

CANADIAN SPIRIT RESOURCES INC.

REVISED ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2004

APRIL 20, 2005

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FORWARD-LOOKING STATEMENTS

The corporate information contained throughout this Annual Information Form contains forward-looking forecast information. Often, but not always, forward-looking statements use words or phrases such as: "expects", "does not expect", or "is expected", "anticipates", or "does not anticipate", "plans" or "planned", "estimates", or "estimated", "projects" or "projected", "forecasts" or "forecasted", "believes", "intends", "likely", "possible", "probable", "scheduled", "positioned", "goals", or "objectives", or state that certain actions, events, or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. The reader is cautioned that assumptions used in the preparation of such information, although considered reasonable by Canadian Spirit Resources Inc. at the time of preparation, may prove to be incorrect. The actual results achieved during the forecast period will vary from the information provided herein and the variations may be material. Consequently, there is no representation by CSRI that actual results achieved during the forecast period will be the same in whole or in part as those forecasted. In addition, the Company assumes no obligation to update forward-looking statements should circumstances or managements estimates or opinions change.

CORPORATE INFORMATION

Canadian Spirit Resources Inc. ("CSRI" or the "Company") was incorporated under the *Company Act* (British Columbia) on January 22, 1987 as Super Twin Resources Ltd. (amended on February 18, 1987 to Super Twins Resources Ltd.) and subsequently amended its articles on February 13, 1997 to change its name to Whitegold Resource Corp., on June 30, 1995 to increase its authorized capital, on April 9, 2001 to change its name to Whitegold Natural Resource Corp., consolidate the outstanding share capital and increase the authorized capital and on May 24, 2002 to change its name to Spirit Energy Corp. On March 29, 2004, the British Columbia legislature enacted the *Business Corporations Act* (British Columbia) (the "new Act") and repealed the *Company Act* (British Columbia) (the "former Act"). The new Act is designed to provide greater flexibility and efficiency for British Columbia companies. The new Act removes many of the restrictions contained in the former Act, including the required residency of directors and limits on authorized share capital. The Company filed its Notice of Articles on April 19, 2004 to transition under the new Act and on May 27, 2004 the shareholders of the Company approved the following amendments to its charter documents: to change its name from Spirit Energy Corp. to Canadian Spirit Resources Inc.; to remove the pre-existing company provisions that were imposed by the new Act; to increase the maximum number of common shares that the Company is authorized to issue to an unlimited number of common shares without par value (the "Common Shares"); and to adopt new Articles. On June 15, 2004, a certificate of change of name was issued and the Notice of Articles was filed. CSRI was registered as an extra-provincial corporation in Alberta, Canada on June 15, 2004.

The Company's registered office is Suite 2300 – 1055 Dunsmuir Street, P.O. Box 49122, Four Bentall Center, Vancouver, British Columbia, Canada V7X 1J1. The Company's principal office is located at Suite 2610 Watermark Tower, 530 – 8th Avenue S.W., Calgary, Alberta, Canada T2P 3S8.

The Company does not have any subsidiary companies and does not own any shares in other corporations.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company holds a 100% undivided interest, subject to a 10% net profit interest, in five mineral claims covering 2,750 hectares of land in the Iskut River area of the Land Mining Division, British Columbia (the "Isk Wollastonite Mineral Properties").

Prior to May 2002, the Company's primary activity was to evaluate its Isk Wollastonite Mineral Properties. The Company determined that this mineral property contains significant reserves, but are uneconomic to produce at current prices due to lack of access and infrastructure. During the exploration and evaluation phase of operations from 1992 through April 2002, the Company incurred approximately \$8.0 million of losses, including an impairment charge of \$4.8 million for this mineral property.

Since May 2002, the Company's focus has been to evaluate the resource potential of natural gas from coal ("NGC", also referred to as coalbed methane or "CBM") on exploration properties and is considered to be in its development stage of operations. Although some preliminary evaluation work was performed on NGC potential prior to May 2002, the decision to change the strategic direction of the Company from evaluation of the Isk Wollastonite Mineral Properties to an evaluation of NGC occurred during May 2002 when the Company retained Mr. Geiger and Mr. Sinclair as officers and directors of CSRI.

The Company's strategic advantages are the extensive knowledge and experience of its technical team in coal and NGC exploration and development, the proprietary data base of potential NGC resources in western Canada developed during 2002 and early 2003 and the energy development experience of its management and directors. The original evaluation of potential NGC resources in western Canada was conducted in conjunction with a major industry joint venture partner, however, a change in the capital allocation priorities of the joint venture partner in May 2003 resulted in CSRI proceeding to identify targets, assemble a land base, and commence exploration of prospects on its own.

To finance the Company's general and administrative costs, acquisitions of undeveloped land and the drilling of three test wells, CSRI has closed the following non-brokered private placements during the past three years:

On December 29, 2004, the Company issued 160,000 flow-through Common Shares at \$6.25 per share.

On September 15, 2004, the Company issued 1,500,000 units at \$3.25 per unit. Each unit ("Unit") consists of one common share and one-half share purchase warrant. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$3.85 per share until September 15, 2005.

On June 22, 2004, the Company issued 3,700,000 Units at \$1.65 per Unit. Each whole warrant entitles the holder to purchase one common share at an exercise price of \$1.85 per share until June 22, 2005. In addition to finders' fees payable in cash, a total of 30,750 Units were issued in conjunction with this placement.

On April 30, 2004 the Company issued 1,250,000 Common Shares at \$1.60 per share.

On December 30, 2003, the Company issued 666,666 flow-through Common Shares at \$1.50 per share.

