

- Q** What progress have you made on the Gething Formation property?
- A** CSRI and our joint venture partner Shell Canada Energy (“Shell” or the “Operator”) will be achieving a major milestone when the Pilot Project becomes operational with its first sale of gas expected in the second quarter of 2009. Initially, four previously completed and tested Gething wells will be tied into the Pilot Project. In the months following the first sale of gas, three additional Gething wells drilled in 2008 will be completed/fractured and put on production.
- The acquisition of the land, drilling of five wells and construction of the Pilot Program will conclude Shell’s C\$50 million initial capital program. Following the acquisition of 95 sections of Gething rights, Shell drilled two vertical wells and a water disposal well in the Pilot Project area on the western portion targeting the Gething Formation and other shallow rights. The two wells drilled by Shell in the east block were for land retention purposes. The next step will be for Shell to make a decision to move to the development stage that would include the pooling of the Shell and CSRI lands to create a shared 145 sections (92,800 acres) of Gething rights (37 sections net to CSRI) and additional investment.
- Q** Will the Gething Pilot Project be an important source of revenue for CSRI?
- A** The primary purpose of the Pilot Project is to optimize the completion and production techniques that would be used at the Farrell Creek Gething project in a commercial production situation. The Pilot Project will enable Shell to continuously test Gething wells without the need to flare gases into the atmosphere. At this stage revenue generated from the sale of gas will be used primarily to cover operating costs of the Pilot Project at this stage.
- Q** What progress have you made on the Montney property?
- A** Canbriam Energy Inc. (“Canbriam”) has drilled two wells targeting the Montney Formation on the eastern portion of the Farrell Creek lands (see News Release dated November 21, 2008). As a result of Canbriam drilling these wells, CSRI holds rights from surface to base of the Belloy Formation in seven sections. In addition, other potentially economic gas zones were identified for future evaluation. One of the wells was granted “New Pool Discovery” status. After studying geological and technical data, it was determined that a horizontal section will not be drilled at this time. Canbriam has indicated that it plans to conduct further operations on the western portion of the Farrell Creek lands this year and is in the process of filing three new well applications with the British Columbia Oil and Gas Commission (OGC) for this area.
- Q** What is CSRI’s working capital position?
- A** CSRI has a strong working capital position of approximately C\$11.0 million (C\$0.23 per share) and currently has no immediate capital commitments associated with the Farrell Creek Gething and Montney joint ventures.
- Q** Is CSRI looking at other opportunities?
- A** In recent months, the global financial environment has had an adverse effect on capital markets and commodity prices. This has impacted the ability of many companies to raise equity capital and may provide an increased number of opportunities for well-capitalized companies. With its strong cash position, CSRI may investigate a range of new asset, corporate and resource opportunities.

- Q** Does the Farrell Creek area continue to be a “hot” area for gas exploration?
- A** In the past two years there have been approximately twenty wells drilled within the vicinity of CSRI’s Farrell Creek lands. Land prices for Montney Formation rights in the Farrell Creek area are especially strong. On November 12, 2008, bids ranging from C\$5,413 to C\$14,878 per hectare for drilling licences in the Farrell Creek area resulted in a total bid of C\$105.6 million. The parcels attracting the higher bids are in close proximity to the western portion of CSRI’s Farrell Creek lands. In December 2008 Talisman Energy, Inc. (TSX: TLM) stated that if their pilot project proves successful, there is potential to spend up to C\$7.5 billion on their Farrell Creek project over the next ten years. Further, in March 2009 Talisman reported that their c-85-I Montney Formation well, located approximately two miles from the western portion of CSRI’s Montney rights, had an initial production of approximately 5 million cubic feet per day (mmcf/d).
- Q** Why do you not explore both the Gething and the Montney Formations with the same wellbore?
- A** Typically, on our Farrell Creek lands, the shallower Gething rights overlap the deeper Montney rights. However, we have an agreement signed with Shell to explore and develop the Gething Formation and other shallow rights and a separate agreement signed with Canbriam to explore the Montney Formation and other deep rights.
- Both formations are similar in that they both contain natural gas but differ in that the Montney Formation is under a high formation pressure, whereas the Gething Formation is under a low formation pressure.
- The “shallow” Gething Formation will be exploited by reducing pressure in the formation which will allow gas to be desorbed from the coal and shales for an extended period of time.
- The “deeper” Montney Formation will be exploited through extensive fracturing and horizontal drilling of the formation to enable gas within the shale to be released.
- This difference in geology means that the Montney and Gething Formations would require separate wellbores even if these formations were fully owned by the same company.
- Q** What measures does CSRI have in place to deal with the extreme volatility in global equity markets and the sudden downturn in commodity prices?
- A** CSRI has several measures in place to deal with the current economic climate that include:
- A strong working capital position of approximately C\$11.0 million (C\$0.23 per share).
 - Both joint ventures moving ahead at minimal cost to CSRI. CSRI has leveraged its financial resources through agreements with two well capitalized partners while retaining a substantial interest in each project.
 - The extension of the Normal Course Issuer Bid (see News Release dated March 12, 2009). This is a way for publicly-listed companies to provide liquidity to shareholders, reduce volatility in the share price and demonstrate management’s confidence in the future of the Company.
- Q** What would 1 trillion cubic feet be in “barrels of oil equivalent”?
- A** In energy or heat equivalent terms, 6000 cubic feet of natural gas is equivalent to 1 barrel of oil equivalent (boe). 1 trillion cubic feet (tcf) would be equivalent to 167 million boe. Selling 1 tcf of natural gas at today’s prices would generate over C\$7 billion of revenue.

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