



**SOUTHERN PACIFIC REPORTS CASH FLOW OF \$11.2 MILLION
FOR THE QUARTER ENDED DECEMBER 31, 2011**

CALGARY, Alberta – February 9, 2012 – Southern Pacific Resource Corp. (“Southern Pacific” or the “Company”) (TSX:STP) is pleased to announce its financial and operational results for the quarter ended December 31, 2011.

2012 FISCAL Q2 HIGHLIGHTS:

- Continued strong execution on the construction of STP-McKay Phase 1 Thermal Project (“STP-McKay Phase 1”). Total project cost estimate is currently \$440 million. The original budget for the project was \$450 million. The Company continues to forecast first steam towards the end of the second quarter of calendar 2012, with oil production commencing three to four months after first steam;
- Achieved funds from operations of \$11.2 million for the quarter compared to \$12.3 million in the second quarter of 2010. Strong oil prices, low heavy oil differentials and weak natural gas pricing helped maintain cash flow, despite the second quarter being a lower production cycle for the STP-Senlac project;
- Increased its Proven plus Probable (“2P”) reserves by 30% to 234 million barrels of bitumen as a result of the additional plant capacity from Phase 2 which permitted additional contingent resources to be reassigned to a 2P probable category. Correspondingly, the before tax net present value discounted at 10% increased by \$0.6 billion to \$1.7 billion within the 2P category, reflecting the acceleration of cash flow from previously booked reserves that were constrained by the Phase 1 capacity of 12,000 bbl/d;
- Averaged overall production from STP-Senlac of 3,249 barrels per day (“bbl/d”) for the quarter, bringing the total average production for the 2011 calendar year to 3,903 bbl/d. The second quarter production was about 15% below guidance due to a drilling rig delay on the Phase J steam assisted gravity drainage (“SAGD”) well pairs. However, the first of three Phase J SAGD well pairs was placed on production on December 29, 2011 and a second well pair was brought on production on January 14, 2012. Total average production for January was approximately 4,200 bbl/d and the field exited January with a seven day average of 4,708 bbl/d. The facility is now fully utilized with a third Phase J SAGD well pair on standby, ready to be activated as plant capacity becomes available; and
- Prepared and submitted on November 10, 2011, the application for STP-McKay Phase 2, which is expected to add 24,000 bbl/d of bitumen capacity, increasing the total STP-McKay capacity to 36,000 bbl/d.

(thousands, except per share and per boe amounts)	Three months ended December 31, 2011	Three months ended December 31, 2010
Petroleum revenue, net of royalties	\$18,747	\$18,977
Funds from operations ⁽¹⁾	\$11,248	\$12,268
Per share basic and diluted	\$0.03	\$0.04
Net income	\$224	\$5,506
Per share basic and diluted	\$0.00	\$0.02
Total assets	\$923,708	\$415,085
Working capital	\$88,608	\$20,836
Net capital expenditures	\$98,972	\$74,317
Total long-term debt	\$396,308	-
Average product prices (\$ per boe)	\$73.54	\$58.63
Operating netback (\$ per boe) ⁽²⁾	\$51.42	\$36.73
Weighted average common shares outstanding		
basic	339,760	328,783
diluted	345,055	336,165
Production		
Heavy oil (bbl/day)	3,224	4,337
Natural gas (mcf/day)	146	134
Total (boe/day)	3,249	4,359

- (1) Funds from operations are calculated as cash generated from operations before changes in non-cash working capital and asset retirement expenditures. Funds from operations is a term that is not defined by International Financial Reporting Standards (non-IFRS). See Definitions below.
- (2) Operating netback is a non-IFRS term defined as petroleum and natural gas sales less royalties and less operating and transportation costs.

Southern Pacific has filed its Condensed Interim Consolidated Financial Statements for the six months ended December 31, 2011 and related Management Discussion and Analysis on SEDAR at www.sedar.com. Copies are also available on the Company's website at www.shpacific.com.

OUTLOOK

Southern Pacific remains focused on the construction and operation of STP-McKay Phase 1. The 12,000 bbl/d SAGD project was approved in the fall of 2010, and construction has been underway since. The Company continues to expect the project to be completed within its budgeted time frame and expects the total cost to come in below the original \$450 million budget. The revised final project cost estimate is \$440 million, including the addition of \$15 million of scope changes that are expected to enhance the reliability of the plant and reduce operating costs.

