PURSUING THE PRIZE

SOUTHERN PACIFIC
RESOURCE CORP.

2013 CORPORATE PROFILE

WHO WE ARE

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 STP-Senlac, Saskatchewan.

TSX: STP

FISCAL 2013 HIGHLIGHTS

- **Commenced first steam** to well pairs at the STP-McKay Thermal Project in Alberta on July 1, 2012. Oil production began in October 2012.
- **Increased financial liquidity,** lowered borrowing costs and removed potentially restrictive covenants by completing a senior secured second lien note issue for $260 million that retired the previous higher interest rate second lien term loan facility and closed a $100 million senior secured first lien revolving credit facility with a syndicate of financial institutions.
- **Reached five-year marketing agreement** to transport bitumen produced at STP-McKay by rail from the plant gate to refineries in the U.S. Gulf Coast. Among one of the first oil sands companies to adopt a complete rail marketing solution.
- **Continued to benefit** from consistent cash flow at the STP-Senlac Thermal Project in Saskatchewan with average daily production of 2,778 bbl/d in fiscal 2013 with an average steam-oil ratio of 2.9.
- **Showed meaningful increases in production** at STP-McKay, making steady progress on the path to Phase 1 design capacity of 12,000 bbl/d.

DEDICATED TO GROWTH

Southern Pacific remains committed to meeting expected production capacity through hard work and innovation.

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Byron Lutes, President and CEO

GAINING MOMENTUM

Despite a challenging fiscal 2013, bitumen production at our STP-McKay Thermal Project in northern Alberta is finally gaining momentum.

After successfully discovering, permitting and constructing STP-McKay over a four-year period, the production ramp up since we began injecting steam into the bitumen rich oil sands deposits in July 2012 has been slower than expected.

Of course, oil sands projects do take time to ramp up to peak rates, as bitumen has a peanut butter like consistency in its native state and must be heated for three or four months before it can be extracted from the oil sands. We use a process called steam assisted gravity drainage ("SAGD") to heat and extract the bitumen. The SAGD process has been successfully implemented in many projects within Alberta and Saskatchewan, but each property has different operating parameters that must be understood by gaining operational experience in order to maximize production and protect the well pairs and surface equipment. A large volume of this operational experience has been gained at STP-McKay over the past year and we are excited about putting it to use over the coming years.

Our decision to deliberately slow the production ramp up at STP-McKay last winter allowed us to develop adequate communication between the injectors and producers of our well pairs (called well pair "conformance"). Better conformance ensured we did our best to protect the integrity of our wellbores when we began increasing the production rates. Later on, as we collected more technical data from the well pairs in the spring of 2013, we began to understand the characteristics of our particular location within the massive Athabasca oil sands deposit. In May, with sufficient conformance achieved on

"The strides made in fiscal 2013 position us well for fiscal 2014 and beyond."

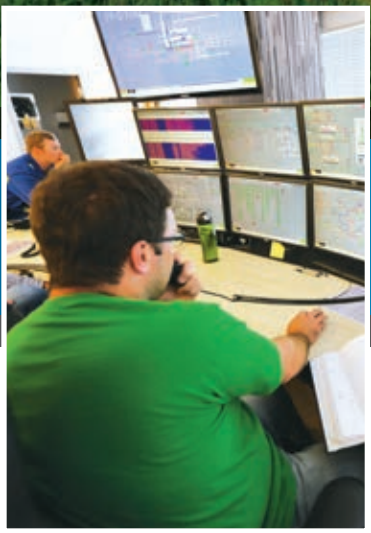
the majority of the well pairs, we made some adjustments that began steady SAGD operation steam chamber growth. We were pleased during this past summer when we were finally able to increase our production rates as the SAGD chambers began to form and are encouraged by the steady growth in production at STP-McKay.

Our surface operations at STP-McKay have been running extremely well and have put us in a solid position for growth. We successfully operated the project through its first winter and boasted an on-time load factor of 99%. This is no small feat given the harsh winter operating conditions northern Alberta typically serves up.

In Saskatchewan, STP-Senlac continues to be a difference maker for our company. Over the past year, we have drilled, equipped and commissioned Phase K, a three well pair pad. Phase L has been approved and we are currently planning to drill during calendar Q2 2014. Our marketing and operations groups have reacted well with the dynamics of oil marketing in North America, utilizing a combination of rail and pipeline deliveries to maximize our netback at STP-Senlac.

