



SOUTHERN PACIFIC

RESOURCE CORP.

WHO IS SOUTHERN PACIFIC?

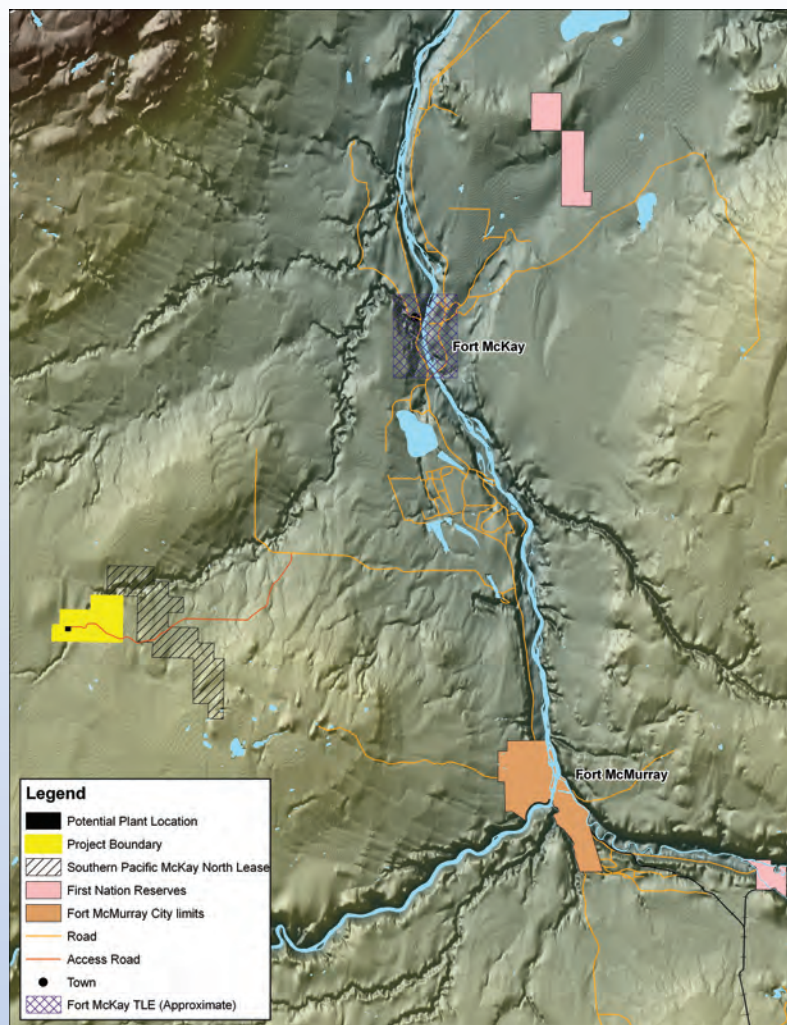
Southern Pacific Resource Corp. is an Alberta based junior in-situ company that is headquartered in Calgary, Alberta. Southern Pacific's primary objective is to explore and develop its bitumen leases held in northern Alberta.

Southern Pacific has a large and diverse land base totaling 219 sections of oil sands leases in five areas in northern Alberta. We have identified an initial project area for development. Southern Pacific plans to continue to explore and evaluate the remaining leases for future projects.

Southern Pacific began drilling coreholes and seismic exploration in the McKay area in the winter of 2007/2008. The results of this exploration activity identified enough bitumen in place to proceed with a project. The bitumen resources will be recovered using "in-situ" or "underground" methods. The most common method is a process called Steam Assisted Gravity Drainage or "SAGD". We will not be mining our oil sands leases as the oil sands are buried too deep.

SOUTHERN PACIFIC'S CORPORATE PHILOSOPHY

Southern Pacific is committed to developing resources in a safe, sustainable and environmentally responsible manner. Southern Pacific is committed to consulting with local communities, Aboriginal groups and other stakeholders that may be affected by our activities. Understanding the concerns of the local community helps us to understand and address any potential impacts of our project.



