

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

*This prospectus supplement (the "**Prospectus Supplement**") together with the accompanying short form base shelf prospectus dated November 18, 2022 to which it relates, as amended or supplemented (the "**Prospectus**"), and each document incorporated or deemed to be incorporated by reference herein or therein constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities in those jurisdictions.*

*The securities offered have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States. The securities offered hereunder may not be offered or sold in the United States. This Prospectus Supplement does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States. See "Plan of Distribution".*

This document contains no offer of transferable securities to the public in the United Kingdom ("U.K.") within the meaning of sections 85(1) and 102B of the United Kingdom Financial Services and Markets Act 2000, as amended, (the "FSMA"). This document is not a prospectus for the purposes of Section 85(1) of FSMA. Accordingly, this document has not been examined or approved as a prospectus by the United Kingdom Financial Conduct Authority (the "FCA") under Section 87A of FSMA or by the London Stock Exchange and has not been filed with the FCA pursuant to the rules published by the FCA implementing the Prospectus Directive (2003/71/EC) (the "U.K. Prospectus Rules") nor has it been approved by a person authorized under FSMA, for the purposes of Section 21 of FSMA.

Information has been incorporated by reference in this Prospectus Supplement and the accompanying Prospectus to which it relates from documents filed with securities commissions or similar regulatory authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1 (Telephone: (587) 287-5402) and are also available electronically at www.sedarplus.ca.

PROSPECTUS SUPPLEMENT

To the Short Form Base Shelf Prospectus dated November 18, 2022

New Issue

November 1, 2023

SOUTHERN ENERGY CORP.



Up to \$6,935,500
Up to 26,675,000 Common Shares

\$0.26 per Common Share

This Prospectus Supplement of Southern Energy Corp. ("**Southern**" or the "**Corporation**"), together with the accompanying Prospectus, qualifies the distribution (the "**Offering**") of 26,675,000 common shares of the Corporation (the "**Offered Shares**") at a price of \$0.26 per Offered Share (the "**Offering Price**").

The Offering is being made pursuant to the terms and conditions of an agency agreement dated November 1, 2023 (the "**Agency Agreement**") among the Corporation and Stifel Nicolaus Canada Inc., as lead agent and sole bookrunner (the "**Lead Agent**"), Canaccord Genuity Corp., Haywood Securities Inc. and Eight Capital (collectively with the Lead Agent, the "**Agents**"). The Offering Price was determined by arm's length negotiation between the Corporation and the Lead Agent, for and on behalf of the Agents, with reference to the prevailing market price of the Common Shares (as defined herein) and other factors. The Offering is being made concurrently in each of the Provinces of Canada, except Quebec, under the terms of this Prospectus Supplement and the accompanying Prospectus. See "*Plan of Distribution*".

The Common Shares are listed for trading on the TSX Venture Exchange (the "**TSX-V**") under the trading symbol "SOU", on AIM, a market operated by London Stock Exchange plc ("**AIM**") under the trading symbol "SOU", and on the OTCQX® Best Market under the trading symbol "SOUTF". On October 31, 2023, being the last trading day prior to the filing of this Prospectus Supplement, the closing prices of the Common Shares on the TSX-V, the AIM and the OTCQX® were \$0.295, 18.50p and US\$0.216 respectively. The Corporation has applied to the TSX-V for conditional approval of the listing of the Offered Shares. Listing is subject to Southern fulfilling all of the requirements of the TSX-V. It is intended that an application for admission of such Offered Shares pursuant to the AIM Rules for Companies will be submitted as soon as reasonably practicable following the filing of this Prospectus Supplement.

	<u>Price to the Public</u>	<u>Agents' Fee⁽¹⁾</u>	<u>Net Proceeds to the Corporation⁽²⁾⁽³⁾</u>
Per Offered Share	\$0.2600	\$0.0156	\$0.2444
Total⁽³⁾	\$6,935,500.00	\$416,130.00	\$6,519,370.00

Notes:

- (1) Pursuant to the terms and conditions of the Agency Agreement, Southern has agreed to pay the Agents a cash commission equal to 6% of the aggregate gross proceeds of the Offering (the "**Agents' Fee**"), which is equal to \$0.0156 per Offered Share after taking into account the full exercise of the Over-Allotment Option (as defined herein); provided that the Agents' Fee shall not be payable on sales to purchasers designated by Southern to the Agents to be included in the Offering on a president's list (the "**President's List**"). See "*Description of the Securities Being Distributed*" and "*Plan of Distribution*".
- (2) After deducting the Agents' Fee but before deducting the expenses of the Offering estimated to be approximately \$375,000.00 (exclusive of GST), which will be paid from the proceeds of the Offering.
- (3) The Corporation has granted to the Agents the option (the "**Over-Allotment Option**") to offer for sale up to that number of Common Shares (the "**Additional Shares**") equal to 15.0% of the aggregate number of Common Shares sold under the Offering to purchasers not on the President's List at the Offering Price for the purpose of covering over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option is exercisable, in whole or in part, at any time up to 30 days following the Closing Date. If the Agents exercise the Over-Allotment Option in full, the total Offering price to the public, the Agents' fee and net proceeds to the Corporation (before deducting expenses, and assuming no President's List purchasers) will be approximately \$7,975,825.00, \$478,549.50 and \$7,497,275.50, respectively.

This Prospectus Supplement and the Prospectus also qualify the grant of the Over-Allotment Option and the distribution of the Additional Shares upon exercise of the Over-Allotment Option. Any purchaser who acquires Additional Shares forming part of the over-allotment position of the Agents pursuant to the Over-Allotment Option acquires such securities under this Prospectus Supplement and the Prospectus, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Unless the context otherwise requires, when used herein, all references to "Common Shares" includes the Additional Shares, as applicable, issuable upon exercise of the Over-Allotment Option.

The following table sets forth the number of Additional Shares issuable under the Over-Allotment Option, assuming no President's List purchasers:

<u>Agents' Position</u>	<u>Maximum Size</u>	<u>Exercise Period</u>	<u>Exercise Price</u>
Over-Allotment Option	4,001,250 Additional Shares	Up to 30 days from and including the Closing Date	Offering Price

There is no minimum amount of funds that must be raised under the Offering. This means that the Corporation could complete the Offering after raising only a small proportion of the Offering amount set out above.

Pursuant to the Agency Agreement, the Agents conditionally offer the Offered Shares on a "best efforts" agency basis without underwriter liability by the Agents, if, as and when issued by Southern and accepted by the Agents, in accordance with the terms and conditions contained in the Agency Agreement described under "*Plan of Distribution*" and subject to the approval of certain legal matters on behalf of Southern by Stikeman Elliott LLP and on behalf of the Agents by Fasken Martineau DuMoulin LLP. Subscriptions for Offered Shares will be received by the Agents subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Offering is expected to occur on or about November 9, 2023 or such earlier or later date as Southern and the Lead Agent, on its own behalf and on behalf of the other Agents, may agree upon in writing, acting reasonably (the "**Closing Date**").

Except in certain limited circumstances: (i) the Offered Shares will be registered and held through CDS Clearing and Depository Services Inc. ("**CDS**") or its nominee electronically through the non-certificated inventory ("**NCI**") system of CDS; (ii) no certificates evidencing the Offered Shares will be issued to subscribers for Offered Shares; and (iii) subscribers for Offered Shares will receive only a customer confirmation from the Agents or another registered dealer who is a CDS participant and from or through whom a beneficial interest in the Offered Shares are purchased. Subscribers who are not issued a certificate evidencing the Offered Shares which are subscribed for by them at the Closing Date are entitled under the *Business Corporations Act* (Alberta) ("**ABCA**") to request that a certificate be issued in their name. Such a request will need to be made through the CDS participant through whom the beneficial interest in the securities is held at the time of the request.

An investment in the Offered Shares involves certain risks that are described under the heading "*Risk Factors*" and elsewhere in this Prospectus Supplement and the Prospectus, including in the documents incorporated herein by reference and should be considered by any prospective purchaser of the Offered Shares. Prospective investors should also be aware that the acquisition or disposition of the securities described herein may have tax consequences in Canada. This Prospectus Supplement and the Prospectus may not describe these tax consequences fully. You should consult and rely on your own tax advisor with respect to your own particular circumstances.

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Prospectus. If the description of the Offered Shares or any other information varies between this Prospectus Supplement and the Prospectus (including the documents incorporated by reference herein and therein), investors should rely on the information in this Prospectus Supplement. Southern and the Agents have not authorized anyone to provide purchasers with information different from that contained or incorporated by reference in this Prospectus Supplement or the Prospectus. If anyone provides you with any different, inconsistent or other information, you should not rely on it. You should not assume that the information contained in or incorporated by reference in this Prospectus Supplement or the Prospectus is accurate as of any date other than the date of the document in which such information appears, except if otherwise specified therein. The Corporation's business, financial condition, results of operations and prospects may have changed since those dates. Southern does not undertake to update information contained or incorporated by reference in this Prospectus Supplement or the Prospectus, except as required by applicable securities laws. The Corporation is not, and the Agents are not, making an offer in respect of the Offered Shares in any jurisdiction where such offer is not permitted by law.

