SOUTHERN ENERGY CORP. ANNOUNCES FIRST QUARTER 2022 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta – May 26, 2022 – Southern Energy Corp. ("**Southern**" or the "**Company**") (TSXV:SOU) (AIM:SOUC) today announces the release of its first quarter financial and operating results for the three months ended March 31, 2022.

Southern is an established producer with natural gas and light oil 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. Selected financial and operational information is outlined below and should be read in conjunction with the Company's unaudited consolidated financial statements (the "**Financial Statements**") and related management's discussion and analysis (the "**MD&A**") for the three months ended March 31, 2022, which are available on the Company's website at www.southernenergycorp.com and have been filed on SEDAR.

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

FIRST QUARTER 2022 HIGHLIGHTS

- $2.2 million of adjusted funds flow from operations[1] in Q1 2022, an increase of 121% from the same period in 2021
- Petroleum and natural gas sales of $5.9 million in Q1 2022, an increase of 54% from the same period in 2021
- Q1 2022 average production of 11,515 Mcfe/d[2] (1,919 boe/d) (92% natural gas), an 11% decrease from the same period in 2021
- Rig released two (2.0 net) wells of the three well program at Gwinville in Q1 2022 with the third well rig released in April 2022
- Net loss of $1.9 million in Q1 2022 ($0.02 per share – basic and diluted), with an unrealized loss on derivatives of $2.9 million, compared to a net loss of $0.6 million in Q1 2021
- Exited Q1 2022 with Net Debt[1] of $10.7 million, and Net Debt to Q1 2022 annualized Adjusted Funds Flow from Operations[1] of 1.2x
- Average realized oil and natural gas prices for Q1 2022 of $95.20/bbl and $4.87/Mcf, respectively, reflecting the benefit of strategic access to premium-priced US sales hubs
- On February 1, 2022, Southern disposed of all of its assets from its non-core Smackover cash generating unit for net proceeds of $0.8 million

SUBSEQUENT EVENTS

- On April 8, 2022, Southern entered into a second amendment (the "Second Amendment") to its senior secured term loan of up to $8.5 million (the "New Facility") which, combined with the first amendment (the "First Amendment") effective December 30, 2021, resulted in: (a) an increase of Tranche B to $4.5 million ($4.0 million available to borrow); (b) an extension of the availability to June 30, 2022; and (c) the

[1] See "Specified Financial Measures" under "Reader Advisory" below".
[2] Comprised of 139 bbl/d light and medium crude oil, 14 bbl/d NGLs and 10,597 Mcf/d conventional natural gas

exclusion of transaction costs related to the Company's August 2021 admission to the AIM market of the London Stock Exchange from the calculation of EBITDAX (as such term is defined in the Financial Statements)

Operational Update

In May 2022, Southern commenced completion operations on the three-well horizontal padsite in the Gwinville asset. The first well to begin flowback following the stimulation was the GH 19-3 #3 well, which came on-line on May 25, 2022. The GH 19-3 #2 and GH 19-3 #4 wells are expected to be on-line shortly, and the Company is looking forward to providing initial production results in the coming weeks.

During Q1 2022, the Company experienced high third-party pipeline operating pressures in the Mount Olive field which negatively impacted production, but this situation has since been resolved by optimizing compression needs in the field. Current May 2022 production estimates are back to expected levels of approximately 11,820 Mcfe/d[1] (1,970 boe/d). Q1 2022 also reflects the first quarter of the non-core oil dispositions which amount to a loss of approximately 240 Mcfe/d[2] (40 boe/d).

Financial Highlights

	Three months ended March 31,	
(000s, except $ per share)	**2022**	**2021**
Petroleum and natural gas sales	**$ 5,925**	$ 3,857
Net loss	**(1,855)**	(631)
Net loss per share		
Basic	**(0.02)**	(0.02)
Fully diluted	**(0.02)**	(0.02)
Adjusted funds flow from operations (1)	**2,234**	1,011
Adjusted funds flow from operations per share (1)		
Basic	**0.03**	0.04
Fully diluted	**0.03**	0.04
Capital expenditures	**6,872**	57
Weighted average shares outstanding		
Basic	**78,153**	27,596
Fully diluted	**78,153**	27,596
As at period end		
Basic common shares outstanding	**78,200**	27,596
Total assets	**48,534**	29,339
Non-current liabilities	**11,777**	10,033
Net debt (1)	**$ 10,745**	$ 22,524

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

[1] Comprised of 113 bbl/d light and medium crude oil, 11 bbl/d NGLs and 11,076 Mcf/d conventional natural gas
[2] Comprised of 35 bbl/d light and medium crude oil, 3 bbl/d NGLs and 12 Mcf/d conventional natural gas

Outlook

With the results of our three well drilling program at Gwinville expected imminently, our focus remains on the delivery of these results in an efficient and safe manner. Success with these three wells may see Southern commencing a continual drilling program at Gwinville, taking advantage of our low-risk drilling inventory.

These first three Gwinville horizontal wells could deliver material production increases for the Company and, given the current commodity prices and production not being hedged from these wells, will deliver significant near-term cash flow.

As part of its risk management and sustainability strategy, Southern has entered into some fixed price and costless collar hedges which will cover its existing production wells to mitigate the effects of market volatility while retaining the ability to participate in potential natural gas price appreciation during 2022. On January 28, 2022, Southern entered into a fixed price hedge on production of 2,000 MMBtu/d of natural gas at a price of $4.61/MMBtu from March 1, 2022 through December 31, 2022. On April 4, 2022, Southern entered into a costless collar with a floor of $3.50/MMBtu and a ceiling of $20.00/MMBtu for 2,000 MMBtu/d of natural gas from November 1, 2022 through March 31, 2023. A complete list of the fixed price and costless collar contracts can be found within Southern's first quarter MD&A.

