



SOUTHERN ENERGY CORP. PROVIDES CORPORATE UPDATE AND CONFIRMS RESPONSE TO COVID-19

Calgary, Alberta – March 26, 2020 – Southern Energy Corp. (“Southern” or the “Company”) (SOU: TSXV) provides a corporate update in response to recent market volatility caused by the COVID-19 pandemic and continued commodity price weakness. Maintaining the strength of our balance sheet remains a top priority following the sudden decline in oil prices associated with recent global events.

Southern is pleased to confirm that in the interests of managing risk through an uncertain environment, the Company has secured fixed price hedges on production of 6,000 Mcf per day of natural gas at an average price of US\$2.55 per Mcf and 75 barrels (“bbl”) of oil per day at an average price of US\$55.65 per bbl through December 31, 2020. With these hedges, Southern has approximately 45% of its current production volumes hedged. In addition to these 2020 hedge positions, close to 35% of Southern’s budgeted natural gas production is hedged at an average price of US\$2.45/Mcf through 2021, positioning the Company to withstand further commodity price volatility.

Consistent with Southern’s business strategy, the Company continues to examine opportunities for potential accretive acquisition targets. Southern believes that pursuing acquisition targets offers superior rates of return in the current commodity price environment versus drilling.

The situation around the COVID-19 virus continues to evolve. We are focused on protecting the health and safety of our personnel while striving for business continuity. We have implemented several measures to foster resilience through these unpredictable times, including a work-from-home program. In keeping with Southern’s commitment to financial discipline, cost control and long-term sustainability, we have proactively reduced corporate salaries for all employees by 20% in response to COVID-19 and weakened commodity prices.

Southern has been informed by its third-party pipeline and gathering services provider for the Mechanicsburg assets that an operational event caused the pipeline company to direct all suppliers to suspend deliveries into the pipeline for an indeterminate period of time. Severe weather and heavy rains in the area caused a landslide that exposed a section of pipeline and required immediate shut-in due to safety concerns. The pipeline company has declared this to be a force majeure event and has advised it is actively working to rectify the issue and resume pipeline service as quickly as possible. As a result, Southern has shut-in approximately 550 boe/d (80% natural gas) of production from Mechanicsburg, representing approximately 23% of current volumes, until the situation is resolved. There is no other information available at this time on the duration of the interruption. Southern will provide updates as additional information becomes available.

Fourth Quarter and Year-End 2019 Financial Statements

The Company expects to file our fourth quarter and year-end 2019 audited financial statements, accompanying Management’s Discussion and Analysis (“MD&A”), and Annual Information Form (“AIF”) before April 30, 2020.

About Southern Energy Corp.

Southern Energy Corp. is an oil and natural gas production company. Southern has a primary focus on acquiring and developing conventional light oil and natural gas resources in the southeast Gulf States of Mississippi, Louisiana and Alabama. 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 horizontal drilling and multi-staged fracture completion techniques.

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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 (“Mcf”) of natural gas to barrels of oil (“bbls”) 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 this press release are derived from converting gas to oil in the ratio mix of six Mcf of gas to one bbl.*

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 includes, but is not limited to, statements concerning the ongoing effects of COVID-19 on general market conditions and commodity prices, the Company’s planned response to COVID-19 including business continuity plans, financial and operational effects from the suspension of deliveries on the Mechanicsburg gathering system, the timeline for resumption of deliveries on the Mechanicsburg gathering system, the financial condition of Southern, Southern’s examination of acquisition opportunities and the positive effects therefrom, the Company’s asset base, future production levels, costs/debt reducing activities and the expected timing of the Company’s year-end financial statements, MD&A and AIF.*

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including the effectiveness of Southern’s business continuity plans, continuing effect from COVID-19 on general market conditions and commodity prices, the performance of existing wells, the availability and performance of facilities and pipelines, the ability of Southern’s gathering services provider to resume deliveries at Mechanicsburg within a reasonable period of time, the geological characteristics of Southern’s properties, the characteristics of the its assets, benefits of current commodity pricing hedging arrangements, prevailing weather conditions, prevailing legislation affecting the oil and gas industry, 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); continuing negative effects of the COVID-19 pandemic on general market conditions and commodity prices; the potential for required COVID-19 preventative measures to delay resumption of deliveries on the Mechanicsburg gathering system; continuing destabilizing action from OPEC+ members causing further decline in oil prices; the uncertainty of reserve estimates; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks, especially given public health concerns arising from the COVID-19 pandemic; 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. Other risks faced by the Company are set out in more detail in Southern's Annual Information Form for the year ended December 31, 2018, which is available under the Company's SEDAR profile at www.sedar.com.

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.

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