



**SOUTHERN ENERGY CORP. ANNOUNCES UP TO \$6.0 MILLION UNIT FINANCING,  
DEBT RESTRUCTURING AND ADDITION OF PAUL BAAY AS SPECIAL ADVISOR TO THE BOARD  
OF DIRECTORS**

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**Calgary, Alberta – April 22, 2021 – Southern Energy Corp. ("Southern" or the "Company")** (SOU: TSXV) is pleased to announce a non-brokered private placement (the "**Private Placement**") for gross proceeds of up to C\$6.0 million. Pursuant to the Private Placement, Southern will issue up to 150,000,000 units ("**Units**") of the Company at a price of C\$0.04 per Unit, each Unit being comprised of one common share of Southern (each, a "**Common Share**") and one Common Share purchase warrant (each, a "**Warrant**"). Each Warrant will entitle the holder to purchase one Common Share at a price of C\$0.04 for a period of two years from the date of issuance. The Company also announces the proposed restructuring of its indebtedness, including the execution of a commitment letter with Invico Diversified Income Limited Partnership ("**Invico**"), a funding vehicle managed by Invico Capital Corporation, a Calgary based private capital manager with C\$950 million of assets under management, in respect of a senior secured term loan of up to US\$8.5 million ("**New Facility**") and an agreement with its existing lenders in respect of the payout and discharge of the Company's existing credit facility ("**Old Facility**") of US\$12.7 million currently outstanding for a total of approximately US\$8.1 million including accrued interest and fees.

The New Facility, which is expected to close on or before April 30, 2021 subject to the satisfaction of certain conditions, including the execution of definitive loan documentation, will have a term of three years from closing. Up to US\$5.5 million will be available at closing and the balance will be available in multiple advances until December 31, 2021. Amounts drawn will bear an interest rate of 12.00% per annum. Invico will also receive customary commitment and work fees. Subject to the approval of the TSX Venture Exchange (the "**TSXV**"), the Company will issue up to 41,250,000 Common Share purchase warrants ("**Facility Warrants**") to Invico upon closing of the initial advance. Each Facility Warrant will entitle Invico to purchase one Common Share at a price of C\$0.05 for a period of three years from the date of issuance, subject to early expiration in certain circumstances.

Southern has reached an agreement with its lenders to waive existing events of default under the Old Facility and to payout and discharge the entirety of the Old Facility for approximately US\$8.1 million on or before April 30, 2021. "The major restructuring of the Company's indebtedness reduces the first lien debt position from US\$12.7 million to US\$5.5 million significantly reducing the Company's financing costs," said Calvin Yau, Southern's VP Finance and CFO. Southern will use the proceeds of the Private Placement and the New Facility to repay and retire the Old Facility and for development activities and general working capital purposes.

The Common Shares, Warrants and Facility Warrants will be subject to a four month hold period under applicable securities laws in Canada and the rules and policies of the TSXV. The Private Placement is expected to close on or before April 30, 2021, subject to customary closing conditions, including the approval of the TSXV. The pricing of the Private Placement has been determined in reliance on the Temporary Relief Measures of the C\$0.05 Minimum Pricing Requirement established by the TSXV on April 8, 2020 (the "**Temporary Relief Measures**"). In connection with the Private Placement and pursuant

to the Temporary Relief Measures, the Company has agreed, subject to shareholder approval, to complete a consolidation of its Common Shares on or before December 31, 2021 such that the effective exercise price of the Warrants, on a post-consolidation basis, will be above C\$0.05 per Common Share (the "**Consolidation**"). Warrants issued pursuant to the Private Placement will not be exercisable until the Consolidation has occurred.

Hannam & Partners, a leading London UK based independent investment bank has been retained by the Company, along with Eight Capital, to consider, evaluate and implement financing alternatives in respect of possible acquisition opportunities in the U.S. Gulf Coast States. Hannam & Partners provides specialist advice and access to capital with sector expertise in natural resources and financial services.

"We are strategically positioning the Company to accelerate our business strategy of consolidating low decline natural gas weighted assets in the southeast Gulf Coast area of the United States," stated Ian Atkinson, President & CEO of the Company. "We see this as an important and exciting first step as we embark on our bold strategy for significant growth through consolidation and organic development opportunities. Working with a group like Hannam & Partners who have established themselves as leaders in the London equity markets opens up opportunities for Southern that don't exist today."

#### **Board of Director - Special Advisor**

Southern is also pleased to announce the addition of Mr. Paul Baay as a Special Advisor to the Board of Directors. Mr. Baay is a Director and President and Chief Executive Officer of Touchstone Exploration Inc. with over 25 years of experience leading oil and gas exploration and production companies. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago with its common shares traded on the Toronto Stock Exchange and the AIM market of the London Stock Exchange (AIM:TXP, TSX:TXP). "We are excited to add Paul Baay as a special advisor to our Board of Directors as we transition our Company to the next phase" added Mr. Atkinson.

"We are excited to introduce new shareholders into the company on a raise that was well received with investment coming from groups across North America and Europe", continued Mr. Atkinson "We have cleaned up the balance sheet by cutting leverage by nearly 40% which unlocks significant value of the Company's existing assets. We are pleased to welcome and work with our new advisors which will help support the Company as it pursues growth opportunities for onshore US Gulf Coast assets and believe in a period of exciting growth ahead."

#### **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 natural gas and light oil resources in the southeast Gulf States of Mississippi, Louisiana, and East Texas. 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 re-development strategies utilizing horizontal drilling and multi-staged fracture completion techniques.

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**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 Southern's business strategy, objectives, strength and focus, including growth through consolidations and organic development; the issuance of the Units, Common Shares and Warrants; the approval of the TSXV, the availability of the Temporary Relief Measures and Southern's ability to rely on the same; Southern's ability to effect the Consolidation and the terms thereof; the closing date of the Private Placement and the New Facility; and the intended use of proceeds, including the payout of the Old Facility. The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including the execution of definitive documentation in respect of the New Facility and the terms and conditions thereof and the timely receipt of all required regulatory and third-party approvals, including TSXV approval of the Private Placement and the issuance of the Facility Warrants. 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; 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, 2019, which is available under the Company's SEDAR profile at [www.sedar.com](http://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.*

*This press release is not an offer of the securities for sale in the United States. The securities may not be offered or sold in the United States absent registration or an available exemption from the registration requirements of the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") and applicable U.S. state securities laws. Southern will not make any public offering of the securities in the United States. The securities have not been and will not be registered under the U.S. Securities Act. 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.*

*This news release contains future-oriented financial information and financial outlook information (collectively, "FOFI") about the proceeds from the New Facility and the Private Placement, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release was approved by management as of the date of this press release and was provided for the purpose of providing further information about Southern's future business operations. Southern disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law. Readers are cautioned that the FOFI contained in this press release should not be used for purposes other than for which it is disclosed herein.*

***Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.***