On October 3, 2003, the Company issued 3,700,000 Units at \$0.60 per Unit. Each whole warrant entitled its holder to purchase one common share at an exercise price of \$0.75 per share until October 4, 2004. In addition to finders' fees payable in cash, 236,740 Units were issued in conjunction with this placement.

On July 4, 2003, the Company issued 655,000 Units at \$0.45 per Unit. Each whole warrant entitled the holder to purchase one common share at a price of \$0.50 per share until July 4, 2004 and \$0.75 per share until July 4, 2005. In addition to finders' fees payable in cash, 36,400 Units were issued in conjunction with this placement.

On February 7, 2003, the Company issued 567,500 flow-through Common Shares at \$0.40 per share and 632,500 Units at \$0.40 per Unit. Each whole warrant entitled its holder to purchase one common share at

\$0.50 per share until February 7, 2004. In addition to finders' fees payable in cash, 112,000 Units were issued in conjunction with this placement.

On November 5, 2002, the Company issued 493,000 Units at \$0.50 per Unit. Each warrant entitled its holder to purchase one common share at an exercise price of \$0.75 per share until November 5, 2003. In addition to finders' fees payable in cash, 44,300 Units were issued in conjunction with this placement.

On May 24, 2002, the Company issued 666,666 Units at \$0.36 per Unit. Each warrant entitled its holder to purchase one common share at an exercise price of \$0.45 per share until May 24, 2003 and at \$0.60 per share until May 24, 2004.

DESCRIPTION OF THE BUSINESS

CSRI is a natural resources exploration company currently focusing on the identification, assembly and development of NGC opportunities in western Canada. All information in this section relates to assets owned or held by CSRI as at December 31, 2004, unless indicated otherwise.

Farrell Creek, Northeast British Columbia

The Farrell Creek properties are located approximately 70 kilometers west of Fort Saint John, British Columbia. The Company began to acquire mineral rights in the Farrell Creek area in October 2003 and currently holds a 100 percent working interest in 33,677 acres (13,629 hectares) of land in this area with mineral rights varying from surface to the base of the Nikanassin, from the base of the Nikanassin to basement, and in most cases from surface to basement. To date, the Company has drilled three test wells on its lands to evaluate NGC potential. The first test well was drilled, cored, evaluated and suspended in the eastern portion of its land holdings during 2003. The next two test wells were drilled, cored, evaluated and cased to evaluate a contiguous block of thirty sections in the west side of the Farrell Creek area ("West Farrell") during 2004.

The Company plans to complete one of the wells drilled in West Farrell during the first half of 2005 in preparation for its NGC pilot production project. The pilot project has been designed to evaluate various well completion and production techniques and to determine the productive capability of the coal resources acquired to date. Confirming the commercial viability of this prospect may require a period of up to one year or greater and may require additional drilling, recompletions and evaluations. The second cased well in West Farrell is expected to be completed in the first half of 2005 to evaluate a conventional gas play that was encountered while drilling for NGC on both West Farrell test wells.

Also, the Company's geological team has reviewed recently published research on shale gas potential in northeast British Columbia and has correlated this research with data acquired from its three test wells. As a result, the Company has applied to drill a shale test, which will twin its third test well, under the British Columbia test hole regime.

A major natural gas transmission line crosses the West Farrell prospect area that will require a tie-in and additional infrastructure before natural gas from this area can be sold economically. The Company will investigate opportunities to sell or utilize any natural gas produced during the pilot phase however initial plans assume this production will be flared.

Other NGC activities

The Company also holds one section of land in a second area in British Columbia where there is the potential for farm-in and joint venture opportunities. The total land position of the Company in British Columbia totals 34,329 acres (13,893 hectares) which were assembled at a cumulative cost of \$11.1 million. These lands expire in 2008 and 2009 with the potential for extensions if necessary.

In addition, the Company acted as agent in acquiring two sections of land in Alberta under a proposed joint venture with an independent third party during 2004. Under the terms of the proposed joint venture, the third party will pay 100% of the initial land acquisition and drilling costs up to \$2.5 million to earn a 50% working interest in the joint venture lands. The area of mutual interest ("AMI") in the proposed joint venture lands covers four townships in central Alberta. The Company has acquired additional lands in the AMI during the first quarter of 2005 and has plans to drill up to five NGC wells on these lands during 2005. The Company expects to close this agreement in April 2005.

Isk Wollastonite Mineral Properties, Northwest British Columbia

No field work was conducted at the Isk Wollastonite mine site during the past three years. A development option held by a third party was amended and extended during 2004 and currently expires on December 31, 2005. The option agreement grants the Optionee the sole and exclusive right and option to acquire a 50% undivided interest, subject to a 3% Net Smelter Return, in the Isk Wollastonite Mineral Properties. In order to earn this interest, the Optionee is responsible for the cost of extending and maintaining the claims and must incur \$3.5 million in exploration expenditures prior to December 31, 2007. Two mineral claims were due to expire in March 2005 with the remaining claims to expire in August or December 2005. The Company obtained an annual extension on the two mineral claims in February 2005 and intends to extend the remaining claims prior to their expiry dates in August or December. Annual extensions are available to the Company for the next ten years.

