

Management's Discussion and Analysis of

SOUTHERN ENERGY CORP.

For the three months ended March 31, 2026 and 2025

(U.S. Dollars)

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of financial results is provided by the management team ("Management") of Southern Energy Corp. ("Southern" or the "Company") and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2026 and 2025 (the "Financial Statements"), which have been prepared in accordance with IAS 34 - *Interim Financial Reporting* of the IFRS® Accounting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB). The MD&A should also be read in conjunction with Southern's disclosure under "*Disclosure Regarding Forward-Looking Statements and Future Oriented Financial Information*", "*Short Term Results*", "*Significant Judgments and Estimates*", and "*Specified Financial Measures*" below.

The Company's presentation currency is the United States ("U.S.") dollar. The functional currency of Southern Energy Corp. is Canadian ("CAD") dollars, and its results and balance sheet items are translated to U.S. dollars for the purposes of this MD&A and the Financial Statements, in accordance with the Company's foreign currency translation accounting policy. The functional currencies of the Company's foreign subsidiaries are U.S. dollars.

Throughout this MD&A, "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"). The Company has disclosed condensate as combined with crude oil and/or separately from other natural gas liquids in this document 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. References to "NGLs" throughout this MD&A comprise pentane, butane, propane, and ethane, being all NGLs as defined by NI 51-101. References to "natural gas" throughout this MD&A refers to conventional natural gas as defined by NI 51-101.

This MD&A is dated May 26, 2026.

About Southern

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

Management has extensive operational experience working together as a team and has pursued growth through acquisitions, optimizations of existing natural gas and oil fields and the utilization of re-development strategies utilizing horizontal drilling and multi-staged fracture completion techniques. Southern's head office is located in Calgary, Alberta, Canada.

FIRST QUARTER HIGHLIGHTS

- On February 12, 2026, the Company completed a financing and royalty transaction with certain arm's-length private investors (each, an "Investor") 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 ("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 "NYMEX HH" 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, largely due to the increase in natural gas pricing
- Generated \$1.4 million of Adjusted Funds Flow from Operations (see "*Reader Advisories – Specified Financial Measures*") 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 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 ("Transportation Dispute") with a third party pipeline operator (see "*Production Summary*" below for a breakdown by product type)
- 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

Summary of Financial Information

<i>(000s, except \$ per share)</i>	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		
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.

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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.

Production Summary

	Three months ended March 31,	
	2026	2025
Average daily production from operations		
Oil (bbl/d) ^{(1) (2)}	68	81
NGLs (bbl/d) ⁽²⁾	-	5
Natural gas (Mcf/d) ⁽²⁾	9,759	12,292
Total production (Mcf/d)	10,167	12,808
Total production (boe/d)	1,695	2,135
Percentage of natural gas	96%	96%

Notes:

(1) Includes condensate volumes of 22 bbl/d in Q1 2026, 57 bbl/d in Q1 2025.

(2) "Oil" refers to light and medium crude oil, and condensate combined. "NGLs" refers to ethane, propane, butane and pentane combined. "Natural gas" refers to conventional natural gas.

Production averaged 10,167 Mcfe/d in Q1 2026, a decrease of 21% from the same period in 2025. The decrease was primarily due to Southern's decision to shut in the Mechanicsburg and Greens Creek fields beginning early May 2025 due to the excessive transportation fees being charged by a third party midstream company. The Company is pursuing resolution of the Transportation Dispute through the ongoing Federal Energy Regulatory Commission ("FERC") rate determination process.

Petroleum and Natural Gas Revenues and Pricing Summary

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
Oil	\$ 410	\$ 519
NGLs	-	21
Natural gas	5,116	4,581
Total revenue	\$ 5,526	\$ 5,121

The Company's total revenue from oil and gas sales was \$5.5 million in Q1 2026, an increase of 8% from the same period in 2025. The increase in revenue was driven by higher natural gas prices in Q1 2026 compared to Q1 2025, partially offset by lower sales volumes.

Realized commodity prices

	Three months ended March 31,	
	2026	2025
Oil (\$/bbl)	\$ 66.99	\$ 71.19
NGLs (\$/bbl)	-	46.67
Natural gas (\$/Mcf)	5.82	4.14
Combined (\$/Mcf)	\$ 6.04	\$ 4.44
Benchmark prices		
Crude oil – LLS (\$/bbl)	\$ 74.47	\$ 74.39
Crude oil – WTI (\$/bbl)	71.93	71.42
Natural gas – NYMEX HH (\$/MMBtu)	5.04	3.65
Exchange rate (\$CAD/\$U.S.)	1.37	1.44

Southern sells the majority of its oil and natural gas at the wellhead. Southern receives Louisiana Light Sweet (“LLS”) pricing (less adjustments for proximity and quality) for its oil, and NYMEX HH pricing (less minor proximity adjustments) for its natural gas.

In Q1 2026, Southern realized an oil price of \$66.99/bbl, representing a 6% decrease from the same period in 2025. The lower realized price was primarily attributable to the shut-in of Mechanicsburg due to the Transportation Dispute, as this property produces condensate, which typically commands a premium to the Company’s other oil properties. Benchmark oil prices were relatively flat in Q1 2026 compared to Q1 2025 and strengthened in early Q2 2026.

