



NEWS RELEASE

Perpetual Energy Inc. Announces Extension of Credit Facility Redetermination

Calgary, Alberta – December 1, 2020 (TSX:PMT) – Perpetual Energy Inc. (“Perpetual” or the “Company”) announced today that the revolving credit period applicable to the Company’s credit facility has been extended to December 23, 2020 and the \$20 million borrowing limit maintained. The borrowing limit is scheduled to be redetermined and the revolving credit period extended on or before December 23, 2020. The extension of the revolving credit period provides additional time to finalize negotiations with its lenders and for the Company to explore opportunities to enhance its liquidity. If the revolving credit period is not extended beyond December 23, 2020, the credit facility will cease to revolve, and all outstanding balances will be repayable.

ADDITIONAL INFORMATION

About Perpetual

Perpetual is an oil and natural gas exploration, production and marketing company headquartered in Calgary, Alberta. Perpetual owns a diversified asset portfolio, including liquids-rich natural gas assets in the deep basin of west central Alberta, heavy oil and shallow natural gas in eastern Alberta, with longer term opportunities through undeveloped oil sands leases in northern Alberta. Additional information on Perpetual can be accessed at www.sedar.com or from the Corporation’s website at www.perpetualenergyinc.com.

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

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

Forward-Looking Information

Certain information regarding Perpetual in this news release may constitute forward-looking information or statements under applicable securities laws. The forward looking information includes, without limitation, the ability to extend the Credit Facility or to refinance its term debt on favorable terms, the potential outcome of the Sequoia Litigation, 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 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.