

Southern Energy Corp. Announces Proposed Equity Fundraising

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CALGARY, November 1, 2023 - [Southern Energy Corp.](#) ("Southern" or the "Company") (TSXV:SOU)(AIM:SOUC)(OTCQX:SOUTF) is pleased to announce its intention to conduct an equity fundraise to raise aggregate gross proceeds of at least US\$5 million (approximately £4.1 million / C\$6.9 million), at a price of 15.5 pence (the "Placing Price") or C\$0.26 per Common Share (the "Prospectus Price").

The fundraising consists of a placing of new Common Shares to new and existing institutional investors (the "Placing"), a concurrent public offering of new Common Shares in Canada (the "Prospectus Offering"), and a Subscription by certain Directors and members of the Company's senior management (together with the Placing and Prospectus Offering, the "Fundraising").

The Fundraising will launch immediately following the release of this Announcement. Stifel Nicolaus Europe Limited ("Stifel Europe") and Tennyson Securities, a trading name of Shard Capital Partners LLP ("Tennyson Securities") are acting as joint bookrunners (the "Joint Bookrunners") in connection with the Placing. Stifel Nicolaus Canada Inc. ("Stifel Canada") is acting as lead agent and sole bookrunner in connection with the Prospectus Offering.

Overview of the Fundraising

- Southern intends to conduct a US\$5 million equity fundraise to accelerate the completion of its four drilled and uncompleted ("DUC") wells, drilled as part of its Q1 2023 drilling campaign on its Gwinville acreage;
- The accelerated completion of the DUCs is anticipated to be accretive to Southern through the addition of approximately US\$20.5 million⁽¹⁾ in proved developed producing ("PDP") NPV10 value;
- The Company expects the DUCs, once completed, to have initial production (IP30) rates of approximately 5.6 MMcf/d per well, with expected ultimate recovery per well of approximately 4.3 Bcf;
- The DUCs are forecast to have a per-well payback period of approximately 12 months, with an associated IRR of 108% and NPV10 of US\$4.4 million per well⁽²⁾;

- Subject to the successful completion of the DUCs and achieving production rates as set out above (and assuming one completion a quarter* and strip commodity pricing as at 5 October 2023), Southern would expect to generate next 12 months total operating cash flow⁽³⁾ of approximately US\$20 million, resulting in an annualised net debt to EBITDA ratio⁽³⁾ of approximately 1.0x in Q4 2024⁽¹⁾, with next 12 months corporate free cash flow⁽³⁾ expected to increase to approximately US\$13 million, an increase of approximately 114% on a per share basis following the planned Fundraising⁽¹⁾;

* It is noted that timing of the completions is subject to final confirmation following appointment of contractors and may differ from this illustrative schedule.

- Completion of the DUCs provides Southern with a significant platform for organic growth, with production expected to reach up to 4,700 boepd in 2024, an increase of 39% per share, including the Fundraising, and with PDP reserves expected to increase by 12% per share;
- The Company has identified over 100 additional horizontal drilling targets at Gwinville which it will target for development in appropriate gas price environments. Based on the expected drilling and completion costs for new wells of US\$5.5 million, future wells are expected to achieve a ~30% IRR at a natural gas price of US\$3.78 / MMBtu;
- The net proceeds from the Fundraising will be used alongside existing cash, cash flows and undrawn debt facilities to fund the completion of the DUCs at a cost of approximately US\$3 million per well;
- The Fundraising consists of:
 - A Placing of new Common Shares (the "Placing Shares") to new and existing institutional investors at the Placing Price. The Placing will be conducted through an accelerated bookbuild process (the "Bookbuild") which will launch immediately following the release of this Announcement. The Placing is subject to the terms and conditions set out in the Appendix to this Announcement (which forms part of this announcement);
 - A concurrent Prospectus Offering of new Common Shares (the "Prospectus Shares") on a best efforts agency basis at the Prospectus Price. The Prospectus Offering will be conducted pursuant to the terms and conditions of an agency agreement to be entered into between the Company, Stifel Canada as sole bookrunner and lead agent, Canaccord Genuity Corp, Eight Capital, and Haywood Securities Inc (the "Agents"). The size of the Prospectus Offering will be determined in the context of the market at the time of entering into a definitive agency agreement between the Company and the Agents; and
 - A subscription for new Common Shares (the "Subscription Shares") at the Placing Price by certain Directors and members of the Company's senior management.
- The Prospectus Offering will be conducted pursuant to the Company's Canadian base shelf prospectus dated 18 November 2022 (the "Base Shelf Prospectus"). A prospectus supplement (the "Prospectus Supplement") relating to the Prospectus Offering will be filed in each of the provinces of Canada, other than Quebec. Copies of the Prospectus Supplement and accompanying Base Shelf Prospectus will be available under the Company's profile on SEDAR+ at www.sedarplus.ca. The Prospectus Offering is expected to close on or around 9 November 2023.
- The number of Placing Shares and Prospectus Shares to be issued will be determined by the Company following completion of the Bookbuild in consultation with the Joint Bookrunners and Stifel Canada.
- The Bookbuild is currently expected to close no later than 8.00 a.m. (GMT) on 2 November 2023, but the Joint Bookrunners and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

Ian Atkinson, President and CEO of Southern, commented:

"I am pleased to announce our proposed Fundraising today, which will facilitate the acceleration of Southern's work program, specifically the completion of our four drilled and uncompleted wells in our Gwinville acreage in Mississippi. After pausing our previous capital program at the end of Q1 2023 due to the drop in natural gas prices, we are excited to soon be back in the field at Gwinville to take advantage of the recent increase in Henry Hub natural gas pricing and bring these four uncompleted wells into production. We have made a significant capital investment in the four DUC wells and will now be in a position to realize the material cashflow generation from these wells as we rapidly increase production in a short timescale. Our current cost estimates to complete these wells suggests at least a 10-15% drop from the cost levels seen in Q1 2023, due to lower industry activity levels which will help drive superior returns.

"We continue to see an increasingly positive macro environment for the US natural gas market, and we believe that Southern is firmly positioned to capitalize on the opportunity presented to us through this structural imbalance. Today's capital raise will enable us to increase our exposure to the opportunity, as we see gas prices react to increasing export capacity through the U.S. Gulf Coast region and increasing natural gas fired power in the US. I look forward to allocating the raised capital to our portfolio of highly productive

and profitable assets, and increasing shareholder value as we enter a resurgent US natural gas market."

For further information about Southern, please visit our website at www.southernenergycorp.com or contact:

[Southern Energy Corp.](#)

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Details of the Fundraising

The Placing is being conducted through an accelerated bookbuild process to eligible institutional investors and will launch immediately following the release of this Announcement. The Company expects to close the Bookbuild no later than 8.00 a.m. (GMT) on 2 November 2023, but the Joint Bookrunners and the Company reserve the right to close the Bookbuild earlier or later, without further notice.

