Southern ENERGY

Corporate Presentation

January 2019

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Disclaimer

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/bbl) 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.

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Non-GAAP Measures

In this presentation, certain key performance indicators and industry benchmarks such as netback are used to analyze financial and operating performance. These key performance indicators and benchmarks are key measures of profitability and provide investors with information that is commonly used by other oil and gas companies. These key performance indicators and benchmarks as presented do not have any standardized meaning prescribed by Canadian generally accepted accounting principles and therefore may not be comparable with the calculation of similar measures for other entities.

Information Regarding Disclosure on Reserves and Resources

The reserve and resource estimates contained herein are estimates only and there is no guarantee that the estimated reserves or resources will be recovered. Where discussed herein "NPV 10%" or similar expressions represents the net present value (net of capex) of net income discounted at 10%, with net income reflecting the indicated oil, liquids and natural gas prices and IP rate, less internal estimates of operating costs and royalties.

All figures in USD unless otherwise specified

All cash flow and reserve valuation figures and key performance indicators are based on the following flat price assumptions:

WTI	Henry Hub	FX
(US$/bbl)	(US$/MMBTU)	(USD/CAD)
$55.00	$3.00	$0.75

Investment Thesis

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Mission Statement

Southern Energy's mission is to build a substantial oil and gas company in the southeastern United States through the consolidation and development of prolific reservoirs outside of the expensive shale basins. Our goal is to continually grow shareholder value via organic growth and by making strategic, accretive acquisitions. In these areas Southern has access to major pipelines, significant company owned infrastructure, year-round access to drill, and the ability to change focus on natural gas or crude oil development as commodity prices fluctuate; all factors that contribute to mitigating corporate risk. Management is committed to efficient per-share growth with 22% ownership on a non-dilutive basis and 32% on a fully diluted basis.

Why Invest in Southern Energy?

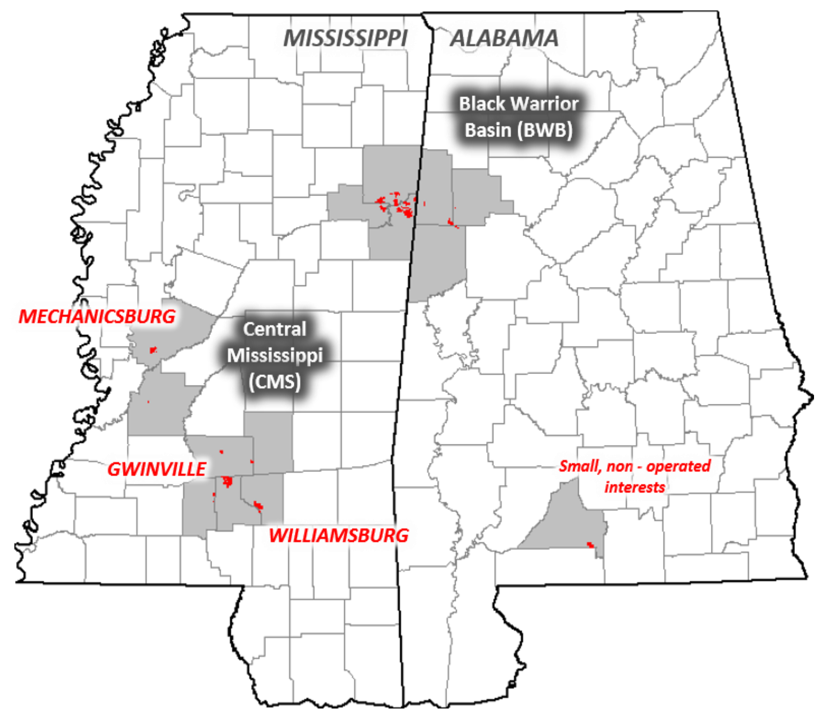
- Highly experienced management team with a track record of creating value
- Management has extensive operating experience in southeast United States focus area
- Management and Board have significant personal investment in the company
- Currently profitable with identified, significant growth potential through consolidation and development
- Access to the best pricing commodity pricing in North America
- Strong institutional investor support

About Southern Energy

Southern Energy is an emerging Gulf States natural gas and light oil producer with a stable production base, significant low-risk drilling inventory and strategic access to the best commodity pricing in North America

Capitalization	CAD $
Trading Symbol (TSX-V)	SOU.V
Common Shares Outstanding (Basic / FD)	204.4 / 342.3
Insider Ownership (Basic / FD)	22% / 32%
Market Capitalization (1)	$28.6 MM
Net Debt	$10.0 MM
Enterprise Value	$38.6 MM
Credit	
Available Credit Facility	$13.5 MM
Amount Drawn	$7.5 MM
Operational Metrics	**CAD $**
Land	> 59,000 net acres
Production – December 2018	~1,650 boe/d
PDP Reserves (2)	5.1 MMboe
PDP NPV10 (2)	$30.0 MM
Proved Reserves (2)	10.2 MMboe
Proved NPV10 (2)	$57.8 MM

Southern Energy Assets



(1) Market capitalization is calculated as of January 9, 2019 using a share price of CAD $0.14/share
(2) Reserves data are management estimates as at January 1, 2019, using the flat price forecast outlined on slide 2; Does not include Canadian assets

Recent Corporate Developments

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Completed an CAD $18.0 MM non-brokered recapitalization financing

- Arranged for an $13.5 MM credit facility with a US commercial bank
- Commenced trading on the TSXV and executed a concurrent 5:1 share consolidation

Closed the acquisition of on-shore US Gulf Coast assets in a transaction valued at $24.4 MM

- > 59,000 net acres (30,000 undeveloped acres) in Alabama and Mississippi
- ~ 1,650 boe/d of low decline production
- Owned infrastructure with excess capacity provides the ability to accelerate growth
- In-line with corporate strategy of acquiring assets at a discount to typical market metrics

Finalized near-term development program

- Drill identified HZ location at Gwinville in Q1/2019 targeting the Selma Chalk formation
- Planned $4.6 MM development program includes a number of one-time expenditures, which will reduce future drilling costs
- Additional $1.1 MM to be spent on seismic, data, and maintenance capex

