



SOUTHERN ENERGY CORP. PROVIDES OPERATIONAL UPDATE

Calgary, Alberta – October 17, 2023 – Southern Energy Corp. (“Southern” or the “Company”) (TSXV:SOU) (AIM:SOUC)(OTCQX:SOUTF), an established producer with natural gas and light oil assets in Mississippi, is pleased to provide an update on field operations and production, as well as recent financial hedging contracts that have been executed.

Operations Update

Production for the third quarter averaged 2,814 boe/d (95% natural gas), representing a 6% increase over the prior quarter and largely reflecting the impact of the synergistic Gwinville acquisition (the “Transaction”) completed in June 2023. Current production is approximately 2,900 boe/d.

At Gwinville, Southern has completed the process of installing the necessary pipeline infrastructure to consolidate the two gathering systems, allowing the Company to run just one central compressor station compared to the five that were running before the Transaction. These synergies will not only remove costly rental compression and allow monetization of spare owned compressors but will also eliminate the need for approximately 250 Mcf/d of fuel gas and associated emissions which can instead be added directly into sales volumes. Additionally, the Company has recently initiated workover operations on two shut-in wells on the acquired lands to re-establish production. The wells were previously producing at a combined rate of approximately 800 Mcf/d.

In September, the Company attempted to mechanically remediate the casing on the 18-10 #3 Upper Selma Chalk horizontal well without success. Subsequently, the heel section of the lateral (10 of 48 stages, 1,060 feet total lateral length, and 740 feet of effective lateral length) was turned over to production and the well is currently flowing at a restricted rate of 1.2 MMcf/d. The Company is considering alternative casing remediation methods for possible execution in Q1 2024.

In light of the recent recovery in U.S. natural gas prices above \$3/MMBtu, the Company is also in the process of re-bidding completion services in connection with the four high quality uncompleted horizontal wells at Gwinville.

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

“We are excited with the progress we have made with the Gwinville acquisition integration, realizing quick and incremental value for shareholders through operating cost reductions and now through the start of work to increase production on the asset. At the time of pausing our capital program in Q1 2023, in response to the price of gas reaching \$2.00/MMBtu, we had made a significant investment including four drilled uncompleted horizontal wells (“DUCs”), incremental Company owned field compression, wellhead facilities, Company owned water disposal capacity, and well casing for future drilling. This pre-investment positions Southern to expedite our corporate growth in light of the recent improvements in the price of U.S. natural gas and the anticipated drop in the cost of services. We look forward to updating the market further as we make key operational decisions in light of resurgent US natural gas prices.”

Recent Financial Hedging Initiatives

With the recent natural gas price recovery, Southern has taken the opportunity to add further hedges, both in

the near term and through the 2024 and 2025 calendar years, to protect future cash flows and ensure balance sheet resiliency through the commodity price cycle. Natural gas prices have been under pressure through the beginning of 2023, with the Q2 2023 Henry Hub price averaging \$2.10/MMBtu, improving to \$2.55/MMBtu in Q3 2023, and is currently at approximately \$3.20/MMBtu. The Company's hedge contracts, listed below, will ensure a strong natural gas price floor, allowing Southern the ability to execute and capitalize on its organic operational plans over the coming years.

Natural Gas	Volume	Pricing
<i>Fixed Price Swap</i>		
Oct 1, 2023 – Dec 31, 2023	2,000 MMBtu/d	NYMEX – HH \$3.095/MMBtu
Oct 1, 2023 – Dec 31, 2023	1,000 MMBtu/d	NYMEX – HH \$3.050/MMBtu
Jan 1, 2024 – Dec 31, 2025	1,000 MMBtu/d	NYMEX – HH \$3.880/MMBtu
Apr 1, 2024 – Oct 31, 2024	1,500 MMBtu/d	NYMEX – HH \$3.208/MMBtu
Apr 1, 2024 – Oct 31, 2024	1,500 MMBtu/d	NYMEX – HH \$3.420/MMBtu
Apr 1, 2025 – Oct 31, 2025	1,500 MMBtu/d	NYMEX – HH \$3.420/MMBtu
<i>Costless Collar</i>		
Sep 1, 2023 – Mar 31, 2024	2,000 MMBtu/d	NYMEX – HH \$3.00 - \$3.98/MMBtu
Jan 1, 2024 – Mar 31, 2024	1,000 MMBtu/d	NYMEX – HH \$3.00 - \$4.60/MMBtu
Nov 1, 2024 – Mar 31, 2025	1,000 MMBtu/d	NYMEX – HH \$3.50 - \$5.20/MMBtu

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

Qualified Person's Statement

Gary McMurren, Chief Operating Officer, who has over 23 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:

Southern Energy Corp.

Ian Atkinson (President and CEO)
Calvin Yau (CFO)

+1 587 287 5401
+1 587 287 5402

Strand Hanson Limited - Nominated & Financial Adviser

James Spinney / James Bellman

+44 (0) 20 7409 3494

Canaccord Genuity - Joint Broker

Henry Fitzgerald-O'Connor / James Asensio

+44 (0) 20 7523 8000

Stifel Nicolaus Europe Limited – Joint Broker
Callum Stewart / Ashton Clanfield

+44 (0) 20 7710 7600

Tennyson Securities – Joint Broker
Peter Krens / Pav Sanghera

+44 (0) 20 7186 9033

Camarco
Owen Roberts / Billy Clegg / Hugo Liddy

+44 (0) 20 3757 4980

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 (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.

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 NI 51-101. Boe may be misleading, particularly if used in isolation.

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
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day
MMcf	million cubic feet
MMcf/d	million cubic feet per day
Mcf	thousand cubic feet equivalent
Mcf/d	thousand cubic feet equivalent per day

MMBtu	million British thermal units
MMBtu/d	million British thermal units per day
NYMEX	New York Mercantile Exchange

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 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, anticipated operational activities and results including, but not limited to, capital expenditures, drilling and completion plans and casing remediation activities, expectations regarding commodity prices, the performance characteristics of the Company's oil and natural gas properties, successful integration of the assets acquired through the Transaction and corresponding cost reductions, the Company's hedging strategy, the ability of the Company to achieve drilling success consistent with management's expectations, the Company's expectations regarding completion of wellbores and DUCs and timing thereof, the sources of funding for the Company's activities, the effect of market conditions on the Company's performance, future organic and inorganic growth and acquisition opportunities within the resource market, and costs/debt reducing activities.

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including, but not limited to, 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, including the assets acquired pursuant to the Transaction, the successful integration of recently acquired assets into the Company's operations, the successful application of drilling, completion and seismic technology, the 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, as well as regulatory and licensing requirements, affecting the oil and gas industry, the Company's ability to obtain all requisite permits and licences, prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products, royalty regimes and exchange rates, the 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, the Company's ability to source and complete asset acquisitions, and the Company's ability to execute its plans and strategies.

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 labour, supplies, or services, the impact of COVID-19 and variant strains of the virus, commodity price and exchange rate fluctuations, geo-political risks, political and economic instability abroad, wars (including the Russo-Ukrainian War), 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. The Russo-Ukrainian War is particularly noteworthy, as this conflict has the potential to disrupt the global supply of oil and gas, and its full impact remains uncertain. These and other risks are set out in more detail in Southern's management's discussion and analysis for the period ended June 30, 2023, and annual information form for the year ended December 31, 2022, 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.

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 flows and balance sheet resiliency, 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.*

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.