WHAT IS SOUTHERN PACIFIC PROPOSING?

THE STP MCKAY PROJECT

Southern Pacific plans to develop a SAGD Project called "STP McKay", on the McKay North lease. McKay North is part of Southern Pacific's McKay Block of leases. The McKay Block of leases (made up of McKay North and McKay South) is approximately 59 sections of land; only six sections of this land are within the STP McKay Project boundary.

Southern Pacific completed an exploration drilling program of the McKay Block in March 2008. The drilling program, consisting of 32 coreholes, showed promising results. Southern Pacific estimates there are approximately 287 million barrels of recoverable bitumen on the McKay Block. We plan to continue our exploration program throughout 2008/2009 to further define the amount of bitumen throughout our leases.



PROJECT LOCATION

Southern Pacific's STP McKay Project is located approximately 35km northwest of Fort McMurray, 40km southwest of Fort McKay and about 35km from the Athabasca River within sections 7-9, 16-18, Twp 91, Rge 14 W4M & the east half of section 12, Twp 91, Rge 15 W4M.

PROJECT DETAILS

The STP McKay Project will consist of SAGD well pairs, a central processing facility and access roads. Southern Pacific intends to use existing infrastructure, like roads and utility corridors, wherever possible. The Project will also require water for the day-to-day operations of the Project, which includes steam generation. However, water conservation is an important part of Southern Pacific's operations and will be an integral part of the STP McKay Project.

Southern Pacific welcomes public input as we continue the planning of the STP McKay Project. Contact information to reach representatives of Southern Pacific is available later in this document.

WHAT IS SAGD?

The proposed STP McKay Project is a 10,000-12,000 barrel per day (bpd) SAGD development. SAGD, or Steam Assisted Gravity Drainage, is a process that removes bitumen from the oil sands and allows it to be collected and ultimately upgraded into a usable oil product. The process involves the drilling of a horizontal well which is located at the bottom of the reservoir; this is called the producer well. A few metres above the producer well, another horizontal well is drilled; this is called the injector well. The two wells together are generally referred to as a "well pair". Steam is pumped into the injector well, which heats up the bitumen and makes it more liquid in consistency. The bitumen then travels down through the force of gravity and is collected in the lower (producer) well along with the water from the steam as it condenses. The fluids are then pumped to a surface central processing facility, where bitumen, steam condensate, produced water and gases are separated and treated. Southern Pacific plans to recycle greater than 90% of the produced water. This process is referred to as a "zero-liquid discharge".

Southern Pacific is proposing a range of production capability of 10,000-12,000 bpd bitumen for the facility, with a fixed steam generation capacity equivalent to 30,000 bpd of cold steam, or a steam-oil ratio of 3 based on 10,000 bpd of bitumen. The flexibility in bitumen capacity is preferred because the Southern Pacific development consists of two different types of reservoir: a clean channel sand and a bioturbated sand. Reservoir simulation predicts different SORs (steam-oil ratios) for the two sands. By fixing the steam capacity of the facility, Southern Pacific can accommodate a range of bitumen production capacities depending on the SOR of the wells being produced. This approach allows Southern Pacific to design the facility with a better degree of accuracy.