Capital Structure	Common Shares OS (MM)
Standard Exploration Recapitalization	24.2
CAD $18.0 MM Financing	180.1
Common Shares Outstanding	**204.4**
Rights Offering	51.1
Performance Warrants (57.92 MM Warrants x 1.5)	86.9
Fully Diluted Common Shares Outstanding	**342.3**

Investment Highlights

Stable Production Base

- Low decline US Gulf Coast production base of ~1,650 boe/d (14% oil)
- Operated assets with over 95% working interest
- Control of easily expandable infrastructure and abundant regional take away capacity
- Stacked pay with up to 12 producing formations, each with development upside opportunities

Executable Growth Strategy

- Consolidation strategy targets high quality assets in under-exploited basins at below market metrics
- Organic growth with 60+ horizontal gas locations at Gwinville and 60+ vertical oil locations at Williamsburg
- Material location inventory within stacked pay of the main asset
- Access to new horizontal conversion light oil play; Producing analog wells have IP30 rates of 1,500+ boe/d

Superior Commodity Pricing

- US Gulf States are currently providing access to the best commodity pricing in North America
- Henry Hub gas benchmark traded at an average premium of CAD $2.50/Mcf to AECO in 2018
- LLS crude benchmark traded at an average premium of CAD $20+/bbl to Edmonton Par in 2018
- LNG upside; exposure to current area capacity of 4 Bcf/d, increasing to 10+ Bcf/d by year-end 2020

Experienced Operating Team

- Strong leadership team with experience in the US Gulf States
- Management has been directly operating in the area of focus since 2013
- Modern drilling and completion techniques have not been implemented in many of these formations or fields
- Provides investors with access to premium US assets inside a publicly traded Canadian entity

Leadership Team

Experienced and successful management team with a history of creating shareholder value

- Strong technical expertise with an early mover advantage and further benefitting from the use of modern data workflow
- Proven track record of success and value creation through acquisitions, joint ventures and organic growth
- Board of Directors bring substantial technical, financial and capital markets expertise and experience

Management Team	Board of Directors
Ian Atkinson, M.Sc., P. Eng. – President & CEO Athabasca Oil, Morpheus, Renaissance and Talisman	Ian Atkinson, P. Eng., ICD.D
Calvin Yau, CA, CPA – VP Finance & CFO Molopo, Waldron and Daylight	Bruce Beynon, P. Geol. Former EVP, Exploration and Corporate Development at Baytex Energy Former President of Raging River Exploration
Chris Birchard – VP Geoscience Athabasca Oil, Bellamont, Espoir and Devon	Michael Kohut CFO of Hammerhead Resources, Chairman of Big Rock Brewery Inc. Director of Ikkuma Resources
Erin Buschert – VP Land Crescent Point, TriStar, ARC and Talisman	Tamara MacDonald, ICD.D Former SVP Corporate and Business Development of Crescent Point
Jim McFadyen – VP Operations Athabasca Oil, Galleon, Fairborne and Renaissance	Andrew McCreath, CFA Portfolio Manager at Forge First Asset Management Inc. The Market Commentator on BNN Bloomberg TV
Gary McMurren, P.Eng. – VP Engineering Athabasca Oil, Galleon, ARC and Talisman	C. Neil Smith, P.Eng., MBA Former Chief Operating Officer of Crescent Point
	R. Steven Smith, CA, CPA Director and Chief Financial Officer of Broadview Energy Director of Karve Energy

Asset Overview

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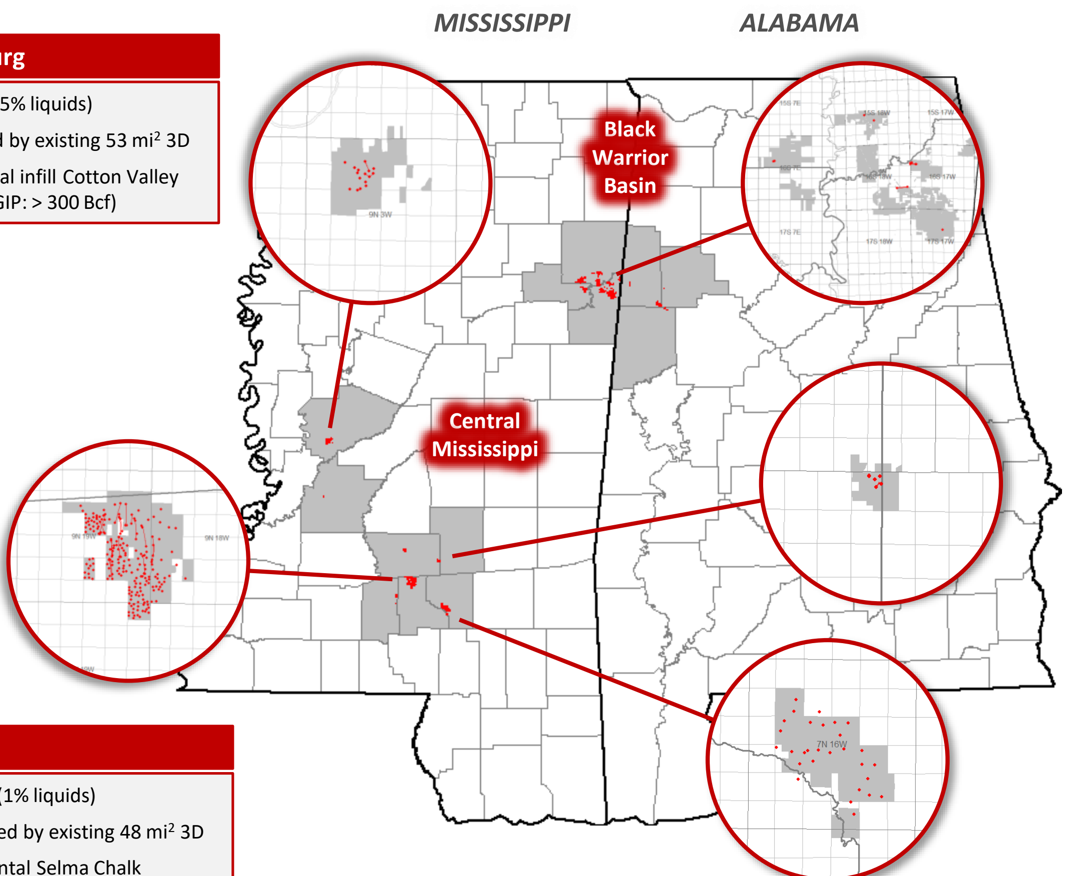