John Joseph Nally, a director of the Corporation, resides outside of Canada. Mr. Nally has appointed Stikeman Elliott LLP, 4200 Bankers Hall West, 888 - 3rd Street S.W., Calgary, Alberta, T2P 5C5, as agent for service of process. Purchasers of Offered Shares are advised that it may not be possible for purchasers to enforce judgments obtained in Canada against any individual who resides outside of Canada, even if the party has appointed an agent for service of process.

In addition to the Offering, the Corporation intends to complete the Private Placement (as defined herein) with invited eligible institutional and professional investors in the U.K. on a reasonable endeavors basis. It is currently anticipated that the aggregate gross proceeds of the Private Placement and the Offering in aggregate will be at least \$6.9 million (approximately £4.1 million / USD\$5.0 million). See "*Recent Developments – Private Placement*".

The Corporation's head office is located at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, and the registered office of the Corporation is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

TABLE OF CONTENTS

SELECTED DEFINITIONS	1
GENERAL MATTERS.....	3
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS.....	3
SPECIFIED FINANCIAL MEASURES	6
CONVENTIONS.....	7
CONVERSIONS.....	7
ABBREVIATIONS	8
DRILLING LOCATIONS.....	8
DOCUMENTS INCORPORATED BY REFERENCE.....	9
MARKETING MATERIALS	10
FINANCIAL AND EXCHANGE RATE INFORMATION	10
THE CORPORATION	11
BUSINESS OF THE CORPORATION.....	11
RECENT DEVELOPMENTS.....	12
DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED	13
CONSOLIDATED CAPITALIZATION	13
TRADING PRICE AND VOLUME	15
PRIOR SALES	16
USE OF PROCEEDS.....	17
PLAN OF DISTRIBUTION	18
ELIGIBILITY FOR INVESTMENT	19
RISK FACTORS.....	20
INTERESTS OF EXPERTS	22
STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION	23
CERTIFICATE OF THE ISSUER	C - 1
CERTIFICATE OF THE AGENTS	C - 2

SELECTED DEFINITIONS

In this Prospectus Supplement, the following terms have the meanings set forth below.

"**ABCA**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**Agency Agreement**" means the Agency Agreement dated effective November 1, 2023 among the Corporation and the Agents.

"**Agents**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**Agents' Fee**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**AIF**" means the annual information form of the Corporation for the year ended December 31, 2022 dated April 18, 2023.

"**Annual Financial Statements**" means the audited annual consolidated financial statements of the Corporation as at December 31, 2022 and 2021 and for the years ended December 31, 2022 and 2021, together with the notes thereto and the independent auditor's report thereon.

"**Annual MD&A**" means the management's discussion and analysis of the financial condition and operating results of the Corporation for the years ended December 31, 2022 and 2021.

"**Board**" means the board of directors of the Corporation as it may be comprised from time to time.

"**Brokers**" has the meaning ascribed thereto under "*Recent Developments – Private Placement*".

"**Business Day**" means a day other than a Saturday, Sunday or any other day on which the principal chartered banks located in the City of Calgary, Alberta, are not open for business.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Closing**" means the closing of the Offering.

"**Closing Date**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**COGE Handbook**" means the most recent publication of the Canadian Oil and Gas Evaluation Handbook.

"**Common Shares**" means the common shares in the capital of the Corporation.

"**Corporation**" or "**Southern**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement and, where the context requires, includes subsidiaries.

"**Credit Agreement**" means the credit agreement dated as of April 30, 2021, among the Corporation, Southern Energy Corp. (Delaware) and the lender, as amended on December 30, 2021, April 8, 2022, May 2, 2022, September 1, 2022 and September 29, 2023.

"**Credit Facility**" means the credit facility available to the Corporation pursuant to the Credit Agreement.

"**Credit Facility Warrants**" has the meaning ascribed thereto under "*Consolidated Capitalization*".

"**CSA 51-324**" means Staff Notice 51-324 – *Glossary to 51-101 Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators.

"**Debentures**" means the 8.0% convertible unsecured subordinated debentures issued by the Corporation on June 14, 2019 and January 15, 2021. For more information on the Debentures, please refer to "*Description of Share Capital*" in the AIF.

"**IFRS**" means International Financial Reporting Standards, or such other generally accepted accounting principles for publicly accountable enterprises in Canada from time to time.

"**Interim Financial Statements**" means the condensed consolidated interim financial statements of the Corporation for the three and six months ended June 30, 2023 and 2022.

"**Interim MD&A**" means the management's discussion and analysis for the three and six months ended June 30, 2023 and 2022.

"**Lead Agent**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**NCI**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators, as amended or replaced from time to time.

"**NI 44-101**" means National Instrument 44-101 – *Short Form Prospectus Distributions* of the Canadian Securities Administrators, as amended or replaced from time to time.

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* of the Canadian Securities Administrators, as amended or replaced from time to time.

"**Offered Shares**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**Offering**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**Offering Price**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**Option Plan**" means the Corporation's existing stock option plan.

"**Options**" means options to purchase Common Shares granted by the Board in accordance with the Option Plan.

"**Performance Warrants**" means the Common Share purchase warrants issued pursuant to the private placement closed on December 19, 2018, each Performance Warrant entitling the holder thereof to purchase one (1) Common Share at a price of \$0.80 per Common Share for a period of five years from the date of issuance subject to vesting thresholds. For more information on the Performance Warrants, please refer to "*Description of Share Capital*" in the AIF.

"**President's List**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**Private Placement**" has the meaning ascribed thereto under "*Recent Developments – Private Placement*".

"**Prospectus**" means the accompanying short form base shelf prospectus of the Corporation dated November 18, 2022.

"**Prospectus Supplement**" means this prospectus supplement of the Corporation dated November 1, 2023.

"**Share Award Incentive Plan**" means the Corporation's existing share award incentive plan.

"**Tax Act**" means the *Income Tax Act* (Canada), as amended, including the regulations promulgated thereunder.

"**TSX-V**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**U.S. Securities Act**" has the meaning ascribed thereto on the cover page of this Prospectus Supplement.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

"**Warrants**" means the Common Share purchase warrants issued pursuant to the private placement closed on April 30, 2021, each Warrant entitling the holder thereof to purchase one (1) Common Share at a price of \$0.32 per Common Share anytime prior to December 31, 2023. For more information on the Warrants, please refer to "*Description of Share Capital*" in the AIF.

Words importing the singular number include the plural, and vice versa, and words importing any gender include all genders.

GENERAL MATTERS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of the Offering and also adds to and updates certain information contained in the accompanying Prospectus and the documents incorporated by reference herein and therein. The second part is the accompanying Prospectus, which gives more general information, some of which may not apply to the Offering. This Prospectus Supplement is deemed to be incorporated by reference into the accompanying Prospectus solely for the purposes of the Offering. If the description of the Offered Shares varies between this Prospectus Supplement and the accompanying Prospectus, you should rely on the information in this Prospectus Supplement. Before investing, you should carefully read both this Prospectus Supplement and the accompanying Prospectus together with the additional information about the Corporation to which we refer you in the sections of this Prospectus Supplement entitled "*Documents Incorporated by Reference*".

In this Prospectus Supplement and the accompanying Prospectus, unless otherwise indicated, all dollar amounts and references to "US\$" are to U.S. dollars and references to "\$" are to Canadian dollars. See "*Financial and Exchange Rate Information*".

The Corporation and the Agents are not making an offer in respect of the Offered Shares in any jurisdiction where such offer is not permitted by law.

Unless otherwise indicated, all information in this Prospectus Supplement assumes no exercise of the Over-Allotment Option.

References to our website in any documents that are incorporated by reference into this Prospectus Supplement and the accompanying Prospectus do not incorporate by reference the information on such website into this Prospectus Supplement and the accompanying Prospectus, and we disclaim any such incorporation by reference.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein contain forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ

materially from those anticipated in such forward-looking statements. Actual operational and financial results may differ materially from Southern's expectations contained in the forward-looking statements as a result of various factors, many of which are beyond the control of the Corporation.

Undue reliance should not be placed on these forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which they are based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will not occur and may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Forward-looking statements may include, but are not limited to, statements with respect to:

- the completion of the Offering and the Private Placement and timing thereof;
- the expected net proceeds from the Offering and the Private Placement and the Corporation's intended use thereof;
- the listing on the TSX-V of the Offered Shares issued pursuant to the Offering;
- the future outlook of the Corporation, its business plan and strategies, and anticipated operational results of the Corporation (including with respect to production);
- drilling locations;
- capacity of infrastructure;
- the performance characteristics of the Corporation's oil and natural gas properties;
- the quantity of the Corporation's oil and natural gas reserves and anticipated future cash flows from such reserves;
- the source of funding for the Corporation's activities including development costs;
- projections of commodity prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws;
- fluctuations in depletion, depreciation, and accretion rates;
- expected changes in regulatory regimes in respect of royalty curves and regulatory improvements and the effects of such changes; and
- Southern's business and acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to:

- the conditions to completion of the Offering and/or the Private Placement may not be satisfied;
- the use of proceeds of the Offering by the Corporation may change if the Board determines that it would be in the best interests of the Corporation to deploy the proceeds for some other purpose;
- failure to realize the anticipated benefits of acquisitions;
- volatility in market prices for oil and natural gas;
- operational risks and liabilities inherent in oil and natural gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- changes in royalty regimes;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of benefits to be obtained from acquisitions and exploration and development programs;
- unforeseen difficulties in integrating assets acquired through acquisitions into the Corporation's operations;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;

- general business and market conditions;
- the accuracy of oil and gas reserves estimates and estimated production levels as they are affected by exploration and development drilling and estimated decline rates;
- the uncertainties in regard to the timing of Southern's exploration and development program;
- fluctuations in the costs of borrowing;
- political or economic developments;
- ability to obtain regulatory approvals;
- increased operating and capital costs due to inflationary pressures;
- the results of litigation or regulatory proceedings that may be brought against the Corporation;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under "*Risk Factors*" herein, as well as the risk factors discussed in the AIF, the Annual MD&A and the Interim MD&A.

