

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company:

Southern Energy Corp. (the "**Company**")
Suite 2400, 333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

2. Date of Material Change:

February 12, 2026

3. News Releases:

Press releases describing the material change were disseminated by the Company on February 9, 2026, and February 12, 2026, and can be found under the Company's SEDAR+ profile at www.sedarplus.ca.

4. Summary of Material Changes:

On February 9, 2026, the Company announced the execution of definitive subscription and purchase and sale agreements with three related arm's length private investors, Treelawn Group Inc., TCC 1 Corp. and TCC Royalty Corp. (each, an "**Investor**"), pursuant to which the Investors 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.

On February 12, 2026, the Company announced the completion of the Transaction.

5. Full Description of Material Change:

5.1 Full Description of Material Change

On February 9, 2026, the Company announced the Transaction. On February 12, 2026, the Company announced the completion of the Transaction.

Transaction Highlights

The Company raised US\$18.5 million of gross proceeds 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). The Company raised an additional US\$5.0 million of gross proceeds pursuant to the sale of a 6% GORR in all revenue from all existing and future developed production of petroleum substances on the Company's lands as of February 12, 2026, calculated based on the Company's realized price received for each commodity, in perpetuity, payable monthly.

Net proceeds of approximately US\$22.0 million from the Transaction were used to repay and retire the Company's US\$12.9 million existing senior credit facility in full and the balance will be used 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. On closing, the Company obtained the payout and discharge of all related security granted in connection with the prior facility.

The Transaction has been conditionally accepted by the TSXV and remains subject to the final acceptance of the TSXV. Final acceptance is expected following the filing of customary closing documentation.

Further Information on the Offering and the GORR

The Debentures 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) are 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 TSX Venture Exchange (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 are 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 restrict the Company from granting liens over its property without the Investor's consent, other than customary permitted liens. The GORR was granted as a non-possessory fee simple determinable interest in land that runs with the Company's lands as of the closing date.

The Debentures and Shares (including the Shares issuable upon conversion or interest payment of the Debenture) are subject to a four month and one day hold period under applicable securities laws in Canada and the rules and policies of the TSXV. No finder's fees or commissions were paid in connection of the transaction

Additional Early Warning Disclosure

As a result of the foregoing, Treelawn Group Inc. ("**Treelawn**"), TCC 1 Corp. ("**TCC 1**") and Jeff Wood (the "**Joint Actor**"), the President of Treelawn and TCC 1 (separately and acting jointly) own, directly or indirectly, and have control or direction over an aggregate of 34,140,800 Shares representing approximately 9.32% on an undiluted basis, and 246,469,567 Shares or approximately 42.60% on a fully diluted basis representing total conversion of debentures but no other convertible instruments (all percentage ownership interests assume the exchange of the US\$1,000 face value Debentures for 212,328,767 Shares, at the option of the Investor, at a ratio of 13,700 Shares per US\$1,000 principal amount of the Debentures, subject to adjustment in certain events).

Depending on market and other conditions, Treelawn, TCC 1 and the Joint Actor (or any combination thereof) may, directly or indirectly, acquire ownership or control over additional securities of the Company, through the open market or through private acquisitions or sell securities of the Company either on the open market or through private dispositions in the future depending on market conditions and/or other relevant factors.

An early warning report was filed by Treelawn, TCC 1 and the Joint Actor on February 12, 2026, and is available on the Company's profile on SEDAR+ at www.sedarplus.com, or may be acquired by contacting the Joint Actor at jwood@treelawngroup.com.

5.2 Disclosure of Restructuring Transactions:

Not applicable.

6. Reliance on Subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information:

Not applicable.

8. Executive Officer:

For further information, please contact:

Ian Atkinson

President and Chief Executive Officer

Phone: (587) 287 5401

Calvin Yau

Chief Financial Officer

Phone: (587) 287 5402

9. Date of Report:

February 20, 2026

Forward-Looking Information.

This material change report 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" and similar words (including negatives or grammatical variations thereof) suggesting future outcomes. Forward-looking statements in this material change report may contain, but are not limited to, statements concerning: Southern's business strategy and plan, including its objectives, strengths and focus; the anticipated use of proceeds of the Transaction; and the anticipated benefits of the Transaction. The forward-looking statements contained in this material change report 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 material change report, assumptions have been made regarding and may be implicit in, among other things: the business plan of Southern; 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: 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 or under the Company's profile on www.sedarplus.ca. The forward-looking statements contained in this material change report 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.