

THIS LETTER OF TRANSMITTAL AND ELECTION FORM IS FOR USE ONLY IN CONNECTION WITH THE PLAN OF ARRANGEMENT INVOLVING NORTH PEACE ENERGY CORP., THE SHAREHOLDERS OF NORTH PEACE ENERGY CORP. AND SOUTHERN PACIFIC RESOURCE CORP.

IN ORDER TO BE EFFECTIVE, THIS LETTER OF TRANSMITTAL MUST BE VALIDLY COMPLETED, DULY EXECUTED AND RETURNED TO THE DEPOSITARY, CIBC MELLON TRUST COMPANY, BY THE ELECTION DEADLINE. IT IS IMPORTANT THAT YOU VALIDLY COMPLETE, DULY EXECUTE AND RETURN THIS LETTER OF TRANSMITTAL ON A TIMELY BASIS IN ACCORDANCE WITH THE INSTRUCTIONS CONTAINED HEREIN AND THE INFORMATION CIRCULAR AND PROXY STATEMENT OF NORTH PEACE ENERGY CORP. DATED OCTOBER 21, 2010.

LETTER OF TRANSMITTAL

FOR USE BY HOLDERS OF COMMON SHARES OF NORTH PEACE ENERGY CORP.

Please read carefully the Instructions set out below and the Information Circular and Proxy Statement of North Peace Energy Corp. dated October 21, 2010 (the "Information Circular") before completing this Letter of Transmittal.

**TO: NORTH PEACE ENERGY CORP.
AND TO: SOUTHERN PACIFIC RESOURCE CORP.
AND TO: CIBC MELLON TRUST COMPANY, AS DEPOSITARY**

This Letter of Transmittal (the "Letter of Transmittal") is for use by holders of common shares (the "North Peace Shares") of North Peace Energy Corp. ("North Peace") in connection with the proposed arrangement (the "Arrangement") involving North Peace, the shareholders of North Peace and Southern Pacific Resource Corp. ("Southern Pacific") pursuant to an arrangement agreement between Southern Pacific and North Peace dated September 27, 2010 (the "Arrangement Agreement"), the full text of which is attached as Appendix "A" to the Information Circular.

Capitalized terms used but not defined in this Letter of Transmittal shall have the meanings given to them in the Information Circular.

The undersigned delivers to you the enclosed certificate(s) representing North Peace Shares to be exchanged for certificate(s) representing Southern Pacific Shares pursuant to and in accordance with the Arrangement described in the Information Circular.

DESCRIPTION OF CERTIFICATES DEPOSITED		
Certificate Number(s)	Name(s) in which North Peace Shares are Registered	Number of North Peace Shares Deposited
TOTAL		

(If space is not sufficient, please attach a list in the above form).

Some or all of my North Peace Share certificates have been lost, stolen or destroyed. Please review Item 7 of the "Instructions" for the procedure to replace lost or destroyed certificates. (Check box if applicable).

In order to receive Southern Pacific Shares, to which you are entitled pursuant to the Arrangement, you must complete the following Declaration:

The undersigned:

1. represents and warrants that the undersigned is the legal owner of the above listed North Peace Shares and has good title to the rights represented by the above mentioned certificates free and clear of all liens, charges,

- encumbrances, claims and equities and, together with all rights and benefits, and has full power and authority to execute and deliver this Letter of Transmittal and to deposit, sell, assign, transfer and deliver the certificates representing the above listed North Peace Shares;
2. represents and warrants that the North Peace Shares listed above have not been sold, assigned or transferred, nor has any agreement been entered into to sell, assign or transfer any such North Peace Shares to any other person;
 3. acknowledges receipt of the Information Circular;
 4. represents and warrants that the undersigned is resident in the jurisdiction set out in "Address of Shareholder" below;
 5. directs the Depository to issue or cause to be issued Southern Pacific Shares to which the undersigned is entitled on completion of the Arrangement in the name indicated below and to send Southern Pacific Shares to the address, or hold the same for pickup, as indicated in this Letter of Transmittal, unless otherwise indicated under "Registration Instructions" or "Delivery Instructions" on page 4 of this Letter of Transmittal;
 6. covenants and agrees to execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable to complete the exchange of certificate(s) representing North Peace Shares for Southern Pacific Shares;
 7. acknowledges that North Peace or Southern Pacific may be required to disclose certain personal information in respect of the undersigned and consents to disclosure of personal information in respect of the undersigned to (i) stock exchanges or securities regulatory authorities, (ii) the Depository, and (iii) any of the parties of the Arrangement; and
 8. acknowledges that all authority conferred, or agreed to be conferred, by the undersigned herein may be exercised during any subsequent legal incapacity of the undersigned and shall survive the death, incapacity, bankruptcy or insolvency of the undersigned and all obligations of the undersigned herein shall be binding upon any heirs, personal representatives, successors and assigns of the undersigned.

