS

The following table sets forth the Company's land holdings, in acres, as at December 31, 2005:

Property	Undeveloped Acreage ⁽¹⁾		Developed Acreage ⁽²⁾		Total Acreage	
	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾
Farrell Creek	39,506	37,227	-	-	39,506	37,227
Other British Columbia	652	652	-	-	652	652
Alberta	1,920	960	-	-	1,920	960
Total	42,078	38,839	-	-	42,078	38,839

Notes:

- (1) Undeveloped acreage refers to exploration lands on which wells have not been drilled or if drilled, not completed to a point that would permit production. No proved or probable reserves are reported for these lands.
- (2) Developed acreage refers to lands from which production is being obtained or is capable of being obtained.
- (3) Gross acres refers to the total number of acres in which an interest is held. The Company uses a conversion factor of 2.471 to convert hectares to acres for British Columbia lands and a conversion factor of 2.50 to convert hectares to acres for Alberta lands.
- (4) Net acreage equals gross acres multiplied by the percentage working interest of the Company therein.

DRILLING ACTIVITY

The Company has drilled a total of six test wells on its Farrell Creek lands to evaluate NGC potential. The first test well was drilled, cored, evaluated and suspended in the eastern portion of its land holdings during 2003. The remaining test wells were drilled and cased to evaluate a contiguous block of 34 sections in West Farrell. All test wells encountered coal seams with interbedded shales in the primary Gething formation that were similar to the test holes that had been cored and desorbed. During 2005, the Company drilled and cased three test wells which included the coring of one well to evaluate the potential for natural gas in a shale sequence within the Farrell Creek area. In addition, during 2005, the Company completed two wells in the Bluesky formation and one well in the Gething formation. All drilling activity in the Farrell Creek area to date has been at 100% cost to the Company.

Also during 2005, the Company drilled and cased four (two net) wells in the Coal Lake area of Alberta. One of these wells has been completed and is being evaluated for NGC in the Horseshoe Canyon formation.

OTHER NATURAL GAS ACTIVITY

The Company has no production or reserves as at December 31, 2005. The Company's statement of reserves data and other oil and gas information in Form 51-101F1 and the report of management and directors on the oil and gas disclosure in Form 51-101F3 are attached as Schedule A to this Annual Information Form.

In October 2004, the Company retained Sproule Associates Limited ("Sproule") to prepare an independent report to review the coal geology for the Farrell Creek area and assess the quality and other reservoir properties critical to commercial NGC plays. The report was based upon an assessment of the available geological, petrological, and reservoir parameters gathered from the two test wells drilled on Company land and from available and non-confidential public data and sources. This original Sproule study, dated November 16, 2004, indicated that the Company's lands in the Farrell Creek area are prospective for NGC resources from the Gething coals and estimated the contingent resource gas-in-place from the Gething coals in a range from 9.0 to 14.1 billion cubic feet ("bcf") per section.

In March 2006, the Company requested that Sproule review the Company's activities during 2005 and early 2006 with regard to reporting requirements under National Instrument 51-101 and to update and expand their assessment of the contingent gas-in-place resource of the Company's lands at Farrell Creek. The preliminary 2006 Sproule report, dated April 17, 2006, is based on an assessment of available geological, petrological and reservoir parameters gathered from the six test holes drilled on Company land and from available and non-confidential public data and sources. This technical information was used to assess the quality and other properties of the reservoirs. The 2006 Sproule report estimates the contingent resource of gas-in-place for the Gething coals in the range from 13.1 to 16.4 bcf per section. The 2006 Sproule report confirms the contingent resource estimate for the Gething coal made in November 2004, which was based on results from two test holes. The increase for the contingent resource estimate is a result of including additional rock types not evaluated in 2004 and from data obtained from the four additional test holes. The 2006 Sproule report also estimates the contingent resource of gas-in-place for the Gething shales and assigns a range from 10.9 to 17.6 bcf per section. The Company has evaluated the data from the two producing test holes at c-83-H and b-92-H and believes that a portion of current production from these test holes may be from the Gething shales.

In addition to the Gething coals and shales, the 2006 Sproule report assigns a contingent resource estimate of gas-in-place to the Gates and Moosebar formation shales from 7.1 to 8.5 bcf per section, based on coring and desorption tests. While the shales in the Gates and Moosebar formations are of long-term interest, the Company's current planning and activity is focused on the effective exploitation of the contingent resource in the Gething formation. Sproule has indicated that no estimate of recovery rates

and no proved or probable reserves can be assigned to the Company's lands due to the early stage of development at Farrell Creek.

