SOUTHERN ENERGY CORP. ANNOUNCES FIRST QUARTER 2024 FINANCIAL AND OPERATING RESULTS AND INFORMATION REGARDING THE ANNUAL MEETING OF SHAREHOLDERS

Calgary, Alberta – May 28, 2024 – Southern Energy Corp. ("**Southern**" or the "**Company**") (TSXV:SOU) (AIM:SOUC)(OTCQX:SOUTF), an established producer with natural gas and light oil assets in Mississippi, announces its first quarter financial and operating results for the three months ended March 31, 2024. Selected financial and operational information is outlined below and should be read in conjunction with the Company's unaudited consolidated financial statements and related management's discussion and analysis (the "**MD&A**") for the three months ended March 31, 2024, which are available on the Company's website at www.southernenergycorp.com and have been filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

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

FIRST QUARTER 2024 HIGHLIGHTS

- Average production of 18,055[1] Mcfe/d (3,009 boe/d) (96% natural gas) during Q1 2024, an increase of 15% from the same period in 2023
- Petroleum and natural gas sales of $4.8 million in Q1 2024, a decrease of 8% from the same period in 2023, largely due to the decline in natural gas pricing
- Generated $2.2 million of adjusted funds flow from operations[2] in Q1 2024 ($0.01 per share basic and diluted)
- Net loss of $3.1 million in Q1 2024 ($0.02 net loss per share - basic and fully diluted), compared to a net loss of $1.1 million in Q1 2023
- Average realized natural gas and oil prices for Q1 2024 of $2.53/Mcf and $74.86/bbl compared to $3.25/Mcf and $75.73/bbl in Q1 2023
- Entered into the sixth amendment (the "**Sixth Amendment**") to the Company's senior secured term loan (the "**Credit Facility**"), which among other amendments, included extending the term of the Credit Facility from August 31, 2025 to December 31, 2026 (see "*Liquidity and Capital Resources – Credit Facility*" in the March 31, 2024 MD&A for full details of the amendment)
- Monetized the Company's fixed price swap derivative contracts to take advantage of the positive unrealized gain position, realizing net proceeds of $1.1 million

SUBSEQUENT EVENTS

- Entered into a fixed price swap derivative contract of 5,000 MMBtu/d for the period of May 2024 – December 2026 at a price of $3.40/MMBtu

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

"The Company's Q1 2024 results show the resilience of our business in an environment which experienced one of

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[1] Comprised of 112 bbl/d light and medium crude oil, 9 bbl/d NGLs and 17,329 Mcf/d conventional natural gas

[2] See "Reader Advisories - Specified Financial Measures"

*the warmest winters in U.S. recorded history. Along with the warm weather came low heating demand for natural gas and supressed pricing. Our focus has been on improving our already low-cost structure, which our operations team has done an excellent job of executing. As we look to the second quarter and second half of our financial year, we are already seeing a significant recovery in excess of 50% from the recent lows in natural gas pricing which we expect will allow us to re-initiate growth in completing one of the three remaining Gwinville drilled but uncompleted wells ("**DUCs**").*

"While low natural gas prices may have been a feature for the period, the recent correction in U.S. natural gas prices along with the structural dynamics of the market are extremely encouraging for a business with Southern's exposure to natural gas. As the price weakness during the first quarter was met with a significant cut in production from several of the large U.S. gas producers, demand from seven of the largest LNG export plants, including Freeport LNG in Texas, continue to experience significant increases. This huge demand driver for U.S. natural gas is only set to increase further as new Gulf Coast LNG export facilities start accepting feed gas later this summer as well as growing domestic demand from artificial intelligence data centers and electrification of vehicles. Additionally, with the early heat in the U.S. Southeast, we are seeing basis premiums where we sell a portion of our natural gas of close to $1.00/MMBtu for the summer.

"We remain focussed on costs with a solid balance sheet and retain our position of being able to capitalise on gas prices by bringing on increased volumes in short order. As gas maintains its position as a crucial part of future energy security in the U.S., we see a significant re-rating opportunity in the current share price and we look forward to updating shareholders as we unlock the value in our portfolio."

Financial Highlights

	Three months ended March 31,	
(000s, except $ per share)	**2024**	**2023**
Petroleum and natural gas sales	**$ 4,794**	$ 5,189
Net loss	**(3,121)**	(1,120)
Net loss per share		
Basic	**(0.02)**	(0.01)
Fully diluted	**(0.02)**	(0.01)
Adjusted funds flow from operations [(1)]	**2,162**	1,745
Adjusted funds flow from operations per share [(1)]		
Basic	**0.01**	0.01
Fully diluted	**0.01**	0.01
Capital expenditures and acquisitions	**269**	34,892
Weighted average shares outstanding		
Basic	**166,480**	138,591
Fully diluted	**166,480**	138,591
As at period end		
Basic common shares outstanding	**166,497**	139,010
Total assets	**61,865**	108,609
Non-current liabilities	**24,341**	14,543
Net debt [(1)]	**$ (25,274)**	$ (19,731)

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

Operations Update

Production in Q1 2024 was positively impacted by bringing online the first of its four drilled but uncompleted DUCs from the Q1 2023 drilling program, the GH 14-06 #3 wellbore. This lateral hole was drilled and completed in the Upper Selma Chalk reservoir and achieved an IP30 natural gas rate of 5.2 MMcf/d, with declines in the quarter in-line with pre-drill expectations.