Non-registered holders of North Peace Shares should contact their nominees (i.e. broker, investment dealer, trust company, bank or other registered holder) who hold certificates representing North Peace Shares on their behalf to arrange for the exchange of such certificates.

This box must be signed by the undersigned exactly as the name(s) appear(s) on the certificate(s) representing the North Peace Shares or by transferee(s) of original registered holder(s) authorized to become new registered holder(s) by certificates and documents transmitted with this Letter of Transmittal. See Items 3 and 4 of the attached Instructions below. If the signature is by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or any other person acting in a fiduciary or representative capacity, please provide the information described in Item 5 of the attached Instructions.

Signature guaranteed by (if required under Item 4 of the attached Instructions):

Dated: _____, _____

Authorized Signature

Signature of Shareholder or Authorized Representative
(see Items 3 and 5 of the attached Instructions)

Name of Guarantor (please print or type)

Address of Shareholder

Address of Guarantor (please print or type)

Telephone Number of Shareholder

Facsimile Number of Shareholder

Social Insurance Number or U.S. Resident
Taxpayer Identification Number (must be provided)

Name of Shareholder (please print or type)

Name of Authorized Representative, if applicable
(please print or type)

**BOX A
REGISTRATION INSTRUCTIONS
(See Instruction 4)**

Issue the certificate(s) representing Southern Pacific Shares to:

Name: _____
(please print)

Address: _____

(include postal or zip code)

**BOX B
DELIVERY INSTRUCTIONS
(See Instruction 4)**

Deliver the certificate(s) representing Southern Pacific Shares to:

Name: _____
(please print)

Address: _____

(include postal or zip code)

**BOX C
HOLD FOR PICK-UP**

- Check here if the certificate(s) representing Southern Pacific Shares are to be held for pick-up at the office of the Depository at which this Letter of Transmittal is deposited

**BOX D
RESIDENCE**

Indicate whether you are a resident of Canada for tax purposes:

- The owner signing above represents that it is a resident of Canada for tax purposes.
or
 The owner signing above represents that it is not a resident of Canada for tax purposes.

INSTRUCTIONS

1. Delivery

To receive Southern Pacific Shares on completion of the Arrangement, holders of North Peace Shares must deposit with the Depository (at one of the addresses specified on the last page hereof) a duly completed Letter of Transmittal and certificates representing their North Peace Shares.

2. Use of Letter of Transmittal

- (a) This Letter of Transmittal (or a manually executed copy hereof) properly completed and signed as required by the instructions set forth below, together with accompanying certificate(s) representing the North Peace Shares and all other documents required by the terms of the Arrangement must be received by the Depository at any of its offices specified on the back page of this document.
- (b) The method used to deliver this Letter of Transmittal and any accompanying certificate(s) representing North Peace Shares and all other required documents is at the option and risk of the person depositing the same, and delivery will be deemed effective only when such documents are actually received. It is recommended that the necessary documentation be hand delivered to the Depository, at any of their offices specified on the back page of this document, and a receipt obtained. However, if such documents are mailed, it is recommended that registered mail be used and that proper insurance be obtained. **North Peace Shareholders whose North Peace Shares are registered in the name of a nominee should contact their stockbroker, investment dealer, bank, trust company or other nominee for assistance in depositing their North Peace Shares.**

3. Signatures

This Letter of Transmittal must be completed and signed by the holder of North Peace Shares or by such holder's duly authorized representative (in accordance with Item 5 below).

- (a) If this Letter of Transmittal is signed by the registered owner(s) of the accompanying certificate(s) representing North Peace Shares, such signature(s) on this Letter of Transmittal must correspond with the name(s) as registered or as written on the face of such certificate(s) representing North Peace Shares without any change whatsoever and the certificate(s) need not be endorsed. If such transmitted certificate(s) representing North Peace Shares are owned of record by two or more joint owners, all such owners must sign this Letter of Transmittal.
- (b) If this Letter of Transmittal is signed by a person other than the registered owner(s) of the North Peace Shares or if Southern Pacific Shares are to be issued to a person other than the registered holder(s):
 - (i) such deposited certificate(s) representing North Peace Shares must be endorsed or be accompanied by an appropriate share transfer power of attorney and properly completed by the registered owner(s); and
 - (ii) the signature(s) on such endorsement or power of attorney must correspond exactly to the name(s) of the registered owner(s) as registered or as appearing on the certificate(s) representing North Peace Shares and must be guaranteed as noted in Item 4 "Guarantee of Signatures" below.