CAPITALIZED COSTS RELATED TO NATURAL GAS ACTIVITIES

As at December 31	2005	2004	2003
Lease acquisitions and retentions	\$ 13,309,386	\$ 11,099,595	\$ 990,578
Geological and geophysical	163,387	56,578	240
Drilling and completion	8,772,874	2,503,844	444,994
Capitalized overhead	947,855	319,638	98,690
Asset retirement obligation	80,053	24,963	8,761
Total unproved properties	23,273,555	14,004,618	1,543,263
Total proved properties	-	-	-
	23,273,555	14,004,618	1,543,263
Less: Accumulated depletion	(1,121,164)	-	-
Net capitalized costs	\$ 22,152,391	\$ 14,004,618	\$ 1,543,263

COSTS INCURRED IN NATURAL GAS ACTIVITIES

The Company's capital program for each of the last three years is detailed in the following table:

For the years ended December 31	2005	2004	2003
Lease acquisitions and retentions	\$ 2,209,791	\$ 10,109,017	\$ 990,578
Geological and geophysical	106,809	56,338	240
Drilling and completion	6,269,030	2,058,850	444,994
Capitalized overhead	628,218	220,948	98,690
Total natural gas expenditures	\$ 9,213,848	\$ 12,445,153	\$ 1,534,502

For 2006, the Company has developed a base case capital budget for the year of \$3.4 million which includes an estimated \$550,000 for capitalized overhead and \$25,000 for administrative capital equipment. The Company's budget is reviewed and approved by the Board of Directors on a quarterly basis. The \$2.8 million budget for exploration activity is to cover field activities for the first half of 2006 including \$0.1 million for land acquisition and retention and \$2.7 million for drilling and completion activities. The Company will develop additions to the base case exploration budget for the second half of 2006 after results of the Gething completion and production testing programs are known.

COMPETITIVE CONDITIONS

The oil and gas industry, including the exploration for and the development of both conventional and unconventional natural gas, is highly competitive in all aspects of the business. The competition includes bidding for petroleum and natural gas rights and sales of the various products, in each case price is the main determinant. In searching for NGC prospects, the Company competes with other major integrated oil and gas companies, numerous other independent oil and gas companies, individual producers and operators, many of which have significantly greater resources than CSRI. In addition, natural gas producers compete against others engaged in supplying alternative forms of energy to consumers.

The oil and gas industry in Canada is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company is unable to predict what additional legislation and amendments may be enacted.

ENVIRONMENTAL CONSIDERATIONS

Federal, provincial and local governments have enacted laws concerning the discharge of materials into the environment and otherwise relating to environmental protection. The Company believes that all of its operations comply, in all material respects, with all applicable regulations.

The Company makes provisions in its accounts for future asset retirement costs. The Company records the present value of legal obligations associated with the retirement of long-lived tangible assets, such as producing and non-producing well sites and natural gas processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-lived asset. The liability accretes until the Company settles the retirement obligation. The carrying amounts of the long-lived assets are depleted using the unit of production method. Actual costs to retire tangible assets are deducted from the accumulated liability as incurred. At December 31, 2005, the Company has accrued a long term liability of \$84,395 for asset retirement obligations. Other than normal abandonment and restoration costs, the Company is not aware of any material expenditures that will be required in 2005 to meet applicable federal, provincial and local government regulations.

SOCIAL RESPONSIBILITIES

CSRI has a formal code of business conduct and ethics ("Ethics Policy") that each director, employee and consulting contractor must review and acknowledge as a condition of employment. The Ethics Policy is to affirm and expand upon the policies of the Company and is a guideline to: assure compliance with laws and regulations that govern the Company's business activities; maintain a corporate climate in which the integrity and dignity of each individual is valued; foster a standard of conduct that reflects positively on the Company; and protect the Company from unnecessary exposure to financial loss.

The Chairman of the Audit Committee is to receive, track and resolve all complaints or violations that deal with accounting, financial reporting and auditing matters and is to prepare periodic reports for the Audit Committee. All other complaints or violations are to be received, tracked and resolved by the Chief Financial Officer, who is to prepare periodic reports to the Board of Directors.

