



SOUTHERN PACIFIC  
RESOURCE CORP.

## **SOUTHERN PACIFIC APPOINTS DEBT FINANCING ADVISORS AND PROVIDES OPERATIONAL UPDATE**

CALGARY, Alberta – August 12, 2010

Southern Pacific Resource Corp. (“Southern Pacific” or the “Company”) (TSX:STP) is pleased to announce the engagement of RBC Capital Markets, BMO Capital Markets, Credit Suisse Securities (Canada) Inc. and TD Securities Inc. (the “Advisors”) to provide financial advisory services and, in connection therewith, to assist the Company in obtaining debt financing relating to the Company’s STP-McKay Thermal Project (“STP-McKay”) in northern Alberta.

In June 2010, Southern Pacific closed a \$108.4 million bought deal equity financing to partially fund the construction of STP-McKay. Concurrently, the Company announced its strategy to fund the remaining portion of STP-McKay through a combination of cash flow from operations, and debt financing. Southern Pacific intends to work with the Advisors to finalize and implement its debt financing strategy for STP-McKay by year-end 2010. This timing is coordinated with the construction of the STP-McKay Thermal Project.

STP-McKay is a 100% owned and operated steam-assisted gravity drainage (“SAGD”) project with a design capacity of 12,000 barrels per day (bbl/d) of bitumen, located 45 km northwest of Fort McMurray, Alberta. The Energy Resources Conservation Board (“ERCB”) have completed their review of the application and no technical issues remain outstanding. ERCB draft approval of the application is expected by the end of August before moving through a formal Order-in-Council approval with the Alberta Government in early September. Long lead equipment items are in the process of being purchased or ordered and initial road construction is expected to commence by the end of September. This will initiate an expected 15 month construction window. First steam and reservoir preheating into the SAGD well pairs for STP-McKay is projected to occur in late 2011.

Southern Pacific’s producing STP-Senlac Thermal Project located near Unity, Saskatchewan (“STP-Senlac”) continues to perform well. July’s field estimate exceeded 4,000 bbl/d of heavy crude. The Company drilled, completed and equipped two infill production wells in May and June of 2010 on schedule and under budget. The first of these wells has finished its reservoir preheat cycle using steam and has just been placed on production. The second well is currently into its three week reservoir preheat cycle. The two wells are expected to add about 500 to 600 bbl/d of heavy crude to STP-Senlac by the end of August. Plans for Phase H, the next set of two SAGD well pairs, are currently being finalized. These two SAGD well pairs are expected to add about 1,500 bbl/d of heavy crude to the project by the first quarter of 2011. The spud date for these wells is expected towards the end of September. The STP-Senlac development strategy is to maintain the project’s production levels between 4,000 – 5,000 bbl/d on a consistent basis over the next 10 to 15 years.

The Company is also preparing for its winter program, which will consist primarily of continued development in the McKay area to collect technical data required to prepare the applications for the next phases of development. Additional exploration programs are also being prepared on certain portions the Company’s 301 gross sections (81% working interest) of oil sands leases.

### **For further information, please contact:**

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This press release is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration or an exemption from registration. Any public offering of securities to be made in the United States will be made by means of a prospectus that may be obtained from Southern Pacific and that will contain detailed information about Southern Pacific and management, as well as financial statements.

#### **Forward-Looking Information**

*This news release contains certain “forward-looking information” within the meaning of applicable securities law including, but not limited to, estimates as to: the proposed financing strategy for STP-McKay and timing in connection therewith, the proposed construction of STP-McKay, the timing for receipt of applicable regulatory approvals necessary to proceed with STP-McKay, the timing of construction and steaming of the applicable well pairs in respect of this project, future production, planned drilling activities at STP-Senlac and the Company’s future strategy for STP-Senlac. Forward-looking information is frequently characterized by words such as “plan”, “expect”, “project”, “intend”, “believe”, “anticipate”, “estimate”, “may”, “will”, “potential”, “proposed” and other similar words, or statements that certain events or conditions “may” or “will” occur. These statements are only predictions. Forward-looking information is based on the opinions and estimates of management with respect to results of operations, production, future commodity prices and exchange rates, future capital and other expenditures, business prospects and future economic conditions as at the date the statements are made. Forward-looking information is subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to the inherent risks involved in the exploration and development of conventional oil and gas properties and of oil sands properties, difficulties or delays in securing required regulatory approvals and in the construction, commissioning and start-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating commodity prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed for construction of STP-McKay in the future and risks and uncertainties associated with the impact of general economic conditions and other factors including unforeseen delays. As an oil sands enterprise in the early stage of development with heavy crude and conventional production, Southern Pacific faces risks including those associated with exploration, development, start-up, approvals and the continuing ability to access sufficient capital from external sources as required. There can be no assurance that the Company will be able to complete its debt financing strategy on terms and conditions satisfactory to Southern Pacific or at all. Actual timelines associated with financing, receipt of regulatory approvals, completion of construction and start up of STP-McKay and the drilling and production at Senlac 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 and the timing of capital expenditures, 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. Due to the risks and uncertainties associated with forward-looking information, the reader is cautioned not to place undue reliance on this forward-looking information.*