SOUTHERN PACIFIC RESOURCE CORP.

ANNUAL INFORMATION FORM

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2008

OCTOBER 20, 2008

Statements in this Annual Information Form may be viewed as forward-looking statements. Such statements involve risks and uncertainties that could cause actual results to differ materially from those projected. There are no assurances the Corporation can fulfill such forward-looking statements and the Corporation undertakes no obligation to update such statements. Such forward-looking statements are only predictions; actual events or results may differ materially as a result of risks facing the Corporation, some of which are beyond the Corporation's control.

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GLOSSARY

Certain terms and abbreviations used in this Annual Information Form are defined below:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**bitumen**" means a highly viscous oil which is too thick to flow in its natural state, and which cannot be produced without altering its viscosity;

"**Bounty**" means Bounty Developments Ltd.;

"**Common Shares**" means the common shares in the capital of the Corporation;

"**constant prices and costs**" means prices and costs used in an estimate that are:

(a) the Corporation's prices and costs as at June 30, 2008, held constant throughout the estimated lives of the properties to which the estimate applies; and

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a);

"**Corporation**" or "**Southern Pacific**" means Southern Pacific Resource Corp.;

"**crude oil**" or "**oil**" means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs or support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems;

"**development well**" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

"**evaluation oil sands well**" means a well drilled in an oil sands area to evaluate the oil sands and is not intended to produce hydrocarbons;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");

(b) costs of carrying and retiring unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells;

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future; and

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in paragraph (a);

"**future income tax expenses**" means future income tax expenses estimated (generally, year-by-year):

(a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;

(b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

(c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and

(d) applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated;

"**future net revenue**" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using constant prices and costs or forecast prices and costs;

"**gross**" means:

(a) in relation to the Corporation's interest in production or reserves, its "company gross reserves", which are its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;

(b) in relation to wells, the total number of wells in which the Corporation has an interest; and

(c) in relation to properties, the total area of properties in which the Corporation has an interest;

"**in-situ**" means in its original place; in position; in-situ recovery refers to various methods used to recover deeply buried bitumen deposits, including steam injection, solvent injection and firefloods;

"**heavy oil**" means a dense, viscous oil with a high proportion of bitumen, which is difficult to extract with conventional techniques and is more costly to refine;

"**June Assets**" means the 80% interest in the 76 contiguous sections of oil sands that was sold to the Corporation by Bounty pursuant to the June Asset Acquisition and described as Long Lake and McKay River;

"**June Asset Acquisition**" means the acquisition of the June Assets from Bounty by Southern Pacific, on the terms and conditions set forth in the June Asset Acquisition Agreement;

"**June Asset Acquisition Agreement**" means the asset sale agreement dated effective June 15, 2007 between Southern Pacific and Bounty respecting the June Asset Acquisition;

"**Leismer Assets**" means the 80% interest in the 25 contiguous sections of oil sands leases that was sold by Bounty to the Corporation pursuant to the Leismer Asset Acquisition and described as "Leismer South";

"**Leismer Asset Acquisition**" means the acquisition of the Leismer Assets from Bounty by Southern Pacific, on the terms and conditions set forth in the Leismer Asset Acquisition Agreement;

"**Leismer Asset Acquisition Agreement**" means the asset sale agreement dated effective September 15, 2006 between Southern Pacific and Bounty respecting the Leismer Asset Acquisition;

"**McDaniel**" means McDaniel & Associates Consulting Ltd., an independent petroleum consulting firm with a head office in Calgary, Alberta;

"**McDaniel Report**" means the report prepared by McDaniel dated July 11, 2008 evaluating the bitumen resources of Southern Pacific, dated effective June 30, 2008;

"**net**" means:

(a) in relation to the Corporation's interest in production or reserves its working interest (operating or non-operating) share after deduction of royalty obligations, plus its royalty interest in production or reserves;

(b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and

(c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;

“**Net Profit Royalty**” means the royalty payable on net profits which is calculated by subtracting all operating costs and fuel costs from the gross revenue;

“**operating costs**” or “**production costs**” means costs incurred to operate and maintain wells and related equipment and facilities, including applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities;

“**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;

“**probable reserves**” are 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;

“**production**” means recovering, gathering, treating, field or plant processing (for example, processing gas to extract natural gas liquids) and field storage of oil and gas;

“**property acquisition costs**” means costs incurred to acquire a property (directly by purchase or lease, or indirectly by acquiring another corporate entity with an interest in the property), including:

(a) costs of lease bonuses and options to purchase or lease a property;

(b) the portion of the costs applicable to hydrocarbons when land including rights to hydrocarbons is purchased in fee;

(c) brokers’ fees, recording and registration fees, legal costs and other costs incurred in acquiring properties;

“**proved reserves**” are 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;

“**proved property**” means a property or part of a property to which reserves have been specifically attributed;

“**reserves**” are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates being “proved reserves”, “probable reserves” and “possible reserves”;

“**SAGD**” means steam assisted gravity drainage, a thermal production method for heavy oil that pairs a high-angle injection well with a nearby production well drilled along a parallel trajectory. Steam is injected into the reservoir through the upper well. As the steam rises and expands, it heats up the heavy oil, reducing its viscosity. Gravity forces the oil to drain into the lower well where it is produced;

“**September Assets**” means the 80% interest in the 81 contiguous sections of oil sands leases that was sold to the Corporation by Bounty pursuant to the September Asset Acquisition and described as Hangingstone and Kirby areas;

"September Asset Acquisition" means the acquisition of the September Assets from Bounty by Southern Pacific, on the terms and conditions set forth in the September Asset Acquisition Agreement;

"**September Asset Acquisition Agreement**" means the asset sale agreement dated effective September 5, 2007 between Southern Pacific and Bounty respecting the September Asset Acquisition;

"**Southern Pacific Leases**" means those leases owned by Southern Pacific as set forth herein;

"**TSXV**" means the TSX Venture Exchange Inc.;

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to sub-divide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recovered from specific wells, facilities and completion intervals in the pool and their respective development and production status;

"**unproved property**" means a property or part of a property to which no reserves have been specifically attributed; and

"**well abandonment costs**" means costs of abandoning a well (net of salvage value) and of disconnecting the well from the surface gathering system. They do not include costs of abandoning the gathering system or reclaiming the wellsite.

MONETARY REFERENCES

All monetary references contained in this Annual Information Form are in Canadian dollars unless otherwise specified.

ABBREVIATIONS AND CONVERSION

In this document, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids

BBL	barrel
BBLS	barrels
MBBLS	thousand barrels
MMBBLS	million barrels
MSTB	1,000 stock tank barrels
BBLS/D	barrels per day
BOPD	barrels of oil per day
NGLs	natural gas liquids
STB	standard tank barrels

Natural Gas

MCF	thousand cubic feet
MMCF	million cubic feet
MCF/D	thousand cubic feet per day
MMCF/D	million cubic feet per day
MMBTU	million British Thermal Units
BCF	billion cubic feet
GJ	gigajoule

Other

API	American Petroleum Institute
API	an indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28 API or higher is generally referred to as light crude oil.
BOE	barrel of oil equivalent on the basis of 1 BOE to 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
BOE/D	barrels of oil equivalent per day
m^3	cubic metres
MBOE	1,000 barrels of oil equivalent
McfGE	1,000 cubic feet of gas equivalent on the basis of 6 McfGEs to 1 bbl of crude oil. McfGEs may be misleading, particularly if used in isolation. A McfGE conversion ratio of 6 McfGEs to 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.
McfGE/D	1,000 cubic feet equivalent per day
MmcfGE	1,000 McfGE
Prob	Probable reserves
Poss	Possible reserves
$000s or M$	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

METRIC CONVERSION TABLE

The following table sets forth certain factors for converting metric measurements into imperial equivalents.

To convert from	To imperial units	Multiply by
Boe	Mcf	6
Mcf	Cubic metres ("m3")	28.174
Cubic metres	Cubic ft	35.494
Bbls	Cubic metres ("m3")	0.159
Cubic metres ("m3")	Bbls	6.290
Feet ("ft")	Metres	0.305
Metres	Feet ("ft")	3.281
Miles	Kilometres ("Km")	1.609
Kilometres ("Km")	Miles	0.621
Acres	Hectares ("Ha")	0.405

FORWARD LOOKING STATEMENTS

Certain statements contained in this annual information form may constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this annual information form should not be unduly relied upon by investors. These statements speak only as of the date of this annual information form and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this annual information form contains forward-looking statements, pertaining to the following:

- projections of market prices and costs;
- supply and demand for oil and natural gas;
- the quantity of reserves;
- oil and natural gas production levels;
- capital expenditure programs;
- treatment under governmental regulatory and taxation regimes; and
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development.

With respect to forward-looking statements contained in this annual information form, the Corporation has made assumptions regarding, among other things:

- the Canadian legislative and regulatory environment;
- the impact of increasing competition; and
- the Corporation's ability to obtain additional financing on satisfactory terms.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this annual information form:

- volatility in the market prices for oil and natural gas;
- uncertainties associated with estimating reserves;
- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- incorrect assessments of the value of acquisitions;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; and
- the other factors referred to under “Risk Factors”.

The forward-looking statements or information contained in this annual information form are made as of the date hereof and the Corporation undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable securities laws.

