

Southern Energy Corp Announces Up To US\$12 Million Equity Financing

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CALGARY, October 28, 2021 - [Southern Energy Corp.](#) ("Southern" or the "Company") (TSXV:SOU) (AIM:SOUC), a U.S.-focused, growth-oriented natural gas producer, is pleased to announce that it has filed and received a receipt for a preliminary short form prospectus (the "Preliminary Prospectus") in connection with a proposed offering of common shares of no par value ("Common Shares") in the capital of the Company at a price of C\$0.05 per Common Share ("Prospectus Offering Price") (the "Prospectus Offering"). In addition, the Company is pleased to announce the launch of a best-efforts private placement to UK investors of new Common Shares ("Placing Shares") at a GBP price approximately equivalent to the Prospectus Offering Price (the "Placing" and, together with the Prospectus Offering, the "Offering"). The Prospectus Offering and the Placing are not inter-conditional, but the Placing will be conducted in conjunction with the Prospectus Offering, with the closing of the Placing intended to coincide with the closing of the Prospectus Offering. The relative offering size of the Prospectus Offering and the Placing, respectively, shall be determined in the context of the market. It is currently anticipated that the aggregate gross proceeds of the Prospectus Offering, together with the aggregate gross proceeds of the Placing, will be up to C\$15.25 million (approximately US\$12.0 million), representing the issuance of up to an aggregate of 305,000,000 Common Shares pursuant to the Offering.

The combined net proceeds of the Offering will be utilised to drill up to three horizontal Selma Chalk wells in the Gwinville gas field and for working capital and general corporate purposes.

Highlights:

- Combined gross proceeds of up to C\$15.25 million (approximately US\$12 million) to be raised via Offering of new Common Shares
- Offering expected to introduce new UK-based investors and provide additional liquidity to the Company's Common Shares on both AIM and the TSXV
- Net proceeds to be applied primarily to the drilling of up to three low-risk horizontal development wells, expected to provide additional near-term cash flow generation
- Drilling is expected to begin late in the fourth quarter of 2021, with the first production anticipated early in the first quarter of 2022
- Total capex for the drilling program at Gwinville is up to C\$15.25 million (approximately US\$12 million)

Ian Atkinson, President and CEO of Southern, commented:

"We are pleased to announce today's equity financing, which builds upon the strong momentum within the business. The Offering is intended to fund a program for up to three high-impact development wells in our Gwinville gas field, where we expect to see new production online in early Q1 2022, positioning Southern to significantly grow its production, reserves, and cash flow, and initiate continuous development of the Gwinville gas field."

"Southern is uniquely positioned to capitalize on the current gas price environment to expedite development activity on its portfolio of operated, low cost, high return drilling locations."

"The funds raised through the Offering will be directed towards progressing some of the key opportunities which we have identified within our portfolio which have the capability to add substantial and immediate cash flow; facilitating further growth for our shareholders."

The Prospectus Offering

Eight Capital (the "Lead Agent"), INFOR Financial Inc., Haywood Securities Inc. and Canaccord Genuity Corp. (collectively with the Lead Agent, the "Agents") will conduct the Prospectus Offering on a "best efforts" basis as the Company's agents in each of the provinces of Canada, except Québec. The Common Shares offered pursuant to the Prospectus Offering (the "Prospectus Shares") may also be offered for sale in the United States on a private placement basis pursuant to an exemption from the registration requirements of the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and applicable state laws.

The Company has granted to the Agents an option (the "Over-Allotment Option") to increase the size of the Prospectus Offering by up to an additional number of Prospectus Shares equal to 15% of the total number of Prospectus Shares to be issued under the Prospectus Offering, to cover over-allotments, if any, and for market stabilization purposes, exercisable at any time and from time to time up to 30 days following the closing of the Prospectus Offering.

A copy of the preliminary prospectus (the "Preliminary Prospectus"), which was filed in each of the provinces of Canada, except Québec, contains important information relating to the Prospectus Offering and the Prospectus Shares and is available on SEDAR at www.sedar.com or by contacting the Lead Agent at ecm@viiicapital.com. The Preliminary Prospectus is still subject to completion or amendment. There will not be any sale or any acceptance of an offer to buy the Prospectus Shares until a receipt for the final short form prospectus has been issued.

The Prospectus Offering is subject to a number of conditions, including, without limitation, the entering into of a definitive agency agreement and receipt of all regulatory approvals, including the approval of the TSX Venture Exchange (the "TSXV") and admission of the Prospectus Shares to trading on AIM. There can be no assurance as to whether or when the Prospectus Offering may be completed, or as to the actual size or terms of the Prospectus Offering.

