



SOUTHERN PACIFIC  
RESOURCE CORP.

## 2010 Annual General Meeting

November 22, 2010

TSX: STP



# Reader's Advisory

## Forward-looking Statements:

All statements other than statements of historical fact may be forward-looking statements. These statements relate to future events or Southern Pacific Resource Corp.'s (the "Company") future performance. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this presentation should not be unduly relied upon by investors. These statements speak only as of the date of this presentation and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this presentation contains forward-looking statements, pertaining to the following:

- supply and demand for oil and natural gas;
- the quantity of reserves;
- the quantity and economic viability of resources;
- the value of reserves;
- the flow rates of wells;
- capital expenditure programs;
- development of reserves;
- potential acquisitions; and
- expectations regarding the Corporation's ability to raise capital.

With respect to forward-looking statements contained in this presentation, the Corporation has made assumptions regarding, among other things:

- the legislative and regulatory environment;
- information regarding reserve and resource potential;
- the Corporation's ability to obtain additional financing on satisfactory terms;
- ability to develop reserves and resources and costs regarding such development;
- availability and costs of infrastructure;

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this presentation:

- volatility in the market prices for oil and natural gas;
- uncertainties associated with estimating reserves and resources;
- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- incorrect assessments of the value of acquisitions;
- incorrect estimates of costs;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; and
- weather conditions.

The forward-looking statements or information contained in this presentation are made as of the date hereof and the Corporation undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

Certain of the forward-looking statements regarding the Corporation's financial outlook, anticipated revenue, future expenditures and cash flow forecasts may constitute future-orientated financial information ("FOFI"). Management of the Corporation approved the inclusion of the FOFI in the presentation based on the assumptions listed above on May 1, 2009. The FOFI included in this presentation has been provided only for the periods listed and for the sole purpose of providing an estimated guideline for the Corporation's possible future financial position and the FOFI may not be appropriate for other purposes.

References to "contingent resources" or "resources" in this presentation do not constitute, and should be distinguished from, references to "reserves". "Reserves" are those remaining quantities of oil and gas anticipated to be economically recoverable from these known accumulations from a given date forward. "Resources" are oil and gas volumes that are estimated to have originally existed in the earth's crust as natural accumulations but are not capable of being classified as "reserves", and "contingent resources" are a sub-category of resources that means those quantities of oil and gas estimated to be potentially recoverable from known accumulations but which cannot be classified as "reserves" for a variety of reasons, including that they may not be currently economic. There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

## Barrel of Oil Equivalent:

Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas volumes have been converted to boe at a ratio of 6,000 cubic feet of natural gas to one barrel of oil equivalent. This conversion ratio is based upon an energy equivalent conversion method primarily applicable at the burner tip and does not represent value equivalence at the wellhead. Boe figures may be misleading, particularly if used in isolation.

## Reserves definitions:

- Probable reserves are those additional reserves that are less certain to be recovered than proved reserves.
- Possible reserves are those additional reserves that are less certain to be recovered than probable reserves.
- Future net revenues associated with reserves and resources do not necessarily represent fair market value.
- The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

# Now it's **real**

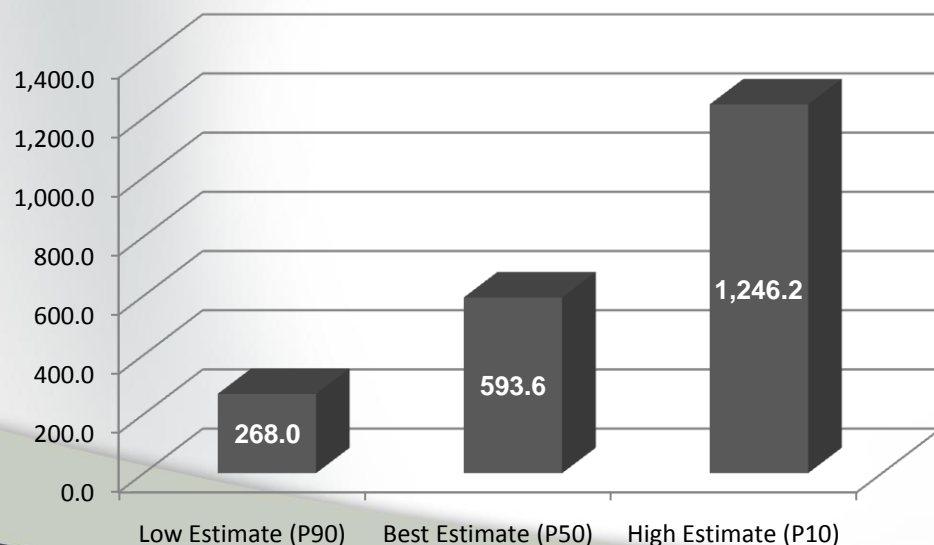
- **real** projects
- **real** production
- **real** opportunities
- **real** results
- **really** good people!!

# Overview

Shares outstanding - Basic (pro-forma NPE effective Nov. 24, 2010)	336.9 million
Shares outstanding - Fully diluted (pro-forma NPE effective Nov. 24, 2010)	358.6 million
Recent price (Close on Nov. 18, 2010)	\$1.40
Market capitalization – Basic (pro-forma NPE effective Nov. 24, 2010)	\$471.7 million
Bank debt @ October 31, 2010 (\$55 million operating line)	nil
Working capital @ October 31, 2010	\$67.0 million

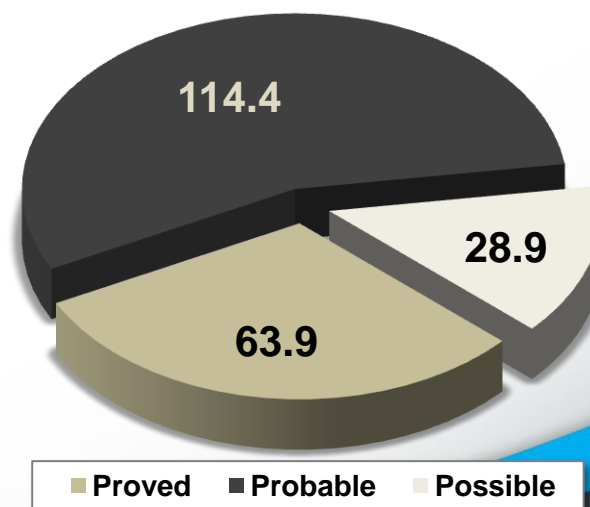
## Contingent Resources (MMbbl)

(pro-forma NPE Effective Nov. 24, 2010)

