SOUTHERN ENERGY CORP. ANNOUNCES Q3 2020 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta – November 30, 2020 – Southern Energy Corp. ("**Southern**" or the "**Company**") (SOU: TSXV) announces the release of its financial and operating results for the three and nine months ended September 30, 2020. Southern is an established producer with natural gas and light oil assets in Mississippi and Alabama (the "**Southeast Gulf States**") characterized by a stable, low-decline production base, a significant low-risk drilling inventory and strategic access to the best commodity pricing in North America. The Company's unaudited condensed consolidated interim financial statements (the "**Financial Statements**") and related management's discussion and analysis (the "**MD&A**") for the three and nine months ended September 30, 2020 are available on the Company's website at www.southernenergycorp.com and have been filed on SEDAR. All figures referred to in this news release are denominated in Canadian dollars, unless otherwise noted.

Third Quarter 2020 Highlights

- Adjusted funds flow from operations[1] was $1.1 million in Q3 2020 (51% higher than Q2 2020 and in-line with Q3 2019) and $2.6 million for the first nine months of 2020 (28% higher than the same period in 2019).
- Production of 13,215 Mcfe/d[2] in Q3 2020 was 12% higher than Q2 2020, attributable to Southern's Mechanicsburg assets resuming production in mid-June 2020, while volumes of 12,602 Mcfe/d[3] for the first nine months of the year were 6% higher than the same period of 2019. Increases reflect the impact of a strategic acquisition in 2019 offset by minimal maintenance capital invested in 2020 and natural declines.
- At September 30, 2020, bank debt and net debt[1] were reduced by $0.6 million (US$0.5 million) and $0.9 million, respectively, compared to the previous quarter, as Southern exited Q3 2020 with net debt[1] of $30.7 million, which is evidence of the Company's continued focus on capital preservation and strategic utilization of excess adjusted funds flow from operations[1].
- Production and operating costs of $1.20/Mcfe in Q3 2020 represented a 4% decline over the previous quarter and a 7% decline over the same period in 2019, due to streamlining business and operational processes and the optimization of field equipment and well setups.
- General and administrative ("**G&A**") costs relative to the respective periods in 2019 declined 18% to $861 thousand in Q3 2020 and 21% in the first nine months of 2020, as Southern recorded lower payroll, consulting and financial advisor fees and benefited from Government of Canada subsidies.
- Southern recorded positive adjusted working capital[1] of $1.2 million as at September 30, 2020, excluding royalty payables and bank debt and recorded minimal capital expenditures in Q3 2020, with $78 thousand invested in facilities, equipment and pipelines.
- Realized oil and natural gas prices for Q3 2020 averaged $50.37/bbl and $2.49/Mcf (Q3 2019 - $76.42/bbl and $2.76/Mcf), respectively, benefiting from pricing at US sales hubs which are

[1] See "Non-IFRS Measures" under "Reader Advisory" below".
[2] Q3/20 volumes weighted 92% to natural gas, 6.9% to oil and 1.2% to NGLs.
[3] Nine months ended Sept. 30 2020 volumes weighted 93% to natural gas, 6.6% to oil and 0.1% to NGLs.

currently trading at a premium to Canadian benchmark prices.

- Improved quarter-over-quarter operating netbacks by 15%, which averaged $1.64/Mcfe in Q3 2020, compared to $1.42/Mcfe in Q2 2020 and consistent with Q3 2019, as the year-over-year change reflected lower commodity prices offset by lower royalty expenses, higher realized gains on derivatives and reduced operating costs.

"The Company continued to focus on identifying opportunities to enhance operational performance while exercising disciplined cost control and prudently deploying capital during the period. Southern benefited from stronger commodity prices in Q3 2020 relative to the previous quarter, and is encouraged by the improved outlook for natural gas prices stemming from significant gas supply reductions associated with curtailed drilling activity at the same time as seeing record LNG exports from the U.S.," said Ian Atkinson, Southern's President & CEO. "With our low cost, low decline rate on our stable asset base, we can preserve capital and focus on generating excess adjusted funds flow[1] from operations to continue strategically responding to an ever-changing environment."

