CANADIAN SPIRIT RESOURCES INC.

NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES INITIAL PROVED PLUS PROBABLE RESERVES – MONTNEY FORMATION

Calgary, AB May 16, 2011 – Canadian Spirit Resources Inc. ("CSRI" or the "Corporation") (TSXV:SPI) (OTCBB:CSPUF) is pleased to announce the achievement of its first proved reserves in the Corporation's history. This milestone begins the process of converting the Corporation's very substantial natural gas resource base at Farrell Creek, B.C. (see news release dated April 7, 2011, the "Resource Assessment") into reserves as it executes its planned development program.

HIGHLIGHTS

- Gross remaining proved plus probable Montney reserves of 57.1 billion cubic feet (Bcf)
- Company share proved plus probable Montney reserves of 20 Bcf
- Company share net present value of proved plus probable at C$13.5 million (10% discount rate)
- CSRI Montney acreage increased to 25,345 net acres (39.6 net sections)

This first independent reserve evaluation covering the Montney Formation at Farrell Creek was prepared by Sproule Unconventional Limited ("Sproule") as at March 31, 2011 (the "Reserve Report"). The Reserve Report is based on a limited number of wells strategically designed to prove-up the Farrell Creek lands held by Canbriam Energy BC Partnership ("Canbriam") and CSRI over several years. The wells included in the Reserve Report represent 2% of the 900 gross wells estimated in the Resource Assessment to be required for full development of the Corporation's Farrell Creek lands.

The Corporation's Chief Executive Officer Don Gardner commented "Building on the December 31, 2010 Resource Assessment, this favorable Reserve Report illustrates the significant progress Canadian Spirit has achieved in proving-up the value of its Farrell Creek Montney property. Although limited in scope, the Reserve Report accurately reflects the Corporation's strategy of early stage evaluation followed by a realization of the demonstrated value prior to full scale development".

MONTNEY FORMATION RESERVES

Sproule was engaged to prepare an independent reserve evaluation effective as at March 31, 2011 of only the Montney Formation in accordance with National Instrument 51-101, *Standards of Disclosure for Oil and Gas Activities.* The evaluation is based on CSRI's corporate plan to drill and complete 18 Montney wells over several years to prove-up its Montney lands at Farrell Creek. This represents 2% of the 900 gross well locations identified in the December 31, 2010 Resource Assessment. Proceeding with full development will be contingent upon factors such as access to capital, economic and price conditions, infrastructure, and environmental and regulatory matters.

The Reserve Report was based on information provided by the Corporation and Sproule applied an industry standard 6% limestone porosity cut-off consistent with the December 31, 2010 Resource Assessment. The 900 drilling locations identified in the Resource Assessment was based at the time on approximately 29 net sections of the Corporation's Montney acreage which has since increased to 39.6 net sections. The calculated Net Present Values are reduced by the estimated C$3 million cost of adding an additional compressor unit to process increased production volumes associated with the probable reserves in the Reserve Report.

SUMMARY OF RESERVES AS AT MARCH 31, 2011
(Forecast Prices & Costs)

	Natural Gas [1]		Barrels of Oil Equivalent [5]	
	Gross [2] (MMcf)	Net [3] (MMcf)	Gross [2] (Mboe)	Net [3] (Mboe)
PROVED				
Developed Producing	1,536	1,502	256.0	250.3
Undeveloped	11,629	10,413	1,938.2	1,735.5
Total Proved	13,165	11,915	2,194.1	1,985.8
PROBABLE	6,803	5,403	1,133.8	900.5
TOTAL PROVED PLUS PROBABLE [4]	**19,967**	**17,317**	**3,327.9**	**2,886.2**

Notes:
(1) Estimates of Reserves of natural gas include associated and non-associated gas.
(2) "Gross Reserves" are the Corporation's working interest share of the remaining reserves, before deduction of any royalties.
(3) "Net Reserves" are the Corporation's working interest share of remaining reserves less all Crown royalties.
(4) May not add due to rounding.
(5) Barrels of Oil Equivalent (boe) have been calculated using a conversion rate of six thousand cubic feet of natural gas per barrel of oil (energy equivalent).

