

April 19, 2007

TSX VENTURE: SPI

Shares outstanding .....	28.8 million
Share price .....	\$1.00
Total land holdings.....	40,000 acres
Total discovered resource.....	1.8 tcf *

\*(Sproule Associates, Sept. 1, 2006)

This will be a significant cost savings to the Company. Additional cost savings will be reached by the installation of a specialized tank that will allow us to boil off a portion of our produced water as steam (see Figure 2). This installation will reduce our trucking and disposal costs.

Notwithstanding that all of the wells were shut-in to accommodate these changes, production rates have recovered and are currently in the 50 to 100 mcf/day range. As we continue to pump and draw down the reservoir pressure, gas rates will increase. This could take a few months of continuous operations, not unlike what has been demonstrated in other unconventional gas projects.

## CORPORATE UPDATE

You are cordially invited to attend the Corporation's Annual General Meeting of Shareholders on Monday, May 28, 2007 at 2:30 p.m. The meeting will be held at the Calgary Petroleum Club, Cardium "A" and "B", 319 Fifth Avenue S.W., Calgary, Alberta.

The Scheme Application that the Company had submitted to the B.C. Oil and Gas Commission has now been approved. This approval will facilitate timely development of the Farrell Creek Project and provides for a three year confidentiality period for certain technical information.

It is our pleasure to announce that Alan McColm has been hired as CSRI's field Production Manager. Alan brings a wealth of operating experience to the Company and is looking forward to making a positive contribution.

## OPERATIONS CORNER

We are continuing to optimize the four wells that are currently flaring gas. This optimization has included making changes to our pumping equipment as well as modifying our operating philosophy for each well. In three of the four wells, conventional pumpjacks were replaced with vertical hydraulic pumps (see Figure 1). In all of the wells, engines that are used to run the pumps were converted from running on propane to running on our own produced gas.



**Figure 1: Vertical Hydraulic Pump on b-092.**



**Figure 2: Environmentally friendly boiler system that reduces water disposal costs.**

## INVESTOR NEWS

Many companies have curtailed their natural gas exploration programs due to a negative perception of the natural gas pricing environment. This slow down in drilling activity should help restore a better supply/demand balance in the market.

Based on the results achieved to date, CSRI remains committed to developing the Farrell Creek Project. The Company is maintaining a positive outlook on the potential at Farrell Creek as it moves through the pilot phase, and on the eventual return of more robust natural gas pricing to further enhance the value of the project. In the interim, we will continue to exercise a fiscally prudent approach to moving forward.

### Forward-looking Statements

The corporate information contained in this document contains forward-looking forecast information. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonably accurate by Canadian Spirit Resources Inc. at the time of preparation, may prove to be incorrect. The actual results achieved during the forecast 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 forecast period will be the same in whole or in part as that forecast.

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## UNCONVENTIONAL GAS PROJECT CHARACTERISTICS

### RESOURCES

- Large volumes, dispersed over large geographic areas
- Reservoir rocks with variable permeability
- Long production life and unusual pressure regime

### LAND POSITION

- Large holdings required
- Generally require higher drilling densities
- Increased surface infrastructure

### EXPLOITATION/PRODUCTION

- Difficult to produce reservoirs
- Require special completion, stimulation and/or production techniques
- Challenging to evaluate early well performance

*Modified from Sproule Associates*

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