

# Southern Energy Corp. Announces US\$23.5 Million Financings and Royalty Sale

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CALGARY, February 9, 2026 - [Southern Energy Corp.](#) ("Southern" or the "Company") (TSXV:SOU)(AIM:SOUC), an established producer with natural gas and light oil assets in Mississippi, is pleased to announce the execution of definitive subscription and purchase and sale agreements with three related arm's length private investors (each, an "Investor"), pursuant to which the Investors have agreed to subscribe, on a non-brokered private placement basis, for senior secured convertible debentures (the "Debentures") and new common shares ("Shares") of the Company (the "Offering") and purchase a newly-created gross overriding royalty ("GORR" and, collectively with the Offering, the "Transaction") for aggregate net proceeds of US\$22.0 million after a 8.8235% original issue discount (the "OID") equivalent to US\$1.5 million on the Debentures.

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

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

"This transaction is a strategic reset of Southern's capital structure. By retiring our existing high-cost senior credit facility and extending maturities, we are significantly reducing our cost of capital, improving financial flexibility and creating a runway to execute our 2026 development plan.

The structure of the transaction sees an existing shareholder step up as a long-term strategic partner through a combination of equity participation, disciplined convertible financing, and non-dilutive capital tied directly to asset-level performance. Importantly, the investment allows us to refinance debt that previously carried a substantially higher interest rate and accelerate development across our core Gulf Coast asset base where we have successfully proven significant natural gas reserves realizing premium pricing.

While the U.S. continues to set record levels of Liquefied Natural Gas exports from the Gulf Coast area with significant additional capacity coming online in 2026, the proliferation of AI data centers is soon expected to have a profound effect on the robust future of natural gas demand. With this financing in place, we are focused on disciplined execution, advancing high-return development activity, with the objective of delivering sustainable, long-term value for shareholders."

## Transaction Highlights

- Use of Proceeds: Net proceeds from the Transaction will be used to repay and retire the Company's existing senior credit facility in full and for development capital, including for the completion of two drilled uncompleted wells in Gwinville and further drilling on the Company's existing asset base, and general working capital and corporate purposes.
- Offering: US\$18.5 million gross purchase price through the issuance of: (i) 17,000 US\$1,000 face value Debentures issued with a 8.8235% OID at a price of US\$911.76 per Debenture for gross proceeds of US\$17.0 million (net proceeds of US\$15.5 million); and (ii) 30.0 million Shares at a price of CAD\$0.07 (US\$0.05) per Share for additional gross proceeds of CAD\$2.1 million (US\$1.5 million).

- GORR: US\$5.0 million gross purchase price of a 6% GORR in all revenue from all existing and future developed production of petroleum substances on the Company's lands as of the closing date calculated based on the Company's realized price received for each commodity, in perpetuity, payable monthly.
- Interest Payments (Coupon): The Debentures bear interest at 7% per annum on the outstanding principal amount of US\$17.0 million, payable quarterly in arrears.
- Maturity: The Debentures will mature on December 31, 2028. The principal amount attributed to the OID, being US\$1.5 million, will be repaid in cash.
- Conversion Price: The Debentures (excluding the principal amount attributed to the OID) will be convertible at the Investor's option into Shares at a price of US\$0.073 (CAD\$0.10) per Share, being a ratio of 13,700 Shares per US\$1,000 principal amount of the convertible portion of the Debentures.
- Ownership Restrictions: The Investor may not convert the Debentures or receive interest in Shares if doing so would cause the Investors' ownership to exceed 19.99 percent of the outstanding Shares without prior TSX Venture Exchange ("TSXV") clearance and shareholder approval.
- Change of Control: In the event of a change of control, the Debentures will be redeemed for principal and accrued interest, though the Investor may convert prior to the closing of any such transaction.
- Listing and Admission: The Company has applied to have the Shares (including the Shares issuable upon conversion or interest payment of the Debenture) listed on the TSXV and admitted to trading on the AIM market of the London Stock Exchange. The Debentures will not be listed on any exchange.
- Closing Date: On or about February 12, 2026.

#### Further information on the Offering and GORR

The Debentures will mature on December 31, 2028, and bear interest at a rate of 7 percent per annum, payable quarterly. The Debentures (excluding the principal amount attributed to the OID, being US\$1.5 million) will be convertible into Shares at any time prior to maturity at the Conversion Price. At the Investor's option, interest may be paid in cash or in Shares, with the number of shares determined based on the market price of the Shares and prevailing exchange rate at the time of payment, subject to approval by the TSXV. 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 Debentures will bear interest at a rate of 15 percent per annum.

The Company intends to seek disinterested shareholder approval of the Investors as a Control Person at its next annual general meeting. Assuming full conversion of the Debentures (excluding the portion of principal attributable to the original issue discount which is to be repaid in cash), a maximum of approximately 212.35 million Shares would be issuable, in addition to the 30.0 million Shares issued pursuant to the Offering.

The Debentures will be secured by a first-priority security interest over all present and after-acquired personal property of the Company and its subsidiaries. This includes an Alberta law general security agreement and charges over the shares of the Company's subsidiaries. The terms of the Debentures will restrict the Company from granting liens over its property without the Investor's consent, other than customary permitted liens. 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.

