SOUTHERN ENERGY CORP. ANNOUNCES SECOND QUARTER 2026 FINANCIAL AND OPERATING RESULTS AND INFORMATION REGARDING THE ANNUAL MEETING OF SHAREHOLDERS

Calgary, Alberta – August 25, 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 second quarter financial and operating results for the three and six months ended June 30, 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 and six months ended June 30, 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.

SECOND QUARTER 2026 HIGHLIGHTS

- Petroleum and natural gas sales of $4.2 million during Q2 2026, an increase of 4% from the same period in 2025, primarily due to higher oil production and stronger realized oil prices
- Average production of 10,460[1] Mcfe/d (1,743 boe/d) (91% natural gas) during Q2 2026, a decrease of 7% from the same period in 2025, primarily due to the temporary shut-in of the Mechanicsburg and Greens Creek Fields because of the ongoing transportation dispute ("**Transportation Dispute**")
- Average realized natural gas and oil prices of $3.15/Mcf and $99.32/bbl, respectively, during Q2 2026, compared to $3.63/Mcf and $62.60/bbl in Q2 2025. Southern achieved an average natural gas price premium of $0.25/Mcf (approximately 9%) above the NYMEX Henry Hub benchmark during Q2 2026
- Generated $0.7 million of Adjusted Funds Flow from Operations[2] in Q2 2026 ($0.00 per share basic and diluted), an increase of 15% from the same period in 2025
- Reported a net loss of $0.4 million ($0.00 per share basic and diluted) in Q2 2026, compared to a net loss of $0.4 million ($0.00 per share, basic and diluted) in Q2 2025

SUBSEQUENT EVENTS

- On August 11, 2026, Southern spudded the Terrible Creek 21-2 #2 Cotton Valley test well in the Williamsburg Field

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

*"Southern continued to deliver solid execution through Q2 2026, supported by premium Gulf Coast pricing realizations, additional oil production unlocked from new perforations in an oil well in the Magee area, and the ongoing financial flexibility of our simplified capital structure. Having fully retired our senior secured credit facility ("**Credit Facility**") earlier this year, the Company has successfully lowered its overall cost of capital while preserving total liquidity for high-return organic opportunities.*

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[1] Comprised of 129 bbl/d light and medium crude oil, 30 bbl/d of condensate, nil bbl/d NGLs and 9,506 Mcf/d conventional natural gas

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

*We enter the second half of 2026 fully funded to advance our key development targets, punctuated by the spudding of the Cotton Valley test well in August and the ongoing progression of our final Gwinville drilled but uncompleted ("**DUC**") well. Complemented by steady hedge protection through December 2026 and favorable macro dynamics around Gulf Coast LNG and power demand, Southern remains positioned to systematically build funds flow per share and drive sustainable growth."*

Financial Highlights

	Three months ended June 30,		Six months ended June 30,	
(000s, except $ per share)	**2026**	**2025**	**2026**	**2025**
Petroleum and natural gas sales	**$ 4,161**	$ 3,989	**$ 9,687**	$ 9,110
Net loss	**(407)**	(411)	**(1,718)**	(4,290)
Net loss per share				
Basic	**(0.00)**	(0.00)	**(0.00)**	(0.01)
Fully diluted	**(0.00)**	(0.00)	**(0.00)**	(0.01)
Adjusted funds flow from operations [(1)]	**682**	592	**2,035**	1,221
Adjusted funds flow from operations per share [(1)]				
Basic	**0.00**	0.00	**0.01**	0.00
Fully diluted	**0.00**	0.00	**0.01**	0.00
Capital expenditures and acquisitions	**334**	2,285	**1,259**	2,468
Weighted average shares outstanding				
Basic	**366,255**	321,585	**359,255**	291,452
Fully diluted	**366,255**	321,585	**359,255**	291,452
As at period end				
Common shares outstanding	**366,255**	336,255	**366,255**	336,255
Total assets	**48,876**	53,333	**48,876**	53,333
Non-current liabilities	**21,230**	21,040	**21,230**	21,040
Net debt [(1)]	**$ (16,013)**	$ (19,784)	**$ (16,013)**	$ (19,784)

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

Operations Update

Southern spudded the Terrible Creek 21-2 #2 Cotton Valley test well in the Williamsburg Field on August 11, 2026. This is the first of two farm-out commitment wells planned for drilling this year whereby Southern will retain approximately 50% working interest by paying roughly 50% of the gross drill and completion costs of $3.9 million per well. The well is currently drilling ahead and the Company expects to reach a planned total depth of approximately 19,000 feet by early September. Completion and testing operations will follow immediately after the drilling rig has been moved off site.

Southern continues to work with Federal Energy Regulatory Commission ("**FERC**") staff to resolve the ongoing Transportation Dispute that resulted in the shut-in of approximately 400 boe/d of production from the Mechanicsburg and Greens Creek Fields. The Company continues to participate in regular settlement conferences facilitated by a FERC settlement judge and FERC trial and technical staff. If those discussions ultimately prove to be unsuccessful, the matter may proceed to an evidentiary hearing. Based on the timelines outlined in the latest FERC Order, a hearing outcome could occur in the first half of 2027; however, the timing and outcome remain uncertain.

Outlook

Southern remains steadfast in its commitment to disciplined capital allocation and maximizing funds flow per share by prioritizing high-return oil and liquids-weighted opportunities across its asset base. Supported by enhanced financial flexibility and liquidity following the successful refinancing and retirement of its Credit Facility earlier this year, the Company is expanding its operational program into the second half of 2026, including plans to complete the final City Bank DUC at Gwinville.

With a fixed-price natural gas hedge of 5,000 MMBtu/d at $3.40/MMBtu secured through December 2026, Southern continues to benefit from reliable downside protection and consistent cash flows. This strategic position underpins the Company's commitment to executing a disciplined, value-accretive capital program focused on long-term shareholder returns.

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 on the first Cotton Valley test well.

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.

Annual Meeting of Shareholders

Southern's Annual Meeting of Shareholders is to be held at the Company's offices located at Suite 2400, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, on Wednesday, September 30, 2026 at 10:00 a.m. (Calgary time) and by webcast via Zoom, formal notice of which is available on the Company's website and on SEDAR+ at www.sedarplus.ca.

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

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 shareholder value through accretive acquisitions, optimization of existing oil and natural gas fields and re-development strategies including 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 a 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 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.*

Oil and gas metrics. *This press release contains metrics commonly used in the oil and natural gas industry which have been prepared by management. 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.*

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*

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, 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 resolution and timing of the Transportation Dispute and any related FERC proceedings; 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, completion and testing 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 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, 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 June 30, 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, and net debt and Adjusted Funds Flow from Operations per Share 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.