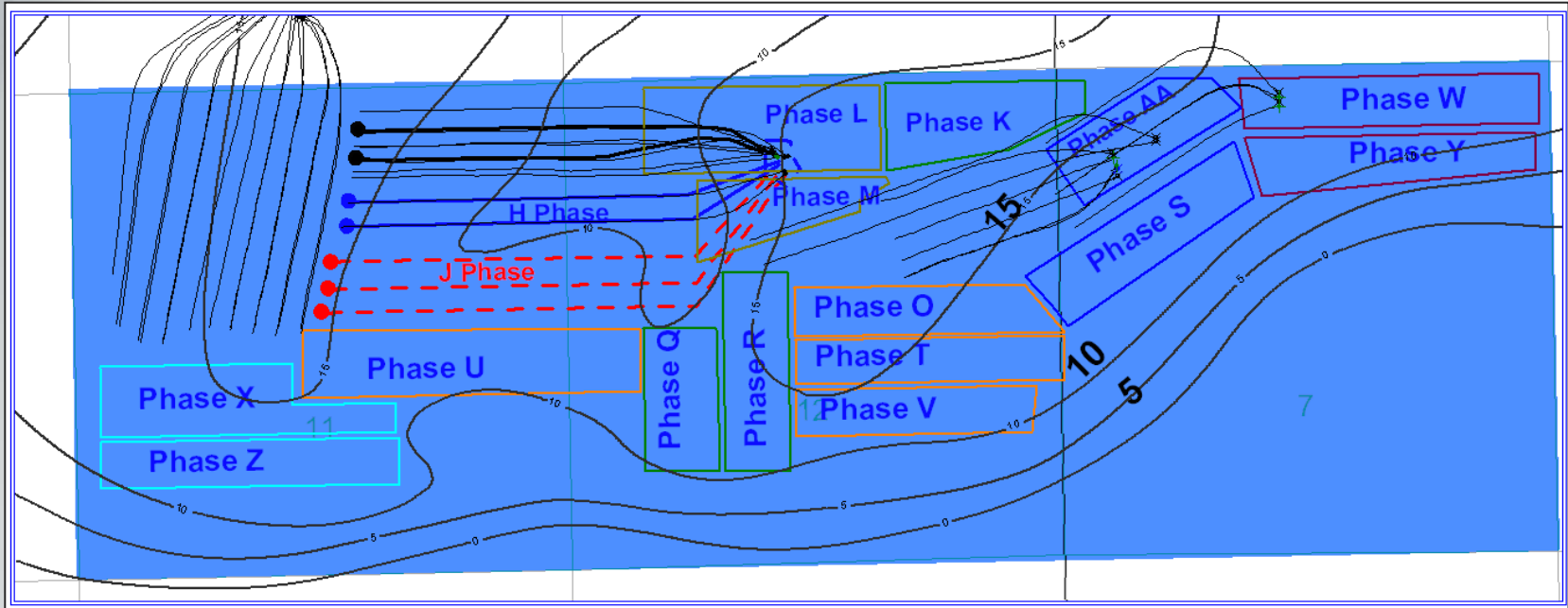


## Corporate Reserves (MMbbl)

(Total 2P = 178.3 & 3P = 207.2 MMbbl)



# Real Project: STP-Senlac Thermal Project

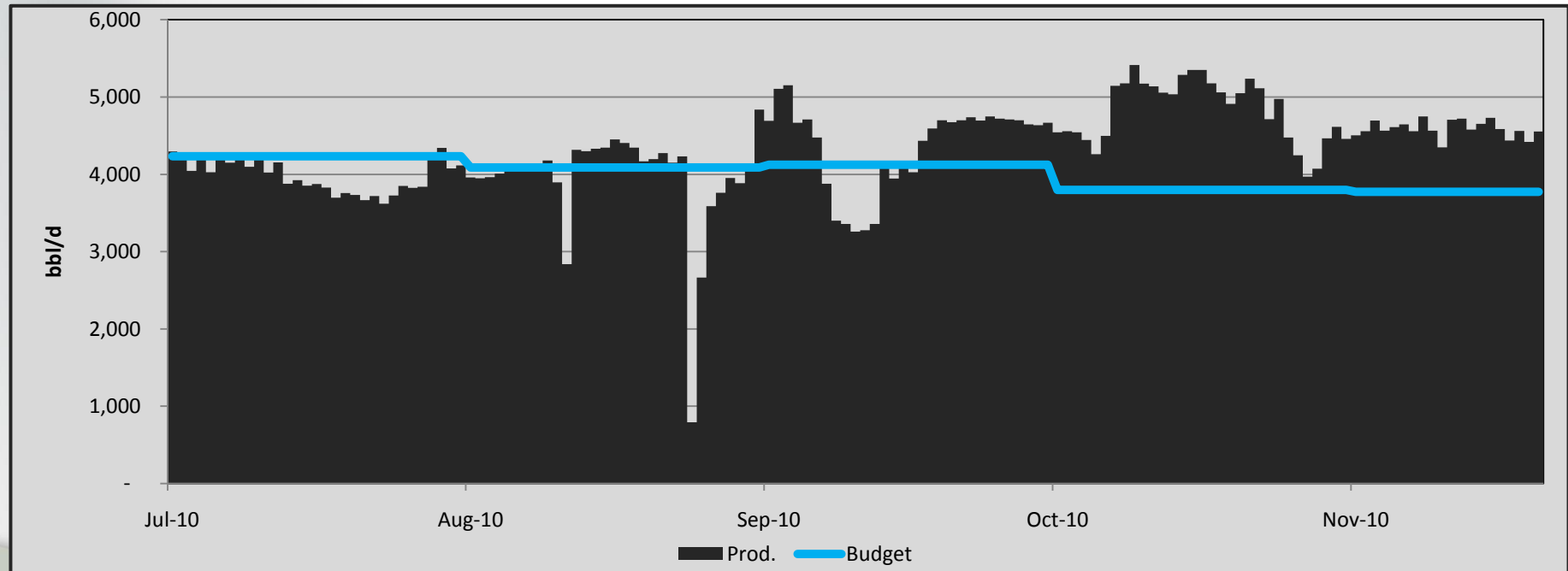


- 4,000 – 5,000 bbl/d for the next 10 -15 years
- Best in class SOR of 2.0 – 2.2
- Experienced operations personnel



