NEWS RELEASE

PERPETUAL ENERGY INC. ANNOUNCES STRATEGIC TRANSACTION, CREDIT FACILITY UPDATE AND 2020 OUTLOOK

Calgary, Alberta – April 1, 2020 (TSX:PMT) – Perpetual Energy Inc. ("Perpetual" or the "Company") is pleased to announce that it has sold a 50% working interest in its East Edson property for consideration consisting of $35 million in cash and the carried interest funding of the Company's remaining 50% working interest share in an eight-well drilling program (the "East Edson Transaction").

Concurrent with the signing and closing of the East Edson Transaction on April 1, 2020, the borrowing limit on Perpetual's credit facility was set at $20 million by the Company's bank lending syndicate, with the next borrowing limit redetermination scheduled on or prior to July 31, 2020.

EAST EDSON TRANSACTION

On April 1, 2020, the Company sold a 50% working interest in its East Edson property in West Central Alberta to a third party purchaser for consideration including a cash payment of $35 million and the carried interest funding of the drill, complete and tie-in costs for an eight-well drilling program. A minimum of two horizontal wells targeting development of the Wilrich formation are required to be drilled, completed and tied-in following spring break-up 2020. The purchaser is required to complete the eight-well horizontal drilling program by April 1, 2022.

The cash proceeds from the East Edson Transaction will be used to repay bank debt and fund profitable investment in the Clearwater play in Eastern Alberta as oil prices recover and stabilize. The eight-well development capital carry at East Edson is anticipated to restore gross production levels to more fully utilize the existing processing capacity, improve operating netbacks given the largely fixed operating cost base, and result in improved capital spending efficiency.

The East Edson property comprises substantially all of Perpetual's West Central core area. As at December 31, 2019, the East Edson property had proved and probable reserves of 60.0 million boe. Fourth quarter 2019 production and operating netback from the East Edson property was 6,253 boe/d and $7.20/boe, respectively.

CREDIT FACILITY

Perpetual's syndicate of lenders have completed their borrowing base redetermination, incorporating the impact of the East Edson Transaction. The revolving bank debt borrowing limit ("Borrowing Limit") is now set at $20 million, with the next Borrowing Limit redetermination scheduled on or prior to July 31, 2020. The credit facility will continue to revolve until July 31, 2020 and may be extended for a further period of up to 364 days subject to approval by the Company's lenders. If not extended, the credit facility will cease to revolve, and all outstanding advances will be repayable on November 30, 2020.

After giving effect to the $35 million of cash proceeds received from the East Edson Transaction and the $20 million Borrowing Limit, Perpetual currently has available liquidity of $12 million.

2020 OUTLOOK

Capital spending in the first quarter of 2020 included a four well (4.0 net) heavy oil drilling program targeting the Clearwater formation in the Ukalta area of Eastern Alberta at a cost of $5.5 million. In response to the recent significant decline in global oil prices, all further capital expenditures in 2020 in Eastern Alberta will be deferred and substantially all of the Company's heavy oil production will be temporarily suspended, pending a recovery to oil prices. Capital activity in 2020 at the 50% owned East Edson property will consist of the carried interest drilling program forming part of the East Edson Transaction consideration.

Assuming a mid-year recovery of oil prices sufficient to support the restart of oil production, Perpetual anticipates average 2020 sales volumes of 5,000 to 6,000 boe/d (34% liquids). Actions have been implemented to minimize operating and corporate costs.

Abandonment and reclamation expenditures of up to $1.5 million are forecast for 2020, primarily at Mannville, as required to comply with the minimum expenditure level directed by the Alberta Energy Regulator's area-based closure program, addressing decommissioning obligations and thereby decreasing fixed operating costs associated with non-producing wells.

ADDITIONAL INFORMATION

For additional information, please contact:

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Susan L. Riddell Rose	President and Chief Executive Officer
W. Mark Schweitzer	Vice President Finance and Chief Financial Officer

Oil and Gas Advisories

The reserves estimates contained in this news release represent gross reserves as at December 31, 2019 as estimated by McDaniel and Associates Consultants Ltd. ("McDaniel") and are defined under National Instrument 51-101 as interest before deduction of royalties and without including any royalty interests. The recovery and reserves estimates of crude oil, NGL and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, natural gas and NGL reserves may be greater than or less than the estimates provided herein.

To provide a single unit-of-production for analytical purposes, natural gas production and reserves volumes are converted mathematically to equivalent barrels of oil (boe), using the industry-accepted standard conversion of six thousand cubic feet of natural gas to one barrel of oil (6 Mcf = 1 bbl). The 6:1 boe ratio is based on an energy equivalency conversion method primarily applicable at the burner tip. It does not represent a value equivalency at the wellhead and is not based on either energy content or current prices. While the boe ratio is useful for comparative measures and observing trends, it does not accurately reflect individual product values and might be misleading, particularly if used in isolation. As well, given that the value ratio, based on the current price of crude oil to natural gas, is significantly different from the 6:1 energy equivalency ratio, using a 6:1 conversion ratio may be misleading as an indication of value.

