A SPECTRUM OF OPPORTUNITY
WE ARE A DIVERSIFIED ENERGY PRODUCER

WE TRANSFORMED OUR ASSET PORTFOLIO BY DIVERSIFYING AND ADDING HEAVY OIL & RESOURCE-STYLE, LIQUIDS-RICH GAS.

THOSE DIVERSIFYING ASSETS NOW ACCOUNT FOR:

- **59% of reserves**
- **62% of revenue**
- **52% of production**
WE ARE ENTREPRENEURIAL

More than 50% of our production now comes from heavy oil and liquids-rich natural gas assets. Four years ago we were almost 100% shallow gas. To balance the risk of one commodity and add resource-style plays to our inventory, we set our sights on transforming our asset base and commodity mix. Our entrepreneurial team captured opportunities and evaluated their potential. We then focused our expertise and capital on two key diversifying plays: Mannville heavy oil; and liquids-rich gas in the Wilrich at Edson in the Alberta deep basin. Now, with a more balanced production base and funds flow stream, and a spectrum of opportunities to capitalize on today and to pursue for the longer term, we have great flexibility to invest, and to grow and prosper through the ever-changing cycles of the oil and gas business.
WE HAVE A TRACK RECORD OF EXCELLENCE

Our team is driven by excellence in everything we do; technical, operational, execution, and leadership. Safety is job one in all of our operations. Our triple zero goal; no injuries, no vehicle accidents, and no spills, sets the bar. We have high ownership interest in our assets, operate over 95% of our production, control infrastructure and market our products – all for strategic advantage. Our low cost culture breeds a focus on maximizing profits and we are accountable for results.

PORTFOLIO MANAGEMENT STRATEGY
A SPECTRUM OF OPPORTUNITY

PROVEN DIVERSIFYING GROWTH STRATEGIES | Invest for growth
- Heavy oil
- Resource-style, liquids-rich gas

MEDIUM AND LONG TERM OPTION VALUE | Optimize and advance
- Vast shallow shale gas resource play in the Viking/Colorado
- Material bitumen resources
- Tight oil and gas exploration
- Gas over bitumen technical solutions

CASH FLOW GENERATORS | Maximize cash flow
- Legacy shallow gas assets provide funds for growth and diversification and have tremendous leverage to a gas price recovery
- Warwick gas storage, a ‘park and loan’ business

2014 FOCUS
GROW DEEP BASIN
OPTIMIZE HEAVY OIL BUSINESS
MITIGATE DECLINES IN SHALLOW GAS
WE ARE EXPERIENCED RISK MANAGERS

Risk management governs everything we do. As an energy company in a cyclical commodity business, every activity is gauged against the risks and rewards. We are acutely aware of our position in commodity price cycles and use this as a guide to drive our strategies and set our priorities. Our diversified portfolio provides optionality to thrive through the changing landscape of complex markets. Capital is invested against a risk management framework, and we take bold steps to mitigate the downside.

WE HAVE 5 KEY STRATEGIC PRIORITIES IN 2014

KEY PRIORITY 1
REDUCE DEBT & MANAGE DOWNSIDE RISK

Perpetual’s marketing team closely monitors supply/demand fundamentals and trading sentiment to manage commodity price risk and capitalize on market anomalies.

The hedging program strives to enhance or protect:

■ Funds flow and the balance sheet
■ Return on capital program investments
■ Economics of acquisitions

Strengthening our balance sheet is a top priority in 2014. We are targeting $100 million in dispositions for further debt reduction.
Perpetual proved up the liquids-rich Wilrich formation in the Edson area and drilling success has built a production base from 0 to 4,900 boe/d in four years. This is a key growth area for production and reserve additions in 2014.

