SOUTHERN ENERGY CORP. ANNOUNCES STRATEGIC ASSET ACQUISITION, $8.0 MILLION BOUGHT DEAL EQUITY FINANCING AND RIGHTS OFFERING

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Calgary, Alberta – April 25, 2019 – Southern Energy Corp. ("**Southern**" or the "**Company**") (SOU: TSXV), a U.S.-focused growth-oriented oil and natural gas producer, is pleased to announce that its wholly-owned subsidiary, Southern Energy CMS, LLC, has entered into an agreement (the "**Acquisition Agreement**") with an arm's length private company to acquire assets in the State of Mississippi (the "**Assets**") for cash consideration of US$16.5 million ($22.0 million), subject to customary adjustments (the "**Acquisition**").

The Assets include high-quality, low-decline, operated production of approximately 1,000 boe/d (97% gas) with control of strategic facilities and infrastructure that are highly complementary to Southern's existing Mississippi operations. The Acquisition represents a continuation of Southern's strategy to develop conventional and unconventional light oil and natural gas resources in the SE Gulf States of Mississippi, Alabama and Louisiana.

"We are very pleased with this Acquisition as it is a significant step toward our goal of reaching 10,000 boe/d of production in the next 18 – 24 months", said Ian Atkinson, President & CEO of Southern. "The Assets immediately increase our production by over 65% and fit seamlessly with our current operations while contributing to an enhanced platform in the region for continued growth", continued Mr. Atkinson. "In addition to more than doubling our forecasted corporate cash flow, the Assets offer production optimization and netback improvement opportunities."

The Acquisition will be fully funded through a combination of a bought-deal prospectus offering of subscription receipts, totalling approximately $8.0 million (the "**Financing**") (as described below), availability under the Company's current and expected increased debt facility, and cash on hand. With an effective date of January 31, 2019, closing of the Acquisition is expected to occur on or about May 31, 2019, subject to customary closing conditions and regulatory approvals.

STRATEGIC RATIONALE AND BENEFITS OF THE ACQUISITION

The Acquisition strengthens Southern's business model and complements its existing operations while sharpening its focus on growing natural gas production and reserves in the SE Gulf States. The Assets provide a very low base decline of less than 5% with current operating costs of approximately $2.20/boe. Upon the completion of the Acquisition, management expects to optimize volumes with minimal capital expenditure while also further lowering operating costs through field synergies.

Pro forma, Southern's production is anticipated to exceed 2,550 boe/d (10% oil and liquids) which is an increase of over 65%. The Company's corporate operating costs on a per boe basis will be reduced by 30%, while corporate cash flow is forecast to increase by more than 100%.

Acquisition highlights and anticipated associated benefits include:

- Stable, low-decline base production with low operating costs and high netbacks;
- Minimal capital requirements to potentially optimize base production;
- Opportunity to convert probable reserves to proved developed producing ("**PDP**") at no cost to

Southern due to continued strong well performance in the Mount Olive East Field, which is characterized by stable, low decline natural gas production;

- Potential to further lower operating costs related to operational synergies associated with Southern's existing assets at Gwinville and Williamsburg;
- Owned and operated infrastructure in two new core areas that offer potential oil drilling into the Cotton Valley formation; and
- Based on the report in respect to the Assets prepared by Netherland, Sewell & Associates, Inc. ("**NSAI**") dated effective January 31, 2019, the Acquisition materially enhances the Company's reserves as follows:
  - o 2.42 MMboe of PDP reserves, an increase of 46% over Southern's year end 2018 reserves; and
  - o After completion of the Acquisition, Southern will have PDP reserves of 7.68 MMboe.