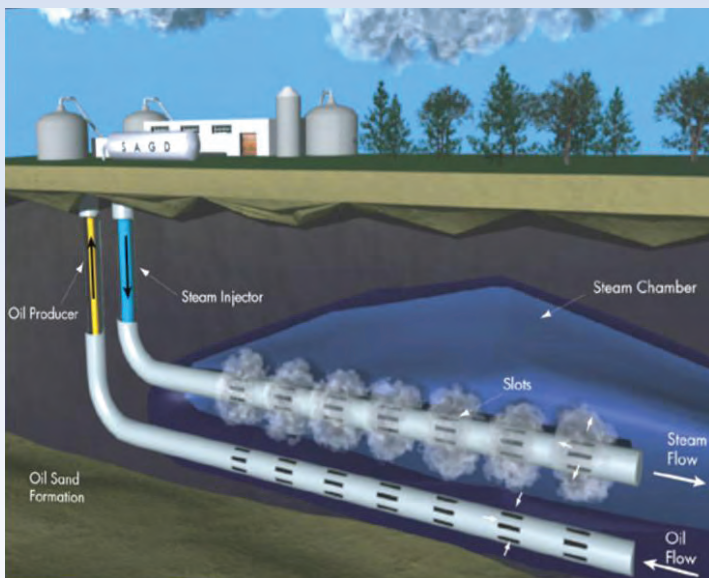


ILLUSTRATION OF SAGD PROCESS



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REGULATORY PROCESS

Southern Pacific will seek approval from the Energy Resources Conservation Board (ERCB) and Alberta Environment (AENV) to construct, operate and reclaim the STP McKay Project.

Under the Environmental Protection and Enhancement Act (EPEA), projects of this size or smaller do not automatically trigger an Environmental Impact Assessment (EIA). However, Southern Pacific will submit an application that will consider and study the environmental impacts of the proposed Project. Southern Pacific began environmental studies in the summer of 2008 and hopes to complete and submit an application by spring 2009.



KEY ENVIRONMENTAL CONSIDERATIONS

Southern Pacific is fully committed to making the environment a priority and will avoid any culturally or environmentally sensitive areas, where possible. Southern Pacific will minimize the surface disturbance created by the Project by utilizing existing infrastructure whenever possible.

Southern Pacific will study the following:

- Groundwater & surface water
- Air quality
- Fish & aquatic resources
- Noise
- Reclamation & mitigation
- Historical resources
- Soils & terrain
- Vegetation & wetlands
- Wildlife & biodiversity
- Aboriginal & stakeholder relations and accountability

	Jan '08	Jan '09	Jan '10	Jan '11	Jan '12
Consultation					
Environmental Studies					
Regulatory Review Process					
Procurement & Construction					
Start-up					

SOUTHERN PACIFIC'S PROPOSED SCHEDULE

Southern Pacific commenced environmental field studies in the summer of 2008 which will help prepare the Project Application. Following the regulatory process, Southern Pacific will begin construction and commission of the project. Exact timing of these activities relies on market conditions as well as the outcome of the regulatory process and requirements arising from that process. However, Southern Pacific is forecasting to have the first steam production occur in mid 2011.





CONSULTATION PROCESS

On the STP McKay Project, Southern Pacific plans to consult with First Nations, Métis locals, industry, other interested stakeholders and the appropriate regulatory bodies. Southern Pacific has already developed good relationships with these groups through the previous year's winter drilling program and has placed effective consultation as a top priority for this project.

Southern Pacific has staff dedicated to building successful relationships with interested and affected Aboriginal communities and public stakeholders in the STP McKay Project development area. Southern Pacific has created an inclusive consultation strategy as a framework for fostering and maintaining relationships. Throughout the consultation process Southern Pacific will strive to identify and address concerns that are brought up by interested Aboriginal communities and public stakeholders.

Provincial consultation guidelines, effective September 1, 2006, (updated November 14, 2007) outline and formalize the process for involving potentially affected Aboriginal communities in the regulatory process. Southern Pacific is fully committed to following these guidelines and to consulting with all potentially affected Aboriginal communities in the area.

Southern Pacific's consultation program focuses on a shared process that takes public and Aboriginal input into consideration when planning. Our program is based upon respect and will recognize the value of people's concerns and the input they can provide. Southern Pacific will also focus on timeliness by starting consultation early. This will allow public stakeholders and Aboriginal communities time to process information about the project and allow for meaningful dialogue with Southern Pacific.