RISK FACTORS

Development Stage Corporation

An investment in the Common Shares should be considered speculative due the nature of the Company's business and operations, including in particular its involvement in the acquisition of undeveloped land, exploration testing, and the present stage of development. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover operating costs. There are no assurances that additional financing will be available or, if available, will be available at acceptable terms.

Subject to the approval of the TSX Venture Exchange, CSRI may issue an unlimited number of additional Common Shares in the future to finance its activities without the approval of shareholders. The Board of Directors of CSRI has the discretion to set the price and terms of the issuance of any such additional Common Shares. Any issuance of additional Common Shares may have a dilutive effect on the holders of Common Shares.

The Company's future success also depends largely on its ability to find, develop or acquire natural gas reserves that are economically recoverable. Exploration and development drilling may not result in commercially recoverable reserves. In addition natural gas prices are influenced by a variety of market forces and are subject to fluctuation which can impact economics of drilling and development of its properties.

The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs relating to the acquisition of, exploration for and development of natural gas reserves are capitalized. Natural gas assets are evaluated in each reporting period to determine that the costs are recoverable and do not exceed the fair value of the properties. During 2005, the Company expended \$1,121,164 completing and production testing two test wells at West Farrell in the Bluesky formation. Although these wells continue to be prospective for both shale gas in the Gates and Moosebar formations and natural gas from coal in the Gething formation, it was determined that the Bluesky formation does not contain commercially recoverable quantities of hydrocarbons. As a result, the Company has made an impairment provision of \$1,121,164 for 2005 relating to the Bluesky completion costs. As the Company had no production or proved reserves at December 31, 2005, there was no depletion charge for the period. Other than the impairment of the Bluesky completion costs, there has been no impairment of undeveloped properties and all remaining costs attributed to natural gas properties are considered to be on unproven properties.

Reliance on Key Personnel

Investors in Common Shares must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The success of the Company is dependent upon the performance of key personnel. The unexpected loss of any of its key officers, employees or consultants could be detrimental to the future operations of the Company. The success of the Company's business will depend, in part, upon the ability to attract and retain qualified personnel as they are needed. There can be no assurance that the Company will be able to engage the services of such personnel or retain its current personnel. The Company does not have any key man insurance policies and, therefore, there is a risk that the death or departure of any key personnel could have a material adverse effect on the Company.

Operating Risks

The Company's operations are subject to risks normally incidental to the operation and development of natural gas properties and the drilling of natural gas wells, including encountering unexpected formations or pressures, blow-outs and fires, all of which could result in personal injuries, loss of life and damage to property of the Company or others. Although the Company maintains liability insurance in an amount which it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse affect on the Company's financial condition.

Government Regulation

The oil and natural gas industry is subject to regulation and intervention by governments in such matters as the awarding of petroleum and natural gas rights, the imposition of specific drilling obligations, environmental protection controls, controls over the development and abandonment of fields (including restrictions on production) and possibly expropriation or cancellation of contract rights. As well, governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of natural gas. Such regulation may change from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas, increase our costs and could have an adverse impact on the Company.

Environmental Risks

All phases of the oil and natural gas industry present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and Canadian federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with our current and future operations. The legislation also requires that wells and facility

sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

EMPLOYEES

As at December 31, 2005, the Company employed ten full time head office staff and one contract employee in the head office.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without nominal or par value. Holders of Common Shares are entitled to receive notice of and to attend all annual and special meetings of shareholders. Each common share carries with it the right to one vote, to receive dividends should the Company declare the payment of dividends, and to receive the remaining property and assets of the Company upon dissolution or winding up of the Company.

MARKET FOR THE SECURITIES OF THE COMPANY

The Common Shares of CSRI are listed on the TSX Venture Exchange ("Exchange") under the trading symbol "SPI".

TRADING PRICES AND VOLUME

The following table sets forth the high and low trading prices and the volume of Common Shares as reported by the Exchange for the periods indicated.

Year	Month	Price Range \$/share		Volume
		High	Low	
2005	January	7.80	6.26	865,665
	February	6.89	6.30	672,679
	March	6.79	5.35	788,705
	April	5.74	4.18	881,414
	May	4.74	3.60	306,233
	June	5.10	3.45	1,395,368
	July	4.40	3.70	616,169
	August	4.05	3.44	864,604
	September	3.65	2.75	502,441
	October	3.50	2.75	342,700
	November	3.50	2.80	334,870
	December	3.51	2.93	441,291
2006	January	3.55	2.90	785,761
	February	3.20	2.25	1,434,078
	March	4.11	2.50	1,075,812
	April (1-20)	5.20	3.90	1,254,836

PRIOR SALES

For details on the warrants issued in the most recently completed financial year, refer to "General Development of the Business" above. At December 31, 2005 there were warrants outstanding to purchase 1,420,848 Common Shares. During 2005, a total of 1,789,038 Common Shares were issued upon the exercise of warrants.