Details of the results of the Placing will be announced as soon as practicable after the close of the Bookbuild. The Placing is not being underwritten. The Placing is conditional on Minimum Gross Proceeds of US\$5 million being raised pursuant to the Fundraising. The Placing Shares, when issued, will be fully paid and will rank pari passu in all respects with the Company's existing Common Shares.

This Announcement should be read in its entirety. Investors' attention is drawn to the detailed Terms and Conditions of the Placing. By choosing to participate in the Placing and by making an oral and legally binding offer to acquire Placing Shares, investors will be deemed to have read and understood this announcement in its entirety (including the Appendix) and to be making such offer on the terms and subject to the conditions of the Placing contained here, and to be providing the representations, warranties and acknowledgements contained in the Terms and Conditions.

The Prospectus Offering is expected to close on or about 9 November 2023, subject to customary closing conditions, including the approval of the TSX Venture Exchange (the "TSXV").

The Company intends that the Placing will be conducted in conjunction with the Prospectus Offering.

Certain of the Directors and members of the Company's senior management team have indicated their intention to participate in the Fundraising.

Application will be made to: (a) the London Stock Exchange plc 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. Expected timing for admission of the Placing Shares to trading on AIM and the Prospectus Shares to trading on the TSXV is as set out in the 'Expected Timetable of Principal Events' below. Final confirmation of the expected timing for admission of the Placing Shares and Prospectus Shares 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 with any securities regulatory authority of any state or other jurisdiction of the United States, and accordingly, may not be offered or sold within the United States other than to "qualified institutional buyers" ("QIBs") as defined in and pursuant to Rule 144A under the U.S. Securities Act, except in compliance with the registration requirements of the U.S. Securities Act and applicable state or local securities laws or pursuant to exemptions therefrom. This Announcement shall not constitute or form part of, and should not be construed as, an offer or invitation to sell or issue, or any solicitation to purchase or subscribe for, or otherwise invest in, any of the Company's securities in any jurisdiction, 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, New Zealand, Japan, South Africa, the United States or elsewhere, other than the Prospectus Offering in each of the provinces of Canada, except Québec.

Expected Timetable of Principal Events

Bookbuild	Following publication of the Prospectus
Completion of Bookbuild	No later than 8.00 a.m. (GMT) on 9 November 2023
Admission effective and dealings in the Placing Shares and the Prospectus Shares on AIM	8.00 a.m. (GMT) on 9 November 2023
Admission effective and dealings in the Placing Shares and Prospectus Shares on TSX-V	9:30 a.m. (ET) on 9 November 2023

Qualified Person's Statement

Gary McMurren, COO, who has over 23 years of relevant experience in the oil industry and has reviewed and approved the technical information contained in this Announcement. Mr. McMurren is registered as a Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta and received a Bachelor of Science degree in Chemical Engineering (with distinction) from the University of Alberta.

Footnotes

1. Figures based on 5 October 2023 strip pricing.
2. Figures based on flat commodity pricing of US\$3.50 / MMBtu for natural gas and US\$80/bbl for WTI.
3. See "Specified Financial Measures" under "Reader Advisory" below.

TERMS AND CONDITIONS OF THE PLACING

THIS ANNOUNCEMENT, INCLUDING THE TERMS AND CONDITIONS SET OUT IN THIS APPENDIX (THE "TERMS AND CONDITIONS"), IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, AUSTRALIA, JAPAN, THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION OR DISTRIBUTION WOULD BE UNLAWFUL.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THESE TERMS AND CONDITIONS ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A)

PERSONSWHO ARE IN A MEMBERSTATE OF THE EUROPEAN ECONOMICAREA AND ARE, UNLESS OTHERWISE AGREED BY THE JOINT BOOKRUNNERS, ("QUALIFIED INVESTORS") AS DEFINED IN ARTICLE 2(E) OF THE EU PROSPECTUS REGULATION (WHICH MEANS REGULATION (EU) 2017/1129 AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURES IN ANY MEMBER STATE) (THE "PROSPECTUS REGULATION"); AND/OR(B) IN THE UNITED KINGDOM,PERSONS WHO ARE (I) QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(E) OF THE PROSPECTUS REGULATION (AS IT FORMS PART OF DOMESTIC UK LAW PURSUANT TO THE EUWA); AND (II) "INVESTMENT PROFESSIONALS" WITHIN THE MEANING OF ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE "ORDER"); (II) PERSONS FALLING WITHIN ARTICLE 49(2)(A)TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (III) PERSONSTO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHERBEING REFERRED TO AS "RELEVANT PERSONS"). THESE TERMS AND CONDITIONS ARE A FINANCIAL PROMOTION, WHICH IS EXEMPT FROM THE GENERAL RESTRICTION IN SECTION 21 OF FSMA ON THE COMMUNICATION OF INVITATIONS OR INDUCEMENTS TO ENGAGE IN INVESTMENT ACTIVITY, ON THE GROUNDS THAT IT IS ONLY BEING DISTRIBUTED TO RELEVANT PERSONS. ACCORDINGLY, THESE TERMS AND CONDITIONS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. DISTRIBUTION OF THIS ANNOUNCEMENT IN CERTAIN JURISDICTIONS MAY BE RESTRICTED OR PROHIBITED BY LAW. PERSONS DISTRIBUTING THIS ANNOUNCEMENT MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THESE TERMS AND CONDITIONS RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

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EACH PLACEESHOULD CONSULT WITH ITS OWN ADVISERS AS TO THE LEGAL, TAX, BUSINESS AND RELATED IMPLICATIONS OF AN INVESTMENT IN PLACING SHARES. THE PRICE OF SHARES AND THE INCOME FROM THEM (IF ANY) MAY GO DOWN AS WELL AS UP AND INVESTORS MAY NOT GET BACK THE FULL AMOUNT INVESTED ON A DISPOSAL OF THEIR SHARES.

The relevant clearances have not been, nor will they be, obtained from the securities commission of any province or territory of Canada in respect of the issuance of the Placing Shares; no prospectus has been lodged with or registered by, the Australian Securities and Investments Commission or the Japanese Ministry of Finance, the South African Reserve Bank or, in respect of the Placing Shares, any securities commission in Canada; 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 Australia, 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 Australia, Canada, Japan or South Africa or any other jurisdiction in which such offer,sale, resale or delivery would be unlawful.

Solely for the purposes of the product governance requirements contained within the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK Product Governance Rules"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Rules) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each defined in the FCA Handbook Conduct of Business Sourcebook ("COBS"); and (ii) eligible for distribution through all distribution channels as are permitted by the UK Product Governance Rules (the "UK Target Market Assessment").