NATURAL GAS LAND HOLDINGS

The following table sets forth the Company's land holdings, in acres, as at December 31, 2004:

Property	Undeveloped Acreage ⁽¹⁾		Developed Acreage ⁽²⁾		Total Acreage	
	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾	Gross ⁽³⁾	Net ⁽⁴⁾
Farrell Creek	33,677	33,677	-	-	33,677	33,677
Other British Columbia	652	652	-	-	652	652
Alberta ⁽⁵⁾	1,280	1,280	-	-	1,280	1,280
Total	35,609	35,609	-	-	35,609	35,609

Notes:

- (1) Undeveloped acreage refers to exploration lands on which wells have not been drilled or if drilled, not completed to a point that would permit production. No proved or probable reserves are reported for these lands.
- (2) Developed acreage refers to lands from which production is being obtained or is capable of being obtained.
- (3) Gross acres refers to the total number of acres in which an interest is held. The Company uses a conversion factor of 2.471 to convert hectares to acres for British Columbia lands and a conversion factor of 2.50 to convert hectares to acres for Alberta lands.
- (4) Net acreage equals gross acres multiplied by the percentage working interest of the Company therein.
- (5) The Company's interest in these lands will be reduced to 50% upon signing of a joint venture agreement.

DRILLING ACTIVITY

The Company has drilled three test wells on its Farrell Creek lands to evaluate NGC potential. The first test well was drilled, cored, evaluated and suspended in the eastern portion of its land holdings during 2003. The next two test wells were drilled, cored, evaluated and cased to evaluate a contiguous block of thirty sections in West Farrell during 2004. All three test wells encountered natural gas in the primary coalbed target zones. All drilling activity to date has been at 100% cost to the Company.

OTHER NATURAL GAS ACTIVITY

The Company has no production or reserves as at December 31, 2004. The Company's statement of reserves data and other oil and gas information in Form 51-101F1 and the report of management and

directors on the oil and gas disclosure in Form 51-101F3 are attached as Schedule A to this Annual Information Form.

In October 2004, the Company retained Sproule Associates Limited ("Sproule") to prepare an independent report to review the geology for the Farrell area and assess the reservoir parameters (where available) critical to commercial NGC plays. The report was based upon a review of the available geological, petrological, and reservoir parameters gathered from the two test wells drilled on Company land and from available and non-confidential public data and sources.

The Sproule study, which was dated November 16, 2004, indicated that the Company's lands in the Farrell Creek area are prospective for NGC resources from the Gething coals and for both conventional tight gas and unconventional shale gas. However, specific critical NGC reservoir data, such as pressures, permeability, and gas and water inflows have not been determined. Also, additional data and information will be required in order to assess the shale gas and tight gas potential. There is no commercial NGC production in the vicinity and no directly analogous production in the Western Canadian Sedimentary Basin. The Sproule report indicates that forty five sections (11,684 hectares) of Company lands are prospective for NGC resources. Contingent resource estimates of gas-in-place have been calculated for the Gething coals only on Company lands. Sproule has estimated a low case gas concentration of 9.0 billion cubic feet ("Bcf") per section, an average case of 11.7 Bcf, and a high case of 14.1 Bcf per section. Since the date of the Sproule report, the Company has acquired one additional section of land with Gething coal potential in the Farrell Creek area and has drilled a third test well at West Farrell. This report does not constitute an estimate of reserves but only of potential contingent resource gas-in-place estimates. The principal risk facing the Company is the productive capability of these coals. As indicated above, further information is required in order to determine actual potential reserves.

As mentioned previously, in the first half of 2005, the Company plans to complete one of the wells drilled in West Farrell in preparation for its NGC pilot production project, to complete and evaluate the second test well for conventional tight gas potential, and to drill and evaluate a shale test well. The pilot project has been designed to evaluate various well completion and production techniques and to determine the productive capability of the coal resources acquired to date. Once results of the pilot program are available, management intends to obtain a further independent engineering report to assist in the commercial viability of this project.

CAPITALIZED COSTS RELATED TO NATURAL GAS ACTIVITIES

As at December 31	2004	2003	2002
Land and lease acquisitions	\$ 11,099,595	\$ 990,578	\$ -
Geological and geophysical	56,578	240	-
Drilling and completion	2,503,844	444,994	-
Capitalized overhead	319,638	98,690	-
Asset retirement obligation	24,963	8,761	-
Total unproved properties	14,004,618	1,543,263	-
Total proved properties	-	-	-
	14,004,618	1,543,263	-
Less: Accumulated depletion	-	-	-
Net capitalized costs	\$ 14,004,618	\$ 1,543,263	\$ -

COSTS INCURRED IN NATURAL GAS ACTIVITIES

The Company's capital program for each of the last three years is detailed in the following table:

	<u>2004</u>		<u>2003</u>		<u>2002</u>
Land and lease acquisitions	\$ 10,109,017	\$	990,578	\$	-
Geological and geophysical	56,338		240		-
Drilling and completion	2,058,850		444,994		-
Capitalized overhead	<u>220,948</u>		<u>98,690</u>		<u>-</u>
Total natural gas expenditures	<u>\$ 12,445,153</u>	\$	<u>1,534,502</u>	\$	<u>-</u>

For 2005, the Company has developed a base case capital budget of \$14.9 million which includes an estimated \$300,000 for capitalized overhead and \$50,000 for administrative capital equipment. The Company's budget is reviewed and approved by the board of directors on a quarterly basis. The \$14.5 million of exploration activity includes \$5.8 million for land acquisition, \$1.0 million for geological and geophysical, \$6.4 million for drilling and completion, and \$1.3 million for field facilities and tie in costs. The Company may adjust the base case capital budget after results of the first half 2005 Farrell Creek completion programs are known and as industry activity (such as land postings, rig availability, facility equipment) dictates.

COMPETITIVE CONDITIONS

The oil and gas industry, including the exploration for and the development of both conventional and unconventional natural gas, is highly competitive in all aspects of the business. The competition includes bidding for petroleum and natural gas rights and sales of the various products, in each case price is the main determinant. In searching for NGC prospects, the Company competes with other major integrated oil and gas companies, numerous other independent oil and gas companies, individual producers and operators, many of which have significantly greater resources than CSRI. In addition, natural gas producers compete against others engaged in supplying alternative forms of energy to consumers.

