

Southern Pacific Resource Corp. Reports Cash Flow of \$12.3 Million for the Quarter Ended September 30, 2010

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Calgary, Alberta -- ([Marketwire](#) - Nov. 9, 2010) - [Southern Pacific Resource Corp.](#) ("Southern Pacific" or the "Company") (TSX:STP) is pleased to announce its financial and operational results for the quarter ended September 30, 2010.

FISCAL Q1 HIGHLIGHTS:

- * Averaged production of 4,123 barrels of oil equivalent per day ("boe/day") over the period;
- * Drilled two infill horizontal wells at Senlac, which have been successfully brought on stream and have been performing better than expected, with a combined rate in excess of 700 barrels of heavy oil per day ("bbls/day");
- * At the STP-Senlac Thermal Project ("STP-Senlac"), achieved exit production for September 2010 of more than 4,600 bbls/day and averaged more than 4,700 bbls/day in October;
- * Generated funds from operations of \$12.3 million;
- * Delivered overall operating netbacks of \$37.08 per boe;
- * Commenced construction on an all-season 29-km road for Southern Pacific's STP-McKay Thermal Project ("STP-McKay") on September 23, 2010;
- * Received Order in Council approval from the Government of Alberta for STP-McKay on October 15, 2010, and subsequently received the Energy Resources Conservation Board ("ERCB") scheme approval;
- * Announced the proposed acquisition of North Peace Energy on September 27, 2010 by the issuance of 14.1 million shares. The transaction is anticipated to close on November 23, 2010; and,
- * With the approval of STP-McKay, increased Proven Reserves to 63.1 million barrels from 6.8 million barrels as of October 15, 2010.

(In \$ thousands, except per share amounts) Three months ended September 30, 2010 Three months ended September 30, 2009

Petroleum and natural gas revenue \$ 20,701 \$ 416
Funds from (used in) operations(1) \$ 12,340 \$ (452)
-Per share basic and fully diluted \$ 0.04 \$ (0.00)
Net income (loss) \$ 621 \$ (684)
-Per share basic and fully diluted \$ 0.00 \$ (0.01)
Total assets \$ 350,230 \$ 122,644
Working capital \$ 65,237 \$ 3,920
Capital expenditures \$ 7,302 \$ 263
Average product prices (\$ per boe) \$ 54.57 \$ 28.25
Operating netback (\$ per boe) \$ 37.08 \$ 10.10

Weighted average common shares outstanding
-basic 322,730 121,617
-diluted 327,996 121,617

Production
Heavy oil (bbls/day) 4,065 -
Oil and NGLs (bbls/day) 17 37
Natural gas (mcf/day) 245 735

Total (boe/day) 4,123 159

(1) Funds from operations are calculated as cash generated from operations before changes in non-cash working capital and asset retirement expenditures.

Southern Pacific has filed its Interim Consolidated Financial Statements for the quarter ended September 30, 2010 and related Management's Discussion and Analysis ("MD&A") on SEDAR at www.sedar.com. Copies are also available on the Company's website at www.shpacific.com.

OUTLOOK

Production at STP-Senlac near Unity, Saskatchewan averaged 4,065 barrels of heavy oil per day of the corporate total of 4,123 boe/day in the first quarter of fiscal 2011. Southern Pacific's development strategy is to maintain the project's production levels between 4,000 and 5,000 bbls/day on a consistent basis over the next 10 to 15 years. In order to achieve this production target, the Company drilled, completed and equipped two infill production wells at STP-Senlac in May and June 2010 on schedule and under budget. These two wells have added approximately 700 bbls/day of production since they were placed on stream in late August. The next set of two Phase H steam-assisted gravity drainage ("SAGD") well pairs commenced drilling in October 2010. The Phase H well pairs are expected to add about 1,500 bbls/day of heavy crude to the project in January 2011.

