



Canadian Spirit Resources Inc.
(SPI-V: C\$1.42)

Energy Watch List Update

March 5, 2010

NOT RATED, High Risk*
12-month target price: N/R

Steven Buytels, CFA / (403) 509-2670
steven.buytels@dundeesecurities.com

Energy Watch List Update: Canadian Spirit Provides Operations Update on Montney Program

Summary: Drilling of the first horizontal Montney well completed with testing to resume after spring break-up...

Canadian Spirit Resources provided an operational update on the drilling of the first horizontal well targeting the lower Montney formation in the company's joint venture with Canbriam Energy Inc (operator). The C-A48-I well has been drilled and cased at Farrell Creek, British Columbia with completion and testing expected to resume after the removal of spring road bans. We expect results from this well to be released mid year.

Details: Montney Program Operational Update

- **First horizontal well (C-A48-I) targeting the lower Montney formation at Farrell Creek is drilled and cased with completion and testing to commence after spring break up.** The primary objective of the well is to determine if the lower Montney interval can contribute economically to the total productivity of the Montney in the area.
- **Following the completion of the aforementioned well, Canadian Spirit and their partner have indicated they plan to drill an additional well (C-18-I) which is expected to be a multi-lateral horizontal targeting the Montney.** Pending the success of these wells, follow on horizontal activity is expected later in the year.
- **The company has also announced the engineering of the planned 20 mmcf/d compression and dehydration facility has begun and is expected to be completed and in operation during the fourth quarter of 2010.**
- **Canadian Spirit's current cash position stands at \$13.1 million with no debt.** The company continues to be carried for capital expenditures associated with its Montney project through the terms of the joint venture agreement. CSRI expects to begin funding its working interest share of the Montney program in mid to late 2010.

Conclusion: Only a Matter of Time!

With the drilling of the first horizontal Montney well completed and awaiting testing, Canadian Spirit is moving closer to the full commercialization of its joint venture Montney program. Although no results have been released from the program to date, we feel the subsequent planning and engineering of a 20 mmcf/d processing facility is a positive sign for things to come. Canadian Spirit currently has access to 44 (15.4 net) sections of Montney prospective lands in the Ferrell Creek area with drilling results from its first Montney horizontal well expected mid year 2010. Canadian Spirit is an up and coming Montney player with plenty of potential production and reserve growth to look forward too.

See attached one-page company summary for more information.

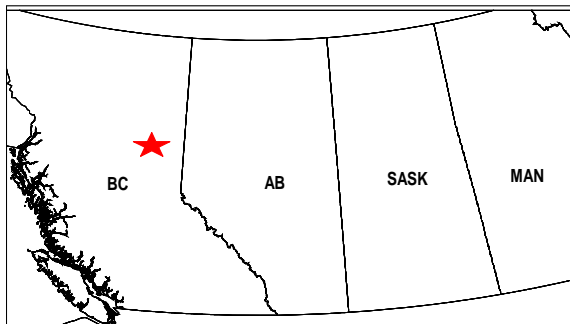
Canadian Spirit Resources Inc.

(SPI-V \$1.42)

Energy Watch List

March 5, 2010

Steven Buytels, CFA / (403) 509-2670
steven.buytels@dundeesecurities.com



Source: GeoScout, DSC.

Operational Summary (Q3/09 figures)		
Production	(boe/d)	N/A
% Gas	%	N/A
P+P Reserves	(mmbbls)	N/A
Net Undev. Land	acres	34,560

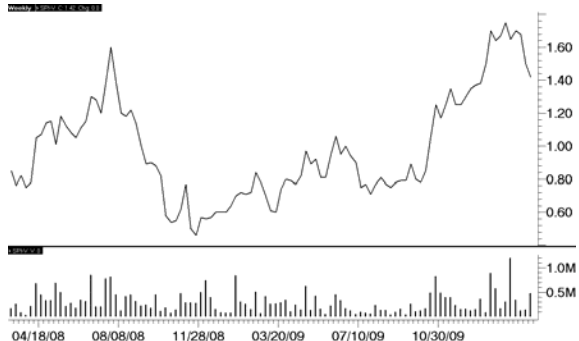
Source: Company Reports, DSC

Management Team & Directors	
Don Gardner	CEO & Secretary
Phillip Geiger	President & COO, Director
Dean Hill	VP Finance & CFO
George Watson	Director, Chairman
Rudolf Cech	Director
J.R. Richard Couillard	Director
Phillip Grubbe	Director
Robert Winnitoy	Director

Management/Directors Ownership: 3.1%

Source: Company Reports, DSC

SPI-V: Price/Volume Chart



Source: Thomson ONE

Corporate Summary

- Canadian Spirit Resources is an emerging junior oil and gas exploration company focused on unconventional gas in northeast British Columbia, primarily targeting the Montney and Gething formations in the Farrell Creek area.
- The company has joint ventures with Canbriam on its 44 sections of Montney rights (35% working interest) and Shell on its 54 sections of shallow rights targeting the Gething (25% working interest).