NAME AND INCORPORATION

The Corporation was incorporated as "New Wellington Mines Limited" pursuant to the *Companies Act* (British Columbia) on June 20, 1953. On September 30, 1970, Articles of Amendment were filed and the name was changed to "New Wellington Resources Limited". On March 25, 1976, Articles of Amendment were filed and the name was changed to "International Wellington Resources Ltd." On November 24, 1983 Articles of Amendment were filed and the name was changed to "Consolidated Wellington Resources Ltd." On August 28, 1987 Articles of Amendment were filed and the name was changed to "First Hospitality (Canada) Corporation". On November 5, 1991 Articles of Amendment were filed and the name was changed to "Southern Pacific Development Corp." The Corporation was transitioned under the *Business Corporations Act* (British Columbia) on April 20, 2005. The Articles of the Corporation were amended by Certificate of Amendment on March 2, 2006 to change the name of the Corporation to "Southern Pacific Resource Corp.", and further amended by Certificate of Amendment on March 3, 2006 to consolidate the Common Shares on a three for one basis. On November 17, 2006, Articles of Continuance were filed and the Corporation was continued under the ABCA.

The Corporation is a reporting issuer in the Provinces of Alberta and British Columbia. The Common Shares are listed on the TSXV under the symbol "**STP**".

The registered office of Southern Pacific is Suite 1000, 250 – 2nd Street, S.W., Calgary, Alberta, T2P 0J4 and the head office is located at Suite 430, 550 - 6th Avenue S.W., Calgary, Alberta, T2P 0C1.

Intercorporate Relationships

The Corporation presently has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Southern Pacific is a resource company engaged in the acquisition, exploration and development of oil and natural gas with a focus on oil sands projects in northeast Alberta, Canada. All of the Corporation's properties are located in Alberta. The Corporation does not have any ongoing mining activities or assets from its legacy businesses prior to the March 2006 reorganization of management. The Corporation is headquartered in Calgary, Alberta, Canada. The following describes the development of Southern Pacific's business and major transactions and events of the last three completed financial years, and activities that are expected to occur in the current financial year.

In October 2004, the Corporation acquired the West Lemon property in the Horsefly copper camp. The terms of the acquisition agreement included the payment of $40,000 and the property was subject to a 2% net smelter royalty (1% buyable for $1,000,000). The West Lemon property consisted of 29 units (724 hectares) on the west flank of the Lemon Lake stock, a multiple phase dioritic to monzonitic intrusion. This project has been relinquished and the property was sold on, or about, July 6, 2006.

In May, 2005, the Corporation finalized a joint venture agreement with Delek Resources Inc. on the North Dakota joint venture. The Corporation's initial program was for one well with an option on another 10 wells. The target was the Lodgepole Formation. This project has been relinquished and the Corporation does not hold any ownership in such joint venture.

In March 2006, former management approached members of current management to replace them and seek other opportunities and types of projects for the Corporation. At this time, the head office was moved to Calgary, Alberta and individuals with oil and gas experience were added to the board and management of the Corporation.

On November 22, 2006, the Corporation closed the Leismer Asset Acquisition of the Leismer Assets from Bounty, pursuant to the terms of the Leismer Asset Acquisition Agreement. Bounty and Southern Pacific became joint venture partners in the development of the Leismer Assets. Pursuant to the Leismer Acquisition Agreement, the Corporation paid cash consideration of $5,752,235 and issued 6,000,000 Common Shares to Bounty and Bounty became a 10% shareholder of the Corporation at this time. In addition, Jon Clark, an employee of Bounty, joined the board of directors of the Corporation as part of the Leismer Asset Acquisition. The Leismer Asset Acquisition included a commitment by Southern Pacific to fund exploration on the Leismer Assets as well as an area of mutual interest in which any bidding at Alberta Crown land sales in the Leismer area would be done jointly with Southern Pacific paying 80% of the costs for an 80% interest. The exploration funding commitments on the Leismer Assets have been satisfied.

The Corporation also issued 400,000 Common Shares to arm's length third parties as a finder's fee in connection with the Leismer Asset Acquisition.

Also on November 22, 2006, in connection with the Leismer Asset Acquisition, the Corporation completed a private placement of 14,000,000 subscription receipts at a price of $0.50 per subscription receipt for gross proceeds of $7,000,000. Upon closing of the Leismer Asset Acquisition, the subscription receipts were automatically converted into 14,000,000 units at no additional consideration. Each unit comprised one Common Share and one half of one warrant to acquire one Common Share at an exercise price of $0.75 per share until November 22, 2007 ("Series I Warrant").

On November 22, 2006, the Corporation also completed a private placement of 5,454,545 units at a price of $0.55 per unit for gross proceeds of $3,000,000. Each unit comprised one Common Share issued on a "flow-through basis" under the *Income Tax Act* (Canada) and one half of one warrant to acquire one Common Share at $0.80 per share until November 22, 2007 (the "Series II Warrants"). The proceeds of the private placement were used for payment of the purchase price of the Leismer Asset Acquisition and for the completion of evaluation and development drilling, seismic and for general working capital purposes.

On February 14, 2007, the Corporation completed a private placement of 4,250,000 units at a price of $1.20 per unit for gross proceeds of $5,100,000. Each unit comprised one Common Share issued on a "flow-through basis" under the *Income Tax Act* (Canada) and one half of one warrant to acquire a Common Share at $1.50 per share until February 14, 2008 (the "Series III Warrants"). The proceeds of the private placement were used for the completion of the second stage of evaluation and development drilling of the Leismer Assets.

On June 22, 2007, the Corporation completed a brokered private placement of 11,035,000 units at a price of $2.90 per unit, for gross proceeds of $32,001,500. Each unit comprised one Common Share and one half of one warrant to acquire one Common Share at $4.00 per share until June 22, 2008 (the "Series IV Warrants"). The private placement was completed by a syndicate of agents led by Canaccord Capital Corporation, and included Blackmont Capital Inc. and Jones, Gable & Company Limited. The proceeds of the private placement were partially used to complete the June Asset Acquisition of the June Assets, which was completed on June 25, 2007, as described below.

Southern Pacific acquired the interest in the June Assets for total consideration of $16,000,000 payable to Bounty. The consideration included a cash payment of $9,600,000 and the issuance of 2,206,897 Common Shares with a deemed value of $6,400,000. The June Asset Acquisition included a commitment by Southern Pacific to fund a minimum amount of $22,900,000 on or before April 30, 2009 on an exploration and evaluation program (the "Exploration Program") in respect of: (a) the June Assets, (b) any area of mutual interest lands; (c) any lands acquired by the Corporation and Bounty. Pursuant to the June Acquisition Agreement, if the Corporation fails to expend the $22,900,000 on the Exploration Program by April 30, 2009, Bounty has an option to purchase one-half of the Corporation's interest in the June Assets and the area of mutual interest lands for the amount of $1.00.

Bounty's interest in the lands comprised of the June Assets and the area of mutual interest lands is a carried interest until such time as the Corporation has spent the $22,900,000 on the Exploration Program, after which time Bounty's 20% interest shall be considered a non-carried working interest and Bounty shall be responsible for its share of further expenses incurred for the joint account. As at October 20, 2008, the Corporation has satisfied the Exploration Program as set forth in the June Asset Acquisition Agreement by spending the $22,900,000 in commitments pursuant to the June Asset Acquisition Agreement.

On July 11, 2007, the Corporation acquired an 80% interest in 24 sections of land, at a Crown land sale for $2,289,132. This acreage includes 11 additional contiguous sections of land at South Leismer; this land is located at the south end of the South Leismer property, which follows the oil sands trend on the property. The Corporation paid 80% of the land costs at South Leismer for the 80% interest in the lands in accordance with the June Asset Acquisition Agreement. The Corporation paid 100% of the land costs on the remaining 13 sections of land for the 80% interest. These additional 13 sections of lands were in the Long Lake and McKay areas.

On July 25, 2007, the Corporation acquired an 80% interest in 3 sections of land at a Crown land sale for $2,841,312. The Corporation paid 100% of the land costs for the 80% interest in accordance with the June Asset Acquisition Agreement.

On August 8, 2007, the Corporation acquired an 80% interest in 8 sections of land at a Crown land sale for $1,740,666. The Corporation paid 100% of the land costs for the 80% interest in accordance with the June Asset Acquisition Agreement.

On September 5, 2007, the Corporation completed the acquisition of the September Assets for total cash consideration of $9,500,000 paid to Bounty in accordance with the September Asset Acquisition Agreement. The September Asset Acquisition included a commitment by Southern Pacific to fund a minimum amount of $20,000,000 on or before April 30, 2009 on an exploration and evaluation program (the "September Exploration Program") in respect of: (a) the September Assets, (b) any area of mutual interest lands comprised of all areas owned jointly with Bounty; or (c) any of the lands or other lands that are owned jointly by Bounty and the Corporation (provided that the ownership ratio is 20% for Bounty and 80% for the Corporation).

Bounty's interest in the lands comprised of the September Assets and the area of mutual interest lands is treated as a carried interest until such time as the Corporation has spent the said $20,000,000 on the September Exploration Program after which time Bounty's 20% interest shall be considered a non-carried working interest and Bounty shall be responsible for its share of further expenses incurred for the joint account. The Corporation has satisfied the September Exploration Program as set forth in the September Asset Acquisition Agreement by spending the $16,000,000 in commitments pursuant to the September Asset Acquisition Agreement.

On September 19, 2007, the Corporation acquired an 80% interest in 2 sections of land at a Crown land sale for $68,034. The Corporation paid 80% of the land costs for the 80% interest in accordance with the agreements with Bounty.