Our plans over the next fiscal year will be focused on filling our new plant at STP-McKay to capacity while we prepare for our next phase of growth. Our rail marketing arrangement will come into full swing as volumes ramp up at STP-McKay and we take advantage of our firm access into the U.S. Gulf Coast for our bitumen sales. This places our company in a unique situation where we will not be materially affected by the limited export pipeline capacity out of Alberta that is creating volatility in Alberta heavy crude pricing. We also continue to advance our STP-McKay expansion applications approved in fiscal 2014, which include a 6,000 bbl/d plant debottleneck and an 18,000 bbl/d Phase 2 located about 5 km east of STP-McKay Phase 1. Upon approval of these projects, we will first ensure that Phase 1 is on a solid path to maximum capacity prior to proceeding with either of these two expansions. Additionally, we continue to evaluate our other acreage blocks and have developed some interesting ideas to leverage these assets into real value.

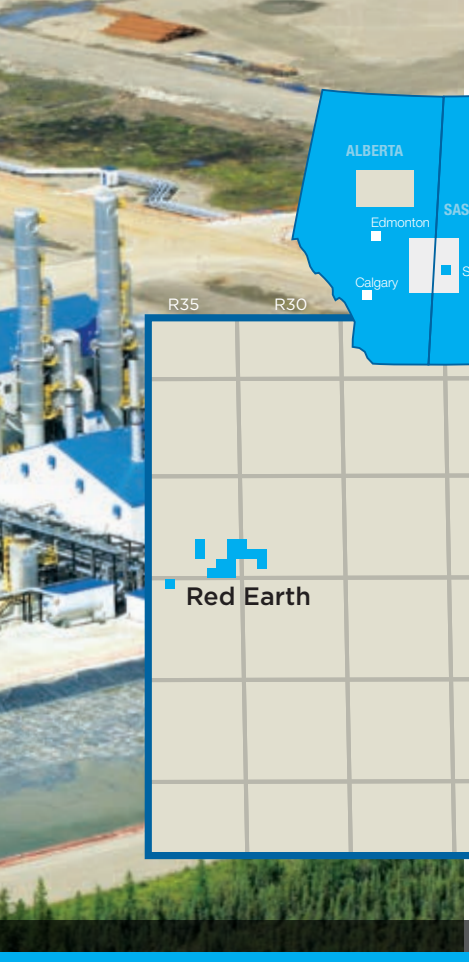
There's no doubt this was a challenging year for Southern Pacific. However, I am pleased and proud that our team has come together to embrace and overcome these challenges. The strides we made in fiscal 2013 position us well for fiscal 2014 and beyond. The solutions and techniques we have developed over the past few years will help make future phases at STP-McKay, STP-Senlac and other projects more successful and economic. Our commitment remains strong and our motivation is great as we keep our eyes on achieving full value for all of our stakeholders.



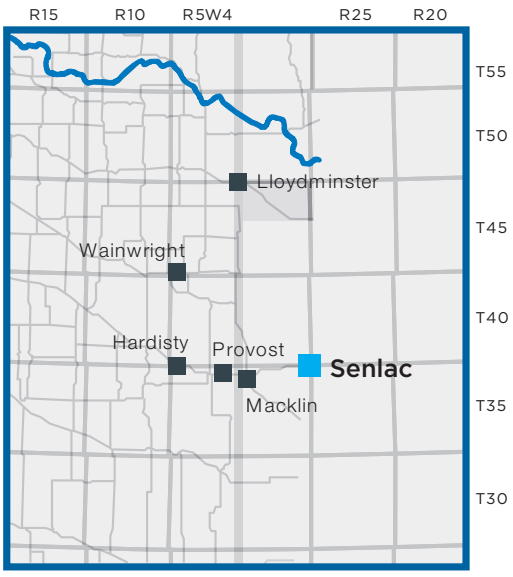
STRATEGIC OVERVIEW

Southern Pacific's principal assets are a producing oil sands project at STP-McKay in Alberta and a producing heavy oil project at STP-Senlac in Saskatchewan. Southern Pacific's portfolio includes four additional oil sands leases in Alberta's McMurray and Peace River sub-basins.

