

CANADIAN SPIRIT RESOURCES INC.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2006

APRIL 19, 2007

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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2004, the British Columbia legislature enacted the *Business Corporations Act* (British Columbia) (the "BC BCA") and repealed the *Company Act* (British Columbia) (the "former Act").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 BC BCA 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 BC BCA; 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 1950, Ford Tower, 633 – 6th Avenue S.W., Calgary, Alberta, Canada T2P 2Y5.

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 ten mineral claims covering 1,425 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.

Commencing in 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 the Company is considered to be in its development stage of operations. Subsequently, the Company has expanded its focus to include natural gas from shales and tight sands as well as NGC (collectively referred to as unconventional natural gas).

The Company's strategic advantages are the extensive knowledge and experience of its technical team in coal and unconventional natural gas exploration and development, the proprietary data base of potential unconventional natural gas 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 undertaken to date, CSRI has closed the following private placements during the past three years:

On August 11, 2006, the Company issued 3,200,000 units at \$2.05 per unit. Each unit consisted of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one share for one year at an exercise price of \$2.50 per share. The fair value of the warrants was estimated at the date of closing using the Black-Scholes pricing model, under which the Company has assigned a value of \$0.64 per warrant or \$1,358,782 of the proceeds to the warrants, with the remaining \$5,201,218 of the proceeds assigned to the common shares.

On March 11, 2005, the Company issued 1,341,696 units at \$6.75 per unit. Each unit consisted of one Common Share and one-half share purchase warrant. Each whole warrant entitled its holder to purchase one Common Share for one year at an exercise price of \$8.00 per share. The Company has not assigned any portion of the proceeds to the warrants. During January 2006, the Company extended the expiry date of these warrants to July 11, 2006, at which time all 670,848 warrants expired.

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 unit consisted of one share and one-half a share purchase warrant. 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, at which time the warrants expired.

On June 22, 2004, the Company issued 3,700,000 units at \$1.65 per unit. Each unit consisted of one share and one-half a share purchase warrant. 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.

DESCRIPTION OF THE BUSINESS

CSRI is a natural resources exploration company currently focusing on the identification, assembly and development of unconventional natural gas opportunities in western Canada. All information in this section relates to assets owned or held by CSRI as at December 31, 2006, unless indicated otherwise.

Farrell Creek, Northeast British Columbia

The Farrell Creek properties are located approximately 70 kilometres 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% 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 75% of these lands from surface to basement. Since 2003, the Company has drilled eight test holes to evaluate the unconventional reservoir characteristics and production potential of this area. The first test hole (01-12-83-25W6) was drilled, cored and suspended in 2003. This hole confirmed information about gas content and reservoir characteristics. The next three test holes (c-048-I, c-083-H and c-A93-H) were drilled, cored and cased to evaluate the Gething Formation, but also to evaluate the overlying Bluesky sand and Gates/Moosebar shale on the west side of the property. Four additional test holes (d-093-H, b-092-H, b-003-I and b-002-I) were drilled and cased in late 2005 and during 2006. Four test holes, c-083-H, b-092-H, b-003-I and b-002-I, which comprise the core of the Company's pilot production project have been completed and stimulated in the Gething Formation and are being tested to evaluate the effectiveness of the various completion and stimulation techniques employed.

All test holes completed and stimulated in the Gething Formation have produced natural gas and water. Natural gas production rates from the pilot project test holes have, for various periods of time, ranged from 50 to 250 mcf per day. Water production has varied from 10 to 60 bpd generally commencing at higher rates and declining over time. Operational changes have resulted in improved consistency of production testing and reduced operating costs.

On January 31, 2007, the Company's "Experimental Scheme Application" covering a six section block which incorporates the Company's pilot production project at Farrell Creek was approved by the British Columbia Oil & Gas Commission. The scheme will facilitate the orderly development of the pilot project and enable the Company to continue to keep pertinent engineering data confidential for three years.

Landowner approval has been received for the right-of-way to construct a pipeline connecting the proposed field compression facility with the Duke Energy sales pipeline. CSRI has retained an engineering firm to lead the design and construction of the compression facilities pipeline and gathering system required to tie-in the Farrell Creek pilot project once the decision to proceed is taken. Preliminary engineering and cost analysis has been substantially completed.

During 2005 and early 2006, the Company unsuccessfully tested the Bluesky Formation at test holes c-04-I and c-A83-H. An impairment provision has been made for the full amount of the costs expended on this conventional prospect.