Following completion of this purchase, the Corporation held (and as at the date hereof holds) an 80% interest in a total of 219 sections of land (140,160 gross acres and 112,128 net acres) in five core areas in Alberta

On November 27, 2007, the Corporation closed a brokered financing, receiving gross proceeds of $63,000,310 by the issuance of 27,323,000 common shares of a deemed value of $1.83 per common share and 5,882,000 flow through shares of a deemed value of $2.21 per share. The proceeds were used for the completion of evaluation and development drilling on the Corporation's lands.

Between January and March 2008, the Company completed a total of 70 core holes in four of its five core areas.

At McKay, the Company drilled a total of 32 core holes on its 59 section block. Two potential project areas have been identified over the past winter and as a result the drilling program was adjusted to focus on this block in order to obtain as much information on the potential projects as possible. In the McKay North project area, the Corporation was able to increase the drilling density to 4 wells per section on some sections. Over the two project areas, McKay North and McKay South, the core drilling program encountered gross bitumen zones between 26 and 30 meters thick, and continuous net bitumen zones between 12 and 27 meters thick. The zone porosity ranges from 30% to 35%. In addition, the core holes did not show any evidence of gas or water thief zones that could technically impair SAGD viability. A significant amount of technical data was obtained this winter including 32 full diameter cores over the prospective oilsands horizons, which have been fully analyzed. Downhole formation imaging logs, pressure tests, fluid analyses and warm cap rock cores were also acquired. Southern Pacific is now underway completing all the necessary requirements to submit an application for a 10,000 bbl/d (gross) SAGD project to the Alberta Energy Resources Conservation Board and Alberta Environment.

At Leismer, a three dimensional seismic program was shot in January over the area that was successfully drilled last year. The data was interpreted and the Corporation drilled another 12 core holes in addition to the 17 core holes drilled in this area successfully during the prior year drilling season. Of the 12 core holes, 6 were drilled on the three dimensional seismic program and 6 were drilled on the southern portion of the block based on two dimensional seismic data. Gross bitumen zones of 25 to 42 meters thick were encountered and continuous net bitumen zones of 10 to 18 meters thick were encountered within the three dimensional seismic area. These results, combined with last winter's drilling results in the same area, have confirmed a potential SAGD project area. Of the 6 exploration core holes drilled to the south on two dimensional seismic, two solid leads were identified and will be used to plan a future appraisal program in Leismer.

At Long Lake, Southern drilled a total of 8 core holes anchored on the 88 km of two dimensional seismic shot last summer and vintage wells in the area. Of these, 6 of the core holes encountered significant bitumen zones. The gross bitumen zones were between 18 to 38.5 meters thick, and net continuous bitumen zones between 15 to 29.5 meters thick. There are top gas and bottom water issues to deal with on this block; however, Southern believes it has identified a project area. Further delineation of the project will be planned for in the future.

At Hangingstone, the Company drilled a total of 18 core holes this winter on its 64 section block. Using the 175 km of two dimensional seismic shot last summer as a guide to spot the locations on this unexplored block of land, the Company found prospective leads in 10 of the 18 core holes. Gross bitumen zones between 10 to 34 meters thick and net continuous bitumen zones between 9 to 15 meters thick were encountered in these 10 wells. This block is still relatively unexplored, and an expanded exploration program for this area is planned for the future, keying off the results of this year's program.

At Kirby, the Company shot 87 km of two dimensional seismic at the start of this past winter. This data was then interpreted and several leads were identified and targeted for drilling. However, due to the weather related late start on the rest of the program, it was decided to defer the drilling of this block rather than risk building the winter access roads and not be able to complete the program due to spring break up.

The Company has completed an analysis and interpretation of all technical data collected this past winter, prioritizing its potential project areas and is in the process of preparing a SAGD application for a 10,000 bbl/d project on the McKay block. In order to facilitate this plan, the Company engaged a project management team specializing in SAGD project development to work with our internal staff to coordinate the overall efforts required to prepare an application for a SAGD project. The Company engaged three consulting firms to complete the necessary environmental, engineering and logistical efforts required for an a project application. All three firms have been or are currently involved in the planning, design and construction of existing SAGD projects within Alberta.

The Company has also engaged a firm to complete its SAGD reservoir modelling which will be used to determine overall SAGD well pattern design and steam requirements by completing a history match on a portion of the existing Petro-Canada SAGD project, which has over 5 years of production data, and similar reservoir properties to Company's McKay project. This history match is an important step to ensure realistic input parameters are used to model Southern Pacific's project.

Significant Acquisitions

During the fiscal year ended June 30, 2008, the Corporation completed the September Asset Acquisition. See "*GENERAL DEVELOPMENT OF THE BUSINESS - Three Year History*". The Corporation has not filed a Form 51-102F4 in relation to this acquisition.

DESCRIPTION OF THE BUSINESS OF THE CORPORATION

General

The Corporation is a Calgary, Alberta based oil and gas exploration and development company with all of its exploration and development properties located in Alberta. The primary objective of the Corporation is to explore and develop prospective oil sands properties in Canada.

RESERVES AND RESOURCES SUMMARY

McDaniel, established in 1955, is an independent petroleum consulting firm headquartered in Calgary, Alberta. McDaniel provides specialized services to the petroleum industry in such areas as reservoir engineering, reserve and resource estimation, geological studies, reservoir simulation and all related economic evaluations.

McDaniel has prepared a report dated July 11, 2008 evaluating the bitumen resources of Southern Pacific Leases effective as of June 30, 2008 (the "McDaniel Report"). The McDaniel Report has been prepared in compliance with the requirements of National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, issued by the Canadian Securities Administrators.

Information contained in this section is effective as of June 30, 2008 unless otherwise stated.

Disclosure of Reserves Data

As of June 30, 2008, McDaniel did not assign the Southern Pacific Leases with any crude oil, natural gas and NGL reserves as defined by the National Instrument 51-101 standards. In the Corporation's previous year's evaluation, the evaluation company used at the time had assigned Probable and Possible reserves to certain lands within the South Leismer block. McDaniel, with the applications of the NI 51-101 issued by the Canadian Securities Administrators standards and with the evolvement of more stringent and consistent criteria for defining bitumen reserves and resources, do not believe that reserves can be assigned until further contingencies have been mitigated and therefore any estimated volumes have been reassigned as resources.

Reserves Reconciliation

The following table sets forth the changes between the working interest reserve volume estimates made as at June 30, 2008 and the corresponding estimates as at June 30, 2007, based on forecast prices and before royalty volumes are deducted.

	Bitumen Reserves (MMbbl)		
	Total Proved	Total Probable	Total Proved and Probable
June 30, 2007	-	81,505	81,505
Extension	-	-	-
Improved Recovery	-	-	-
Technical Revisions	-	-81,505	-81,505
Discoveries	-	-	-
Acquisitions	-	-	-
Dispositions	-	-	-
Economic Factors	-	-	-
Production	-	-	-
June 30, 2008	-	-	-

Disclosure of Resource Data

The McDaniel Report was primarily engaged in ascertaining the Contingent Resources on the Southern Pacific Leases as of June 30, 2008. McDaniel has also completed a supplemental report to determine the amount of Discovered Resources as of June 30, 2008 on the Southern Pacific Leases. See Appendix A for additional definitions of Resource presented in accordance with the requirements NI 51-101. The following table summarizes the Discovered and Contingent Resources as determined by McDaniel:

Southern Pacific Net Resources (MMbbl)

as per McDaniel & Associates

Property	**Discovered***	**Contingent****		
	PIIP	**Low**	**Best**	**High**
McKay	1,121.7	41.0	60.7	87.9
Long Lake	466.5	38.6	50.6	64.9
Hangingstone	742.5	8.2	14.5	25.0
Leismer***	729.8	4.6	12.0	25.9
Kirby	547.0	0.0	0.0	0.0
Total	**3,607.4**	**92.4**	**137.8**	**203.7**

* - The Discovered volume reported represents McDaniel's Best (P50) estimate. PIIP represents discovered petroleum initially in place.

** - Discovered PIIP resource not recognized as Contingent are classified as Unrecoverable

*** - Contingent volumes at Leismer are further classified as Sub-Economic, the remaining Contingent volumes in this table are further classified as Economic.