Along with the success of Southern Pacific's heavy oil production and cash flow from Senlac, the Company has remained focused on its significant assets in Alberta's oil sands. STP-McKay is a 100% owned and operated SAGD project with a design capacity of 12,000 bbls/day of bitumen, located 45 km northwest of Fort McMurray, Alberta. On October 15, 2010 the Company received Order in Council approval for STP-McKay from the Government of Alberta. The Order in Council authorized the ERCB to grant approval No. 11461 to Southern Pacific, which will allow the Company to proceed with project development. Construction of a road to STP-McKay has already begun. Southern Pacific expects to commence construction on the project itself in December with completion expected by the end of 2011. The Company expects thermally recovered bitumen production to ramp up through 2012.

In June 2010, Southern Pacific closed a \$108.4 million equity financing to partially fund the construction of STP-McKay. Concurrently, the Company announced its strategy to fund the remaining portion of STP-McKay through a combination of cash flow from operations and debt financing. Southern Pacific appointed a syndicate of financial advisors in August 2010 and the Company is presently working with the advisors to finalize and implement its debt financing strategy for STP-McKay by December 2010.

Southern Pacific is also preparing for its winter program, which will consist primarily of continued development in the McKay area to collect technical data required to prepare an application for the next phases of development. Southern Pacific is also preparing exploration programs on certain portions of the five additional prospect areas within the Company's 301 gross sections (244 net) of oil sands leases in the Athabasca region of Alberta.

Southern Pacific expects to close the proposed acquisition of North Peace Energy on November 23, 2010. In conjunction with the acquisition, the Company expects to issue approximately 14.1 million shares to North Peace shareholders. Southern Pacific plans to invest approximately \$2.5 million over the next nine months to demonstrate commerciality of North Peace's Red Earth CSS Pilot Project. Upon success, Southern Pacific plans within Phase 1 of development to use the existing facilities and fill the plant on a stabilized basis to its licensed capacity of 1,000 bbls/day of production. The larger potential prize is in Phase 2, about 1.5 miles southeast of the existing pilot project. This is where Southern Pacific believes there is enough bitumen resource already delineated with existing well control to support at least a 10,000 bbls/day thermal facility.

About Southern Pacific

Southern Pacific Resource Corp. is engaged in the exploration, development and production of in-situ thermal heavy oil and bitumen production in the Athabasca oil sands of Alberta and in Senlac, Saskatchewan. Southern Pacific trades on the TSX under the symbol "STP."

This news release contains certain "forward-looking information" within the meaning of such statements under applicable securities law including estimates as to: future production, operations, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities, income and oil taxes, regulatory changes, and other

components of cash flow and earnings anticipated discovery of commercial volumes of bitumen, the timeline for the achievement of anticipated exploration, anticipated results from the current drilling program and, subject to regulatory approval and commercial factors, the commencement or approval of any SAGD project.

Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. These statements are only predictions.

Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements.

These factors include, but are not limited to the inherent risks involved in the exploration and development of conventional oil and gas properties and of oil sands properties, difficulties or delays in start-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, with some conventional production Southern Pacific faces risks including those associated with exploration, development, start-up, approvals and the continuing ability to access sufficient capital from external sources if required. Actual timelines associated may vary from those anticipated in this news release and such variations may be material. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. For a description of the risks and uncertainties facing Southern Pacific and its business and affairs, readers should refer to Southern Pacific's most recent Annual Information Form. Southern Pacific undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change, unless required by law.

The reader is cautioned not to place undue reliance on this forward-looking information.

Definitions

"Probable reserves" means those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

"Proved reserves" means those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

"Barrels of oil equivalent" (boe) may be misleading, particularly if used in isolation. A boe conversion of 6 mcf to 1 barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

"Funds from operations" and funds from operations per share are non GAAP terms that represent cash generated from operating activities before changes in non-cash working capital and asset retirement expenditures. Southern Pacific considers funds from operations to be a key measure as it demonstrates the Company's ability to generate the cash necessary to fund future growth through capital investment. Funds from operations may not be comparable with the calculation of similar measures for other companies. Funds from operations per share is calculated using the same share basis which is used in the determination of net income (loss) per share.

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