

Southern Energy Corp. Announces Gwinville Lower Selma Chalk Completion Results

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CALGARY, July 29, 2025 - [Southern Energy Corp.](#) ("Southern" or the "Company") (TSXV:SOU)(AIM:SOU), an established producer with natural gas and light oil assets in Mississippi, is pleased to announce the preliminary results from its recent Lower Selma Chalk ("LSC") horizontal well completion in the Gwinville Field.

In late June 2025, Southern successfully completed the first of its three remaining drilled but uncompleted ("DUC") horizontal wells from the Q1 2023 drilling program, the GH LSC 13-13 #2 wellbore. Over the first 30 days of production, the well averaged natural gas rates of 3.6 MMcf/d (99% gas). This is an increase of > 100% compared to the average of the original LSC horizontal wells in Gwinville that were drilled and completed by previous operators. The well has been flowing directly to Company facilities with all gas sold since June 26, 2025.

Southern safely and efficiently stimulated the well with 25 fracture stages, placing over 5.3 million lbs of proppant into the wellbore. This is a 70% increase in proppant intensity compared to the original LSC horizontal wells at Gwinville. Southern implemented targeted stimulation design changes for this first LSC horizontal completion that improved the predictability and speed of the fracture operations, and most importantly, reduced the overall completion cost down to US\$2.2 million which is over 10% below pre-job estimates. Additionally, water flowback rates from the LSC reservoir have been over 70% lower than Southern's Upper Selma Chalk horizontal wells, which translates into significant initial operating cost savings of ~ \$0.20/Mcfe, further improving capital returns.

With these further cost improvements, the Company now estimates the total capital required to drill, complete, tie-in and equip capital for future Gwinville LSC horizontal wells to be approximately \$4.0 million - a reduction of over 20% from previous management estimates and significantly below the \$5.0 million estimates in the Company's third-party reserve report⁽¹⁾. Based on a revised LSC type curve with an IP30 rate of 3.6 MMcf/d and a capital cost of \$4.0 million, Southern calculates a break-even (15% IRR) at a Henry Hub price of \$3.70/MMBtu. This is consistent with previous estimates that assumed higher initial production rates and higher costs and remains competitive with other dry natural gas plays.

Southern will continue to monitor both regional natural gas pricing and well performance from the GH LSC 13-13 #2 over the upcoming months before making a decision on the completion timing of the remaining two DUC wells and will update the market at that time. The remaining two DUC wellbores have been drilled in the LSC and City Bank formations.

Ian Atkinson, President and Chief Executive Officer of Southern, commented:

"We are very pleased with the early flowback results of the GH LSC 13-13 #2 well that will help us establish a long-awaited type curve for the remaining potential 60+ LSC horizontal locations in our vast Gwinville inventory. We expect the lower decline from the LSC reservoir to support the ~ 3.5 Bcfe recovery per well predicted by both management and our third-party reserve evaluator. The Southern operations team has safely executed this operation at 10% below our original completion estimate, which not only drives a much quicker payout on this capital but will also allow Southern to start redeveloping the Gwinville Field much

sooner as natural gas prices are still expected to improve materially into the back half of 2025 and continue into 2026.

From a revenue generation perspective, since bringing these significant new production volumes on-line in late June with minimal incremental operating costs, Southern has also greatly benefited from a daily natural gas basis premium of approximately 17% above Henry Hub pricing due to the start of warmer seasonal temperatures and associated natural gas fired power demand in the southeast U.S. which we expect to continue or improve throughout the summer. We look forward to providing these improved cash flow results from additional Q3 volumes in November 2025."

Qualified Person's Statement

Gary McMurren, Chief Operating Officer, who has over 24 years of relevant experience in the oil industry, has 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.

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

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About Southern Energy Corp.

Southern Energy Corp. is a natural gas exploration and production company characterized by a stable, low-decline production base, a significant low-risk drilling inventory and strategic access to premium commodity pricing in North America. 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-staged fracture completion techniques.

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Product Types. Throughout this press release, "crude oil" or "oil" refers to light and medium crude oil product types as defined by NI 51-101. References to "natural gas" throughout this press release refers to conventional natural gas as defined by NI 51-101.

Unit Cost Calculation. For the purpose of calculating unit costs, natural gas volumes have been converted to a barrel of oil equivalent ("boe") using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with NI 51-101. Boe may be misleading, particularly if used in isolation.

MCFE Disclosure. 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 Mcf conversion ratio of 1 bbl:6 Mcf is based in 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 Mcf conversion ratio of 1 bbl:6 Mcf may be misleading as an indication of value.

Short Term Results. References in this press release to peak rates, production rates since inception, current production rates, initial 30-day productions rates and 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. The Company cautions that such results should be considered to be preliminary.

Type Curves. Certain type curves disclosure presented herein represent estimates of the production decline and ultimate volumes expected to be recovered from wells over the life of the well. The type curves represent what management thinks an average well will achieve. Individual wells may be higher or lower but over a larger number of wells, management expects the average to come out to the type curve. Over time, type curves can and will change based on achieving more production history on older wells or more recent completion information on newer wells.

Forward Looking Statements. Certain information included in this press release 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", "budget", "continue", "evaluate", "forecast", "may", "will", "can", "target", "potential", "result", "could", "should" or similar words (including negatives or variations thereof) suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, statements concerning: anticipated capital required to drill, complete, tie-in and equip capital for future Gwinville LSC horizontal wells; expectations regarding future natural gas pricing; expectations in respect of the remaining two DUC wells; expectations regarding improved cash flows from Q3 volumes; and economic assumptions such as IRR and break-even pricing. The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern. 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, including other risks are set out in Southern's latest Management Discussion and Analysis for the period ended March 31, 2025 and the Company's annual information form for the year ended December 31, 2024, which are available on the Company's website at www.southernenergycorp.com and filed under the Company's profile on SEDAR+ at www.sedarplus.ca. The forward-looking information contained in this press release 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 press release is expressly qualified by this cautionary statement.

Neither the 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 release.

Abbreviations. Please see below for a list of abbreviations used in this press release.

bbl barrels
bbl/d barrels per day
Bcfe billion cubic feet equivalent
bcf/d billion cubic feet per day
boe barrels of oil

IP30 average hydrocarbon production rate for the first 30 days of a well's life
Mcf thousand cubic feet
Mcfe thousand cubic feet equivalent
Mcf/d thousand cubic feet per day
Mcfe/d thousand cubic feet equivalent per day
MMcf/d million cubic feet per day
MMcfe/d million cubic feet equivalent per day
MMBtu million British thermal units
NI 51-101 National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities

(1) Based on the Netherland, Sewell and Associates, Inc. report dated December 31, 2024 - Total Proved plus Probable estimate

SOURCE: Southern Energy Corp.

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