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. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

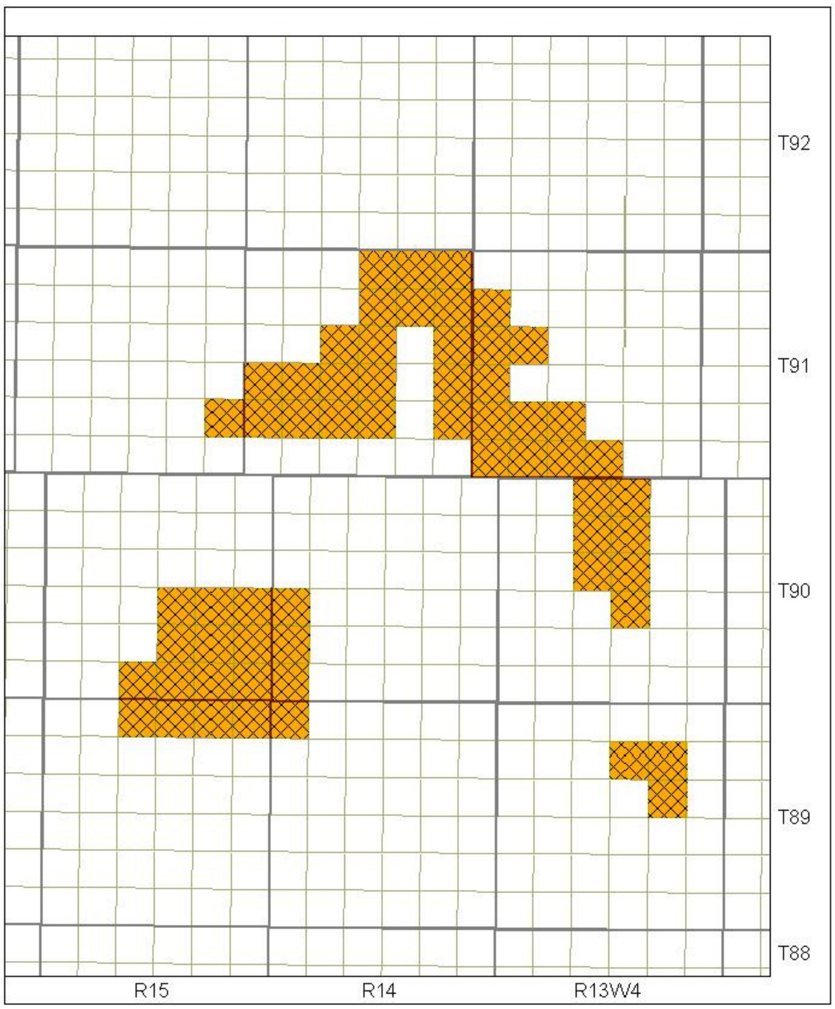
Other Oil and Gas Information

A summary description of the material oil and gas exploration properties of the Corporation, all held by Southern Pacific, as at June 30, 2008 is set out below.

Property Description and Location

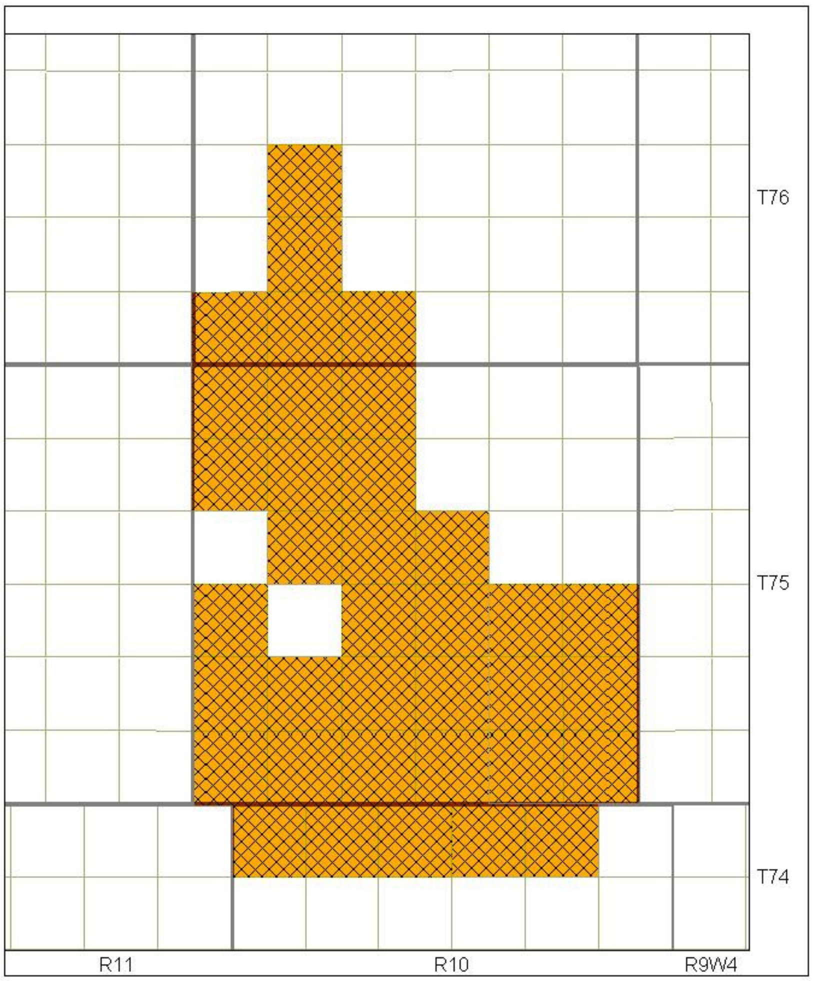
McKay Area

The Corporation's McKay River oil sands leases are located in the McMurray sub-basin in north-eastern Alberta and cover 30,208 net acres to the Corporation (37,760 gross acres) at June 30, 2008 and October 20, 2008. The leases consist of crown leases and cover a 59 section parcel. The Corporation has drilled and abandoned 32 evaluation core holes on the property. Also, 200 km of two dimensional seismic has been shot and evaluated. The Corporation has identified its first SAGD project on the property and is now preparing an application for submission to the Energy Resources Conservation Board, which is planned to be submitted in the second quarter of 2009. The map of the McKay River lands is set out below.



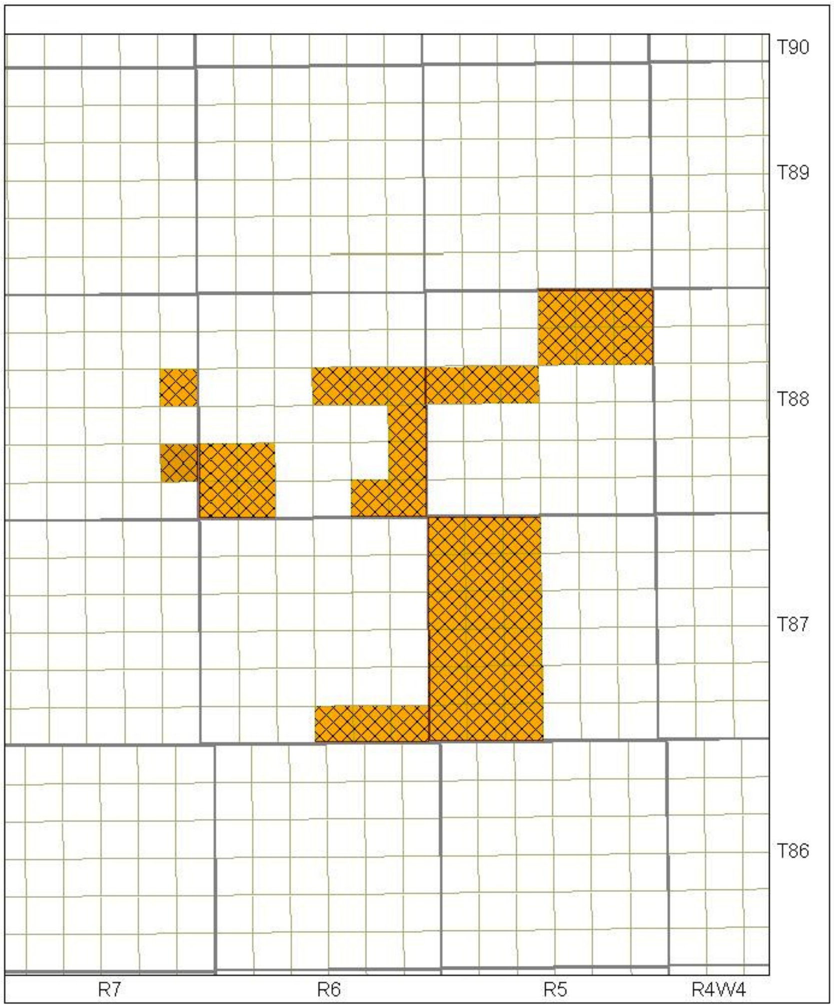
Leismer South Area

The Corporation's Leismer South oil sands leases are located in the McMurray sub-basin in north-eastern Alberta and cover 18,432 net acres to the Corporation (23,040 gross acres) at June 30, 2008 and October 20, 2008. The leases consist of crown leases and cover a 36 section parcel. Southern Pacific has drilled and abandoned a total of 29 evaluation core holes on the property. The Corporation has also shot and interpreted 128 km of two dimensional seismic and 20 square kilometres of three dimensional seismic. The map of the Leismer South lands is set out below.