Southern realized a natural gas price of \$5.82/Mcf in Q1 2026, a 41% increase from Q1 2025. The increase reflects stronger winter demand and improving supply-demand fundamentals relative to 2025. Demand growth was supported by the continued expansion of U.S. liquefied natural gas (“LNG”) export capacity, while industry drilling activity remained moderated. For the three months ended March 31, 2026, Southern realized an average premium of \$0.78/Mcf, or approximately 16% above the NYMEX HH benchmark, reflecting the Company’s marketing strategy of optimizing sales points and capturing regional price differentials.

Royalties

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
Oil	\$ 97	\$ 105
NGLs	-	4
Natural gas	1,183	926
Total royalties	\$ 1,280	\$ 1,035
Royalties as a % of revenue	23.2%	20.2%

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Royalties are paid to holders of royalty interests in accordance with individual oil and gas leases and are calculated based on realized revenues. Royalties were \$1.3 million in Q1 2026, a 24% increase from Q1 2025, primarily reflecting higher realized natural gas prices, partially offset by lower sales volumes. As a percentage of revenue, royalties increased by 3%, driven by the incremental burden associated with the 6% GORR sold on February 12, 2026, which impacted 48 days of the quarter. Following the GORR transaction, royalties are expected to average approximately 26% of revenue in 2026, reflecting the full year impact of the GORR effective February 12, 2026. The GORR improves near-term liquidity but reduces future revenue interest and cash netbacks on affected production.

Production, Operating and Transportation Expenses

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
Operating expenses	\$ 1,207	\$ 1,543
Production taxes	300	261
Transportation expense	151	293
Total production, operating and transportation	\$ 1,658	\$ 2,097

Operating expenses were \$1.2 million (\$1.32/Mcfe) in Q1 2026, which were 22% lower on a dollar basis and \$0.02/Mcfe lower compared to Q1 2025. Operating costs were lower in Q1 2026 compared to Q1 2025 as the Mechanicsburg and Greens Creek fields were shut in due to the Transportation Dispute.

Production taxes were \$0.3 million for the three months ended March 31, 2026. The State of Mississippi has a severance tax relief program, where new horizontal wells that are drilled are charged a severance tax rate of 1.3% on all oil and natural gas production for a period not to exceed 30 months from the date of the first sale of production from the wells or until the well reaches payout status, whichever occurs first. Payout is deemed to have occurred the first day of the next month after gross revenue, less royalties, severance taxes and operating expenses, equal the costs to drill, complete, equip and tie-in the well. All of the new wells drilled at Gwinville qualify for this reduced severance tax relief program and Southern expects that the remaining DUC will also be eligible. The wells that do not qualify for the severance tax relief are charged a severance tax rate of 6.0%.

Transportation expenses were \$0.2 million (\$0.17/Mcfe) for the three months ended March 31, 2026, a decrease of 48% compared to the same period in 2025. The decrease was primarily due to lower sales volumes. Southern is involved in the Transportation Dispute around transportation fees being charged by a third party midstream company. On April 29, 2025, Southern received confirmation that the pipelines subject to the Transportation Dispute are regulated by the FERC. The third party made its initial filing to the regulator which includes setting maximum allowable transportation rates, subject to FERC review and approval. Southern believes it is entitled to recover the portion of the fees it has paid, beginning in May 2023, that are in excess of the maximum allowable rates approved by FERC. On April 6, 2026, FERC provided an Order outlining procedures to force both parties into immediate settlement discussions in front of a settlement judge, and should those discussions not prove successful, recommend the case to

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an evidentiary hearing. Based on the timelines outlined in the FERC Order, a hearing outcome would likely occur in the second half of 2026.

Operating Netback

	Three months ended March 31,	
	2026	2025
<i>(\$/Mcf)</i>		
Petroleum and natural gas revenue	\$ 6.04	\$ 4.44
Royalties	(1.40)	(0.90)
Production taxes	(0.33)	(0.23)
Operating expenses	(1.32)	(1.34)
Transportation costs	(0.17)	(0.25)
Operating netback per Mcfe before derivatives ⁽¹⁾	\$ 2.82	\$ 1.72
Realized loss on derivatives	(0.50)	(0.16)
Operating netback per Mcfe ⁽¹⁾	\$ 2.32	\$ 1.56
Operating netback % of revenue ⁽¹⁾	38%	35%

Note:

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

Southern's operating netbacks increased by 49% for the three months ended March 31, 2026 compared to the same period in 2025. The increase in Q1 2026 was driven primarily by higher natural gas prices and lower transportation expenses, partially offset by larger realized loss on derivatives. While realized losses on derivatives reduced reported netbacks in Q1 2026, the Company's hedge positions provided downside protection during prior periods of weaker pricing and continue to support cash flow stability.

General & Administrative and Transaction Costs

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
General and administrative	\$ 801	\$ 892
Transaction costs	-	300
Total	\$ 801	\$ 1,192
General and administrative per Mcfe	\$ 0.88	\$ 0.77

General and administrative costs were \$0.8 million in Q1 2026, a decrease of 10% from the same period in 2025. Southern implemented cost-cutting measures during 2025 within the Company with no material service degradation or safety compromise, annualized savings of approximately \$0.6 million per year compared to 2025 are expected to be realized in 2026.

