SOUTHERN ENERGY CORP. ANNOUNCES FIRST QUARTER 2025 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta – May 27, 2025 – Southern Energy Corp. ("**Southern**" or the "**Company**") (TSXV:SOU) (AIM:SOUC), 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, 2025. 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, 2025, 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 2025 HIGHLIGHTS

- Petroleum and natural gas sales of $5.1 million during Q1 2025, an increase of 7% from the same period in 2024, largely due to the increase in natural gas pricing
- Average realized natural gas and oil prices for Q1 2025 of $4.14/Mcf and $71.19/bbl, compared to $2.53/Mcf and $74.86/bbl in Q1 2024. Southern achieved an average premium of $0.49/Mcf (approximately 13%) above the NYMEX HH benchmark in Q1 2025
- Average production of 12,808[1] Mcfe/d (2,135 boe/d) (96% natural gas) during Q1 2025, a decrease of 29% from the same period in 2024
- Generated $0.9 million of Adjusted Funds Flow from Operations[2] in Q1 2025 ($0.00 per share basic and diluted), excluding $0.3 million of one-time transaction costs
- Net loss of $3.9 million ($0.02 per share basic and diluted), compared to a net loss of $3.1 million in Q1 2024
- Entered into various amendments to the Company's senior secured term loan which included an extension to the pausing of monthly repayments of principal to January 31, 2025 and a reduction of the repayment required from the eighth amendment to $1.45 million as at January 31, 2025, which the Company paid. Amended the monthly repayment of the principal amount outstanding calculation beginning on February 28, 2025 and amended the asset coverage ratio down to 1.5x in 2025 as well as reducing the Tranche B capacity to $5.0 million (see "*Liquidity and Capital Resources – Credit Facility*" in the March 31, 2025 MD&A for full details of the amendment)

SUBSEQUENT EVENTS

- On April 8, 2025, Southern closed an equity financing raising aggregate gross proceeds of $5.0 million (approximately £3.9 million, C$7.2 million) through the issuance of a total of 102,482,673 new units (see "*Shareholders' Equity – Share Capital*" in the March 31, 2025 MD&A for full details)
- On April 8, 2025, Southern converted the remaining convertible debentures in the amount of $3.1 million into 62,759,286 new units and issued 1,627,170 new units for all accrued and unpaid interest (see

[1] Comprised of 81 bbl/d light and medium crude oil, 5 bbl/d NGLs and 12,292 Mcf/d conventional natural gas
[2] See "Reader Advisories - Specified Financial Measures"

"*Liquidity and Capital Resources – Debenture Financing*" in the March 31, 2025 MD&A for full details of the conversion)

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

"Southern entered 2025 with renewed momentum, benefiting from both improved market conditions and the completion of our $5.0 million financing in April 2025. Natural gas prices showed early signs of recovery in the quarter, supported by strengthening demand fundamentals, from a colder than expected winter and tightening supply.

Robust natural gas pricing in Q1 2025 enabled Southern to achieve a $0.49/Mcf (13%) premium to the Henry Hub benchmark price. We remain encouraged by the macro outlook with strong demand forecasts, tied to lower storage levels compared to last year. Feed gas demand from U.S. LNG export facilities continues to rise, with the Golden Pass terminal and pipeline expected to begin receiving gas this year. Domestic consumption is also strengthening, led by growing power demand from data centers and widespread electrification of the economy. Combined with continued capital discipline across the upstream sector, we believe these dynamics will support a tighter U.S. natural gas balance throughout the year, which we aim to capitalise on.

With the recent financing complete and natural gas prices firming, we are excited to resume field operations, beginning with the first of three drilled but uncompleted wells in our Gwinville area. We have secured key services and will shortly commence operations on the 13-13 #2 Lower Selma Chalk horizontal well, with first production expected in June.