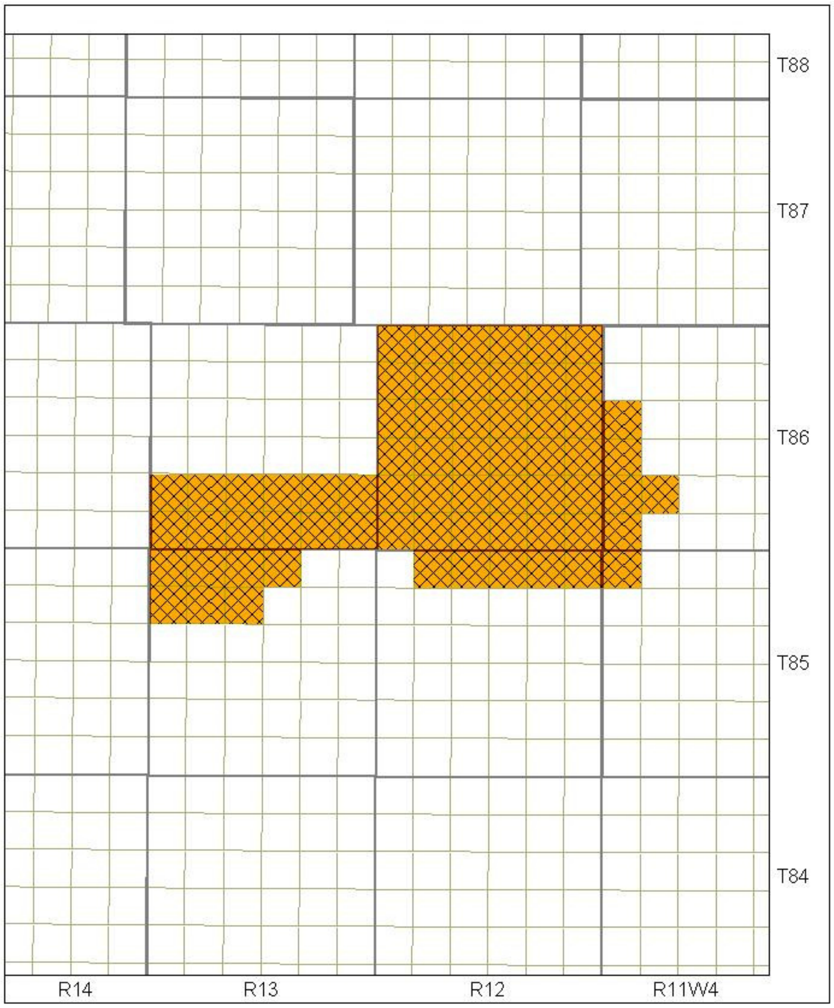
Long Lake Area

The Corporation's Long Lake oil sands leases are located in the McMurray sub-basin in north-eastern Alberta and cover 22,016 net acres to the Corporation (27,520 gross acres) as at June 30, 2008 and October 20, 2008. The leases consist of crown leases and cover a 43 section parcel. The Corporation has drilled and abandoned 8 evaluation core holes to date on the property. Also, 88 km of two dimensional seismic has been shot and evaluated. The map of the Long Lake lands is set out below.



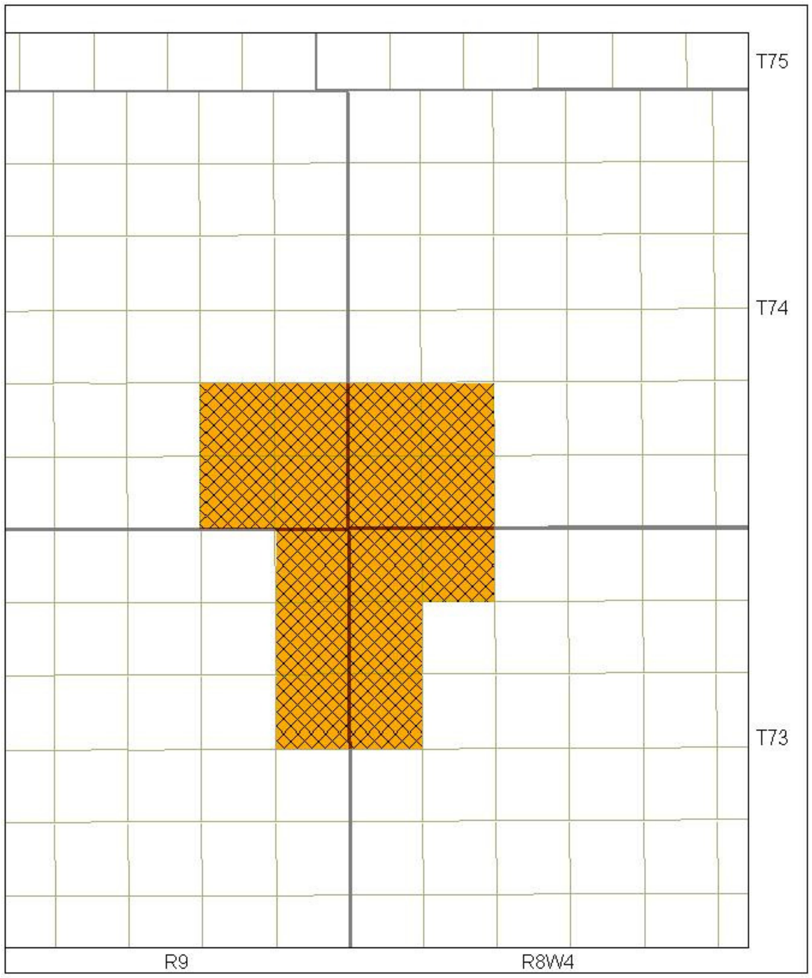
Hangingstone Area

The Corporation's Hangingstone area oil sands leases are located in the McMurray sub-basin in north-eastern Alberta and cover 33,792 net acres to the Corporation (42,240 gross acres) at June 30, 2008 and October 20, 2008. The leases consist of crown leases and cover a 66 section parcel. The Corporation has drilled and abandoned 18 evaluation core holes on the property. Also, 175 km of two dimensional seismic has been shot and evaluated. The map of the Hangingstone area lands is set out below.



Kirby Area

The Corporation's Kirby oil sands leases are located in the McMurray sub-basin in north-eastern Alberta and cover 7,680 net acres to the Corporation (9,600 gross acres) at June 30, 2008 and October 20, 2008. The leases consist of crown leases and cover a 15 section parcel. The Corporation has shot and interpreted 87 km of two dimensional seismic on the property. The map of the Kirby lands is set out below.



Properties With No Attributed Reserves

As at June 30, 2008 the Corporation had 140,160 gross and 112,128 net acres of unproved oil sands properties in Alberta in which the Corporation has an interest. The Corporation has no properties in which its rights to explore, develop and exploit will, absent further action, expire within one year.

Forward Contracts

The Corporation has no production or forward contracts in place.

Additional Information Concerning Abandonment And Reclamation Costs

The Corporation has abandoned all of its evaluation oil sands wells (core holes) drilled to date. There may be some additional work over the next few winters to fully reclaim the sites but it is not considered significant. In the future, as the Corporation develops its projects, producing well abandonment costs and plant site abandonment costs will be factored into the reserve evaluations reports to reflect overall net revenue and project value.

Tax Horizon

The Corporation was not required to pay income taxes during the year ended June 30, 2008. The Corporation estimates that it will not be required to pay income taxes until after 2012.

Costs Incurred

The following table shows (in thousands of dollars) the Corporation's costs for the categories for the year ended June 30, 2008:

	June 30, 2008 (M$)
Property Acquisition Costs - Proved Properties	-
Property Acquisition Costs - Unproved Properties	16,453
Exploration Costs	51,211
Development Costs	-
	67,664

Exploration and Development Activities

The Corporation did not drill any conventional oil and gas wells in the most recent year.

The Corporation has drilled and cored a total of 87 gross evaluation oil sands wells (core holes) (69.6 net) on its leases to evaluate for bitumen presence in the past two fiscal years. All of these wells have been fully reclaimed.

Production Estimates

The Corporation does not anticipate commercial production until after 2010.

Production History

The Corporation has no commercial production as at the date hereof or as at the year ended June 30, 2008.

Average Daily Production Volume

The Corporation has no production as at the date hereof or as at the year ended June 30, 2008.

Prices Received, Royalties Paid, Production Costs and Netback – Light and Medium Crude Oil

The Corporation has no production as at the date hereof or as at the year ended June 30, 2008.

Prices Received, Royalties Paid, Production Costs and Netback – Natural Gas and NGLs

The Corporation has no production as at the date hereof or as at the year ended June 30, 2008.

Production Volume by Field

The Corporation has no production as at the date hereof or as at the year ended June 30, 2008.

Employees/Consultants

The Corporation's staffing levels, as at October 20, 2008, was 9 full-time employees and 2 part-time consultants located in Calgary, Alberta. The level of staffing will vary based on future operational and administrative demands.

Environmental

The Corporation believes that it is in compliance with applicable existing environmental laws and regulations and is not aware of any proposed environmental legislation or regulations with which it would not be in material compliance. However, the natural resources industry may in the future become subject to more stringent environmental protection rules. This could increase the cost of doing business and may have a negative impact on earnings in the future.

Reorganizations

In March 2006, the Corporation underwent a change of management. See "*GENERAL DEVELOPMENT OF THE BUSINESS - Three Year History*".

The Leismer Asset Acquisition, which was completed on November 22, 2006, as described above, constituted a reverse take-over pursuant to the policies of the TSXV. See "*GENERAL DEVELOPMENT OF THE BUSINESS - Three Year History*".

RISK FACTORS

Overview

The Corporation's business consists of the exploration and development of oil and gas properties in Alberta. There are a number of inherent risks associated with the exploration, development and production of oil and gas reserves. Many of these risks are beyond the control of the Corporation.

The Corporation

There are numerous factors which may affect the success of the Corporation's business which are beyond the Corporation's control including local, national and international economic and political conditions. The Corporation's business involves a high degree of risk which a combination of experience, knowledge and careful evaluation may not overcome. The Corporation has a limited history of operations and earnings and there can be no assurance that the Corporation's business will be successful or profitable or that commercial quantities of oil and natural gas will be discovered by the Corporation. The Corporation has not paid any dividends and it is unlikely to pay dividends in the immediate or foreseeable future.

Additional Financing and Expenditures Required

Depending on future exploration, development, acquisition and divestiture plans, the Corporation will require additional financing. The ability of the Corporation to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Corporation. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation. If additional financing is raised by the issuance of shares from treasury of the Corporation, control of the Corporation may change and shareholders may suffer additional dilution.

From time to time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may temporarily increase the Corporation's debt levels above industry standards.

Industry Conditions

The oil and gas industry is intensely competitive and the Corporation competes with other companies which possess greater technical and financial resources. Many of these competitors not only explore for and produce oil and natural gas but, also carry on refining operations and market petroleum and other products on an international basis. Bitumen, oil and gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and invasion of water into producing formations.