In addition, statements relating to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions that the reserves described can be profitably produced in the future. There are numerous uncertainties inherent in estimating quantities of oil and natural gas and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth herein and in the AIF are estimates only. In general, estimates of economically recoverable oil and natural gas and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves and resources recovery, timing and amount of capital investments, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For these reasons, estimates of the economically recoverable oil and natural gas attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different evaluators, or by the same evaluators at different times, may vary. The actual production, revenues, taxes and development and operating expenditures of the Corporation with respect to its reserves will vary from estimates thereof and such variations could be material.

This Prospectus Supplement contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about the Corporation's prospective results of operations; the performance of the drilled and uncompleted wells (once completed), including having IP30 rates of approximately 5.6 MMcf/d per well and ultimate recovery per well of approximately 4.3 Bcf; operating costs, including anticipated costs of US\$3.0 million per well which would achieve an internal rate of return of approximately 30% at a natural gas price of \$3.78/MMBtu; payout of wells, including expectations that the drilled and uncompleted wells will payout in 12 months with an associated internal rate of return of 108% and NPV10 of \$4.4 million per well; expectations of generating next twelve months total operating cash flow of approximately US\$20 million, resulting in an annualised net debt to EBITDA ratio of approximately 1.0x in Q4 2024, increasing next twelve months corporate free cash flow to approximately US\$13 million; achieving production of approximately 4,700 boepd in 2024, with PDP reserves increasing by 12% per share cash flow, and components thereof, including pro forma the completion of the Offering and the Private Placement, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth herein. FOFI contained in this Prospectus Supplement was made as of the date of this Prospectus Supplement and was provided for the purpose of describing the anticipated effects of the Offering on the Corporation's business operations. The Corporation disclaims any intention or obligation to update or revise any FOFI contained in this Prospectus Supplement, 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 Prospectus Supplement should not be used for purposes other than for which it is disclosed herein. See "*Risk Factors*".

References in this Prospectus Supplement to peak rates, initial production rates, 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.

With respect to forward-looking statements contained in this Prospectus Supplement, the Corporation has made assumptions regarding, among other things: the successful completion of the Offering and the Private Placement; the timing of obtaining regulatory and third party approvals and completion of the Offering and the Private Placement; that commodity prices will be consistent with the current forecasts of its engineers; field netbacks; average production rates; costs to drill, complete and tie-in wells; ultimate recovery of reserves; that royalty regimes will not be subject to material modification; that the Corporation will be able to obtain skilled labour and other industry services at reasonable rates; that the timing and amount of capital expenditures and the benefits therefrom will be consistent with the Corporation's expectations; the impact of increasing competition; that the conditions in general economic and financial markets will not vary materially; that the Corporation will be able to access capital, including debt, on acceptable terms; that drilling, completion and other equipment will be available on acceptable terms; that government regulations and laws will not change materially; that royalty rates will not change in any material respect; that future operating costs will be consistent with the Corporation's expectations; and the Corporation's business and acquisition strategy, the criteria in connection therewith and the benefits to be derived therefrom

The Corporation has included the above summary of assumptions and risks related to forward-looking statements provided in this Prospectus Supplement in order to provide investors with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. Forward-looking statements contained in certain documents incorporated by reference into this Prospectus Supplement and the Prospectus are based on the key assumptions and are subject to the risks described herein, therein and in the documents incorporated by reference. The reader is cautioned that such assumptions, although considered reasonable by the Corporation at the time of preparation, may prove to be incorrect.

Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. The forward-looking statement disclosure contained in the Prospectus, this Prospectus Supplement, and the documents incorporated by reference therein and herein, are expressly qualified by this cautionary statement. These forward-looking statements are made as of the date of the Prospectus, this Prospectus Supplement, or in the case of the documents incorporated by reference therein or herein, as of the dates of such documents, as applicable. Unless required by law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Readers should also carefully consider the matters discussed under the heading "Risk Factors" in the Prospectus and in this Prospectus Supplement.

SPECIFIED FINANCIAL MEASURES

The Prospectus and this Prospectus Supplement, including the documents incorporated by reference therein and herein, contain certain financial measures and ratios, as described below, which do not have standardized meanings prescribed by IFRS. As these non-IFRS financial measures and ratios are commonly used in the oil and gas industry, Southern believes that their inclusion is useful to investors. These terms are not defined by IFRS and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned that these non-IFRS measures should not be construed as an alternative to other measures of financial performance calculated in accordance with IFRS. The non-IFRS financial measures and ratios used in the Prospectus and this Prospectus Supplement, and in certain of the documents incorporated by reference herein, represented by the capitalized and defined terms outlined below, are used by the Corporation as key measures of financial performance. For further information, readers should refer to the section entitled "*Specified Financial Measures*" located in the Annual MD&A and the Interim MD&A, as available on the Corporation's SEDAR+ profile at www.sedarplus.ca.

"Corporate Free Cash Flow" (non-IFRS financial measure) is calculated by taking cash-flow from operating activities and adding back changes in non-cash working capital, expenditures on decommissioning obligations and transaction costs and subtracting capital expenditures, excluding

acquisitions and dispositions. Management believes that free cash flow provides a useful measure to determine Southern's ability to improve returns and to manage the long-term value of the business.

"**EBITDA**" (non-IFRS financial measure) is calculated as consolidated net income (loss) before interest and financing expenses, income taxes, depletion, depreciation and amortization, adjusted for certain non-cash, extraordinary and non-recurring items primarily relating to unrealized gains and losses on financial instruments and impairment losses. Management considers this metric as key measures that demonstrate the ability of the Corporation's continuing operations to generate the cash flow necessary to maintain production at current levels and fund future growth through capital investment and to service and repay debt. The most directly comparable IFRS measure to EBITDA is cash provided by operating activities.

"**Net Debt**" (non-IFRS financial 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 Corporation. 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.

"**Net Debt to EBITDA**" (non-IFRS financial ratio) is calculated as net debt at a point in time divided by EBITDA. Management considers Net Debt to EBITDA an important measure as it is a key metric to identify the Corporation's ability to fund financing expenses, net debt reductions and other obligations. When this measure is presented quarterly, EBITDA is annualized by multiplying by four.

"**Operating Cash Flow**" (non-IFRS financial measure) is calculated as revenue less royalties, transportation, operating expenses and production taxes.

This Prospectus Supplement contains forward-looking non-IFRS financial measures based on the above above-noted figures. The Corporation does not provide a reconciliation of such forward-looking measures to the most directly comparable financial measure calculated and presented in accordance with IFRS due to unknown variables and the uncertainty related to future results. These unknown variables may include unpredictable transactions of significant value that may be inherently difficult to determine without unreasonable efforts.

CONVENTIONS

Certain terms used herein are defined in the "*Selected Definitions*". Certain other terms used herein but not defined herein are defined in NI 51-101 and CSA 51-324 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101 and CSA 51-324. All financial information herein has been presented in accordance with IFRS. Words importing the singular number only include the plural, and vice versa, and words importing any gender include all genders. **All dollar amounts set forth in this Prospectus Supplement are in Canadian dollars, except where otherwise indicated.**

CONVERSIONS

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	cubic metres	28.317
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.289

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Feet	Metres	0.305
Metres	Feet	3.281
Miles	kilometres	1.609
Kilometres	Miles	0.621
Acres	hectares	0.405
Hectares	Acres	2.471
Gigajoules	MMbtu	0.950
MMbtu	gigajoules	1.0526

ABBREVIATIONS

Oil and Natural Gas Liquids

bbbl	barrel
bbls	barrels
bbls/d	barrels per day
Mbbls	thousand barrels
MMbbls	million barrels
Mstb	thousand stock tank barrels of oil
NGLs	natural gas liquids

Natural Gas

Mcf	thousand cubic feet
Mcfe	thousand cubic feet equivalent
MMcf	million cubic feet
Bcf	billion cubic feet
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
MMbtu	million British Thermal Units

Other

API	American Petroleum Institute
°API	an indication of the specific gravity of crude oil measured on the API gravity scale
BOE or boe	barrel or barrels of oil equivalent, using the conversion factor of 6 Mcf of natural gas being equivalent to one barrel of oil
boepd	barrels of oil equivalent per day
LNG	liquified natural gas
Mboe	thousand barrels of oil equivalent.
MMboe	million barrels of oil equivalent
NTM	next twelve months
NPV10	net present value at a 10% discount rate (before tax)
PDP	proved developed producing
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade
\$000s or \$M	thousands of dollars
\$MM	millions of dollars

DRILLING LOCATIONS

This Prospectus Supplement discloses drilling inventory in two categories: (i) booked locations; and (ii) unbooked locations. Booked locations are derived from the Corporation's internal reserves evaluation as prepared by a member of management who is a qualified reserves evaluator in accordance with NI 51-101 and the most recent publication of the COGE Handbook effective October 5, 2023 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on the prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. There is no certainty that the Corporation will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations considered for future development will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been derisked by drilling existing wells in relative close proximity to such

unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

Proved reserves are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves. Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. Proved developed producing reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty. Undeveloped reserves are those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves category (proved, probable, possible) to which they are assigned.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference in the Prospectus solely for the purpose of the distribution of the Offered Shares by the Corporation. Other documents are also incorporated, or deemed to be incorporated, by reference in the Prospectus and reference should be made to the Prospectus for full particulars thereof.