Southern remains committed to creating long-term shareholder value through disciplined capital deployment, operational efficiency, and strategic advantages of our asset base. With improving market tailwinds and a clear path to near-term production growth, we are optimistic about the opportunities that lie ahead in 2025"

Financial Highlights

	Three months ended March 31,	
(000s, except $ per share)	**2025**	2024
Petroleum and natural gas sales	**$ 5,121**	$ 4,794
Net loss	**(3,879)**	(3,121)
Net loss per share		
Basic	**(0.02)**	(0.02)
Fully diluted	**(0.02)**	(0.02)
Adjusted funds flow from operations (1)	**629**	2,162
Adjusted funds flow from operations per share (1)		
Basic	**0.00**	0.01
Fully diluted	**0.00**	0.01
Capital expenditures and acquisitions	**183**	269
Weighted average shares outstanding		
Basic	**169,386**	166,480
Fully diluted	**169,386**	166,480
As at period end		
Basic common shares outstanding	**169,386**	166,497
Total assets	**51,237**	61,865
Non-current liabilities	**8,915**	24,341
Net debt (1)	**$ (24,145)**	$ (25,274)

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

Operations Update

The Company continues to progress its plans to complete its first Gwinville drilled and uncompleted ("**DUC**") well and has finalized procuring key services. Field operations are scheduled to commence on the 13-13 #2 Lower Selma Chalk horizontal well in the next few weeks, and Southern expects first production from the well in June 2025. Timing for the second and third horizontal completions (one Lower Selma Chalk and one City Bank) will depend on the results of the first completion operation, but the Company expects to have all three wells completed before the end of the year.

The Company has also advised that it has recently elected to voluntarily shut-in approximately 400 boepd of production from the Mechanicsburg and Greens Creek Fields due to an ongoing transportation dispute with a third party pipeline operator. On April 29, 2025, Southern was pleased to receive confirmation that the pipelines subject to the dispute are regulated by the Federal Energy Regulatory Commission ("**FERC**") and the third party submitted the initial filing to the regulator which includes setting maximum allowable transportation rates, subject to FERC review and approval. Southern will work closely with FERC staff to expedite the rate determination process and, in parallel, will continue to engage with the pipeline operator to pursue an agreement on an equitable fee structure that would allow the resumption of gas flows from these assets while the regulatory process continues.

Outlook

Southern has taken decisive steps to strengthen its financial position, including the successful completion of the equity financing in April 2025, along with the conversion of the convertible debentures, and the restructuring of financial covenants with support from its lender, effective from Q1 2025. These strategic actions, combined with the fixed-price swap contract of 5,000 MMBtu/d at $3.40/MMBtu through December 2026, provide the necessary financial stability to execute the capital program with confidence.

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.

We appreciate the continued support of our stakeholders and look forward to providing further updates on our operational progress as we work to drive long-term shareholder value.

Qualified Person's Statement

Gary McMurren, Chief Operating Officer, who has over 24 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.

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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.*

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*
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*
NI 51-101	*National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities*
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", "continue", "evaluate", "forecast", "may", "will", "can", "target" "potential", "result", "could", "should" or similar words suggesting future outcomes or statements regarding an outlook (including negatives and variations thereof). 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 anticipated operational results, Southern's growth strategy and the expectation that it will continue to enhance shareholder value, forecasted natural gas pricing, Southern's ability to re-initiate growth in deploying the net proceeds from the equity financing on capital expenditures, drilling and completion plans and casing remediation activities, expectations regarding commodity prices and service costs, expectations regarding increased demand for gas (including demand stemming from artificial intelligence data centers, vehicle electrification and certain export facilities) 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 and the drilling operations in the Mechanicsburg Field (including the timing thereof and anticipated costs and funding), the effect of market conditions on the Company's performance and expectations regarding the use of proceeds from all sources* *including the senior term loan. 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 acquired assets into the Company's operations, the Company's ability to comply with ongoing obligations under the senior term loan 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, the imposition or expansion of tariffs imposed by domestic and foreign governments or the imposition of other restrictive trade measures, retaliatory or countermeasures implemented by such governments, including the introduction of regulatory barriers to trade and the potential effect on the demand and/or market price for the Company's products and/or otherwise adversely affects the Company, 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, including but not limited to tax laws, royalties and environmental regulations (including greenhouse gas emission reduction requirements and other decarbonization or social policies and including uncertainty with respect to the interpretation of omnibus Bill C-59 and the related amendments to the Competition Act (Canada)), the Company's ability to meet its financial obligations and covenants, 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. These and other risks are set out in more detail in Southern's MD&A for the period ended December 31, 2024 and AIF for the year ended December 31, 2024, 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 capital expenditures, general and administrative expenses, inorganic growth, hedging, natural gas pricing, netbacks, royalty rates 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.