The oil and gas industry in Canada is subject to extensive controls and regulations imposed by various levels of government. All current legislation is a matter of public record and the Company is unable to predict what additional legislation and amendments may be enacted.

ENVIRONMENTAL CONSIDERATIONS

Federal, provincial and local governments have enacted laws concerning the discharge of materials into the environment and otherwise relating to environmental protection. The Company believes that all of its operations comply, in all material respects, with all applicable regulations.

The Company makes provisions in its accounts for future asset retirement costs. The Company records the present value of legal obligations associated with the retirement of long-lived tangible assets, such as producing and non-producing well sites and natural gas processing plants, in the period in which they are incurred with a corresponding increase in the carrying amount of the related long-lived asset. The liability accretes until the Company settles the retirement obligation. The carrying amounts of the long-lived assets are depleted using the unit of production method. Actual costs to retire tangible assets are deducted from the accumulated liability as incurred. At December 31, 2004, the Company has accrued a long term liability of \$26,236 for asset retirement obligations. Other than normal abandonment and restoration costs, the Company is not aware of any material expenditures that will be required in 2005 to meet applicable federal, provincial and local government regulations.

SOCIAL RESPONSIBILITIES

CSRI has a formal code of business conduct and ethics ("Ethics Policy") that each director, employee and consulting contractor must review and acknowledge this policy as a condition of employment. The Ethics Policy is to affirm and expand upon the policies of the Company and is a guideline to: assure compliance with laws and regulations that govern the Company's business activities; maintain a corporate climate in which the integrity and dignity of each individual is valued; foster a standard of conduct that reflects positively on the Company; and protect the Company from unnecessary exposure to financial loss.

The Chairman of the Audit Committee is to receive, track and resolve all complaints or violations that deal with accounting, financial reporting and auditing matters and is to prepare periodic reports for the Audit Committee. All other complaints or violations are to be received, tracked and resolved by the Chief Financial Officer, who is to prepare periodic reports to the board of directors.

RISK FACTORS

Development Stage Corporation

An investment in the Common Shares should be considered speculative due the nature of the Company's business and operations, including in particular its involvement in the acquisition of undeveloped land, exploration testing, and the present stage of development. The Company's ability to continue its operations and to realize assets at their carrying values is dependent upon the continued support of its shareholders, obtaining additional financing and generating revenues sufficient to cover operating costs. There are no assurances that additional financing will be available or, if available, will be available at acceptable terms.

Subject to the rules of the TSX Venture Exchange, CSRI may issue an unlimited number of additional Common Shares in the future to finance its activities without the approval of shareholders. The board of directors has the discretion to set the price and terms of the issuance of any such additional Common Shares. Any issuance of additional Common Shares may have a dilutive effect on the holders of our Common Shares.

Investors in Common Shares must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Company. The success of the Company is dependent upon the performance of key personnel. The unexpected loss of any of its key officers, employees or consultants could be detrimental to the future operations of the Company. The success of the Company's business will depend, in part, upon the ability to attract and retain qualified personnel as they are needed. There can be no assurance that the Company will be able to engage the services of such personnel or retain its current personnel. The Company does not have any key man insurance policies and, therefore, there is a risk that the death or departure of any key personnel could have a material adverse effect on the Company.

The Company's future success also depends largely on its ability to find, develop or acquire natural gas reserves that are economically recoverable. Exploration and development drilling may not result in commercially recoverable reserves. In addition natural gas prices are influenced by a variety of market forces and are subject to fluctuation which can impact economics of drilling and development of its properties.

The Company follows the full cost method of accounting for exploration and development expenditures whereby all costs relating to the acquisition of, exploration for and development of natural gas reserves are capitalized. Natural gas assets are evaluated in each reporting period to determine that the costs are recoverable and do not exceed the fair value of the properties. As the Company had no production or proved reserves at December 31, 2004, there was no depletion charge for the period and a ceiling test was

not performed. There has been no impairment of undeveloped properties and all costs attributed to natural gas properties are considered to be on unproven properties.

Operating Risks

The Company's operations are subject to risks normally incidental to the operation and development of natural gas properties and the drilling of natural gas wells, including encountering unexpected formations or pressures, blow-outs and fires, all of which could result in personal injuries, loss of life and damage to property of the Company or others. Although the Company maintains liability insurance in an amount which it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse affect on the Company's financial condition.

Government Regulation

The oil and natural gas industry is subject to regulation and intervention by governments in such matters as the awarding of petroleum and natural gas rights, the imposition of specific drilling obligations, environmental protection controls, controls over the development and abandonment of fields (including restrictions on production) and possibly expropriation or cancellation of contract rights. As well, governments may regulate or intervene with respect to prices, taxes, royalties and the exportation of natural gas. Such regulation may change from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas, increase our costs and could have an adverse impact on the Company.

Environmental Risks

All phases of the oil and natural gas industry present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and Canadian federal, provincial and municipal laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with our current and future operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs.

EMPLOYEES

As at December 31, 2004, the Company employed four full time head office staff, two temporary/contract employees in the head office and had no field personnel. The Company retained an additional three full time employees in January 2005.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without nominal or par value. Holders of Common Shares are entitled to receive notice and to attend all annual and special meetings of shareholders. Each common share carries with it the right to one vote, to receive dividends should the Company declare the payment of dividends, and to receive the remaining property and assets of the Company upon dissolution or winding up of the Company.