Mechanicsburg

- 700 boe/d (15% liquids)
- Field covered by existing 53 mi² 3D
- 10 - 12 vertical infill Cotton Valley locations (OGIP: > 300 Bcf)

Gwinville

- 640 boe/d (1% liquids)
- Field covered by existing 48 mi² 3D
- > 60 horizontal Selma Chalk locations (OGIP: > 600 Bcf)

Black Warrior Basin

- 50 boe/d (65% liquids), 45° API
- > 600,000 acres of highly prospective land on mapped trend
- OOIP: 8 - 12 MMbbl/sec

Magee

- 60 boe/d (100% liquids)
- High quality oil - 40° API
- 4 - 10 vertical Hosston / Cotton Valley locations

Williamsburg

- 200 boe/d (6% liquids)
- Significant deep liquids potential
- 65 - 75 vertical Cotton Valley locations

All assets are operated, high working interest with owned infrastructure, and high quality field operations team

59,000 Acres (~50% HBP(1)) | WI Production of ~1,650 boepd (2) | PDP PV10 of $22.5 MM (3)
WI PDP Reserves of 5.1 MMboe (3)

(1) CMS assets covering 29,000 acres are > 97% held by production including: Gwinville, Magee, Mechanicsburg & Williamsburg
(2) December actual production
(3) Using flat price forecast outlined on slide 2; management estimate effective January 1, 2019

Gwinville Field Overview

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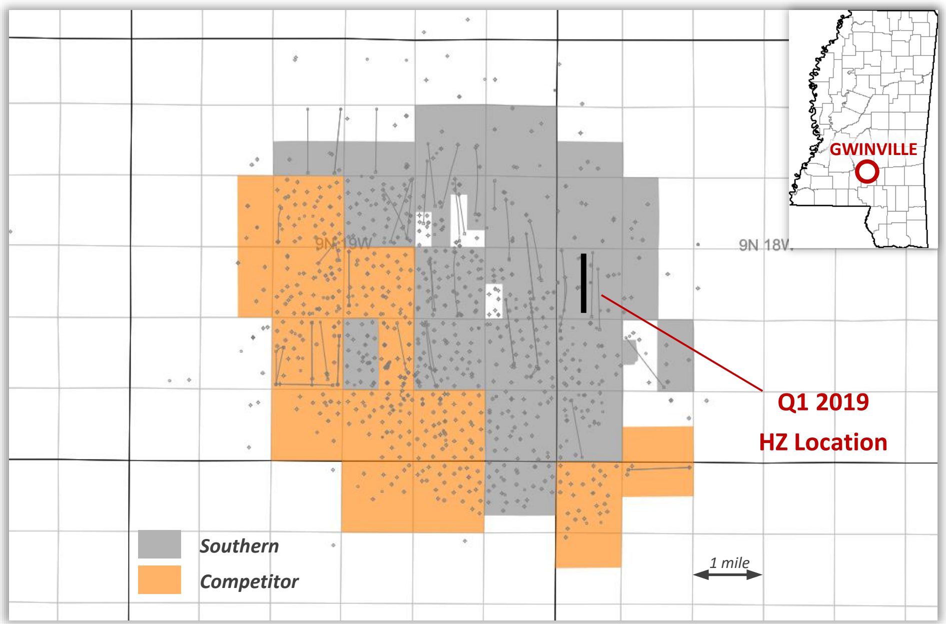
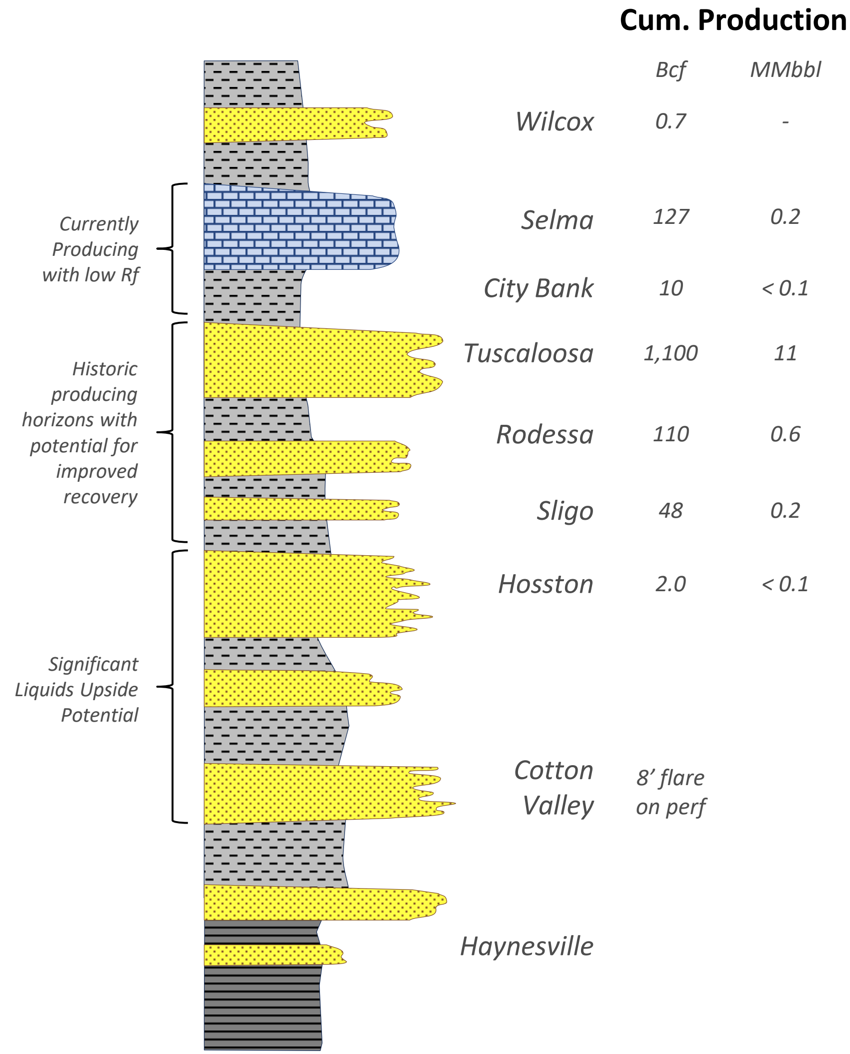
Key Attributes