The Placing

The Company has appointed Hannam & Partners ("H&P") as the Company's agent to use its reasonable endeavours to procure subscribers for the Placing Shares. The Placing is not underwritten.

The Company intends that the Placing will be conducted in conjunction with the Prospectus Offering but is not inter-conditional with the Prospectus Offering. Closing of the Placing is intended to coincide with the closing of the Prospectus Offering. Further details of the Placing will be announced in due course.

Use of Proceeds and further details of the Offering

The Company intends to use the net proceeds of the Offering to drill up to three horizontal Selma Chalk wells

in the Gwinville field and for working capital and general corporate purposes. The three wells will all be drilled from a common padsite and then completed with multi-stage stimulations. Following successful completion, tie-in, and wellsite equipping operations, first production from the wells is anticipated in the first quarter of 2022. The total capital expenditure for the above drilling program is up to C\$15.25 million (approximately US\$12.0 million).

Closing of the Prospectus Offering is expected to occur on or about November 11, 2021.

Application will be made to: (a) the London Stock Exchange for Admission of the Placing Shares and the Prospectus Shares to trading on AIM; and (b) the TSXV for listing of the Placing Shares and the Prospectus Shares for trading on the facilities of the TSXV.

Timing for admission of the Prospectus Shares to trading on AIM and the TSXV will be confirmed in due course and is subject to a number of conditions, including, without limitation, the entering into of a definitive agency agreement and receipt of all regulatory approvals, including the approval of the TSXV.

Without prior written approval of the TSXV and compliance with all applicable Canadian securities laws, the Placing Shares may not be sold, transferred, hypothecated, or otherwise traded on or through the facilities of TSXV or otherwise in Canada or to or for the benefit of a Canadian resident until the date that is four months and a day after the date of issuance.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance or the South African Reserve Bank; and the Placing Shares have not been, nor will they be, registered or qualified for distribution, as applicable under or offered in compliance with the securities laws of any state, province or territory of United States, Australia, New Zealand, Canada, Japan or South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Australia, New Zealand, Canada, Japan or South Africa or any other jurisdiction in which such offer, sale, resale or delivery would be unlawful.

The securities described herein have not been, and will not be, registered under the U.S. Securities Act or any state securities laws, and accordingly, may not be offered or sold within the United States except in compliance with the registration requirements of the U.S. Securities Act and applicable state securities requirements or pursuant to exemptions therefrom. This Announcement shall not constitute an offer to sell or the solicitation of an offer to buy any of the Company's securities to, or for the account or benefit of, persons in the United States, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. There has been and will be no public offer of the Company's securities in Australia, Japan, South Africa, the United States or elsewhere, other than the Prospectus Offering in each of the provinces of Canada, except Québec.

About Southern Energy Corp.

[Southern Energy Corp.](#) is a natural gas exploration and production company. Southern has a primary focus on acquiring and developing conventional natural gas and light oil resources in the southeast Gulf States of Mississippi, Louisiana, and East Texas. Our management team has a long and successful history working together and have created significant shareholder value through accretive acquisitions, optimization of existing oil and natural gas fields, and the utilization of re-development strategies utilizing horizontal drilling and multi-stage fracture completion techniques.

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Forward Looking Statements

Certain information included in this Announcement constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this Announcement may include, but is not limited to, statements concerning the Offering, including the terms thereof and the use of proceeds of the Offering, the Company's business strategy, objectives, strength and focus and the Company's capital program for the remainder of 2021. The forward-looking statements contained in this Announcement are based on certain key expectations and assumptions made by Southern, including the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Southern's properties, the characteristics of its assets, the successful application of drilling, completion and seismic technology, benefits of current commodity pricing hedging arrangements, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions. Although Southern believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Southern can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risk that the Offering may not be completed on favorable terms or at all, the risk that the Company may not be able to obtain all necessary regulatory and stock exchange approvals, including the approval of the TSXV and the London Stock Exchange, the risk that the Company may apply the proceeds of the Offering differently than as stated herein depending on future circumstances; risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, negative effects of the current COVID-19 pandemic, commodity price and exchange rate fluctuations, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in the Preliminary Prospectus and Southern's most recent management's discussion and analysis and annual information form, which are available under the Company's SEDAR profile at www.sedar.com. The

forward-looking information contained in this Announcement is made as of the date hereof and Southern undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless required by applicable securities laws. The forward-looking information contained in this Announcement is expressly qualified by this cautionary statement.

<http://www.southernenergycorp.com>

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