Key Catalysts

- Canadian Spirit with its partner Canbriam have drilled the C-A48-I horizontal well targeting the lower Montney formation with completion expected to resume after spring break-up. Results are expected to be released mid year 2010.
- Plan to drill two horizontal multi-lateral wells targeting both the upper and lower Montney immediately following the completion of the C-A48-I well.
- Currently constructing a 20 mmcf/d centralized gathering and processing facility to be in place by late Q3/Q4 2010.
- Large competitor in the adjacent vicinity has illustrated significant Montney success to date and expects to exit 2010 producing 40-60 mmcf/d of natural gas from the area.

Financials/Valuation

- Estimated cash position of \$13.1 million with no debt. The company expects to begin funding its working interest share of the Montney program in mid to late 2010.
- Current market capitalization of ~\$70 million with 48.3 million (55 million fully diluted) shares outstanding.

Summary

Canadian Spirit is an emerging Montney player focused in northeast British Columbia in the Farrell Creek area. The significant success by a large competitor on adjacent lands provides comfort as to the overall resource that may be at stake.

Disclosures & Disclaimers

Dundee Securities Corporation is an affiliate of Dundee Corporation, DundeeWealth Inc., and Goldman & Company, Investment Counsel Ltd.

Research Analyst Certification: Each Research Analyst involved in the preparation of this Research Report hereby certifies that: (1) the views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this Research Report; and (2) his/her compensation is not and will not be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst in this Research Report.

U.S. Residents: Dundee Securities Inc. is a U.S. registered broker-dealer and an affiliate of Dundee Securities Corporation. Dundee Securities Inc. accepts responsibility for the contents of this Research Report, subject to the terms and limitations as set out above. U.S. residents seeking to effect a transaction in any security discussed herein should contact Dundee Securities Inc. directly.

This Research Report is not an offer to sell or the solicitation of an offer to buy any of the securities discussed herein. The information contained in this Research Report is prepared from sources believed to be reliable but Dundee Securities Corporation makes no representations or warranties with respect to the accuracy, correctness or completeness of such information. Dundee Securities Corporation accepts no liability whatsoever for any loss arising from any use or reliance on this Research Report or the information contained herein. Any reproduction in whole or in part of this Research Report without permission is prohibited.

Dundee Securities Research is distributed by email, website or hard copy. Dissemination of initial reports and any subsequent reports is made simultaneously to a pre-determined list of Dundee Securities' Institutional Sales and Trading representative clients and Retail Private Client offices. The policy of Dundee Securities with respect to Research reports is available on the Internet at www.dundeewealth.com.

The compensation of each Research Analyst/Associate involved in the preparation of this Research Report is based upon, among other things, the overall profitability of Dundee Securities Corporation, which includes the overall profitability of the Investment Banking Department.

© Dundee Securities Corporation

Note 1: All historical data including financial and operating data on the issuer(s) mentioned in this report come from publicly available documents including statutory filings of these issuer(s). Data may also be sourced from Bloomberg, Baseline, Thomson ONE.

Informal Comments are analysts' informal comments that are posted on the Dundee website. They generally pertain to newsflow and do not contain any change in analysts' opinion, estimates, rating or target price. Please refer to formal published research reports for valuation methodologies used in determining target prices for companies under coverage. Please refer to formal published research reports for company specific disclosures and analyst specific disclosures for companies under coverage.

Mineral Exploration Watchlist: Dundee Securities Corporation has not initiated formal continuing coverage of Mineral Exploration Watchlist companies. The companies will have recommendations and risk ratings as per our regular rating system, see Explanation of Recommendations and Risk Ratings for details. Risk ratings will be either Speculative or Venture. Speculative Risk rated companies are those companies that have published National Instrument 43-101 or JORC compliant resources or reliable historic resources and/or economic evaluations (scoping, pre-feasibility or feasibility studies) that could reasonably form the basis of a discounted cash flow analysis. Venture Risk rated companies are those companies that are generally at an earlier stage of exploration and/or development, where no material resource estimate, historic or compliant, exists. No price targets will be set for Mineral Exploration Watchlist companies as there are limited financial metrics upon which to base a reasonable valuation. Valuation methodologies and models will not be provided for Mineral Exploration Watchlist companies. Dundee clients should consult their investment advisor as to the appropriateness of an investment in the securities mentioned.

Presentations do not include disclosures that are specific to analysts and specific to companies under coverage. Please refer to formal published research reports for company specific disclosures and analyst specific disclosures for companies under coverage. Please refer to formal published research reports for valuation methodologies used in determining target prices for companies under coverage.

Dundee Securities Corporation and its affiliates, in the aggregate, may beneficially own 1% or more of a class of equity securities issued by company(ies) discussed in this report.