Southern is planning to delay the completion timing of the remaining three DUCs into at least the second half of 2024 when the Company expects natural gas pricing to be significantly elevated from current levels. The remaining three DUC wellbores have been drilled in the Lower Selma Chalk (2) and City Bank formations.

In response to the low natural gas prices experienced in Q1 2024, Southern has been actively reducing and optimizing operating costs, general and administrative expenses and maintenance capital to maximize our netbacks. The Company expects to continue these initiatives throughout 2024.

The strategic sales points that Southern sells its natural gas into realized a 13% premium to the average benchmark New York Mercantile Exchange ("**NYMEX**") Henry Hub price in Q1 2024, helping to offset the challenging natural gas pricing environment.

Outlook

Southern currently has $10.0 million of unused capacity on its Credit Facility, which can be utilized to complete the DUCs at higher natural gas prices or can be used to be opportunistic with counter-cyclical inorganic growth opportunities.

As part of its risk management and sustainability strategy, Southern continuously monitors both the price of NYMEX, as well as the basis differentials, in order to mitigate some of the volatility of natural gas prices. With the extended term provided by the Sixth Amendment of the Credit Facility, Southern has taken advantage of the contango in the natural gas future strip by entering into a fixed price swap contract of 5,000 MMBtu/d for the period of May 2024 – December 2026 at a price of $3.40/MMBtu. Southern's current commodity hedge program includes:

Natural Gas	Volume	Pricing
Fixed Price Swap		
May 1, 2024 – December 31, 2026	5,000 MMBtu/d	NYMEX – HH $3.400/MMBtu
Costless Collar		
November 1, 2024 – March 31, 2025	1,000 MMBtu/d	NYMEX – HH $3.50 - $5.20/MMBtu

Southern will continue to monitor NYMEX prices and the basis differential prices and is prepared to hedge additional volumes in a tactical manner going forward.

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

Qualified Person's Statement

Gary McMurren, Chief Operating Officer, who has over 23 years of relevant experience in the oil industry, has approved the technical information contained in this announcement. Mr. McMurren is registered as a Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta and received a Bachelor of Science degree in Chemical Engineering (with distinction) from the University of Alberta.

Annual Meeting of Shareholders

Southern's Annual Meeting of Shareholders is to be held at the Company's offices located at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, on Thursday, June 20, 2024 at 10:00 a.m. (Calgary time) and by webcast via Zoom, formal notice of which is available on the Company's website and on SEDAR+ at www.sedarplus.ca.

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

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About Southern Energy Corp.

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

READER ADVISORIES

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.*

Unit Cost Calculation. *For the purpose of calculating unit costs, natural gas volumes have been converted to a boe using six thousand cubic feet equal to one barrel unless otherwise stated. A boe conversion ratio of 6:1 is based upon an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. This conversion conforms with NI 51-101. Boe may be misleading, particularly if used in isolation.*

Product Types. *Throughout this press release, "crude oil" or "oil" refers to light and medium crude oil product types as defined by 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.*

Short Term Results. *References in this press release to peak rates, production rates since inception, current 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. The Company cautions that such results should be considered to be preliminary.*

AIF. *The reserves information and data provided in this press release presents only a portion of the disclosure required under NI 51-101. Southern's Statement of Reserves Data and Other Oil and Gas Information on Form 51-101F1 dated effective as at December 31, 2023, which will include further disclosure of Southern's oil and gas reserves and other oil and gas information in accordance with NI 51-101 and COGEH forming the basis of this press release, will is included in the AIF which may be viewed on the Company's SEDAR+ profile at www.sedarplus.ca.*

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

1P	*total proved*
2P	*proved plus probable*
bbl	*barrels*
bbl/d	*barrels per day*
bcf/d	*billion cubic feet per day*
boe	*barrels of oil*
boe/d	*barrels of oil per day*
IP30	*average hydrocarbon production rate for the first 30 days of a well's life*
Mcf	*thousand cubic feet*
Mcf/d	*thousand cubic feet per day*
MMcf	*million cubic feet*
MMcf/d	*million cubic feet per day*
Mcfe	*thousand cubic feet equivalent*
Mcfe/d	*thousand cubic feet equivalent per day*
MMboe	*million barrels of oil*
MMBtu	*million British thermal units*
MMBtu/d	*million British thermal units per day*
NYMEX	*New York Mercantile Exchange*
PDP	*proved developed producing*