DIVIDENDS

CSRI has not paid dividends on its outstanding Common Shares. The Board of Directors of CSRI will determine the actual timing, payment and amount of dividends, if any, that may be paid by the Company. The payment of dividends will be based upon, among other things, the cash flow, results of operations and financial condition of CSRI, the need for funds to finance ongoing operations and other business considerations as the Board of Directors considers relevant. The Company does not anticipate declaring and paying out dividends on Common Shares in the foreseeable future.

DIRECTORS AND OFFICERS

The following information is provided with respect to each of the current directors and officers of the Company. Unless re-elected, the term of office of each of the directors expires at the end of the next annual meeting of shareholders unless such office is vacated earlier or a successor appointed in accordance with the Company's notice of articles and articles.

DIRECTORS AND OFFICERS

Name and Municipality of Residence	Director or Officer Since	Principal Occupation During the Last Five Years
J.R. RICHARD COUILLARD ⁽¹⁾ Alberta, Canada Director	May 2003	Chief Executive Officer of Escavar Energy Inc. since September 2003. President and Chief Executive Officer of Pan Asian Energy Inc. from August 2002 to September 2003. Chief Operating Officer of CriticalControl Solutions Corp, formerly WNS Emergent Inc., (technology-based collaborative solutions company) from June 2000 to July 2002.
DONALD R. GARDNER Alberta, Canada Officer and Director	January 2003	Chief Financial Officer and Secretary of the Company since January 2003. Consultant since June 2002. Executive Vice-President and Chief Financial Officer of Esprit Exploration Ltd., formerly Canadian 88 Energy, from December 1999 to May 2002.
PHILLIP D.C. GEIGER Alberta, Canada Officer and Director	January 2003	President and Chief Operating Officer of the Company since January 2003. Chief Operating Officer of the Company from May 2002 to January 2003. Project Manager, Gas Technology Institute E&P Services Canada from October 2001 to April 2002. Consulting Engineer from July 2000 to September 2001.
PHILIP H. GRUBBE ⁽¹⁾ Alberta, Canada Director	May 2004	Consultant since January, 2004 and currently a director of a private technology company. A director and Chairman of the Audit Committee of High Plains Energy Inc. from April 2003 to March 2005. Executive Vice President of High Plains Energy Inc. from May 2004 to March 2005. Vice-President, Finance and Chief Financial Officer of Upton Resources Inc. from 1997 until January 2004.

Name and Municipality of Residence	Director or Officer Since	Principal Occupation During the Last Five Years
GEORGE W. WATSON Alberta, Canada Director and Chairman of the Board	July 2002	Chief Executive Officer of CriticalControl Solutions Corp. since July 2002. Executive Chairman of VerticalBuilder.com Inc. (technology application company) from January 2000 until July 2002.
ROBERT P. WINNITOY ⁽¹⁾ Alberta, Canada Director	August 2004	Consultant since January 2003. Vice President, Project Development of Duke Energy Gas Transmission from September 2001 to January 2003. Vice President, Business and Product Development, Pipeline and Field Services for Westcoast Energy Inc. from January 1998 to September 2001.
BRIAN C. MAHOOD Alberta, Canada Officer	May 2005	Vice President, Exploration/Operations of the Company since May 2005. Technical Advisor of the Company from January 2005 to May 2005. Consulting Geologist from September 2001 to December 2004. Exploration Manager of CDX Canada, Inc. from February 2001 to September 2001. Consulting Geologist from July 1994 to February 2001.
KENNETH G. SINCLAIR Alberta, Canada Officer	May 2002	Vice President, Business Development of the Company since May 2002. Chairman of Coal Bed Methane Forum and Canadian Society for Unconventional Gas from January 2002 to May 2002. Senior Advisor at Gas Technology Institute from January 2000 to January 2002.
DOUGLAS E. SOICE Alberta, Canada Officer	January 2005	Vice President, Finance of the Company since January 2005. Director Finance, Western Region for Direct Energy Marketing Limited from April 2003 to October 2004. Treasurer of Engage Energy Canada LP from March 2001 to April 2003. Supervisor Treasury at Talisman Energy Inc. from September 1999 to June 2000.