The marketability and price of bitumen, oil and natural gas which may be acquired or discovered by the Corporation will be affected by numerous factors beyond the control of the Corporation. The ability of the Corporation to market any hydrocarbons discovered may depend upon its ability to acquire space on pipelines which deliver such products to commercial markets. The Corporation is also subject to market fluctuations in the prices of oil and natural gas, uncertainties related to the delivery and proximity of its probable and possible reserves to pipelines and processing facilities and extensive government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and gas and many other aspects of the oil and gas business. The Corporation is also subject to a variety of waste disposal, pollution control and similar environmental laws.

The oil and gas industry in Canada, including the oil sands industry, operates under federal, provincial and municipal legislation and regulation governing such matters as land tenure, prices, royalties, production rates, environmental protection controls, income, the exportation of bitumen, crude oil, natural gas and other products, as well as other matters. The industry is also subject to regulation by governments in such matters as the awarding or acquisition of exploration and production rights, oil sands or other interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields and mine sites (including restrictions on production) and possibly expropriation or cancellation of contract rights.

Government regulations may be changed from time to time in response to economic or political conditions. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the bitumen, crude oil and natural gas industry could reduce demand for bitumen, crude oil and natural gas, increase the Corporation's costs and have a material adverse impact on the Corporation.

The oil and natural gas industry is subject to varying environmental regulations in each of the jurisdictions in which the Corporation may operate. Environmental regulations place restrictions and prohibitions on emissions of various substances produced concurrently with oil and natural gas and can impact on the selection of drilling sites and facility locations, potentially resulting in increased capital expenditures.

Stage of Development of Southern Pacific

The Corporation's projects are still at a stage in its development where it has no established proved, probable or possible reserves. The Corporation anticipates drilling wells to delineate reserves on the Corporation's lands. Any development of the resources or reserves will be subject to the Energy Resources Conservation Board and Alberta Environment approval and review prior to the necessary approvals required to produce bitumen using a SAGD process being obtained. The regulatory approval process can involve stakeholder consultation, including other mineral rights holders in the area (such as holders of traditional petroleum and natural gas rights), environmental impact assessments and public hearings, among other things. There can be no assurance that the required approvals will be obtained and, if obtained, will be obtained on terms and conditions acceptable to Southern Pacific. Failure to obtain regulatory approvals, or failure to obtain them on a timely basis, could result in delays, abandonment or restructuring of the affected projects and increased costs, all of which could have a material adverse affect on Southern Pacific.

If all regulatory approvals are obtained, there is a risk that design and construction of the facilities and infrastructure to support the projects will not be completed on time, on budget or at all. Additionally, there is a risk that the Corporation's projects may have delays, interruptions of operations or increased costs due to many factors, including, without limitation:

- inability to attract or retain sufficient numbers of qualified workers;
- breakdown or failure of equipment or processes;
- construction performance falling below expected levels of output or efficiency;
- design errors;
- non-performance by, or financial failure of, third-party contractors;
- labour disputes, disruptions or declines in productivity;
- increases in materials or labour costs;
- delays in obtaining, or conditions imposed by, regulatory approvals;
- delays induced by weather;
- disruption or delays in availability of transportation services;
- errors in construction;
- changes in scope;
- unforeseen site surface or subsurface conditions;
- transportation or construction accidents;
- permit requirement violation;
- reservoir performance;

- energy supply disruption;
- shortages of or delays in accessing drilling rigs and services; and
- catastrophic events such as fires, storms or explosions.

The industry is entering a period where unprecedented oil sands development and industrial activity is planned at a time when activity in many other sectors is also high. If the Corporation’s projects advance to the development stage, Southern Pacific will need to compete for equipment, supplies, services, and labour in this environment which could result in increased costs, shortages of goods and services that delay progress, or both. Increased competition for equipment, materials and labour may result in increased costs that could have a material adverse effect on Southern Pacific's business, financial condition or results of operations.

Operating Costs

The operating costs of the Corporation’s projects, which have the potential to vary considerably, are significant components of the cost of production of the petroleum products produced by the Corporation’s projects. The operating costs of the Corporation’s projects may vary considerably during the operating period. The factors which could affect operating costs include, without limitation:

- the amount and cost of labour to operate the Corporation’s projects;
- the cost of catalyst and chemicals;
- the actual steam oil ratio required to operate the SAGD well pairs;
- the cost of natural gas and electricity;
- reliability of the facilities;
- the maintenance cost of the facilities;
- the cost to transport sales products and the cost to dispose of certain by-products;
- the cost of insurance; and
- the cost to purchase and transport diluents to blend with the produced bitumen.

Southern Pacific's earnings may be reduced if increases in operating costs are incurred.

Infrastructure for the Corporation’s Projects

Southern Pacific will depend, to a large extent, on third party designers, contractors and suppliers to design and construct the necessary facilities and infrastructure for the Corporation’s projects. Southern Pacific also anticipates that it will rely on certain infrastructure owned and operated or to be constructed by others, including, without limitation, pipelines for the transportation of diluent and produced bitumen to the market, natural gas, water source and disposal pipelines and electrical grid transmission lines for the provision and/or sale of electricity to Southern Pacific. The failure of any or all of these third parties to supply utilities, services or construct the infrastructure required to complete the Corporation’s projects on a timely basis and on acceptable commercial terms will negatively impact Southern Pacific's operation and financial results.

In-situ Extraction

Current SAGD technologies for in-situ recovery of heavy oil and bitumen are energy intensive, requiring significant consumption of natural gas and other fuels in the production of steam which is used in the recovery process. The amount of steam required in the production process can also vary and impact costs. The performance of the reservoir can also impact the timing and levels of production using this technology. Commercial application of this technology is relatively new and accordingly in the absence of long-term operating history there can be no assurances with respect to the sustainability of SAGD operations.

Recovery of Bitumen

Recovering bitumen from oil sands involves particular risks and uncertainties. The Corporation’s project are susceptible to loss of production, slowdowns, or restrictions on its ability to produce higher value products due to the interdependence of its component systems. Severe weather conditions can cause reduced production and in some situations result in higher costs. SAGD bitumen recovery facilities and development and expansion of production can entail significant capital outlays. Equipment failures could result in damage to Southern Pacific's facilities or wells and liability to third parties against which Southern Pacific may not be able to fully insure or may elect not to insure because of high premium costs or for other reasons. The costs associated with synthetic crude oil production are largely fixed and, as a result, operating costs per unit are largely dependent on levels of production.

Pricing of Bitumen

There is no generally recognized approach to determine the constant price for bitumen because the bitumen market is not yet mature and there are no published reference prices for bitumen. To price bitumen, marketers apply formulas that take as a reference point the prices published for crude oil of particular qualities such as Edmonton light, Lloydminster blend, or the more internationally known West Texas Intermediate.

The price of bitumen fluctuates widely during the course of a year, with the lowest prices typically occurring at the end of the calendar year because of decreased seasonal demand for asphalt and other bitumen-derived products coupled with higher prices for diluents added to facilitate pipeline transportation of bitumen.

Operational Hazards

The operation of the Corporation’s projects and the other oil and gas properties of the Corporation will be subject to the customary hazards of recovering, transporting and processing hydrocarbons, such as fires, explosions, gaseous leaks, migration of harmful substances, blowouts and oil spills. A casualty occurrence might result in the loss of equipment or life, as well as injury or property damage. The Corporation will not carry insurance with respect to all potential casualty occurrences and disruptions. It cannot be assured that the Corporation's insurance will be sufficient to cover any such casualty occurrences or disruptions. The project could be interrupted by natural disasters or other events beyond the control of the Corporation. Losses and liabilities arising from uninsured or under-insured events could have a material adverse effect on the project and on the Corporation's business, financial condition and results of operations.

Abandonment and Reclamation Costs

Southern Pacific will be responsible for compliance with terms and conditions of environmental and regulatory approvals and all laws and regulations regarding the abandonment of the Corporation’s projects and reclamation of its lands at the end of its economic life, which abandonment and reclamation costs may be substantial. A breach of such legislation and/or regulations may result in the imposition of fines and penalties, including an order for cessation of operations at the site until satisfactory remedies are made. It is not possible to estimate the abandonment and reclamation costs since they will be a function of regulatory requirements at the time and the value of the salvaged equipment may be more or less than the abandonment and reclamation costs. In addition, in the future Southern Pacific may determine it prudent or be required by applicable laws or regulations to establish and fund one or more reclamation funds to provide for payment of future abandonment and reclamation costs.

Terrorist Attacks and the Threat of Terrorist Attacks

The long-term impact of terrorist attacks in the United States, such as the attacks on September 11, 2001, and in Canada and the threat of future terrorist attacks on the energy transportation industry in general, and on Southern Pacific in particular, is not known at this time. The possibility that infrastructure facilities may be direct targets of, or indirect casualties of, an act of terror and the implementation of security measures as a precaution against possible terrorist attacks will result in increased costs to Southern Pacific's business.

Access to Human Resources

The labour force in the Fort McMurray and surrounding area is limited and the inability to access the necessary skilled labourers to construct and operate Southern Pacific's projects could have an adverse affect on Southern Pacific's development plans. In addition, rising personnel costs could result in increases in general and administrative expenses and labour costs associated with the development of the Corporation's projects.

Competition

The Corporation's projects compete with other explorers of bitumen and conventional explorers of oil and gas. The petroleum industry also competes with other industries in supplying energy, fuel and related products to consumers.

