



## NEWS RELEASE

### **CANADIAN SPIRIT RESOURCES INC. PROVIDES OPERATIONS UPDATE**

**Calgary, AB September 13, 2007 - Canadian Spirit Resources Inc. (“CSRI” or the “Company”)** (TSX Venture: “SPI”) announces interim results from the first phase of the pilot project at Farrell Creek, in northeast British Columbia

#### **Operations Update**

Operations during the third quarter of 2007 were designed to complete the first phase of the Farrell Creek pilot project by demonstrating economic rates of natural gas production and further reductions in capital and operating costs. Results to-date toward advancing those objectives have been positive.

Commencing in early July, operations to date have included re-completion work on the b-002 and b-092 wells; optimization tests on each of these wells to measure the impact of reducing down hole pressure; a modified fracture stimulation of the upper portion of the Gething Formation in the b-003 well; and remedial work on the b-003 well to remove a bridge plug and improve water pumping mechanics. The b-092 well is currently shut-in and waiting for tie-in having reached its regulatory flaring limit. During a seventeen month period of non-continuous testing, the b-092 well produced a cumulative total of 52 million cubic feet of natural gas.

Results from the fracture stimulation of the upper portion of the Gething Formation of the b-003 well were very encouraging in terms of initial production rates and technical improvements to further optimize well completions. Initial production rates exceeded the Company's target of 200 mcf/d for stabilized production from each vertical well. Testing to determine a stabilized production rate from the b-003 well is continuing.

The positive results from the fracture stimulation of the upper portion of the b-003 well has resulted in a decision to also fracture stimulate the upper portion of the Gething Formation in the b-002 well before proceeding with the planned completion of the d-093 well. The fracture stimulation of the upper portion of the b-002 well is designed to further evaluate certain components of the stimulation programs carried out to-date and potentially add to the productivity of this well.

The extended operations at b-003 and the addition of a fracture stimulation program at b-002 will defer the planned completion of the d-093 well to at least late September rather than the original August schedule.

#### **New Royalty Program**

On July 31, 2007 the Government of British Columbia announced a Net Profit Royalty Program (the “Program”) to primarily encourage development of unconventional gas (coalbed, shale and tight sand gas) or remote conventional gas resources in the province. This Program, with low initial royalty and capital recovery features, will significantly enhance the economic threshold of unconventional natural gas projects such as Farrell Creek and is expected to result in accelerated capital investment in the province. Applications for approval under this program are expected to be accepted beginning in the Fall of 2007. The Company believes that the Farrell Creek project will qualify under this Program. Further information on this Program can be found under [www.gov.bc.ca](http://www.gov.bc.ca) “Ministries & Organizations” - Energy, Mines and Petroleum Resources – News.

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.

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

*"Phil Geiger"*

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