SOUTHERN ENERGY CORP. ANNOUNCES SECOND QUARTER 2022 FINANCIAL AND OPERATING RESULTS, SECOND HALF 2022 CAPITAL BUDGET, POSITIVE GWINVILLE WELL UPDATE AND EXPANDED CREDIT FACILITY

Calgary, Alberta – August 23, 2022 – Southern Energy Corp. ("**Southern**" or the "**Company**") (TSXV:SOU) (AIM:SOUC), the established producer with natural gas and light oil assets in Mississippi, today announces the release of its second quarter financial and operating results for the three and six months ended June 30, 2022. Selected financial and operational information is outlined below and should be read in conjunction with the Company's unaudited consolidated financial statements (the "**Financial Statements**") and related management's discussion and analysis (the "**MD&A**") for the three and six months ended June 30, 2022, which are available on the Company's website at www.southernenergycorp.com and have been filed on SEDAR.

All figures referred to in this news release are denominated in U.S. dollars, unless otherwise noted.

SECOND QUARTER 2022 HIGHLIGHTS

- $3.6 million of adjusted funds flow from operations[1] in Q2 2022, an increase of 490% from the same period in 2021
- Net earnings of $2.8 million in Q2 2022 ($0.03 earnings per share – basic and diluted) compared to net earnings of $3.1 million in the same period of 2021 (which included a one-time gain of $4.5 million on debt retirement)
- Petroleum and natural gas sales of $10.3 million in Q2 2022, an increase of 176% from the same period in 2021
- Q2 2022 average production of 14,169 Mcfe/d[2] (2,362 boe/d) (95% natural gas), which included only a partial month of June from the three new Gwinville wells, an increase of 14% from the same period in 2021
- Completed and successfully brought online all three wells from the initial Gwinville appraisal program
- Exited Q2 2022 with Net Debt[1] of $12.8 million, and Net Debt to annualized Adjusted Funds Flow from Operations[1] of 0.9x
- Average realized oil and natural gas prices for Q2 2022 of $109.01/bbl and $7.53/Mcf, respectively, reflecting the benefit of strategic access to premium-priced US sales hubs

SUBSEQUENT EVENTS

- On July 7, 2022, the Company completed a bought deal prospectus offering and placing raising aggregate gross proceeds of $31.0 million, and leaving Southern with approximately $33.2 million of cash as at July 31, 2022
- Initiated planning and procurement for a multi-well program to follow-up on the successful appraisal program at Gwinville
- On August 19, 2022, Southern entered into a non-binding term sheet with its current lender in respect of

[1] See "Specified Financial Measures" under "Reader Advisory" below
[2] Comprised of 100 bbl/d light and medium crude oil, 13 bbl/d NGLs and 13,491 Mcf/d conventional natural gas

its senior secured term loan (the "Credit Facility") to increase the total Credit Facility to $35 million (details of which are provided within the MD&A and Financial Statements)

- The combination of the recent equity financing and credit facility expansion, uniquely positions Southern to execute a meaningful growth strategy

Ian Atkinson, President and CEO of Southern, commented:

"We are pleased with the success of our recent equity financing, which allows us to accelerate the organic growth strategy portion of our goal to reach 25,000 boe/d. The success of these first three wells at Gwinville have already increased our corporate production by over 100%. We are truly excited by our ability to begin a long-term development drilling program to unlock shareholder value due to the significant reserves, production and cashflow growth in Gwinville and our other assets. Cashflow generated from this development will support our fundamental strategy of both organic and inorganic growth of natural gas weighted assets in the Gulf Coast area of the United States."

Financial Highlights

	Three months ended June 30,		Six months ended June 30,	
(000s, except $ per share)	**2022**	**2021**	**2022**	**2021**
Petroleum and natural gas sales	**$ 10,311**	$ 3,736	**$ 16,236**	$ 7,593
Net earnings	**2,838**	3,099	**984**	2,468
Net earnings per share				
Basic	**0.03**	0.08	**0.01**	0.07
Fully diluted	**0.03**	0.06	**0.01**	0.06
Adjusted funds flow from operations (1)	**3,590**	608	**5,824**	1,619
Adjusted funds flow from operations per share (1)				
Basic	**0.04**	0.02	**0.07**	0.05
Fully diluted	**0.04**	0.01	**0.06**	0.04
Capital expenditures	**10,104**	36	**16,976**	93
Weighted average shares outstanding				
Basic	**83,302**	39,044	**80,742**	33,352
Fully diluted	**101,011**	54,943	**91,796**	45,235
As at period end				
Basic common shares outstanding	**89,537**	44,674	**89,537**	44,674
Total assets	**58,347**	29,254	**58,347**	29,254
Non-current liabilities	**10,013**	13,486	**10,013**	13,486
Net debt (1)	**$ 12,814**	$ 14,292	**$ 12,814**	$ 14,292

Notes:
(1) See "Reader Advisories – Specified Financial Measures".