- 1+ Tcf OGIP in Selma Chalk with current recovery factor ~ 15%
- Multi-zone production of 1.5 Tcf, 12 MMbbl, current decline < 8%, with additional upside potential
- At least 3 stacked horizons to be accessed with horizontal drilling and modern completion designs (Upper Selma, Lower Selma & City Bank)
- Significant potential below the Tuscaloosa from zones which have produced more than 750 Bcf and 80 MMbbl from immediately offsetting fields
- Owned and operated infrastructure with expandable capacity



One of Mississippi's Largest and Most Productive Fields



Gwinville Selma Chalk Analog

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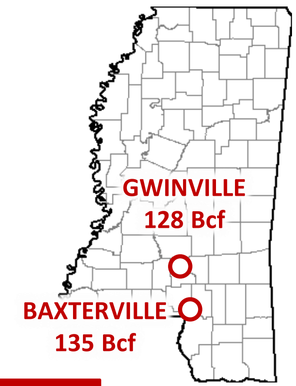
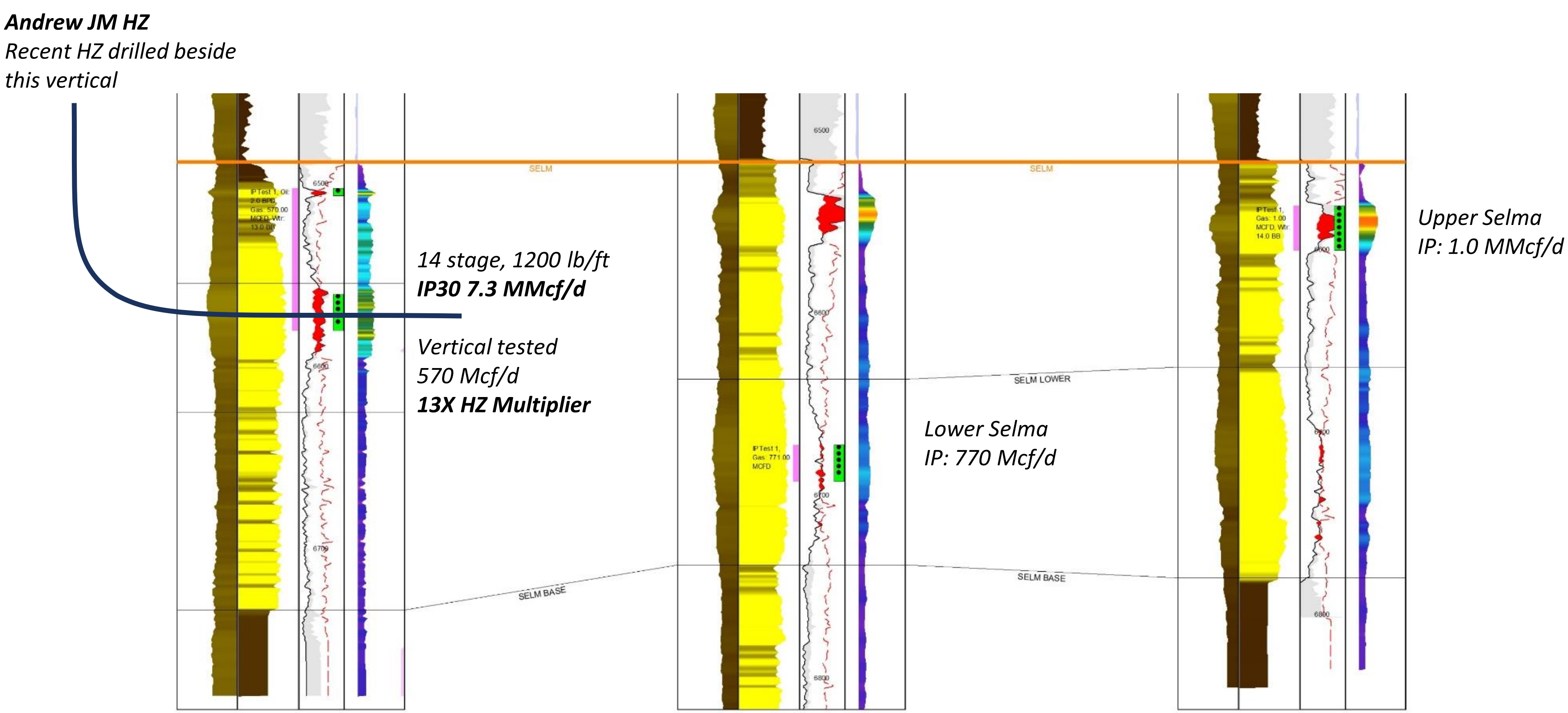
Similar Pool Characteristics

- The Baxterville field has undergone a successful HZ conversion and is a direct analog to the Gwinville Field
  - Recent horizontal wells in the middle of the pool producing > 7 MMcf/d IP30
  - Southern plans to increase the number of stages and proppant loading to optimize completion design
- Both fields have nearly identical cumulative production, aerial size, pay thickness and reservoir quality
- Gwinville Field has two porosity units in the Selma Chalk that will be developed

