



## **NEWS RELEASE**

### **PARAMOUNT ENERGY TRUST CONVERTS INTO PERPETUAL ENERGY INC., UPDATES GAS STORAGE FUNDING AND ANNOUNCES MANAGEMENT ADDITION**

**Calgary, Alberta – June 30, 2010** – Perpetual Energy Inc. ("**Perpetual**" or the "**Corporation**") (TSX – PMT) announced today that it has completed the previously announced plan of arrangement (the "**Arrangement**") involving Perpetual, Paramount Energy Trust (the "**Trust**") and Paramount Energy Operating Corp. ("**PEOC**"), pursuant to which the Trust converted into the Corporation.

Unitholders of the Trust voted in favour of the Arrangement at the Annual General and Special meeting of Trust Unitholders held on June 17, 2010. In accordance with the terms of the Arrangement, former Unitholders of the Trust who have or will complete the letter of transmittal provided to such Unitholders will receive common shares of Perpetual in consideration for the cancellation of their Trust Units of the Trust on a one-for-one basis. In addition, as part of the Arrangement, the Trust was dissolved and the Corporation assumed all of the existing liabilities of the Trust, including the Trust's outstanding convertible debentures which are now convertible debentures of the Corporation.

It is anticipated that the Corporation's common shares and convertible debentures will commence trading on the Toronto Stock Exchange under the trading symbols "**PMT**", "**PMT.DB.C**", "**PMT.DB.D**", and "**PMT.DB.E**" within three to five business days following completion of the Arrangement. The Trust Units and convertible debentures of the Trust will be delisted at this time as well.

At the Annual General and Special meeting of the Trust, Unitholders also approved the Share Option Plan and the Bonus Rights Plan of Perpetual. Additionally, Unitholders appointed a new director of PEOC, Mr. Geoffrey C. Merritt, who, along with the other PEOC directors, are the directors of the Corporation. Mr. Merritt steps into the position vacated by Mr. John W. (Jack) Peltier, who retired as a director. We would like to express our sincere thanks to Mr. Peltier for his dedicated service to the Trust over the previous eight years.

#### **Gas Storage Funding**

Perpetual is also pleased to announce that approximately \$32 million of the previously-announced funding for its Warwick Gas Storage Facility has been released from escrow. It is expected that the remaining \$10 million will be released from escrow upon satisfaction of certain additional conditions related to the completion of the facility.

## Management Addition

The Corporation is pleased to announce that Mr. R. William Thornton will join Perpetual on July 5, 2010 as Vice President, Heavy Oil. Mr. Thornton has over 30 years of industry experience in a number of capacities, including senior management positions with heavy oil and bitumen producers. His primary role will be to steward the advancement of the Corporation's expanding heavy oil and bitumen portfolio.

## About the Corporation

Perpetual Energy Inc. is a natural gas-focused Canadian energy corporation. Further information with respect to Perpetual can be found on its website at [www.perpetualenergyinc.com](http://www.perpetualenergyinc.com).

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## Forward-looking Information

*The information in this press release contains certain forward-looking statements including, without limitation, the anticipated timing of the listing of Perpetual's common shares and convertible debentures on the Toronto Stock Exchange, the delisting of the Trust's trust units and convertible debentures on the Toronto Stock Exchange, the satisfaction of additional conditions sufficient to release escrowed funds in connection with the funding of the Warwick Gas Storage Facility, and the scope of Perpetual's heavy oil and bitumen portfolio. These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar expressions. These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Perpetual's control, including: the impact of general economic conditions; industry conditions; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; fluctuations in commodity prices and foreign exchange and interest rates; stock market volatility and market valuations; volatility in market prices for oil and natural gas; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions, of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; and obtaining required approvals of regulatory authorities. Perpetual's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Perpetual will derive from them. Except as expressly required by law, Perpetual undertakes no obligation to publicly update or revise any forward-looking statements. For additional risk factors in respect of Perpetual and its business, please refer to the Annual Information Form of the Trust dated March 9, 2010 which is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

*The Toronto Stock Exchange has neither approved nor disapproved the information contained herein.*