



NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES FIRST QUARTER 2010 OPERATIONS AND FINANCIAL RESULTS

Calgary, AB May 28, 2010 – Canadian Spirit Resources Inc. (“CSRI” or the “Corporation”) (TSXVENTURE:SPI) (OTCBB:CSPUF) announces the release of its interim operations and financial results and Management Discussion and Analysis for the three month period ended March 31, 2010 (all amounts in Canadian dollars).

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 Corporation is to develop 1 trillion cubic feet of natural gas from resource plays in western Canada. The Corporation 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 Corporation’s principal resource property at Farrell Creek, British Columbia.

OPERATIONAL HIGHLIGHTS

Montney Formation

- Sproule Unconventional Limited (“Sproule”) estimates the total gross discovered and undiscovered resource to range from 3.6 tcf to 8.4 tcf, or 77 bcf to 178 bcf per section.
- The operator, Canbriam Energy (“Canbriam”), plans a \$49.0 million (gross) capital program for 2010 including:
 - stimulating the c-A48-I horizontal well in the lower portion of the Montney Formation;
 - drilling and completing 3 horizontal wells targeting the upper portion of the Montney Formation; and
 - constructing a 10 to 20 mmcf/d sweet gas facility with planned start up in the fourth quarter 2010.

Gething Formation

- Sproule reconfirms total gross discovered and undiscovered resource of 1.8 tcf, ranging from 21 bcf to 34 bcf per section.
- The Operator, Shell Canada Energy (“Shell”), fulfilled its initial \$50.0 million commitment to the Project. Shell’s decision whether to pool lands and proceed is expected by mid-year 2010.

FINANCIAL HIGHLIGHTS

- The exercise of warrants adds \$4.3 million to the Corporation’s cash position.
- Current net working capital position of \$12.1 million (\$0.22/share).
- No debt.

Commenting on the first quarter operations and financial results, CEO Don Gardner stated that “2010 is expected to be a landmark year for CSRI as we begin to convert the Corporation’s large prospective resource estimate into reserves, production and cash flow. The Montney Formation in northeastern British Columbia continues to be regarded as one of the premier shale plays in North America”.

Financial Update

Selected Financial Data and First Quarter Results

| For the three month periods ended or as at March 31 | 2010 | 2009 |
|---|---------------|---------------|
| Total revenues | \$ 10,925 | \$ 14,070 |
| Net loss and comprehensive loss (after income taxes) | \$ (623,357) | \$ (362,906) |
| Loss and comprehensive loss per share (basic & diluted) | \$ (0.01) | \$ (0.01) |
| Total current assets | \$ 12,947,621 | \$ 11,690,250 |
| Total assets | \$ 49,171,344 | \$ 46,480,036 |
| Total current liabilities | \$ 303,193 | \$ 377,756 |
| Total long term liabilities | \$ 293,136 | \$ 217,293 |
| Net working capital | \$ 12,644,428 | \$ 11,312,494 |
| Net capital expenditures | \$ 978,190 | \$ 109,937 |

The Corporation recorded a net loss after taxes of \$623,357 or \$0.01 per share for the first three months of 2010 compared to a net loss of \$362,906 or \$0.01 per share for the same period of 2009. The Corporation had no operating revenue in either period. Interest and other revenue decreased to \$10,925 during the first quarter of 2010 from \$14,070 in the comparative 2009 quarter due to lower effective interest rates.

Cash administrative expenses for the three month periods ended March 31, 2010 and 2009, after capitalization of costs directly associated with exploration and development activity, were \$362,574 and \$279,852 respectively, representing an increase of 30%. The increase is due partially to general increases in staff salaries and benefits, but additionally to the offset in the first quarter 2009 of a recovery of salary and benefit costs associated with the secondment of an employee of the Corporation to a joint venture partner. Overhead and other expenses capitalized as petroleum and natural gas assets in the first quarter of 2010 were \$117,592 compared to \$143,577 in the first quarter of 2009.

Stock-based compensation, net of capitalized amounts, for the first three months of 2010 was comprised of stock option expense of \$260,252 (2009: \$86,463). During the three months ended March 31, 2010, the Corporation capitalized \$105,237 (2009: \$Nil) of stock-based compensation expense for those employees of the Corporation directly involved in exploration and development activities.

Natural gas capital expenditures in the first quarter of each of the past two years are detailed in the following table:

| For the three month periods ended March 31 | 2010 | 2009 |
|---|------------|------------|
| Lease acquisitions and retentions | \$ 62,665 | \$ 25,229 |
| Geological and geophysical | 1,378 | 2,455 |
| Net (recovery of) drilling and completion costs | 685,375 | (61,362) |
| Capitalized overhead | 222,829 | 143,577 |
| Total net natural gas expenditures | \$ 972,247 | \$ 109,899 |

Long-term financial liabilities of \$293,136, as at March 31, 2010 were comprised of the present value of future well and facility reclamation obligations.