Note:

(1) J.R. Richard Couillard, Philip H. Grubbe, and Robert P. Winnitoy are currently members of the Audit Committee. The Company does not have an executive committee or formal compensation committee.

SHAREHOLDINGS OF DIRECTORS AND OFFICERS

As of April 20, 2006, the directors and officers of the Company, as a group, directly or indirectly, own or exercise control or direction over 392,054 Common Shares of the Company, representing 1.5% of the currently issued and outstanding Common Shares of the Company.

CONFLICTS OF INTEREST

The directors of CSRI may be engaged and may continue to be engaged in the search for oil and natural gas interests on their own behalf and on behalf of other companies. Situations may arise where the directors themselves or the companies in which the directors are involved may participate in ventures in which CSRI may participate and, in such cases, the directors of CSRI may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of CSRI's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. In accordance with the laws of the province of British Columbia, the directors of CSRI are required to act honestly, in good faith and in CSRI's best interests.

The directors and officers of CSRI are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and CSRI will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers and directors and officers shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of CSRI are not aware of any such conflicts of interests.

The Company's Ethics Policy also requires that no director, officer, employee or consultant should enter into any transaction or engage in any practice directly or indirectly which would tend to influence him or her to act in any manner other than in the best interests of the Company. It is improper for a director, officer or employee to take any action or make any decision on behalf of CSRI if he or she, or any member of his or her immediate family, has any direct or indirect interest which is or may be in actual, potential or apparent conflict with the interests of the Company.

AUDIT COMMITTEE INFORMATION

Information concerning the Audit Committee of the Company, as required under Multilateral Instrument 52-110 *Audit Committees*, is provided in Schedule B to this Annual Information Form.

LEGAL PROCEEDINGS

The Company is not aware of any legal proceedings to which it is a party or of which any of its property is the subject or which is contemplated and is not pursuing any legal claims against third parties.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, any direct or indirect shareholder of the Company who beneficially owns, or exercises control over, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, has a material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect CSRI save and except for transactions referred to under the headings of "Executive Compensation" and "Matters to be Acted Upon at the Meeting – Election of Directors" in its Information Circular dated April 20, 2006.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Pacific Corporate Trust, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

MATERIAL CONTRACTS

There are no material contracts, other than contracts in the ordinary course of business, that are material to CSRI that were entered into within the most recently completed financial year, or before the most recently completed financial year that are still in effect.

INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, Chartered Accountants, have audited the financial statements of the Company for the year ended December 31, 2005. In addition, Sproule has prepared an independent report to assess the Company's contingent gas-in-place resources.

PricewaterhouseCoopers LLP is independent in accordance with the Rules of Professional Conduct as outlined by the Institute of Chartered Accountants of Alberta.

As at the date hereof, neither Sproule nor any of its partners and associates own any securities or other property of the Company.

ADDITIONAL INFORMATION

Additional information, including directors and officers remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities, and interests of insiders in material transactions, where applicable, is contained in the Information Circular of the Company for the Company's most recent annual meeting of shareholders that involved election of directors. Additional financial information is provided in the audited financial statements of the Company for the year ended December 31, 2005 and related managements discussion and analysis. Such documents are available through the Internet on the Canadian *System for Electronic Document Analysis and Retrieval* (SEDAR) which can be accessed at www.sedar.com.

