SOUTHERN ENERGY CORP. ANNOUNCES FIRST QUARTER 2026 FINANCIAL RESULTS AND WILLIAMSBURG JOINT VENTURE AGREEMENT

Calgary, Alberta – May 26, 2026 – 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, 2026. Selected financial and operational information is outlined below and should be read in conjunction with the Company's unaudited condensed consolidated financial statements and related management's discussion and analysis (the "**MD&A**") for the three months ended March 31, 2026, 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 2026 HIGHLIGHTS

- On February 12, 2026, the Company completed a financing and royalty transaction with certain arm's-length investors pursuant to which it issued the 2026 Debentures (as defined below) and new common shares in the capital of the Company ("**Common Shares**") and granted a 6% gross overriding royalty ("**GORR**") on its existing and future developed production (collectively, the "**February Financing**"). The Company issued 17,000 $1,000 face value senior secured convertible debentures (the "**2026 Debentures**") for gross proceeds of $17.0 million, 30.0 million new Common Shares at a price of CAD$0.07 ($0.05) per Common Share for gross proceeds of CAD$2.1 million ($1.5 million) and received $5.0 million of proceeds from the sale of the gross overriding royalty. The February Financing generated aggregate net proceeds of approximately $22.0 million, which were used in part to repay and retire the Company's senior credit facility (the "**Credit Facility**"), with the remainder intended to fund development capital and general corporate purposes. The 2026 Debentures mature on December 31, 2028, and bear interest at 7% per annum.
- Following the February Financing, Southern exited Q1 2026 with no senior bank debt, extended maturities to December 31, 2028, and materially reduced its annual cash interest burden from 15% to 7%
- Average realized natural gas and oil prices for Q1 2026 of $5.82/Mcf and $66.99/bbl, compared to $4.14/Mcf and $71.19/bbl in Q1 2025. Southern achieved an average premium of $0.78/Mcf (approximately 16% above the NYMEX Henry Hub benchmark) in Q1 2026
- Petroleum and natural gas sales of $5.5 million during Q1 2026, an increase of 8% from the same period in 2025
- Generated $1.4 million of Adjusted Funds Flow from Operations[1] in Q1 2026 ($0.00 per share basic and diluted), an increase of 115% from the same period in 2025
- Average production of 10,167[2] Mcfe/d (1,695 boe/d) (96% natural gas) during Q1 2026, a decrease of 21% from the same period in 2025, primarily reflecting the voluntary shut-in of approximately 400 boe/d of production from the Mechanicsburg and Greens Creek Fields in May 2025 due to an ongoing transportation dispute with a third party pipeline operator

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

[2] Comprised of 46 bbl/d light and medium crude oil, 22 bbl/d of condensate, nil bbl/d NGLs and 9,759 Mcf/d conventional natural gas

- Net loss of $1.3 million ($0.00 per share basic and diluted), compared to a net loss of $3.9 million in Q1 2025

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

"Southern delivered a strong start to 2026, supported by improved natural gas pricing, premium Gulf Coast market exposure and the successful completion of the refinancing transactions earlier this year, leaving the Company with no senior bank debt. During the quarter, we continued to strengthen our financial position, maintain disciplined capital allocation and execute on our strategy of growing funds flow per share through high-return development opportunities.

The retirement of our senior Credit Facility and the establishment of a simplified, more flexible capital structure have significantly enhanced our liquidity profile and reduced financing costs. With the Company funded for currently planned near-term development activity and no near-term bank debt maturities, Southern is well positioned to responsibly advance its inventory of Drilled Uncompleted Wells ("DUC") and oil and liquids-focused opportunities while continuing to maximize the value of its existing asset base.

Our strategic Gulf Coast positioning continues to deliver a meaningful premium to NYMEX pricing, achieving a 16% premium in Q1 2026, while our fixed-price natural gas hedge program provides additional downside protection and cash flow stability through 2026. As market fundamentals continue to improve, driven by increasing LNG export demand, power generation requirements and broader structural demand growth for natural gas, we believe Southern is well positioned to improve free cash flow generation and long-term shareholder value.

We remain focused on disciplined execution, operational efficiency and prudent risk management as we continue building momentum throughout 2026."

