



SOUTHERN PACIFIC FILES FOR CREDITOR PROTECTION UNDER THE CCAA

CALGARY, Alberta –January 21, 2015 – Southern Pacific Resource Corp. (TSX:STP) announces today that it and certain of its subsidiaries (and partnership), Southern Pacific Energy Ltd., 1614789 Alberta Ltd., 1717712 Alberta Ltd. and Southern Pacific Resource Partnership (collectively “Southern Pacific” or the “Company”) have obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the “CCAA”) pursuant to an Order granted on January 21, 2015 by the Court of Queen's Bench of Alberta, Judicial Centre of Calgary (the “Court”).

The CCAA filing follows a review of Southern Pacific's strategic alternatives by its Board of Directors. Details of the CCAA filing and related matters will soon be available on the Monitor’s website, <http://www.pwc.com/car-stp>.

It was determined by the Board of Directors that as a result of the Company’s current financial situation (including the current commodity price environment) seeking CCAA protection would be in the best interests of the Company and all of its stakeholders. While under CCAA protection, the Company will continue with its efforts to pursue strategic alternatives, including restructuring its existing debt obligations and pursuing the sale of assets. The Company has been in dialogue with representatives of its first lien term loan and an ad hoc committee of holders of over 75% of the senior secured second lien notes and over 50% of the convertible debentures.

Southern Pacific has sought protection under the CCAA as its current cash in hand would not allow it to meet its obligations as they become due. With the stay of proceedings pursuant to the Initial Order, the Company does have sufficient liquidity for the period ending through the date of the expiration of the Initial Order. CCAA protection stays creditors and others from enforcing rights against Southern Pacific and affords it the opportunity to restructure its financial affairs. The Court has granted CCAA protection for an initial period expiring February 20, 2015, to be extended thereafter as the Court deems appropriate, during which time Southern Pacific will formulate a Plan of Arrangement (the “Plan”) pursuant to the CCAA.

In general order of priority, the face value of long-term debt of the Company can be summarized as follows:

1. USD\$135.5 million currently owing on a first lien term loan (approximately CAD\$163.9 million);
2. CAD\$260 million outstanding on certain senior secured second lien notes; and
3. CAD\$172.5 million outstanding in convertible debentures (unsecured).

Under the CCAA proceedings, it is expected that the Company’s operations will continue uninterrupted in the ordinary course of business and obligations to employees and key suppliers of goods and services, after the filing date, will continue to be met on an ongoing basis. While under CCAA protection, Southern Pacific’s Board of Directors maintains its usual role and its management remains responsible for the day-to-day operations of Southern Pacific under the supervision of PricewaterhouseCoopers Inc., who is the Court-appointed Monitor, and who will be responsible for reviewing Southern Pacific's ongoing operations, assisting with the development and filing of the Plan, liaising with creditors and other stakeholders and reporting to the Court. The Board of Directors and management of Southern Pacific will also be primarily responsible for formulating the Plan for restructuring Southern Pacific's affairs. RBC Capital Markets will continue to be engaged as the Financial Advisor with respect to the strategic alternatives and capital restructuring process.

Enquiries for the Monitor may be directed to:

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Trading in the common shares of the Company and the convertible debentures on the Toronto Stock Exchange (“TSX”) have been halted and it is anticipated that the trading thereof will continue to be halted. As announced on January 16, the TSX is undertaking a review of the eligibility of the Company for continued listing of its common shares and debentures on the TSX.

Further news releases will be provided on an ongoing basis throughout the CCAA process as may be determined necessary.

About Southern Pacific

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 Senlac, Saskatchewan. Southern Pacific trades on the TSX under the symbol “STP.”

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Advisory

This news release contains certain statements that constitute forward-looking statements under applicable securities legislation. All statements other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue”, or the negative of these terms or other comparable terminology. These statements are only as of the date of this document and the Company does not undertake to publicly update these forward-looking statements except in accordance with applicable securities laws. Forward-looking statements, including but without limitation, statements concerning the implementation of CCAA proceedings and the reorganization or restructuring of the capital and strategic alternatives process, business and financial affairs of the Company, are based on current expectations, estimates, projections and assumptions, which the Company believes are reasonable but which may prove to be incorrect and therefore such forward-looking statements should not be unduly relied upon. These forward-looking statements involve known and unknown risks and uncertainties which may cause actual results or performance to be materially different from any future results or performance expressed or implied herein. These risks, uncertainties and other factors relating to the Company include, but are not limited to, the level of indebtedness of the Company, the implementation and impact of obtaining any reorganization or restructuring of the current debt and strategic alternatives process, business and financial affairs of the Company, future co-operation of the creditors of the Company, the Company’s ability to meet its ongoing obligations during the CCAA process and thereafter, the ability of the Company to maintain the listing of its common shares and convertible debentures on the TSX, the ability to maintain relationships with suppliers, customers, employees and other third parties in light of the Company’s current situation and the CCAA proceedings, the ability to comply with the terms and conditions of regulatory approvals and permits, as well as other general assumptions regarding, among other things: industry activity; the general stability of the economic and political environment; effect of market conditions on commodity prices and exchange rates; the ability to obtain qualified staff and services in a timely and cost efficient manner; and the ability to maintain current production levels.

Specifically, some of the material risks include the uncertainty involved in the CCAA proceedings and the implementation of a Plan under the CCAA, strategic alternatives and capital restructuring process.

Actual timelines associated with the CCAA proceedings may vary from those anticipated in this news release and such variations may be material. Industry related risks could include, but are not limited to, operational risks in exploration, development and production, delays or changes in plans, risks associated to the uncertainty of reserve estimates, health and safety risks and the uncertainty of estimates and projections of production, costs and expenses. For a description of the risks and uncertainties facing Southern Pacific and its business and affairs, readers should refer to Southern Pacific’s most recent Annual Information Form. Southern Pacific undertakes no obligation to update forward-looking statements if circumstances or management’s estimates or opinions should change, unless required by law.

The impact of any one risk, uncertainty or factor on a particular forward-looking statement is not determinable with certainty as the factors are interdependent, and the Board’s and management’s future course of action would depend on its assessment of all information at the time.

The reader is cautioned not to place undue reliance on this forward-looking information.