SUMMARY OF THE ASSETS

Total purchase price(1)	$22.0 million
Current production	1,000 boe/d (3% oil & liquids)
Annual decline rate(2)	< 5%
Land position	~4,500 net acres
Projected 12-month cash flow from operations(3)	$5.1 million
Forecast 2019 operating costs(4)	$2.20 per boe
Forecast 2019 operating netbacks(4)	$13.50 per boe

Reserves(5)

Category	**Reserves (MMboe)**	**NPV10***
PDP	2.42 MMboe	$21.4 million
Proved	2.45 MMboe	$22.4 million
P+P	3.01 MMboe	$27.6 million
P+P RLI (6)	8.25 years	

*NPV10 is the net present value of future net revenues (discounted at 10%) before tax.

KEY PURCHASE PRICE & ACQUISITION METRICS

Current production	$22,000 per boe/d
PDP reserves (5)	$9.10 per boe
Proved reserves (5)	$9.00 per boe
P+P reserves (5)	$7.30 per boe
PDP reserves NPV10 (5)	1.02x
Proved reserves NPV10 (5)	0.98x
P+P reserves NPV10 (5)	0.80x
Projected 12-month cash flow from operations (3)	4.3x
Projected 12-month operating cash flow accretion (3)	82%
Projected 12-month production accretion (3)	66%
PDP reserves accretion (5)	46%
2P reserves accretion (5)	25%
Operating cost reduction (4)	32%

Notes:

1. Subject to customary adjustments for a transaction of this nature.
2. Based on 2018 actual production.
3. Projected cash flows from operations, cash flow accretion and production accretion based on forecast production and cash flows for

the 12-month period ending February 2020 using a flat commodity price forecast of US$2.90/MMBTU Henry Hub and US$62/bbl WTI, and a Canadian/US dollar exchange rate of $1.33.

4. Operating netback does not have any standard meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures for other entities. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis. Southern considers operating netback as an important measure to evaluate its operational performance as it demonstrates its field level profitability relative to current commodity prices. The estimated operating netback was derived using a flat commodity price forecast of US$2.90/MMBTU Henry Hub and US$62/bbl WTI, and a Canadian/US dollar exchange rate of $1.33.
5. Gross Company Reserves. Reserves were prepared by NSAI dated effective January 31, 2019 using the GLJ January 1, 2019 forecast prices and costs in accordance with National Instrument 51-101 – Standards of Disclosure of Oil and Gas Activities and the Canadian Oil and Gas Evaluation Handbook (the "**NSAI Report**"). Gross Company Reserves means the company's working interest reserves before the calculation of royalties, and before the consideration of the company's royalty interests. Estimates of future net revenue do not represent fair market value.
6. The reserve life index ("**RLI**") is calculated by dividing P+P reserves estimated at 3.01 MMboe with estimated current production of 1,000 boe/d. RLIs are not necessarily comparable between different issuers as there may be variation in calculation methodology. Management views RLI as a useful measure of the length of time the reserves would be produced at the estimated rate of production.

FINANCING DETAILS

Prospectus Offering

In connection with the Acquisition, Southern has entered into an agreement with a syndicate of underwriters led by Laurentian Bank Securities Inc. and Mackie Research Capital Corporation as co-lead underwriters and joint bookrunners, and including Eight Capital and Cormark Securities Inc. (the "**Underwriters**"), pursuant to which the Underwriters have agreed to purchase for resale to the public, on a bought-deal basis, 72,728,000 subscription receipts ("**Subscription Receipts**") of Southern at a price of $0.11 per Subscription Receipt for aggregate gross proceeds of approximately $8.0 million.

In addition, the Underwriters have the option to purchase up to an additional 15% of the Subscription Receipts issued under the Financing at a price of $0.11 per Subscription Receipt to cover over-allotments exercisable in whole or in part at any time until 30 days after the closing of the Financing (the "**Underwriters' Option**").

Gross proceeds from the sale of Subscription Receipts will be held in escrow pending the completion of the Acquisition. If the Underwriters are satisfied that there is no material impediment to the completion of the Acquisition in accordance with the terms of the definitive agreement in respect of the Acquisition (other than funding) before 5:00 p.m. (Calgary time) on June 30, 2019, net proceeds from the sale of the Subscription Receipts will be released from escrow to Southern and each Subscription Receipt will automatically be exchanged for one common share of Southern ("**Common Share**") for no additional consideration and without any action on the part of the holder. If the Acquisition is not completed by or before 5:00 p.m. (Calgary time) on June 30, 2019, the purchase price for the Subscription Receipts will be returned pro rata to subscribers, together with a pro rata portion of interest earned on the escrowed funds.

