



## SOUTHERN ENERGY CORP. ANNOUNCES INITIAL RESULTS OF 7.7 MMCF/D FROM FIRST GWINVILLE SELMA CHALK HORIZONTAL WELL

### *Successful Initial Results from Generation 3 Well Design*

Calgary, Alberta – June 8, 2022 – Southern Energy Corp. (“Southern” or the “Company”) (TSXV:SOU) (AIM:SOU) is excited to announce successful early flowback results from the first well of the three-well horizontal padsite located in the Gwinville Field.

#### Highlights

- Well GH 19-3 #2 is flowing at an initial level of 7.7 MMcf/d (1,280 boe/d), at a highly restricted flowing pressure, exceeding the Company's modeled type curve
- Additional volumes from GH 19-3 #2 have increased the Company's production approximately 60% to 3,175 boe/d, materially increasing gas sales as no test volumes are flared
- The Company remains largely unhedged, resulting in gas from GH 19-3 #2 being sold at current NYMEX gas prices
- Initial results indicate that flowback performance using the Generation 3 completion design is far superior to any previous Selma Chalk wells in the area
- Flowback results are expected from two recently completed Gwinville wells shortly

The GH 19-3 #2 well was opened to flowback following the stimulation operation. After approximately one week of clean-up, the well is flowing at 7.7 MMcf/d (1,280 boe/d) at a highly restricted flowing pressure of 1,100 psig. Production from the well is flowing directly to sales creating significant additional cash flow for the Company. The well continues to produce over 2,000 bbl/d of load fluid, with approximately 24% recovered to date. Throughout the first week of production, as more load fluid is recovered, the well's gas rate has consistently increased day over day.

Southern's Generation 3 completion design increased the stage count by over 275% and the proppant concentration by over 40% as compared to the most recent Selma Chalk horizontal wells completed in Mississippi between 2013 – 2015, and initial flowback performance suggests that the increased completion intensity is having a very positive result.

With the additional volumes from the new well, Southern's current WI sales production has increased approximately 60% to 3,175 boe/d (96% gas). The additional natural gas production from the new well is unhedged and being sold at current NYMEX gas prices.

Stimulation operations on the GH 19-3 #3 and #4 wells have also been completed, and both wells will begin flowback/clean-up shortly.

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

*“This is a transformational moment for our company; not only are we adding material production, reserves, and cash flow at a time when gas prices are near 14-year highs, but we are solidifying and executing our operational strategy to deliver multi-year redevelopment from our assets and highlighting the significant opportunity and optionality we have in providing equity growth for shareholders.*”

*“We are extremely excited by these initial results from our Generation 3 completion design on these Gwinville Selma Chalk horizontal wells. The flowback results from the GH 19-3 #2 well are evidence of how our team has successfully used modern technology to revitalize these significantly under-developed conventional assets in the Gulf Coast area.*

*“While still premature to make accurate type curve predictions for these and future Gwinville wells, we can say at this point, that the early flowback performance is far superior to any of the previous Selma Chalk wells in the area. Our operations team has done an excellent job of safely managing the stimulations on the three-well pad, and we expect costs to come in-line with AFE estimates.”*

### **Share Issues**

As at June 7, 2022, the Company is pleased to announce that 5.3 million warrants issued on April 22, 2021 (“**2021 Warrants**”), representing approximately 31% of outstanding 2021 Warrants, have been exercised for total proceeds of CAD\$1.7 million to the Company. There are 11.8 million remaining 2021 Warrants outstanding that expire on April 30, 2023 for total proceeds of CAD\$3.8 million to the Company. In addition, as of June 7, 2022, there have been 2,923 conversions of the outstanding 8% convertible unsecured subordinated debentures issued on June 14, 2019 and January 15, 2021 (the “**Convertible Debentures**”) for 3.6 million new common shares, representing approximately 35% of the 8,389 Convertible Debentures issued.

It is noted that the above exercises include additional conversions since the time of the Company’s previous total voting rights update on June 1, 2022, amounting to the issue of a further 468,750 new common shares since that time. These new common shares have been admitted to trading on AIM under the block admission announced on May 6, 2022. As of June 7, 2022, following the aforementioned share issues, the Company had a total of 86,903,733 common shares in issue. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company.

**For further information about Southern, please visit our website at [www.southernenergycorp.com](http://www.southernenergycorp.com) or contact:**

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## 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.

## Qualified Person's Statement

Gary McMurren, Vice President Engineering, who has over 22 years of relevant experience in the oil industry and has approved the technical information contained in this announcement. Mr. McMurren is registered as a Profession 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.

## READER ADVISORY

**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). Mcfe 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 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 Mcfe conversion ratio of 1 bbl:6 Mcf may be misleading as an indication of value.

Throughout this press release, "crude oil" or "oil" refers to light and medium crude oil product types as defined by National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities ("NI 51-101"). References to "NGLs" throughout this press release comprise pentane, butane, propane, and ethane, being all NGLs 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.

References in this press release to production test rates, initial test production rates, 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 for Southern. A pressure transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Company cautions that the test results should be considered to be preliminary.

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

<i>bbl</i>	<i>barrels</i>
<i>bbl/d</i>	<i>barrels per day</i>
<i>boe</i>	<i>barrels of oil</i>
<i>boe/d</i>	<i>barrels of oil per day</i>
<i>Mcf</i>	<i>thousand cubic feet</i>
<i>Mcf/d</i>	<i>thousand cubic feet per day</i>
<i>Mcf</i>	<i>thousand cubic feet equivalent</i>
<i>Mcf/d</i>	<i>thousand cubic feet equivalent per day</i>
<i>MMBtu</i>	<i>million British thermal units</i>
<i>MMBtu/d</i>	<i>million British thermal units per day</i>

**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” or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, statements concerning the Company's asset base including the development of the Company's assets, future commodities pricing, expectations regarding the Company's hedging strategy, expectations regarding production from the Company's drilling operations in Gwinville and the timing thereof, ability to achieve production estimates set out herein, future production levels and planned capital expenditures.

The forward-looking statements contained in this press release 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 the Company's assets, the successful application of drilling, completion and seismic technology, Southern's ability to secure financing on acceptable terms, 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 Company's ability to obtain all requisite permits and licences, the availability of capital, labour and services, the creditworthiness of industry partners and the Company's 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, 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, regulatory risks, 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, geo-political risks, political and economic instability abroad, wars (including Russia's military actions in Ukraine), hostilities, civil insurrections, inflationary risks including potential increases to operating and capital costs, 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. Ongoing military actions between Russia and the Ukraine have the potential to threaten the supply of oil and gas from the region. The long-term impacts of the actions between these nations remains uncertain. These and other risks are set out in more detail in Southern's most recent management's discussion and analysis and annual information form.

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.

**Future Oriented Financial Information.** Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of Southern. Readers are cautioned that any such future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information 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 activities or results.

**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.**

**The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.**