Finance Expense

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
Credit facility interest	\$ 244	\$ 620
Convertible debenture interest	156	71
Interest Income	(23)	(3)
Lease interest	13	14
Accretion	165	(28)
Total finance expense	\$ 555	\$ 674
Finance expense per Mcfe	\$ 0.61	\$ 0.58

Financing expenses were \$0.6 million in Q1 2026, a decrease of 18% from the same period in 2025. The decrease was primarily due to lower interest expense on the Credit Facility, which was fully repaid and retired on February 12, 2026. This was partially offset by higher interest expense and accretion on convertible debentures, reflecting the issuance of the 2026 Debentures on February 12, 2026, compared to the prior convertible debentures in 2025, which were converted into units on April 8, 2025.

Share-based Compensation

Southern recorded share-based expense of \$0.2 million for the three months ended March 31, 2026 compared to a recovery of \$29 thousand for the same period in 2025, related to the issuance of stock options and restricted share awards. For more information, see "Shareholders' Equity – Share Award Incentive Plan".

Depletion, Depreciation and Amortization

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
Depletion	\$ 1,074	\$ 1,443
Depreciation	37	38
Total depletion, depreciation and amortization	\$ 1,111	\$ 1,481
DD&A expense per Mcfe	\$ 1.21	\$ 1.28

Depletion expense was \$1.1 million (\$1.17/Mcfe) in Q1 2026, a decrease of 26% on a dollar basis and 6% on a per Mcfe basis, compared to Q1 2025. The decrease is primarily due to lower production volumes in Q1 2026 compared to Q1 2025.

Depreciation expense is primarily related to the Right-of-Use assets associated with the office space lease.

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Impairment

At the end of each reporting period, the Company performs an assessment to determine whether there are any indications of impairment for the cash generating units ("CGUs") that comprise its petroleum and natural gas properties. At March 31, 2026, the Company identified the non-cash loss on the disposition of its GORR as an indicator of impairment.

Consequently, an impairment test was performed for the Central Mississippi ("CMS") CGU. The recoverable amount was determined based on fair value less costs of disposal, using the net present value of the pre-tax cash flows from proved developed producing petroleum and natural gas reserves. These cash flows were discounted at a pre-tax rate of 10%, based on reserves estimated by the Company's independent reserves evaluator at December 31, 2025, and revised price estimates using the average of three independent reserve evaluators' forecast prices at April 1, 2026. As the recoverable amount for the CMS CGU was determined to be in excess of its carrying value, no impairment loss was recognized for the three months ended March 31, 2026.

Capital Expenditures, Property Acquisitions and Dispositions

The following table summarizes capital spending, excluding non-cash items:

	Three months ended March 31,	
	2026	2025
<i>(000s)</i>		
Land, acquisitions and lease rentals	\$ 1	\$ -
Drilling and completions	764	-
Geological and geophysical	-	-
Facilities, equipment and pipelines	160	183
Other	-	-
Capital expenditures, before Dispositions	\$ 925	\$ 183
Dispositions	(4,858)	-
Net capital expenditures ⁽¹⁾	\$ (3,933)	\$ 183

Note:

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

Southern incurred \$0.9 million of expenses over the three months ended March 31, 2026, which were primarily related to the \$0.7 million low-cost acid treatment of the GH LSC 14-06 #4 wellbore and some maintenance capital expenditures in the field on existing operations.

On February 12, 2026, as part of the February Financing, Southern sold the GORR on its existing and future developed production for net proceeds of \$4.9 million. The GORR will be granted as a non-possessory fee simple determinable interest in land that runs with the Company's lands as of the closing date.

Decommissioning Provisions

The total decommissioning provision is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated

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timing of the costs to be incurred in future years. The total estimated, inflated undiscounted risked cash flows required to settle the provision, is approximately \$17.8 million at March 31, 2026 (December 31, 2025 – \$17.9 million). The decommissioning provision was inflated using a rate of 2.2% (December 31, 2025 – 2.2%) and discounted using a risk-free interest rate of 4.9% at March 31, 2026 (December 31, 2025 – 4.8%). These obligations are to be settled based on the economic lives of the underlying assets, which currently extend up to 50 years into the future and will be funded from general corporate resources at the time of abandonment.

Shareholders' Equity

Share Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares.

The following table reflects the Company's outstanding Common Shares at March 31, 2026 and December 31, 2025:

	Number of Shares	Share Capital
Balance as at December 31, 2025	336,254,953	\$ 84,232
February issuance of Common Shares by Private Placement	30,000,000	1,544
Share issuance costs	-	(51)
Balance as at March 31, 2026	366,254,953	\$ 85,725

On February 12, 2026, upon closing of the February Financing the Company issued 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).

Warrants

As of March 31, 2026, 4,932,804 compensation warrants ("Compensation Warrants"), 102,482,673 fundraising warrants ("Fundraising Warrants"), and 64,386,456 convertible debenture warrants were outstanding. Each Compensation Warrant is exercisable for one Common Share at an exercise price of CAD\$0.07 for a period of 36 months maturing on April 8, 2028. Each fundraising and convertible debenture warrant is exercisable for one Common Share at an exercise price of CAD\$0.09 for a period of 36 months maturing on April 8, 2028.