The Company's business strategy is supported by solid operations, construction expertise and proven financing abilities. Southern Pacific develops projects where it can control and operate its lands and production and constructs scalable projects that can be managed cost effectively. The Company avoids unproven technologies, focusing instead on maximizing existing technologies by reducing costs or increasing throughput.



"STP-Senlac has generated approximately $210 million in net operating income."



Southern Pacific completed and commissioned its first SAGD oil sands project at STP-McKay in 2012. First steam to well pairs commenced July 1, 2012. The Company is now focused on ramping up production. The next phase of growth at STP-McKay is in the application stage. Phase 1 Expansion and Phase 2 are designed to build on the knowledge gained during Phase 1 to generate long-term production growth.

Southern Pacific's Saskatchewan heavy oil property, the STP-Senlac Thermal Project, continues to be a significant producer. Since acquiring the property in November 2009, STP-Senlac has generated more than $210 million in net operating income.

The Company is focused on accessing secure markets for its products that offer the highest possible prices and netbacks. To that end, Southern Pacific was among the first oil sands companies to adopt a complete rail marketing solution. The five-year marketing agreement moves bitumen collected at STP-McKay by rail from the plant gate to refineries in the U.S. Gulf Coast. This arrangement ensures Southern Pacific has access to a key market at an advantageous price at a time when securing pipeline capacity out of Canada is expected to be difficult.

Positive steps were made in 2013 to strengthen Southern Pacific's balance sheet. In January 2013, the Company used proceeds from its 2013 Second Lien Notes together with cash on hand to retire its debt obligations under the 2011 Second Lien Term Loan Facility. In addition to securing a lower interest rate, Southern Pacific gained the ability to add $140 million of second lien debt, subject to first lien approval.

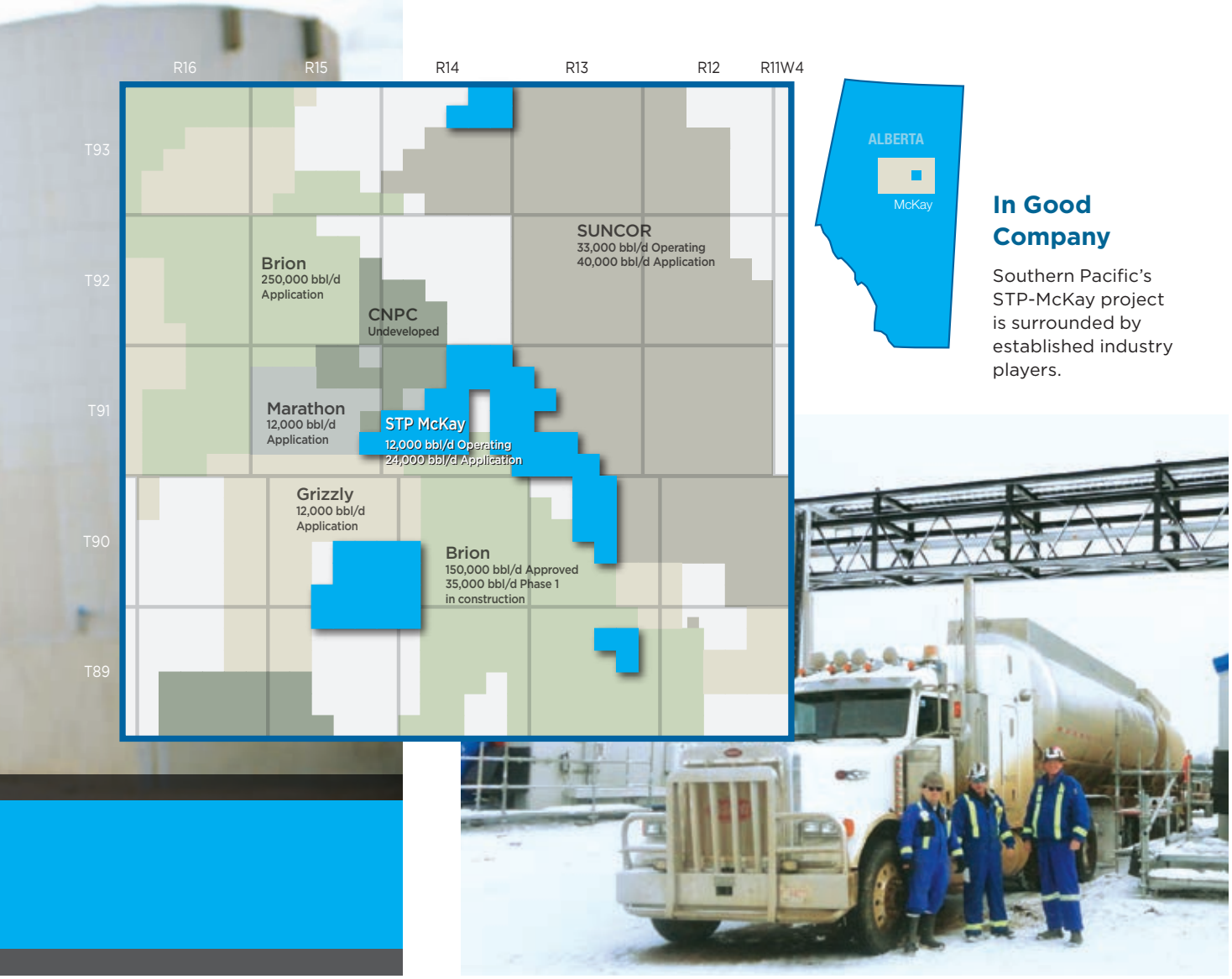
Looking ahead, the Company anticipates it will see solid production growth and continued expansion through increased cash flow in fiscal 2014.