Capital Budget

Based on the success of the initial three well appraisal program at Gwinville, Southern's Board of Directors has approved an accelerated capital budget of US$34.4 million for the balance of 2022, which will allow the Company to commence a long-term drilling program beginning in Q4 2022 in the Gwinville field. Major services and equipment have been secured for the development program to optimize capital and operational efficiencies. The approved drilling program will target multi-zone horizontal potential in the Upper Selma, Lower Selma and City

Bank formations with a further five horizontal wells, as well as pad construction, in-field pipelines and water disposal well conversions that will help service the next few years of Gwinville development. Management expects to have the first pad of three horizontal wells on stream prior to year-end but with limited production.

In the upcoming program the Company will drill at least one Lower Selma Chalk horizontal well and one City Bank horizontal well to prove the deliverability of these high remaining gas-in-place reservoirs. Neither of these horizons have undeveloped reserves booked despite having historic vertical and horizontal success from the same era as the first-generation Selma Chalk wells. It is management's expectation that proving success in these formations will lead to material reserves additions for the Company. At current gas pricing, and using the older Gen 2 type curve, these Gwinville horizontal wells are expected to pay out in less than 12 months, allowing the Company to self fund further drilling campaigns in its assets expected to follow in 2023.

Operations Update

Southern was successful in safely and efficiently executing the three well appraisal program in the first half of 2022, marking the first horizontal drilling activity in the Gwinville Field in approximately 12 years. The primary goal of the appraisal program was to reaffirm the remaining recoverable gas-in-place in the Selma Chalk reservoir by proving the successful application of advanced completion technology ("Gen 3" design). The three wells were drilled, completed, equipped and tied-in within 20% of originally budgeted estimates despite industry wide inflationary pressures that were well in excess of that figure.

Highlights

- Growth strategy to reach 25,000 boe/d is solidified with the US$34.4 million capital budget being the catalyst for the Company to commence a self-funded, long-term drilling program from Q4 2022 onwards at Gwinville field

- Natural gas sales at the Transco Zone 4 hub realizing an index price of > US$13 per MMbtu for August, reflecting approximately US$5.00 per MMBtu premium to NYMEX. Futures contracts suggests that a continuation of this positive basis differential is forecasted for at least the next few years.

- The three Gwinville Upper Selma Chalk wells have now successfully achieved a combined IP30 gas rate of 14.1 MMcf/d (2,350 boepd), adding significant unhedged production to the Company during these strong market conditions, bringing total early August Company production up to approximately 22.1 MMcfe/d (3,680 boepd) (96% natural gas):

    - GH 19-3 #2 well achieved a rate of 6.5 MMcf/d (1,083 boepd), exceeding the older Generation 2 ("Gen 2") type curve IP30 forecast of 5.7 MMcf/d (950 boepd)

    - GH 19-3 #3 and GH 19-3 #4 wells achieved IP30 gas rates of 3.6 and 4.0 MMcf/d (600 boepd and 670 boepd), respectively, despite only 50% of the horizontal lateral in both wells being in the high-grade Upper Selma Chalk interval

    - Estimated July 2022 revenue for the three well padsite of over $3.6 million.

The three Gwinville Upper Selma Chalk horizontal wells have achieved an average IP30 gas rate (first 30 days of production following recovery of 20% load fluid) of 4.7 MMcf/d. A subsequent, comprehensive look-back analysis of the program, including a full 3D seismic re-interpretation, has significantly improved the Company's ability to model the structural complexity of the reservoir and identify the optimal drill path of future horizontal laterals. Furthermore, the planned Q4 2022 drilling program will utilize rotary steerable drilling technology which will also optimize both directional steering precision and performance.

By implementing the appraisal program learnings, the Company is highly confident that future Upper Selma Chalk wells can successfully achieve > 80% lateral length within the high-grade porosity interval. When the production results from the GH 19-3 #3 and GH 19-3 #4 wells are normalized to account for effective lateral length, the rates closely mirror the GH 19-3 #2 well that successfully stayed in the target interval for > 90% of the horizontal lateral.

With the Gen 3 stimulation design that increased stage counts by > 275% and proppant concentrations by > 40% compared to the Gen 2 design of 8-10 years ago, the Company believes that the ultimate recoverable gas from these three wells will be superior to earlier wells. By optimizing the lateral length in the targeted high-grade Upper Selma Chalk interval in future wells, the Company expects to replicate the GH 19-3 #2 results. As the Company obtains three and six month production histories, the Company will present updated type curve forecasts that will assist in modelling future production growth. With the successful results of the Gen 3 appraisal program, the Company expects to add material 1P and 2P reserves to the Gwinville Field with the year end 2022 reserves report, expected to be published during Q1 2023.