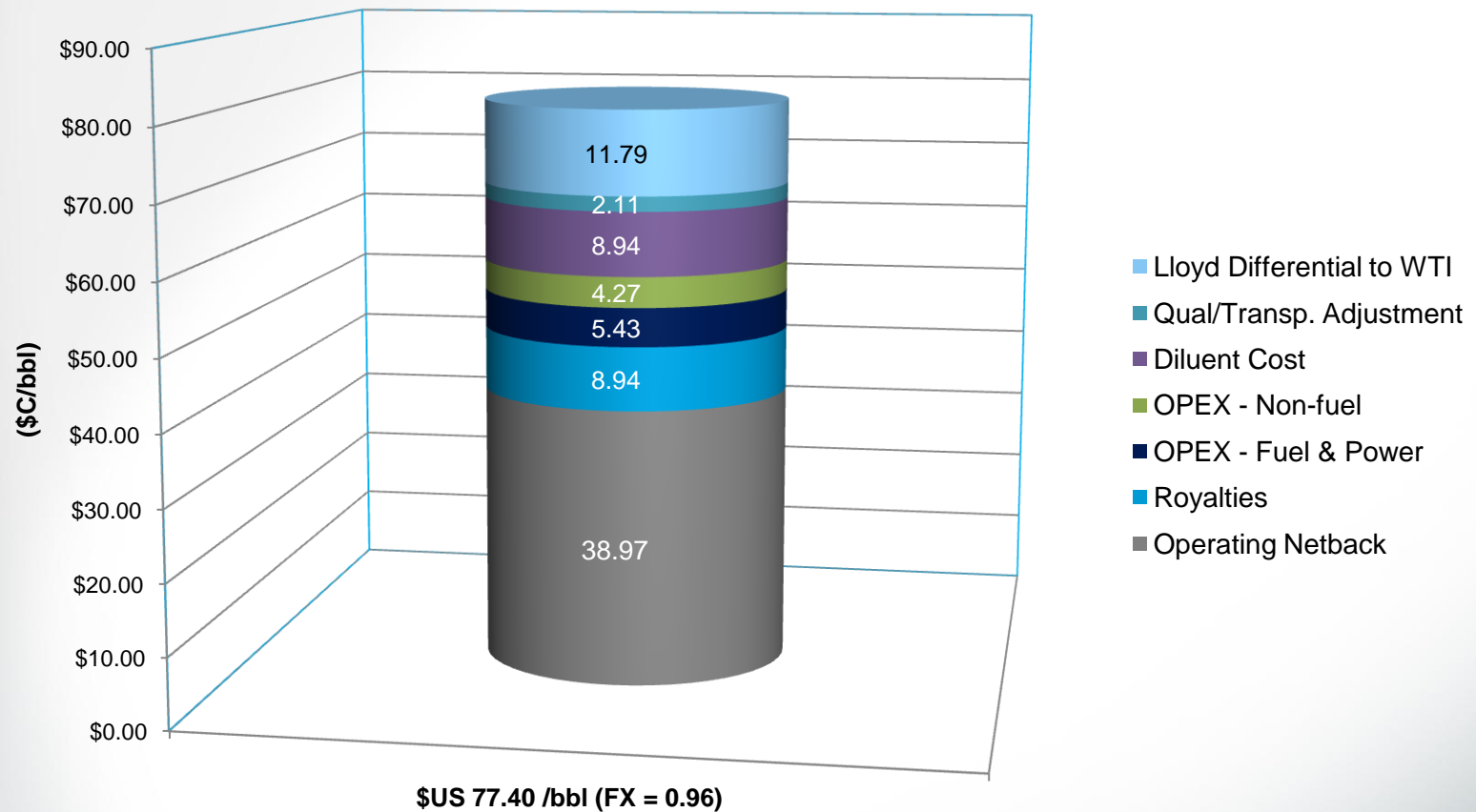
# Real Production: **STP-Senlac Thermal Project**

- Averaged over 4,200 bbl/d from Nov. 3, 2009 to June 30, 2010
- September 1 to November 20, 2010 average has been 4,594 bbl/d
- Two infill wells added in September, which have added 600–800 bbl/d
- Target is to keep plant filled between 4,000 – 5,000 bbl/d