PHASED GROWTH AT STP-MCKAY

Southern Pacific's STP-McKay block is located in the Athabasca oil sands, approximately 45 km northwest of Fort McMurray in northeastern Alberta. It covers about 59 sections, or 37,760 net acres, and is situated approximately 20 km west of the producing Suncor MacKay River SAGD project.

Independent assessments of the STP-McKay block estimate the land contains 263 MMbbls of proved plus probable reserves in addition to 102 MMbbls of Best Estimate Contingent Resources as of June 30, 2013. Over the life of the STP-McKay project, Southern Pacific expects to drill approximately 185 well pairs from 20 well pads.

Through evaluation of the Company's acreage and reservoir attributes, Southern Pacific believes the STP-McKay block's reservoir characteristics are similar to the Suncor MacKay River SAGD project. Although the STP-McKay project is surrounded by established industry players, Southern Pacific was the first company to begin producing from the immediate area and the only company in Alberta to bring a SAGD oil sands project on stream in 2012.



In Good Company

Southern Pacific's STP-McKay project is surrounded by established industry players.

STP-McKay consists of Phase 1, Phase 1 Expansion and Phase 2. Phase 1 has a nominal capacity of 12,000 bbl/d of bitumen. Upon completion of the Phase 1 expansion, the site will have a nominal capacity of 18,000 bbl/d with an extended project life of 20 years. Phase 2 is designed to add another 18,000 bbl/d of capacity, increasing the total production capacity at STP-McKay to 36,000 bbl/d.

STP-McKay Phase 1

Construction and commissioning of STP-McKay Phase 1 was completed in 2012 with first steam in July 2012 and first oil production in October 2012. Since first steam, all 12 well pairs have been converted from the warm-up circulation phase to production. Production averaged 1,297 bbl/d during fiscal Q4 and 882 bbl/d for the 2013 fiscal year.

While the initial start-up at STP-McKay has been slower than expected, the property has shown meaningful increases in production towards its Phase 1 design capacity of 12,000 bbl/d. The Company remains dedicated to adding production growth throughout fiscal 2014 and is poised to deliver significant growth through success.

With the planned expansions at STP-McKay, the Company expects to continue developing its reserve base and increasing production. Southern Pacific is confident in the long-term prospects for STP-McKay.

STP-McKay Phase 1 Expansion and Phase 2

Southern Pacific has submitted an application for STP-McKay Phase 1 Expansion and Phase 2 to the Alberta Energy Regulator (AER) and is continuing to work these applications through the process. The total anticipated nominal capacity at STP-McKay through Phase 1, Phase 1 Expansion and Phase 2 is 36,000 bbl/d of bitumen.

The Company anticipates Phase 2 to be on the east side of the McKay River, about 4.5 km from Phase 1. Phase 2 will consist of a SAGD facility with a nominal capacity of 18,000 bbl/d.

"Expansion will not only increase production, it will also reduce STP-McKay's overall per-barrel capital costs."

Expansion will not only increase production, it will also reduce STP-McKay's overall per-barrel capital costs by taking advantage of infrastructure and excess capacity in the existing plant.