Other unconventional natural gas 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 40,158 acres (16,252 hectares), which lands were assembled at a cumulative cost of \$13.4 million. These lands expire in 2008 and 2009 with the potential for extensions if necessary.

During 2004 and 2005 the Company acted as agent in acquiring three sections of land in Alberta under a joint venture with an independent third party. Under the terms of the joint venture, the partner paid 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 in the joint venture lands covers four townships in central Alberta.

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 this well was shut in. A second well was completed in February 2006 to further evaluate this play. Due to the Company's inability to acquire a

sizable land base for development on reasonable terms, the Company plans to farm out or dispose of these lands.

Isk Wollastonite Mineral Properties, Northwest British Columbia

No field work was conducted at the Isk Wollastonite mine site during 2006. A development option held by a third party expired on December 31, 2005. Three of four mineral claims expiring in December 2006 were allowed to lapse. Due to expressions of interest to evaluate these claims for other mineral deposits, the Company obtained an annual extension on two mineral claims in March 2006 and seven mineral claims in August 2006. Annual extensions are available to the Company for the next nine years. The Company will continue to pursue opportunities to farm-out these claims to third parties.

NATURAL GAS LAND HOLDINGS

The following table sets forth the Company's land holdings, in acres, as at December 31, 2006:

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.

OTHER NATURAL GAS ACTIVITY

The Company has no production or reserves as at December 31, 2006. 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.

As per the Sproule Associates Limited ("Sproule") report dated September 1, 2006, Sproule had estimated that the discovered 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 discovered resource estimate for the Gething coal made in November 2004, which was based on results from two test holes. The increase for the discovered 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 discovered 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-083-H and b-092-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 discovered 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 discovered 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	2006	2005	2004
Lease acquisitions and retentions	\$ 13,354,015	\$ 13,309,386	\$ 11,099,595
Geological and geophysical	185,160	163,387	56,578
Drilling and completion	18,670,934	8,772,875	2,503,844
Capitalized overhead	1,552,029	947,855	319,638
Asset retirement obligation	143,259	80,053	24,963
Total unproved properties	33,905,397	23,273,556	14,004,618
Total proved properties	-	-	-
	33,905,397	23,273,556	14,004,618
Less: Accumulated depletion	(1,172,908)	(1,121,164)	-
Net capitalized costs	\$ 32,732,489	\$ 22,152,392	\$ 14,004,618

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	2006	2005	2004
Lease acquisitions and retentions	\$ 44,629	\$ 2,209,791	\$ 10,109,017
Geological and geophysical	\$ 21,773	\$ 106,809	\$ 56,338
Drilling and completion	\$ 9,902,400	\$ 6,269,030	\$ 2,058,850
Capitalized overhead	\$ 604,174	\$ 628,218	\$ 220,948
Total natural gas expenditures	\$ 10,572,976	\$ 9,213,848	\$ 12,445,153

Base case capital expenditures for completions and production testing, excluding drilling and land acquisition during the first half of 2007 are expected to be in the \$1.0 million. The Company may drill additional test holes in 2007, but no capital budget has yet been allotted for such activity. General and administrative expenses are expected to be approximately \$1.75 million for the year, of which \$580,000 is planned to be capitalized.

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, 2006, the Company has accrued a long term liability of \$158,650 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 2007 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 (the "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 2006, the Company expended a further \$51,744 completing and production testing two test wells at West Farrell in the Bluesky Formation that had commenced in 2005. 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 \$51,744 for 2006 relating to the Bluesky completion costs. As the Company had no production or proved reserves at December 31, 2006, 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, 2006, the Company employed nine full time employees and one contractor.

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 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 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	
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	5.20	3.90	1,671,493
	May	4.70	2.95	655,776
	June	3.40	2.15	358,851
	July	2.50	2.20	178,997
	August	2.50	2.01	418,099
	September	2.23	1.60	1,518,984
	October	2.27	1.61	802,208
	November	2.05	1.55	494,093
	December	1.60	1.25	859,540
2007	January	1.44	1.08	626,157
	February	1.20	0.85	655,198
	March	1.29	1.00	642,680
	April (1-19)	1.10	0.85	196,623

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, 2006 there were warrants outstanding to purchase 3,200,000 Common Shares.

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 Inc. 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	Vice President, Finance & CFO of AltaCanada Energy Corp. 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.
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.
DEAN. G. HILL Alberta, Canada Officer	December 2006	Vice President, Finance of the Company since December 2006. Vice President, Finance of Joe Johnson Equipment Inc. from April 2003 to November 2006. Compliance Manager for SBLR LLP Inc. from October 2001 to March 2003. Financial Controller at British-American Insurance Co. Ltd. from July 1997 to August 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.