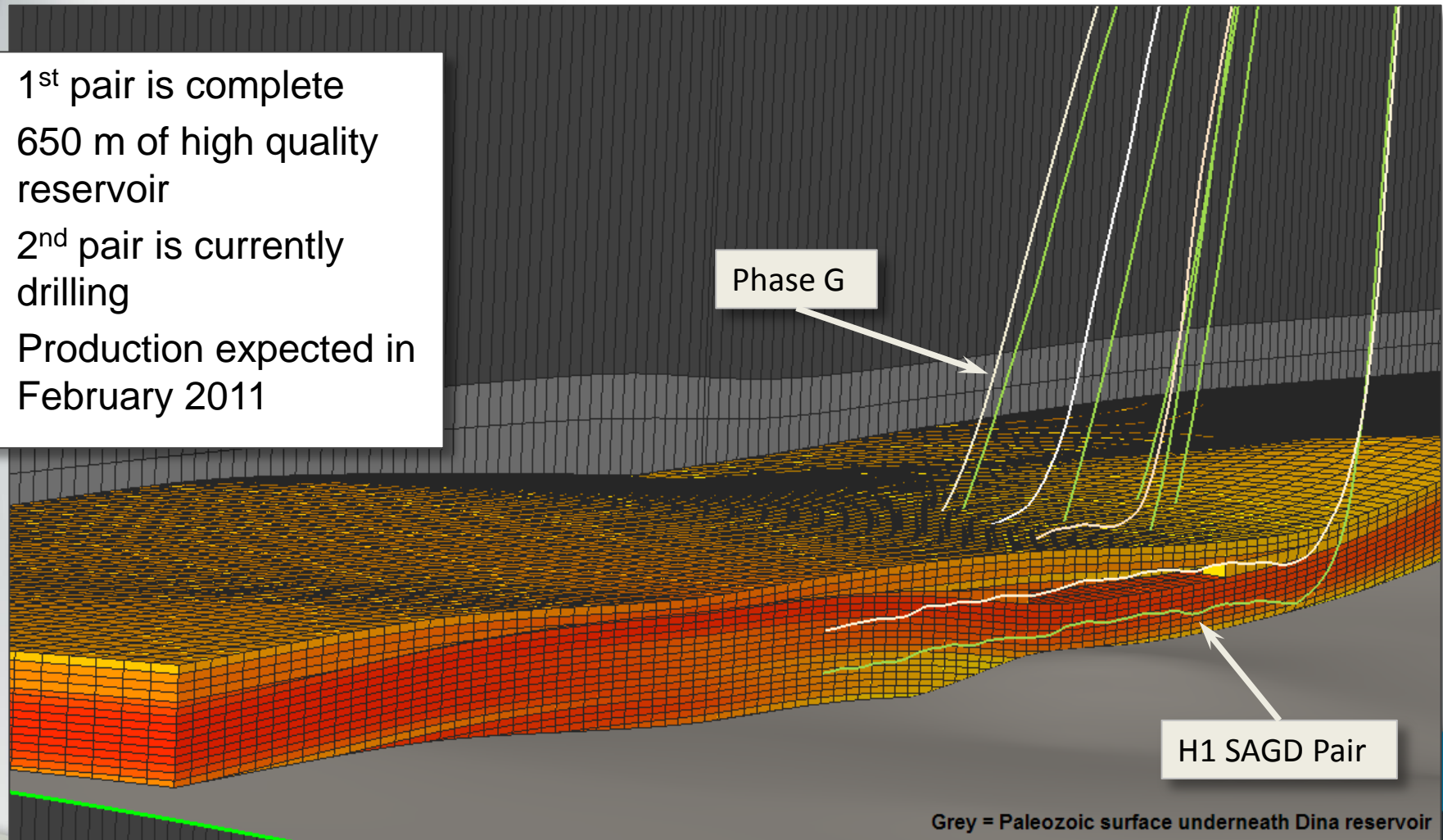
# Senlac Netbacks



Cumulative operating income from Nov. 3 2009 to Sept 30, 2010 = \$55 million

# Phase H SAGD Well Pairs: **Drilling in progress**

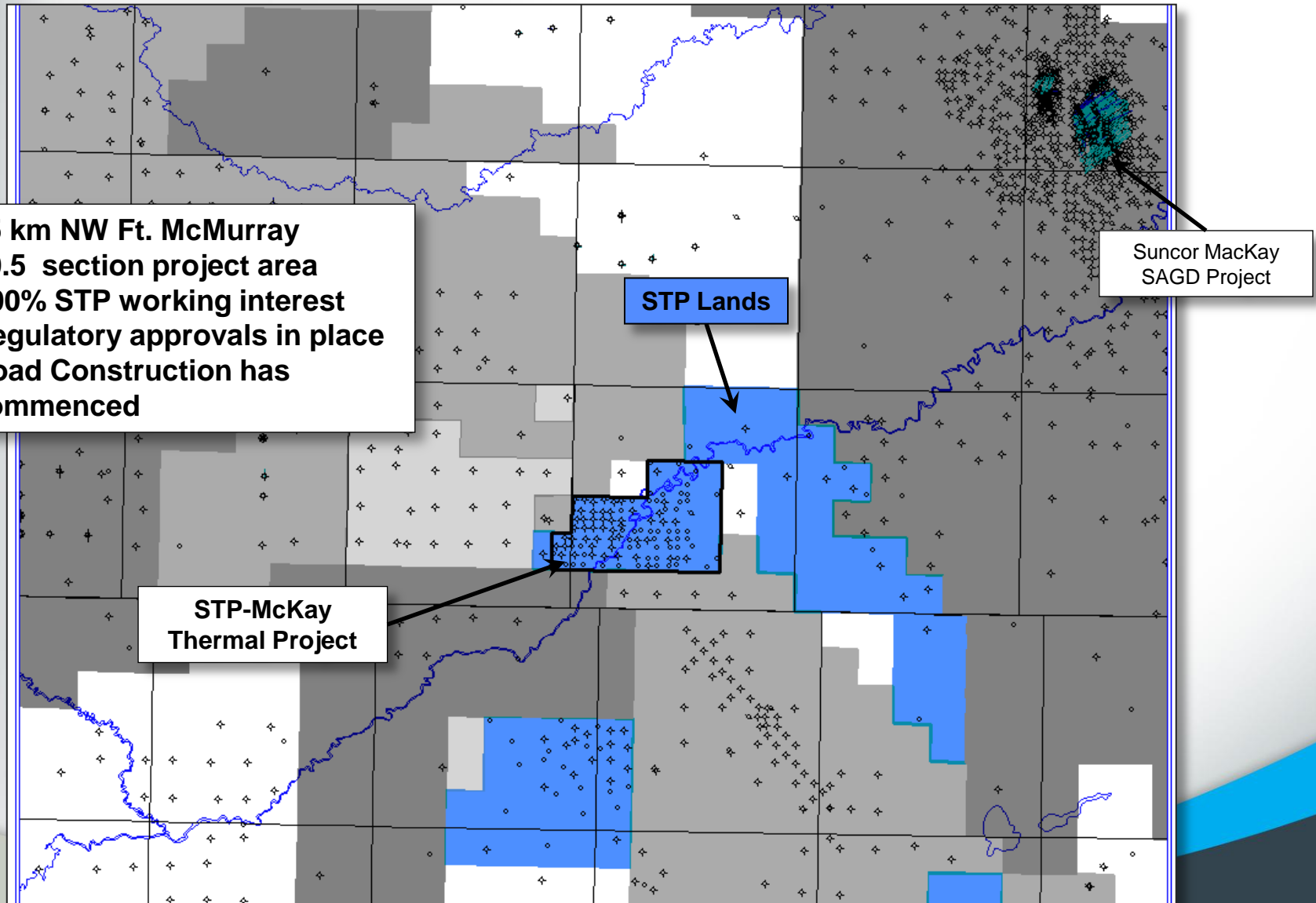
- 1<sup>st</sup> pair is complete
- 650 m of high quality reservoir
- 2<sup>nd</sup> pair is currently drilling
- Production expected in February 2011



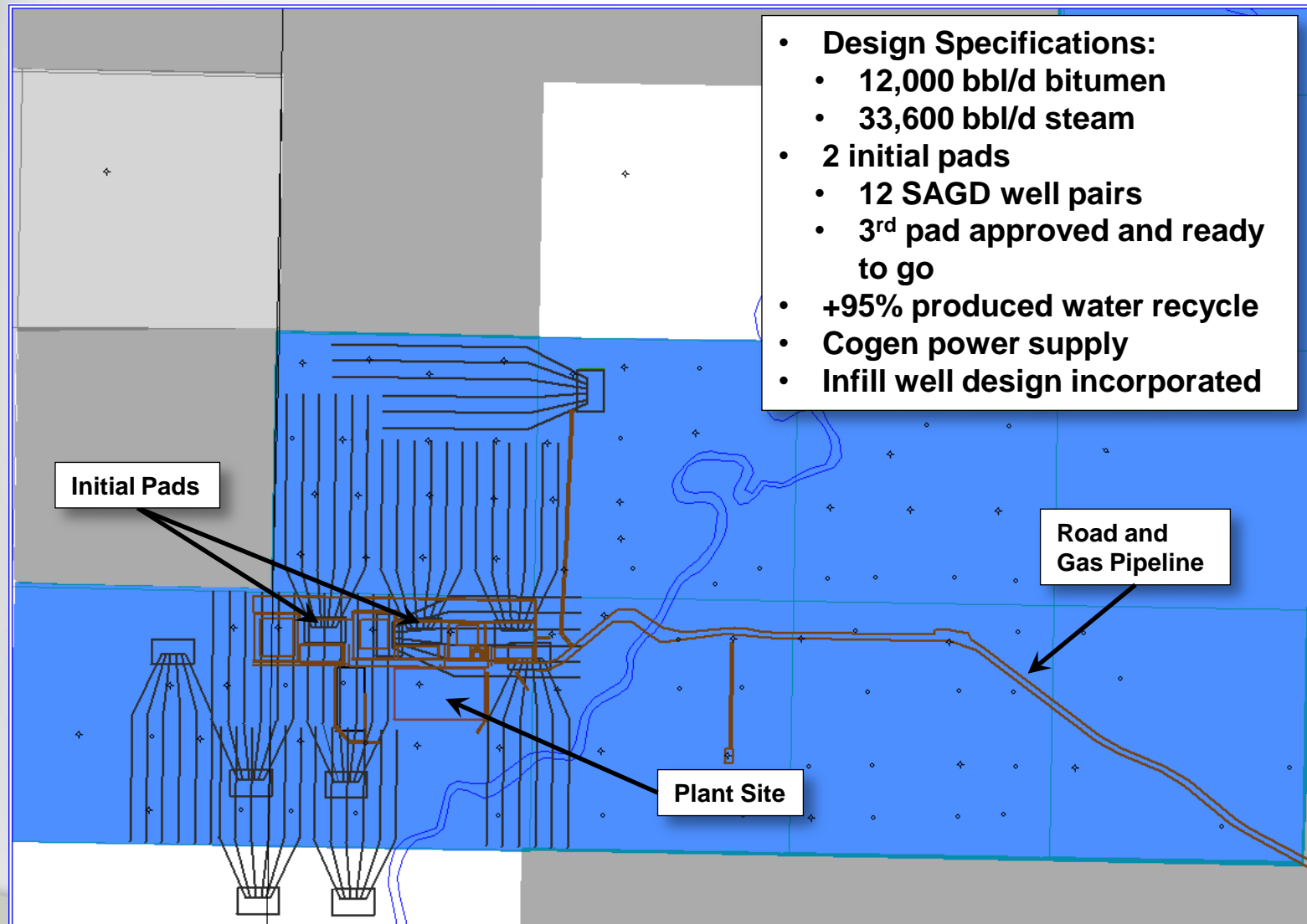


# Real Project: STP-McKay Thermal Project

- 45 km NW Ft. McMurray
- 10.5 section project area
- 100% STP working interest
- Regulatory approvals in place
- Road Construction has commenced