The Company looks forward to continued growth through each phase of the STP-McKay expansion.

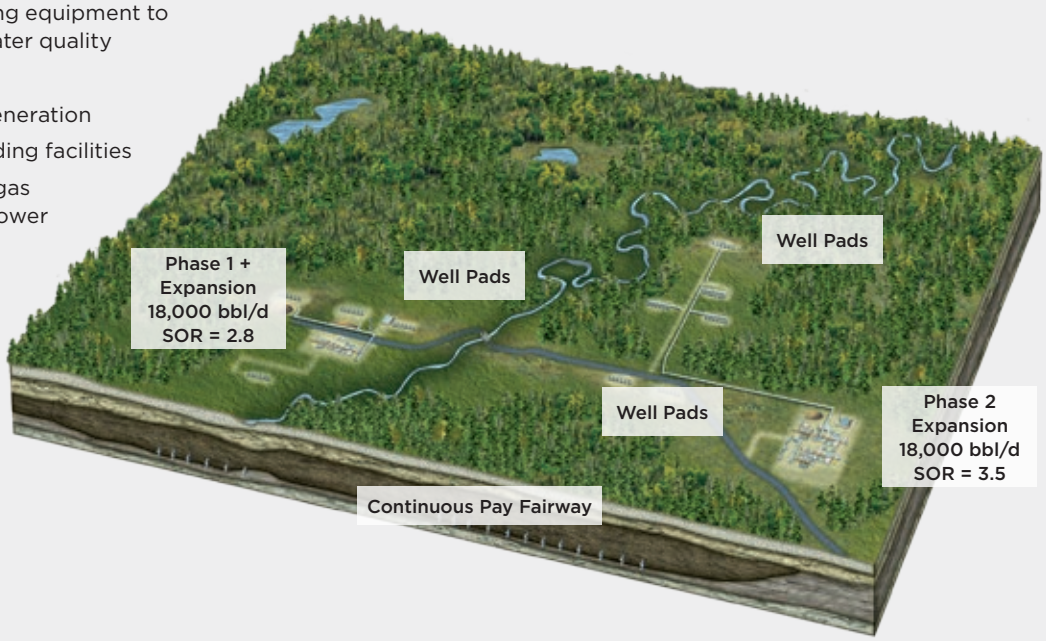
STP-McKay Operations – SAGD and HPSS

Thanks in part to the SAGD experience gained at STP-Senlac in Saskatchewan, the company is confident it has the experience and expertise to overcome any technical challenges at STP-McKay.

Southern Pacific began circulating steam through the SAGD wellbores at Phase 1 of STP-McKay on July 1, 2012 with production commencing three months later. To date, all 12 SAGD well pairs at Phase 1 have been converted from the warm-up circulation phase to production. The 24 well bores required to complete the initial 12 SAGD well pairs were drilled from two pads encountering high quality reservoir throughout. In total, 23.1 km has been horizontally drilled through the bitumen of the McMurray formation.

STP-McKay Phase 1 infrastructure:

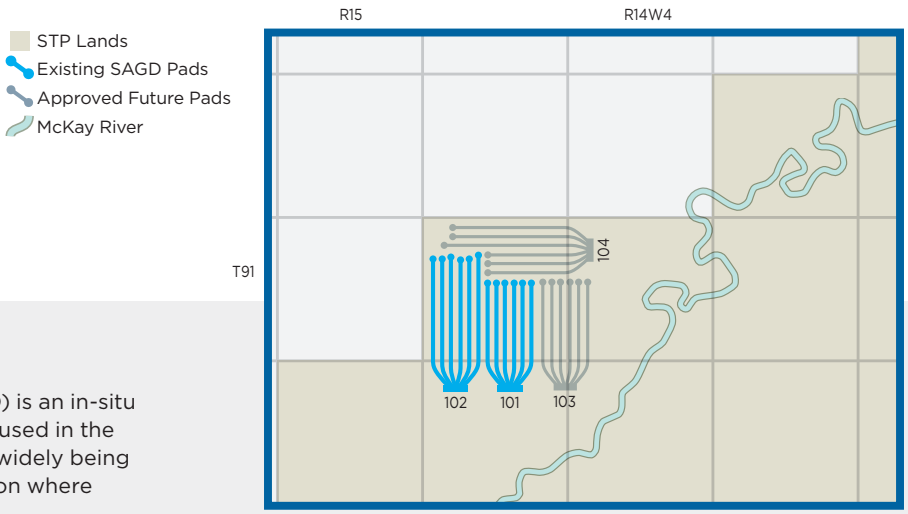
- 29 km all-weather access road
- 14 km natural gas supply pipeline
- Pad site and central process facility:
  - Emulsion treating and separation vessels
  - Water recycling/treating equipment to produce boiler feed water quality
  - Steam generators
  - Steam and power cogeneration
  - Tankage and truck loading facilities
  - Infrastructure such as gas supply pipelines and power distribution systems
  - Well pad surface equipment plus associated gathering and distribution lines