The Company's long-term strategy remains consistent into 2022, with an unwavering commitment to environmental, social and governance ("**ESG**") principles that support the continued development and consolidation of prolific reservoirs that are outside of the more expensive shale basins. Cost savings and financial discipline will remain a priority through the continued enhancement of operations and the ongoing evaluation of opportunities to reduce operating and capital costs.

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

Ian Atkinson, President and CEO of Southern, commented:

"With the significantly increased commodity prices experienced in Q1 2022, Southern has started the year very positively. Our balance sheet is getting stronger and we are being rewarded for our investment strategy in prior quarters with strong production yielding significant cash flow.

In the immediate future, our focus remains on the three well development program at Gwinville which, if successful, not only means increased production from these wells, but speaks volumes as to the potential for our operational strategy to deliver multi-year growth from the wider Gwinville field, highlighting the significant opportunity and optionality we have in providing transformational production, reserves and cash flow growth for shareholders.

As always, I would like to thank the staff and shareholders of Southern Energy Corp. for their continued hard work and support. We look forward to providing further updates in due course."

For further information about Southern, please visit our website at www.southernenergycorp.com or contact:

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About Southern Energy Corp.

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

READER ADVISORY

MCFE Disclosure*. Natural gas liquids volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent (Mcfe) using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas volumes recorded in thousand cubic feet (Mcf) are converted to barrels of oil equivalent (boe) using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Mcfe and boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl or a Mcfe conversion ratio of 1 bbl:6 Mcf is based in an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 Mcf:1 bbl or a Mcfe conversion ratio of 1 bbl:6 Mcf may be misleading as an indication of value.*

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

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

bbl	*barrels*
bbl/d	*barrels per day*
boe	*barrels of oil*
boe/d	*barrels of oil per day*
Mcf	*thousand cubic feet*
Mcf/d	*thousand cubic feet per day*
Mcfe	*thousand cubic feet equivalent*
Mcfe/d	*thousand cubic feet equivalent per day*
MMBtu	*million British thermal units*
MMBtu/d	*million British thermal units per day*

Forward Looking Statements*. Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as “anticipate”, “believe”, “expect”, “plan”, “intend”, “estimate”, “propose”, “project” or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, statements concerning the Company's asset base including the development of the Company's assets, future commodities* *pricing, the effect of market conditions and the COVID-19 pandemic on the Company's performance, Southern's planned ESG initiatives, expectations regarding the Company's hedging program, expectations regarding site preparation and production from the Company's drilling operations in Gwinville and the timing thereof, ability to achieve production estimates set out herein, expectations regarding the use of proceeds from the Company's credit facilities, as amended by the First Amendment and the Second Amendment thereto, the availability and renewal of the Credit Facility, the Company's financial hedging program including the use and expected benefits of financial derivatives, future production levels, acquisition opportunities, costs/debt reducing activities, and planned capital expenditures.*

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

Although Southern believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Southern can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, regulatory risks, and health, safety and environmental risks), constraint in the availability of services, negative effects of the current COVID-19 pandemic, commodity price and exchange rate fluctuations, geo-political risks, political and economic instability abroad, wars (including Russia's military actions in Ukraine), hostilities, civil insurrections, inflationary risks including potential increases to operating and capital costs, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. Ongoing military actions between Russia and the Ukraine have the potential to threaten the supply of oil and gas from the region. The long-term impacts of the actions between these nations remains uncertain. These and other risks are set out in more detail in Southern's MD&A and AIF.

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

***Future Oriented Financial Information**. Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of Southern. Readers are cautioned that any such future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future activities or results.*

***Specified Financial Measures.** This press release provides various financial measures that do not have a standardized meaning prescribed by IFRS, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. These specified financial measures may not be comparable to similar measures presented by other issuers. Southern's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Adjusted funds flow from operations, operating netback, adjusted working capital and net debt are not recognized measures under IFRS. Readers are cautioned that these specified financial measures should not be construed as* *alternatives to other measures of financial performance calculated in accordance with IFRS. These specified financial measures provide additional information that management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund capital expenditures and other activities. Please see below for a brief overview of all specified financial measures used in this release and refer to the Company's MD&A for additional information relating to specified financial measures, which is available on the Company's website at www.southernenergycorp.com and filed on SEDAR.*

*"**Adjusted Funds Flow from Operations**" (non-IFRS financial measure) is calculated based on cash flow from operative activities before changes in non-cash working capital and cash decommissioning expenditures. Management uses adjusted funds flow from operations as a key measure to assess the ability of the Company to finance operating activities, capital expenditures and debt repayments.*

*"**Adjusted Funds Flow from Operations per Share**" (non-IFRS financial measure) is calculated by dividing Adjusted Funds Flow from Operations by the number of Southern shares issued and outstanding.*

*"**Operating Netback**" (non-IFRS financial measure) equals total oil and natural gas sales less royalties, production taxes, operating expenses, transportation costs and realized gain / (loss) on derivatives. Management considers operating netback an important measure to evaluate its operational performance, as it demonstrates field level profitability relative to current commodity prices.*

*"**Net Debt**" (capital management measure) is monitored by Management, along with adjusted working capital, as part of its capital structure in order to fund current operations and future growth of the Company. Net debt is defined as long-term debt plus adjusted working capital surplus or deficit. Adjusted working capital is calculated as current assets less current liabilities, removing current derivative assets/liabilities, the current portion of bank debt, and the current portion of lease liabilities.*