



*Defined terms used in this announcement have the same meaning given to them as defined in the Company's announcement released at 17:47 (BST) on 28 October 2021 unless otherwise defined herein.*

## **SOUTHERN ENERGY CORP. ANNOUNCES CLOSING OF EQUITY FINANCING AND OPERATIONAL UPDATE**

**Calgary, Alberta – November 24, 2021 – Southern Energy Corp.** (“**Southern**” or the “**Company**”) (SOU: TSXV) (AIM: SOUC), a U.S.-focused, growth-oriented natural gas producer, is pleased to announce the closing of its previously announced equity financing for aggregate gross proceeds of c. US\$10.1 million through the offering of 254,304,014 Common Shares.

### **Highlights of Equity Raise:**

- Equity financing raised combined gross proceeds of c.US\$10.1 million:
  - c. US\$4.7 million via a Prospectus Offering of 119,248,000 Common Shares at a price of C\$0.05 per Common Share, settlement in respect of which is expected to occur pre-market in Canada on November 24, 2021;
  - c. US\$3.7 million via a Placing of 93,389,349 new Common Shares at a price of 2.94 pence per Common Share; and
  - c. US\$1.6 million via a direct subscription with the Company for 41,666,665 new Common Shares at a price of 2.94 pence per Common Share  
(together, the “**Offering Shares**”)
- As previously announced, the net proceeds of the Offering will be used to drill up to three horizontal Selma Chalk wells in the Gwinville field, anticipated to begin in Q4 2021 and for working capital and general corporate purposes
  - Subject to successful completion, first production from the wells is expected in Q1 2022
- Participants in the Offering include both new and existing institutional shareholders, as well as certain directors and senior managers of the Company
- Completion of the equity financing introduced new UK-based investors and is expected to provide additional liquidity to the Company's Common Shares on AIM

### **Operational Update:**

- The Company has completed a series of low-cost well recompletions and workovers during Q3 and Q4 2021
  - Work program had an overall cost of c.US\$0.8 million (US\$0.7 million in Q3 2021) and added c.1,250 Mcfe/d (208 boe/d) of production (c.80% natural gas), comprised of 39 bb/d of light and medium crude oil, 2 bbl/d of NGLs and 1,000 mcf/d of conventional natural gas.
  - At current strip pricing, the program is expected to break even in 4-5 months and add more than US\$1.3 million of corporate cash flow thereafter in 2022.

**Ian Atkinson, President and CEO of Southern, commented:**

*“We are delighted with the result of our equity financing and the support shown by new and existing shareholders.*

*“In preparation for the upcoming drilling program, funded by today’s equity raise, we have secured an experienced drilling rig, crew and necessary materials and services with drilling anticipated to begin shortly.*

*“Following on strong operational results in Q3 and Q4, these Gwinville wells will have short payback and are strategically located in proximity to the Henry Hub terminal which attracts premium regional gas pricing. The Gwinville program is expected to provide additional near-term cash flow to the business during a period of strong commodity prices, and we look forward to updating shareholders in due course as the program progresses.”*

**Admission and Total Voting Rights**

As previously announced, admission of 250,000,014 new Common Shares, which are credited as fully paid and will rank *pari passu* in all respects with the existing Common Shares, is expected to take place at 8:00a.m. (GMT) this morning (“**Admission**”).

Following Admission, the total number of Common Shares in the Company in issue will be 612,597,068. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company.

Application has been made for an additional 4,304,000 new Common Shares, to be issued pursuant to the Prospectus Offering, to be admitted to trading on AIM (the “**Further Admission**”). The Further Admission is expected to take place on or around 8:00a.m. GMT on 29 November 2021. Following the Further Admission, the total number of Common Shares in the Company in issue will be 616,901,068 (the “**Enlarged Share Capital**”). Following the Further Admission, this Enlarged Share Capital figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in the Company.

**Notification of Major Holdings**

In accordance with the Company’s constitution, save for where there may be legal exemption, shareholders are required to disclose to the Company any interests in its common shares over three per cent. of the Company’s voting rights from time to time.

Following completion of the Offering and admission of the Offering Shares to trading on AIM and the TSXV, the Company’s shareholders with an interest in over 3 per cent of the Company’s voting rights are expected to be as follows:

| <b>Investor</b>                           | <b>Common Shares held (following completion of the Offering)</b> | <b>Percentage of Enlarged Share Capital</b> |
|---|--|---|
| Alberta Investment Management Corporation | 51,443,484   | 8.34%                                       |
| DSS Holdings Inc.                         | 41,308,000   | 6.70%                                       |
| Portillion Capital                        | 37,414,966   | 6.06%                                       |
| Vestcor Inc.                              | 35,338,597   | 5.73%                                       |
| Ian Atkinson                              | 28,875,000   | 4.68%                                       |
| Shard Capital                             | 20,408,163   | 3.31%                                       |
| AlphaNorth Partners Fund Inc.             | 19,500,000   | 3.16%                                       |

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**Notes to editors:**

**About Southern Energy Corp.**

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

## Forward Looking Statements

Certain information included in this Announcement constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this Announcement may include, but is not limited to, statements concerning the use of proceeds of the Offering, the Company's business strategy, objectives, strength and focus and the Company's capital program for the remainder of 2021.

The forward-looking statements contained in this Announcement are based on certain key expectations and assumptions made by Southern, including the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Southern's properties, the characteristics of its assets, the successful application of drilling, completion and seismic technology, benefits of current commodity pricing hedging arrangements, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions.

Although Southern believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Southern can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risk that the Company may apply the proceeds of the Offering differently than as stated herein depending on future circumstances; risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), constraint in the availability of services, negative effects of the current COVID-19 pandemic, commodity price and exchange rate fluctuations, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. These and other risks are set out in more detail in the Preliminary Prospectus and Southern's most recent management's discussion and analysis and annual information form, which are available under the Company's SEDAR profile at [www.sedar.com](http://www.sedar.com).

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

***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 release.***