The following documents filed by the Corporation with the securities commissions or similar authorities in each of the Provinces of Canada except Quebec, are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Prospectus, provided that such documents (or disclosure contained therein) are not incorporated by reference to the extent that their contents are modified or superseded by a statement contained in this Prospectus Supplement or in any subsequently filed document that is also incorporated by reference in this Prospectus Supplement:

1. the AIF;
2. the Annual Financial Statements;
3. the Annual MD&A;
4. the Interim Financial Statements;
5. the Interim MD&A;
6. the management information circular of the Corporation dated May 1, 2023, with respect to the annual general and special meeting of the shareholders of the Corporation held on June 15, 2023; and
7. the template version (as such term is defined in NI 41-101) of the term sheet filed on SEDAR+ on November 1, 2023 in connection with the Offering (the "**Marketing Materials**").

Any documents of the types referred to in Section 11.1 of Form 44-101F1 of NI 44-101 (other than confidential material change reports, if any) filed by the Corporation with the securities commissions or similar regulatory authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the distribution of the Offered Shares under this Prospectus Supplement shall be deemed to be incorporated by reference in this Prospectus Supplement. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Corporation

and readers should review all information contained in this Prospectus Supplement, the Prospectus and the documents incorporated or deemed to be incorporated herein or therein by reference.

Any statement contained in this Prospectus Supplement, the Prospectus or in a document incorporated or deemed to be incorporated by reference herein or therein or in any subsequently filed document which also is or is deemed to be incorporated by reference herein or therein for the purposes of the Offering will be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in the Prospectus, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein or in the Prospectus, modifies or supersedes that prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set out in the document that it modifies or supersedes. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Corporation at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, telephone: (587) 287-5402, and are also available electronically at www.sedarplus.ca.

MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement or the Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any "template version" of "marketing materials" (each as defined in NI 41-101) filed with the securities commission or similar authority in Canada in connection with the Offering after the date hereof but prior to the termination of the distribution of the Offered Shares under this Prospectus Supplement (including any amendments to, or an amended version of, the Marketing Materials) is deemed to be incorporated by reference herein.

FINANCIAL AND EXCHANGE RATE INFORMATION

The financial statements of the Corporation incorporated by reference in this Prospectus Supplement and the accompanying Prospectus, and the selected consolidated financial data derived therefrom included herein and in the accompanying Prospectus, have been prepared in accordance with IFRS and are reported in U.S. dollars.

The following table sets forth for each period indicated: (i) the high daily exchange rates during the period; (ii) the low daily exchange rates during the period; (iii) the average daily exchange rates for such period; and (iv) and the rate of exchange in effect at the end of each of those periods for one U.S. dollar, expressed in Canadian dollars, as quoted by the Bank of Canada.

	Year Ended December 31,		
	2022	2021	2020
Highest rate during the period	\$1.38	\$1.29	\$1.45
Lowest rate during the period	\$1.25	\$1.20	\$1.27
Average rate for the period	\$1.30	\$1.25	\$1.34
Rate at the end of the period	\$1.35	\$1.27	\$1.27

The following table sets forth the monthly average exchange rates during the first nine months of 2023, for one U.S. dollar, expressed in Canadian dollars, as quoted by the Bank of Canada.

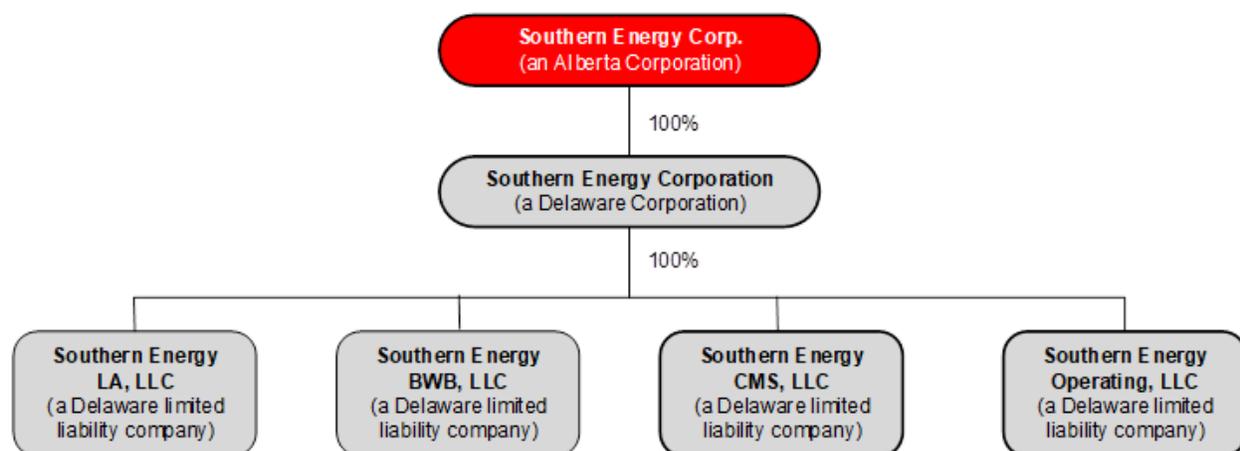
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
\$1.34	\$1.35	\$1.37	\$1.35	\$1.35	\$1.33	\$1.32	\$1.35	\$1.35

On October 31, 2023, the daily exchange rate as quoted by the Bank of Canada was \$1.00 = US\$0.7209 (US\$1.00 = \$1.3871).

THE CORPORATION

The Corporation was incorporated as "7015321 Canada Limited" pursuant to the provisions of the *Canada Business Corporations Act* ("**CBCA**") on July 22, 2008. On August 15, 2008, the name of the Corporation was changed to "MAX Minerals Ltd." On October 8, 2010, the name of the Corporation was changed to "Standard Exploration Ltd.". On December 31, 2018, the issued and outstanding Common Shares were consolidated on the basis of one (1) post-consolidation Common Share for every five (5) pre-consolidation Common Shares. On January 2, 2019, the name of the Corporation was then changed from "Standard Exploration Ltd." to "Southern Energy Corp.". On January 7, 2020, the Corporation continued out of the federal jurisdiction of Canada under the CBCA to the provincial jurisdiction of Alberta under the ABCA. In December 2021, the Corporation consolidated its Common Shares on the basis of one (1) post-consolidation Common Share for every eight pre-consolidation Common Shares.

The following diagram describes the inter-corporate relationships among the Corporation and its subsidiaries as of the date hereof:



The head office of the Corporation is located at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, and the registered office of the Corporation is located at 4200 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta, T2P 5C5.

BUSINESS OF THE CORPORATION

Southern is a natural gas exploration and production company with assets in Mississippi characterized by a stable, low-decline production base, a significant low-risk drilling inventory and strategic access to the best 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 (referred to as the Southeast Gulf States). Southern's mission is to build a socially responsible and environmentally conscious natural gas and light oil company in the Southeast Gulf States. In these areas, Southern has access to major pipelines, significant Corporation-owned infrastructure, year-round access to drill, and the ability to shift focus between natural gas or crude oil development as commodity prices fluctuate; all factors that contribute to mitigating corporate risk. Southern's goal is to continually grow shareholder value through organic growth opportunities and strategic, accretive acquisitions.

For additional information with respect to the Corporation's business, operations and financial condition, please refer to the AIF, the Annual MD&A and the Interim MD&A, each incorporated by reference herein and available on SEDAR+ at www.sedarplus.ca.

RECENT DEVELOPMENTS

The Private Placement

In addition to the Offering, the Corporation intends to complete a private placement in the U.K. by way of an accelerated bookbuild process (the "**Private Placement**").

The Corporation has appointed Stifel Nicolaus Europe Limited ("**Stifel Europe**") and Tennyson Securities, a trading name of Shard Capital Partners LLP ("**Tennyson Securities**" and together with Stifel Europe, the "**Brokers**") as the Corporation's joint brokers and bookrunners for the Private Placement. Pursuant to the terms of a placing agreement dated November 1, 2023 between the Corporation and the Brokers, the Brokers have agreed to use their respective reasonable endeavors to procure subscriptions from eligible institutional investors. The Private Placement is not underwritten.