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 19, 2007, the directors and officers of the Company, as a group, directly or indirectly, own or exercise control or direction over 475,054 Common Shares of the Company, representing 1.65% of the currently issued and outstanding Common Shares of the Company. See ADDITIONAL INFORMATION on Page 11 of this Annual Information Form.

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 AND REGULATORY ACTIONS

The Company is not aware of any legal proceedings to which it is or was a party to or that any of its property is or was the subject of during the most recently completed financial year or which are contemplated and it is not pursuing any legal claims against third parties. No penalties or sanctions have been imposed against the Company by a court relating to securities legislation or by a securities regulatory authority and no penalties or sanctions have been imposed by any other court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision during the most recently completed financial year.

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 19, 2007.

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

Sproule has prepared an independent report to assess the Company's gas-in-place resources.

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 and securities authorized for issuance under equity compensation plans if applicable, is contained in the Information Circular of the Company dated April 19, 2007. Additional financial information is provided in the audited financial statements of the Company for the year ended December 31, 2006 and related management 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, 2006.
Item 1.1.3.	The preparation date of the information being provided is April 19, 2007.
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 presently capable of production. At Farrell Creek in northeast British Columbia, the Company has a pilot program consisting of four gross wells (four net) that are currently testing the productive capability of the Gething Formation, an unconventional sequence of coals, shales and tight sands.
Item 6.2.1	The Company's unproved properties are comprised of 16,252 gross (15,330 net) hectares located in British Columbia, Canada and 768 gross (384 net) hectares located in Alberta, Canada, none of which have any work commitments.
Item 6.2.2	The Company has 5,508 hectares (5,118 net) of unproved properties in western Canada which primary term expires within one year. The Company intends to extend 3,672 hectares (3,672 net) of 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 (788 net) of unproven properties that are being retained under a development scheme. The Company may have to drill one or two wells 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, 2006, the Company had 12 cased (10 net) wells on its unproved properties for which the future abandonment and reclamation costs are estimated to be \$863,447 and the present value using a discount rate of 10 percent is \$81,537. 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. The Company has no proved or probably reserves, and therefore, no estimate of future net revenue incorporating the above abandonment and reclamation costs has been made.
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 2006, the Company incurred \$44,629 of acquisition costs for unproved properties and \$10,528,347 of exploration costs in western Canada.
Item 6.7.1	During 2006, the Company drilled and cased two gross (two net) evaluation wells. Both of the evaluation wells were drilled to evaluate the potential for natural gas in an interbedded coal, shale and sand sequence within the Farrell Creek area. Neither of these wells was dry.
Item 6.7.2	<p>At Farrell Creek, British Columbia, the Company made equipment changes and applied new production techniques which have resulted in a more stable production rate of natural gas. Production testing designed to evaluate the completion and fracture stimulation techniques applied in each of the four test wells is continuing for the purpose of optimizing the production from and the spacing of future wells. The Company continues to be encouraged by the results of the ongoing pilot program and expects to make further modification to its completion and production techniques with the objective of achieving consistent commercial production rates. Achieving a stable production rate in the range of 150-250 mcf/d would be considered by the Company to be potentially commercial.</p> <p>Base case capital expenditures for production testing and land retention during the first half of 2007 are expected to be in the \$1.0 million range. The Company may drill additional test holes in 2007, but no capital budget has yet been allotted for such activity. General and administrative expenses are expected to be approximately \$1.75 million for the year, of which \$580,000 is planned to be capitalized.</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 2007 will continue to investigate the productive capability of the Gething Formation. Demonstration of commercial production rates from these coals/shales in 2007 would lead to additional drilling and a commitment to tie-in the pilot program wells for production.</p>
Item 6.8	The Company has no proved or probable reserves and therefore has made no production estimates for 2007.
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, 2006, 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 19, 2007

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 Carleton 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 Vice President, Finance & CFO of AltaCanada Energy Corp. Mr. Grubbe also served as 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 2006 and 2005 and for other services provided by PricewaterhouseCoopers LLP:

	2006	2005
Audit fees	\$ 38,900	\$ 26,000
Audit-related fees	\$ Nil	\$ Nil
Tax fees	\$ Nil	\$ 2,980
All other fees	\$ Nil	\$ Nil

Tax fees are primarily for tax compliance and tax 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.