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SOUTHERN ENERGY COMPANY, INC.

Form 10-Q

May 26, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2009

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-20462

SOUTHERN ENERGY COMPANY, INC  
(Exact name of Registrant as specified in its charter)

Nevada  
(State or other jurisdiction  
of incorporation or organization)

95-3746596  
(I.R.S. Employer  
Identification No.)

100 W. Liberty St. 10th Floor  
Reno, NV, 89505  
(Address of principal executive offices)

Telephone: 800-628-5764  
(Registrant's telephone number,  
including area code)

Former Name, Address and Fiscal Year, If Changed Since Last Report

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

We had a total of 70,376,485 shares of common stock issued and outstanding at May 19, 2009.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Transitional Small Business Disclosure Format: Yes  No

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

The interim financial statements included herein are unaudited but reflect, in management's opinion, all adjustments, consisting only of normal recurring adjustments, that are necessary for a fair presentation of our financial position and the results of our operations for the interim periods presented. Because of the nature of our business, the results of operations for the quarterly period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the full fiscal year.

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SOUTHERN ENERGY COMPANY INC.  
 (An Exploration Stage Company)  
 Balance Sheet  
 (Stated in US Dollars)

	March 31, 2009 -----	As of December 31, 2008 ----- (Audited)
Assets		
Current assets		
Cash	\$      7	\$     13
	-----	-----
Total current assets	7	13
	-----	-----
Total Assets	\$      7	\$     13
	-----	-----
Liabilities		
Current liabilities		
Accounts payable	92,477	85,867
Shareholder Loan	\$ 53,264	\$ 49,644
	-----	-----
Total current liabilities	145,741	135,511
Long term liabilities	--	397,800
	-----	-----
Total Liabilities	145,741	533,311
	=====	=====
Equity		
75,000,000 Shares Common Authorized,		
70,376,485 Shares Issued @ \$0.001 Per Share	70,323	50,400
Additional paid-in capital	529,678	151,800
Deficit accumulated during exploration stage	(745,734)	(735,498)
	-----	-----
Total stockholders equity	(145,734)	(533,298)
	-----	-----
Total liabilities and stockholders equity	\$      7	\$     13
	=====	=====

The accompanying notes are an integral part of these financial statements.

SOUTHERN ENERGY COMPANY INC.  
 (An Exploration Stage Company)  
 Income Statement  
 (Stated in US Dollars)

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	For the three month period ended March 31, 2009	For the three month period ended March 31, 2008	For the three month period ended March 31, 2008
Revenue	\$ --	\$ --	\$ --
Expenses			
Accounting & Professional Fees	10,237	78,269	
Corporate State Filing Fees	--	--	
Total Expenses	10,237	78,269	
Provision for Income Tax	--	--	
Net Income (Loss)	\$ (10,237)	\$ (78,269)	\$ --
Basic & Diluted (Loss) per Common Share	(0.000)	(0.000)	
Weighted Average Number of Common Shares	62,851,041	50,253,985	

The accompanying notes are an integral part of these financial statements.

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SOUTHERN ENERGY COMPANY INC.  
(An Exploration Stage Company)  
Statements of Cash Flows  
(Stated in US Dollars)

	For the three month period ended March 31, 2009	For the three month period ended March 31, 2008	For the three month period ended March 31, 2008
OPERATING ACTIVITIES			
Net income (loss)	\$ (10,237)	\$ (78,269)	\$ --
Accounts payable	760	77,396	
NET CASH USED IN OPERATING ACTIVITIES	(9,477)	(873)	
INVESTING ACTIVITIES			
Purchase of mineral claim	--	--	
NET CASH USED IN INVESTING ACTIVITIES	--	--	