Financial Highlights

(000s, except $ per share)	Three months ended March 31, 2026	2025
Petroleum and natural gas sales	**$ 5,526**	$ 5,121
Net loss	**(1,311)**	(3,879)
Net loss per share		
Basic	**(0.00)**	(0.02)
Fully diluted	**(0.00)**	(0.02)
Adjusted funds flow from operations (1)	**1,353**	629
Adjusted funds flow from operations per share (1)		
Basic	**0.00**	0.00
Fully diluted	**0.00**	0.00
Capital expenditures and acquisitions	**925**	183
Weighted average shares outstanding		
Basic	**351,922**	169,386
Fully diluted	**351,922**	169,386
As at period end		
Basic common shares outstanding	**366,255**	169,386
Total assets	**51,658**	51,237
Non-current liabilities	**21,045**	8,915
Net debt (1)	**15,894**	24,145

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

Operations Update

Southern is pleased to announce that it has executed a Joint Venture Wellbore Participation Agreement (the "**Agreement**") in the Williamsburg area with a strategic partner (the "**Partner**") to evaluate the Cotton Valley oil prospect. The intent of the partnership for Southern is to reduce our capital exposure on the first two wells and to test this significant resource opportunity at multiple locations. Highlights of the proposed structure include:

- Minimum drilling commitment of two wells;
- The Partner will pay $1.95 million of the drilling and completion capital to earn a 50% working interest in each well; Southern will pay the remaining 50% of the well cost to retain operatorship and the remaining 50% working interest;
- Earned working interest is effective immediately, and inclusive of all potential productive zones in the wellbore; and
- The Partner will retain a 5% working interest participation right in each follow-up Cotton Valley well on the established drilling spacing units following the two commitment wells.

Southern has secured a drilling rig for the operation and is expecting to spud the first commitment well (Terrible Creek 21-2 #2) in late July. Well permitting and lease construction is anticipated to begin in late May. The Board of Southern has approved the capital spending of 50% of the gross drill and completion costs of $3.9 million for the first commitment well. Following the successful execution and results of the first commitment well, Southern intends to drill the second commitment well likely in Q4 2026.

Outlook

Southern remains focused on disciplined capital allocation and maximizing funds flow per share through targeted investment in high-return oil and liquids-weighted opportunities across its existing asset base. Following completion of the refinancing transactions earlier this year and the retirement of the Company's Credit Facility, Southern is now positioned to advance its operational development plans with increased financial flexibility and liquidity. The Company expects development activity to increase during the remainder of 2026, including plans to complete the final City Bank DUC at Gwinville, further enhancing its production profile and operational flexibility. Southern also continues to evaluate additional recompletion and development opportunities across its existing asset base.

The Company continues to benefit from its fixed-price natural gas swap covering 5,000 MMBtu/d at $3.40/MMBtu through December 2026, providing meaningful downside protection and enhanced cash flow stability. Combined with stronger regional pricing and the Company's improved financial position, Southern believes it is well positioned to execute a disciplined capital program focused on sustainable growth and long-term shareholder value creation.

Southern will continue to actively monitor NYMEX pricing and basis differentials and remains prepared to opportunistically hedge additional production volumes as market conditions evolve. The Company appreciates the continued support of its stakeholders and looks forward to providing further updates as it advances its operational and financial objectives throughout 2026.

Qualified Person's Statement

Gary McMurren, Chief Operating Officer, who has over 25 years of relevant experience in the oil industry, has approved the technical information contained in this announcement. Mr. McMurren is registered as a Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta and received a Bachelor of Science degree in Chemical Engineering (with distinction) from the University of Alberta.

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

Southern Energy Corp.	
Ian Atkinson (President and CEO)	+1 587 287 5401
Calvin Yau (CFO)	+1 587 287 5402
Strand Hanson Limited - Nominated & Financial Adviser	+44 (0) 20 7409 3494
James Bellman / Rob Patrick / Edward Foulkes	
Tennyson Securities – Broker	+44 (0) 20 7186 9033
Peter Krens / Jason Woollard	

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.*

***Short Term Results.** References in this press release to current production rates 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.*