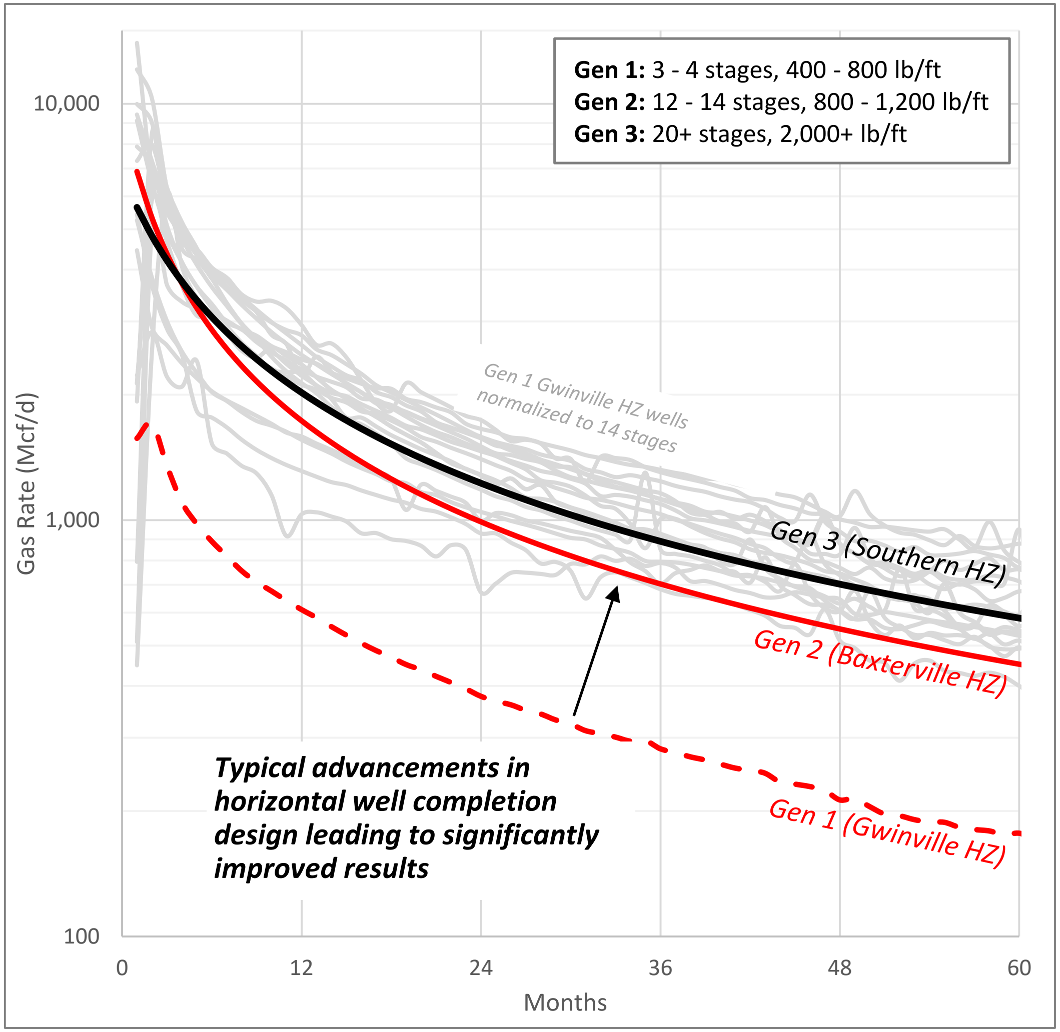


Baxterville – Analog Pool	**Gwinville – Southern Energy**



Gwinville Selma Chalk HZ Development

Type Curve Economics



Economics – Southern HZ (Gen 3)

WTI	($/bbl)	$55.00	$60.00
Henry Hub	($/MMBTU)	$3.00	$4.00
IRR	(%)	49%	105%
NPV10	($MM)	$2.7	$4.9
Payout	(years)	1.8	1.1
P/I Ratio	(x)	0.76x	1.41x
Recycle Ratio	(x)	2.7x	3.6x

Type Curve Assumptions

EUR – Gas	(Bcf)	4.3
EUR – Oil	(Mbbl)	9.0
Net Revenue Interest	(%)	79%
Drilling Cost	($MM)	$1.7
Completion Cost	($MM)	$1.7
Tie-in / Equip Cost	($MM)	$0.1
Total Capex	($MM)	$3.5