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FINANCING ACTIVITIES		
Common shares issued at founders @ \$0.001 per share	19,923	--
Additional paid-in capital	377,878	--
Longterm Loan	( 397,800)	--
Shareholders Loan	3,347	1,257
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	3,347	1,257
Cash at beginning of period	13	--
	-----	-----
CASH AT END OF PERIOD	\$ (6,117)	\$ 384
	=====	=====
Cash Paid For:		
Interest	\$ --	\$ --
	=====	=====
Income Tax	\$ --	\$ --
	=====	=====
Non-Cash Activities		
Shares issued in Lieu of Payment for Service	\$ --	\$ --
	=====	=====
Stock issued for accounts payable	\$ --	\$ --
	=====	=====
Stock issued for notes payable and interest	\$ --	\$ --
	=====	=====
Stock issued for convertible debentures and interest	\$ --	\$ --
	=====	=====
Convertible debentures issued for services	\$ --	\$ --
	=====	=====
Warrants issued	\$ --	\$ --
	=====	=====
Stock issued for penalty on default of convertible debentures	\$ --	\$ --
	=====	=====
Note payable issued for finance charges	\$ --	\$ --
	=====	=====
Forgiveness of note payable and accrued interest	\$ --	\$ --
	=====	=====

The accompanying notes are an integral part of these financial statements.

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SOUTHERN ENERGY COMPANY INC.  
(An Exploration Stage Company)  
STATEMENTS OF STOCKHOLDER'S EQUITY  
From date of reinstatement (October 1, 1999) to March 31, 2009  
(Stated in US Dollars)

	Common Stock		Paid in	Deficit
	Shares	Amount	Capital	Accumulated
	-----	-----	-----	During
				Exploration
				Stage
				-----
Shares issued to founders at no par value	53,985	\$ --	\$ --	\$ --

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Net (Loss) for period				(600,000)
Balance, December 31, 2006	53,985	--	--	(600,000)
Stock issued for debt - December 19, 2007 at \$0.01 per share	20,200,000	20,200	181,800	
Stock issued for services - December 19, 2007	30,000,000	30,000	(30,000)	
Net (Loss) for period				(22,530)
Balance, December 31, 2007	50,253,985	50,200	151,800	(622,530)
Stock issued for debt - August 1, 2008 at \$0.01 per share	200,000	200	0	
Net (Loss) for period				(112,967)
Balance, December 31, 2008	50,453,985	50,400	151,800	(735,497)
Stock issued for debt - February 2, 2009 at \$0.0113 per share	75,000	75	775	
Stock issued for debt - February 3, 2009 at \$0.02 per share	19,847,500	19,848	377,103	
Net (Loss) for period				(10,237)
Balance, March 31, 2009	70,376,485	\$70,323	\$529,678	\$(745,734)

The accompanying notes are an integral part of these financial statements.

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Southern Energy Company Inc.  
(An Exploration Stage Company)  
Footnotes to the Financial Statements  
From Inception to March 31, 2009  
(Stated in US Dollars)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Southern Energy Company Inc. was incorporated in the state of California as Astro Systems and Engineering, Inc. on March 22, 1982. On May 28 1985, the company changed its name to Astro Sciences Corporation. On February 8 1996, the company changed its name to Chatcom, Inc. In September 1999 the company filed petition under Chapter XI of the Federal Bankruptcy Code. On August 15, 2007 the company changed its name to Southern Energy Company Inc. On December 13, 2007 the company re-domiciled to the state of Nevada.

The company is in the business of finding and developing coal and other mineral properties in North and South America.

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Accounting Method

The Company's financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year-end.

#### b. Revenue Recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, goods delivered, the contract price is fixed or determinable, and collectability is reasonably assured.

#### c. Income Taxes

The Company prepares its tax returns on the accrual basis. The Company accounts for income taxes under the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("Statement 109"). Under Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

#### d. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

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financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### e. Assets

The company had cash of \$7 as of March 31, 2009.

#### f. Income

Income represents all of the company's revenue less all its expenses in the period incurred. The Company has no revenues as of March 31, 2009 and has paid expenses of \$745,734 since inception. For the three-month period ending March 31, 2009 it has incurred expenses of \$10,237.

#### g. Recent Account Pronouncements

In accordance with FASB/ FAS 142 option 12, paragraph 11 "Intangible Assets Subject to Amortization", a recognized intangible asset shall be amortized over its useful life to the reporting entity unless that life is determined to be indefinite. If an intangible asset has been has a finite useful life, but the precise length of that life is not known, that intangible asset shall be amortized over the best estimate of its useful life. The method of amortization shall reflect the pattern in which the economic benefits of

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the intangible asset are consumed or otherwise used up. If that pattern cannot be reliably determined, a straight-line amortization method shall be used. An intangible asset shall not be written down or off in the period of acquisition unless it becomes impaired during that period.