MARKET FOR THE SECURITIES OF THE COMPANY

The Common Shares of CSRI are listed on the TSX Venture Exchange ("Exchange") under the trading symbol "SPI".

TRADING PRICES AND VOLUME

The following table sets forth the high and low trading prices and the volume of Common Shares as reported by the Exchange for the periods indicated.

Year	Month	High	Low	Volume
2004	December	7.80	5.45	868,747
	November	6.00	4.20	1,134,165
	October	4.87	3.42	1,009,280
	September	4.10	3.35	886,111
	August	3.60	2.84	960,666
	July	2.90	2.40	824,559
	June	2.60	1.73	2,253,677
	May	1.85	1.57	1,094,627
	April	1.90	1.57	1,318,128
	March	1.92	1.41	1,013,583
	February	1.60	1.00	569,046
	January	1.75	1.00	364,157

PRIOR SALES

During the most recently completed financial year, a total of 1,260,000 options were granted to employees, consultants, officers and directors. Of these, 400,000 options were granted to existing and new directors on January 21, May 27, and August 18 at exercise prices of \$1.50, \$1.65, and \$3.30 respectively and 860,000 options were granted to employees and consultants on January 6, January 21, April 20, and October 7 at exercise prices of \$1.55, \$1.50, \$1.72, and \$3.65, respectively. All of such options expire within 5 years of the date of grant.

For details on the warrants issued in the most recently completed financial year, refer to "General Development of the Business" above. At December 31, 2004 there were warrants outstanding to purchase 2,539,038 Common Shares. During 2004, a total of 3,641,690 Common Shares were issued upon the exercise of warrants.

DIVIDENDS

CSRI has not paid dividends on its outstanding Common Shares. The board of directors of CSRI will determine the actual timing, payment and amount of dividends, if any, that may be paid by the Company. The payment of dividends will be based upon, among other things, the cash flow, results of operations and financial condition of CSRI, the need for funds to finance ongoing operations and other business considerations as the board of directors considers relevant. The Company does not anticipate declaring and paying out dividends on Common Shares in the foreseeable future.

DIRECTORS AND OFFICERS

The following information is provided with respect to each of the current directors and officers of the Company. The term of office of each of the directors expires at the end of the next annual meeting of shareholders unless such office is vacated earlier or a successor appointed in accordance with the Company's articles and bylaws.

DIRECTORS

Name and Municipality of Residence	Director Since	Principal Occupation During the Last Five Years
J.R. RICHARD COUILLARD ⁽¹⁾ Alberta, Canada	May 2003	Chief Executive Officer of Escavar Energy Inc. since September 2003. President and Chief Executive Officer of Pan Asian Energy Inc. from August 2002 to September 2003. Chief Operating Officer of Critical Control Solution Corp, formerly WNS Emergent Inc., (technology-based collaborative solutions company) from June 2000 to July 2002.
DONALD R. GARDNER Alberta, Canada	January 2003	Chief Financial Officer and Secretary of the Company since January 2003. Consultant since June 2002. Executive Vice-President and Chief Financial Officer of Esprit Exploration Ltd., formerly Canadian 88 Energy, from December 1999 to May 2002.
PHILLIP D.C. GEIGER Alberta, Canada	January 2003	President and Chief Operating Officer of the Company since January 2003. Chief Operating Officer of the Company from May 2002 to January 2003. Project Manager, Gas Technology Institute E&P Services Canada from October 2001 to April 2002. Consulting Engineer from July 2000 to September 2001. Project Manager for Suncor Energy Inc. from May 1980 to June 2000.
PHILIP H. GRUBBE ⁽¹⁾ Alberta, Canada	May 2004	Consultant since January, 2004 and currently a director of a private technology company. A director and Audit Committee Chairman of High Plains Energy Inc. from April 2003 to March 2005. Executive Vice President of High Plains Energy Inc. from May 2004 to March 2005. Vice-President, Finance and Chief Financial Officer of Upton Resources Inc. from 1997 until January 2004.
GEORGE W. WATSON Alberta, Canada	July 2002	President and Chief Executive Officer of Critical Control Solution Corp. since July 2002. Executive Chairman of VerticalBuilder.com Inc. (technology application company) since January 2000.
ROBERT P. WINNITOY ⁽¹⁾ Alberta, Canada	August 2004	Consultant from January 2003 to August 2004. Vice President, Project Development of Duke Energy Gas Transmission from September 2001 to January 2003. Vice President, Business and Product Development, Pipeline and Field Services for Westcoast Energy Inc. from January 1998 to September 2001.

Note:

- (1) J.R. Richard Couillard, Philip H. Grubbe, and Robert P. Winnitoy are currently members of the Audit Committee. The Company does not have an executive committee or formal compensation committee.

OFFICERS WHO ARE NOT DIRECTORS

The following table sets out the name, province and country of residence and office held with CSRI for each of the officers who are not directors of the Company. Mr. Phillip Geiger and Mr. Donald Gardner are officers and directors of the Company.

Name and Municipality of Residence	Officer Since	Principal Occupation During the Last Five Years
KENNETH G. SINCLAIR Alberta, Canada	May 2002	Vice President, Business Development of the Company since May 2002. Chairman of Coal Bed Methane Forum and Canadian Society for Unconventional Gas from January 2002 to May 2002. Senior Advisor at Gas Technology Institute from January 2000 to January 2002.
DOUGLAS E. SOICE Alberta, Canada	January 2005	Vice President, Finance of the Company since January 2005. Director Finance, Western Region for Direct Energy Marketing Limited from April 2003 to October 2004. Treasurer of Engage Energy Canada LP from March 2001 to April 2003. Supervisor Treasury at Talisman Energy Inc. from September 1999 to June 2000.