Operations Update

Montney Formation Joint Venture

On March 19, 2008, the Corporation announced a joint venture and farmout agreement for the Deep Rights with Canbriam, that will evaluate certain of the Corporation's lands for Montney and other deep formation plays covering approximately 28,400 gross acres. Through the joint venture, Canbriam committed to an initial expenditure of up to \$28.6 million for exploration of the Deep Rights including the drilling of at least two wells into the Montney Formation in exchange for a 65% working interest. Canbriam has an option to increase its working interest in the Deep Rights from 65% to 70% by increasing its gross capital commitment to \$50.0 million. CSRI would be carried through this amount of gross capital expenditures for its remaining 30% working interest.

Since conducting evaluation tests on two vertical Montney wells on the eastern block of Farrell Creek in late 2008, Canbriam has focused its operations on the western portion of the Farrell Creek lands in close proximity to the Spectra Energy pipeline. During the past year, other operators' drilling and development activity has significantly de-risked the Montney Formation adjacent to the western portion of the Corporation's Farrell Creek lands. Talisman Energy Inc. ("Talisman") recently moved its adjacent Montney shale play into commercial production and expects to be producing 40-60 mmcf/d by year end with a capital investment of \$450 million planned for their Montney shale program in 2010. Talisman has also advised that the capacity of their Farrell Gas Plant will be increased to 120 mmcf/d by the third quarter 2010.

Sproule, in their 2009 report, estimated the Corporation's total gross discovered and undiscovered resources to range from 3.6 trillion cubic feet to 8.4 trillion cubic feet of natural gas in the Montney Formation. This estimate was based on well data provided by CSRI and using limestone porosity cutoffs of 6% and 3% respectively. On average, this provided resource values from 77 bcf (using a 6% cutoff) to 178 bcf (using a 3% cutoff) per section in the Montney Formation.

The capital program for the balance of 2010 will include the stimulation of the horizontal well drilled prior to spring-breakup into the lower portion of the Montney Formation at c-A48-l/94-B-1, three horizontal wells targeting the upper portion of the Montney Formation at Farrell Creek, and the construction of a sweet gas facility. Two of the three horizontal wells will be drilled and completed at the c-18-l/94-B-1 location and an additional horizontal leg will be drilled and completed from the c-A48-l well. The gas facility is expected to be tied into the Spectra Energy pipeline and commissioned during the fourth quarter of 2010. The facility, located near the b-17-l wellsite, will be expandable with an initial capacity of 10 to 20 mmcf/d. Three wells are expected to be flowing natural gas through this facility by year-end. This program will commence in June following the removal of spring weight restrictions on the roads in the Farrell Creek area.

In order to accomplish the above program, Canbriam has approved plans for a capital investment of up to \$49.0 million (gross) in the Farrell Creek Montney program for 2010. CSRI's share of capital expenditures on the Montney joint venture in 2010 range from \$6.0 million to \$14.5 million conditional upon whether Canbriam exercises their option to increase their working interest from 65% to 70% in 2010. If Canbriam exercises this option, the Corporation will retain a 30% working interest in the Montney joint venture and will be carried through an additional \$21.0 million capital investment. The Montney joint venture development plans are expected to achieve a meaningful level of production, revenue and reserves by the end of 2010. CSRI intends to use the production and reserve data of the Montney play to apply for a listing on the Toronto Stock Exchange in early to mid 2011.

Gething Formation Joint Venture

On July 17, 2008 the Corporation announced that it had entered into a joint venture with Shell to advance the development of the identified unconventional natural gas resource in the Gething Formation on a combined total of approximately 150 contiguous sections or 96,000 acres located in the Farrell Creek area. Shell's \$50.0 million initial capital commitment included the acquisition of additional land, the drilling of five vertical wells and the construction of facilities to tie-in the Pilot Project. The pilot facility is scaleable and currently has a capacity of up to 1.1 mmcf/d. Seven Gething wells are currently tied into the pilot facility.

Sproule also estimated the Corporation's total gross discovered and undiscovered petroleum initially-in-place (resources) in the Gething, Moosebar and Gates Formations to be 1.8 trillion cubic feet of natural gas. Based on well data provided by the Corporation, Sproule estimated a range of 21 to 34 bcf per section in the Gething Formation and a range of 6 to 8 bcf per section in the Moosebar and Gates Formations.

Shell is currently evaluating the results of the Pilot Project and has until mid year to elect whether or not to proceed with the Gething Joint Venture. Should Shell make the decision to proceed, the pooling of Shell (75%) and CSRI (25%) lands would create a combined project of approximately 150 sections (96,000 acres) of Shallow Rights (37 sections net to CSRI) and a commitment by Shell to carry CSRI through an additional capital investment. Shell will earn a 75% working interest in CSRI's approximately 55 sections and in exchange, CSRI will receive a 25% working interest in Shell's approximately 95 sections.

If Shell does not elect to proceed with the Gething Joint Venture, CSRI will retain a 100% working interest in its existing 55 sections of Gething lands and would also assume 100% ownership of the pilot facility, wells and infrastructure at no additional cost. CSRI also holds a right-of-first-refusal on Shell's 95 sections of Gething lands.

Information regarding CSRI is available on SEDAR at www.sedar.com or the Corporation's website at www.csri.ca.

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

"Don Gardner"

Chief Executive Officer & Secretary

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