In accordance with FASB 144, 25, "An impairment loss recognized for a long-lived asset (asset group) to be held and used shall be included in income from continuing operations before income taxes in the income statement of a business enterprise and in income from continuing operations in the statement of activities of a not-for-profit organization. If a subtotal such as "income from operations" is presented, it shall include the amount of that loss." The Company has recognized the impairment of a long-lived asset by declaring that amount as a loss in income from operations in accordance with an interpretation of FASB 144.

In June 2008, the FASB issued FASB Staff Position EITF 03-6-1, DETERMINING WHETHER INSTRUMENTS GRANTED IN SHARE-BASED PAYMENT TRANSACTIONS ARE PARTICIPATING SECURITIES, ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting, and therefore need to be included in the computation of earnings per share under the two-class method as described in FASB Statement of Financial Accounting Standards No. 128, "Earnings per Share." FSP EITF 03-6-1 is effective for financial statements issued for fiscal years beginning on or after December 15, 2008 and earlier adoption is prohibited. We are not required to adopt FSP EITF 03-6-1; neither do we believe that FSP EITF 03-6-1 would have material effect on our consolidated financial position and results of operations if adopted.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts--and interpretation of FASB Statement No. 60". SFAS No. 163 clarifies how

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Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement of premium revenue and claims liabilities. This statement also requires expanded disclosures about financial guarantee insurance contracts. SFAS No. 163 is effective for fiscal years beginning on or after December 15, 2008, and interim periods within those years. SFAS No. 163 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In May 2008, the Financial Accounting Standards Board ("FASB") issued SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 sets forth the level of authority to a given accounting pronouncement or document by category. Where there might be conflicting guidance between two categories, the more authoritative category will prevail. SFAS No. 162 will become effective 60 days after the SEC approves the PCAOB's amendments to AU Section 411 of the AICPA Professional Standards. SFAS No. 162 has no effect on the Company's financial position, statements of operations, or cash flows at this time.

In March 2008, the Financial Accounting Standards Board, or FASB, issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities--an amendment of FASB Statement No. 133. This standard requires companies to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This Statement is effective for financial statements issued for

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fiscal years and interim periods beginning after November 15, 2008, with early application encouraged. The Company has not yet adopted the provisions of SFAS No. 161, but does not expect it to have a material impact on its consolidated financial position, results of operations or cash flows.

In December 2007, the SEC issued Staff Accounting Bulletin (SAB) No. 110 regarding the use of a "simplified" method, as discussed in SAB No. 107 (SAB 107), in developing an estimate of expected term of "plain vanilla" share options in accordance with SFAS No. 123 (R), Share-Based Payment. In particular, the staff indicated in SAB 107 that it will accept a company's election to use the simplified method, regardless of whether the company has sufficient information to make more refined estimates of expected term. At the time SAB 107 was issued, the staff believed that more detailed external information about employee exercise behavior (e.g., employee exercise patterns by industry and/or other categories of companies) would, over time, become readily available to companies. Therefore, the staff stated in SAB 107 that it would not expect a company to use the simplified method for share option grants after December 31, 2007. The staff understands that such detailed information about employee exercise behavior may not be widely available by December 31, 2007. Accordingly, the staff will continue to accept, under certain circumstances, the use of the simplified method beyond December 31, 2007. The Company currently uses the simplified method for "plain vanilla" share options and warrants, and will assess the impact of SAB 110 for fiscal year 2009. It is not believed that this will have an impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB issued SFAS No. 160, Noncontrolling Interests in Consolidated Financial Statements--an amendment of ARB No. 51. This statement amends ARB 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of

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a subsidiary. It clarifies that a noncontrolling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. Before this statement was issued, limited guidance existed for reporting noncontrolling interests. As a result, considerable diversity in practice existed. So-called minority interests were reported in the consolidated statement of financial position as liabilities or in the mezzanine section between liabilities and equity. This statement improves comparability by eliminating that diversity. This statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 (that is, January 1, 2009, for entities with calendar year-ends). Earlier adoption is prohibited. The effective date of this statement is the same as that of the related Statement 141 (revised 2007). The Company will adopt this Statement beginning March 1, 2009. It is not believed that this will have an impact on the Company's consolidated financial position, results of operations or cash flows.