**SCHEDULE "A" TO THE ANNUAL INFORMATION FORM
FORMS REQUIRED PURSUANT TO NATIONAL INSTRUMENT 51-101**

**FORM 51-101F1
STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION**

PART 1	DATE OF STATEMENT
Item 1.1.2.	The effective date of the information being provided is December 31, 2005.
Item 1.1.3.	The preparation date of the information being provided is April 20, 2006.
PART 2	DISCLOSURE OF RESERVES DATA
	Canadian Spirit Resources Inc. ("CSRI" or the "Company") has no proved or probable reserves.
PART 3	PRICING ASSUMPTIONS
	The Company has made no estimates of future net revenues as it has no reserves.
PART 4	RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE
	The Company has no proved or probable reserves and no change has occurred since the prior financial year.
PART 5	ADDITIONAL INFORMATION RELATING TO RESERVES DATA
	The Company has no proved or probable undeveloped reserves.
PART 6	OTHER OIL AND GAS INFORMATION
Item 6.1.1	The Company's unproved properties are located in central Alberta and northeast British Columbia, Canada.
Item 6.1.2	The Company has no producing or non-producing wells that are capable of production.
Item 6.2.1	The Company's unproved properties are comprised of 16,252 gross (15,330 net) hectares located in British Columbia and 768 gross (384 net) hectares located in Alberta, Canada, none of which have any work commitments.
Item 6.2.2	The Company has 1,836 hectares (1,484 net) of unproved properties which primary term expires within one year. The Company intends to continue these properties for an extra year, without the drilling of a well, with the payment of an additional rental fee of \$500.00 plus \$7.00 per hectare. The Company also holds 1,320 hectares (880 net) of unproven properties that are being retained under a development scheme. The Company may have to drill one or two wells on these lands within the next year to maintain the mineral rights under the development scheme.

Item 6.3	The Company has no forward contracts, transportation agreements or other future obligations with respect to its unproved properties.
Item 6.4	At December 31, 2005, the Company had one suspended (one net) and nine cased (seven net) wells on its unproved properties for which the final reclamation costs are estimated to be \$482,216. The estimate was made by the Company's staff based on their experience in similar circumstances. None of these costs are expected to be incurred during the next three financial years.
Item 6.5	The Company has no reserves and no revenue and therefore it is not possible to estimate at this time when it may be taxable.
Item 6.6	During 2005, the Company incurred \$2,209,791 of acquisition costs for unproved properties and \$7,004,057 of exploration costs in western Canada.
Item 6.7.1	During 2005, the Company drilled and cased seven evaluation (five net) wells. One of the evaluation wells was drilled to evaluate the potential for natural gas in a shale sequence within the Farrell Creek area. The Company has completed two (1.5 net) wells in order to obtain production of coalbed methane and was in the process of dewatering these wells at year-end.
Item 6.7.2	<p>During 2006, the Company's principal area of activity will be Farrell Creek in northeastern British Columbia where the Company has identified a contingent resource of natural gas from the Gething coal formation. The Company completed a second test well for coalbed methane production in early 2006 to demonstrate the productive capability of the Gething formation. For 2006, the Company has developed a contingent base case exploration budget for the first half of 2006 of \$2.8 million for field activities including \$0.1 million for land acquisition and retention and \$2.7 million for drilling and completion activities. The Company will develop the base case exploration budget for the second half of 2006 after results of the Gething completion and production testing programs are known and as industry activity (such as land postings, rig availability, facility equipment) dictates.</p> <p>The principal risk to the Company is the productive capability of the Gething formation. The completion and production testing work that the Company has planned for the first half of 2006 will investigate the productive capability of the Gething formation. Demonstration of commercial production rates from these coals in 2006 would lead to additional drilling. With commercial production rates, the Company would also consider additional land acquisitions.</p>
Item 6.8	The Company has no proved or probable reserves and has made no production estimates for 2006.
Item 6.9	The Company has no production history.

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE

Management of Canadian Spirit Resources Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. At December 31, 2005, the Company had no proved or probable reserves. The Company did not engage the services of an independent reserves evaluator or auditor to evaluate reserves data because it has no reserves. Therefore a Form 51-101F2 - Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor will not be filed.

The Board of Directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management.

The Board of Directors has approved the content and filing of this report.

(signed) "Phillip D.C. Geiger"

Phillip D.C. Geiger,
President & Chief Operating Officer

(signed) "Donald R. Gardner"

Donald R. Gardner,
Chief Financial Officer & Secretary

(signed) "George W. Watson"

George W. Watson,
Chairman of the Board

(signed) "J.R. Richard Couillard"

J.R. Richard Couillard,
Director

Dated April 20, 2006

SCHEDULE "B" TO THE ANNUAL INFORMATION FORM

The Audit Committee Charter

The charter of the audit committee commences on page 2 of this Schedule B.

Composition of the Audit Committee

The Audit Committee consists of J. R. Richard Couillard, Philip H. Grubbe (Chairman), and Robert P. Winnitoy. The Board of Directors has determined that all members of the Audit Committee are "independent" and "financially literate" as defined in Multilateral Instrument 52-110.