SUMMARY OF NET PRESENT VALUES AS AT MARCH 31, 2011
(Forecast Prices & Costs)
($ Thousands)

Discounted Rate	0%	5%	8%	10%	12%
PROVED					
Developed Producing	5,854	4,939	4,516	4,273	4,057
Undeveloped	17,381	5,530	1,587	(295)	(1,758)
Total Proved	23,235	10,469	6,103	3,979	2,299
PROBABLE	24,382	14,503	11,181	9,552	8,246
TOTAL PROVED PLUS PROBABLE [1]	**47,617**	**24,972**	**17,284**	**13,531**	**10,545**

Note:
(1) Net present values are stated before deducting income taxes and future estimated site restoration costs and are reduced by estimated future abandonment costs and estimated capital for future development of the reserves.

The forecast of natural gas prices used in the reserve evaluation was Sproule's March 31, 2011 price forecast and is subject to Sproule's normal qualifications. The following is a relevant excerpt from that forecast as the Corporation currently sells its natural gas at BC Westcoast Station 2.

SPROULE NATURAL GAS PRICE FORECAST AS AT MARCH 31, 2011

Year	Henry Hub (US$/MMbtu)	AECO-C Spot (C$/MMbtu)	BC Westcoast Station 2 (C$/MMbtu)
2011	4.31	3.71	3.65
2012	4.88	4.29	4.23
2013	5.24	4.65	4.59
2014	6.52	5.95	5.89
2015	6.90	6.34	6.28

MONTNEY FORMATION RESOURCE ASSESSMENT

On April 7, 2011, the Corporation issued a news release disclosing the independent Resource Assessment prepared by Sproule as at December 31, 2010. The following information was included in the Resource Assessment and reference should be made to the definitions and qualifications contained in the April 7th news release. The Resource Assessment was prepared in accordance with definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook.

SUMMARY OF ANNUAL CHANGES
GROSS AND COMPANY GROSS
NATURAL GAS INITIALLY-IN-PLACE ("GIIP")

Resource Classification	Gross GIIP Bcf (Raw)		Company Gross GIIP Bcf (Sales)	
	2009	2010	2009	2010
DISCOVERED GIIP (1)	1,378	2,654	478	1,028
UNDISCOVERED GIIP (2)	2,243	2,370	648	1,294

Notes:
(1) There is no certainty that it will be commercially viable to produce any portion of this resource.
(2) There is no certainty that any portion of this resource will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resource.

SUMMARY OF NATURAL GAS RESOURCES WITHIN THE MONTNEY FORMATION
IN THE FARRELL CREEK AREA OF BRITISH COLUMBIA

Classification & Category	Company Gross* Natural Gas Initially-In-Place Bcf (Raw)	Company Gross* **Contingent** Gas Resources Bcf (Sales) (1)	Classification & Category	Company Gross* Natural Gas Initially-In-Place Bcf (Raw)	Company Gross* **Prospective** Gas Resources Bcf (Sales)
DISCOVERED			UNDISCOVERED		
Low Estimate	253	48	Low Estimate	1,294	202
Best Estimate	505	134	Best Estimate	1,294	274
High Estimate	1,028	577	High Estimate	1,294	675

* Company working interest (operating or non-operating) share before deduction of royalties.

Note:
(1) As at December 31, 2010, the contingency that prevents the classification of Contingent Gas Resources as reserves is that reported volumes do not meet the economic requirement of reserves.

The Resource Assessment as at December 31, 2010 was based on approximately 29 net sections of Montney acreage. The addition of approximately 10 net sections of Montney land since year-end and planned drilling activity over the next year has the potential to materially increase the Undiscovered Natural Gas Initially-in-Place figures and the estimated number of well locations required for full development.

CSRI is a natural resources company focusing on the identification and development of opportunities in the unconventional gas sector of the energy industry.

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

"*Don Gardner*"

Chief Executive Officer & Secretary

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