This Prospectus Supplement and the Prospectus do not qualify the distribution of the Common Shares sold pursuant to the Private Placement. The Common Shares subscribed for under the Private Placement will rank *pari passu* in all respects with the Corporation's existing Common Shares, and be issued on a private placement basis in the U.K. and accordingly may not be offered for resale or resold within Canada or to a Canadian resident, subject to certain exceptions, for a period of four months and one day following the distribution date. The Corporation expects to close the Private Placement no later than 8:00 a.m. (GMT) on November 1, 2023, but the Brokers reserve the right to close the Private Placement earlier or later, without further notice. Application will be made for the Common Shares to be admitted to trading on AIM and listed and posted for trading on the TSX-V. Completion of the Private Placement is subject to customary conditions, including the approval of the TSX-V and AIM.

The Corporation intends that the Private Placement will be conducted in conjunction with the Offering. The Corporation intends to use the net proceeds from the Private Placement to accelerate the completion of its four drilled and uncompleted wells. For more details, please refer to "*Recent Developments – Gwinville Well Drilling Program*" and "*Use of Proceeds*".

The Private Placement is only being, and may only be, made to and is directed only at persons in the U.K.: (A) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), (ii) falling within Article 49(2)(a) to (d) of the Order and (iii) to whom it may otherwise lawfully be communicated; and (B) who are "qualified investors" within the meaning of Article 2(e) of the EU Prospectus Regulation as it forms part of domestic EU law as defined in the European Union (Withdrawal) Act 2018, as amended (all such persons together being referred to as "Relevant Persons").

Gwinville Well Drilling Program

The Corporation is conducting the Offering and the Private Placement to accelerate the completion of its four drilled and uncompleted wells, drilled as part of its Q1 2023 drilling campaign on its Gwinville acreage. The accelerated completion of these wells is anticipated to be accretive to Southern through the addition of approximately US\$20.5 million in PDP NPV10 value. The Corporation expects the drilled and uncompleted wells, once completed, to have initial production (IP30) rates of approximately 5.6 MMcf/d per well, with expected ultimate recovery per well of approximately 4.3 Bcf.

The drilled and uncompleted wells are forecast, following their completion, to have a per-well payback period of approximately twelve months, with an associated internal rate of return of 108% and NPV10 of \$4.4 million per well. Subject to the successful completion of the drilled and uncompleted wells and achieving production rates as set out above (and assuming one completion per quarter and strip commodity

pricing as at October 5, 2023), Southern would expect to generate next 12 months total operating cash flow of approximately US\$20 million, resulting in an annualized net debt to EBITDA ratio of approximately 1.0x in Q4 2024, with next 12 months corporate free cash flow expected to increase to approximately US\$13.0 million, an increase of approximately 114% on a per share basis (calculated inclusive of Common Shares issued pursuant to the Offering and the Private Placement, assuming the maximum amount under the Offering and the Private Placement). Management of the Corporation believes that completion of these four wells provides Southern with a significant platform for organic growth, with production expected to reach up to 4,700 boepd in 2024, an increase of 39% per share, and with PDP reserves expected to increase by 12% per share (such per share values being calculated inclusive of Common Shares issued pursuant to the Offering and the Private Placement, assuming the maximum amount under the Offering and the Private Placement).

Southern has identified over 100 additional horizontal drilling targets at Gwinville, which it will target for development in appropriate gas price environments. Based on the expected drilling and completion costs for new wells of US\$5.5 million, future wells are expected to achieve an internal rate of return of approximately 30% at a natural gas price of \$3.78 / MMBtu.

DESCRIPTION OF THE SECURITIES BEING DISTRIBUTED

The Offering consists of 26,675,000 Offered Shares.

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value. As of as of the date of this Prospectus Supplement, 139,088,160 Common Shares are issued and outstanding.

In addition: (a) 7,348,750 Common Shares are reserved for issuance pursuant to the exercise of outstanding Options issued pursuant to the Option Plan; (b) 3,781,550 Common Shares are reserved for issuance pursuant to the vesting of outstanding restricted share issued pursuant to the Share Award Incentive Plan; (c) 10,860,000 Common Shares are reserved for issuance pursuant to the exercise of 7,240,000 Performance Warrants (each Performance Warrant is exercisable for one Common Share, however holders are entitled to 1.5 Common Shares for each whole Performance Warrant if certain thresholds are satisfied prior to expiration thereof); (d) 8,700,000 Common Shares are reserved for issuance pursuant to the exercise of outstanding Warrants; and (e) 3,906,250 Common Shares are reserved for issuance pursuant to the exercise of outstanding Credit Facility Warrants. The Corporation also has 4,286 Debentures outstanding as at the date hereof, such Debentures being convertible into Common Shares at the option of the holder. For more information about the Warrants, Performance Warrants and Debentures, please refer to "*Description of Share Capital*" in the AIF.

Holders of Common Shares are entitled to: (a) one vote per Common Share at all meetings of shareholders of the Corporation; (b) receive dividends if, as and when declared by the Board; and (c) in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of its assets for the purpose of winding up its affairs, share rateably in such assets of the Corporation as are available for distribution.

Provisions as to the modification, amendment or variation of such rights or provisions are contained in the Corporation's articles and in the ABCA.

CONSOLIDATED CAPITALIZATION

The following table sets forth the unaudited consolidated capitalization as at June 30, 2023: (i) before giving effect to the Private Placement, the Offering or the exercise of the Over-Allotment Option; (ii) after giving effect to the Private Placement and the Offering, but before giving effect to the exercise of the Over-Allotment Option; and (iii) after giving effect to the Private Placement and the Offering, including the exercise of the Over-Allotment Option. This table should be read in conjunction with the Interim Financial Statements and the Interim MD&A, which have been incorporated by reference into this Prospectus.

	As at June 30, 2023 before giving effect to the Private Placement, the Offering or the exercise of the Over- Allotment Option	As at June 30, 2023 after giving effect to the Private Placement and the Offering (but before giving effect to the exercise of the Over- Allotment Option) ⁽¹⁾⁽²⁾	As at June 30, 2023 after giving effect to the Private Placement and the Offering, including the full exercise of the Over- Allotment Option ⁽³⁾
Share Capital (\$) ⁽⁴⁾⁽⁵⁾⁽⁶⁾	USD\$ 75.6 million	USD\$ 85.6 million	USD\$ 86.4 million
Common Shares	139,041,285	192,391,285	196,392,535
Preferred Shares	Nil	Nil	Nil
Indebtedness			
Credit Facility (\$) ⁽⁷⁾⁽⁸⁾	USD\$ 17.0 million	USD\$ 17.0 million	USD\$ 17.0 million
Debentures ⁽⁹⁾	USD\$ 3.2 million 4,286 Debentures	USD\$ 3.2 million 4,286 Debentures	USD\$ 3.2 million 4,286 Debentures

Notes:

- (1) See "Recent Developments – The Private Placement" for further information on the Private Placement.
- (2) Based on the issuance of: (i) approximately 26,675,000 Common Shares in connection with the Private Placement for aggregate gross proceeds of approximately \$6,935,500.00 (approximately £4.1 million/ USD\$5.0 million), less estimated expenses of the Private Placement of \$410,000 (exclusive of GST), for net proceeds to the Corporation of \$6,525,500.00, such amount being an estimate only and subject to change prior to the completion of the Private Placement; and (ii) 26,675,000 Offered Shares in connection with the Offering for aggregate gross proceeds of \$6,935,500.00, less the Agents' Fee of \$416,130.00 and the estimated expenses of the Offering of \$375,000.00 (exclusive of GST), for net proceeds to the Corporation of \$6,144,370.00 (assuming no President's List purchasers). Foreign exchange rates of GBP:CAD 1.68, GBP:USD 1.21 & USD:CAD 1.39 were used in the above calculations. The Corporation intends to use the net proceeds from the Offering and the Private Placement to accelerate the completion of certain drilled and uncompleted wells. For more details, please refer to "Use of Proceeds".
- (3) Based on the issuance of: (i) approximately 26,675,000 Common Shares in connection with the Private Placement for aggregate gross proceeds of approximately \$6,935,500.00 (approximately £4.1 million/ USD\$5.0 million), less estimated expenses of the Private Placement of \$410,000.00 (exclusive of GST), for net proceeds to the Corporation of \$6,525,500.00; and (ii) assuming full exercise of the Over-Allotment Option, 30,676,250 Offered Shares in connection with the Offering for aggregate gross proceeds of \$7,975,825.00, less the Agents' Fee of \$478,549.50 and the estimated expenses of the Offering of \$375,000.00 (exclusive of GST), for net proceeds to the Corporation of \$7,122,275.50 (assuming no President's List purchasers). Foreign exchange rates of GBP:CAD 1.68, GBP:USD 1.21 & USD:CAD 1.39 were used in the above calculations. The Corporation intends to use the net proceeds from the Offering and the Private Placement to accelerate the completion of certain drilled and uncompleted wells. For more details, please refer to "Use of Proceeds".
- (4) Does not include Options granted pursuant to the Corporation's Option Plan. As at each of June 30, 2023 and October 31, 2023, Options to purchase an aggregate of 7,348,750 Common Shares were outstanding pursuant to the Option Plan. The average price at which outstanding Options are exercisable is \$0.86 per Common Share, and the outstanding Options have a weighted average remaining term to expiry of 3.1 years. Each Option entitles the holder upon exercise to acquire one Common Share.
- (5) Does not include Warrants issued pursuant to the private placement closed on April 30, 2021. As at each of June 30, 2023 and October 31, 2023, 8,746,875 Warrants and 8,700,000 Warrants, respectively, were outstanding. Each Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.32 anytime prior to December 31, 2023. See "Prior Sales".
- (6) Does not include Performance Warrants issued pursuant to the private placement closed on December 19, 2018. As at each of June 30, 2023 and October 31, 2023, 7,240,000 Performance Warrants were outstanding. Each Performance Warrant entitles the holder thereof to purchase one Common Share at a price of \$0.80 for a period of five (5) years from the date of issuance subject to vesting thresholds. See "Prior Sales".
- (7) Southern Energy Corp. (Delaware), one of the wholly-owned subsidiaries of the Corporation, holds the Credit Facility, pursuant to the terms of the Credit Agreement, which is comprised of: (i) Tranche A of US\$5.5 million which was advanced on April 30, 2021; (ii) Tranche B of US\$31.5 million with an availability until August 31, 2025; and (iii) the issuance of 5,156,250 common share purchase warrants (the "Credit Facility Warrants"), of which 3,906,250 Credit Facility Warrants were outstanding as of October 31, 2023, not included in Share Capital (as stated in the above line item) that allow the holder thereof to purchase one (1) Common Share at an exercise price of \$0.40 per Common Share, any time prior to August 31, 2025. Interest on the Credit Facility is 12.0% per annum, paid monthly in arrears on the last day of the month. The Credit Facility is secured against the oil and gas properties of Southern and matures on August 31, 2025. As of October 31, 2023, the Corporation was in compliance with all covenants under its Credit Facility.
- (8) As at October 31, 2023, the Corporation was indebted under the Credit Facilities in the aggregate amount of approximately USD\$18.7 million.
- (9) The Corporation issued 8.0% convertible unsecured subordinated debentures on June 14, 2019 and January 15, 2021 (the "Debentures"). As at June 30, 2023 and as of the date hereof, an aggregate principal amount of CAD\$4,286,000.00 Debentures remains outstanding.