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of

Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" and/or "distributor" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties (each as defined in MiFID II); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "EU Target Market Assessment").

Notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, distributors should note that: the price of the Common Shares may decline and investors could lose all or part of their investment; the Common Shares offer no guaranteed income and no capital protection; and an investment in the Common Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.

Each of the UK Target Market Assessment and the EU Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the UK Target Market Assessment and the EU Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties each as defined under COBS or MiFID II, as applicable.

For the avoidance of doubt, each of the UK Target Market Assessment and the EU Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapters 9A or 10A respectively of COBS or MiFID II, as applicable; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Common Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Announcement (or any part of it) should seek appropriate advice before taking any action.

These terms and conditions apply to persons making an offer to acquire Placing Shares. Each Placee hereby agrees with the Joint Bookrunners and the Company to be bound by these terms and conditions as being the terms and conditions upon which Placing Shares will be issued or acquired. A Placee shall, without limitation, become so bound if a Bookrunner confirms to such Placee its allocation of Placing Shares.

Upon being notified of its allocation of Placing Shares, a Placee shall be contractually committed to acquire the number of Placing Shares allocated to it at the Placing Price and, to the fullest extent permitted by law, will be deemed to have agreed not to exercise any rights to rescind or terminate or otherwise withdraw from such commitment.

In this Terms and Conditions, unless the context otherwise requires, "Placee" means a Relevant Person (including individuals, funds or others) on whose behalf a commitment to subscribe for or acquire Placing Shares has been given.

Details of the Placing Agreement and the Placing Shares

The Joint Bookrunners and the Company have entered into a Placing Agreement, under which the Joint Bookrunners have, on the terms and subject to the conditions set out therein, undertaken to use their reasonable endeavours to procure subscribers for Placing Shares at the Placing Price. The Placing is not being underwritten by either of the Joint Bookrunners or any other person.

The number of Placing Shares will be determined following completion of the Bookbuild. The timing of the

closing of the Bookbuild, the number of Placing Shares and allocations are at the discretion of the Joint Bookrunners, following consultation with the Company. Allocations will be confirmed orally or by email by the relevant Bookrunner following the close of the Bookbuild. An announcement confirming these details will then be made by the Company as soon as practicable following completion of the Bookbuild.

The Placing Shares will, when issued, be subject to the Articles, will be credited as fully paid and non-assessable and rank equally in all respects with the existing Common Shares (and the new Common Shares to be issued pursuant to the Prospectus Offering), including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of Common Shares after the date of issue of the Placing Shares.

Subject to Admission, the Placing Shares will trade on AIM under the trading symbol "SOUC" and with ISIN CA8428131059.

Other than in accordance with TSXV Rules and compliance with all 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 of such Placing Shares.

Application for admission to trading

Application will be made to the London Stock Exchange for admission to trading on AIM of the Placing Shares and the Prospectus Shares. It is expected that settlement of any such shares (via Depositary Interests) and Admission will become effective at 8.00 a.m. on or around 9 November 2023 and that dealings in the Placing Shares and Prospectus Shares will commence at that time.

Bookbuild

The Joint Bookrunners are conducting a book building process to determine demand for participation in the Placing by potential Placees at the Placing Price. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

The Joint Bookrunners and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

The principal terms of the Placing are as follows:

1. The Joint Bookrunners are arranging the Placing as agents for, and brokers of, the Company.
2. Participation in the Placing is only available to persons who are lawfully able to be, and have been, invited to participate by a Bookrunner.
3. The Bookbuild will establish the number of Placing Shares to be issued at the Placing Price, which will be determined by the Joint Bookrunners, in consultation with the Company, following completion of the Bookbuild. The number of Placing Shares will be announced by the Company on a Regulatory Information Service following the completion of the Bookbuild.
4. In order to participate in the Placing, prospective Placees should communicate their bid by telephone or email to their usual contact at the relevant Bookrunner. Each bid should state the number of Placing Shares which the prospective Placee wishes to subscribe for or purchase at the Placing Price. Bids may be scaled down by the relevant Bookrunner on the basis referred to in paragraph 8 below.
5. The timing of the closing of the Bookbuild will be at the discretion of the Joint Bookrunners. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.

6. Allocations of the Placing Shares will be determined by the Joint Bookrunners, following consultation with the Company. Each Placee's allocation will be confirmed to Placees orally, or by email, by the relevant Bookrunner following the close of the Bookbuild and a trade confirmation or contract note will be dispatched as soon as possible thereafter. Oral or emailed confirmation from the relevant Bookrunner will give rise to an irrevocable, legally binding commitment by that person (who at that point becomes a Placee), in favour of that Bookrunner and the Company, under which it agrees to acquire by subscription the number of Placing Shares allocated to it at the Placing Price and otherwise on the terms and subject to the conditions set out in these Terms and Conditions and in accordance with the Articles. Except with the relevant Bookrunner's consent, such commitment will not be capable of variation or revocation.
7. The Company will make an announcement following the close of the Bookbuild detailing the number of Placing Shares to be issued at the Placing Price.
8. Subject to paragraphs 4 and 5 above, the relevant Bookrunner may choose not to accept bids and/or to accept bids, either in whole or in part, on the basis of allocations determined at its discretion (after consultation with the Company) and may scale down any bids for this purpose on such basis as it may determine. The Joint Bookrunners may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of the Company, allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time.
9. A bid in the Bookbuild will be made on the terms and subject to the conditions in this Announcement (including these Terms and Conditions) and will be legally binding on the Placee on behalf of which it is made and except with the relevant Bookrunner's consent will not be capable of variation or revocation from the time at which it is submitted.
10. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Registration and Settlement".
11. All obligations of the Joint Bookrunners under the Placing will be subject to fulfilment of the conditions referred to below "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".
12. By participating in the Placing, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
13. To the fullest extent permissible by law and the applicable rules of the Financial Conduct Authority, neither of the Joint Bookrunners, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. In particular, neither of the Joint Bookrunners, nor any of their respective affiliates, agents, directors, officers or employees shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the Joint Bookrunners' conduct of the Placing or of such alternative method of effecting the Placing as the Joint Bookrunners and the Company may determine.