# STP-McKay: Project Details



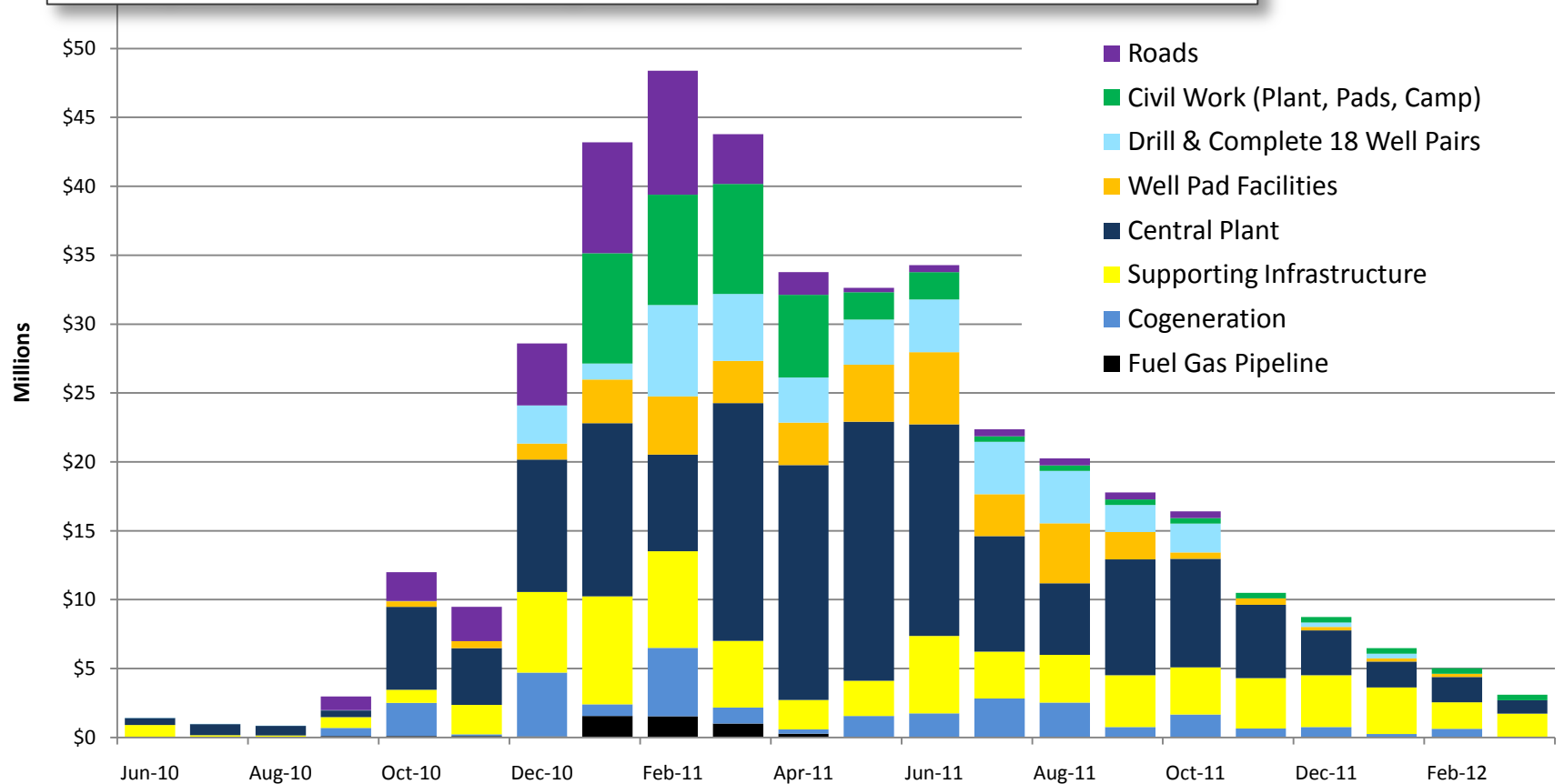
# STP McKay Road: Under Construction

- First Segment - 8.9 km
  - STP 50% working interest and construction operator
  - Entire road has been mulched
  - 5 km has been built
- Second Segment – 20 km
  - STP 100% working interest
  - Commencing construction shortly after completion of Segment 1
  - Expected completion by March 15<sup>th</sup>, 2011



# STP-McKay Phase One: Capital Spend Profile

- Total Capital Cost is \$ 408 million (excluding contingency)
- Spent \$9 million as of September 30, 2010