Other than as disclosed herein, no director or executive officer or controlling shareholder:

- (a) is, as at the date hereof, or has been within the last 10 years, a director or executive officer of any company that, while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

SHAREHOLDINGS OF DIRECTORS AND OFFICERS

As of April 20, 2005, the directors and officers of the Company, as a group, directly or indirectly, or exercised control or direction over 376,454 Common Shares of the Company, representing 1.6% of the currently issued and outstanding Common Shares of the Company.

CONFLICTS OF INTEREST

The directors of CSRI may be engaged and may continue to be engaged in the search for oil and natural gas interests on their own behalf and on behalf of other companies. Situations may arise where the directors themselves or the companies in which the directors are involved may participate in ventures in which CSRI may participate and, in such cases, the directors of CSRI may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of CSRI's directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. In accordance with the laws of the province of British Columbia, the directors of CSRI are required to act honestly, in good faith and in CSRI's best interests.

The directors and officers of CSRI are aware of the existence of laws governing the accountability of directors and officers for corporate opportunity and requiring disclosures by the directors of conflicts of interest and CSRI will rely upon such laws in respect of any directors' and officers' conflicts of interest or in respect of any breaches of duty by any of its directors and officers. All such conflicts will be disclosed by such directors or officers and directors and officers shall govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law. The directors and officers of CSRI are not aware of any such conflicts of interests.

The Company's Ethics Policy also requires that no director, officer, employee or consultant should enter into any transaction or engage in any practice directly or indirectly which would tend to influence him or her to act in any manner other than in the best interests of the Company. It is improper for a director, officer or employee to take any action or make any decision on behalf of CSRI if he or she, or any member of his or her immediate family, has any direct or indirect interest which is or may be in actual, potential or apparent conflict with the interests of the Company.

AUDIT COMMITTEE INFORMATION

Information concerning the Audit Committee of the Company, as required under Multilateral Instrument 52-110 *Audit Committees*, is provided in Schedule B to this Annual Information Form.

LEGAL PROCEEDINGS

The Company is not aware of any legal proceedings to which it is a party or of which any of its property is the subject or which is contemplated and is not pursuing any legal claims against third parties.

INTEREST OF MANAGEMENT & OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer, senior officer, any direct or indirect shareholder of the Company who beneficially owns, or exercises control over, more than 10% of the outstanding Common Shares or any known associate or affiliate of such persons, has a material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect CSRI save and except for transactions referred to under the headings of "Executive Compensation" and "Matters to be Acted Upon at the Meeting – Election of Directors" and "Matters to be Acted Upon at the Meeting – Approval of an Amendment to the Stock

Option Plan" in its Information Circular dated April 20, 2005, which information is incorporated herein by reference.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Pacific Corporate Trust, 10th Floor, 625 Howe Street, Vancouver, British Columbia, V6C 3B8.

MATERIAL CONTRACTS

There are no material contracts, other than contracts in the ordinary course of business, that are material to CSRI that were entered into within the most recently completed financial year, or before the most recently completed financial year but are still in effect.

ADDITIONAL INFORMATION

Additional information, including directors and officers remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities, and interests of insiders in material transactions, where applicable, is contained in the Information Circular of the Company for the Company's most recent annual meeting of shareholders that involved election of directors. Additional financial information is provided in the audited financial statements of the Company for the year ended December 31, 2004 and related managements discussion and analysis. Such documents are also available through the Internet on the *Canadian System for Electronic Document Analysis and Retrieval* (SEDAR) which can be accessed at www.sedar.com.

**SCHEDULE "A" TO THE ANNUAL INFORMATION FORM
FORMS REQUIRED PURSUANT TO NATIONAL INSTRUMENT 51-101**

**FORM 51-101F1
STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION**

PART 1	DATE OF STATEMENT
Item 1.1.2.	The effective date of the information being provided is December 31, 2004.
Item 1.1.3.	The preparation date of the information being provided is April 20, 2005.
PART 2	DISCLOSURE OF RESERVES DATA
	Canadian Spirit Resources Inc. ("CSRI" or the "Company") has no proved or probable reserves.
PART 3	PRICING ASSUMPTIONS
	The Company has made no estimates of future net revenues as it has no reserves.
PART 4	RECONCILIATIONS OF CHANGES IN RESERVES AND FUTURE NET REVENUE
	The Company has no proved or probable reserves and no change has occurred since the prior financial year.
PART 5	ADDITIONAL INFORMATION RELATING TO RESERVES DATA
	The Company has no proved or probable undeveloped reserves.
PART 6	OTHER OIL AND GAS INFORMATION
Item 6.1.1	The Company's unproved properties are located in central Alberta and northeast British Columbia, Canada.
Item 6.1.2	The Company has no producing or non-producing wells.
Item 6.2.1	The Company's unproved properties are comprised of 13,893 gross (13,893 net) hectares located in British Columbia and 512 gross (512 net) hectares located in Alberta, Canada, none of which have any work commitments.
Item 6.2.2	None of the Company's unproved properties expire within one year.
Item 6.3	The Company has no forward contracts, transportation agreements or other future obligations with respect to its unproved properties.
Item 6.4	At December 31, 2004, the Company had one suspended and two cased wells on its unproved properties for which the final reclamation costs are estimated to be \$166,367. The estimate was made by the Company's staff based on their experience in similar circumstances. None of these costs are expected to be incurred during the next three financial years.