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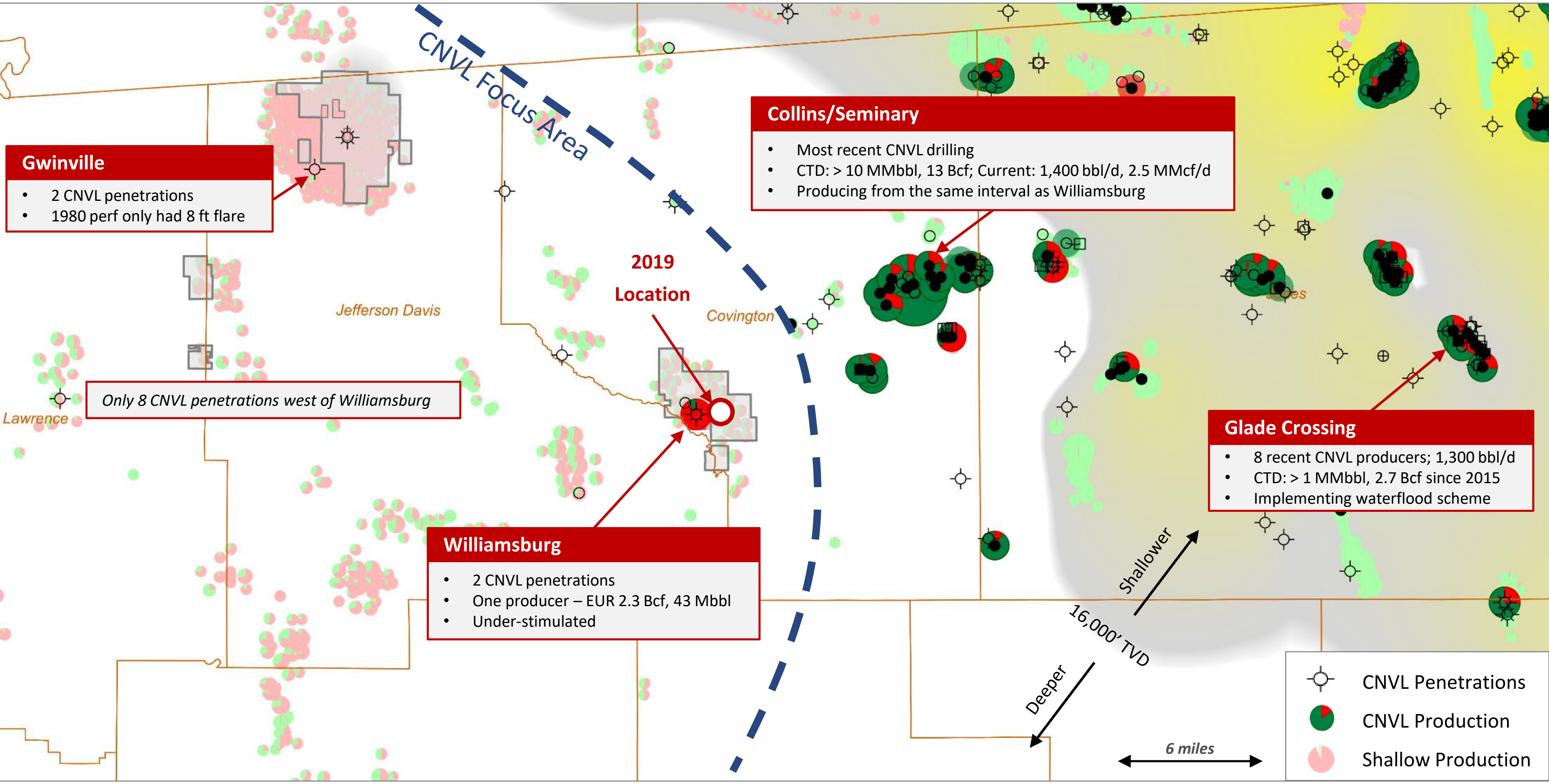
Oil Upside – Regional Cotton Valley

Over 160 MMbbl of oil and 2 Tcf of gas has been produced from the salt-related structures on the map below

- Majority of Cotton Valley wells were drilled before 1985 and took > 12 months to drill
- Recent successful drilling targeting Cotton Valley (CNVL) oil below existing shallower production; drill times down to 30 days



Project Economics

Southern Project Economics		Horizontal Selma Chalk	Williamsburg Vertical Cotton Valley	NLA Play
		Significant gas upside above $3.00/MMBTU HH	*Multi-year drilling inventory in identified oil bearing structures*	
IP 30	Oil (bbl/d)	11	160	510
	Gas (Mcf/d)	5,700	280	1,800
EUR	Oil (Mbbl)	9	225	572
	Gas (Bcf)	4.3	0.4	2.0
Liquids EUR		1%	78%	65%
DCET Type Curve Cost	($MM)	$3.5	$3.5	$6.8
Operating Netback (1)	($/boe)	$12.60	$27.00	$26.10
IRR (1)		**49%**	**32%**	**79%**
Payout (1)		**1.8 years**	**2.5 years**	**1.4 years**
F&D	($/boe)	**$4.73**	**$11.90**	**$6.90**
Recycle Ratio		**2.7**	**2.3**	**3.8**
Capital Efficiency (1st year)	($/boe/d)	**$6,350**	**$20,550**	**$12,200**
Comments		• > 2 Tcf OGIP (~ 15% recovery factor) and 200+ HZ well drilling inventory in identified Selma Chalk pools • Unquantified potential in City Bank expected to yield similar results	• Structural closure of the Cotton Valley estimated at 14,000 acres • Resource potential is significant • Recent offsetting oil pool development	• 30,000+ acres identified with production history • Analog HZ wells with IP30 > 1,500 boe/d

(1) Using flat price forecast outlined on slide 2

Access to Premium Commodity Pricing

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Unique opportunity to invest in US commodity exposure among Canadian listed small-cap energy companies

- Superior commodity pricing through access to Louisiana Light Sweet oil and Henry Hub gas
- Growing exposure to world pricing as more LNG projects become operational
- Proximity to growing industrial power demand

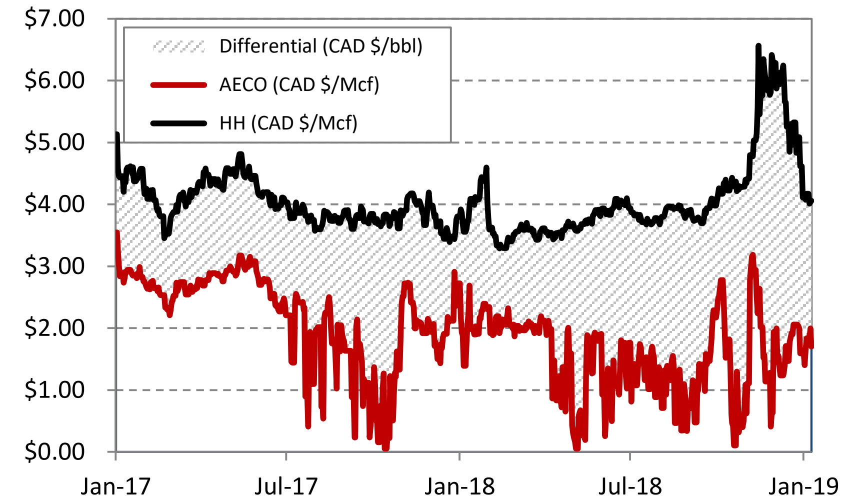
Sales points based in the US offer premium pricing compared to Canadian benchmarks

- Henry Hub gas benchmark traded at an average premium of CAD $2.50/Mcf to AECO in 2018
- Louisiana Light Sweet crude benchmark traded at an average premium of CAD $20+/bbl to Edmonton Par in 2018