Financial & Operating Highlights

(000s, except $ per share)	**Three months ended Sept 30, 2020**	**2019**	**Nine months ended Sept 30, 2020**	**2019**
Petroleum and natural gas sales	**$ 3,537**	$ 5,145	**$ 9,412**	$ 13,604
Adjusted funds flow from operations (2)	**1,136**	1,143	**2,564**	2,000
Per share (1)	**0.01**	0.01	**0.01**	0.01
Net loss from continuing operations	**(2,958)**	(1,081)	**(15,045)**	(3,109)
Net loss per share from continuing operations				
Per share (1)	**(0.01)**	(0.00)	**(0.07)**	(0.01)
Total net loss	**(2,958)**	(1,081)	**(15,045)**	(3,086)
Total net loss per share				
Per share (1)	**(0.01)**	(0.00)	**(0.07)**	(0.01)
Capital expenditures	**78**	595	**119**	22,754
Weighted average shares outstanding				
Basic	**220,770**	223,770	**220,770**	212,321
Fully diluted	**220,770**	223,770	**220,770**	212,321
As at period end				
Common shares outstanding				
Basic	**220,770**	223,770	**220,770**	223,770
Fully diluted	**220,770**	223,770	**220,770**	223,770
Total assets	**36,290**	59,602	**36,290**	59,602
Non-current liabilities	**12,583**	12,493	**12,583**	12,493
Net debt (2)	**$ 30,719**	$ 32,130	**$ 30,719**	$ 32,130

Notes:
(1) Basic and fully diluted weighted average shares outstanding.
(2) See "Reader Advisories – Non-IFRS Measures".

Outlook

To further support the Company's near and longer-term sustainability, Southern has entered into fixed price hedges on production of 6,000 Mcf/d of natural gas at an average price of US$2.55/Mcf through December 31, 2020. These hedged volumes equate to approximately 45% of the Company's current production. Southern also entered into a buy-back swap on April 27, 2020, for 75 Bbl/d of oil production. This transaction, in combination with the Southern's two existing oil swaps, provides the Company with realized proceeds of US$68 thousand per month for the balance of 2020. Approximately 45% of Southern's budgeted calendar 2021 natural gas production is also hedged at an average price of US$2.45/Mcf.

Natural gas pricing had been challenged during the first nine months of 2020, primarily due to strong supply growth from the associated natural gas in the Permian combined with a global pandemic and weaker global LNG demand as a result of Covid-19 related demand destruction following warm winters in Europe and Asia. However, this has changed dramatically due to the demand destruction of oil caused by COVID-19 and the large reduction in rig counts resulting from lower oil prices. Southern believes the decrease in new oil and natural gas wells being drilled should be beneficial to natural gas prices over the medium to long term. This has been evident as the calendar 2021 strip pricing for Henry Hub is currently trading at an average of US$2.82/MMBtu. The U.S. natural gas market dynamic is rapidly changing with significant production declines of more than 10 Bcf/d of U.S gas production to date year-on-year at the same time as new record U.S. LNG exports of more than 10 Bcf/d.

As a result of its very low corporate decline rate, Southern is able to expend minimal capital to maintain production volumes, and has set a conservative capital program of $0.1 million for the remainder of 2020, designed to protect the balance sheet and enhance overall sustainability. The capital program will be funded through excess adjusted funds flow from operations[1] and management will continue to actively monitor the operating and pricing environment to determine whether incremental financial or operating adjustments are required.

Based on the Company's long-term strategy, management intends to continue building a socially-responsible and environmentally-conscious company seeking to develop and consolidate prolific reservoirs situated outside of more expensive shale basins. With the forward curve for natural gas showing significant structural improvement, Southern believes there may be opportunities to execute accretive asset acquisitions at attractive valuations to ultimately enhance its asset base, grow production volumes, and drive cash flow generation.

Southern thanks all of its shareholders, employees and other stakeholders for their ongoing support through these challenging market conditions.