- High heat content gas plus NGL production, combined with low costs, drives high netbacks
- Perpetual owned and operated infrastructure sets the stage for continued growth
- Inventory of >110 highly profitable Wilrich horizontal locations and growing
- Multiple additional zones prospective for horizontal development

Production growth continues as we ‘drill to fill’ expanded infrastructure capacity.
KEY PRIORITY 3
MAXIMIZE VALUE OF MANNVILLE HEAVY OIL

The Mannville heavy oil pools are geographically synergistic with our shallow gas portfolio. At the launch of our commodity diversification strategy, we identified the potential of these thin heavy oil zones for development with horizontal drilling technology. At current oil prices, Mannville heavy oil is a highly profitable play.

- Discovered 13 heavy oil pools
- Over 100 net drilling locations in inventory at various stages of drill readiness
- A pilot waterflood has been initiated in one pool and plans are to expand the waterflood in the pilot pool in 2014
- Potential to double reserves through full scale waterflood implementation in multiple pools
- Modeling and lab work are underway to assess enhanced oil recovery through polymer floods
KEY PRIORITY 4

MAXIMIZE CASH FLOW FROM SHALLOW GAS

We are well positioned for a gas price recovery. Our shallow gas portfolio is characterized by sweet gas from multiple stacked zones and play types, and low base declines of less than 15%. The current focus is on mitigating natural declines and further cost reductions.

- Every $0.50 per Mcf increase in the gas price = >$10 million more in annual funds flow from shallow gas
- Over 700 uphole recompletions/workovers and optimization projects in prospect inventory
- Very low cost production and reserve additions (<$1.00 per Mcf)

We have hundreds of opportunities to add production from uphole stacked zones in vertical wells, which can be recompleted as lower zones deplete.
INNOVATIVE BITUMEN TECHNOLOGY

Our Low-Pressure Electro-Thermally Assisted Drive (LEAD) project is aimed at increasing bitumen production and resource recovery from the Bluesky formation at Panny. The project will use electrical cable technology to heat the bitumen and hot water injection for mobility and pressure support.

KEY PRIORITY 5
ADVANCE & BROADEN PORTFOLIO OF HIGH IMPACT OPPORTUNITIES WITH RISK-MANAGED INVESTMENT

Perpetual’s portfolio encompasses high impact opportunities, which are being advanced with modest step-wise investments. As technologies evolve, these plays stand to create substantial future value for our investors.

We have captured material resource in:
- Viking/Colorado shallow shale gas
- Seven bitumen project areas
- Exploration for tight oil and liquids-rich gas

We also have probable shut-in gas over bitumen reserves awaiting technical solutions to recommence production.
$3.07
NET ASSET VALUE
PER SHARE

Based on the sum of the parts, our assets hold significant shareholder value potential.

BUILDING SHAREHOLDER VALUE

Across our spectrum of opportunity is value to be recognized in the near to long term. Our reserve-based net asset value (“NAV”) (discounted at 8%) is $3.07 per share, based on year end 2013 reserves and pricing prepared by independent engineering consultants, and incorporating the fair market value of our undeveloped land.

Replacing the third party undeveloped land value assessment with Perpetual’s robust prospect inventory, the risking NAV is $4.91 per share, and $7.19 per share on an unrisked basis. Over time, advancements in our longer term projects in bitumen, shallow shale gas and exploration will provide even further upside.

The NAV is a snapshot in time and is based on various assumptions including future production performance, type curves, costs, commodity prices and foreign exchange rates that will vary over time. It should not be assumed that NAV represents the fair market value of Perpetual’s shares. However, it does give a good indication of the inherent potential within our spectrum of opportunities.
INVEST FOR GROWTH

CONVENTIONAL HEAVY OIL | EASTERN AB

Geographically synergistic with our shallow gas operations, technology and innovative thinking have come together to establish production from 13 Mannville heavy oil pools. The operational focus is low cost horizontal development drilling, advancing to secondary recovery through waterflood, and ultimately to tertiary enhanced oil recovery schemes using polymer. Targeted exploration is being conducted across our 123,000 net acres, guided by extensive 3D and 2D seismic.

