



**SOUTHERN PACIFIC REPORTS CASH FLOW OF \$35.8 MILLION  
FOR THE YEAR ENDED JUNE 30, 2010**

**Senlac Heavy Oil Project Delivers Steady Production  
Of More Than 4,200 Barrels Per Day Since November 2009 Acquisition**

CALGARY, Alberta – September 22, 2010

Southern Pacific Resource Corp. (“Southern Pacific” or the “Company”) (TSX:STP) is pleased to announce its financial and operational results for the fiscal year ended June 30, 2010.

**HIGHLIGHTS OF THE FISCAL YEAR:**

- Closed the acquisition of Senlac Oil Ltd. for \$89.7 million on November 3, 2009, resulting in record revenue, cash flow and earnings from heavy oil production in Saskatchewan in fiscal 2010. The Senlac acquisition enhances Southern Pacific’s ability to finance its first oil sands project at STP-McKay, setting the stage for significant growth in Alberta;
- Averaged production of 4,438 barrels of oil equivalent per day (“boe/day”) over the 238-day period Southern Pacific operated Senlac in fiscal 2010. Including the year to date in fiscal 2010, production from Senlac has averaged 4,257 boe/day;
- Generated record funds from operations of \$35.8 million;
- Delivered overall operating netbacks of \$38.68 per boe;
- Closed two equity financings for total gross proceeds of \$160.4 million;
- Increased proved (“1P”) reserves to 6.8 million barrels as a result of the Senlac acquisition;
- Increased proved and probable (“2P”) reserves by 164% to 178.6 million barrels for the year due to continued delineation of Southern Pacific’s STP-McKay Thermal Project (“STP-McKay”) in Alberta’s oil sands and additions from the Senlac acquisition;
- Increased the best estimate contingent (“P50”) resources by 476% to 488.6 million barrels from the winter exploration program, technical revisions and acquisition of new acreage;
- Continued to develop STP-McKay, including completion of the Front End Engineering Design (FEED) study and a detailed wellbore design on budget and on time.

<b>Selected Annual Information</b>	<b>2010</b>	<b>2009</b>
Petroleum and natural gas revenue	<b>\$62,043,021</b>	\$391,060
Funds from (used in) operations (1)	<b>\$35,772,524</b>	\$(1,770,354)
- Per share basic and fully diluted	<b>\$0.18</b>	\$(0.02)
Net income (loss)	<b>\$8,196,900</b>	\$(3,231,966)
- Per share basic and fully diluted	<b>\$0.04</b>	\$(0.03)
Total assets	<b>\$349,196,668</b>	\$125,431,237
Working capital	<b>\$59,929,286</b>	\$4,633,053
Total long-term financial liabilities	<b>Nil</b>	Nil
Capital expenditures	<b>\$182,999,040</b>	\$17,347,917

Average product prices (\$ per boe)	<b>\$57.50</b>	\$26.78
Operating netback (\$ per boe)	<b>\$38.68</b>	\$12.74

Weighted average common shares outstanding

- basic	<b>200,384,542</b>	103,184,593
- diluted	<b>202,751,231</b>	103,184,593

Production <sup>(2)</sup>

Heavy oil (bbls/day)	<b>2,825</b>	-
Oil and NGLs (bbls/day)	<b>30</b>	7
Natural gas (mcf/day)	<b>607</b>	198
Total (boe/day)	<b>2,956</b>	40

(1) Funds from operations are calculated as cash generated from operating activities before changes in non-cash working capital and asset retirement expenditures.

(2) Daily average includes only 238 days of production from the Senlac acquisition from November 3, 2010 to June 30, 2010. Daily production averaged 4,438 boe/day over this period.

The Corporation has filed its Annual Financial Statements and Management Discussion and Analysis for the year ended June 30, 2010. The Corporation has also filed its Form 51-101F1 - Statement of Reserves Data and Other Oil and Gas Information, Form 51-101F2 - Report on Reserves Data by Independent Qualified Reserves Evaluator, and Form 51-101F3 - Report of Management and Directors on Oil and Gas Disclosure, under National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. The oil and gas information is included in the Annual Information Form filed by the Corporation. Such filings can be accessed electronically from the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the Company's website at [www.shpacific.com](http://www.shpacific.com).

