



Community Newsletter

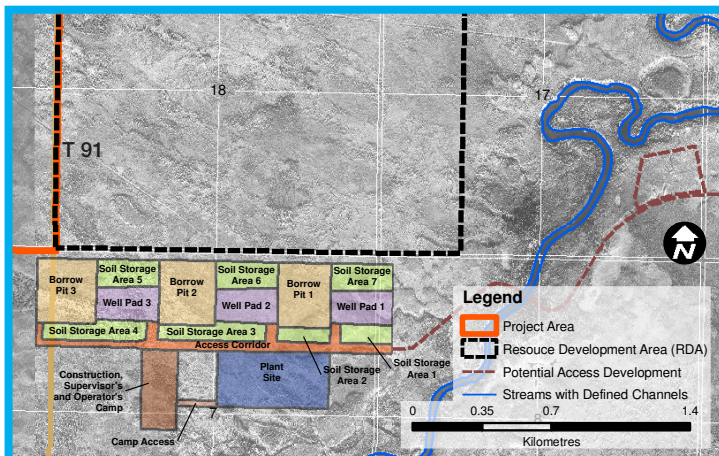
Who is Southern Pacific?

Southern Pacific Resource Corp. is a publicly traded intermediate oil and gas company engaged in the development, exploration and production of in-situ oil sands and heavy oil assets in Western Canada. We produce approximately 4,500 barrels per day of heavy oil in southern Saskatchewan and have an average 87% working interest in 436 sections (242,176 net acres) of oil sands leases in seven areas of Alberta's oil sands, including a 100% working interest thermal project on our McKay lease. We plan to use in-situ extraction techniques, which means we will produce bitumen in place instead of through open-pit mining.

Over the last year, Southern Pacific has reached out to numerous First Nations and other community stakeholders to discuss both our short-term exploration plans and our long-term development plans. In doing so, we have developed and strengthened several important relationships. Moving forward, Southern Pacific remains committed to building on our relationships with all stakeholders.

STP-McKay SAGD Project Update

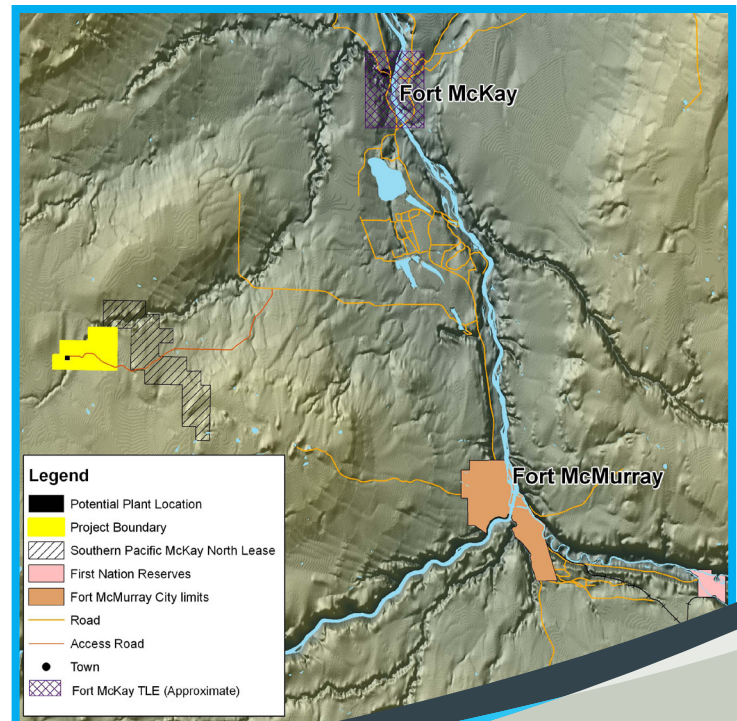
On October 25, 2010, Southern Pacific received approval from the Energy Resources Conservation Board ("ERCB") for our STP McKay SAGD Project (the "Project"). On November 19, 2010, we also received our Environmental Protection and Enhancement Act approval from Alberta Environment (AENV). Together, these approvals enable us to proceed with the construction and development of the Project. The Project is a steam-assisted gravity drainage (SAGD) operation with a 10,000 to 12,000 barrel per day (bpd) capacity.



The McKay lease is approximately 59 sections (37,760 acres) of land, of which 10.5 sections are within the Project area. Approximately 1.25 sections are within the initial resource development area.

Key Milestones and Next Steps

- May 2009 - Filed "STP McKay SAGD Project" regulatory application to ERCB and AENV
- Oct & Nov 2010 - Received approval of regulatory application from ERCB and AENV
- Winter 2010 to Early 2011 - Constructing access road into plant site and pads
- Winter 2010 to April 2011 - Conducting an Oil Sands Exploration (OSE) Program at McKay consisting of approximately 35 coreholes
- 2011 - Drill SAGD well pairs and construct plant site and associated facilities
- Early 2012 - Commence production of Project





Key Project Details:

- Central processing facility site (CPF)
- Two to three initial well pads with six SAGD well pairs off of each pad
- Cogeneration facility (used to generate power for the site and to be located within the central processing facility site)
- Campsite, containing construction and operations camps
- Fuel gas pipeline (approximately 14 km in length)
- Water pipeline bored under the McKay River
- Free-span bridge across the McKay River
- Surface pipelines in a utility right of way along the McKay River bridge crossing

Winter 2010/11 Aboriginal and Public Consultation Process for STP McKay SAGD Project Expansion:

In the winter of 2011, Southern Pacific will commence an Aboriginal and public consultation process for its STP McKay SAGD Project Expansion. We will be developing a community consultation brochure which will be posted on our website at www.shpacific.com.

As part of the consultation process, Southern Pacific will consult with several Aboriginal communities, First Nations, Metis locals and public stakeholders within the region.



Southern Pacific and partner construct all-season access road in late 2010.

We also plan to host a community open house in the Fort McMurray area during the 2011 calendar year. The STP McKay SAGD Expansion application is expected to be submitted in the second half of 2011.

Southern Pacific values input from First Nations, Aboriginal communities and public stakeholders and we continue to improve our Project in response to concerns. Our consultation process takes public and Aboriginal input into consideration when planning development projects. Our program is based on respect, and we recognize the value of people's concerns and the input they can provide.

We're confident our consultation program will build the foundation for successful relationships with our neighbours now and in the future.

For More Information:

Southern Pacific would be pleased to provide you with more information about our company, the Project timelines and consultation process. If you are interested, please contact:

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Southern Pacific held a community open house at Fort McKay in January 2009.