Outlook

Southern has secured the equipment and major services necessary to begin the next phase of drilling at Gwinville in Q4 2022. Southern intends to strategically and efficiently deploy cash from the recent equity financing to capitalize on the strong natural gas pricing in the Southeastern U.S. and robust economics at the Gwinville field, to materially grow the Company organically over the coming years.

Natural gas pricing has remained strong in the Southeastern U.S. spot and forward basis markets highlighted by the recent August 2022 settlement price where a portion of Southern's natural gas is selling for approximately US$5.00 per MMBtu premium to NYMEX. In recent weeks, this region has had the highest priced natural gas market in the U.S. and futures markets indicate premiums to NYMEX extending out to 2026. At current pricing the Company's development drilling at Gwinville is expected to payout in far less than 12 months. The Company continues to monitor these premium prices and is prepared to hedge additional basis exposure at these elevated basis premiums.

Calvin Yau, Chief Financial Officer of Southern, commented:

"The strength of natural gas spot and basis pricing premiums to NYMEX in Southeastern U.S. has continued positively over the past month. Our long-term drilling program will add new unhedged production allowing Southern and its shareholders to realize significant additional value, from sales made at premiums to NYMEX."

The Company's long-term strategy remains consistent, with an unwavering commitment to environmental, social and governance ("**ESG**") principles that support the continued development and consolidation of prolific reservoirs that are outside of the more expensive shale basins. Cost savings and financial discipline will remain a priority through the continued enhancement of operations and the ongoing evaluation of opportunities to reduce operating and capital costs.

Southern thanks all of its stakeholders for their ongoing support and looks forward to providing future updates on operational activities.

Corporate Update

The Company confirms that, further to the announcement of June 16, 2022, Paul Baay has been appointed as a Non-Executive Director of the Company. The information regarding Paul Baay required to be disclosed pursuant to

Schedule 2(g) of the AIM Rules for Company is set out below:

Paul Raymond Baay, aged 59

Current Directorships/Partnerships	**Past Directorships/Partnerships within last 5 years**
Alberta Foundation for the Arts	AlkaLi3 Resources Inc
Calvalley Petroleum (Cyprus) Ltd	Council for Canadian American Relations
Carnegies Institution of Canada	Junior Achievement of Southern Alberta
National Gallery of Canada	Loop Insights Inc
Octavia Energy Corporation Limited	
Touchstone Exploration Inc	

Paul Baay holds no direct or indirect interest in the Company's issued share capital.

There is no further information to be disclosed pursuant to Schedule 2(g) of the AIM Rules for Companies.

Management Changes

Southern is also pleased to announce the promotion of Mr. Gary McMurren, VP Engineering, to the role of Chief Operating Officer, Mr. Jeff Forrester, Engineering Manager, to the role of VP Engineering and Mr. Ryan Read, Controller, to the role of VP Finance.

Mr. McMurren has over 22 years of engineering, operational and management experience in the oil and gas industry and was a co-founder and VP Engineering of Gulf Pine Energy Partners. Mr. McMurren was formerly the Director of Light Oil at Athabasca Oil Corp. Prior thereto, he has held senior engineering positions at Galleon Energy Inc., ARC Resources Ltd., and Talisman Energy Inc. He holds a Bachelor of Science in Chemical Engineering Degree and a Professional Engineer designation.

Mr. Forrester has over 15 years of engineering, operations and management experience in the oil and gas industry. He was the Engineering Manager at Gulf Pine. Prior thereto, he has held both engineering and operations roles at Athabasca, and ARC Resources Ltd. He holds a Bachelor of Science in Chemical Engineering with a minor in Petroleum Engineering and is a designated Professional Engineer.

Mr. Read has over 17 years of financial, operational and management experience in the oil and gas industry. Mr. Read was the Controller of Gulf Pine. Prior thereto, he was the Assistant Controller at Long Run Exploration Ltd. and has worked both financial and operational roles at Galleon Energy Inc. and Devon Canada. He holds a Bachelor of Commerce Degree in Finance and Risk Management, a Chartered Financial Analyst Designation, and is a member of the Chartered Professional Accountants of Alberta.

Block Admission and Total Voting Rights

Further to the Company's announcement on May 6, 2022, regarding the application to AIM for a block admission in respect of certain outstanding dilutive instruments in the Company (the "Block Admission"), the Company has applied to AIM to add a further 14,262,643 common shares in the Company ("Common Shares") to the existing outstanding block admission, taking the total number of common shares subject to block admission to 18,863,750 new Common Shares. This will be used to facilitate the admission of Common Shares to trading following future exercises of outstanding warrants issued in 2021 ("2021 Warrants") and future conversions of outstanding 8%

convertible unsecured subordinated debentures issued on June 14, 2019, and January 15, 2021, (the "Convertible Debentures"). The number of Common Shares admitted for these purposes is as follows:

- up to 13,312,500 Common Shares in connection with the 2021 Warrants; and
- up to 5,551,250 Common Shares in connection with the Convertible Debentures.