The Subscription Receipts will be distributed by way of a short form prospectus in all provinces of Canada (excluding Québec) and on a private placement basis in the United States pursuant to exemptions from the registration requirements of the U.S securities laws. Completion of the Financing is subject to customary closing conditions and receipt of all necessary regulatory approvals, including by the TSX Venture Exchange (the "**TSXV**"). Closing of the Financing is expected to occur on or about May 15, 2019.

The Company intends to use the net proceeds from the Financing, including net proceeds received from the exercise of the Over-Allotment Option, if any, to fund the Acquisition.

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 of 1933, as amended (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.

FINANCIAL ADVISOR AND FAIRNESS OPINION

Laurentian Bank Securities is acting as exclusive financial advisor to Southern with respect to the Acquisition. Laurentian has provided its verbal opinion that, subject to their review of the final form of the documents effecting the Acquisition, the consideration to be paid by Southern pursuant to the terms of the Acquisition is fair, from a financial point of view. Mackie Research Capital Corporation is acting as a strategic advisor to Southern with respect to the transaction. Stikeman Elliott LLP is acting as legal advisor to Southern with respect to the Acquisition and the Financing.

RIGHTS OFFERING

Southern has also set May 10, 2019 as the date of record (the "**Record Date**") for the previously announced rights offering (the "**Rights Offering**") to the holders of Common Shares.

Requirements for participation in the Rights Offering include:

- Participants must be Canadian residents and shareholders of record on the Record Date (an "**Eligible Holder**"). In order to be an Eligible Holder, participants must purchase Common Shares on or before May 8, 2019 so any trades have time to settle prior to the Record Date.

- For every Common Share held, Eligible Holders will receive one transferable right (a "**Right**"). Four Rights will entitle the Eligible Holder to purchase one new Common Share at a price of $0.10 per Common Share.

- Participants must exercise their Rights prior to expiry at 4:00pm (Calgary time) on June 7, 2019 (the "**Expiry Date**"), and certificates representing Common Shares purchased under the Rights Offering are expected to be delivered to participants shortly after the Expiry Date.

- Shareholders who hold their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker (also called beneficial holders), will receive materials and instructions regarding the Rights Offering directly from their intermediary.

Rights Offering Details

Under the Rights Offering, each Eligible Holder of Common Shares on the Record Date who is a resident in any province or territory of Canada (the "**Eligible Jurisdictions**") will receive one Right for every Common Share held. Four Rights will entitle the holder to purchase one Common Share at a price of $0.10 per Common Share until the Rights expire at 4:00 p.m. (Calgary time) on Expiry Date.

There is no additional subscription privilege and no standby commitment in respect of the Rights Offering. The completion of the Rights Offering is not subject to Southern receiving any minimum amount of subscriptions from Eligible Holders.

All Southern shareholders as of the Record Date will be offered Rights, and the Rights Offering notice and related materials will be delivered and available on the Company's profile on SEDAR at www.sedar.com as soon as practicable following the Record Date. Assuming no additional Common Shares are issued in advance of the Record Date, up to 51,089,243 Common Shares may be subscribed for under the Rights Offering. Gross proceeds of up to approximately $5.1 million could be raised pursuant to the sale of Common Shares under the Rights Offering. Southern will use the proceeds from the Rights

Offering to advance the exploration and development of the Company's oil and gas assets and for working capital purposes.

Only registered shareholders who are Eligible Holders and resident in Eligible Jurisdictions will be issued and forwarded certificates representing the number of Rights they are entitled to ("**Rights Certificates**"). Registered shareholders wishing to exercise their Rights must forward the completed Rights Certificates along with the applicable funds to the depositary for the Rights Offering, Computershare Investor Services Inc., by 4:00 p.m. on the Expiry Date.