The Transaction is expected to close on or about February 12, 2026, or such other date as the Company and the Investors may agree, and is subject to customary closing conditions, including the payout and discharge of the Company's existing senior credit facility and the approval of the TSXV, and will result in aggregate net proceeds to the Company of US\$22.0 million.

The Debentures and Shares (including the Shares issuable upon conversion or interest payment of the Debenture) will be subject to a four month and one day hold period under applicable securities laws in Canada and the rules and policies of the TSXV.

A new corporate presentation is now available in the presentation and events section of our website.

## Admission to AIM and total voting rights

Pursuant to the equity element of the Offering, the Company shall issue 30,000,000 Shares for gross proceeds of CAD\$2.1 million (US\$1.5 million). Application will be made to the London Stock Exchange plc for the admission of the 30,000,000 Shares to trading on AIM, which is expected to occur shortly following closing of the Transaction ("Admission"). The new Common Shares will rank pari passu with the existing Common Shares.

Subject to and on Admission, ceteris paribus, the total number of Common Shares in the Company in issue will be 366,254,953, and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company.

## 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.

For further information about Southern, please visit our website at [www.southernenergycorp.com](http://www.southernenergycorp.com) or contact:

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The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

## READER ADVISORY

This press release is not an offer of the securities for sale in the United States. The securities offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

**Forward Looking Information.** This press release contains certain forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities

laws. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "target", "plan", "continue", "intend", "consider", "estimate", "expect", "may", "will", "should", "could" (or the negatives or similar words suggesting future outcomes. Forward-looking statements in this press release may contain, but are not limited to, statements concerning: Southern's business strategy and plan, including its objectives, strengths and focus; the completion of the Offering and the GORR on the terms anticipated, or at all; satisfaction or waiver of the closing conditions to the Transaction set forth in the definitive subscription and purchase and sale agreements, including the approval of the TSXV; the anticipated use of proceeds of the Transaction, including the payout and discharge of the Corporation's existing credit facility; and the anticipated benefits of the Transaction.

The forward-looking statements contained in this press release are based on a number of factors and assumptions made by Southern, which have been used to develop such statements, but which may prove to be incorrect. In addition to factors and assumptions which may be identified in this press release, assumptions have been made regarding and may be implicit in, among other things: the business plan of Southern; the receipt of all approvals and satisfaction of all conditions to the completion of the Transaction; the timing of and success of future drilling, development and completion activities; the geological characteristics of Southern's properties; prevailing commodity prices, price volatility, price differentials and the actual prices received for the Company's products; the availability and performance of drilling rigs, facilities, pipelines and other oilfield services; the timing of past operations and activities in the planned areas of focus; the drilling, completion and tie-in of wells being completed as planned; the performance of new and existing wells; the application of existing drilling and fracturing techniques; prevailing weather and break-up conditions; royalty regimes and exchange rates; the application of regulatory and licensing requirements; the continued availability of capital and skilled personnel; the ability to maintain or grow the banking facilities; the accuracy of Southern's geological interpretation of its drilling and land opportunities, including the ability of seismic activity to enhance such interpretation; and Southern's ability to execute its plans and strategies. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

Although management considers these assumptions to be reasonable based on information currently available, undue reliance should not be placed on the forward-looking statements because Southern can give no assurances that they may prove to be correct. By their very nature, forward-looking statements are subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. As a result, any potential investor should not rely on such forward-looking statements in making their investment decisions. No representation or warranty is made as to the achievement, or reasonableness of, and no reliance should be placed on such forward-looking statements. Risks and uncertainties that can materially impact the Company's results include, but are not limited to: counterparty risk to closing the Transaction; the risk that shareholders do not approve the Investors as a "Control Person" at the next annual general meeting; incorrect assessments of the value of benefits to be obtained from exploration and development programs; changes in the financial landscape both domestically and abroad, including volatility in the stock market and financial system; wars; risks associated with the oil and gas industry in general (e.g. operational risks in development, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, and environmental regulations); commodity prices; increased operating and capital costs due to inflationary pressures; the uncertainty of estimates and projections relating to production, cash generation, costs and expenses; health, safety, litigation and environmental risks; access to capital; the availability of future financings and divestitures; public and political sentiment towards fossil fuels; and the effects of pandemics and other public health events. Due to the nature of the oil and natural gas industry, drilling plans and operational activities may be delayed or modified to react to market conditions, results of past operations, regulatory approvals or availability of services causing results to be delayed. Please refer to Southern's most recent Annual Information Form for the year ended December 31, 2024 and management's discussion and analysis for the period ended September 30, 2025, and other continuous disclosure documents for additional risk factors relating to Southern, which can be accessed either on Southern's website at [www.southernenergycorp.com](http://www.southernenergycorp.com) or under the Company's profile on [www.sedarplus.ca](http://www.sedarplus.ca).

The forward-looking statements contained in this press release are made as of the date hereof and the Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, except as required by applicable law. The forward-looking statements contained herein are expressly qualified by this cautionary statement.

Neither 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.

SOURCE: Southern Energy Corp.

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