In addition to these pairs, Southern Pacific also drilled a horizontal observation well into the Wabiskaw formation in order to monitor temperature in the formation as a result of SAGD operations in the underlying McMurray. The observation well will allow Southern Pacific to assess the viability of recovering the significant bitumen deposit from the Wabiskaw formation from the underlying SAGD process.

The Company's initial SAGD drilling efforts at STP-McKay were slower to ramp up than anticipated as a result of delays between establishing horizontal communication between injector and producer well pairs. To counteract this, High Pressure Steam Stimulation (HPSS) treatments were conducted at STP-McKay in May 2013 with a goal of accelerating horizontal conformance.

Approved by the AER, the test injected a finite volume of steam at a pressure that exceeded the current maximum operating pressure of STP-McKay with a goal of optimizing production. Upon completion of the test, HPSS treated wells showed to be running in stable SAGD with better temperature conformance down the well pair lengths. Southern Pacific has since conducted additional HPSS treatments. HPSS treated wells take several months before material production improvements are evident. Some well pairs have demonstrated considerable performance improvement under normal SAGD operation, so HPSS will not be necessary. The company will continue to use HPSS if warranted, but will evaluate wells on a pair by pair basis in conjunction with its SAGD drilling. The Company is also evaluating other techniques to enhance temperature conformance including perforating wellbores and acid stimulation. These techniques have been successfully applied to other SAGD projects in Alberta.

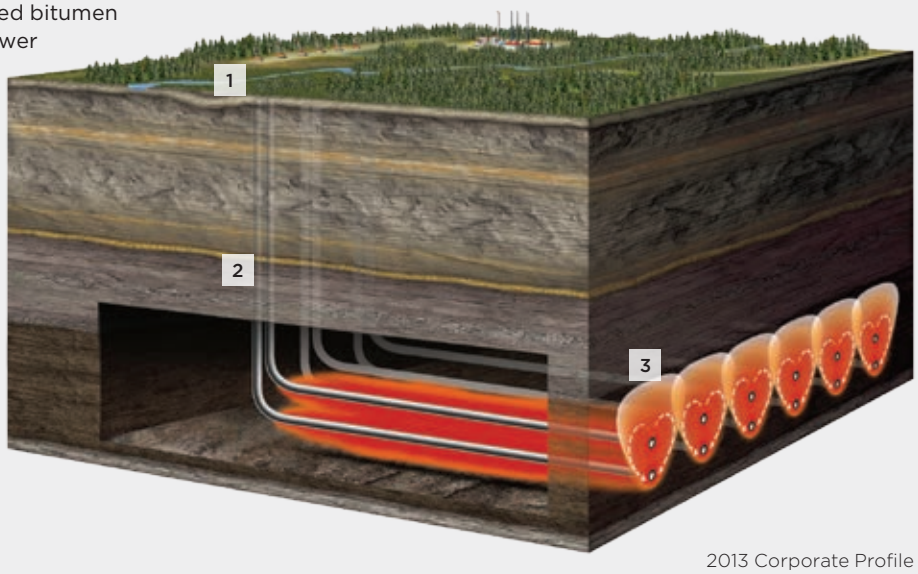


The SAGD Process

Steam assisted gravity drainage (SAGD) is an in-situ extraction methodology that has been used in the industry for more than 20 years and is widely being applied in the Athabasca oil sands region where Southern Pacific projects are located.

SAGD involves drilling a pair of horizontal wells near the base of the bitumen reservoir. Steam is generated [1] and injected through the upper well into the reservoir [2] in order to heat the bitumen. The heated bitumen will then drain by gravity [3] into the lower well, which will then be lifted to the surface. The amount of steam required is largely a function of the quality of the reservoir being developed.