TRADING PRICE AND VOLUME

TSX-V Trading Prices and Volumes

The Common Shares are listed on the TSX-V under the trading symbol "SOU". On October 31, 2023, the last trading day before the filing of this Prospectus Supplement the closing price of the Common Shares on the TSX-V was \$0.295. The following table sets forth the price range and trading volume of the Common Shares as reported by TMX Group Limited for the periods indicated:

<u>Period</u>	<u>High (CAD\$)</u>	<u>Low (CAD\$)</u>	<u>Volume</u>
October 2023	0.35	0.30	2,517,649
September 2023	0.37	0.33	2,374,455
August 2023	0.41	0.35	3,036,665
July 2023	0.41	0.36	993,302
June 2023	0.46	0.36	4,381,337
May 2023	0.38	0.37	6,771,532
April 2023	0.34	0.29	5,293,987
March 2023	0.60	0.31	11,455,042
February 2023	0.69	0.54	3,650,455
January 2023	0.82	0.69	4,137,996
December 2022	0.96	0.77	6,094,740
November 2022	1.07	0.89	11,258,833
October 2022	1.01	0.78	16,367,330

AIM Trading Prices and Volumes

The Common Shares are listed on the AIM under the trading symbol "SOUC". On October 31, 2023, the last trading day before the filing of this Prospectus Supplement the closing price of the Common Shares on the AIM was 18.50p. The following table sets forth the price range and trading volume of the Common Shares as reported by the AIM for the periods indicated:

<u>Period</u>	<u>High (£)</u>	<u>Low (£)</u>	<u>Volume</u>
October 2023	0.205	0.185	1,382,112
September 2023	0.218	0.198	2,280,641
August 2023	0.243	0.195	3,890,793
July 2023	0.238	0.218	1,877,239
June 2023	0.278	0.213	5,177,792
May 2023	0.238	0.223	1,065,728
April 2023	0.205	0.180	5,881,975
March 2023	0.360	0.180	6,301,830
February 2023	0.445	0.340	2,663,915
January 2023	0.505	0.425	3,845,961
December 2022	0.605	0.470	2,809,982
November 2022	0.660	0.575	4,929,672
October 2022	0.635	0.505	8,263,374

OTCQX® Best Market Trading Prices and Volumes

The Common Shares are listed on the OTCQX® Best Market under the trading symbol "SOUTF". On October 31, 2023, the last trading day before the filing of this Prospectus Supplement the closing price of the Common Shares on the OTCQX® Best Market was US\$0.216. The following table sets forth the price range and trading volume of the Common Shares as reported by TMX Group Limited for the periods indicated:

Period	High (US\$)	Low (US\$)	Volume
October 2023	0.260	0.216	51,262
September 2023	0.268	0.248	28,100
August 2023	0.313	0.254	168,704
July 2023	0.309	0.277	40,757
June 2023	0.346	0.265	164,590
May 2023	0.282	0.275	376,376
April 2023	0.251	0.212	111,560
March 2023	0.445	0.223	247,030
February 2023	0.506	0.405	109,664
January 2023	0.605	0.501	56,606
December 2022	0.734	0.575	101,156
November 2022	0.786	0.680	143,130
October 2022	0.744	0.580	140,587

PRIOR SALES

The following table summarizes the issuances of Common Shares and securities convertible into Common Shares within the 12-month period prior to the date of this Prospectus Supplement.

Date of Issuance	Description of Transaction	Number and Type of Securities ⁽¹⁾	Price per Security
Q4 2023 (Oct. 1, 2023 – Oct. 30, 2023)	Not applicable	Nil	\$ -
Q3 2023 (July 1, 2023 – Sept. 30, 2023)	Exercise of Warrants ⁽²⁾	46,875 Common Shares	\$ 0.32
Q2 2023 (Apr. 1, 2023 – June 30, 2023)	Grant of RSAs ⁽³⁾	1,345,800 RSAs	\$ -
	Grant of Options ⁽⁴⁾	60,000 Options	\$ 0.39
	Exercise of Warrants ⁽⁵⁾	31,250 Common Shares	\$ 0.32
Q1 2023 (Jan. 1, 2023 – Mar. 31, 2023)	Exercise of Warrants ⁽⁶⁾	953,125 Common Shares	\$ 0.32
Q4 2022 (Oct. 1, 2022 – Dec. 31, 2022)	Conversion of Debentures ⁽⁷⁾	388,750 Common Shares	\$ 0.80
	Exercise of Warrants ⁽⁸⁾	1,759,375 Common Shares	\$ 0.32

Notes:

- (1) Please note that this table does not include Common Shares issued pursuant to the Corporation's employee share purchase plan. For more details regarding this plan, please refer to the AIF.
- (2) In the third fiscal quarter of 2023, holders of certain Warrants exercised their Warrants at an exercise price of \$0.32 per Common Share in the following amounts on the following dates: 46,875 Common Shares on July 6, 2023.
- (3) On June 6, 2023, the Corporation granted 1,345,800 restricted share awards (RSAs) to certain employees, officers and/or directors as part of the Corporation's overall compensation and employee retention program pursuant to the Corporation's share award incentive plan. The RSAs vest as to one third on each of the first, second and third anniversaries of the grant date. On the vesting dates of such RSAs, the holder is entitled to receive a cash payment or its equivalent in fully paid Common Shares, at the Corporation's discretion, equal to the closing market value per Common Share on the TSX-V on the Business Day prior to such payment.

- (4) On June 6, 2023, the Corporation granted 60,000 to certain employees, officers and/or directors pursuant to the Corporation's Option Plan. The Options expire on the date which is five (5) years from the date of the grant and are exercisable at a price of CAD\$0.39 per Common Share. The Options vest as to one-third on the grant date, and one-third on each of the first and second anniversaries of the grant date. Of the 60,000 Options granted on June 6, 2023, Nil options were issued to directors and persons discharging managerial responsibilities of the Corporation.
- (5) In the second fiscal quarter of 2023, holders of certain Warrants exercised their Warrants at an exercise price of \$0.32 per Common Share in the following amounts on the following dates: 31,250 Common Shares on April 6, 2023.
- (6) In the first fiscal quarter of 2023, holders of certain Warrants exercised their Warrants at an exercise price of \$0.32 per Common Share in the following amounts on the following dates: 31,250 Common Shares on February 3, 2023; 781,250 Common Shares on February 7, 2023; 93,750 Common Shares on February 17, 2023; and 46,875 Common Shares on February 22, 2023.
- (7) An aggregate principal amount of \$311,000 Debenture were converted in the fourth fiscal quarter of 2022 at a conversion price of \$0.80 per Common Share, resulting in the issuance of 388,750 Common Shares on November 1, 2022.
- (8) In the fourth fiscal quarter of 2022, holders of certain Warrants exercised their Warrants at an exercise price of \$0.32 per Common Share in the following amounts on the following dates: 1,275,000 Common Shares on October 20, 2022; 156,250 Common Shares on November 9, 2022; 125,000 Common Shares on November 22, 2022; 125,000 Common Shares on November 24, 2022; 15,625 Common Shares on November 25, 2023; 62,500 Common Shares on December 1, 2022.