Completion of the Rights Offering is subject to receiving all necessary regulatory approvals, including, but not limited to, approval from the TSXV.

FOCUSING SOUTHERN'S ASSET BASE: CANADIAN ASSET DISPOSITION

With the view to becoming a truly U.S. pure play exploration and production company, Southern entered into a Purchase and Sale Agreement to sell substantially all of its remaining Canadian oil and natural gas assets for $0.64 million, prior to customary purchase price adjustments. The disposition is scheduled to close on April 30, 2019.

ABOUT SOUTHERN ENERGY CORP.

Southern Energy Corp. is an oil and natural gas exploration and production company. Southern has a primary focus on developing conventional and unconventional light oil and natural gas resources in the SE Gulf States of Mississippi, Alabama, and Louisiana. Our management team has extensive experience with developing assets through the utilization of horizontal drilling and multi-staged fracture completion techniques. We have a long and successful history of working together as a team and have created significant shareholder value through high quality engineering and geoscience work.

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READER ADVISORY

BOE Disclosure. *The term barrels of oil equivalent ("boe") may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel (6mcf:1bbl) of natural gas to barrels of oil equivalence is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. All boe conversions in the report are derived from converting gas to oil in the ratio mix of six thousand cubic feet of gas to one barrel of oil.*

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" or similar words suggesting future outcomes or statements regarding an outlook. Forward-looking information in this press release may include, but is not limited to, statements concerning timing of the Acquisition, amount of the purchase price of the Acquisition, expected production, cash flow and operating costs related to the Acquisition, expected number of future drilling locations related to the Acquisition, the anticipated closing date of the Financing, the use of proceeds from the Financing, the timing, amount and availability of the expected increase to the Company's debt facility, reserve estimates, future production levels, decline rates, future operational and technical synergies* *resulting from the Acquisition, future cash flows, future balance sheet flexibility, future acquisition opportunities, the Rights Offering and the number of securities to be issued by way of the Rights Offering.*

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including expectations and assumptions concerning the receipt of all approvals and satisfaction of all conditions to the completion of the Acquisition and the Financing, the timing of and success of future drilling, development and completion activities, the performance of existing wells, the performance of new wells, the availability and performance of facilities and pipelines, the geological characteristics of Southern's properties, the characteristics of the Assets, the successful integration of the Assets into Southern's operations, the successful application of drilling, completion and seismic technology, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, commodity prices, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the availability of capital, labour and services, the creditworthiness of industry partners and the ability to source and complete asset acquisitions.

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, and health, safety and environmental risks), constraint in the availability of services, commodity price and exchange rate fluctuations, changes in legislation impacting the oil and gas industry, 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 Annual Information Form for the year ended December 31, 2018.

Forward-looking information is based on a number of factors and assumptions which have been used to develop such information, but which may prove to be incorrect. Although Southern believes that the expectations reflected in its forward-looking information are reasonable, undue reliance should not be placed on forward-looking information because Southern can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this press release, assumptions have been made regarding and are implicit in, among other things, the timely receipt of any required regulatory approvals and the satisfaction of all conditions to the completion of the Acquisition and the Financing. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which have been used.

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: *Any financial outlook or future oriented financial information in this press release, as defined by applicable securities legislation, has been approved by management of Southern. Readers are cautioned that any such future-oriented financial information contained herein should not be used for purposes other than those for which it is disclosed herein. The Company and its management believe that the prospective financial information 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 activities or results.*

Non-IFRS Measures. *This press release provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Run rate cash flow and operating netback are not a recognized measure under IFRS. Management believes that in addition to net income (loss), run rate cash flow and operating netback are useful supplemental measures that demonstrates the Company's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that this measure should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Southern's performance. 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. Run rate cash flow is calculated based on annualized production and operating netback. Operating netback equals total petroleum and natural gas sales less royalties and operating costs calculated on a boe basis using the Company's commodity price forecast*

All dollar figures included herein are presented in Canadian dollars, unless otherwise noted.