Item 6.5	The Company has no reserves and no revenue and therefore it is not possible to estimate at this time when it may be taxable.
Item 6.6	During 2004, the Company incurred \$10,109,017 of acquisition costs for unproved properties and \$2,336,136 of exploration costs in western Canada.
Item 6.7.1	During 2004, the Company drilled and cased 2 gross evaluation (exploration) wells (2 net wells). No attempt was made to complete these wells for production of coalbed methane.
Item 6.7.2	<p>During 2005, the Company's principal area of activity will be Farrell Creek in northeastern British Columbia where the Company has identified a contingent resource of natural gas from the Gething coal formation. The principal risk to the Company is the productive capability of these coals and approximately \$2.0 million has been budgeted to conduct a phased evaluation of the Gething coals commencing in the second quarter of 2005. The potential for natural gas both in a shallower conventional tight sand and a shale sequence within the Farrell Creek area will also be evaluated during 2005.</p> <p>A secondary area of activity will be central Alberta where the Company plans to evaluate natural gas from coal on three sections held by the Company and a joint venture partner.</p> <p>Demonstrating that commercial rates of production from the coals in these areas would lead to additional drilling and land acquisitions.</p>
Item 6.8	The Company has no proved or probable reserves and has made no production estimates for 2005.
Item 6.9	The Company has no production history.

FORM 51-101F3
REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE

Management of Canadian Spirit Resources Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. At December 31, 2004, the Company had no proved or probable reserves. The Company did not engage the services of an independent reserves evaluator or auditor as there is no reserves data to evaluate. Therefore a Form 51-101F2 - Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor will not be filed.

The board of directors of the Company has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management.

The board of directors has approved the content and filing of this report.

(signed) "Phillip D.C. Geiger"

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

(signed) "Donald R. Gardner"

Donald R. Gardner,
Chief Financial Officer & Secretary

(signed) "George W. Watson"

George W. Watson,
Chairman of the Board

(signed) "J.R. Richard Couillard"

J.R. Richard Couillard,
Director

Dated April 20, 2005

SCHEDULE "B" TO THE ANNUAL INFORMATION FORM

1. The Audit Committee's Charter

The mandate of the audit committee commences on page 2 of this Schedule B.

2. Composition of the Audit Committee

The Audit Committee consists of J. R. Richard Couillard, Philip H. Grubbe (Chairman), and Robert P. Winnitoy. The board of directors has determined that all members of the Audit Committee are "independent" and "financially literate" as defined in Multilateral Instrument 52-110.

Multilateral Instrument 52-110 states that a member of the audit committee is independent if the member has no direct or indirect material relationship with the issuer. A material relationship means a relationship which could, in the view of the issuer's board of directors, reasonably interfere with the exercise of a member's independent judgment. In addition, an individual is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

3. Audit Committee Oversight

All recommendations of the audit committee to nominate or compensate an external auditor for the most recently completed financial year were adopted by the board of directors.

4. Reliance on Certain Exemptions

All non-audit services for PricewaterhouseCoopers LLP during the most recently completed financial year have been pre-approved by the Audit Committee.

5. Pre-Approval Policies and Procedures

In accordance with the Mandate of the Audit Committee, the Audit Committee reviews, in advance, any engagement for significant non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees, and considers the potential impact of such services on the independence of the external auditors. The Audit Committee has concluded that the provision of audit-related and tax services is compatible with maintaining PricewaterhouseCoopers LLP's independence.

6. External Auditor Service Fees (By Category)

The following table presents fees for the audits of the Company's annual consolidated financial statements for 2004 and 2003 and for other services provided by PricewaterhouseCoopers LLP:

	2004	2003
Audit fees	\$ 20,000	\$ 15,000
Audit-related fees	\$ Nil	\$ 8,916
Tax fees	\$ Nil	\$ 9,779
All other fees	\$ Nil	\$ 2,022

The audit-related fees are primarily for attestation procedures related to regulatory compliance. Tax fees are primarily for tax compliance and tax advisory services. All other fees are primarily for advisory services.

7. Exemption

The Company is relying upon the exemption in section 6.1 of Multilateral Instrument 52-110 Audit Committees.

MANDATE OF THE AUDIT COMMITTEE

POLICY STATEMENT

It is the policy of Canadian Spirit Resources Inc. (the "Corporation") to establish and maintain an Audit Committee (the "Committee"), composed of independent directors, to assist the board of directors (the "Board") in carrying out their oversight responsibility for the Corporation's external audit, internal controls, financial reporting, risk management and safety and environmental compliance processes.

The Committee's function is one of oversight only and shall not relieve management of responsibility for preparing financial statements which accurately and fairly present the Corporation's financial results and condition and for establishing, maintaining and regularly evaluating an effective system of internal controls.

COMPOSITION OF THE COMMITTEE

1. The Committee shall consist of three directors.
2. Each director appointed to the Committee by the Board shall be an outside director who is "unrelated" i.e. a director who is independent of management and is free from any interest, any business or other relationship which could, or could reasonably be perceived, to materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interest and relationships arising from shareholding.
3. Each member of the Committee shall be "financially literate" i.e. being able to read and understand basic financial statements, and at least one member shall have accounting or related financial management expertise.
4. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Nominating Committee, if any, in identifying qualified candidates. The Board shall appoint one member of the Committee to be the Chair of the Committee.
5. A director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation. A member shall cease to be a member of the Committee upon ceasing to be a director of the Corporation.
6. The Secretary of the Corporation shall be the Secretary of the Committee.