The Fundraising Warrants, Compensation Warrants and convertible debenture warrants are classified as a derivative financial liability, as they do not meet the IAS 32 fixed-for-fixed test due to the down-round protection and subsequent adjustment to the exercise price if the Company issues new securities convertible or exchangeable into shares that are less than 95% of the current market price. The Fundraising Warrants and Compensation Warrants are measured at fair value at each reporting date with

the changes in fair value recorded in the consolidated statement of earnings (loss) and comprehensive income (loss) in the period in which they arise. The revaluation at March 31, 2026, resulted in a non-cash loss of \$25 thousand for the three months ending March 31, 2026. The loss on warrant revaluation is non-cash in nature and does not impact liquidity or operating cash flows.

Stock Option Plan

Under the Company's security based compensation arrangement, which includes the stock option plan and share award incentive plan, the Company may grant options or share awards to its directors, officers, employees and consultants.

The following table reflects the Company's outstanding common stock options as at March 31, 2026 and December 31, 2025:

	Number of stock options	Weighted average exercise price (CAD)
Balance as at December 31, 2025	6,506,875	\$ 0.62
Balance as at March 31, 2026	6,506,875	\$ 0.62

The following table summarizes information regarding stock options outstanding as at March 31, 2026:

Exercise Price (\$CAD/share)	Number of options outstanding (000s)	Weighted average remaining terms (years)	Weighted average exercise price for options outstanding (\$CAD/share)	Number of options exercisable (000s)	Weighted average exercise price for options exercisable (\$CAD/share)
\$0.18 - \$1.01	6,507	2.0	\$0.62	5,671	\$0.68

Share Award Incentive Plan

The following table reflects the Company's outstanding restricted share awards ("RSAs") at March 31, 2026 and December 31, 2025:

	Number of RSAs
Balance at December 31, 2025	19,577,768
Balance at March 31, 2026	19,577,768

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Liquidity and Capital Resources

On February 12, 2026, the Company completed the February Financing pursuant to which it issued the 2026 Debentures and Common Shares in the capital of the Company and granted the GORR. The Company issued 17,000 \$1,000 face value 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 from the sale of the GORR. 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, 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 completion of the February Financing, the Credit Facility was fully retired.

With the net proceeds from the February Financing, Southern intends to drill up to two gross wells (1.0 net well) in the Williamsburg area (see "Operations Update" for more information) and potentially complete the final remaining City Bank DUC at Gwinville in 2026.

Southern continues to focus on creating balance sheet resilience and long-term sustainability through all commodity cycles. Following the February Financing, management believes the Company has sufficient liquidity to meet its obligations as they become due under current commodity price assumptions and planned capital spending levels. The Company monitors its capital based on projected cash flow from operations and anticipated capital expenditures. To maintain or adjust the capital structure, the Company may issue shares, seek debt financing and adjust its capital spending to manage its current and projected capital structure. The Company's ability to raise additional debt or equity financing is impacted by external conditions, including future commodity prices and global economic conditions. The Company continually monitors business conditions including changes in economic conditions, the risk of its drilling programs, forecasted commodity prices, and potential corporate or asset acquisitions.

	March 31, 2026	December 31, 2025	March 31, 2025
Credit Facility	\$ -	\$ (13,310)	\$ (15,258)
Convertible debentures – face value	(17,000)	-	(2,981)
Adjusted working capital (deficiency) ⁽¹⁾	1,106	(6,547)	(5,906)
Net debt	\$ (15,894)	\$ (19,857)	\$ (24,145)

Note:

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

As at March 31, 2026, Southern had adjusted working capital (see "Reader Advisories – Specified Financial Measures") of \$1.1 million. Included in the adjusted working capital is \$7.3 million of non-interest-bearing royalty payables related to unresolved title or ownership issues. These amounts are accumulated from the inception of oil and gas operations and will be resolved in accordance with industry standards over time. The royalty suspense account is made up of balances from approximately 6,700 royalty holders with over 95% of the balances being greater than 120 days. The royalty holders have deficiencies with their accounts that precludes Southern from making payments.

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Southern's net debt (see "Reader Advisories – Specified Financial Measures") was \$15.9 million as at March 31, 2026, compared to \$19.9 million as at December 31, 2025. The decrease in net debt during the first quarter of 2026 primarily reflects the application of net proceeds from the February Financing.

During Q1 2026, management actively evaluated a range of financing alternatives to strengthen the Company's balance sheet and provide additional liquidity to support ongoing operations and planned capital activities. These initiatives included discussions with existing and potential lenders and investors regarding potential debt and/or equity financing arrangements. Management has assessed the Company's ability to continue as a going concern and following the February Financing, Southern eliminated its senior Credit Facility, extended debt maturities to December 2028, and reduced the credit costs from 15% to 7% per annum and has sufficient liquidity to meet its obligations as they become due.