***Forward Looking Statements**. Certain information included in this press release constitutes forward-looking information under applicable securities legislation. Forward-looking information typically contains statements with words such as "anticipate", "believe", "expect", "plan", "intend", "estimate", "propose", "project", "budget", "continue", "evaluate", "forecast", "may", "will", "can", "target" "potential", "result", "could", "should" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to statements concerning the Company's asset base including the development of the Company's assets, positioning, oil and natural gas production levels, the Company's capital budget, anticipated operational results, Southern's 2024 outlook, growth strategy and the expectation that it will continue to grow the business with new and existing shareholders, forecasted natural gas pricing including that they will be significantly elevated from current levels in the second half of 2024, Southern's ability to re-initiate growth in completing one of the there remaining Gwinville DUCs, capital expenditures, Southern's plans to delay the completion timing of the remaining three DUCs until natural gas pricing becomes significantly elevated from current levels and the anticipated timing thereof, drilling and completion plans and casing remediation activities, expectations regarding commodity prices and service costs, the performance characteristics of the Company's oil and natural gas properties, the Company's expectation to continue actively reducing and optimizing operating costs, general and administrative expenses and maintenance capital to maximize netbacks, the Company's hedging strategy and execution thereof, the ability of the Company to achieve drilling success consistent with management's expectations, the Company's expectations regarding completion of the three remaining DUCs (including the timing thereof and anticipated costs and funding), expectations regarding the Credit Facility and the terms thereof, the sources of funding for the Company's activities, the effect of market conditions on the Company's performance, the anticipated use of proceeds from Southern's recent equity financing, outlook in respect of supply and demand dynamics for U.S. natural gas in respect of Gulf Coast LNG export facilities, the Company's risk management activities including hedging positions and targets, expectations regarding the use of proceeds from all sources including the Credit Facility, and the Company's risk management and sustainability strategy. Statements relating to "reserves" and "recovery" are also deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves can be profitably produced in the future.*

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including, but not limited to, the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of drilling rigs, facilities and pipelines, the geological characteristics of Southern's properties, the characteristics of the Company's assets, the successful integration of recently acquired assets into the Company's operations (including the assets acquired pursuant to the Gwinville

Acquisition), the Company's ability to comply with ongoing obligations under the Credit Facility and its convertible debentures and other sources of financing, the successful application of drilling, completion and seismic technology, the benefits of current commodity pricing hedging arrangements, Southern's ability to enter into future derivative contracts on acceptable terms, Southern's ability to secure financing on acceptable terms, prevailing weather conditions, prevailing legislation, as well as regulatory and licensing requirements, affecting the oil and gas industry, the Company's ability to obtain all requisite permits and licences, prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products, royalty regimes and exchange rates, the impact of inflation on costs, the application of regulatory and licensing requirements, the Company's ability to obtain all requisite permits and licences, the availability of capital, labour and services, the creditworthiness of industry partners, the Company's ability to source and complete asset acquisitions, and the Company's ability to execute its plans and strategies.

Although Southern believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because Southern can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production, the uncertainty of reserve estimates, the uncertainty of estimates and projections relating to production, costs and expenses, regulatory risks, and health, safety and environmental risks), constraint in the availability of labour, supplies, or services, the impact of pandemics, commodity price and exchange rate fluctuations, geo-political risks, political and economic instability abroad, wars (including the Russo-Ukrainian war and the Israel-Hamas conflict), hostilities, civil insurrections, inflationary risks including potential increases to operating and capital costs, changes in legislation impacting the oil and gas industry, adverse weather or break-up conditions, and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures. The Russo-Ukrainian war and the Israel-Hamas conflict are particularly noteworthy, as these conflicts have the potential to disrupt the global supply of oil and gas, and their full impact remains uncertain. These and other risks are set out in more detail in Southern's MD&A and AIF for the year ended December 31, 2023, which are available on the Company's website at www.southernenergycorp.com and filed under the Company's profile on SEDAR+ at www.sedarplus.ca.

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

***Future Oriented Financial Information**. This press release contains future-oriented financial information and financial outlook information (collectively, "**FOFI**") about Southern's prospective results of operations, capital expenditures, tax rates, cost estimates, general and administrative expenses, capital costs, inorganic growth, hedging, natural gas pricing, netbacks, royalty rates, , payout of wells, and prospective results of operations and production, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this document was approved by management as of the date of this document and was provided for the purpose of providing further information about Southern's future business operations. Southern and its management believe that FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments, and represent, to the best of management's knowledge and opinion, the Company's expected course of action. However, because this information is highly subjective, it should not be relied on as necessarily indicative of future results. Southern disclaims any intention or obligation to update or revise any FOFI contained in this document, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this document should not be used for purposes other than for which it is disclosed herein. Changes in forecast commodity prices, differences in the timing of capital expenditures, and variances in average production estimates can have a significant impact on the key performance measures included in Southern's guidance. The Company's actual results may differ materially from these estimates.*

***Specified Financial Measures.** This press release provides various financial measures that do not have a standardized meaning prescribed by International Financial Reporting Standards ("**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, 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 under the Company's profile on SEDAR+ at www.sedarplus.ca.*

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

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.