***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" or "natural gas liquids" 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. NI 51-101 includes condensate within the product type of "natural gas liquids". The Company has disclosed condensate as combined with and/or separately from other natural gas liquids in this press release since the price of condensate as compared to other natural gas liquids is currently significantly higher and the Company believes that this crude oil and condensate presentation provides a more accurate description of its operations and results.*

***Reserves and Future Net Revenue Disclosure.** All reserves values, future net revenue and ancillary information contained in this press release are derived from the NSAI Report unless otherwise noted. All reserve references in this press release are "Company gross reserves". Company gross reserves are the Company's total working interest reserves before the deduction of any royalties payable by the Company. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to the effect of aggregation. There is no assurance that the forecast price and cost assumptions applied by NSAI in evaluating Southern's reserves will be attained and variances could be material. All reserves assigned in the NSAI Report are located in the State of Mississippi and presented on a consolidated basis.*

All evaluations and summaries of future net revenue are stated prior to the provision for interest, debt service charges or general and administrative expenses and after deduction of royalties, operating costs, estimated well abandonment and reclamation costs and estimated future capital expenditures. It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. The recovery and reserve estimates of Southern's crude oil, natural gas liquids and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and natural gas liquids reserves may be greater than or less than the estimates provided herein. There are numerous uncertainties inherent in estimating quantities of crude oil, reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only.

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. Certain terms used in this press release but not defined are defined in NI 51-101, CSA Staff Notice 51-324 – Revised Glossary to NI 51-101, Standards of Disclosure for Oil and Gas Activities ("CSA Staff Notice 51-324") and/or the Canadian Oil and Gas Evaluation Handbook ("COGEH") and, unless the context otherwise requires, shall have the same meanings herein as in NI 51-101, CSA Staff Notice 51-324 and the COGEH, as the case may be.*

Oil and gas metrics. *This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management, such as "reserves life index" and "development capital". These terms do not have a standardized meaning and the Company's calculation of such metrics may not be comparable to the calculation method used or presented by other companies for the same or similar metrics, and therefore should not be used to make such comparisons. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with metrics to compare the Company's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes. "Reserve life index" is calculated as total company interest reserves divided by expected annual PDP production, for the year indicated. "Development capital" means the aggregate exploration and development costs incurred in the financial year on reserves that are categorized as development. Development capital presented herein excludes land and capitalized administration costs but includes the cost of acquisitions and capital associated with acquisitions where reserve additions are attributed to the acquisitions.*

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*
MMcfe	*million cubic feet equivalent*
MMcfe/d	*million cubic feet equivalent per day*
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*

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**,** Southern's expectation that improved regional pricing and a strengthened financial foundation will support execution of its capital program, sustainable growth of the Company and long-term value creation, forecasted natural gas pricing including growing LNG export capacity and the emerging impact of data centre-driven energy consumption, Southern's ability to re-initiate growth in deploying the net* *proceeds from the equity financing on capital expenditures, drilling and completion plans, expectations regarding commodity prices and service costs, expectations regarding the performance characteristics of the Company's oil and natural gas properties, the Company's hedging strategy and execution thereof (including its intention to continue monitoring commodity prices and basis differentials and to hedge additional volumes as deemed appropriate), the ability of the Company to achieve drilling success consistent with management's expectations, the Company's expectations regarding completion of the remaining DUC and the drilling operations and production volumes in the Mechanicsburg and Greens Creek fields (including the timing thereof and anticipated costs and funding as well as the evaluation of well performance and regional natural gas pricing to inform such decisions), the Company's expectations regarding the resolution of regulatory disputes (including the anticipated timing thereof) and impact of FERC rate determinations on shut-in production volumes, the Company's ability to realize sustained pricing premiums due to its strategic location in the Southeast U.S., 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 including lower decline rate from multi-lateral 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 Company's ability to comply with ongoing obligations under the 6% GORR and 2026 Debentures, the Company's ability to continue as a going concern, availability of alternative debt and equity financing opportunities, 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 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, credit risk, risk of default, impact of the newly granted GORR, 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, the U.S.-Iran conflict 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)), risks related to 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 latest Management Discussion and Analysis for the period ended March 31, 2026 and the Company's annual information form for the year ended December 31, 2025, 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, hedging, natural gas pricing 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 outlook. 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.*

*"**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 and are rounded to the nearest cent.*

*"**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, the warrant liability, 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.