USE OF PROCEEDS

The net proceeds to the Corporation from the Offering will be approximately \$6,144,370.00, not including the exercise of the Over-Allotment Option and assuming no President's List purchasers, after deducting the Agents' Fee in the amount of approximately \$416,130.00 and the estimated expenses of the Offering of approximately \$375,000.00 (exclusive of GST), which will be paid out of the proceeds of the Offering.

The Corporation intends to use the net proceeds from the Offering and the Private Placement to accelerate the completion of up to four previously drilled and uncompleted horizontal Selma Chalk and City Bank wells in the Gwinville field beginning in the fourth quarter of 2023. Assuming all four wells are completed, the total capital expenditure for the above program is up to approximately US\$12.0 million (approximately US\$3.0 million per well). The net proceeds from the Offering and the Private Placement will be used alongside existing cash, cash flows and undrawn debt facilities to fund the completion of the drilled and uncompleted wells.

There is no minimum amount of funds that must be raised under the Offering. This means that the Corporation could complete the Offering after raising only a small proportion of the Offering amount set out above. There can be no assurance that the Corporation will receive sufficient net proceeds from the Offering to accomplish some or all of the objectives set out above. In the event that the maximum amount under the Offering is not raised, the Corporation intends to utilize the net proceeds of the Offering towards the drilling of fewer drilled and uncompleted horizontal Selma Chalk and City Bank wells, or as needed towards the Corporation's best interests as decided in the sole discretion of management.

The use of the net proceeds of the Offering by the Corporation is consistent with the Corporation's strategy of growing and developing an oil and natural gas exploration and development company through internal operations and acquisitions. Other than the successful completion of the Offering and the Private Placement, there is no particular significant event or milestone that must occur for the Corporation's business objectives to be accomplished. Upon completion of the Offering and the Private Placement, the Corporation will be better positioned to further its business objectives of exploration and development of its oil and gas assets. For additional details regarding the Corporation's corporate strategy, see "*Description of the Business of the Corporation*" in the AIF.

Due to the nature of the oil and natural gas industry, budgets are regularly reviewed in light of the success of expenditures and other opportunities which may become available to the Corporation. Potential investors are cautioned that notwithstanding the Corporation's current intentions regarding the use of the net proceeds of the Offering, there may be circumstances where a reallocation of funds may be advisable for reasons that management believes are in the Corporation's best interests. While the Corporation believes that it has the skills and resources necessary to accomplish its stated business objectives and strategic goals, participation in the acquisition of, exploration for and development of oil and natural gas reserves has a number of inherent risks. See "*Risk Factors*" herein, as well as in the AIF the Annual MD&A and the Interim MD&A.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Corporation will engage the Agents to offer for sale to the public on a "best efforts" agency basis, and the Corporation will agree to sell, on the Closing Date, up to 26,675,000 Common Shares at the Offering Price (not including the Additional Shares pursuant to the exercise of the Over-Allotment Option), subject to the terms and conditions of the Agency Agreement. The Offering Price has been determined by arms' length negotiations between the Corporation and the Agents. This Prospectus Supplement and the accompanying Prospectus qualifies the distribution of the Offered Shares.

The Offering is not underwritten or guaranteed by any person. The Offering is made on a best efforts basis by the Agents who conditionally offer the Common Shares, if, as and when issued by the Corporation and accepted by the Agents in accordance with the terms and conditions contained in the Agency Agreement. While the Agents have agreed to use best efforts to sell the Offered Shares, the Agents are not obligated to purchase any Common Shares that are not sold. All funds received from the subscription for the Common Shares will be deposited and held by the Agents pursuant to the terms and conditions of the Agency Agreement and will not be released until the Agents have consented to such release. Subscriptions will be subject to rejection or allotment in whole or in part and the Corporation reserves the right to close the subscription books at any time without notice.

There is no minimum amount of funds that must be raised under the Offering. This means that the Corporation could complete the Offering after raising only a small proportion of the Offering amount set out above.

The Corporation has applied to the TSX-V for conditional approval of the listing of the Offered Shares. Listing is subject to Southern fulfilling all of the requirements of the TSX-V.

In consideration for the services to be performed by the Agents, the Corporation has agreed to pay to the Agents the Agents' Fee equal to 6% of the gross proceeds of the Offering, less proceeds raised through the President's List.

The Agents will also be reimbursed for reasonable fees and expenses including reasonable legal fees and disbursements of legal counsel to the Agents. Pursuant to the Agency Agreement, the Corporation has agreed to indemnify the Agents and each of their respective affiliates, agents, directors, officers, partners, principals, shareholders and employees against certain liabilities, including, without limitation, certain civil liabilities under applicable securities legislation. In addition, the Corporation has provided certain representations and warranties to the Agent.

The obligations of the Agents under the Agency Agreement may be terminated at their discretion upon the occurrence of certain stated events, including in the event that: (i) the due diligence investigations performed by the Agents or their representatives reveal any information or fact, which, in the opinion of the Agents, constitutes an adverse change or effect to the business and affairs of the Corporation, or materially adversely affects the price or value of the Offered Shares, Common Shares or any other securities of the Corporation; (ii) there is a material change or a change in a material fact or new material fact shall arise or there should be discovered any previously undisclosed material fact required to be disclosed in the Prospectus or any amendment(s) thereto, in each case, that has or would be expected to have, in the opinion of the Agents, a significant adverse change or effect on the business or affairs of the Corporation or on the market price or the value of the Offered Shares, the Common Shares or any other securities of the Corporation; (iii) (A) there should develop, occur or come into effect or existence any event, action, state, condition (including without limitation, terrorism or accident) or major financial occurrence of national or international consequence or a new or a change in any law or regulation which, in the sole opinion of the Agents, seriously adversely affects or involves, or may seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation and its subsidiaries (taken as a whole), or the market price or value of the Offered Shares, the Common Shares or any other securities of the Corporation; (B) any inquiry, action, suit, proceeding or investigation (whether formal or informal) is

commenced, announced or threatened in relation to the Corporation or any of its the officers or directors of the Corporation or any of its principal shareholders where wrong-doing is alleged or any order is made by an federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality including, without limitation, the TSX-V or securities commissions, which involves a finding of wrong-doing; or (C) any order, action or proceeding which cease trades or otherwise operates to prevent or restrict the trading of the Offered Shares, the Common Shares or any other securities of the Corporation is made or threatened by a securities regulatory authority; (iv) the Corporation shall be in breach of a material term condition or covenant of the Agency Agreement, or any representation or warranty given by the Corporation in the Agency Agreement becomes or is false in any material respect; or (v) the state of the national financial markets in Canada or elsewhere where it is planned to market the Offered Shares is such that, in the opinion of the Agents, the Offered Shares cannot be profitably marketed.

From the date of the Agency Agreement until a date that is 90 days from the Closing Date, the Corporation has agreed not to, without the prior written consent of the Lead Agent, issue, agree to issue, or announce an intention to issue, any additional debt, Common Shares or any securities convertible into or exchangeable for Common Shares of the Corporation (except in connection with the exchange, transfer, conversion or exercise rights of existing outstanding securities or existing commitments to issue securities and/or an arm's length acquisition), such consent not to be unreasonably withheld or delayed.

The Corporation has granted the Agents the Over-Allotment Option to offer for sale up to an additional 4,001,250 Common Shares at the Offering Price for the purpose of covering over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option is exercisable, in whole or in part, at any time up to 30 days following the Closing Date.

It is expected that Closing will occur on or about November 9, 2023, or such other date as the Corporation and the Agents may agree, but in any event no later than the date that is 90 days after the date of the receipt for the final short form prospectus. The Offered Shares shall be taken up by the Agents, if at all, on or before a date not later than 90 days after the date of the receipt for the final short form prospectus.

Pursuant to rules and policy statements of certain securities regulators, the Agents may not, at any time during the period ending on the date the selling process for the Offered Shares ends and all stabilization arrangements relating to the Offered Shares are terminated, bid for or purchase Common Shares of the Corporation. The foregoing restrictions are subject to certain exceptions including: (i) a bid for or purchase of Common Shares of the Corporation if the bid or purchase is made through the facilities of the TSX-V in accordance with applicable marketplace rules; (ii) a bid or purchase on behalf of a client, other than certain prescribed clients, provided that the client's order was not solicited by the Agents, or if the client's order was solicited, the solicitation occurred before the period of distribution as prescribed by the rules; and (iii) a bid or purchase to cover a short position entered into prior to the period of distribution as prescribed by the rules.

The Offering is being made concurrently in all Provinces of Canada other than Quebec. In addition, the Agents may offer the Offered Shares outside of Canada, subject to compliance with local securities law requirements in such a manner as to not require registration of the Common Shares, or filing of a prospectus or registration statement with respect to those Offered Shares under the laws in such jurisdictions or qualification as a foreign corporation to file a general consent to service of process in such jurisdiction.

The Offered Shares offered hereby have not been and will not be registered under the U.S. Securities Act or any state securities laws, and accordingly may not be offered, sold or delivered within the United States. The Agents will not offer, sell or deliver the Offered Shares within the United States.