Conditions of the Placing

The Placing is conditional upon the Placing Agreement becoming unconditional and not having been terminated in accordance with its terms. Each of the Joint Bookrunners' obligations under the Placing Agreement in respect of the Placing Shares are conditional on, inter alia:

1. the application for Admission being delivered to the London Stock Exchange on or before 6 November 2023;
2. each of the conditions to the Prospectus Offering which are to be fulfilled prior to Admission having been fulfilled or (if capable of waiver) waived by Stifel Canada and not having become incapable of being fulfilled, in each case by the respective time(s) and date(s) (if any) specified therein;
3. the Minimum Gross Proceeds being raised (which, for the avoidance of doubt, may be raised in entirety through any of the Placing, Subscription or Prospectus Offering);
4. the delivery by the Company to the Joint Bookrunners of certain documents required under the Placing Agreement;
5. the Company having performed its obligations under the Placing Agreement to the extent that such obligations fall to be performed prior to Admission;
6. the issue and allotment of the Placing Shares and the Subscription Shares, conditional only upon Admission;
7. Admission taking place no later than 8.00 a.m. (London time) on 9 November 2023 or such other date and time as may be agreed between the Company and the Joint Bookrunners, not being later than 8.00 a.m. (London time) on 23 November 2023 (the "Long Stop Date"); and
8. the Placing Agreement not having been terminated by the Joint Bookrunners in accordance with its terms.

If: (i) any of the conditions contained in the Placing Agreement, including those described above, are not fulfilled or (where applicable) waived by the Joint Bookrunners by the respective time or date where specified (or such later time or date as the Joint Bookrunners may notify to the Company, being not later than the Long Stop Date); (ii) any of such conditions becomes incapable of being fulfilled; or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing will not proceed and the Placees' rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

The Joint Bookrunners may, at their discretion and upon such terms as they think fit, waive, or extend the period for (subject to the Long Stop Date), compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement save that the condition relating to Admission taking place may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in these Terms and Conditions.

Neither the Joint Bookrunners, the Company nor any of their respective affiliates, agents, directors, officers or employees shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision they may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and, by participating in the Placing, each Placee agrees that any such decision is within the absolute discretion of the Joint Bookrunners.

Right to terminate the Placing Agreement

The Joint Bookrunners are entitled, at any time before Admission, to terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, inter alia, if before Admission:

1. any of the warranties given in the Placing Agreement are not true and accurate and not misleading when given at the date of the Placing Agreement or would not be true and accurate or would be misleading if they were repeated on Admission;
2. the Company has failed to comply with its obligations under the Placing Agreement, or with the requirements of any applicable laws or regulations (including MAR, the AIM Rules, the TSXV Rules and Canadian Securities Laws) in relation to the Placing;
3. any of the conditions set out in the Placing Agreement are not fulfilled or (if capable of waiver) waived by the Joint Bookrunners or shall have become incapable of being fulfilled by the respective time(s) and date(s) (if any) specified in the Placing Agreement;
4. there has been any development or event which will or is likely to have a material adverse effect on the condition (financial, operational, legal or otherwise), prospects, solvency, liquidity, management, results of operations, financial position, business or general affairs of the Group taken as a whole, whether or not foreseeable and whether or not arising in the ordinary course of business; or
5. there has been a change in national or international financial, political, economic, monetary or stock market conditions (primary or secondary) or an imposition of or compliance with any law or governmental or regulatory order, rule, regulation, restriction or direction,
6. which, in the opinion of the Joint Bookrunners, would or would be likely to prejudice materially the Company or render the Placing (or any material part thereof) or Admission impractical or inadvisable.

The rights and obligations of the Placees will not be subject to termination by the Placees or any prospective Placees at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by the Joint Bookrunners of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and that the Joint Bookrunners need not make any reference to Placees in this regard and that neither the Joint Bookrunners nor any of their respective affiliates shall have any liability to Placees whatsoever in connection with any such exercise or failure so to exercise.

No Admission Document or Prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only and have not been nor will be offered in such a way as to require the publication of a prospectus in the United Kingdom. No offering document, admission document or prospectus has been or will be submitted to be approved by the FCA or the London Stock Exchange in relation to the Placing, and Placees' commitments will be made

solely on the basis of the information contained in these Terms and Conditions and the business and financial information that the Company is required to publish in accordance with the AIM Rules and the TSXV Rules, including this Announcement (the "Exchange Information"). Neither the Base Prospectus nor the Company's Prospectus Supplement is a prospectus for the purposes of Section 85(1) of FSMA and, accordingly, will not be examined or approved as a prospectus by the FCA under Section 87A FSMA or by the London Stock Exchange and it will not be filed with the FCA pursuant to the FCA's Prospectus Regulation Rules nor will it be approved by a person authorised under FSMA, for the purposes of Section 21 FSMA. Each Placee, by accepting a participation in the Placing, agrees that the content of the Exchange Information (including this Announcement) is exclusively the responsibility of the Company and confirms that it has not relied on any other information, representation, warranty, or statement made by or on behalf of the Company, the Joint Bookrunners (or either Bookrunner) or any other person and neither of the Joint Bookrunners, the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Joint Bookrunners (or either of them), the Company or their respective officers, directors, employees or agents. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing. Neither the Company nor the Joint Bookrunners are making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own solicitor, tax adviser and financial adviser for independent legal, tax and financial advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and Settlement

Following the close of the Bookbuild, each Placee allocated Placing Shares in the Placing will be sent a trade confirmation or contract note in accordance with the standing arrangements in place with the relevant Bookrunner, stating the number of Placing Shares allocated to it at the Placing Price, the aggregate amount owed by such Placee (in pounds sterling) and a form of confirmation in relation to settlement instructions.

Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed as directed by the relevant Bookrunner in accordance with the standing CREST settlement instructions which they have in place with that Bookrunner.

Settlement of transactions in the Placing Shares via the Depositary Interests (ISIN: CA8428131059) following Admission will take place within the system administered by Euroclear UK & International Limited ("CREST") provided that, subject to certain exceptions, each Joint Bookrunner reserves the right to require settlement for, and delivery of, the Placing Shares (or a portion thereof) to Placees by such other means that it deems necessary if delivery or settlement is not possible or practicable within CREST within the timetable set out in these Terms and Conditions or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

It is expected that settlement will take place on 9 November 2023 in accordance with the instructions set out in the contract note.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of 4 percentage points above the prevailing LIBOR rate as determined by the relevant Bookrunner.

Each Placee is deemed to agree that, if it does not comply with these obligations, the relevant Bookrunner may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for that Bookrunner's account and benefit (as agent for the Company), an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable and shall indemnify the relevant Bookrunner on demand for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax or securities transfer tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf. By communicating a bid for Placing Shares, each Placee confers on the relevant Bookrunner such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which that Bookrunner lawfully takes in pursuance of such sale. Legal and/or beneficial

title in and to any Placing Shares shall not pass to the relevant Placee until it has fully complied with its obligations hereunder.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the form of confirmation is copied and delivered immediately to the relevant person within that organisation.

Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax or securities transfer tax. Neither of the Joint Bookrunners nor the Company will be liable in any circumstances for the payment of stamp duty, stamp duty reserve tax or securities transfer tax in connection with any of the Placing Shares. Placees will not be entitled to receive any fee or commission in connection with the Placing.

