

## SOUTHERN PACIFIC TO ACQUIRE NORTH PEACE ENERGY

CALGARY, Alberta – September 27, 2010

Southern Pacific Resource Corp. (“**Southern Pacific**” or the “**Company**”) (TSX:STP) and North Peace Energy Corp. (“**North Peace**”) (TSX-V:NPE) are pleased to announce that they have entered into an agreement whereby Southern Pacific will acquire all of the issued and outstanding shares of North Peace (the “**Transaction**”). The Transaction is expected to be completed by way of Plan of Arrangement (the “**Arrangement**”) and has been unanimously approved and recommended by the Board of Directors of both Southern Pacific and North Peace. The Transaction is anticipated to close in late November 2010.

### Acquisition Highlights

To finance the acquisition, Southern Pacific expects to issue approximately 14.1 million shares to the North Peace shareholders, which represents approximately 4.4% of Southern Pacific’s current basic shares outstanding.

The highlights of North Peace’s assets include:

- 135 sections of 100% working interest in the Peace River oil sands area.
- 2.1 billion barrels of discovered resource based on 27 delineation wells and over 360 legacy well bores.
- 105 million barrels of ‘Best Estimate’ contingent resource.
- 1,000 barrel per day (“bbl/d”) Red Earth CSS Pilot Project, constructed at a cost of \$16 million in 2009 and operational.
- Potential growth plans for at least a 10,000 bbl/d thermal project based on current contingent resources.

Byron Lutes, President and CEO of Southern Pacific, commented: “The North Peace acquisition provides the Company with another thermal project with the potential to become commercial in a relatively short period of time. North Peace’s Red Earth Cyclic Steam Stimulation (“CSS”) Pilot Project is constructed and operational. The project has produced high quality bitumen at acceptable steam-oil ratios. Our technical team has reviewed the property in detail and believes some alternate operating strategies with relatively low capital cost have the potential to improve well productivity and prove commerciality of the project.”

North Peace engaged Sproule & Associates Limited (“Sproule”) to prepare an evaluation of its bitumen resources at its Red Earth Project as of December 31, 2009. Sproule estimated the volume of discovered bitumen resource on the project as 2.1 billion barrels and the contingent ‘best estimate’ bitumen resource on the project as 105 million barrels.

“We believe we have the right thermal recovery expertise to unlock the value of this asset,” Mr. Lutes said. “This acquisition provides Southern Pacific the opportunity to bring another project to cash flow.”

Southern Pacific plans to invest approximately \$2.5 million into the Red Earth project over the next nine months to demonstrate commerciality of the Red Earth CSS Pilot Project. Upon success, Southern Pacific has plans within Phase 1 of development to use the existing facilities and fill the plant on a stabilized basis to its licensed capacity of 1,000 bbl/d of production. Phase 2, the larger potential prize, is located about 1.5 miles southeast of the existing pilot project. This is where Southern Pacific believes there is enough bitumen resource already delineated with existing well control to support at least a 10,000 bbl/d commercial facility.

Mr. Lutes further commented. “Over the next year, we will remain focused on the construction of our 12,000 bbl/d design capacity STP-McKay Thermal Project, its future expansion plans and, of course, our operating STP-Senlac Thermal Project. However, the Red Earth project can also be developed concurrently over the next nine months without significant adjustments to our existing budget plans.”

Louis Dufresne, President of North Peace, commented: “Over the last five years North Peace has taken the Red Earth asset from land acquisition to the verge of commerciality. Our technical staff has significantly de-risked this

asset with their geological and delineation work; a CSS pilot facility was built and operated for two years. This transaction will provide a strong base to take this asset to the next stage of development. In addition, our shareholders will not only participate in the upside at Red Earth but in the upside within Southern Pacific, a company with long-term stable production from their Senlac asset and a high quality thermal asset at McKay, which is expected to be producing bitumen in 2012.”

Under the terms of the Arrangement, North Peace shareholders will receive 0.185 of a Southern Pacific common share for each one (1) North Peace common share. This exchange ratio represents a premium of 35% based on the 10 day volume weighted average trading price of Southern Pacific shares for the period ended September 24, 2010 and a price of \$0.21 for North Peace shares.