Debenture Financing

On February 12, 2026, Southern issued 17,000 2026 Debentures to an Investor at a price of \$1,000 per 2026 Debenture with a 8.8235% original issue discount ("OID") at a price of \$911.76 per 2026 Debenture, raising gross proceeds of \$17.0 million (net proceeds of \$15.5 million). The 2026 Debentures will mature on December 31, 2028, and bear interest at a rate of 7 percent per annum, payable quarterly. The 2026 Debentures (excluding the principal amount attributed to the OID, being \$1.5 million) will be convertible into Common Shares at any time prior to maturity at \$0.073 (CAD\$0.10) per Common Share, being a ratio of 13,700 Common Shares per \$1,000 principal amount of the convertible portion of the 2026 Debentures. At the Investor's option, interest may be paid in cash or in Common Shares, with the number of shares determined based on the market price of the Common Shares and prevailing exchange rate at the time of payment, subject to approval by the TSX Venture Exchange ("TSXV"). The Investor may not convert the 2026 Debentures or receive interest in Common Shares if doing so would cause the Investors' ownership to exceed 19.99 percent of the outstanding Common Shares without prior TSXV clearance and shareholder approval. In the event that the Investor is not approved as a "Control Person" (as defined in the TSXV Corporate Finance Manual) on or prior to December 31, 2026, then, from and after January 1, 2027, the 2026 Debentures will bear interest at a rate of 15 percent per annum.

The liability component of the 2026 Debentures was initially recognized at the fair value of a similar liability which does not contain an equity conversion option, based on a market interest rate of 11.8%. The difference between the \$17.0 million principal amount of the 2026 Debentures and the fair value of the liability component was recognized in Shareholder's equity. Total transaction costs, excluding the OID, directly attributable to the offering of \$0.5 million were allocated proportionately to the liability and equity components of the 2026 Debentures.

Contractual Obligations and Commitments

The Company is, or will be, obligated to pay various costs associated with operations incurred in the normal course of business. All such contractual obligations reflect market conditions prevailing at the time of contract and none are with related parties. The following table lists the Company's obligations with a fixed term as at March 31, 2026:

	Total	2026	2027	2028	Thereafter
Convertible debentures ⁽¹⁾	\$ 17,000	\$ -	\$ -	\$ 17,000	\$ -
Convertible debenture interest ⁽¹⁾	3,280	897	1,190	1,193	-
Lease obligations ⁽²⁾	356	113	169	74	-
Total	\$ 20,636	\$ 1,010	\$ 1,359	\$ 18,267	\$ -

Notes:

- (1) See "Liquidity and Capital Resources" for more information.
(2) The lease obligations relate to the Canadian office lease that is accounted for under IFRS 16.

Off-balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition, including, without limitation, the Company's liquidity and capital resources.

Risk Management

The business risks the Company is exposed to are those inherent in the oil and gas industry as well as those governed by the individual nature of Southern's operations. These risks include but are not limited to:

- volatility of commodity prices, and particularly persistent low natural gas prices;
- the Company's ability to continue as a going concern;
- reliance on third-party operators/pipelines;
- potential ongoing impacts if FERC timelines extend;
- changes in the political landscape both domestically and abroad;
- outbreak of military hostilities, including armed conflict between Russia and Ukraine and in Iran and the potential destabilizing effect such conflicts may pose for the European continent or the global oil and natural gas markets;
- the ability of the Company to achieve drilling success consistent with Management's expectations, including in respect of the Gwinville assets;
- expectations regarding completion of the Company's current and anticipated drilling projects;
- global and regional supply and demand;
- reservoir quality and uncertainty of reserves estimates;
- geological and engineering risks;
- operating hazards and other difficulties inherent in the exploration for and production of oil and gas;
- timing and success of integrating the business and operations of acquired companies and assets;
- the uncertainty of discovering commercial quantities of new reserves;
- ability to obtain all necessary licences and permits required for the business of the Company;
- ability to find and employ qualified personnel or management;
- interest rate and foreign exchange risks;
- rising interest rates;

- inflationary risks, including impacts on cost management, supply chain dynamics and government policies impacting operating and capital costs;
- changes in industry regulations and legislation (including, but not limited to, tax laws, royalties, and environmental regulations);
- 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;
- competition;
- credit risk related to non-payment for sales contracts or non-performance by counterparties to contracts, including derivative financial instruments and physical sales contracts;
- public sentiment towards the use of fossil fuels;
- availability of, and access to, capital on favourable or desirable terms;
- environmental impact risk;
- changing royalty regimes and the Company's expectations in respect of 2026 royalty rates on a go-forward basis;
- business interruptions due to unexpected events;
- access to markets; and
- risk of interruption or failure of information technology systems and data.

All of these risks influence the controls and management at the Company.

Southern manages these risks by:

- attracting and retaining a team of highly-qualified and motivated professionals who have a vested interest in the success of the Company;
- operating properties in order to maximize opportunities;
- employing risk management instruments to minimize exposure to volatility of commodity prices;
- maintaining a comprehensive property loss and business interruption insurance program to reduce risk;
- implementing cyber security protocols and procedures to reduce the risk of a significant breach of the Company's information technology systems and related data; and
- maintaining strict environmental, safety and health practices.

For additional details on the risks relating to Southern's business, see "*Risk Factors*" in the Company's most recent Annual Information Form ("AIF") for the year ended December 31, 2025, which is available on SEDAR+ at www.sedarplus.ca.