4. Guarantee of Signatures

If this Letter of Transmittal is executed by a person other than the registered owner(s) of the North Peace Shares, or if the certificate(s) representing Southern Pacific Shares are to be issued to a person other than the registered holder(s) or sent to an address or the registered holder(s) as shown on the registers of North Peace Shares maintained by the transfer agent of North Peace, such signature must be guaranteed by an Eligible Institution (as defined below), or in some other manner satisfactory to the Depository (except that no guarantee is required if the signature is that of an Eligible Institution).

An "Eligible Institution" means a Canadian schedule 1 chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchange Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (members of these programs are usually members of a recognized stock exchange in Canada, members of the Investment Industry Regulatory Organization of Canada, members of the National Association of Securities Dealers or banks and trust companies in the United States).

5. Fiduciaries, Representatives and Authorizations

Where this Letter of Transmittal or any certificate or share transfer or power of attorney is executed by a person as an executor, administrator, trustee, guardian, attorney-in-fact or agent or on behalf of a corporation, partnership or association or is executed by any other person acting in a fiduciary or representative capacity, this Letter of Transmittal must be accompanied by satisfactory evidence of the authority to act. The Depository, at its discretion, may require additional evidence of authority or additional documentation.

6. Miscellaneous

- (a) If the space on this Letter of Transmittal is insufficient to list all certificates for North Peace Shares, additional certificate numbers and the number of North Peace Shares represented thereby may be included on a separate signed list affixed to this Letter of Transmittal.
- (b) If North Peace Shares are registered in different forms (e.g. "John Doe" and "J. Doe"), a separate Letter of Transmittal should be signed for each different registration.
- (c) No alternative, conditional or contingent deposits will be accepted. All depositing holders of North Peace Shares by execution of this Letter of Transmittal (or a copy thereof) waive any right to receive any notice by the Depository.
- (d) This Letter of Transmittal and any agreement resulting from this Letter of Transmittal will be construed in accordance with and governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.
- (e) The holder of the North Peace Shares covered by this Letter of Transmittal hereby unconditionally and irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and the courts of appeal therefrom.
- (f) Additional copies of the Letter of Transmittal may be obtained on request and without charge from the Depository at its offices at the address listed on the back page of this document.

7. Lost, Stolen or Destroyed Certificates

If a certificate representing North Peace Shares has been lost, stolen or destroyed, contact CIBC Mellon Trust Company, the transfer agent of the North Peace Shares, at 199 Bay Street Commerce Court West Securities Level Toronto, Ontario M5L 1G9, Attention Corporate Restructures (Telephone: 1-800-387-0825 or 416-643-5500), who will respond with replacement requirements.

8. Fractional Interests

No certificates representing fractional Southern Pacific Shares shall be issued under the Arrangement. In lieu of any fractional Southern Pacific Share, each registered North Peace Shareholder otherwise entitled to a fractional interest in a Southern Pacific Share will receive the nearest whole number of Southern Pacific Shares (with fractions equal to exactly 0.5 being rounded up). In calculating such fractional interests, all North Peace Shares registered in the name of or beneficially held by such North Peace Shareholders or their nominee shall be aggregated.

9. No Interest Payable

Under no circumstances will interest on Southern Pacific Shares be paid by North Peace or Southern Pacific by reason of any delay in paying Southern Pacific Shares or otherwise.

10. Time Limitation

Any right or claim to payment hereunder that remains outstanding on the last business day prior to the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such North Peace Shares to receive Southern Pacific Shares pursuant to the Arrangement shall terminate and be deemed to be surrendered and forfeited to Southern Pacific, for no consideration.

Office of the Depositary

CIBC Mellon Trust Company

Phone: 1-800-387-0825 or 416-643-5500

Email: inquiries@cibcmellon.com

By Ordinary Mail

CIBC Mellon Trust Company

P.O. Box 1036

Adelaide Street Postal Station

Toronto, Ontario

M5C 2K4

Attention: Corporate Restructures

By Hand, Courier or Registered Mail

Toronto

CIBC Mellon Trust Company

199 Bay Street

Commerce Court West

Securities Level

Toronto, Ontario

M5L 1G9

Attention: Corporate Restructures

Any questions and requests for assistance may be directed by North Peace Shareholders to the Depositary at the telephone numbers, email address and locations set out above.