CIBC World Markets Inc. acted as exclusive financial advisor to North Peace in respect of the Transaction and has provided an opinion to the Board of Directors of North Peace to the effect that, as of the date thereof and subject to the assumptions, limitations and qualifications contained therein, the consideration to be received by North Peace shareholders pursuant to the Transaction is fair, from a financial point of view, to North Peace shareholders.

The Transaction will require the approval of 66 2/3% of the votes cast by North Peace shareholders at a special meeting of North Peace shareholders to be called to consider the Transaction. An Information Circular outlining the Transaction is expected to be mailed to North Peace shareholders in late October 2010, with the meeting anticipated to take place in late November 2010, and closing of the Transaction to follow shortly thereafter. The Transaction will also require Court of Queen’s Bench of Alberta and other regulatory and stock exchange approvals and the satisfaction of a number of standard conditions. North Peace management, directors and shareholders holding approximately 8.3% of the shares of North Peace have entered into lockup agreements pursuant to which they have agreed to vote in favour of the Transaction. North Peace has agreed that North Peace will not solicit or initiate discussions or negotiations with third parties for any business combination involving North Peace, that Southern Pacific has the right to match any superior proposal, and under defined circumstances has agreed to pay Southern Pacific a non-completion fee. Southern Pacific has also agreed to pay North Peace a break fee in certain circumstances.

Upon completion of the Transaction, existing North Peace warrants expiring December 23, 2010 will entitle the holder to acquire Southern Pacific shares adjusted for the exchange ratio resulting in an exercise price of \$4.05 per Southern Pacific share. The expiration date of the purchase warrants will remain December 23, 2010. It is a condition to the completion of the Transaction that all outstanding North Peace options and performance warrants entitling the holder to acquire North Peace common shares shall have been exercised, cancelled or otherwise terminated prior to or at closing.

**For further information, please contact:**

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## ***Readers' Advisory***

### ***Safe Harbour***

#### ***Definitions***

(1) "Discovered Bitumen Initially-In-Place" (equivalent to Discovered Bitumen Resources) is that quantity of bitumen that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of Discovered Bitumen Initially-In-Place includes production, reserves, and contingent resources; the remainder is unrecoverable.

(2) "Contingent Resources" are 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. Sproule has identified the following as contingencies which currently prevent the classification of the Contingent Resources at North Peace's Red Earth Block B South as reserves: current CSS pilot results not yet demonstrated commerciality, lack of regulatory approval, absence of a firm development plan, or the uncertainty of funding approval for development. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be sub classified based on project maturity and/or characterized by their economic status. All figures reflect North Peace's gross Contingent Resources, which are North Peace's working interest share of the Contingent Resources, before deduction of any royalties.

(3) A low estimate is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation (90 percent probability), a best estimate is considered to be the best estimate of the quantity that will actually be recovered from the accumulation (50 percent probability) and a high estimate is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation (10 percent probability).

(4) It should not be assumed that the estimates of recovery and production presented in the description above represent the fair market value of North Peace's bitumen resources. There is no assurance that forecast prices and cost assumptions will be realized and variances could be material. The recovery and production estimates of North Peace's bitumen resources are only estimates and there is no guarantee that the estimated resources will be recovered or produced. Actual resources may be greater than or less than the estimates provided herein. There is no certainty that it will be commercially viable to produce any portion of the resources.

#### ***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: completion of the Transaction, anticipated benefits of the Transaction, commerciality of the Red Earth CSS Pilot Project, reserves, resources, recoverability, 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 the Red Earth CSS Pilot Project and 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 SAGD heavy crude production 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. Actual timelines associated with 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. In addition, the Transaction is subject to the risk that the Transaction may not close when planned or at all or on the terms and conditions set forth herein, the failure of Southern Pacific and North Peace to obtain the necessary shareholder, Court, regulatory and other third party approvals or satisfy the other conditions to proceed with the Transaction.

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.

For a description of the risks and uncertainties facing North Peace and its business and affairs, readers should refer to North Peace's most recent Annual Information Form. North Peace 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.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as the term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

The TSX has neither approved nor disapproved the contents of this press release.