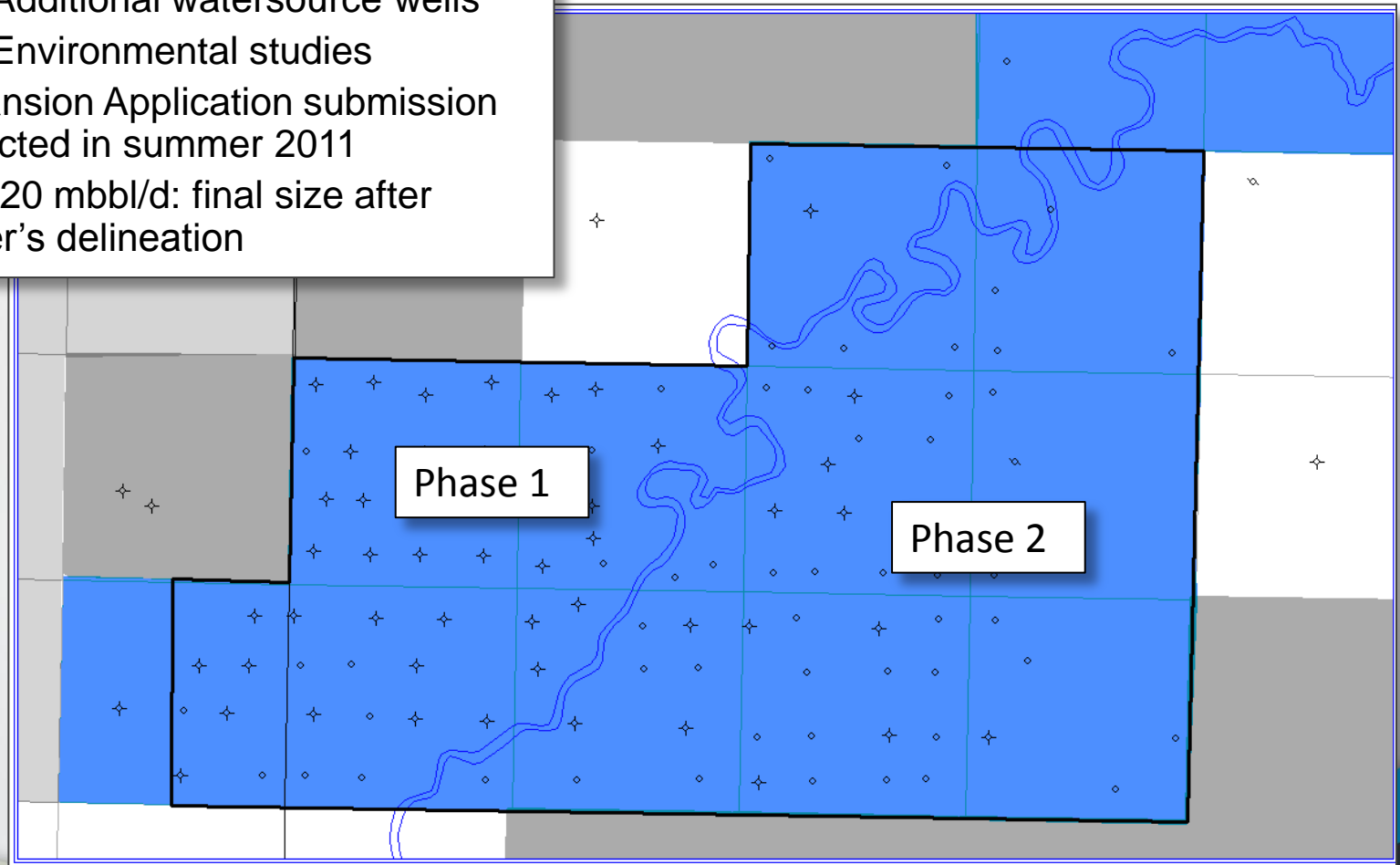


# STP-McKay Phase One: Project Financing

- Corporate Equity
  - Raised \$108.1 million in May, 2010
  - Continued strong cash flow from Senlac (~ \$60 million per year)
- Debt Financing
  - STP has engaged 4 major banks to syndicate debt
    - BMO, CS, RBC and TD
  - Have set up a 'flex finance' plan
    - a number of options have been evaluated
    - an option has been selected
  - Debt is expected to close and be funded by end of 2010
  - Plan to release more detail in the coming weeks

# Real Opportunity: STP McKay Phase 2

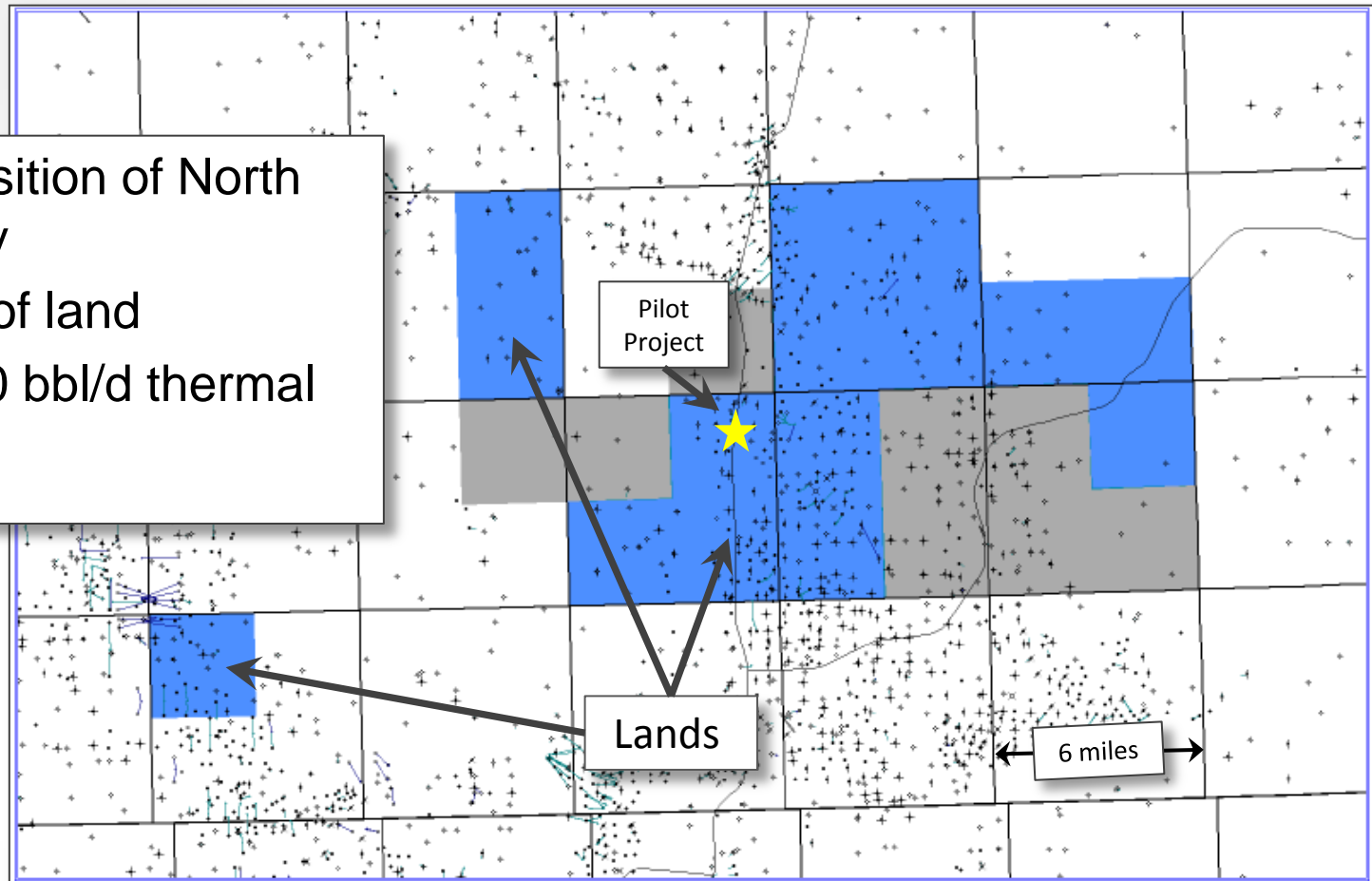
- 2010/11:
  - 30-35 corehole program
  - Additional watersource wells
  - Environmental studies
- Expansion Application submission expected in summer 2011
- 10 – 20 mbb/d: final size after winter's delineation





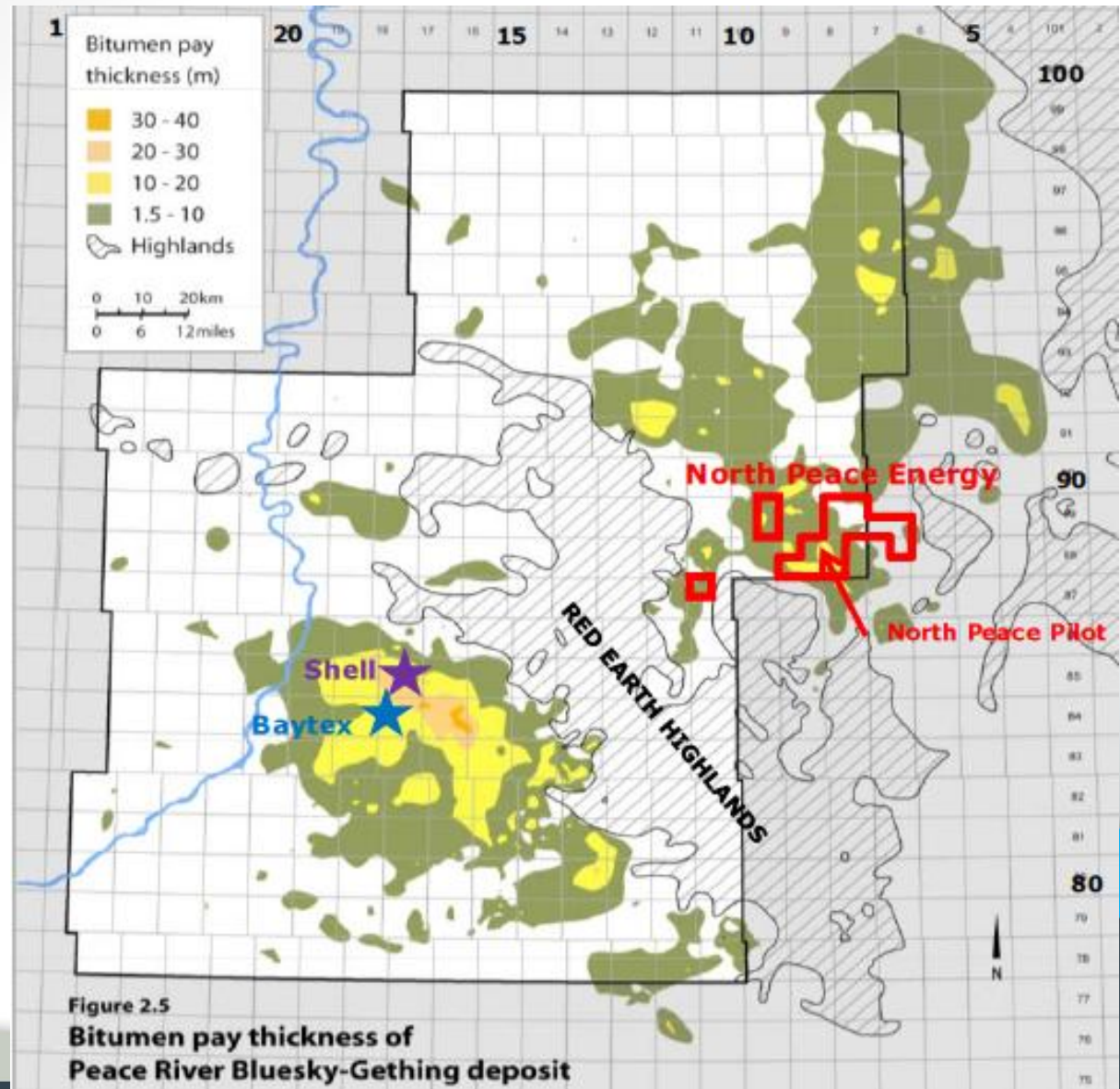
# Real Opportunity: Red Earth Thermal Project