Relevant Education and Experience

The members of the CSRI's Audit Committee have education and experience relevant to the performance of their responsibilities as Audit Committee members, which includes the following:

J.R. Richard Couillard is the Chief Executive Officer of Escavar Energy, Inc., a Canadian private junior exploration and production company. In this capacity Mr. Couillard is directly responsible for the financial oversight of the company. Mr. Couillard currently sits on the Audit Committee of Badger Income Fund and served as Chairman of the Audit Committee of Kensington Energy Ltd. Prior to founding Escavar Energy Inc., Mr. Couillard served in senior positions in both private and public companies where he was directly responsible for operational and financial reporting performance and reporting. Mr. Couillard has a Bachelor of Science (Honours) degree from Carlton University.

Philip H. Grubbe, Chairman of the Audit Committee, has over thirty years experience as a financial executive with various public companies in the oil and gas industry. Mr. Grubbe is currently a director of a private technology company and was a former director and Audit Committee Chairman of High Plains Energy Inc. from April 2003 until March 2005. Mr. Grubbe was Vice President, Finance and Chief Financial Officer with Upton Resources Inc. from 1997 to 2004. Mr. Grubbe has a Bachelor of Commerce degree from Queen's University and is a Chartered Accountant.

Robert P. Winnitoy has over 30 years experience in the oil and gas industry, primarily in the natural gas gathering and processing sector. For seven years Mr. Winnitoy was the President and Chief Executive Officer of a natural gas gathering and processing company that also had oil and gas production. Mr. Winnitoy was also a senior executive for a large corporation with responsibility for Western Canadian business and facilities development. As part of his role in these positions, Mr. Winnitoy was required to have extensive knowledge of financial operations of the companies he worked for including the understanding of balance sheets, income statements and cash flows. Mr. Winnitoy also has experience with reserves reporting, income tax issues, project economics and project financing. Mr. Winnitoy has attended the corporate training program for Sarbanes Oxley compliance with a previous employer and has attended formal financial training programs at the University of Calgary. Mr. Winnitoy has a Bachelor of Applied Science degree from the University of Toronto and is currently a registered professional engineer.

Audit Committee Oversight

All recommendations of the audit committee to nominate or compensate an external auditor for the most recently completed financial year were adopted by the Board of Directors.

Pre-Approval Policies and Procedures

In accordance with the Audit Committee Charter, the Audit Committee reviews, in advance, any engagement for significant non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees, and considers the potential impact of such services on the independence of the external auditors. The Audit Committee has concluded that the provision of audit-related and tax services is compatible with maintaining PricewaterhouseCoopers LLP's independence.

External Auditor Service Fees (By Category)

The following table presents fees for the audits of the Company's annual consolidated financial statements for 2005 and 2004 and for other services provided by PricewaterhouseCoopers LLP:

	2005	2004
Audit fees	\$ 26,000	\$ 20,000
Audit-related fees	\$ Nil	\$ Nil
Tax fees	\$ 2,980	\$ 8,675
All other fees	\$ Nil	\$ Nil

The audit-related fees are primarily for attestation procedures related to regulatory compliance. Tax fees are primarily for tax compliance and tax advisory services. All other fees are primarily for advisory services.

Exemption

The Company is relying upon the exemption in section 6.1 of Multilateral Instrument 52-110 Audit Committees.

CHARTER OF THE AUDIT COMMITTEE

POLICY STATEMENT

It is the policy of Canadian Spirit Resources Inc. (the "Corporation") to establish and maintain an Audit Committee (the "Committee"), composed of independent directors, to assist the Board of Directors (the "Board") in carrying out their oversight responsibility for the Corporation's external audit, internal controls, disclosure, financial reporting and risk management.

The Committee's function is one of oversight only and shall not relieve management of its responsibilities.

COMPOSITION OF THE COMMITTEE

1. The Committee shall consist of three (3) directors.
2. Each director appointed to the Committee by the Board shall be independent as such term is defined in Section 1.4 of Multilateral Instrument 52-110.
3. Each member of the Committee shall be financially literate as such term is defined in Section 1.6 of Multilateral Instrument 52-110 and at least one (1) member shall have accounting or related financial management expertise.
4. The Board shall appoint the members of the Committee and shall appoint one (1) member of the Committee to be the Chair of the Committee.

5. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
6. The Secretary of the Corporation shall be the Secretary of the Committee.

