



NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES INCREASED CAPITAL BUDGET FOR 2010

Calgary, AB January 21, 2010 – Canadian Spirit Resources Inc. (“CSRI” or the “Company”) (TSXVENTURE:SPI) (OTCBB:CSPUF) is pleased to announce that its Board of Directors has approved a capital budget of up to C\$18.0 million for 2010, up significantly from C\$1.2 million in 2009.

The 2010 capital budget will be principally directed toward the development of the Company’s Montney lands at Farrell Creek, British Columbia as part of an established Montney joint venture partnership with Canbriam Energy Inc. (“Canbriam”). Commenting on the substantially increased budget, Don Gardner, CSRI’s Chief Executive Officer stated, “Canadian Spirit is very pleased with the increased level of activity and commitment in the 2010 Montney program as proposed by our joint venture partner. Canbriam and CSRI have a substantial capital program focused on their Montney lands that should achieve a meaningful level of production, revenue and reserves by the end of 2010”.

Canbriam has advised CSRI that it plans a capital investment of up to C\$49.0 million (gross) in the Farrell Creek Montney program for 2010. CSRI’s share of these capital expenditures in 2010 is expected to range from C\$6.0 million to C\$14.5 million conditional upon an election by Canbriam in 2010 to increase its working interest share of the Montney joint venture properties from 65 percent to 70 percent. In the event Canbriam makes this election, CSRI will retain a 30 percent working interest in the Montney joint venture and will be carried through an additional C\$21.0 million (gross) of capital expenditures. The Company expects to begin funding its share of the Montney program in mid to late 2010.

The CSRI 2010 budget also includes C\$3.5 million (net) that will be utilized to pursue other opportunities that the Company has identified.

Canbriam's planned capital program at Farrell Creek includes:

- completing the c-A48-I horizontal well in the lower Montney. Drilling is currently approaching target depth;
- drilling and completing two multi-lateral horizontal wells in the upper Montney; and
- the construction of a natural gas processing facility prior to year end. The gas processing facility will be expandable and is expected to have a capacity of up to 20 mmcf/d.

In a January 11, 2010 news release, Talisman Energy Inc. ("Talisman") announced that it had budgeted approximately C\$550 million for its Montney shale play in northeastern British Columbia. Talisman also advised that its commercial development of the Montney shales in the greater Farrell Creek and Cypress areas will include the drilling of 25 horizontal wells in 2010. Talisman's Farrell Creek lands are in the immediate vicinity of the Canbriam/CSRI joint venture lands and Talisman's exploration success has significantly de-risked the Montney Formation in this area.

CSRI has engaged Sproule Unconventional Limited to prepare a resource report compliant with National Instrument 51-101 covering the Company's Montney Formation lands in the Farrell Creek area. It is anticipated that this report will be completed in April 2010. Government estimates of petroleum initially-in-place in the Farrell Creek Montney shales are up to 100 bcf per section or 4.4 tcf (gross) on the 44 sections of deep rights held by Canbriam and CSRI.

In its Farrell Creek Gething Project, the Company continues to be carried for capital and operating expenditures by Shell Canada Energy ("Shell") under the terms of the previously announced joint venture. The objective of the recently completed Pilot Project continues to be one of optimizing the completion and production techniques that could be applied for future commercial production. Shell operates the Pilot Project which is currently producing natural gas from seven wells.

The Company's working capital position currently stands at C\$10.1 million including C\$10.0 million of cash. It is expected that up to C\$5.7 million will be realized from the exercise of in-the-money warrants that are due to expire on February 19, 2010 (C\$4.0 million) and July 9, 2010 (C\$1.7 million).

Subject to meeting the requirements of the TSX, the Company intends to apply for a listing on the Toronto Stock Exchange in late 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 or the Company's website at www.csri.ca.

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

“Don Gardner”

Chief Executive Officer

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