MEETINGS OF THE COMMITTEE

1. The Committee shall convene a minimum of four times each year at such time and places as may be designated by the Chair of the Committee and whenever a meeting is requested by the Board, a member of the Committee, the auditors, or a senior officer of the Corporation.
2. Notice of each meeting of the Committee shall be given to each member and to the auditors, who shall be entitled to attend each meeting of the Committee and shall attend whenever requested to do so by a member of the Committee or the Secretary of the Committee.
3. Notice of a meeting of the Committee shall:
 - a) Be in writing.
 - b) State the nature of the business to be transacted at the meeting in reasonable detail.
 - c) To the extent practicable, be accompanied by copies of documentation to be considered at the meeting.
 - d) Be given at least 48 hours notice preceding the time stipulated for the meeting or such shorter period as the members of the Committee may permit.
4. A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee.
5. A member of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities, provided it permits all persons participating in the meeting to communicate adequately with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.
6. In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to be Chair of the meeting and, in the absence of the Secretary of the Committee, the members shall choose one of the persons present to be the Secretary of the meeting.
7. The Chairman of the Board, senior management of the Corporation and other parties may attend meetings of the Committee; however, the Committee may meet separately with the auditors or with invited management.
8. Minutes shall be kept of all meetings of the Committee and shall be signed by the Chair and the Secretary of the meeting.

DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

1. The Committee's primary duties and responsibilities are to:
 - a) Select and recommend the appointment and compensation of the external auditors.
 - b) Monitor the independence and performance of the Corporation's external auditors.

- c) Review the principal risks that could impact the financial reporting of the Corporation and monitor how management is dealing with such risks.
 - d) Monitor the integrity of the Corporation's financial reporting process and system of internal controls regarding financial reporting and accounting compliance.
 - e) Provide an avenue of communication among the external auditors, management, the internal auditing department, if any, and the Board.
2. The Committee shall annually select and recommend to the Board the appointment of the external auditor or the replacement of the external auditor when circumstances are warranted and monitor the independence and performance of the external auditors. This may include:
- a) Considering the views of management in respect of the appointment of the external auditors.
 - b) Reviewing and recommending for approval by the Board, the terms of the external auditors' engagement, including the reasonableness of the proposed audit fees.
 - c) Reviewing in advance, any engagement for significant, non-audit services to be provided by the external auditors' firm or its affiliates, together with estimated fees, and considering the potential impact of such services on the independence of the external auditors.
 - d) When there is to be a change of external auditors, reviewing all issues and providing documentation related to the change, including the information to be included in the Notice of Change of Auditors and documentation called for under National Policy 31 of the Canadian Securities Administrators and the planned steps for an orderly transition period.
 - e) Reviewing all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable securities policies, on a routine basis, whether or not there is to be a change of external auditors.
3. The Committee shall:
- a) Review the audit plan with the external auditors and with management.
 - b) Discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of significant risks and uncertainties and key estimates and judgments of management that may be material to financial reporting.
 - c) Review with management and with the external auditors significant financial reporting issues arising during the most recent fiscal period and the resolution or proposed resolution of such issues.
 - d) Review any problems experienced or concerns expressed by the external auditors in performing an audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management.

- e) Review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting.
 - f) Review audited annual financial statements and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all significant variances between comparative reporting periods.
 - g) Consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls of the Corporation and subsequent follow-up to any identified weaknesses.
 - h) Review with financial management and the external auditors the quarterly unaudited financial statements before release to the public.
 - i) Before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms and management's discussion and analysis of operations.
 - j) Oversee, any of the financial affairs of the Corporation, its subsidiaries or affiliates, and, if deemed appropriate, make recommendations to the Board, external auditors or management.
4. The Committee shall:
- a) Review with management at least annually, the financing strategy and funding plans of the Corporation.
 - b) Review all prospectuses, all documents which may be incorporated by reference into a prospectus and all other securities offering documents of the Corporation.
5. The Committee shall review the amount and terms of any insurance to be obtained or maintained by the Corporation with respect to risks inherent in its operations and potential liabilities incurred by the directors or officers in the discharge of their duties and responsibilities.
6. The Committee shall monitor financial and accounting personnel succession planning within the Corporation and shall review the appointments of the Chief Financial Officer and any key financial managers who are involved in the financial reporting process.
7. The Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters, which are directed to the Committee by the Chairman of the Board, the Board, a shareholder, external auditors, or senior management.
8. The Committee shall periodically review with management the need for an internal audit function.
9. The Committee shall review the effectiveness and adequacy of safety and environmental control, reporting, training and response procedures which may include:

- a) Discussing the Corporation's safety and environmental policies with management.
 - b) Discussing safety and environment standards with management in relation to current regulations.
 - c) Reviewing the Corporation's procedures for identifying, controlling, reporting and responding to safety and environmental incidents.
 - d) Monitoring the Corporation's safety and environmental training and staff evaluation practices.
 - e) Reviewing the Corporation's system of record keeping and obtaining base-line environmental data.
 - f) Reviewing the Corporation's methods of evaluating compliance with the Corporation's policies and regulatory requirements and discussing the results with management.
 - g) Reviewing the Corporation's accounting and reporting of environmental costs, liabilities and contingencies.
10. Quarterly, review with the Corporation's counsel, any legal matter that could have a significant impact on the Corporation's financial statements, and any enquiries received from regulators, or government agencies.
 11. The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as deemed appropriate.
 12. Periodically, assess the performance of the Committee.

RESOURCES AND AUTHORITY

1. The Committee will be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including administrative support. If deemed necessary by the Committee, it will have the discretion to institute investigations of improprieties or suspected improprieties, including the standing authority to retain special counsel or experts.
2. The Committee shall have the authority to:
 - a) Inspect any and all of the books and records of the Corporation, its subsidiaries and affiliates.
 - b) Discuss with any officer of the Corporation, its subsidiaries and affiliates, the Chief Financial Officer and senior staff of the Corporation, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers necessary and appropriate.