ECONOMIC BENEFITS & OPPORTUNITIES

Southern Pacific's STP McKay Project will add to the Alberta economy in many ways both during project construction and throughout operations through taxes, royalties and by engaging a full-time workforce. A process is being developed to ensure that the opportunities created by this project are made available to surrounding communities, Aboriginal groups and the Wood Buffalo region.

FOR MORE INFORMATION ON SOUTHERN PACIFIC'S STP MCKAY PROJECT CONTACT:

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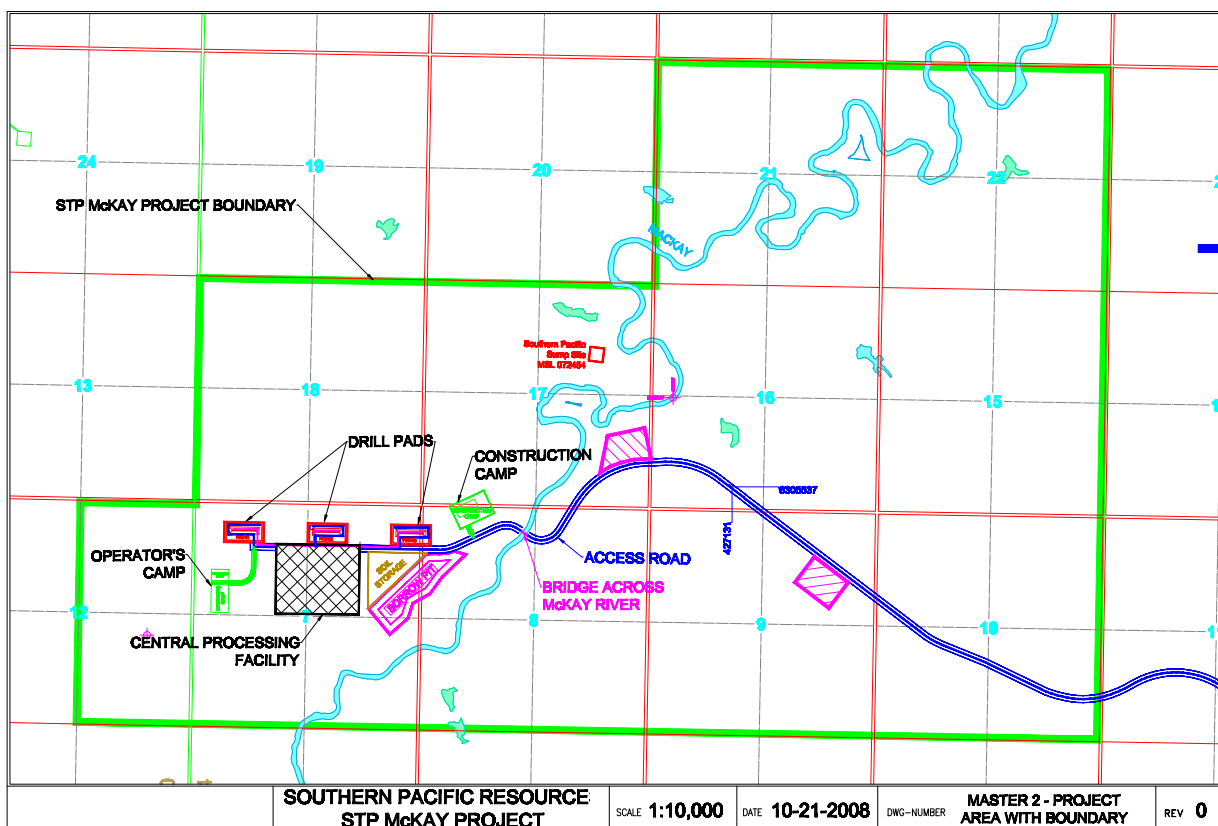
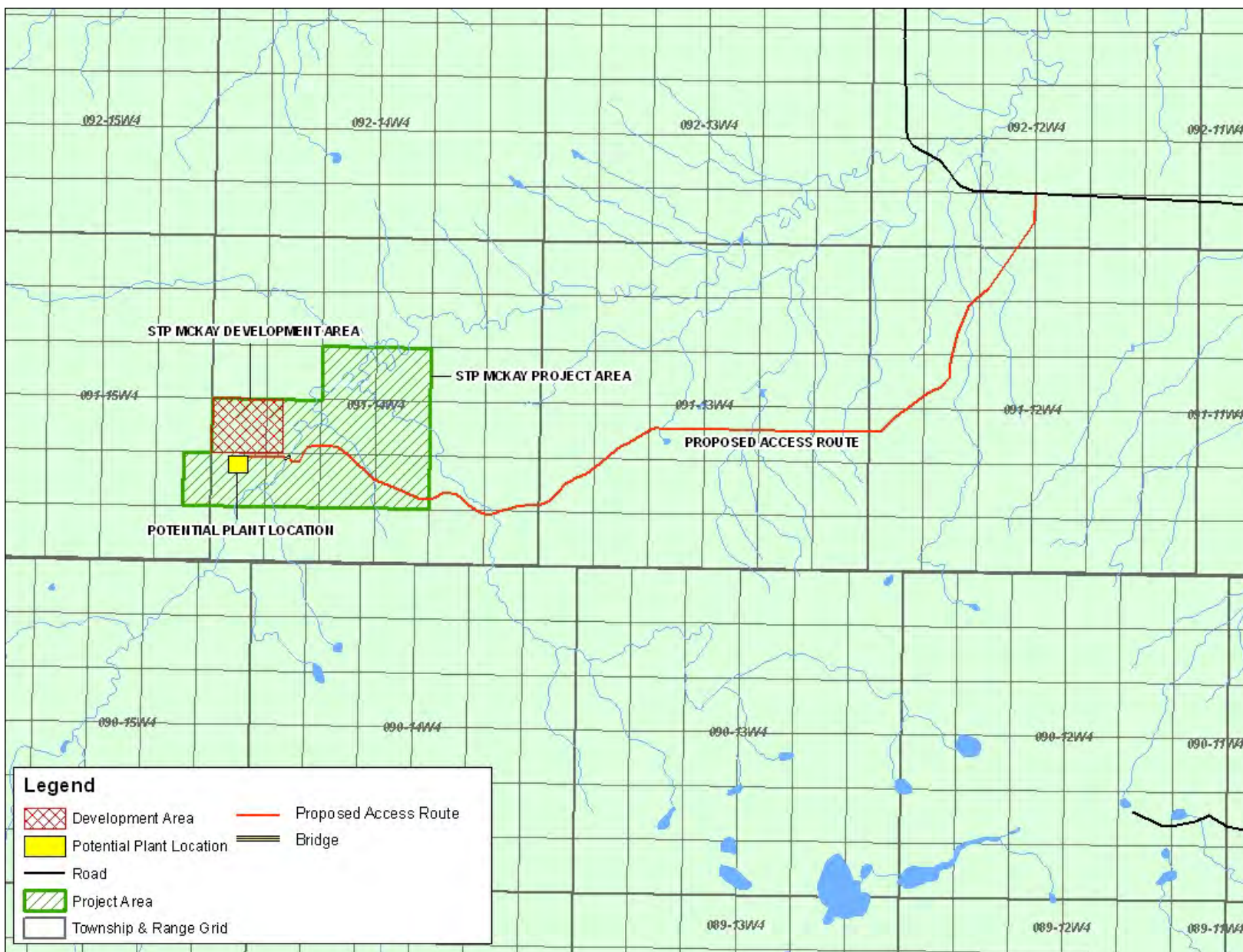
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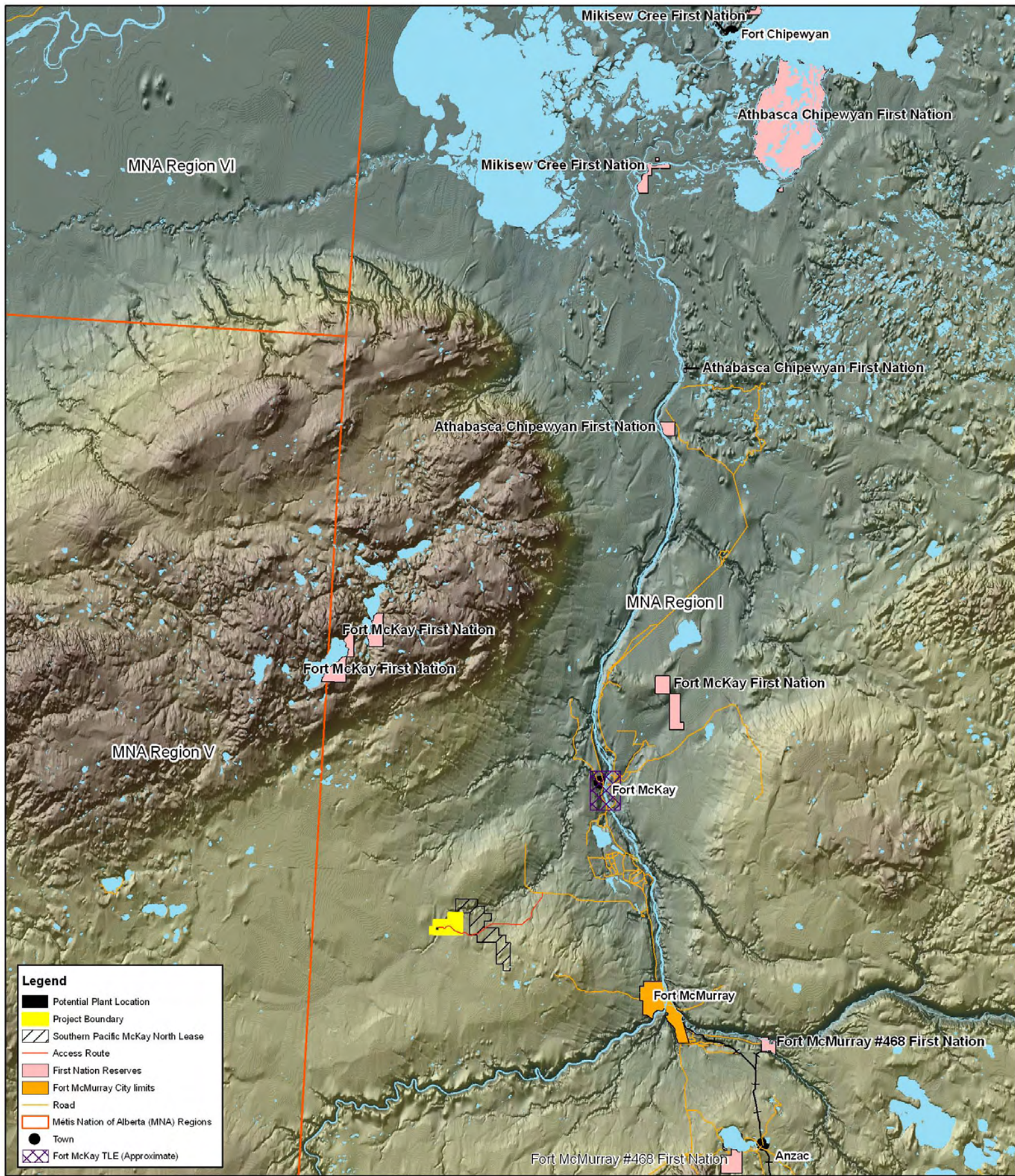
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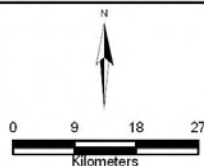
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STP McKay Project



Prepared For:



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1

Mapping Information & Source:

NAD 83 Zone 12

Source: NTDB, NRCAN, GeoBase