Commodity Derivative Contracts

Southern utilizes oil and natural gas derivative contracts to mitigate its exposure to commodity price risk associated with future oil and natural gas production. Typical derivative contracts could consist of options, in the form of price floors, collars or three-way collars and fixed-price swaps. The derivative financial

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instruments are recorded on the unaudited condensed interim consolidated statement of financial position as either an asset or a liability measured at fair value. Southern does not apply hedge accounting to its commodity derivative contracts; accordingly, changes in the fair value of these instruments are recognized in the consolidated statement of earnings (loss) and comprehensive income (loss) in the period of change.

Southern had the following commodity derivative contracts in place as at March 31, 2026:

Natural Gas	Volume	Pricing
<i>Fixed Price Swap</i>		
May 1, 2024 – December 31, 2026	5,000 MMBtu/d	NYMEX – HH \$3.400/MMBtu

Eight Quarter Analysis

(000s)	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Three months ended	2026	2025	2025	2025	2025	2024	2024	2024
Revenue	\$ 5,526	\$ 4,594	\$ 4,340	\$ 3,989	\$ 5,121	\$ 3,917	\$ 3,480	\$ 3,889
Adjusted Funds Flow from Operations	1,353	709	1,030	592	629	(725)	552	770
Net (loss) earnings	(1,311)	(3,680)	462	(411)	(3,879)	(3,715)	(2,062)	(2,622)
Per share:								
Basic	(0.00)	(0.01)	0.00	(0.00)	(0.02)	(0.02)	(0.01)	(0.02)
Diluted	(0.00)	(0.01)	0.00	(0.00)	(0.02)	(0.02)	(0.01)	(0.02)

The quarterly volatility in net earnings reflects fluctuations in derivative valuations, warrant remeasurements and transactions costs, rather than underlying operating performance, that remains relatively stable on a per-unit basis. Significant factors and trends that have impacted the Company's results during the above periods include:

- Volatility in commodity prices and the resultant effect on revenue and net loss.
- Production from the first seven wells in the appraisal program at Gwinville online between Q2 2022 and Q1 2024.
- In Q4 2024, Southern recorded \$1.1 million in transaction costs related to a transaction that the Company contemplated but did not complete.
- As a result of improving future strip natural gas prices at December 31, 2024 and March 31, 2025, Southern recorded a \$0.8 million and \$2.1 million loss on unrealized derivatives, respectively.
- Due to decreases in the future strip natural gas prices at June 30, 2025 and September 30, 2025, Southern recorded a \$1.4 million and \$0.9 million gain on unrealized derivatives, respectively.
- In Q3 2025, Southern recorded a non-cash gain on warrant revaluation of \$0.5 million.
- In Q4 2025, Southern recorded a non-cash loss on warrant revaluation of \$2.8 million.
- As a result of the GORR sale on February 12, 2026, the Company recorded a loss on disposition of \$1.2 million.

READER ADVISORIES

Disclosure Regarding Forward-Looking Statements and Future Oriented Financial Information

Certain statements and information contained within this MD&A may constitute forward-looking statements. All statements other than statements of historical fact may be forward-looking statements. These statements include, without limitation, statements regarding the status of development or expenditures relating to Southern's business, the plans and intentions of Management, drilling and completion plans, plans to fund current activities, future operations, future strategic acquisitions and growth strategy, future oil and natural gas production estimates and weighting, Southern's future financial position, the resolution of adjusted working capital deficiencies, future corporate strategies and the success thereof, the Company's financial hedging program including the use of financial derivatives to manage fluctuations in commodity prices and exchange rates, 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, expectations regarding the Company's ability to recover transportation fees, Southern's ability to re-initiate growth in deploying the net proceeds from the equity financing on capital expenditures, projected costs, sources and uses of funding including uses of proceeds from the February Financing, future revenues, expectations regarding natural gas pricing, estimated decommissioning obligations and expectations thereof, including that reclamation and abandonment costs will be funded through general corporate resources upon abandonment and anticipated settlement timing, expected resolutions of title or ownership issues in respect of royalty payables in accordance with industry standards over time, expectations as to inflation and interest rates, expectations regarding commodity prices and global demand and supply for natural gas, forecasted operational results, capital expenditures and drilling plans and locations including the first Cotton Valley test well in the Williamsburg Field, 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 funding of future drilling activities through cash flow from operations, eligibility of new wells drilled, including the remaining DUC, at Gwinville under the State of Mississippi's reduced severance tax relief program and implications thereof, planned capital expenditures, the Company's intention to enhance production, annual savings from reduced operating costs including success of cost-cutting measures regarding general and administrative costs, the continued consolidation of infrastructure, staff and services between assets and benefits thereof including the reduction of operating costs in light of the current inflationary environment for labour and equipment. Forward-looking statements are often, but not always identified by the use of words such as "may", "will", "would", "should", "expect", "plan", "anticipate", "estimate", "potential", "could", "likely", "believe", "becoming", "positioned for", "forecast", "foresee", "intend", "continue", "target" or the negative of such terms or other comparable terminology and any variations thereof. 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.