Representations, Warranties and Further Terms

By participating in the Placing, each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, agreements and undertakings (as the case may be) to the Company and each Joint Bookrunner:

1. that it has read and understood this Announcement, including these Terms and Conditions, in its entirety and that its subscription for or purchase of Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained therein and undertakes not to redistribute or duplicate this Announcement;
2. that its obligations are irrevocable and legally binding and shall not be capable of rescission or termination by it in any circumstances;
3. that the exercise by the Joint Bookrunners of any right or discretion under the Placing Agreement shall be within the absolute discretion of the Joint Bookrunners and the Joint Bookrunners need not have any reference to it and shall have no liability to it whatsoever in connection with any decision to exercise or not to exercise any such right and each Placee agrees that it has no rights against the Joint Bookrunners or the Company, or any of their respective officers, directors, employees agents or advisers, under the Placing Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999;
4. that these terms and conditions represent the whole and only agreement between it, the relevant Bookrunner and the Company in relation to its participation in the Placing and supersedes any previous agreement between any of such parties in relation to such participation. Accordingly, each Placee, in accepting its participation in the Placing, is not relying on any information or representation or warranty in relation to the Company or any of its subsidiaries or any of the Placing Shares other than as contained in the Exchange Information (including this Announcement), such information being all that it deems necessary to make an investment decision in respect of the Placing Shares. Each Placee agrees that neither the Company, the Joint Bookrunners nor any of their respective officers, directors or employees will have any liability for any such other information, representation or warranty, express or implied;
5. that in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation and Article 5(1) of the Prospectus Regulation (as it forms part of domestic UK law pursuant to the EUWA), (i) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area which has implemented the Prospectus Regulation or the UK, respectively, other than Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been given to the offer or resale; or (ii) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA, or the UK respectively, other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Regulation or the Prospectus Regulation (as it forms part of domestic UK law pursuant to the EUWA) (as the case may be) as having been made to such persons;
6. that neither it nor, as the case may be, its clients expect the Joint Bookrunners to have any duties or responsibilities to such persons similar or comparable to the duties of "best execution" and "suitability" imposed by the FCA's Conduct of Business Source Book, and that the Joint Bookrunners are not acting for it or its clients, and that the Joint Bookrunners will not be responsible for providing the protections afforded to customers of the Joint Bookrunners or for providing advice in respect of the transactions described in this Announcement;

7. that it has made its own assessment of the Placing Shares and has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing and that it shall not be entitled to rely upon any material regarding the Placing Shares or the Company (if any) that the Joint Bookrunners (or either of them) or the Company or any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them has provided, other than the information in the Exchange Information (including this Announcement); nor has it requested any of the Joint Bookrunners, the Company or any of their respective affiliates, agents, directors, officers or employees or any person acting on behalf of any of them to provide it with any such information;
8. that it understands and accepts that, other than in accordance with TSXV Rules and compliance with all 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 of such Placing Shares;
9. that it is located outside the United States and is subscribing for and/or purchasing the Placing Shares only in "offshore transactions" as defined in and pursuant to Regulation S;
10. that neither the Joint Bookrunners or the Company or any of their respective affiliates, agents, directors, officers or employees has made any representation or warranty to it, express or implied, with respect to the Company, the Placing or the Placing Shares or the accuracy, completeness or adequacy of the Exchange Information;
11. that it is not a national or resident of Canada, Australia, the Republic of South Africa or Japan or a corporation, partnership or other entity organised under the laws of Canada, Australia, the Republic of South Africa or Japan and that it will not (unless an exemption under the relevant securities laws is applicable) offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Placing Shares in Canada, Australia, the Republic of South Africa or Japan or to or for the benefit of any person resident in Canada, Australia, the Republic of South Africa or Japan and each Placee acknowledges that the relevant clearances or exemptions are not being obtained from the Securities Commission of any province or territory of Canada, that no prospectus has been or will be lodged with, filed with or registered by the Australian Securities and Investments Commission, the Japanese Ministry of Finance, the South African Reserve Bank or, in respect of the Placing Shares, any securities commission of Canada, and that the Placing Shares are not being offered for sale and 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, Canada, Japan or South Africa or any other jurisdiction in which such offer, sale, resale or delivery would be unlawful;
12. that it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Placing Shares and it is not acting on a non-discretionary basis for any such person;
13. that it is entitled to subscribe for and/or purchase Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder or otherwise and complied with all necessary formalities and that it has not taken any action which will or may result in the Company or the Joint Bookrunners (or either of them) or any of their respective directors, officers, employees or agents acting in breach of any regulatory or legal requirements of any territory in connection with the Placing or its acceptance;
14. that it has obtained all necessary consents and authorities to enable it to give its commitment to subscribe for and/or purchase the Placing Shares and to perform its subscription and/or purchase obligations;
15. that where it is acquiring Placing Shares for one or more managed accounts, it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in these Terms and Conditions; and (c), if applicable, to receive on its behalf any investment letter relating to the Placing in the form provided to it by the relevant Bookrunner;
16. that it is either: (a) a person of a kind described in paragraph 5 of Article 19 (persons having professional experience in matters relating to investments and who are investment professionals) of the Order; or (b) a person of a kind described in paragraph 2 of Article 49(2)(A) to (D) (high net worth companies, unincorporated associations, partnerships or trusts or their respective directors, officers or employees) of the Order; or (c) a person to whom it is otherwise lawful for this Announcement to be communicated;
17. that, unless otherwise agreed by the relevant Bookrunner, it is a Qualified Investor;
18. that, unless otherwise agreed by the relevant Bookrunner, it is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook and it is purchasing Placing Shares for investment only and not with a view to resale or distribution;
19. it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;