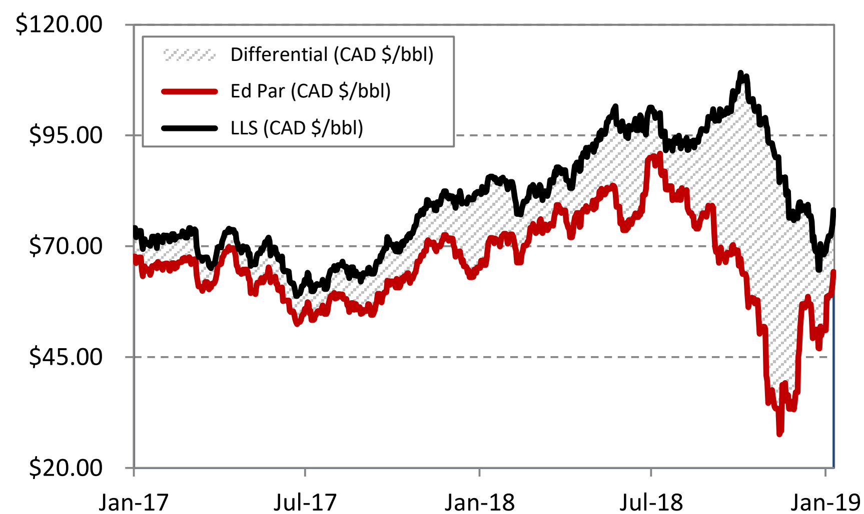
Canadian prices are expected to remain under continued market pressure

- Current approval process for infrastructure projects has created a lack of takeaway capacity which is expected to continue for the foreseeable future
- AECO prices continue to be constrained by high inventory levels, infrastructure downtime and a lack of access to LNG terminals

Historical: AECO vs. Henry Hub



Historical: Edmonton Par vs Louisiana Sweet



Growth Strategy

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Management expects to establish a dominant production base through an acquire and exploit model

- Target production of 10,000 boe/d over 18 – 24 months
- Pursuing multiple follow on acquisitions identified in the focus area while focusing on cash flow per share growth
- Opportunities range from 500 – 2,500 boe/d

When evaluating future acquisitions, management will prioritize the following criteria:

- Low decline assets, with a stable production base, complementary to the initial acquisition
- Operated, high WI assets with control of infrastructure
- Under-developed assets containing a significant inventory of identified locations
- Opportunity to realize material OPEX savings through synergies and play optimization

In 2019, Southern will begin securing key acreage in an emerging Cotton Valley horizontal conversion play in northern Louisiana

- Analog HZ wells with IP30 > 1,500 boe/d
- Identified over 50,000 prospective acres in this play that are available through leasing and HBP acquisitions

Summary

Canadian-listed US Gulf Coast focused energy company with a goal to:

Consolidate high quality assets in under-exploited basins in US Gulf Coast states

- Acquire assets at a discount to typical market metrics
- Substantial low risk drilling inventory
- Follow-on acquisition potential identified

Capitalize on management team's technical experience in the US Gulf Coast states

- Track record of substantial organic growth in previous companies

Investor exposure to US assets with premium commodity pricing at ground level entry cost

- Oil development has access to Louisiana Light Sweet Crude pricing > WTI
- Consolidate large natural gas assets connected to Henry Hub pricing

Exposure to operational LNG unique amongst Canadian listed energy companies

Focus on efficient, sustainable, per share growth

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APPENDIX

Favorable Gas Fundamentals

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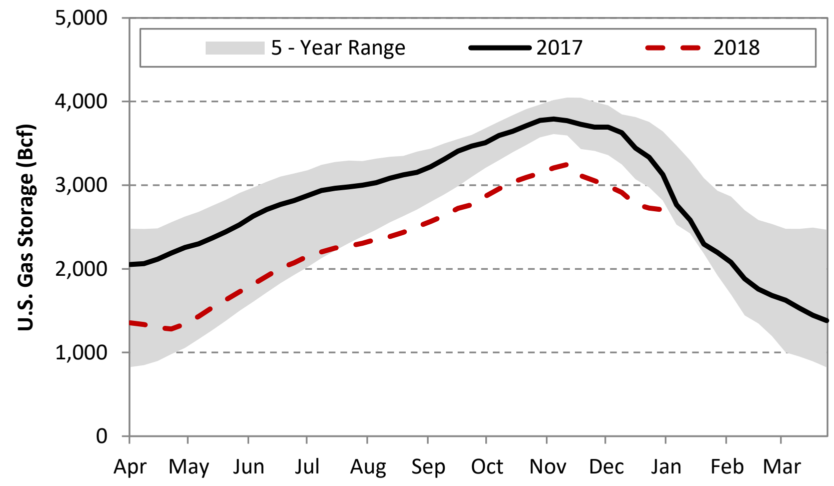
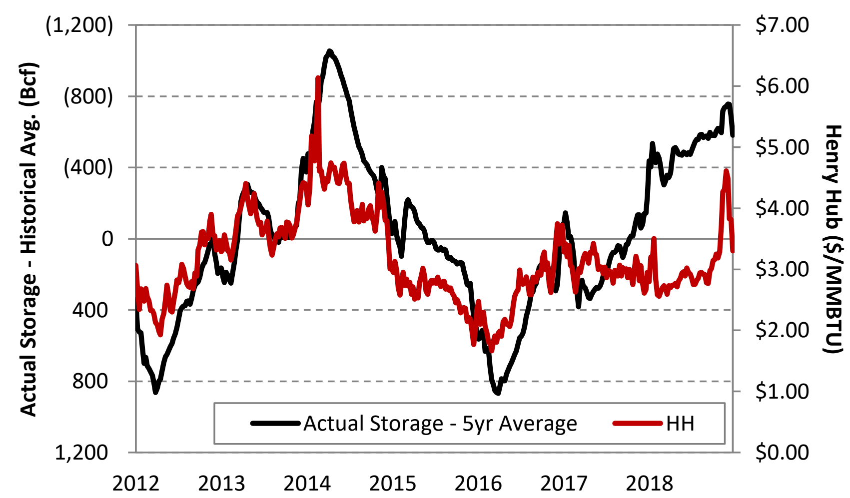
- US natural gas demand growth is outpacing supply growth led by natural gas power generation, LNG exports and underestimated weather forecasts based on expectations the trend of multi-year mild conditions would continue
- This record demand growth in 2018 is expected to continue through 2019 as LNG exports are projected to grow to more than 10 Bcf/d by 2020
- The largest component of US gas supply, dry gas production, has been essentially unable to grow at ~ $3/Mcf since 2012, despite the greater Marcellus area adding over 27 Bcf/d during that period
- Associated gas growth in the Permian Basin has added to supply, however, significant bottlenecks will prevent continued growth at these levels until large infrastructure projects are designed and built
- Relative gas storage has fallen by ~ 700 Bcf since last year and 1.2 Tcf in the last two years despite this record gas production growth
- Natural gas demand in the US is estimated to grow by 20-25 Bcf/d over the next 10 years and the only solution to both this near term and long term under-supply dynamic is for gas prices to move higher