MEETINGS OF THE COMMITTEE

1. The Committee shall convene a minimum of four (4) times each year at such time and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the external auditors, or a senior officer of the Corporation.
2. Notice of each meeting of the Committee shall be given to each member and to the external auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee or the Secretary of the Committee.
3. Notice of a meeting of the Committee shall:
 - a) Be in writing.
 - b) State the nature of the business to be transacted at the meeting in reasonable detail.
 - c) To the extent practicable, be accompanied by copies of documentation to be considered at the meeting.
 - d) Be given at least forty-eight (48) hours notice preceding the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
4. A quorum for the transaction of business at a meeting of the Committee shall consist of two (2) members of the Committee.
5. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, provided it permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting and, in the absence of the Secretary of the Committee, the members shall choose one of the persons present to be the Secretary of the meeting.
7. The Committee may invite the Chairman of the Board, other directors, senior management of the Corporation and other parties to attend meetings of the Committee; however, the Committee may meet separately with the external auditors or with invited management.
8. At each regular meeting of the Committee, the agenda shall include an opportunity for the members of the Committee to meet in-camera.
9. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.
10. Minutes of the meetings of the Committee shall be retained by the Secretary of the Corporation and shall be available on request to any member of the Board.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

1. The Committee's primary duties and responsibilities are to:
 - a) Select and recommend the nomination and compensation of the external auditors.
 - b) Oversee the independence, work and performance of the Corporation's external auditors.
 - c) Review the principal risks that could impact the financial reporting of the Corporation and monitor how management is dealing with such risks.
 - d) Monitor the integrity of the Corporation's disclosure and financial reporting process and its system of internal controls regarding financial reporting and accounting compliance.
 - e) Provide an avenue of communication and dispute resolution among the external auditors, management, the internal auditing department, if any, and the Board of Directors.

2. The Committee shall annually select and recommend to the Board the nomination of an external auditor, recommend the replacement of the current external auditor when circumstances warrant and monitor the independence, work and performance of the external auditors. This may include:
 - a) Considering the views of management in respect of the nomination of the external auditors.
 - b) Reviewing and recommending for approval by the Board, the terms of the external auditors' engagement, including the reasonableness of the proposed audit fees.
 - c) Reviewing in advance, any engagement for non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors.
 - d) When there is to be a change of external auditors, reviewing all issues and providing documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation called for under National Instrument 51-102 as defined in Section 4.11 and the planned steps for an orderly transition.
 - e) Reviewing all reportable events, including disagreements, unresolved issues and consultations with external auditors, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.

3. In carrying out its primary duties and responsibilities, the Committee shall:
 - a) Review the annual audit plan with the external auditors and with management.
 - b) Discuss with management and the external auditors any proposed changes in major accounting policies or principles, the potential impact of significant risks and uncertainties on future operations, and key estimates and judgments of management that may be material to financial reporting.
 - c) Review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.
 - d) Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.

- e) Review periodically with management the Corporation's disclosure controls and procedures as such term is defined in Multilateral Instrument 52-109 and monitor the certification process set out therein.
- f) Review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods.
- g) Consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses.
- h) Review with management and the external auditors the quarterly unaudited financial statements before release to the public.
- i) Before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information including any annual report, annual information form, management discussion and analysis of operations, prospectus (and all documents which may be incorporated by reference into such prospectus) and all other securities offering documents of the Corporation.
- j) Review periodically with management the internal procedures implemented to review any other public disclosure of financial information extracted or derived from the Company's financial statements.

4. In addition, the Committee shall:

- a) Oversee the receipt, review and follow-up of questions, concerns or complaints pursuant to the Corporation's Code of Business Conduct and Ethics and the procedures set out in Appendix "A" thereto.
- b) Review with management at least annually, the financing strategy and funding plans of the Corporation.
- c) Review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
- d) Monitor financial and accounting personnel succession planning within the Corporation and review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
- e) Inquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters.
- f) Periodically review with management the need for an internal audit function.
- g) Quarterly, review any legal matter that could have a significant impact on the Corporation's financial statements, and any enquiries received from regulators, or government agencies.
- h) Report to the Board at the earliest opportunity after each meeting, the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.

- i) Bi-annually assess the performance of the Committee.

Resources and Authority

1. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If deemed necessary by the Committee, it will have the discretion to institute investigations of improprieties or suspected improprieties, including the standing authority to retain independent counsel or advisors and to set their compensation.
2. The Committee shall have the authority to:
 - a) Inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates.
 - b) Discuss with any officer of the Corporation, its subsidiaries and affiliates, the Chief Financial Officer and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.