20. that any money held in an account with the relevant Bookrunner (or its nominee or agent) on its behalf and/or any person acting on its behalf will not be treated as client money within the meaning of the rules and regulations of the FCA. Each Placee further acknowledges that the money will not be subject to the protections conferred by the FCA's client money rules. As a consequence, this money will not be segregated from the Bookrunner's (or its nominee's or agent's) money in accordance with such client money rules and will be used by the relevant Bookrunner in the course of its own business and each Placee will rank only as a general creditor of the relevant Bookrunner;
21. that it will (or will procure that its nominee will) if applicable, make notification to the Company of the interest in its Common Shares in accordance with the Articles (which incorporate by reference the requirements of Chapter 5 of the Disclosure Guidance and Transparency Rules of the FCA);
22. that it is not, and it is not acting on behalf of, a person falling within subsections (6), (7) or (8) of sections 67 or 70 respectively or subsections (2) and (3) of section 93 or subsection (1) of section 96 of the Finance Act 1986;
23. that it will not deal or cause or permit any other person to deal in all or any of the Placing Shares which it is subscribing for and/or purchasing under the Placing unless and until Admission becomes effective;
24. that it appoints irrevocably any director of the relevant Bookrunner as its agent for the purpose of executing and delivering to the Company and/or its registrars any document on its behalf necessary to enable it to be registered as the holder of the Placing Shares;
25. that this Announcement does not constitute a securities recommendation or financial product advice and that neither of the Joint Bookrunners nor the Company has considered its particular objectives, financial situation and needs;
26. that it has sufficient knowledge, sophistication and experience in financial, business and investment matters as is required to evaluate the merits and risks of subscribing for or purchasing the Placing Shares and is aware that it may be required to bear, and it, and any accounts for which it may be acting, are able to bear, the economic risk of, and is able to sustain, a complete loss in connection with the Placing;
27. that it will indemnify and hold the Company, each Joint Bookrunner and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in these Terms and Conditions and further agrees that the Company and each of the Joint Bookrunners will rely on the truth and accuracy of the confirmations, warranties, acknowledgements and undertakings herein and, if any of the foregoing is or becomes no longer true or accurate, the Placee shall promptly notify the relevant Bookrunner and the Company. All confirmations, warranties, acknowledgements and undertakings given by the Placee, pursuant to this Announcement (including the Terms and Conditions) are given to each Joint Bookrunner for itself and on behalf of the Company and will survive completion of the Placing and Admission;
28. that time shall be of the essence as regards obligations pursuant to these Terms and Conditions;
29. that it is responsible for obtaining any legal, financial, tax and other advice that it deems necessary for the execution, delivery and performance of its obligations in accepting the terms and conditions of the Placing, and that it is not relying on the Company or either of the Joint Bookrunners to provide any legal, financial, tax or other advice to it;
30. that all dates and times in this Announcement (including these Terms and Conditions) may be subject to amendment and that the relevant Bookrunner shall notify it of such amendments;
31. that (i) it has complied with its obligations under the Criminal Justice Act 1993 and MAR, (ii) in connection with money laundering and terrorist financing, it has complied with its obligations under the Proceeds of Crime Act 2002 (as amended), the Terrorism Act 2000 (as amended), the Terrorism Act 2006 and the Money Laundering and Terrorist Financing Regulations 2019 and (iii) it is not a person: (a) with whom transactions are prohibited under the Foreign Corrupt Practices Act of 1977 or any economic sanction programmes administered by, or regulations promulgated by, the Office of Foreign Assets Control of the U.S. Department of the Treasury or the United States Department of State; (b) named on the Consolidated List of Financial Sanctions Targets maintained by HM Treasury of the United Kingdom; or (c) subject to financial sanctions imposed pursuant to a regulation of the European Union or a regulation adopted by the United Nations (together, the "Regulations"); and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the relevant Bookrunner such evidence, if any, as to the identity or location or legal status of any person which that Bookrunner may request from it in connection with the Placing (for the purpose of complying with such Regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the relevant Bookrunner on the basis that any failure by it to do so may result in the number of Placing Shares that are to be subscribed for and/or purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the relevant Bookrunner may decide in its absolute discretion;

32. that it will not make any offer to the public within the meaning of the Prospectus Regulation of those Placing Shares to be subscribed for and/or purchased by it;
33. that it will not distribute any document relating to the Placing Shares and it will be acquiring the Placing Shares for its own account as principal or for a discretionary account or accounts (as to which it has the authority to make the statements set out herein) for investment purposes only and it does not have any contract, understanding or arrangement with any person to sell, pledge, transfer or grant a participation therein to such person or any third person with respect of any Placing Shares; save that that if it is a private client stockbroker or fund manager it confirms that in purchasing the Placing Shares it is acting under the terms of one or more discretionary mandates granted to it by private clients and it is not acting on an execution only basis or under specific instructions to purchase the Placing Shares for the account of any third party;
34. that it acknowledges that these terms and conditions and any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the relevant Bookrunner in any jurisdiction in which the relevant Placee is incorporated or in which its assets are located or any of its securities have a quotation on a recognised stock exchange;
35. that any documents sent to Placees will be sent at the Placees' risk and that they may be sent by post to such Placees at an address notified to the relevant Bookrunner;
36. that the Joint Bookrunners owe no fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement;
37. that a Bookrunner or its respective affiliates may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares;
38. that no prospectus or offering document has been or will be prepared in connection with the Placing and it has not received and will not receive a prospectus or other offering document in connection with the Placing; and
39. that if it has received any confidential price sensitive information concerning the Company in advance of the publication of this Announcement, it has not: (i) dealt in the securities of the Company; (ii) encouraged, required, recommended or induced another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to such information being made publicly available.

The Company, the Joint Bookrunners and their respective affiliates will rely upon the truth and accuracy of each of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Company and the Joint Bookrunners and are irrevocable.

The provisions of these Terms and Conditions may be waived, varied or modified as regards specific Placees or on a general basis by the relevant Bookrunner.

The agreement to settle a Placee's subscription and/or purchase (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares (via Depositary Interests) in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company or the Joint Bookrunners will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and the Joint Bookrunners in the event that any of the Company and/or the Joint Bookrunners have incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify the relevant Bookrunner accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription or purchase by them of any Placing Shares or the agreement by them to subscribe for or purchase any Placing Shares.

The Exchange Information has been issued by, and is the sole responsibility, of the Company. No representation or warranty express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by the Joint Bookrunners or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of the Exchange Information (including this Announcement) or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

Stifel Nicolaus Europe Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom is acting exclusively for the Company and no one else in connection with the Placing and Admission, and Stifel Europe will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or Admission or any other matters referred to in this Announcement.

Shard Capital Partners LLP (trading as Tennyson Securities), a limited liability partnership registered in England and Wales with number OC360394), which is authorised and regulated by the Financial Conduct Authority in the United Kingdom is acting exclusively for the Company and no one else in connection with the Placing and Admission, and Tennyson will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Placing or Admission or any other matters referred to in this Announcement.

Neither of Stifel Europe or Tennyson nor any of their respective subsidiary undertakings, affiliates or any of their respective directors, officers, employees, advisers, agents or any other person accepts any responsibility or liability whatsoever for, or makes any representation or warranty, express or implied, as to the truth, accuracy, completeness or fairness of the information or opinions contained in the Exchange Information (or whether any information has been omitted from it) or any other information relating to the Company, its subsidiaries or associated companies, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the Exchange Information or its contents or otherwise arising in connection therewith and any liability therefore is expressly disclaimed.