The Common Shares cited above will be issued from time to time pursuant to exercises of the 2021 Warrants and conversions of the outstanding Convertible Debentures.

New Common Shares issued under the block admission will rank pari passu in all respects with existing Common Shares, and it is expected that the block admission will become effective from 8.00 a.m. on or around 24 August 2022. There is no immediate change to the Company's issued share capital as a result of this block admission.

The Company will make six-monthly announcements of the utilisation of the block admission, in line with its obligations under AIM Rule 29.

At the time of this announcement, Southern Energy has 135,908,785 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.

Qualified Person's Statement

Gary McMurren, COO, 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.

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.

READER ADVISORY

MCFE Disclosure*. Natural gas liquids volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (Mcfe) 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.

Unit Cost Calculation. For the purpose of calculating unit costs, natural gas volumes have been converted to a 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 National Instrument 51 101 - Standards of Disclosure for Oil and Gas Activities. Boe may be misleading, particularly if used in isolation.

Short-Term Results. References in this press release to IP30, 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.

Type Curves. Certain type curves disclosure presented herein represents 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, based on methodology that is analogous to wells with similar geological features. 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.

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

bbl	*barrels*
bbl/d	*barrels per day*
boe	*barrels of oil*
boe/d	*barrels of oil per day*
IP30	*average production for the first 30 days that a well is onstream*
Mcf	*thousand cubic feet*
Mcf/d	*thousand cubic feet per day*
MMcf	*million cubic feet*

MMcf/d	*million cubic feet per day*
Mcfe	*thousand cubic feet equivalent*
Mcfe/d	*thousand cubic feet equivalent per day*
MMBtu	*million British thermal units*
MMBtu/d	*million British thermal units per day*

***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, oil and natural gas production levels, including the objective of achieving production of 25,000 boe/d; expectations regarding material reserves additions in the 2022 reserves report, anticipated operational results for H2 2022 including, but not limited to, capital expenditures and drilling plans, including expectations that the drilling program at Gwinville field will be self-funded from Q4 2022 onwards; expectations regarding commodity prices; the performance characteristics of the Company's oil and natural gas properties; hedging strategy; the ability of the Company to achieve drilling success consistent with management's expectations; and the source of funding for the Company's activities, the effect of market conditions and the COVID-19 pandemic on the Company's performance, Southern's planned ESG initiatives, expectations regarding site preparation and production from the Company's drilling operations in Gwinville and the timing thereof, ability to achieve production estimates set out herein, expectations regarding the use of proceeds from the Company's credit facilities, as are expected to be amended in accordance with the non-binding term sheet, the availability and renewal of the Credit Facility and future amendments thereto, future organic growth and acquisition opportunities, costs/debt reducing activities, and planned capital expenditures. Statements relating to "reserves" and "recovery" 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 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 drilling rigs, 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, benefits of current commodity pricing hedging arrangements, Southern's ability to enter into future derivative contracts on acceptable terms, Southern's ability to secure financing on acceptable terms, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products, royalty regimes and exchange rates, impact of inflation on costs, 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 MD&A and AIF.

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*. This press release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about Southern's prospective results of operations, cash flow, increased capacity under the credit facility, capital expenditures and payout of wells, 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 document was approved by management as of the date of this document 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 document, 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 document should not be used for purposes other than for which it is disclosed herein. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in Southern's guidance. The Company's actual results may differ materially from these estimates.*

Specified Financial Measures. *This press release 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. Adjusted funds flow from operations, operating netback, adjusted working capital 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.*

> *"**Adjusted Funds Flow from Operations**" (non-IFRS financial measure) is calculated based on cash flow from operative activities before changes in non-cash working capital and cash decommissioning expenditures. Management uses adjusted funds flow from operations as a key measure to assess the ability of the Company to finance operating activities, capital expenditures and debt repayments.*
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> *"**Adjusted Funds Flow from Operations per Share**" (non-IFRS financial measure) is calculated by dividing Adjusted Funds Flow from Operations by the number of Southern shares issued and outstanding.*
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> *"**Operating Netback**" (non-IFRS financial measure) equals total oil and natural gas sales less royalties, production taxes, operating expenses, transportation costs and realized gain / (loss) on derivatives. Management considers operating netback an important measure to evaluate its operational performance, as it demonstrates field level profitability relative to current commodity prices.*
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> *"**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.*