



## **NEWS RELEASE**

### **CANADIAN SPIRIT RESOURCES INC. ANNOUNCES SUCCESSFUL TEST OF LOWER MONTNEY FORMATION AT FARRELL CREEK, BRITISH COLUMBIA**

**Calgary, AB December 23, 2009** – Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (TSXVENTURE:SPI) (OTCBB:CSPUF) is pleased to announce that Canbriam Energy Inc. (“Canbriam”), operator of the Company’s Montney joint venture, has successfully tested the lower Montney Formation at the b-17-I/94-B-1 location (see News Release dated September 29, 2009).

This vertical well was perforated and stimulated in the lower Montney, recognized by industry as the lower porosity portion of the formation. Testing the upper portion of the Montney Formation in this well was not considered necessary as public information from both vertical and horizontal wells drilled and evaluated by other operators in the Farrell Creek area has “derisked” this portion of the Montney which is now reported to be moving to commercial development. The well is currently shut-in to measure downhole pressure response in the lower Montney.

In the view of CSRI, the results of this test exceeded expectations and should lead to further exploitation of the lower Montney in the Farrell Creek area. The b-17-I well will be used initially to “map” the fracturing of other horizontal wells planned by Canbriam for the immediate area and will be followed by the drilling of a horizontal leg in either the upper or lower Montney at this location.

The primary objectives of the b-17-I well were to:

- (i) evaluate the potential of the lower Montney Formation for future horizontal drilling;
- (ii) retain the mineral rights in a substantial portion of the Farrell Creek west block lands;  
and
- (iii) provide an observation wellbore for the use of micro-seismic “fracture mapping” of horizontal wells in the upper Montney Formation expected to be drilled in the area as part of the planned 2010 capital program.

These objectives have or are expected to be achieved.

Commenting on the b-17-I well, Don Gardner, CSRI's Chief Executive Officer stated that "the Company is pleased with the results of this test, as early data indicates that the lower portion of the Montney Formation is capable of adding to the total productivity of the Montney and other prospective formations in the Farrell Creek area." He added, "these results further support our belief that 2010 will be the year that visible progress is made toward achieving the Company's mission of developing 1 trillion cubic feet of natural gas in western Canada."

Prior to completing the b-17-I vertical well, which was drilled on schedule and on budget, Canbriam and CSRI compared the log and core data from the b-17-I well to that of the Talisman Energy Inc. ("Talisman") b-15-I vertical well located approximately one mile east. In early 2009, Talisman successfully tested the upper and lower portions of the Montney Formation as well as the Doig Formation at b-15-I. This well was granted New Pool Discovery Status in the Doig and adds to the knowledge and prospectivity of the Farrell Creek area.

The log and core data from the Talisman well shows very similar geological characteristics to that of CSRI's well, adding significantly to the level of confidence that the upper Montney can be economically developed in the Farrell Creek area. Based on public information from the b-15-I well, the upper Montney delivered sweet gas from a thick interval of higher porosity rock consistent with the data from other wells in the Farrell Creek area. The Doig Formation contains sweet gas and appears to deliver natural gas at material rates. Canbriam has indicated that they plan to drill one or more horizontal legs into the higher porosity upper Montney in the vicinity of the b-17-I well during 2010. The first well location in this program, c-18-I, has recently been licensed.

In addition, the c-A48-I/94-B-1 well was spud by Canbriam on December 4, 2009 and is expected to be drilled horizontally in either the upper or lower Montney. The drilling of this well is currently suspended for the Christmas period but will be completed and tested during the first quarter of 2010.

The Company's working capital position currently stands at C\$9.7 million including C\$9.6 million of cash. The Company has no debt. While CSRI continues to be carried for capital expenditures by Canbriam under the terms of the joint venture, the Company expects to begin funding its working interest share of the Montney capital program later in 2010. Canbriam's planned capital program, when approved, is expected to include the drilling of several horizontal wells and the construction of a gas processing facility which would meet CSRI's 2010 goal of achieving meaningful revenue and reserves by year-end. Should the Company achieve the required level of reserves, the Company intends to graduate its listing to the Toronto Stock Exchange.

A further news release will be forthcoming in January once Canbriam and CSRI have approved their respective capital budgets for 2010.

CSRI is a natural resources company focusing on the identification and development of opportunities in the unconventional gas sector of the energy industry. The mission of the Company is to develop 1 trillion cubic feet of natural gas from unconventional resource plays in western Canada. The Company is currently evaluating the productive capability of both its shallow Gething play and its deeper Montney play through joint ventures with two well-capitalized partners. Both of these plays are located on the Company's principal resource property at Farrell Creek, British Columbia.

Information regarding CSRI is available on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company's website at [www.csri.ca](http://www.csri.ca).

On behalf of the Board of Directors,  
**CANADIAN SPIRIT RESOURCES INC.**

*"Don Gardner"*

Chief Executive Officer & Secretary

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