- Recent Acquisition of North Peace Energy
- 135 sections of land
- Existing 1,000 bbl/d thermal project



# Red Earth: Significant Bitumen in Place

- 2.1 billion barrels of discovered bitumen
- 105 million barrels of contingent 'best estimate' resource
- To date, horizontal well cyclic steam stimulation (CSS) has been the expected recovery mechanism
- 10,000 bbl/d thermal project is the initial target

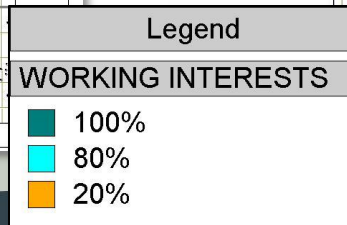
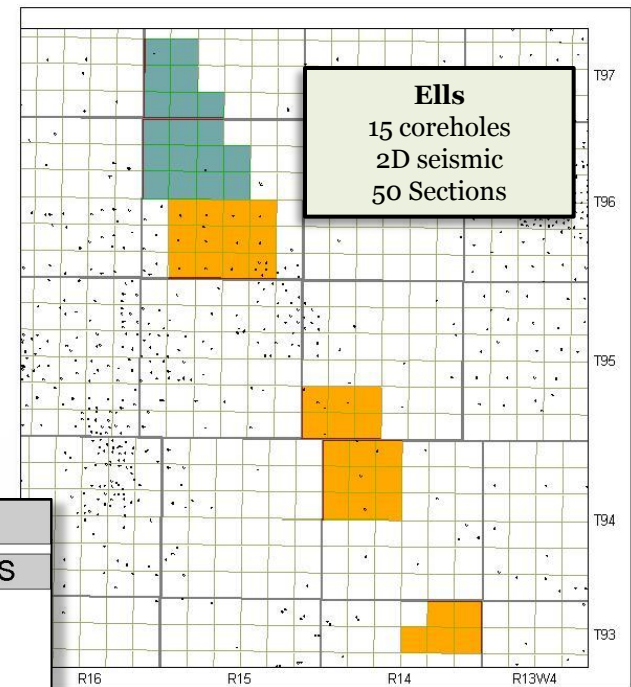
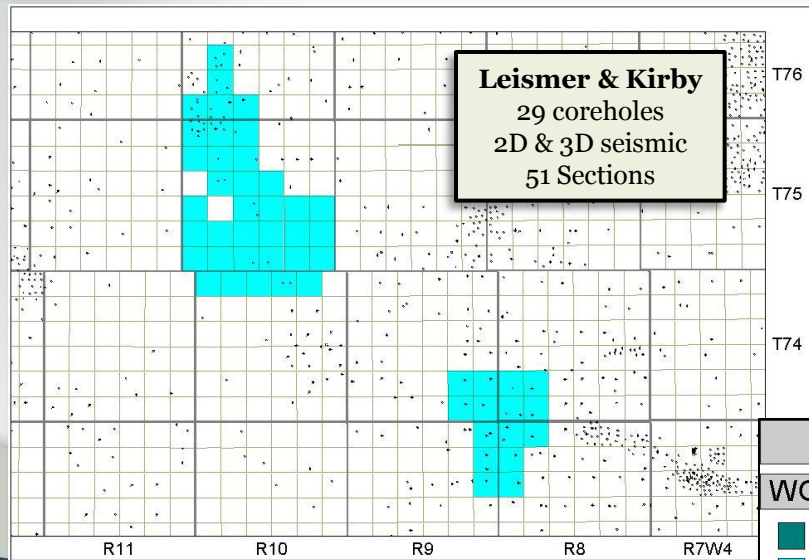
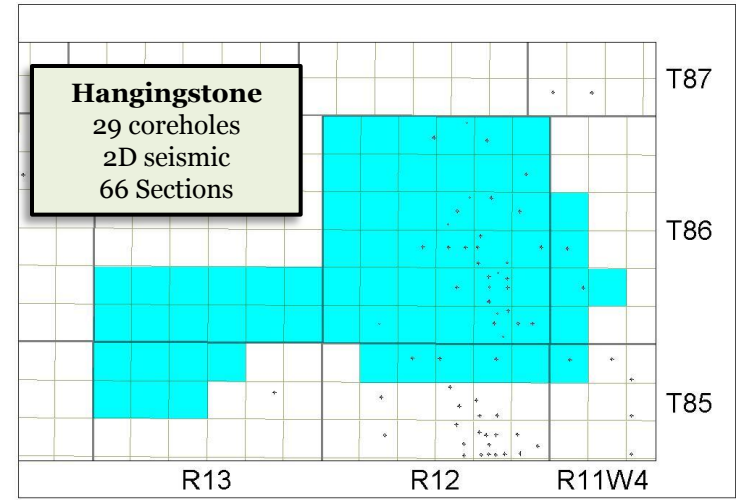
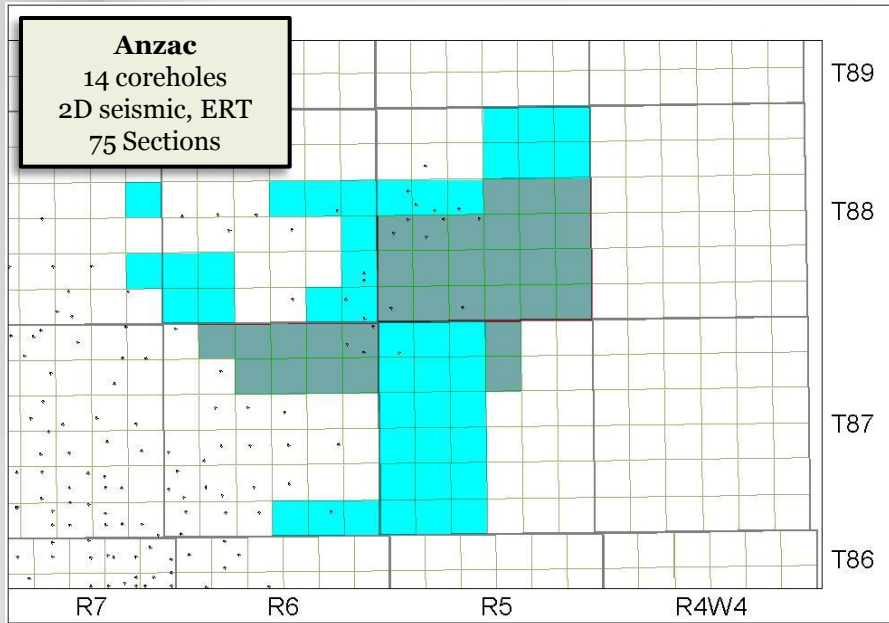