Construction has advanced significantly over the past quarter on STP-McKay Phase 1. All of the major pieces of equipment have been installed, including the cogenerators, boilers, produced fluids treatment facilities, and the water treatment package. All of the piperack modules have also been installed. All nine site erected tanks have been mechanically completed. Final minor equipment modules will continue to arrive weekly in February with the final few modules arriving in March 2012.

Of particular note, the STP operations office and the 84 person operations camp were completed. In January, Southern Pacific's operations team relocated from its temporary offices in Calgary into the plant site camp and offices. The STP-McKay project will be operated utilizing a 46 person team, rotating through four shifts. The Company currently has 40 of its staff hired, including all senior personnel. Over the next several months, the operating staff will be working on site, finalizing all operational procedures, developing best practices based on their experience with other SAGD projects, and ensuring the transfer from construction personnel and start up occurs as smoothly as possible.

Another area of focus that the Company is proud to report on is health and safety. As of December 31, 2011, approximately 820,000 hours have been logged on the work site since construction started in December 2010. In that period, only one minor loss time accident has occurred. This is well below industry averages in terms of loss time frequency. The Company wishes to extend our appreciation to all staff, consultants and contractors on site who have made safety a priority through 2011, and who have committed to continue maintaining safety as a priority through the completion, start up and operation of this facility.

From a timing perspective, Southern Pacific expects first steam to the SAGD well pairs will occur on schedule towards the end of the second quarter of calendar 2012 with first oil production to occur three to four months from the first steam date.

On November 10, 2011, Southern Pacific submitted an application for the STP-McKay Phase 2 Thermal Project ("STP-McKay Phase 2") to the Alberta Energy Resources Conservation Board and Alberta Environment. The application outlines in detail Southern Pacific's proposal to develop an additional 24,000 bbl/d of bitumen processing capacity on the eastern side of its existing project boundaries, which would bring the total processing capacity to 36,000 bbl/d. The Company worked on this application for nine months and the contents of this document and all appendices are now located on Southern Pacific's website. The filing of a complete application for the project marks a significant milestone in Southern Pacific's growth. As a result of this filing, Southern Pacific increased its 2P reserves by 30% to 234 million barrels of bitumen. The filing of the Phase 2 application resulted in an increase in the Company's 2P reserves, which have now been classified under the combined process capacity of 36,000 bbl/d within the project area. Correspondingly, the before tax net present value discounted at 10% increased by \$0.6 billion to \$1.7 billion within the 2P category, reflecting the acceleration of cash flow from previously

booked reserves that were constrained by the Phase 1 capacity of 12,000 bbl/d. The Company anticipates regulatory approval to occur within 18 to 24 months based on its previous Phase 1 approval which occurred in 15 months.

The Company completed drilling and tie-in of Phase J at Senlac in December 2011, which consists of three SAGD well pairs. Circulation steam on the first well pair commenced in mid December and first oil was produced in from the well pair on December 29. The on-stream date was delayed about 45 days due to a delay in the drilling rig arriving on site. The second well pair was brought on production on January 14, 2012. With these two additional well pairs on stream, the project averaged over 4,200 bbl/d for January and exited the month with a seven day average of 4,708 bbl/d. The facility is now fully utilized with a third Phase J well pair on standby, ready to be activated as plant capacity becomes available. The facility underwent a bi-annual turnaround in mid 2011 and all equipment is in very good condition, providing expectation of high load factors for 2012. Plans to drill and equip the next three SAGD well pairs (Phase K) are now underway, with an expectation to have Phase K ready for operation in the fourth quarter of calendar 2012.

Southern Pacific continues to explore the potential of its STP-Red Earth Thermal Project (“STP-Red Earth”) in the Peace River oil sands. Testing on the 1,000 bbl/d pilot project occurred over the last half of calendar 2011 on three existing wellbores drilled prior to Southern Pacific taking ownership. Southern Pacific used these existing wellbores to test three different configurations of Cyclic Steam Stimulation (CSS). The results of this initial pilot testing program are currently being analyzed and modeled. The Company expects to finalize its future development plans for Red Earth in the second quarter of calendar 2012.

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.”

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Advisory

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

"Barrels of oil equivalent" (boe) maybe 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-IFRS terms that represent cash generated from operating activities before changes in non-cash working capital and decommissioning 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.

"Operating netback" is a non-IFRS term defined as petroleum and natural gas sales less royalties and less operating and transportation costs.