



NEWS RELEASE

CANADIAN SPIRIT RESOURCES INC. ANNOUNCES SECOND QUARTER 2007 FINANCIAL RESULTS

Calgary, AB July 27, 2007 - Canadian Spirit Resources Inc. ("CSRI" or the "Company") (TSX Venture: "SPI") announces the release of its financial results and Management Discussion and Analysis for the three and six month periods ended June 30, 2007.

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 tcf of natural gas from unconventional resource plays in western Canada. The Company has identified a 1.8 tcf resource play, assembled a unique, high working interest land position in over 42,000 gross acres (of which 40,000 are located in British Columbia) and is currently evaluating the productive capability of its principal resource property at Farrell Creek, British Columbia.

Highlights in the first half of 2007 are:

- Approval of Experimental Scheme covering the pilot production project area at Farrell Creek, B.C.;
- Field operations result in improved equipment reliability and reduced operating costs;
- First phase of Farrell Creek pilot program nears completion; and
- Announcement of and subsequent closing of a combined Unit and Flow-through share private placement totaling \$3.5 million to fund the Company's capital program in the second half of 2007.

Selected Financial Data (\$ CDN)

For the six month periods ended on or as at June 30	2007	2006
Total revenue	\$ 39,492	\$ 198,790
Net loss	\$ (430,182)	\$ (944,281)
Net loss per share (basic & diluted)	\$ (0.01)	\$ (0.04)
Working capital	\$ 524,482	\$ 3,135,950
Total assets	\$ 35,267,723	\$ 30,164,024
Total long term financial liabilities	\$ 450,756	\$ 1,209,240
For the three month periods ended June 30	2007	2006
Total revenue	\$ 13,976	\$ 86,933
Net gain (loss)	(150,227)	31,536
Net gain (loss) per share (basic & diluted)	-	-

The Company recorded a net loss of \$430,182 or \$0.01 per share for the first six months of 2007 compared to a net loss of \$944,281 or \$0.04 per share for the same period in 2006. The Company had no operating revenue in either period. Interest and other revenue declined to \$39,492 during the first half of 2007 from \$198,790 in the comparative 2006 period due principally to lower average cash balances in 2007.

Cash administrative expenses for the six month periods ended June 30, 2007 and 2006 after the capitalization of costs directly related to exploration activity were \$540,817 and \$630,262 respectively. Due to a reduction in staff associated with exploration activities, overhead amounts capitalized in the first half of 2007 were \$272,629, down from \$321,616 in the first six months of 2006. Total salaries and benefits before capitalization for the two comparative six month periods decreased by \$74,695 or 15 percent.

Stock-based compensation for the first half of 2007 was comprised of stock option expense of \$152,812 (2006: \$503,913) and stock appreciation rights recovery of \$258,000 (2006: recovery of \$54,000) resulting in a net recovery of \$105,188 in the first half of 2007 (2006: expense of \$449,913).

Capital expenditures in the first six months in each of the past two years are detailed in the following table:

(\$ CDN)

For the six month periods ended June 30	2007	2006
Lease acquisitions and retentions	\$ 52,160	\$ 27,258
Geological and geophysical	9,245	3,344
Drilling and completion	1,230,372	4,133,192
Capitalized overhead	<u>272,629</u>	<u>321,616</u>
Total petroleum and natural gas	1,564,406	4,485,410
Office equipment and furnishings	<u>3,251</u>	<u>4,655</u>
Total capital expenditures	<u>\$ 1,567,657</u>	<u>\$ 4,490,065</u>

Operations during the first half of 2007 involved production testing and improvements in equipment and facilities at the Farrell Creek pilot project which resulted in enhanced reliability and reduced operating costs. No new drilling or completion activity occurred in the first six months of 2007 compared to the comparative period in 2006 when one well was drilled and two wells were completed.

Long-term financial liabilities at June 30, 2007 include \$276,000 representing the accrued contingent liability for cash payments to key employees pursuant to stock appreciation rights granted in 2003. Payments under these agreements are conditional upon the achievement of specified production targets or profit thresholds. In addition, \$174,756 represents the present value of future reclamation obligations associated with the Company's properties in British Columbia and Alberta.

The Company has an active program planned for the third quarter of 2007 with a capital budget of \$1.6 million. Field operations to complete the first phase of the Gething Formation pilot program at Farrell Creek began in late June. Planned operations included workovers and further production testing of three of the four wells currently comprising the pilot project. An additional operation to fracture stimulate the upper portion of the Gething Formation in the b-003 well has been completed and the well is currently being tested. As a result, the planned completion and fracture stimulation of the d-093 well has been rescheduled for mid-August and will proceed subject to Board approval.

On July 18, 2007 the Company closed a private placement of Units and Flow-Through Shares raising \$3.5 million to fund the planned third quarter capital program and ensure adequate liquidity for the balance of 2007. Following this equity placement, the Company has 32,333,082 shares outstanding.

Additional Information:

The Company's interim financial statements and management's discussion and analysis of operations and financial condition ("MD&A") have been filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") and can be viewed through the Company's website at www.csri.ca and on www.sedar.com.

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

"Phil Geiger"

Phillip D.C. Geiger, President & Chief Operating Officer

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OTC Bulletin Board Symbol (Foreign) "CSPUF"

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