# STP-Red Earth: 1,000 barrel per day Pilot Project

- Facility is currently suspended
- Initial remedial concepts to test in the first half of 2011
- Development plan to be formulated based on these results



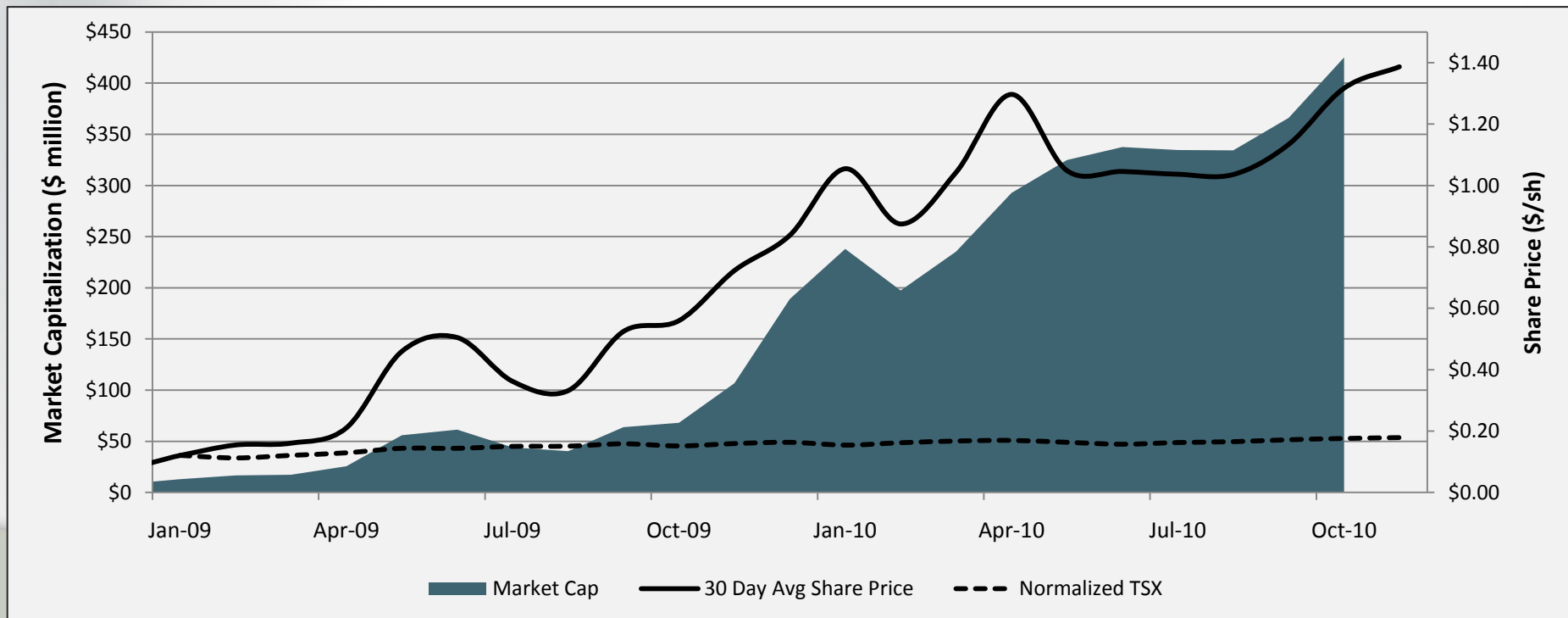
# Real Opportunity: Additional Oil Sands Leases





# Real Results for Fiscal 2010

- Cash Flow: \$35.8 million
- Reserves: 2P Reserves increased 164% to 178.6 MMbbl
- 2010 TSX-Venture Top 50 “Oil and Gas Company of the Year”
- Delivered strong results in challenging economic environment



# Really Good People

Chris MacDuff  
Carole Gold  
Carrie Hunter  
Chris Edwards  
Curtis McLauchlin  
Jacqueline Sinfield  
James Elliott  
Javier Sanmiguel  
Kate Dutton  
Lois Fuss

Jonathon Reid  
Jose Gutierrez  
Kerry Ganter  
Luke Middleton  
Lyle Eyben  
Aaron Merkel  
Bonnie Kohlman  
Brad Del Frari  
Kelly Adams  
Byron Lutes  
Jeff Barefoot  
Millenium  
Cassidy Brown  
Christopher Siemens  
Derrick Thomas  
Dwight Francis  
Evan Wildeman  
Glen Pernitsky  
Harold Morrell  
Ian Poppleton  
Joedy Piche

Dave Antony  
Jon Clark  
Tibor Fekete  
Ward Mallabone  
Trevor Wong-Chor  
Sid Dykstra  
Douglas Allen

Mathew Woroniuk  
Randy Sewell  
Randy Morin  
Regan L'Heureux  
Shawn Ralson  
Sheldon Heck  
Vincent Seim  
Adrian Dodds  
Howard Bolinger  
Glenn Miller  
Drifter Projects  
Amec-BDR  
Angela Rudnicki  
Chad Harris  
Cory Bell  
Gerry Johnson  
Jana Mullin  
Jennifer Isotti  
Melissa Adams  
Troy Bergfeldt  
Wayne Beatty

Lore Robichaud  
Michael Heath  
Mike O'Kranczy  
Murray Dublonko  
Ron Clarke  
Rozalia Pak  
Tammy Merkley  
David Shores  
Gary Graff  
Jennifer Reschke  
Neeki Ryder  
Remedy Drilling

Board of Directors  
Calgary Staff  
Senlac Staff  
Consulting 'Family'

*Thanks to all for your efforts in 2010!!!*



## 2011: What's next for STP?

- Execution of STP-McKay Thermal Project
  - Construction of the project on time and on budget will be primary focus of 2011
- Preparation of STP-McKay Phase 2
  - Expect to submit an application in the summer of 2011
- Development Plan for STP-Red Earth
  - Test using existing Pilot Facilities
  - Development plan for growth
- Continued Exploration and Acquisition Opportunities
  - Continue to identify new thermal project prospects
- Maintain Senlac at high levels of production
  - Continue with development plan
  - Working on new ideas to optimize and maximize

# Contact Information

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