In December 2007, the FASB, issued FAS No. 141 (revised 2007), Business Combinations'. This Statement replaces FASB Statement No. 141, Business Combinations, but retains the fundamental requirements in Statement 141. This Statement establishes principles and requirements for how the acquirer: (a) recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree; (b) recognizes and measures the goodwill acquired in the business combination or a gain from a bargain purchase; and (c) determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of



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the business combination. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. An entity may not apply it before that date. The effective date of this statement is the same as that of the related FASB Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements. The Company will adopt this statement beginning March 1, 2009. It is not believed that this will have an impact on the Company's consolidated financial position, results of operations or cash flows.

In February 2007, the FASB, issued SFAS No. 159, The Fair Value Option for Financial Assets and Liabilities--Including an Amendment of FASB Statement No. 115. This standard permits an entity to choose to measure many financial instruments and certain other items at fair value. This option is available to all entities. Most of the provisions in FAS 159 are elective; however, an amendment to FAS 115 Accounting for Certain Investments in Debt and Equity Securities applies to all entities with available for sale or trading securities. Some requirements apply differently to entities that do not report net income. SFAS No. 159 is effective as of the beginning of an entity's first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of the previous fiscal year provided that the entity makes that choice in the first 120 days of that fiscal year and also elects to apply the provisions of SFAS No. 157 Fair Value Measurements. The Company will adopt SFAS No. 159 beginning March 1, 2008 and is currently evaluating the potential impact the adoption of this pronouncement will have on its consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements. This statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. This statement applies under other accounting pronouncements that require or permit fair value measurements, the Board having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. Accordingly, this statement does not require any new fair value

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measurements. However, for some entities, the application of this statement will change current practice. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including financial statements for an interim period within that fiscal year. The Company will adopt this statement March 1, 2008, and it is not believed that this will have an impact on the Company's consolidated financial position, results of operations or cash flows.

### h. Basic Income (Loss) Per Share

In accordance with SFAS No. 128-"Earnings Per Share", the basic loss per common share is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding. Diluted loss per common share is computed similar to basic loss per common share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. At March 31, 2009, the Company has no stock equivalents that were anti-dilutive and excluded in the earnings per share computation.

### i. Cash and Cash Equivalents

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For purposes of the statement of cash flows, the company considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. As of March 31, 2009 the company had cash of \$7.

### j. Liabilities

Liabilities are made up of current liabilities and long-term liabilities. Current liabilities include accounts payable of \$92,477. There are no long-term liabilities outstanding for the company.

### Share Capital

#### a) Authorized:

100,000,000 common shares with a par value of \$0.001

#### b) Issued:

As of March 31, 2009, there are seventy million three hundred seventy six thousand four hundred eighty five. (70,376,485) shares issued and outstanding at a value of \$0.001 per share

There are no preferred shares authorized. The Company has issued no preferred shares.

The Company has no stock option plan, warrants or other dilutive securities.

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### k. Advertising

The company has not paid any advertising expenses to date.

### NOTE 3 - GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern, which contemplates the realization of assets and the liquidation of liabilities in the normal course of business. However, the Company has accumulated a loss and is new. This raises substantial doubt about the Company's ability to continue as a going concern. The financial statements do not include any adjustments that might result from this uncertainty.

As shown in the accompanying financial statements, the Company has incurred a net loss of \$745,734 for the period from inception to March 31, 2009 and has not generated any revenues. The future of the Company is dependent upon its ability to obtain financing and upon future profitable operations from the development of acquisitions. Management has plans to seek additional capital through a private placement and public offering of its common stock. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts of and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

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### ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

#### FORWARD LOOKING STATEMENTS.

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The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements involve risks and uncertainties, including statements regarding Southern Energy Company Inc.'s (the "Company") capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. In evaluating these statements, you should consider various factors, including the risks outlined below, and, from time to time, in other reports the Company files with the SEC. These factors may cause the Company's actual results to differ materially from any forward-looking statement. The Company disclaims any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

As used in this quarterly report, the terms "we," "us," "our," and "our company" mean Southern Energy Company Inc. unless otherwise indicated. All dollar amounts in this quarterly report are in U.S. dollars unless otherwise stated.