Definitions

1. In this Announcement (including the Terms and Conditions), the following words and expressions shall (save where the context otherwise requires) have the following meanings:

"Admission"	the admission of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
"Agents"	Stifel Canada, Canaccord Genuity Corp, Eight Capital, and Haywood Securities Inc
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies, published by London Stock Exchange from time to time and any amendments thereto
"Announcement"	this announcement (including the Appendix which forms part of this announcement)
"Articles"	the articles of continuance and by-laws of the Company from time to time
"Base Prospectus"	the Company's short form base shelf prospectus dated 18 November 2022
"Bookbuild"	the bookbuilding to be conducted by the Joint Bookrunners pursuant to the Placing and Admission Announcement, including the Terms and Conditions
"Canadian Securities Laws"	all applicable securities legislation and regulations in the Reporting Provinces
"Common Shares"	common shares of no par value in the capital of the Company
"Company" or "Southern"	the Company

[Southern Energy Corp.](#)

"Depository Interests"	depository interests representing the Common Shares
"Directors"	directors of the board of the Company
"EEA"	the European Economic Area
"EUWA"	the European Union (Withdrawal) Act 2018, as amended
"FCA"	the Financial Conduct Authority
"FSMA"	the Financial Services and Markets Act, as amended
"Fundraising"	the Placing, the Prospectus Offering and the Subscription
"Group"	the Company and its subsidiaries and subsidiary undertakings
"Group Company"	a member of the Group
"Joint Bookrunners" or	Tennyson and Stifel Europe and "Bookrunner" and "Broker" shall be construed as
"Joint Brokers"	
"London Stock Exchange"	London Stock Exchange plc
"MAR"	the Market Abuse Regulation (2014/596/EU) (as it forms part of UK domestic law)
"Minimum Gross Proceeds"	the minimum gross proceeds of the Fundraising, being US\$5 million
"Offering"	the proposed offering of Common Shares by way of the Prospectus Offering and
"Placees"	a person who has agreed to subscribe for Placing Shares at the Placing Price;
"Placing"	the proposed placing by the Joint Bookrunners, on behalf of the Company, of the terms and subject to the conditions set out in this Announcement (including these terms and conditions) and the Placing Agreement at the Placing Price
"Placing Agreement"	the agreement between the Joint Bookrunners and the Company in respect of the
"Placing Price"	15.5 pence per Placing Share
"Placing Shares"	the new Common Shares to be allotted and issued by the Company pursuant to the
"Prospectus"	the Base Prospectus, as supplemented by the Prospectus Supplement
"Prospectus Offering"	the Company's proposed Prospectus offering of Prospectus Shares at the Prospectus
"Prospectus Price"	C\$0.26 per Prospectus Share
"Prospectus Shares"	the new Common Shares to be allotted and issued by the Company pursuant to the
"Prospectus Supplement"	the prospectus supplement to be published by the Company in connection with the
"Regulation S"	Regulation S under the U.S. Securities Act
"Regulatory Information Service"	one of the regulatory information services authorised by the FCA acting in its capacity as a regulatory information service to receive, process and disseminate regulatory information
"Reporting Provinces"	

Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador
Prince Edward Island and Saskatchewan

"Stifel Canada"	Stifel Nicolaus Canada Inc.
"Stifel Europe"	Stifel Nicolaus Europe Limited
"Subscription"	the subscription for the Subscription Shares at the Placing Price, by certain direct or indirect subsidiaries of the Company's senior management
"Subscription Shares"	the new Common Shares to be allotted and issued by the Company to those direct or indirect subsidiaries of the Company's senior management participating in the Fundraising pursuant to subscription
"Tennyson"	Tennyson Securities (a trading name of Shard Capital Partners LLP, a limited liability partnership registered in England and Wales with number OC360394)
"TSXV"	the TSX Venture Exchange
"TSXV Rules"	the rules and policies of the TSXV, including the TSXV Corporate Finance Manual
"U.S. Securities Act"	the United States Securities Act of 1933, as amended
"C\$"	Canadian dollars, the lawful currency of Canada
"£", "pounds sterling", "pence" or "p"	are references to the lawful currency of the United Kingdom
"\$" or "US\$"	United States dollars, the lawful currency of the United States of America

READER ADVISORY

Currency. All currency amounts in this Announcement are in United States dollars (unless otherwise stated).

Disclosure of Oil and Gas Information

Unit Cost Calculation. Natural gas liquids volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (Mcf) using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas volumes recorded in thousand cubic feet (Mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Mcf and boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl or a Mcfe conversion ratio of 1 bbl: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. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 Mcf:1 bbl or a Mcfe conversion ratio of 1 bbl:6 Mcf may be misleading as an indication of value.

Product Types. References to "natural gas" throughout this Announcement refer to conventional natural gas as defined by NI 51-101.

Reserves Disclosure. All reserves values and ancillary information contained in this Announcement have been internally estimated by the Company's Internal Qualified Reserve Evaluator ("QRE") and prepared in accordance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") and the most recent publication of the Canadian Oil and Gas Evaluation Handbook ("COGEH"). "Internally estimated" means an estimate that is derived by the Company's internal QRE and prepared in accordance with NI 51-101. All reserve references in this Announcement are "company gross reserves". Estimates of reserves for individual properties may not reflect the same level of confidence as estimates of reserves for all properties, due to the effect of aggregation.

Drilling Locations. This Announcement discloses drilling locations in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are derived from the Company's internal reserves evaluation as prepared by a member of management who is a QRE in accordance with NI 51-101 and the most recent

publication of the COGEH effective 5 October 2023 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

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. 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. Proved developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty. 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 category (proved, probable, possible) to which they are assigned. Certain terms used in this Announcement but not defined are defined in NI 51-101, CSA Staff Notice 51-324 - Revised Glossary to NI 51-101, Revised Glossary to NI 51-101, Standards of Disclosure for Oil and Gas Activities ("CSA Staff Notice 51-324") and/or the COGEH and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGEH, as the case may be.

Glossary

"1P"	proved reserves
"boepd"	barrels of oil equivalent per day
"IP30"	average hydrocarbon production rate for the first 30 days of a well's life
"LNG"	liquidified natural gas
"Mcf"	thousand cubic feet equivalent
"MMboe"	million barrels of oil equivalent
"MMBtu"	million British thermal units
"NPV10"	net present value at a 10% discount rate (before tax)
"NTM"	next twelve months
"PDP"	proved developed producing reserves
"PUD"	proved, undeveloped

Share Capital

Southern's common shares are listed/quoted on the TSXV and AIM and trade under the symbol "SOU" and "SOU", respectively. The volume weighted average trading price of Southern's common shares on the TSXV was C\$0.43 for the six months ended June 30, 2023. As at June 30, 2023 and as of the date hereof,

there are 139,041,285 and 139,088,160 common shares outstanding, respectively.