Southern has made a number of assumptions in the preparation of these forward-looking statements including, without limitation, those regarding future commodity prices, future foreign exchange rates,

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expected production and costs, estimated reserves of oil and natural gas, the Company's ability to continue as a going concern, availability of alternative debt and equity financing opportunities, the Company's ability to meet short-term obligations and discharge its liabilities, the ability to obtain equipment and services in a timely and efficient manner, the continued availability of capital and skilled personnel, drilling results, the ability to obtain financing on acceptable terms, the ability to comply with ongoing obligations under the GORR and 2026 Debentures, allocation of capital resources, the business plan of Southern, including in respect of the Gwinville assets, and successful integration of acquired assets into the Company's operations, the Company's ability to execute its plans and strategies, the Company's ability to enter into future derivative contracts on acceptable terms, the impact of increasing competition within the resource market, the continuation of the current tax, royalty and regulatory regimes, the volatility in commodity prices, oil price differentials, actual prices received for the Company's products and the resulting effect on the Company's financial results, the Company's ability to obtain, retain and renew all requisite permits and licenses, the actions of OPEC+ and non-OPEC+ oil and gas exporting countries to set production levels and the influence thereof on oil prices and global demand, the impact of inflation on costs.

Readers should not place undue reliance on forward-looking statements, which are subject to a multitude of risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those projected in the forward-looking statements. These risks include, but are not limited to, the material uncertainties and risks described under the headings "*Risk Management*" and "*Specified Financial Measures*", risks associated with the oil and gas industry in general such as operational risks in development, exploration and production, uncertainty of reserves estimates, environmental impact risks, market demand and volatility, fluctuations and uncertainty with respect to interest rates and commodity prices (including pursuant to determinations by OPEC+ regarding production levels), stock market and financial system volatility, changes to market valuations, competition, the lack of availability of qualified personnel or management, the lack of availability of or access to services, the results of exploration and development drilling related activities including those associated with drilling in new formations, inclement and severe weather events and natural disasters, including fire, drought and flooding and corresponding effects, commodity prices, interest rate and exchange rate volatility, credit risk, risk of default, risks related to the Company's ability to meet its financial obligations and covenants, the need for additional capital and the effect of capital market conditions and other factors, changes in tax, royalty or environmental legislation, changes in industry regulations and legislation (including, but not limited to, tax laws, royalties, and environmental regulations), geo-political risks, political and economic instability both domestically and abroad, U.S. government shutdown, 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 conflict between the U.S. and Iran, the Russo-Ukrainian war and the Israel-Hamas conflict), hostilities, civil insurrections, increased operating and capital costs due to inflationary pressures, the potential dilutive effects of any financing, the timing of exploration and development, the timing and costs of obtaining regulatory approvals, estimates regarding capital requirements and future revenues, the timing and amount of tax credits, adverse effects on general economic conditions in Canada, the U.S. and globally, including due to pandemics and other risks detailed from time to time in Southern's public disclosure documents. The U.S.-Iran conflict, the Russo-

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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.

Readers are cautioned that the foregoing list of risk factors is not exhaustive. The risk factors above should be considered in the context of current economic conditions, increased supply resulting from evolving exploitation methods, the attitude of lenders and investors towards corporations in the energy industry, potential changes to royalty and taxation regimes and to environmental and other government regulations, the condition of financial markets generally, as well as the stability of joint venture and other business partners, all of which are beyond the control of the Company. Also to be considered, are increased levels of political uncertainty both domestically and abroad, and current and possible changes to existing international trading agreements and relationships. Legal challenges related to title and ownership issues, limitations to rights of access, and adequacy of pipelines or alternative methods of getting production to market may also have a significant effect on the Company's business. Additional information on these and other factors that could affect the business, operations or financial results of the Company are included in reports on file with applicable securities regulatory authorities, including but not limited to the AIF, which may be accessed on the Company's SEDAR+ profile at www.sedarplus.ca or on the Company's website at www.southernenergycorp.com.

This MD&A also contains future oriented financial information and financial outlook information (collectively, "FOFI") about the Company's guidance for 2026, including with respect to budgeted capital expenditures, revenue and the components thereof, expenses and cost estimates, natural gas pricing, royalty rates, balance sheet resiliency, net present value of proved developed producing reserves using a 10% discount rate, net debt, initial production rates, tax rates, payout of wells, and prospective results of operations and production including production timing decisions contingent on commodity price and well performance evaluations, all of which are subject to the same assumptions, risk factors, limitations and qualifications as set forth in the above paragraphs and the assumptions outlined under "*Specified Financial Measures*".

The forward-looking statements and FOFI contained in this MD&A were approved by Management as of the date of this document and were provided for the purpose of providing further information about Southern's future business operations. Southern and its Management believe that forward-looking statements and FOFI have 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 forward-looking statements or 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.

Short Term Results

References in this MD&A to peak rates, production rates since inception, current production rates, initial 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.

Significant Judgments and Estimates

Management is required to make judgments, assumptions and estimates in the application of IFRS that have a significant impact on the Company's financial results. Significant judgments in the Annual Financial Statements include going concern, financing arrangements, impairment indicators, asset acquisition and joint arrangements. Significant estimates in the Annual Financial Statements include income taxes and deferred taxes, commitments, provision for future decommissioning obligations, exploration and evaluation assets and accruals. In addition, the Company uses estimates for numerous variables in the assessment of its assets for impairment purposes, including oil and natural gas prices, exchange rates, discount rates, cost estimates and production profiles. By their nature, all of these estimates are subject to measurement uncertainty, may be beyond Management's control and the effect on future consolidated financial statements from changes in such estimates could be significant.