Explanation of Recommendations and Risk Ratings

Valuation methodologies used in determining the 12-month target price(s) for the issuer(s) mentioned in this report are contained in current and/or prior research. Target Price N/A: a target price is not available if the analyst deems there are limited financial metrics upon which to base a reasonable valuation.

BUY: total returns expected to be materially better than the overall market with higher return expectations needed for more risky securities. NEUTRAL: total returns expected to be in line with the overall market. SELL: total returns expected to be materially lower than the overall market. TENDER: the analyst recommends tendering shares to a formal tender offer.

*Risk Ratings: risk assessment is defined as Medium, High, Speculative or Venture. Medium: securities with reasonable liquidity and volatility similar to the market. High: securities with poor liquidity or high volatility. Speculative: where the company's business or financial risk is high and is difficult to value. Venture: an early stage company where the business or financial risk is high, and there are limited financial metrics upon which to base a reasonable valuation.

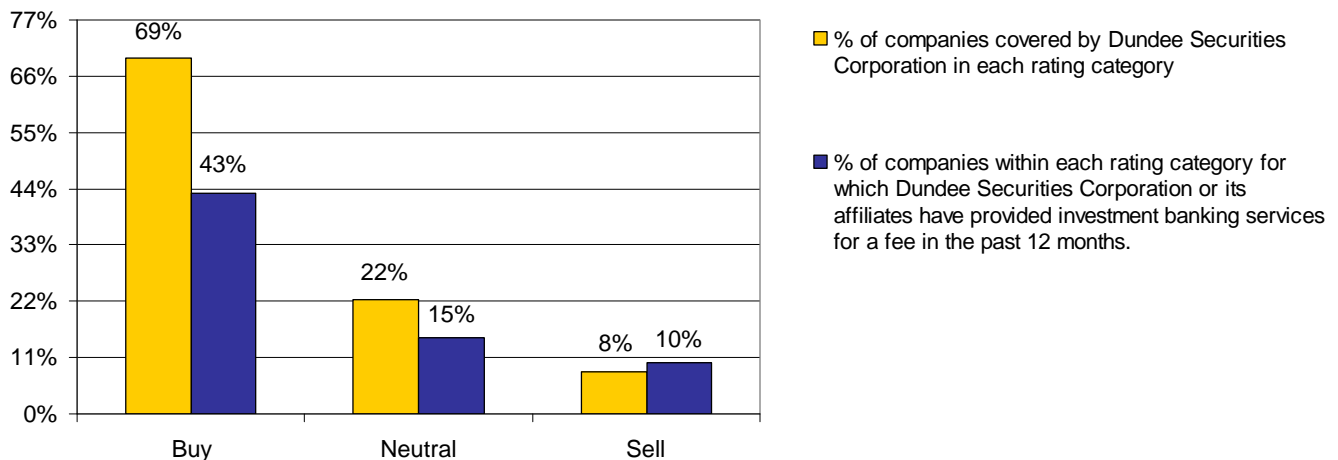
Medium and High Risk Ratings Methodology: Medium and High risk ratings are derived using a predetermined methodology based on liquidity and volatility. Analysts will have the discretion to raise the risk rating if it is determined a higher risk rating is warranted. Securities with poor liquidity or high volatility are considered to be High risk. Liquidity and volatility are measured using the following methodology: a) Price Test: All securities with a price <= \$3.00 per share are considered high risk for the purpose of this test. b) Liquidity Test: This is a two-tiered calculation that looks at the market capitalization and trading volumes of a company. Smaller capitalization stocks (<\$300MM) are assumed to have less liquidity, and are, therefore, more subject to price volatility. In order to avoid discriminating against smaller cap equities that have higher trading volumes, the risk rating will consider 12 month average trading volumes and if a company has traded >70% of its total shares outstanding it will be considered a liquid stock for the purpose of this test. c) Volatility Test: In this two step process, a stock's volatility and beta are compared against the diversified equity benchmark. Canadian equities are compared against the TSX while U.S. equities are compared against the S&P 500. Generally, if the volatility of a stock is 20% greater than its benchmark and the beta of the stock is higher than its sector beta, then the security will be considered a high risk security. Otherwise, the security will be deemed to be a medium risk security. Periodically, the equity risk ratings will be compared to downside risk metrics such as Value at Risk and Semi-Variance and appropriate adjustments may be made. All models used for assessing risk incorporate some element of subjectivity. Risk in relation to forecasted price volatility is only one method of assessing the risk of a security and actual risk ratings could differ.

SECURITY ABBREVIATIONS: NVS (non-voting shares); RVS (restricted voting shares); RS (restricted shares); SVS (subordinate voting shares).

Ideas of Interest

Dundee Securities Corporation from time to time publishes reports on securities for which it does not and may not choose to provide continuous research coverage. Such reports are published as Ideas of Interest.

Dundee Securities Equity Research Ratings



As at December 31, 2009

Source: Dundee Securities Corp.