



SOUTHERN PACIFIC COMPLETES ENGINEERING STUDY AND COMMENCES FORMAL CONSULTATION FOR ITS FIRST SAGD PROJECT

November 17, 2008

Calgary, Alberta - Southern Pacific Resource Corp. (TSX-V:STP) is pleased to announce that it has completed an engineering Design Basis Memorandum (DBM) and cost estimate for its first in-situ steam assisted gravity drainage (SAGD) project. The DBM defines the important project design conditions, production forecasts, facility specifications and process flow. Also included within the DBM is a project execution plan including contracting strategy, schedule and cost estimates. Completion of the DBM keeps Southern Pacific on track to apply for its SAGD project by April 30, 2009. The application will allow the Corporation to have its contingent resources reclassified as Probable Reserves.

The SAGD project, which has been named the STP-McKay Project, has undergone an intense amount of planning and design since last winter, when Southern Pacific successfully delineated the initial six-section core project area with an average of 3.2 wells per section. Highlights of the DBM and cost estimate are as follows:

- Maximum bitumen throughput of 12,000 barrels per day (bbl/d) and a maximum water throughput of 30,000 bbl/d.
- Design is based on a 95% water recycle rate within the process with no tailings ponds or discharge into the surrounding environment.
- Initial Phase I of 18 SAGD well pairs sited on three pads have been planned which will supply the project with 12,000 bbl/d of bitumen for five years. Remaining phases will include an additional nine pads, which will fill the plant for up to 30 years.
- A total initial start up cost estimate of \$414.6 million (\$331.7 million net to Southern Pacific) has been estimated, which includes all costs required to become fully operational.
- A capital spending timeline has also been developed, which demonstrates that over 95% of the capital requirements will not be required until 2010 under an aggressive spend profile.

Southern Pacific is also pleased to announce that it has commenced its formal consultation process around the STP-McKay Project. One aspect of this process is a

public disclosure document, which is now available on Southern Pacific's website, www.shpacific.com, under the Community tab. As part of the consultation process, Southern Pacific has prepared an Aboriginal Consultation Plan, which has already been approved by Alberta Environment (AENV). This plan, in concert with Southern Pacific's other stakeholder consultation plans, will form the groundwork for consultation on the project. Several open house meetings in the Fort McMurray area will be held with Southern Pacific staff and stakeholders over the next several months.

Southern Pacific's winter program for the STP-McKay Project is now set. The program is designed to complete the requirements necessary to submit a project application to the Energy Resources Conservation Board (ERCB) and AENV. This program includes 19 additional coreholes, water source wells and testing, some additional caprock testing and ongoing environmental data collection. The total cost of the program is estimated at \$11.6 million net to Southern Pacific, which will be funded through working capital. At September 30, 2008, the Corporation had an estimated working capital of \$17.5 million.

Once the winter program is completed, Southern Pacific expects to have met all the requirements to submit a comprehensive application to the ERCB and AENV in April. If there are no significant outstanding deficiencies, Southern Pacific expects to qualify for the designation of Probable Reserves within the STP-McKay Project. Provided the application is approved, which is estimated to occur within 12 months of submission, the reserves classification should be upgraded again to Proven Reserves.

Although project financing remains a challenge in today's financial environment, Southern Pacific does not expect to require additional financing until at least 2010. The Corporation believes it has sufficient working capital to advance the project application through to approval. The STP-McKay Project is a complete project that is expected to have a strong team, booked reserves and an attractive economic return. Southern Pacific believes these features will encourage attractive financing options.

For a detailed review of the STP-McKay project, Southern Pacific encourages interested parties to visit its website at www.shpacific.com where an updated corporate presentation and its STP-McKay public disclosure document are available for review.

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Safe Harbour

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