Specified Financial Measures

This MD&A contains various specified financial measures, including non-IFRS financial measures, non-IFRS financial ratios and capital management measures. Management has incorporated certain specified financial measures commonly used in the oil and natural gas industry, such as "Adjusted Funds Flow from Operations," "Operating Netback," "Adjusted Working Capital," "Net Capital Expenditures" and "Net Debt". These terms are not defined by IFRS and therefore may not be comparable to similar measures presented by other companies. Readers are cautioned that these specified financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS. The specified financial measures and their manner of reconciliation to IFRS financial measures are discussed below. 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.

"Adjusted Funds Flow from Operations"

Adjusted funds flow from operations (non-IFRS financial measure) is calculated based on cash flow from operating activities before changes in non-cash adjusted 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

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funds flow from operations per share is calculated using the same weighted average basic and diluted shares that are used in calculating net earnings (loss) per share. The reconciliation between funds flow from operations and cash flow from operating activities, as defined by IFRS, is as follows:

	Three months ended,		
	March 31, 2026	December 31, 2025	March 31, 2025
Cash flow from operating activities	\$ 1,979	\$ 1,531	\$ 1,124
Change in non-cash working capital	(624)	(831)	(495)
Cash decommissioning expenses	(2)	9	-
Adjusted Funds Flow from Operations	\$ 1,353	\$ 709	\$ 629

"Operating Netback"

Operating netback (non-IFRS financial measure) is calculated as oil and natural gas sales less royalties, production taxes, operating expenses, transportation costs and realized gain (loss) on derivatives. Operating netback may also be calculated on a per Mcfe basis and as a percentage of revenue. Management considers operating netback an important measure to evaluate its operational performance, as it demonstrates field level profitability relative to current commodity prices.

	Three months ended March 31,	
	2026	2025
Revenue	\$ 5,526	\$ 5,121
Royalties	(1,280)	(1,035)
Production taxes	(300)	(261)
Operating expenses	(1,207)	(1,543)
Transportation costs	(151)	(293)
Operating netback before derivatives	\$ 2,588	\$ 1,989
Realized loss on derivatives	(456)	(180)
Operating netback	\$ 2,132	\$ 1,809

"Adjusted Working Capital" and "Net Debt"

The below tables outline Southern's calculation of adjusted working capital and net debt. Management monitors adjusted working capital (capital management measure) and net debt (capital management measure) as part of its capital structure in order to fund current operations and future growth of the Company.

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	As at March 31, 2026	As at December 31, 2025	As at March 31, 2025
Current assets	\$ 12,689	\$ 4,044	\$ 4,243
Current liabilities	(16,928)	(30,162)	(31,428)
Remove:			
Current derivative assets	(207)	(105)	-
Current portion of lease liabilities	130	127	122
Current portion of Credit Facility	-	13,755	16,073
Current derivative liabilities	201	485	2,085
Warrant liability	5,221	5,309	-
Current portion of convertible debentures	-	-	2,999
Adjusted working capital (deficiency)	\$ 1,106	\$ (6,547)	\$ (5,906)

	As at March 31, 2026	As at December 31, 2025	As at March 31, 2025
Credit Facility	\$ -	\$ (13,310)	\$ (15,258)
Convertible debentures – face value	(17,000)	-	(2,981)
Adjusted working capital deficiency	1,106	(6,547)	(5,906)
Net debt	\$ (15,894)	\$ (19,857)	\$ (24,145)

“Net Capital Expenditures”

	Three months ended March 31,	
	2026	2025
Net cash (provided) used by investing activities	\$ (4,626)	\$ 210
Change in non-cash working capital	693	(27)
Net Capital Expenditures	\$ (3,933)	\$ 183

Southern uses “Net Capital Expenditures” (capital management measure) to measure its capital investment level compared to the Company’s annual budgeted capital expenditures after dispositions. “Net Capital Expenditures” is calculated by subtracting proceeds from dispositions from capital expenditure costs. The directly comparable IFRS measure is net cash (used) provided by investing activities. The following table details the composition of capital expenditures and its reconciliation to cash used in investing activities:

Abbreviations

bbl	barrels
bbl/d	barrels per day
boe	barrels of oil
boe/d	barrels of oil equivalent per day
Gas	natural gas
LLS	Louisiana Light Sweet
Mcf	thousand cubic feet
Mcf/d	thousand cubic feet per day

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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
MMcf	million cubic feet
MMcf/d	million cubic feet per day
NGLs	natural gas liquids
NYMEX HH	New York Mercantile Exchange – Henry Hub
WTI	West Texas Intermediate

Barrel of Oil Equivalent and Thousand Cubic Feet Equivalent

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. 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. 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 on 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.

Additional Information

Additional information about the Company can be obtained by contacting the Company at Suite 2400, 333 7th Avenue SW, Calgary, Alberta T2P 2Z1 or by email at info@southernenergycorp.com. Additional information, including the Company's audited financial statements for the years ended December 31, 2025 and 2024, and the AIF, are also available on SEDAR+ at www.sedarplus.ca or online at www.southernenergycorp.com.