A number of companies other than Southern Pacific have announced plans to enter the oil sands business, or expand existing operations. Expansion of existing operations and development of new projects could materially increase the supply of bitumen in the marketplace. Depending on the levels of future demand, increased supplies could have a negative impact on prices.

Royalty Regime

In the event that the Corporation's projects are developed and become operational, Southern Pacific's revenue and expenses will be directly affected by the royalty regime applicable to the Corporation. The economic benefit of future capital expenditures on the Corporation's projects is, in many cases, dependent on a satisfactory royalty regime.

There can be no assurance that the federal government and the Province of Alberta will not adopt a new royalty regime which will make capital expenditures uneconomic or that the regime currently in place will remain unchanged.

The Province of Alberta commissioned a royalty review on February 16, 2007. On October 25, 2007 the Province of Alberta announced The New Royalty Framework which is expected to be implemented effective January 1, 2009. For oil sands production the royalties were increased from the current rates of 1% pre-payout and 25% post-payout to sliding scale royalty rates of between 1% and 9% during the pre-payout stage and 25% to 40% Net Profit Royalty in the post-payout stage. The New Royalty Framework will have an adverse impact on the commerciality of certain bitumen deposits.

Environmental Regulation and Risks

Extensive environmental laws and regulations will affect all of the operations of the Corporation. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation. There can be no assurance that the Corporation will not incur substantial financial obligations in connection with environmental compliance.

The construction, operation and decommissioning of the Corporation’s projects and reclamation of the project's land are conditional upon various environmental and regulatory approvals issued by governmental authorities. There is no assurance such approvals will be issued, or once issued renewed, or that they will not contain terms and conditions which make the project uneconomic or cause the Corporation to significantly alter the project. Significant liability could be imposed on the Corporation for damages, cleanup costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of properties purchased by the Corporation or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on the Corporation. Moreover, the Corporation cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by the Corporation for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on the Corporation.

Kyoto Accord

Canada is a signatory to the United Nations Framework Convention on Climate Change and has ratified the Kyoto Protocol established thereunder to set legally binding targets to reduce nation-wide emissions of carbon dioxide, methane, nitrous oxide and other so-called "greenhouse gases". The Government of Canada has put forward a Climate Change Plan for Canada which suggests further legislation will set greenhouse gases emission reduction requirements for various industrial activities, including oil and gas production. Future federal legislation, together with existing provincial emission reduction legislation, such as in Alberta's *Climate Change and Emissions Management Act*, may require the reduction of emissions and/or emissions intensity from the Corporation's oil and gas exploration and development activities. The direct or indirect costs of such legislation may adversely affect the Corporation's operations. No assurance can be given that future environmental approvals, laws or regulations will not adversely impact (i) the ability of the Corporation to conduct its operations or (ii) the Corporation's production or (iii) the Corporation's unit costs of production. Equipment from suppliers which can meet future emission standards may not be available on an economic basis and other methods of reducing emissions to required levels in the future may significantly increase operating costs or reduce output. There is a risk that the federal and/or provincial governments could pass legislation which would tax such emissions or require, directly or indirectly, reductions in such emissions produced by energy industry participants, such as the Corporation. Mitigation of the risk of future legislative or regulatory limits on the emission of greenhouse gases may include the acquisition of emission reduction or off-set credits from third parties. However, emission reduction or off-set credits may not be available for acquisition by the Corporation or may not be available on an economic basis and may not be recognized or qualify under future legislative or regulatory regimes as mitigation for the emission of greenhouse gases by the Corporation.

Volatility of Oil and Gas Prices and Markets

The Corporation's financial condition, operating results and future growth are dependent on the prevailing prices for its oil and natural gas production. Historically, the markets for oil and natural gas have been volatile and such markets are likely to continue to be volatile in the future. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes to the demand for oil and natural gas, whether the result of uncertainty or a variety of additional factors beyond the control of the Corporation. Any substantial decline in the prices of oil and natural gas could have a material adverse effect on the Corporation and the level of its oil and natural gas reserves. Additionally, the economics of producing from some wells may change as a result of lower prices, which could result in a suspension of production by the Corporation. No assurance can be given that oil and natural gas prices will be sustained at levels which will enable the Corporation to operate profitably. From time to time the Corporation may avail itself of forward sales or other forms of hedging activities with a view to mitigating its exposure to the risk of price volatility.

Reserve and Resource Estimates

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves and resources and cash flows to be derived therefrom, including many factors beyond the control of the Corporation. The reserves, resources and estimated future net cash flow from the Corporation's properties have been independently evaluated by McDaniel with an effective date of June 30, 2008. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs, abandonment and salvage values, royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date of the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of the Corporation. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. Estimates with respect to reserves and resources that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be material, in the estimated reserves.

Reserve and resource estimates may require revision based on actual production experience. Such figures have been determined based upon assumed oil prices and operating costs. Market price fluctuations of oil prices may render uneconomic the recovery of certain grades of bitumen. Moreover, short term factors relating to oil sands resources may impair the profitability of the Corporation’s projects in any particular period. The present value of estimated future net cash flows referred to herein should not be construed as the current market value of estimated oil and natural gas reserves attributable to the Corporation's properties. The estimated discounted future cash flow from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net cash flows will also be affected by factors such as the amount and timing of actual production, supply and demand for oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations or taxation.

Title to Properties

Although title reviews will be done according to industry standards prior to the purchase of most oil and natural gas properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the claim of the Corporation which could result in a reduction of the revenue received by the Corporation.

Potential Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Some of the directors and officers are engaged and will continue to be engaged in the search of oil and gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Conflicts of interest, if any, which arise will be subject to and be governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with the Corporation, to disclose his interest and to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Exchange Rate Risk

Revenue received from the sale of crude oil is generally referenced to a price denominated in US$. As the Corporation reports its operating results in CDN$, fluctuations in product pricing and fluctuations in the rate of exchange between the US$ and CDN$ would affect reported revenues and reported results.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to a substantial portion of western Canada. Certain aboriginal peoples have filed a claim against the Government of Canada, the Province of Alberta, certain governmental entities and the regional municipality of Wood Buffalo (which includes the City of Fort McMurray, Alberta) claiming, among other things, aboriginal title to large areas of lands surrounding Fort McMurray, including the lands on which the Corporation's projects and most of the other oil sands operations in Alberta are located. Such claims, if successful, could have a significant adverse effect on the Corporation's projects.

DIVIDENDS

The Corporation has not declared or paid any dividends in the three most recently completed financial years. Any decision to pay dividends on the Common Shares will be made by the board of directors of the Corporation on the basis of the Corporation's earnings, financial requirements and other conditions existing at the relevant time.

DESCRIPTION OF SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of October 20, 2008, an aggregate of 97,612,377 Common Shares and no preferred shares were issued and outstanding.

The holders of the Common Shares are entitled to receive notice of and attend any meeting of the Corporation's shareholders and are entitled to one vote for each Common Share held (except at meetings where only the holders of another class of shares are entitled to vote). Subject to the rights attached to any other class of shares, the holders of the Common Shares are entitled to receive dividends, if, as and when declared by the board of directors of the Corporation and are entitled to receive the remaining property upon liquidation of the Corporation.

The Corporation is authorized to issue an unlimited number of preferred shares (the "Preferred Shares"). The Preferred Shares may be issued from time to time in one or more series, each series consisting of a number of Preferred Shares as determined by the board of directors of the Corporation, who may fix the designations, rights, privileges, restrictions and conditions attaching to the shares of each series of Preferred Shares. As at the date hereof, there are no Preferred Shares issued and outstanding. The Preferred Shares of each series shall, with respect to dividends, liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences and priorities over the Common Shares and any other shares of the Corporation ranking junior to such series of Preferred Shares.

MARKET FOR SECURITIES

The following table sets forth the monthly high and low closing prices and volumes of the trading of the Common Shares for the periods indicated. The Common Shares trade under the symbol "**STP**" on the TSXV.

	Price Range		
	High	**Low**	**Trading Volume**
2007			
January	$1.50	$0.79	1,914,714
February	$1.90	$1.26	4,313,191
March	$1.59	$1.10	4,492,805
April	$2.18	$1.35	7,654,805
May	$3.41	$1.90	5,948,430
June	$4.00	$2.97	6,710,600
July	$4.46	$3.55	6,931,000
August	$4.00	$2.17	5,795,600
September	$3.25	$2.52	5,198,800
October	$2.65	$1.80	4,930,700
November	$2.29	$1.15	11,819,400
December	$1.60	$1.13	9,581,600
2008			
January	$1.64	$0.93	4,376,900
February	$1.39	$0.91	7,779,100
March	$1.30	$0.79	3,884,000
April	$1.00	$0.70	6,020,600
May	$1.29	$0.79	4,546,700
June	$1.09	$0.61	3,859,200
July	$0.74	$0.57	2,196,800
August	$0.66	$0.45	1,900,900
September	$0.51	$0.25	5,240,400
October(1)	$0.35	$0.15	2,086,400

Note:
(1) Up to October 15, 2008.

PRIOR SALES

During the financial year ended June 30, 2008 the Corporation did not issue any securities that were not listed or quoted on a marketplace other than stock options.

ESCROWED SECURITIES

The number of Common Shares held in escrow and the percentage that number represents of the outstanding securities of the Corporation as of June 30, 2008 is as follows:

Designation of Class	Number of Securities Held in Escrow	Percentage of Class[(1)]
Common Shares	2,857,500 [(2)]	2.9%

Notes:

(1) As of June 30, 2008, there were 97,612,377 Common Shares outstanding.