### OVERVIEW.

Southern Energy Company Inc. was incorporated in the state of California as Astro Systems and Engineering, Inc. on March 22, 1982. On May 28 1985, the company changed its name to Astro Sciences Corporation. On February 8 1996, the company changed its name to Chatcom, Inc. In September 1999 the company filed petition under Chapter XI of the Federal Bankruptcy Code. On August 15, 2007 the company changed its name to Southern Energy Company Inc. On December 13, 2007 the company re-domiciled to the state of Nevada.

The company is in the business of finding and developing coal and other mineral properties in North and South America.

We are an exploration stage company and we have not realized any revenues to date. We do not have sufficient capital to enable us to commence and complete our exploration program. We will require financing in order to conduct the exploration program described in the section entitled, "Business of the Issuer."

We are not a "blank check company," as we do not intend to participate in a reverse acquisition or merger transaction. A "blank check company" is defined by securities laws as a development stage company that has no specific business plan or purpose or has indicated that its business plan is to engage in a merger or acquisition with an unidentified company or companies, or other entity or person.

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### RESULTS OF OPERATIONS FOR THE PERIOD ENDED MARCH 31, 2009.

The accompanying financial statements show that the Company has incurred a net loss of \$10,237 for the three month period ended March 31, 2009 and has not yet generated any revenues that can offset operating expenses. We anticipate that we will not earn revenues until such time as we have entered into commercial production, if any, of our mineral properties. We are presently in the exploration stage of our business and we can provide no assurance that we will discover commercially exploitable levels of mineral resources on our properties, or if such resources are discovered, that we will enter into commercial

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production of our mineral properties.

### LIQUIDITY AND FINANCIAL CONDITION.

Based on our current operating plan, we do not expect to generate revenue that is sufficient to cover our expenses for at least the next year. In addition, we do not have sufficient cash and cash equivalents to execute our operations for the next year. We will need to obtain additional financing to operate our business for the next twelve months. We will raise the capital necessary to fund our business through a private placement and public offering of our common stock. Additional financing, whether through public or private equity or debt financing, arrangements with shareholders or other sources to fund operations, may not be available, or if available, may be on terms unacceptable to us. Our ability to maintain sufficient liquidity is dependent on our ability to raise additional capital. If we issue additional equity securities to raise funds, the ownership percentage of our existing shareholders would be reduced. New investors may demand rights, preferences or privileges senior to those of existing holders of our common stock. Debt incurred by us would be senior to equity in the ability of debt holders to make claims on our assets. The terms of any debt issued could impose restrictions on our operations. If adequate funds are not available to satisfy either short or long-term capital requirements, our operations and liquidity could be materially adversely affected and we could be forced to cease operations.

### OFF-BALANCE SHEET ARRANGEMENTS.

We have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to stockholders.

### INFLATION.

In the opinion of management, inflation has not had a material effect on our operations.

### CONSULTANTS.

The Company currently has no stock option plan.

### RESEARCH AND DEVELOPMENT EXPENDITURES.

We have not incurred any research or development expenditures since our incorporation.

### PATENTS AND TRADEMARKS.

We do not own, either legally or beneficially, any patent or trademark.

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### REGISTRATION STATEMENT.

On June 27, 2006, we filed a SB-1 with the Security and Exchange Commission as defined in Rule 12b-2 (ss. 240.12b-2) of the Securities Exchange Act of 1934 (the "Exchange Act"). The purpose of this registration was to register a class of securities under Section 12 (g) of the Exchange Act. In July of 2006, The Company filed an amendment to the registration statement on the form SB-1.

### HOLDERS OF OUR COMMON STOCK.

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As of March 31, 2009, we had approximately 270 stockholder(s) holding 70,376,485 shares of our common stock.