The under-supply conditions are likely to be most intense in areas priced at Henry Hub

US Gas Storage



US Relative Gas Storage Levels vs. Gas Price



LNG Market Fundamentals

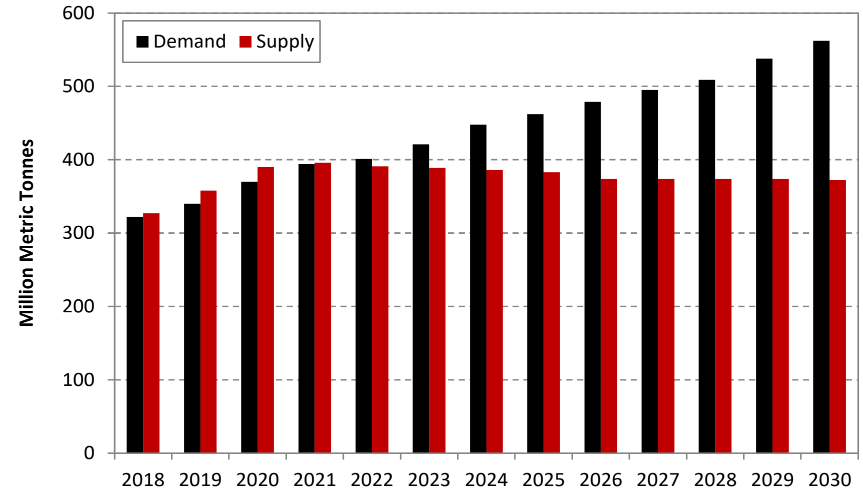
Driven by energy security and environmental policies LNG demand is expected to continue to grow rapidly

- LNG is expected to account for 30% of global natural gas demand growth (IEA, Global Gas Security Review)
- The primary driver will come from growing economies in Asia where coal accounts for ~ 60% of electricity generation
  - Clean energy initiatives in China, India, and Pakistan are starting to replace coal generated electricity
- European countries looking to diversify natural gas imports will add to higher LNG demand growth
  - Net importers like Italy and Germany are actively looking for alternatives to Russian gas imports

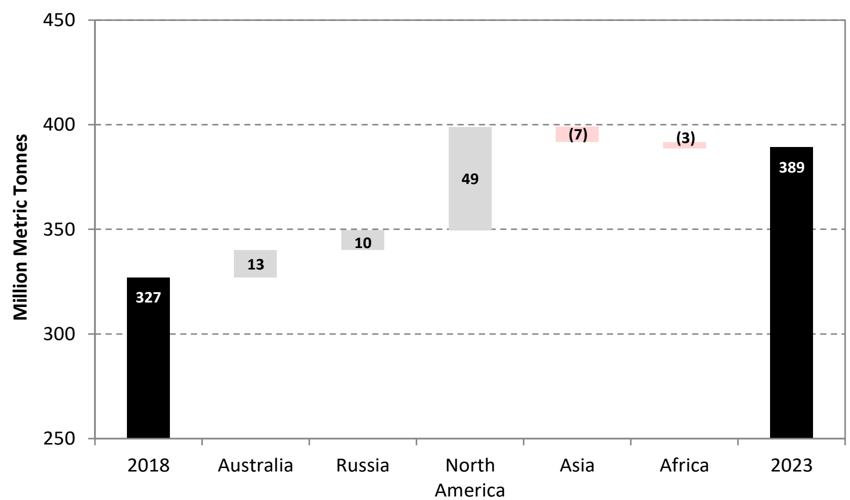
Demand estimates expected to outpace supply by 2022, putting upward pressure on LNG prices

- Qatar and Australia account for 46% of LNG global supply, however, there are no plans to materially increase capacity
- Given the number of post FID projects, and the low cost of gas production the US is poised to lead supply growth
  - US projects are expected to add 49 million metric tonnes of yearly supply between 2018 - 2023

LNG Supply & Demand



Expected LNG Supply Additions 2018-2023 (1)



Source: Bloomberg
(1) Only projects with an announced FID have been included

Southern LNG Exposure

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Southern stands to benefit from increased feedstock demand due to the next wave of LNG projects

- Gulf Coast US LNG exports projected to grow to 10 Bcf/d by year-end 2020 providing exposure to premium international prices
- Southern's assets receive Henry Hub basis which will continue to be positively influenced by this LNG export growth

United States Gulf Coast

Legend	Project	Company	Capacity	Timeline
A	Corpus Christi	Cheniere	2.1 Bcf/d	Active
B	Freeport	Freeport LNG	2.5 Bcf/d	First LNG 2019
C	Sabine Pass	Cheniere	3.7 Bcf/d	Active
D	Cameron	Intl. Consortium	3.5 Bcf/d	First LNG 2019
E	Lake Charles	Energy Transfer / Shell	1.8 Bcf/d	FID 2019
F	Driftwood	Tellurian	3.5 Bcf/d	First LNG 2023