## OUTLOOK

Southern Pacific transformed from a company with pending projects and prospects in fiscal 2009 into a thermal heavy oil producer in fiscal 2010. The Company's STP-Senlac Thermal Project near Unity, Saskatchewan has averaged 4,257 barrels of heavy oil per day since Southern Pacific acquired the property in November 2009. Southern Pacific's development strategy is to maintain the project's production levels between 4,000 and 5,000 bbls/day on a consistent basis over the next 10 to 15 years. In order to achieve this production target, the Company drilled, completed and equipped two infill production wells at STP-Senlac in May and June of 2010 on schedule and under budget. These two wells have added 500 to 600 bbls/day of production since they were placed on stream in late August. Plans for Phase H, the next set of two steam-assisted gravity drainage (SAGD) well pairs, are currently being finalized. The Phase H well pairs are expected to add about 1,500 bbls/day of heavy crude to the project by the first quarter of 2011. The spud date for these wells is expected towards the end of October 2010.

Along with the success of Southern Pacific's heavy oil production and cash flow from Senlac, the Company has remained focused on its significant assets in Alberta's oil sands. The STP-McKay Thermal Project is a 100% owned and operated SAGD project with a design capacity of 12,000 bbls/day of bitumen, located 45 km northwest of Fort McMurray, Alberta. The Energy Resources Conservation Board ("ERCB") has completed and signed off on its review of Southern Pacific's project application submitted in May 2009. The next step is a formal Order-in-Council approval with the Alberta Government which is expected over the next few weeks. Southern Pacific expects to commence construction on the project this fall with completion expected by the end of 2011. The Company expects thermally recovered bitumen production to ramp up through 2012.

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 appointed a syndicate of financial advisors in August 2010 and the Company is presently working with the advisors to finalize and implement its debt financing strategy for STP-McKay.

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. Southern Pacific is also preparing exploration programs on certain portions of the Company's five additional prospect areas within the Company's 301 gross sections (244 net) of oil sands leases.

#### 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 "forward-looking information" within the meaning of such statements under applicable securities law including estimates as to: future production, operations, operating costs, commodity prices, administrative costs, commodity price risk management activity, acquisitions and dispositions, capital spending, access to credit facilities, income and oil taxes, regulatory changes, and other components of cash flow and earnings anticipated discovery of commercial volumes of bitumen, the timeline for the achievement of anticipated exploration, anticipated results from the current drilling program and, subject to regulatory approval and commercial factors, the commencement or approval of any SAGD project.

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 at the date the statements are made, and are 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 start-up operations, the uncertainties involved in interpreting drilling results and other geological data, fluctuating oil prices, the possibility of unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands enterprise in the development stage, with some 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 if required. Actual timelines associated 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 reader is cautioned not to place undue reliance on this forward-looking information.

Funds from operations and funds from operations per share are non GAAP terms that represent cash generated from operating activities before changes in non-cash working capital and asset retirement expenditures. Southern Pacific considers funds from operations to be a key measure as

it demonstrates the Company's ability to generate the cash necessary to fund future growth through capital investment. Funds from operations may not be comparable with the calculation of similar measures for other companies. Funds from operations per share is calculated using the same share basis which is used in the determination of net income (loss) per share.

#### *Definitions*

**"Best (P50)"** means the best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate.

**"Contingent Resources"** means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage.

**"Probable reserves"** means those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated Proved plus Probable reserves.

**"Possible reserves"** means those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated Proved plus Probable plus Possible reserves.

**"Proved reserves"** means those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated Proved reserves.

This press release contains references to barrels of oil equivalent (boe), boes maybe misleading, particularly if used in isolation. A boe conversion of 6 mcf to 1 barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.