

SOUTHERN ENERGY CORP. ANNOUNCES BOARD CHAIR AND COMMITTEE MEMBERS, GOVERNANCE ENHANCEMENTS, OPERATIONS UPDATE AND CHANGE OF AUDITOR

Calgary, Alberta – January 28, 2019 – Southern Energy Corp. (“Southern” or the “Corporation”) (SOU: TSXV) is pleased to: (i) provide an update on the Board of Directors of the Corporation (the “Board”); (ii) announce the Board’s adoption of several key corporate governance policies; (iii) provide an update on operations; and (iv) announce that it has changed its auditor from MNP LLP to Deloitte LLP.

Board Chair and Board Committees

The members of the Board have a strong track record and distinguished careers in both the oil and gas industry and capital markets and have held prominent lead positions with a range of successful companies. In addition to the Corporation’s President and Chief Executive Officer, Ian Atkinson, the Board is comprised of Bruce Beynon, Michael G. Kohut, Tamara MacDonald, Andrew McCreath, C. Neil Smith and R. Steven Smith. With the exception of Mr. Atkinson, all members of the Board are independent.

At its January 17, 2019 meeting, the Board took numerous steps to enhance the corporate governance of the Corporation, including the appointment of a new Board Chair, the formation of committees and appointment of committee members and the adoption of key corporate governance policies.

Board Chair

The Board appointed Mr. Bruce Beynon, independent director, to serve as Chairman of the Board. Mr. Beynon is a professional geologist with 30 years of oil and gas industry experience. Mr. Beynon is the former Executive Vice President, Exploration and Corporate Development at Baytex Energy Corp. and was the President of Raging River Exploration Inc. until August, 2018. Mr. Beynon has also held executive positions with Compass Petroleum Partnership, Peloton Exploration Corp., Espoir Exploration Corp. and KeyWest Energy Inc. Mr. Beynon graduated with a Masters of Science degree in Geology in 1991.

Board Committees

The following Board committees were formed, each comprised of fully independent members:

- **Audit Committee:** Mr. Michael G. Kohut (Chair), Mr. Andrew McCreath and Mr. R. Steven Smith.
- **Corporate Governance and Compensation Committee:** Mr. R. Steven Smith (Chair), Mr. C. Neil Smith, Ms. Tamara MacDonald, Mr. Michael G. Kohut and Mr. Andrew McCreath.
- **Reserves, Health, Safety and Environment Committee:** Mr. C. Neil Smith (Chair), Mr. Bruce Beynon and Ms. Tamara MacDonald.

Committee descriptions and formal mandates will be included in the management information circular of the Corporation in respect of the Corporation’s next annual general meeting.

Corporate Governance Policies

The Board is also pleased to announce that it has adopted the following key corporate governance policies: Code of Business Conduct and Ethics; Whistleblowing Policy; Corporate Disclosure Policy; Anti-Hedging Policy; Clawback Policy; and Diversity Policy.

The full text of each of the policies are available on the Corporation's website at www.southernenergy.ca.

Operations Update

Southern plans to initiate the drilling of its first high impact horizontal well at the Corporation's Gwinville field in Jefferson-Davis County, Mississippi in early Q2 2019. The drilling is focused on developing and unlocking the potential value of the Corporation's Selma Chalk natural gas formation through modern drilling and completion techniques.

At Gwinville, management estimated in 2017 that the Selma Chalk formation contains approximately 1+ Tcf of Original Gas In Place (OGIP) with current recovery factor estimated at less than 15%. Recent horizontal wells in an analog pool have resulted in IP30's greater than 7 MMcf/d⁽¹⁾ and the type wells anticipated have strong economics in today's price environment. The Gwinville field also has historical production from up to 12 stacked pay formations with low recovery factors which will provide similar multi-zone development opportunities in the future.

Change of Auditor

The Corporation also announces that it has changed its auditor from MNP LLP (the "**Former Auditor**") to Deloitte LLP (the "**Successor Auditor**") in connection with the previously announced closing of the recapitalization of the Corporation. At the request of the Corporation, the Former Auditor resigned as auditor of the Corporation and the Board appointed the Successor Auditor as the new auditor until the next annual general meeting of the Corporation.

No "reportable event" has occurred (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*).

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 liquids rich 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.

Additional Information

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Forward Looking and Cautionary Statements

This news release may include forward-looking statements including opinions, assumptions, estimates, the Corporation's assessment of future plans and operations, and, more particularly, statements concerning the business strategy of the Corporation and drilling plans. When used in this document, the words "will," "anticipate," "believe," "estimate," "expect," "intent," "may," "project," "should," and similar expressions are intended to be among the statements that identify forward-looking statements. The forward-looking statements are founded on the basis of expectations and assumptions made by the Corporation which include, but are not limited to, expectations and assumptions concerning the ability of infrastructure to deliver production and the anticipated capital expenditures associated therewith, reservoir characteristics, recovery factor, exploration upside, prevailing commodity prices and the actual prices received for Southern's products, the availability and performance of drilling rigs, facilities, pipelines, other oilfield services and skilled labour, royalty regimes and exchange rates, the application of regulatory and licensing requirements, the accuracy of Southern's geological interpretation of its drilling and land opportunities, current legislation, receipt of required regulatory approvals, the success of future drilling and development activities, the performance of new wells, general economic conditions, availability of required equipment and services and prevailing commodity prices. Forward-looking statements are subject to a wide range of risks and uncertainties, and although the Corporation believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will be realized. Any number of important factors could cause actual results to differ materially from those in the forward-looking statements including, but not limited to, risks associated with the oil and gas industry in general (e.g., operational risks, exploration and production, delays or changes in plans with respect to exploration or development projects or capital expenditures, the uncertainty of reserve estimates, the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks), commodity prices and exchange rate fluctuations, regulatory and third party approvals not being obtained, the ability to implement corporate strategies, the state of domestic capital markets, the ability to obtain financing, changes in general market conditions and other factors more fully described from time to time in the reports and filings made by the Corporation with securities regulatory authorities.

The term original-oil-in-place (OOIP) is equivalent to total petroleum initially-in-place ("TPIIP"). Original Gas in Place (OGIP) is a more commonly used industry term when referring to gas accumulations. TPIIP, as defined in the Canadian Oil and Gas Evaluation Handbook, is that quantity of petroleum that is estimated to exist in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered. A portion of the TPIIP is considered undiscovered and there is no certainty that any portion of such undiscovered resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of

such undiscovered resources. With respect to the portion of the TPIIP that is considered discovered resources, there is no certainty that it will be commercially viable to produce any portion of such discovered resources. A significant portion of the estimated volumes of TPIIP will never be recovered.

References in this press release to initial production rates (including IP30) and other short-term production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which wells will produce and decline thereafter and are not necessarily indicative of long-term performance or the ultimate recovery of hydrocarbons. Readers are cautioned not to place undue reliance on such rates.

Note:

(1) I.H.S. Markit Production data, <https://ihsmarkit.com/index.html>, June, 2015.

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