(2) These escrowed Common Shares are escrowed pursuant to an escrow agreement dated November 22, 2006 among the Corporation, Valiant Trust Company and certain shareholders of the Corporation (the “Escrowed Shares”). See “Material Contracts”. The original escrow agent appointed pursuant to the escrow agreement was Computershare Trust Company, who has been replaced by Valiant Trust Company as the current escrow agent. The Escrowed Shares were releasable as to 10% on December 11, 2006, the date of Final Exchange Bulletin of the TSXV for the Leismer Asset Acquisition and as to 15% on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of December 11, 2006.

DIRECTORS AND OFFICERS

The following table sets forth the names and municipalities of residence of the current directors and executive officers of the Corporation, their respective positions and offices with the Corporation and date first appointed or elected as a director and/or officer and their principal occupation(s) within the past five years.

Name and Place of Residence	Office Held	Principal Occupation During Last Five Years	Date First Appointed
David M. Antony, CA[(1)] Calgary, Alberta	Chief Executive Officer and Director	Mr. Antony is a Chartered Accountant. He is currently Chief Executive Officer of Southern Pacific; President of March Resources Corp. (MCF-TSXV); Chairman of Bridge Resources Corp. (BUK-TSXV).	March 9, 2006
Jon P. Clark, M.Sc. Geo., [(2)] Calgary, Alberta	Director	Mr. Clark has been the Exploration Management for Bounty Developments Ltd., a private oil and gas exploration company, since 1984. Mr. Clark is also an employee of Bounty.	November 17, 2006
Tibor Fekete, P.Eng[(1)] [(2)] Calgary, Alberta	Director	Mr. Fekete is the President of Synerg Resources Ltd. and is a professional engineer with over 45 years experience in the oil and gas industry. Mr. Fekete founded and operated T.Fekete and Associates Inc., a leading reservoir engineering firm.	March 9, 2006
J. Ward Mallabone, LLB[(1)] [(2)] Calgary, Alberta	Director	Mr. Mallabone is currently Chief Executive Officer of Priviti Capital Corp. a private equity fund. Prior thereto he was the Chief Operating Officer of Enervest Diversified Income Trust (EIT.UN – TSX), a publicly traded fund, which is part of the Enervest Group. Prior to joining Enervest Mr. Mallabone was a partner at Walsh Wilkins LLP.	November 17, 2006
Byron Lutes, P. Eng Calgary, Alberta	President	Mr. Lutes is the President of the Corporation. Mr. Lutes is a Professional Engineer with over 22 years of experience in the oil and gas sector including 11 years in senior officer roles. Prior to joining Southern Pacific, Mr Lutes was the Vice President, Operations at Mancal Energy Inc. Previous to that appointment, Mr Lutes was the Vice President, Engineering at Hunt Oil Company of Canada and Newport Petroleum Corporation.	January 7, 2008

Name and Place of Residence	Office Held	Principal Occupation During Last Five Years	Date First Appointed
Howard Bolinger, CA Calgary, Alberta	Chief Financial Officer	Mr. Bolinger is the Chief Financial Officer of the Corporation. Mr. Bolinger is a Chartered Accountant. Most recently he has been operating a private consulting business which focuses on corporate finance. Prior thereto he was the Chief Financial Officer of Proventure Income Fund, a public income trust listed on the TSXV from December 2005 until May 2006. Mr. Bolinger was also the Chief Financial Officer of Cervus LP, a public limited partnership listed on the TSXV from its inception in April 2003 until March 2006. Prior to that he was Chief Financial Officer of Cervus Corporation, a public company listed on the TSXV from April 2000 to December 2005.	October 9, 2007
Trevor P. Wong-Chor, LLB Calgary, Alberta	Corporate Secretary	Since September 17, 2004, Barrister and Solicitor with Davis LLP. From October 1998, to September 17, 2004, Barrister and Solicitor with Borden Ladner Gervais LLP, and its predecessor firms.	March 9, 2006

Notes:
(1) Member of the Audit Committee.
(2) Member of the Corporate Governance and Compensation Committee.

The directors listed above will hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

As at October 20, 2008, the directors and officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 1,629,717 Common Shares or approximately 1.7% of the issued and outstanding Common Shares of the Corporation. Information as to holdings of insiders of the Corporation may be found on www.sedi.ca.

Corporate Cease Trade Orders or Bankruptcies

Other than as set forth below, no director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, within 10 years before the date of this Annual Information Form, has been, a director or executive officer of any company that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or

(c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

David M. Antony was a director and officer of Earlyrain Inc. Earlyrain Inc. was subject to a cease trade order from the Alberta Securities Commission and British Columbia Securities Commission for failure to file financial statements. The cease trade order was issued on June 11, 2002 by the British Columbia Securities Commission and on June 21, 2002 by the Alberta Securities Commission. Earlyrain Inc. was dissolved in 2005.

Howard Bolinger was a director of Pure Lean Inc. Pure Lean Inc. was subject to a cease trade order from the Alberta Securities Commission and British Columbia Securities Commission for failure to file financial statements. The cease trade order was issued on July 27, 2004 by the British Columbia Securities Commission and on August 13, 2004 by the Alberta Securities Commission.

Personal Bankruptcies

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Penalties or Sanctions

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

Certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. Some of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

PROMOTERS

David M. Antony may be considered to be a promoter of the Corporation as he took the initiative in reorganizing the Corporation. As of the date of this Annual Information Form, Mr. Antony beneficially owns 642,917 Common Shares, representing approximately 0.7% of the issued and outstanding Common Shares. Mr. Antony also holds options to purchase:

(a) 200,000 Common Shares at an exercise price of $0.30 per Common Share until March 9, 2011;
(b) 435,000 Common Shares at an exercise price of $0.50 per Common Share until November 22, 2011;
(c) 300,000 Common Shares at an exercise price of $3.15 per Common Share until June 7, 2012;
(d) 400,000 Common Shares at an exercise price of $1.90 per Common Share until January 6, 2013; and
(e) 200,000 Common Shares at an exercise price of $1.05 per Common Share until April 29, 2013.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings to which the Corporation is a party or of which any of its property is the subject and there are no such proceedings known to the Corporation to be contemplated.

There are no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated during the financial year ended June 30, 2008.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth herein, or as previously disclosed, the Corporation is not aware of any material interests, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer or any shareholder holding more than 10% of the Common Shares or any associate or affiliate of any of the foregoing in any transaction within the three most recently completed financial years or during the current financial year or any proposed or ongoing transaction of the Corporation which has or will materially affect the Corporation.

In September of 2007, the Corporation acquired the the September Assets from Bounty, who at such time held greater than 10% of the issued and outstanding Common Shares; in addition, Mr. Jon Clark is both an employee of Bounty and a director of the Corporation. See "*GENERAL DEVELOPMENT OF THE BUSINESS - Three Year History*".

TRANSFER AGENT AND REGISTRARS

Valiant Trust Company is the transfer agent and registrar of the Common Shares and the register of transfers of Common Shares is maintained in Calgary, Alberta.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only material contract entered into during the financial year ended June 30, 2008 (or that were effective in the financial year ended June 30, 2008) that is still in effect is the September Asset Acquisition Agreement.

INTEREST OF EXPERTS

As at the date of hereof, the partners and associates of Meyers Norris Penny LLP, Chartered Accountants, the external auditors of the Corporation, as a group, do not beneficially own any outstanding Common Shares.

Meyers Norris Penny LLP is independent in accordance with the auditors' rules of professional conduct in Canada.

As at the date of hereof, the principal evaluators of McDaniel, the independent reserves evaluators, as a group, do not beneficially own any outstanding Common Shares.

Trevor Wong-Chor, the Corporate Secretary of the Corporation, is a lawyer at Davis LLP, which law firm provides legal services the Corporation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation may be found on SEDAR at www.SEDAR.com.

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities, options to purchase securities and interests of insiders in material transactions, if applicable, is contained in the most recent Information Circular.

Additional information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended June 30, 2008, which are also available on SEDAR.

SCHEDULE "A"
REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)

Management of Southern Pacific Resource Corp. (the "Corporation") are responsible for the preparation and disclosure of information with respect to the Corporation's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which consist of the following:

1. proved and proved plus probable oil and gas reserves estimated as at June 30, 2008 using forecast prices and costs; and
2. the related estimated future net revenue: and
3. proved oil and gas reserves were estimated as at June 30, 2008 using constant prices and costs; and
4. the related estimated future net revenue (not included in this report).

An independent qualified reserves evaluator has evaluated the Corporation's reserves data. The report of the independent qualified reserves evaluator will be filed with the securities regulatory authorities concurrently with this report.

The reserves committee of the board of directors of the Corporation has:

1. reviewed the Corporation's procedures for providing information to the independent qualified reserves evaluator;
2. met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
3. reviewed the reserves data with management and the independent qualified reserves evaluator.

The reserves committee of the board of directors has reviewed the Corporation's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management.

The board of directors, on recommendation of the reserves committee, has approved:

1. the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
2. the filing of the report of the independent qualified reserves evaluation on the reserves data; and
3. the content and filing of this report.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variations may be material.

(signed) *"David M. Antony"*
David M. Antony, Chief Executive Officer and Director

(signed) *"Howard Bolinger"*
Howard Bolinger, Chief Financial Officer

(signed) *"Byron Lutes"*
Byron Lutes, President

(signed) *"Tibor Fekete"*
Tibor Fekete, Director

Dated: October 20, 2008