The following abbreviations used in this news release have the meanings set forth below:

bbls	*barrels*
boe	*barrels of oil equivalent*
Mcf	*thousand cubic feet*

Forward-Looking Information

Certain information regarding Perpetual in this news release including management's assessment of future plans, operations, and certain of the information contained under the heading "2020 Outlook" in this news release, may constitute forward-looking information or statements under applicable securities laws. The forward looking information includes, without limitation, the use of cash proceeds from the East Edson Transaction including the repayment of bank debt and the funding of profitable investment in the Clearwater play in Eastern Alberta, the future recovery and stabilization of oil prices, any benefits to be derived from the East Edson Transaction including that the eight-well capital carry at East Edson will restore gross production levels to more fully utilize the existing processing capacity, improve operating netbacks and result in improved capital spending efficiency, the timing for the next Borrowing Limit review and any future extension of the credit facility, the nature of the capital spending in 2020 at the 50% owned East Edson property, the deferral and suspension of oil capital expenditures in 2020 including heavy oil production and the anticipated timing of an oil price recovery and production restart, anticipated average 2020 sales volumes, the ability to minimize operating and corporate costs, abandonment and reclamation expenditure forecasts for 2020 and ability to decrease fixed operating costs associated with non-producing wells, anticipated amounts and allocation of capital spending; statements regarding estimated production and timing thereof; forecast average production; completions and development activities; prospective oil and natural gas liquids production capability; projected realized natural gas prices and adjusted funds flow; estimated decommissioning obligations; commodity prices and foreign exchange rates; and commodity price management. Various assumptions were used in drawing the conclusions or making the forecasts and projections in the forward-looking information contained in this news release, which assumptions are based on *management's analysis of historical trends, experience, current conditions and expected future developments pertaining to Perpetual and the industry in which it operates as well as certain assumptions regarding the matters outlined above. Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, including, without limitation, the impact of the ongoing oil price war between Russia and Saudi Arabia and COVID-19 as further described below, which could cause actual results to vary and in some instances to differ materially from those anticipated by Perpetual and described in the forward-looking information contained in this news release. In particular and without limitation of the foregoing, the recent outbreak of COVID-19 has had a negative impact on global financial conditions. Perpetual cannot accurately predict the impact COVID-19 will have on its ability to execute its business plans in response to government public health efforts to contain COVID-19 and to obtain financing or third parties' ability to meet their contractual obligations with Perpetual including due to uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected jurisdictions; and the current and future demand for oil and gas. In the event that the prevalence of COVID-19 continues to increase (or fears in respect of COVID-19 continue to increase), governments may increase regulations and restrictions regarding the flow of labour or products, and travel bans, and Perpetual's operations, service providers and customers, and ability to advance its business plan or carry out its top strategic priorities, could be adversely affected. In particular, should any employees, consultants or other service providers of Perpetual become infected with COVID-19 or similar pathogens, it could have a material negative impact on Perpetual's operations, prospects, business, financial condition and results of operations. Undue reliance should not be placed on forward-looking information, which is not a guarantee of performance and is subject to a number of risks or uncertainties, including without limitation those described herein and under "Risk Factors" in Perpetual's Annual Information Form and MD&A for the year ended December 31, 2019 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR website (www.sedar.com) and at Perpetual's website (www.perpetualenergyinc.com). Readers are cautioned that the foregoing list of risk factors is not exhaustive. Forward-looking information is based on the estimates and opinions of Perpetual's management at the time the information is released, and Perpetual disclaims any intent or obligation to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise, other than as expressly required by applicable securities law.*

Non-GAAP Measures

This news release contains the terms "available liquidity" and "operating netback" which do not have standardized meanings as prescribed by GAAP. Management believes that in addition to net income (loss) and net cash flows from operating activities as defined by GAAP, these terms are useful supplemental measures to evaluate operating performance. Users are cautioned however that these measures should not be construed as an alternative to net income (loss) or net cash flows from operating activities determined in accordance with GAAP as an indication of Perpetual's performance and may not be comparable with the calculation of similar measurements by other entities.

Available Liquidity: Available Liquidity is defined as Perpetual's reserve-based credit facility borrowing limit (the "Borrowing Limit"), less borrowings and letters of credit issued under the reserve-based credit facility (the "Credit Facility"). Management uses available liquidity to assess the ability of the Company to finance capital expenditures and expenditures on decommissioning obligations, and to meet its financial obligations.

Operating netback: Operating netback is calculated by deducting royalties, production and operating expenses, and transportation costs from realized revenue. Operating netback is also calculated on a per boe basis using production sold for the period. Operating netback on a per boe basis can vary significantly for each of the Company's operating areas. Perpetual considers operating netback to be an important performance measure as it demonstrates its profitability relative to current commodity prices.

For additional reader advisories in regards to non-GAAP financial measures, including Perpetual's method of calculation and reconciliation of these terms to their corresponding GAAP measures, see the section entitled "Non-GAAP Measures" within the Company's MD&A filed on SEDAR.