



SOUTHERN ENERGY CORP. ANNOUNCES IN-KIND INTEREST PAYMENT ON DEBENTURES

Calgary, Alberta – December 31, 2020 – Southern Energy Corp. ("**Southern**" or the "**Company**") (SOU: TSXV) announces that on December 31, 2020, the holders (the "**Debentureholders**") of its outstanding 8% convertible unsecured subordinated debentures (the "**Debentures**") agreed to an in-kind payment of accrued interest due on December 31, 2020 in the amount of \$322,760.00 through the issuance of additional Debentures. The in-kind interest payment was approved by extraordinary resolution of the Debentureholders pursuant to the Company's debenture indenture with Computershare Trust Company of Canada dated June 14, 2019. Other than the in-kind interest payment in respect of interest due on December 31, 2020, the terms of the Debentures remain unchanged.

The additional Debentures will have the same terms as the outstanding Debentures, with interest beginning to accrue on the additional Debentures on December 31, 2020. The additional Debentures to be issued in satisfaction of accrued interest owing on the Debentures will be subject to a four month hold period and are subject to the approval of the TSX Venture Exchange.

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.

Contact Information

For further information, please contact:

Southern Energy Corp.

Suite 2400, 333 – 7th Avenue S.W.
Calgary, Alberta T2P 2Z1

Ian Atkinson, President & CEO

Tel: (587) 287-5401

or

Calvin Yau, V.P. Finance & CFO

Tel: (587) 287-5402

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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 the issuance of the additional Debentures and the approval of the TSX Venture Exchange. The forward-looking statements contained in this press release are based on certain key expectations and assumptions made by Southern, including receipt of the required approvals from the TSX Venture Exchange. 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.

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.