LIQUIDS-RICH GAS | WEST CENTRAL AB DEEP BASIN

Over four years we have built a large acreage position, production base, operated infrastructure and technical expertise in the greater Edson area for liquids-rich gas. The resource has been defined for the Wilrich formation with development using horizontal drilling and multi-stage fracture technology. Multiple years of horizontal drilling locations are in inventory; over 110 net locations for the Wilrich alone. In addition, several uphole horizons have horizontal development potential, and vertical multi-zone drilling targets exist across our deep basin acreage. The current focus is to continue development to fill recently expanded plant infrastructure.

MAXIMIZE CASH FLOW

LEGACY CONVENTIONAL SHALLOW GAS | EASTERN AB

The majority of our natural gas production comes from a base of legacy shallow gas properties. Our focus is to maximize value by minimizing costs and pursuing low cost uphole recompletions and workovers, and facility optimization projects. Excess cash flow generated is used to fund Perpetual’s diversification and growth strategies. These properties are attracting minimal investment in light of low gas prices, but they offer significant funds flow upside with the high leverage to a gas price recovery.

WARWICK GAS STORAGE | EASTERN AB

A classic example of our entrepreneurial approach, Perpetual turned a depleted gas reservoir into a commercial gas storage business, adding shareholder value by combining multiple technical disciplines and creativity. Warwick is a non-depleting asset providing a low risk, diversified source of revenue. Now in its third cycle of operations with 21.5 Bcf of working gas capacity, Warwick has the potential to grow to 25 Bcf. Perpetual has a 30% interest and operates the facility for an annual fee.

OPTIMIZE AND ADVANCE

BITUMEN | NORTHEAST AB

Our bitumen lands extend over 500 net sections and contain various targets and potential recovery methods. Seven project areas have been identified to date. While technical evaluations are in the early stages, significant contingent and prospective resource of more than 745 million barrels has been independently recognized. An innovative thermal pilot project at Panny is scheduled for start-up in 2015. If successful, there is bitumen resource to support an estimated 15,000 bbl/d commercial project for 20-25 years.

VIKING/COLORADO SHALE GAS | EASTERN AB

A vast tight shale gas resource overlies our eastern Alberta conventional shallow gas properties. We are well positioned to develop this resource with our extensive shallow gas infrastructure network. Potential from the Viking tight sand and the Colorado shale group has been identified over 475 sections with more than 130 Tcf of total resource in place. Detailed geotechnical, geomechanical and geophysical studies and pilot planning using existing infrastructure are continuing with staged investment.

EXPLORATION | DEEP BASIN

Several exploration prospects for tight oil and liquids-rich gas in the deep basin are captured and evaluation is ongoing. Our 6,240 net acres of Duvernay acreage at Waskahigan is being evaluated through a horizontal farm-out well to assess its condensate yield and economic potential. At Columbia, we have captured 17,200 net acres with liquids-rich gas potential in several zones and evaluation is ongoing.
MANAGEMENT

Sue Riddell Rose
President, Chief Executive Officer and Director

Cam Sebastian
Vice President, Finance and Chief Financial Officer

Vicki Benoit
Vice President, Production Operations

Jeff Green
Vice President, Corporate and Engineering Services

Gary Jackson
Vice President, Land and Acquisitions

Linda McKeen
Vice President, Exploitation

Marcello Rapini
Vice President, Marketing

DIRECTORS

Clay Riddell
Executive Chairman

Sue Riddell Rose
President, Chief Executive Officer and Director

Karen Genoway
Independent Director

Randy Johnson
Independent Director

Rob Maitland
Independent Director

Geoff Merritt
Independent Director

Don Nelson
Independent Director

Howard Ward
Independent Director

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CONVERTIBLE DEBENTURES | PMT.DB.D | PMT.DB.E

perpetualenergyinc.com
3200, 605 – 5 Avenue SW
Calgary, Alberta CANADA T2P 3H5
800.811.5522 TOLL FREE
403.269.4400 PHONE
info@perpetualenergyinc.com EMAIL