ELIGIBILITY FOR INVESTMENT

In the opinion of Stikeman Elliott LLP, counsel to the Corporation and Fasken Martineau DuMoulin LLP, counsel to the Agents, based on the provisions of the Tax Act in force on the date hereof, the Offered Shares would be "qualified investments", if issued on the date hereof, at the time of acquisition by a

"registered retirement savings plan", "registered retirement income fund", "registered education savings plan", "registered disability savings plan", "tax-free savings account", "first home savings account" (collectively, "**Registered Plans**"), or a "deferred profit sharing plan" (each as defined in the Tax Act) provided that the Offered Shares are listed on a "designated stock exchange" as defined in the Tax Act (which currently includes the TSX-V) or the Corporation is otherwise a "public corporation" (other than a mortgage investment corporation) as defined in the Tax Act..

Notwithstanding that the Offered Shares may be qualified investments for a Registered Plan, if the Offered Shares are a "prohibited investment" within the meaning of the Tax Act for a Registered Plan, the holder, annuitant or subscriber of the Registered Plan, as the case may be, (the "**Controlling Individual**") will be subject to a penalty tax as set out in the Tax Act. The Offered Shares generally will not be a "prohibited investment" for a Registered Plan if the Controlling Individual of the Registered Plan (a) deals at arm's length with the Corporation for purposes of the Tax Act, and (b) does not have a "significant interest" (as defined in the Tax Act) in the Corporation. In addition, Offered Shares will not be a "prohibited investment" if the Offered Shares are "excluded property" (as defined in the Tax Act) for a Registered Plan. Prospective purchasers who intend to hold the Offered Shares in a Registered Plan should consult their own tax advisors regarding their particular circumstances.

RISK FACTORS

An investment in the Offered Shares involves a high degree of risk. In addition to the other information included or incorporated by reference in this Prospectus Supplement, the accompanying Prospectus or the documents incorporated by reference herein and therein, you should carefully consider the risks described below before purchasing the Offered Shares. If any of the following risks actually occur, the Corporation's business, financial condition, results of operations and prospects could materially suffer. As a result, the trading price of the Common Shares could decline, and you might lose all or part of your investment. The risks set out below are not the only risks Southern faces; risks and uncertainties not currently known to Southern or that Southern currently deems to be immaterial may also materially and adversely affect Southern's business, financial condition, results of operations and prospects. In addition to the risk factors set forth below, additional risk factors relating to Southern's business are discussed in the "Risk Factors" section of the AIF as well as in the Annual MD&A and the Interim MD&A. **Before investing, prospective purchasers of Offered Shares should carefully consider the information contained or incorporated by reference in this Prospectus Supplement.**

Significant Transaction and Related Costs

The Corporation expects to incur a number of costs associated with completing the Offering and the Private Placement.

Loss of Investment

An investment in the Offered Shares is suitable only for those investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment.

Credit Facilities Risk

The amount authorized under the Credit Facility is dependent on the borrowing base determined by the Corporation's lender. The Corporation is required to comply with covenants under the Credit Facility, which from time to time either affect the availability, or price, of additional funding, and in the event that the Corporation does not comply therewith its access to capital could be restricted or repayment could be required. The failure of the Corporation to comply with such covenants, which may be affected by events beyond the Corporation's control, could result in the default under the Credit Facility which could result in the Corporation being required to repay amounts owing thereunder. Even if the Corporation is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing, the lender under the Credit Facility could

proceed to foreclose or otherwise realize upon the collateral granted to it to secure the indebtedness. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Credit Facility may, from time to time, impose operating and financial restrictions on the Corporation that could include restrictions on, the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

The Corporation's borrowing base is determined and re-determined by the lender based on the Corporation's reserves, commodity prices, applicable discount rate and other factors as determined by the Corporation's lender. A material decline in commodity prices could reduce the Corporation's borrowing base, therefore reducing the funds available to the Corporation under the Credit Facility which could result in a portion, or all, of the Corporation's bank indebtedness being required to be repaid. Additional Indebtedness

Currency Fluctuations

Foreign currency exchange rate risk is the risk that the fair value or future cash flows of the Corporation will fluctuate as a result of changes in foreign exchange rates. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A significant portion of the Corporation's petroleum and natural gas sales are conducted in the U.S. and are denominated in U.S. dollars. Commodity prices are influenced by fluctuations in the Canada to United States dollar exchange rate. Prices for oil are determined in global markets and generally denominated in United States dollars. Additionally, the Corporation is exposed to currency risk in connection with its Credit Facility.

Volatility of the Oil and Gas Industry

Recent market events and conditions, including but not limited to the following, have caused significant weakness and volatility in commodity prices: global excess oil and natural gas supply, actions taken by the Organization of the Petroleum Exporting Countries, slowing growth in certain global economies, market volatility, and sovereign debt levels in various countries. These events and conditions, in addition to others not specifically referenced herein, could cause a significant decrease in the valuation of oil and gas companies and a decrease in confidence in the oil and gas industry. Given the current market conditions, the Corporation may have difficulty raising additional funds in the future or if it is able to do so, it may be on unfavourable and highly dilutive terms.

Effect of Commodity Prices on Operational and Financial Results

The Corporation's operational and financial results are dependent on the prices received for oil and natural gas production. Any substantial and extended decline in the price of oil and natural gas could have an adverse effect on, among other things, the Corporation's revenues and financial condition.

Volatility of Market Price of Common Shares

The market price of the Common Shares may be volatile. The volatility may affect the ability of holders to sell the Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to the Corporation's operating results failing to meet the expectations of securities analysts or investors in any quarter, downward revision in securities analysts' estimates, governmental regulatory action, adverse change in general market conditions or economic trends, acquisitions, dispositions or other material public announcements by the Corporation or its competitors, along with a variety of additional factors, including, without limitation, those set forth under "*Cautionary Note Regarding Forward-Looking Statements*". In addition, the market price for securities in the stock markets, including the TSX-V, recently experienced significant price and trading fluctuations. These fluctuations have resulted in volatility in the market prices of securities that often has been unrelated or disproportionate to changes in operating

performance. These broad market fluctuations may adversely affect the market prices of the Offered Shares.

Effects of Global Pandemics or Similar Health Threats

An outbreak of infectious disease, a pandemic or a similar public health threat, or a fear of any of the foregoing, could adversely impact the Corporation by causing operating, supply chain and project development delays, disruptions and challenges, labour shortages and challenges and shutdowns (including as a result of government regulation and prevention measures), and increased costs to the Corporation.

Forward-Looking Statements and FOFI May Prove Inaccurate

Investors are cautioned not to place undue reliance on forward-looking information included in this Prospectus Supplement or the documents incorporated by reference in this Prospectus, including the forward-looking information under "*Recent Developments*". By their nature, forward-looking information and FOFI involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information and/or FOFI or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Some of the FOFI presented in this Prospectus Supplement is based upon the anticipated benefits of the Offering and if such benefits are not realized, this will impact the forward looking FOFI provided herein and such impact may be material. See "*Cautionary Note Regarding Forward-Looking Statements*".

Impact of Future Financings

In order to finance future operations, the Corporation may raise funds through the issuance of Common Shares or the issuance of debt instruments or securities convertible into Common Shares. Any such issuances may dilute the interests of holders of Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Corporation's securities will have on the market price of the Common Shares.

Additional information on the risks, assumptions and uncertainties are found in this Prospectus Supplement under the heading "*Cautionary Note Regarding Forward-Looking Statements*".

INTERESTS OF EXPERTS

Certain legal matters relating to the Offering will be passed upon by Stikeman Elliott LLP on behalf of the Corporation and Fasken Martineau DuMoulin LLP on behalf of the Agents. As at the date hereof, the partners and associates of Stikeman Elliott LLP and Fasken Martineau DuMoulin LLP and their designated professionals, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

Reserves estimates incorporated by reference into this Prospectus Supplement are based upon reports by Netherland, Sewell & Associates, Inc., the Corporation's independent reserves evaluator. As of the date hereof, none of the "designated professionals" (as defined in Form 51-102F2 under NI 51-102) of the independent reserves evaluator of the Corporation has any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation.

Deloitte LLP are the auditors of the Corporation. Deloitte LLP is independent of the Corporation within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Alberta.

STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two Business Days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE ISSUER

Dated: November 1, 2023

This short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces of Canada, excluding Québec.

SOUTHERN ENERGY CORP.

(signed) "Ian Atkinson"

Ian Atkinson
President and Chief Executive Officer

(signed) "Calvin Yau"

Calvin Yau
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF SOUTHERN ENERGY CORP.

(signed) "Bruce Beynon"

Bruce Beynon
Director

(signed) "R. Steven Smith"

R. Steven Smith
Director

CERTIFICATE OF THE AGENTS

Dated: November 1, 2023

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of the provinces of Canada, excluding Quebec.

STIFEL NICOLAUS CANADA INC.

(signed) "Scott Robertson"

Scott Robertson
Managing Director,
Investment Banking

CANACCORD GENUITY CORP.

(signed) "Anthony Petrucci"

Anthony Petrucci
Managing Director,
Investment Banking

HAYWOOD SECURITIES INC.

(signed) "Clark Andrews"

Clark Andrews
Head of Energy
Investment Banking

EIGHT CAPITAL

(signed) "Tony Loria"

Tony Loria
Principal,
Vice Chairman