### DIVIDENDS.

There are no restrictions in our articles of incorporation or bylaws that prevent us from declaring dividends. The Nevada Revised Statutes, however, do prohibit us from declaring dividends where, after giving effect to the distribution of the dividend:

1. We would not be able to pay our debts as they become due in the usual course of business; or
2. Our total assets would be less than the sum of our total liabilities plus the amount that would be needed to satisfy the rights of shareholders who have preferential rights superior to those receiving the distribution.

We have not declared any dividends and we do not plan to declare any dividends in the foreseeable future.

### ITEM 3. CONTROLS AND PROCEDURES.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Because of the inherent limitations of internal control, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known

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features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

As of March 31, 2009 management assessed the effectiveness of our internal control over financial reporting based on the criteria for effective internal control over financial reporting established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and SEC guidance on conducting such assessments. Based on that evaluation, they concluded that, during the period covered by this report, such internal controls and procedures were not effective to detect the inappropriate application of US GAAP rules as more fully described below. This was due to deficiencies that existed in the design or operation of our internal controls over financial reporting that adversely affected our internal controls and that may be considered to be material weaknesses.

The matters involving internal controls and procedures that our management considered to be material weaknesses under the standards of the Public Company Accounting Oversight Board were: (1) lack of a functioning audit committee due to a lack of a majority of independent members and a lack of a majority of outside directors on our board of directors, resulting in ineffective oversight in the establishment and monitoring of required internal controls and procedures; (2) inadequate segregation of duties consistent with control objectives; and (3) ineffective controls over period end financial disclosure and reporting processes. The aforementioned material weaknesses were identified by our Chief Executive Officer in connection with the review of our financial statements as of March 31, 2009

Management believes that the material weaknesses set forth in items (2) and (3) above did not have an effect on our financial results. However, management believes that the lack of a functioning audit committee and the lack of a majority of outside directors on our board of directors results in ineffective oversight in the establishment and monitoring of required internal controls and procedures, which could result in a material misstatement in our financial statements in future periods.

### MANAGEMENT'S REMEDIATION INITIATIVES.

In an effort to remediate the identified material weaknesses and other deficiencies and enhance our internal controls, we have initiated, or plan to initiate, the following series of measures:

We will create a position to segregate duties consistent with control objectives and will increase our personnel resources and technical accounting expertise within the accounting function when funds are available to us. And, we plan to appoint one or more outside directors to our board of directors who shall be appointed to an audit committee resulting in a fully functioning audit committee who will undertake the oversight in the establishment and monitoring of required internal controls and procedures such as reviewing and approving estimates and assumptions made by management when funds are available to us.

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Management believes that the appointment of one or more outside directors, who shall be appointed to a fully functioning audit committee, will remedy the lack of a functioning audit committee and a lack of a majority of outside directors on our Board.

We anticipate that these initiatives will be at least partially, if not fully, implemented by December 31, 2009. Additionally, we plan to test our updated controls and remediate our deficiencies by December 31, 2009.

### CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING.

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There was no change in our internal controls over financial reporting that occurred during the period covered by this report, which has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

### PART II. OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any material legal proceedings and to our knowledge, no such proceedings are threatened or contemplated.

#### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

Not applicable.

#### ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

No matters were submitted to our security holders for a vote during the period ending March 31, 2009.

#### ITEM 5. OTHER INFORMATION.

None.

#### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

Exhibit Number	Description of Exhibit
3.1	Articles of Incorporation(1)
3.2	Bylaws(1)
31.1	Certification by Chief Executive Officer and Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act, promulgated pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith
32.1	Certification by Chief Executive Officer and Chief Financial Officer, required by Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code, promulgated pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith

(1) Filed with the SEC as an exhibit to our Company's Registration Statement on Form S-3, filed with the Commission on November 21, 1995.

### SIGNATURES

In accordance with the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: May 19, 2009

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Southern Energy Company Inc.

Signature -----	Title -----	Date -----
By: /s/ Ricardo Munoz ----- Ricardo Munoz	Chief Executive Officer, Chief Financial Officer, President, Secretary, Treasurer and Director (Principal Executive Officer and Principal Accounting Officer)	May 19, 2009