Subsequent Event

Subsequent to September 30, 2020, Southern entered into a first amendment and second amendment (the **"Credit Facility Amendments"**) to the Amended and Restated Credit Agreement dated July 20, 2020 between Southern and its lenders (the **"A&R Credit Agreement"**). The Credit Facility Amendments resulted in: (a) the redetermination of the Company's borrowing base limit to US$13.3 million (US$8.5 million under the Company's conforming facility and US$4.8 million under the Company's non-conforming facility) to account for debt repayments made during the year;(b) a waiver for non compliance of the leverage ratio financial covenant under the A&R Credit Agreement as at September 30, 2020; and (c) the extension of the maturity date under the non-conforming facility to February 1, 2021

[1] See "Non-IFRS Measures" under "Reader Advisory" below".

(the same as the conforming facility).

Annual General Meeting of Shareholders

Southern will be holding its Annual General and Special Meeting of shareholders of the Company (the "**Meeting**") on December 8, 2020 at 10:00 a.m. (Calgary time). The Meeting will be held at its offices located at Suite 2400, 333 - 7th Avenue S.W., Calgary, AB, T2P 2Z1. In accordance with current public health guidelines, non-registered shareholders will not be allowed to physically attend the Meeting, and Southern strongly discourages registered shareholders from physically attending the Meeting. In order to ensure as many common shares as possible are represented at the Meeting, Southern strongly encourages registered shareholders to complete and deliver their form of proxy. Shareholders may also use the following information to listen to the Meeting via webcast (however, voting will not be permitted via webcast):

> Webcast: Via Zoom using the following link to register for the Meeting, https://us02web.zoom.us/webinar/register/WN_YOmcpE-ATu2eca7vuK24Tg

About Southern Energy Corp.

Southern Energy Corp. is an oil and natural gas exploration and 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 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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READER ADVISORY

MCFE Disclosure. *Natural gas liquids volumes are recorded in barrels of oil (bbl) and are converted to a thousand cubic feet equivalent ("**Mcfe**") using a ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Natural gas volumes recorded in thousand cubic feet (Mcf) are converted to barrels of oil equivalent ("**boe**") using the ratio of six (6) thousand cubic feet to one (1) barrel of oil (bbl). Mcfe and boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl or a Mcfe conversion ratio of 1 bbl:6 Mcf is based in an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, given that the value ratio based on the current price of oil as compared with natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 mcf:1 bbl or a Mcfe conversion ratio of 1 bbl:6 Mcf may be misleading as an indication of value.*

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 the Company's asset base, future commodities pricing, the effect of market conditions on the Company's performance, future production levels, acquisition opportunities, costs/debt reducing activities, the Company's capital program for the remainder of 2020 and the funding thereof.*

The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including 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 its assets, the successful application of drilling, completion and seismic technology, benefits of current commodity pricing hedging arrangements, 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, negative effects of the current COVID-19 pandemic, 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, 2019.

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. Adjusted funds flow from operations, operating netback, adjusted working capital, net debt and free cash flow are not recognized measures under IFRS. Readers are cautioned that these non-IFRS measures should not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS. These non- IFRS measures provide additional information that management believes is meaningful in describing the Company's operational performance, liquidity and capacity to fund capital expenditures and other activities. Management uses adjusted funds flow from operations and free cash flow as key measures to assess the ability of the Company to finance operating activities, capital expenditures and debt repayments. Management considers operating netback an important measure to evaluate its operational performance, as it demonstrates field level profitability relative to current commodity prices. Management monitors adjusted working capital and net debt as part of its capital structure in order to fund current operations and future growth of the Company. 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. Adjusted funds flow from operations is calculated based on cash flow from operative activities before changes in non-cash working capital and cash decommissioning expenditures. Net debt is defined as long-term debt plus adjusted working capital surplus or deficit. Operating netback equals total oil and natural gas sales less royalties, production taxes, operating expenses, transportation costs and realized gain / (loss) on derivatives. Adjusted working capital is calculated as current assets less current liabilities, removing current derivative assets/liabilities, the current portion of bank debt, and the current portion of lease liabilities. Free cash flow is defined as cash flows from operating activities, plus discretionary cash generated by the Company from other activities (if any), less lease payments and net capital expenditures. Please refer to the MD&A for additional* *information relating to non-IFRS measures, which is available on the Company's website at www.southernenergycorp.com and filed on SEDAR.*

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