Forward Looking Information

This Announcement contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements are often, but not always, identified by the use of words such as "forecast", "guidance", "outlook", "anticipate", "target", "plan", "continue", "intend", "consider", "estimate", "expect", "may", "will", "should", "could" (or the negatives or similar words suggesting future outcomes. Forward-looking statements in this Announcement may contain, but are not limited to, statements concerning: Southern's business strategy and plan, including its objectives, strengths and focus; the completion of the Fundraising and the terms, size and timing thereof and the use of proceeds therefrom, including the acceleration of the completion of up to four DUC wells; the Company's price dependent growth and acquisition and consolidation strategies, including targets, metrics, planned investments, and allocation of funds, anticipated operational results; capital expenditures and drilling plans and locations the performance characteristics of the Company's oil and natural gas properties; the ability of the Company to achieve drilling success consistent with management's expectations; and the source of funding for the Company's activities including development costs. Statements relating to production, reserves, recovery, replacement, costs and valuation are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.

The forward-looking statements contained in this Announcement are based on a number of factors and assumptions made by Southern, which have been used to develop such statements, but which may prove to be incorrect. In addition to factors and assumptions which may be identified in this press release, assumptions have been made regarding and may be implicit in, among other things: the business plan of Southern; the receipt of all approvals and satisfaction of all conditions to the completion of the Fundraising; the timing of and success of future drilling, development and completion activities; the geological characteristics of Southern's properties; prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products; the availability and performance of drilling rigs, facilities, pipelines and other oilfield services; the timing of past operations and activities in the planned areas of focus; the drilling, completion and tie-in of wells being completed as planned; the performance of new and existing wells; the application of existing drilling and fracturing techniques; prevailing weather and break-up conditions; royalty regimes and exchange rates; the application of regulatory and licensing requirements; the continued availability of capital and skilled personnel; the ability to maintain or grow the banking facilities; the accuracy of Southern's geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation; and Southern's ability to execute its plans and strategies. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Although management considers these assumptions to be reasonable based on information currently available, undue reliance should not be placed on the forward-looking statements because Southern can give no assurances that they may prove to be correct. By their very nature, forward-looking statements are subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. As a result, any potential investor should not rely on such forward-looking statements in making their investment decisions. No representation or warranty is made as to the achievement, or reasonableness of, and no reliance should be placed on such forward-looking statements. Risks and uncertainties that can materially impact the Company's results include, but are not limited to: incorrect assessments of the value of benefits to be obtained from exploration and development programs; changes in the financial landscape both domestically and abroad, including volatility in the stock market and financial system; wars (including Russia's war in Ukraine and the Israel-Palestinian conflict); risks associated with the oil and gas industry in general (e.g. operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, and environmental regulations); commodity prices; increased operating and capital costs due to inflationary pressures; the uncertainty of estimates and projections relating to production, cash generation, costs and expenses; health, safety, litigation and environmental risks; access to capital; the availability of future financings and divestitures; public and political sentiment towards fossil fuels; and the effects of pandemics and other public health events (including but not limited to COVID-19). Due to the nature of the oil and natural gas industry, drilling plans and operational activities may be delayed or modified to react to market conditions, results of past operations, regulatory approvals or availability of services causing results to be delayed. Please refer to Southern's most recent Annual Information Form for the year ended December 31, 2022 and management's discussion and analysis for the period ended June 30, 2023, and other continuous disclosure documents for

additional risk factors relating to Southern, which can be accessed either on Southern's website at www.southernenergycorp.com or under the Company's profile on www.sedarplus.ca.

The forward-looking statements contained in this Announcement are made as of the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

This Announcement contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Southern's prospective results of operations, the performance of the DUCs, once completed, including having IP30 rates of approximately 5.6 MMcf/d per well and ultimate recovery per well of approximately 4.3 Bcf, operating costs, including an anticipated costs of US\$5.5 million per well which would achieve a ~30% IRR at a natural gas price of US\$3.78 / MMBtu, payout of wells, including expectations that the DUCs will payout in 12 months with associated IRR of 108% and NPV10 of US\$4.4 million per well, expectations of generating next twelve months operating cash flow of approximately US\$20 million, resulting in an annualised net debt to EBITDA ratio of approximately 1.0x in Q4 2024, increasing next twelve months corporate free cash flow to approximately US\$13 million; achieving production of approximately 4,700 boepd in 2024, with PDP reserves increasing by 12% per share cash flow, and components thereof, including pro forma the completion of the Fundraising, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this Announcement was approved by management as of the date of this Announcement and was provided for the purpose of providing further information about Southern's future business operations. Southern and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Southern disclaims any intention or obligation to update or revise any FOFI contained in this Announcement, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this Announcement should not be used for purposes other than for which it is disclosed herein.

References in this press release to peak rates, initial production rates, IP30 and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Southern.

Specified Financial Measures

This Announcement provides various financial measures that do not have a standardized meaning prescribed by IFRS, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. These specified financial measures may not be comparable to similar measures presented by other issuers. Southern's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Corporate free cash flow, EBITDA and net debt are not recognized measures under IFRS. Readers are cautioned that these specified financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS. These specified financial measures provide additional information that management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund capital expenditures and other activities. Please see below for a brief overview of all specified financial measures used in this release and refer to the Company's MD&A for additional information relating to specified financial measures, which is available on the Company's website at www.southernenergycorp.com and filed on SEDAR.

"Corporate Free Cash Flow" (capital management measure) is calculated by taking cash-flow from operating activities and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs and subtracting capital expenditures, excluding acquisitions and dispositions. Management believes that free cash flow provides a useful measure to determine Southern's ability to improve returns and to manage the long-term value of the business.

"EBITDA" (non-IFRS financial measure) is calculated as consolidated net income (loss) before interest and

financing expenses, income taxes, depletion, depreciation and amortization, adjusted for certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses. The Company considers this metric as key measures that demonstrate the ability of the Company's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. The most directly comparable IFRS measure to EBITDA is cash provided by operating activities.

"Net Debt" (capital management measure) is monitored by Management, along with adjusted working capital, as part of its capital structure in order to fund current operations and future growth of the Company. Net debt is defined as long-term debt plus adjusted working capital surplus or deficit. Adjusted working capital is calculated as current assets less current liabilities, removing current derivative assets/liabilities, the current portion of bank debt, and the current portion of lease liabilities.

"Net Debt to EBITDA"(non-IFRS financial ratio) is calculated as net debt at a point in time divided by EBITDA. Management considers Net Debt to EBITDA an important measure as it is a key metric to identify the Company's ability to fund financing expenses, net debt reductions and other obligations. When this measure is presented quarterly, EBITDA is annualized by multiplying by four.

"Operating Cash Flow" (non-IFRS financial measure) is calculated as revenue less royalties, transportation, operating expenses and production taxes.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this Announcement. This Announcement has not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission or any other regulatory authority in the United States.

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