SAGD provides numerous technological, environmental, and financial advantages compared to mining, including lower up front capital costs, limited land disturbance and a lower environmental impact, operational efficiencies, and technology knowledge that can be incorporated into future pod developments.



HEAVY OIL PRODUCTION AT STP-SENLAC

STP-Senlac is a SAGD thermal heavy oil asset located near Unity, Saskatchewan. The Company's STP-Senlac assets include a 100% working interest in 11 producing SAGD heavy oil well pairs plus two infill wells. Southern Pacific's facilities at STP-Senlac include a SAGD thermal injection and recovery facility, tanks, pumps and production equipment associated with the producing wells.

Drilling and tie-in of Phase K at STP-Senlac, which consisted of three SAGD well pairs, was completed in January 2013. First oil was produced from the well pairs in March, April and July. For the year ended June 30, 2013, STP-Senlac averaged 2,778 barrels of heavy oil per day with an average steam-oil ratio of 2.9.

SAGD Well Pairs
Next Planned Phase
Future Phases of Drilling

T40

R26 R25W3

"STP-Senlac remains a valuable production block for the Company."

Southern Pacific's STP-Senlac operations strive to drill at least one pad of two to three well pairs per year. Regulatory approval has been received for Phase L, which consists of bringing on three SAGD pairs. Drilling operations are slated to start in calendar Q2 2014. Bringing the Phase K well pairs on steam helped production levels at STP-Senlac in fiscal 2013 and the company anticipates Phase L drilling will aid in that goal as well in fiscal 2014.

STP-Senlac has an operations staff of more than 20 employees who are knowledgeable about SAGD drilling. The Company has used its SAGD experience at STP-Senlac to aid in the production ramp-up at STP-McKay.

STP-Senlac remains a valuable production block for the Company with low total operating costs, reduced diluent requirements and favourable royalties allow STP-Senlac to generate consistently strong netbacks.

RESERVES, RESOURCES AND OPPORTUNITIES

Rail Agreement in Place

Southern Pacific made strides with its focus on marketing via rail transportation in fiscal 2013. On January 1, 2013, the Company commenced a five-year marketing arrangement with multiple parties to transport bitumen 4,500 km from Lynton, Alberta to Natchez, Mississippi.

This agreement is designed to secure access to the world's largest market for heavy crude oil and to increase Southern Pacific's plant gate netback. Historical pricing fundamentals suggest that rail transportation of bitumen to the U.S. Gulf Coast offers better pricing for diluted bitumen by having access to waterborne crude based pricing such as Maya or Brent. The solution also offers cost savings as rail requires less diluent blending than pipelines.

The first shipment of dilbit landed in Natchez on January 6, 2013 and regular shipments have followed since then.

Effective June 30, 2013, Southern Pacific announced year-over-year increases to its proved reserves by 2%, proved plus probable reserves by 11% and proved plus probable plus possible reserves by 12%.

Southern Pacific has shown consistent growth in all reserve categories over the past three years.

The Company holds additional oil sands leases in the Athabasca and Peace River oil sands areas in Alberta. The properties are split into four blocks – Anzac, Hangingstone, Ells and Red Earth. In total, Southern Pacific has 338 net sections of oil sands leases with 89% average working interest (216,064 net acres). On July 25, 2012, Alberta Energy granted Southern Pacific a three-year extension on all of its oil sands leases. The extension gives significant tenure remaining on the lands ranging from 11 to 13 years.

On September 23, the company announced the disposition of its Leismer property for net proceeds of $18.8 million. The property had no associated production. Southern Pacific will be using the proceeds primarily to continue its focus on the STP-McKay ramp up.

A total of 58 delineation wells have been drilled on the Anzac, Hangingstone and Ells lands to date. A Cyclic Steam Stimulation (CSS) pilot project at Red Earth is currently shut in. Southern Pacific intends to continue its exploration of these blocks as part of its annual capital program with the intention of identifying and planning future thermal project areas for continued growth beyond STP-McKay. Cash flow from STP-Senlac and STP-McKay will be used to fund development of Southern Pacific's other oil sands leases.

The additional exploration blocks consist of 307 sections and represent significant potential for future in-situ oil sands projects.

CORPORATE INFORMATION

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