



NEWS RELEASE

PERPETUAL ENERGY RECEIVES COURT OF APPEAL JUDGMENT RELATING TO THE SEQUOIA BIA CLAIM

Calgary, Alberta – March 25, 2022 (TSX:PMT) - Perpetual Energy Inc. ("Perpetual" or the "Company") today received the Alberta Court of Appeal (the "Court of Appeal") judgment with respect to the appeal heard on February 10, 2022 relating to the sale by Perpetual of legacy shallow gas properties in October 2016 to an arm's length third party purchaser after an extensive and lengthy marketing, due diligence and negotiation process (the "Sequoia Disposition").

As previously disclosed, on February 25, 2020, Perpetual filed an application to strike and summarily dismiss the claim brought under Section 96 of the *Bankruptcy and Insolvency Act* (the "*BIA Claim*") by PricewaterhouseCoopers Inc. ("PwC"), in its capacity as trustee in bankruptcy of Sequoia Resources Corp. ("Sequoia"). On January 14, 2021, the Court of Queen's Bench released its decision with respect to this summary dismissal application, finding that PwC could not establish a necessary element of the *BIA Claim* as Sequoia was not insolvent at the time of, nor rendered insolvent by, the Sequoia Disposition. The Court of Queen's Bench therefore concluded there is "no merit" to the *BIA Claim* and it was summarily dismissed. On January 21, 2021, PwC filed a notice of appeal of this judgment to the Court of Appeal and the appeal was heard on February 10, 2022.

In today's Memorandum of Judgment, the Court of Appeal allowed PwC's appeal on the basis that the Court of Queen's Bench erred in law in its handling of the end-of-life obligations and that based on the record, it could not be concluded the error was without consequence, and that the Court of Queen's Bench also erred in agreeing to hear the second summary dismissal application. On this basis, the *BIA Claim* has been directed to trial.

Perpetual received the Statement of Claim in August 2018. As opposed to proceeding to a full trial at that time, Perpetual filed a Statement of Defence and Application for Summary Dismissal later in August 2018. All allegations made by PwC were denied and the summary dismissal application was made on the basis that there was no merit to any of the claims and that the claims constituted an abuse of process. Through various Court of Queen's Bench proceedings, including a second summary dismissal application, as at January 14, 2021, all claims against the Company had been struck or summarily dismissed. Subsequently, through various Court of Appeal proceedings, certain aspects of the appeals filed by PwC have been granted by the Court of Appeal, with certain aspects of outstanding claims being directed to trial by the Court of Appeal, putting Perpetual in a similar situation as it was in August 2018.

Perpetual continues to believe that all of the outstanding claims brought by PwC in relation to the Sequoia Disposition are completely opportunistic and entirely without merit and it will continue to vigorously defend itself against them. The Company remains highly confident that it will be completely successful in defending the outstanding aspects of PwC's claims.

The Memorandum of Judgment of the Court of Appeal has been posted to the Company's website at www.perpetualenergyinc.com or may be obtained by reviewing the public court documents that pertain to appeal number 2101-0021AC, as filed with the Court of Appeal.

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 conventional natural gas assets in the deep basin of

West Central Alberta, heavy crude oil and shallow conventional natural gas in Eastern Alberta and undeveloped bitumen leases in Northern Alberta. Additional information on Perpetual can be accessed at www.sedar.com or from the Company's website at www.perpetualenergyinc.com.

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

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FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans, outcomes and operations may constitute forward-looking information or statements (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: statements relating to the claims, the intended purpose of the claims, the Company's intention to defend itself and the expected outcome of the claims. Forward-looking information is based on current expectations, estimates and projections that involve a number of known and unknown risks, 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, material factors or assumptions on which the forward-looking information in this news release is based include: the ability of it to successfully defend itself with respect to the claims; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange and interest rates; near-term pricing and continued volatility of the market; accounting estimates and judgments; future use and development of technology and associated expected future results; the ability to obtain regulatory approvals; the successful and timely implementation of capital projects; ability to generate sufficient cash flow to meet current and future obligations; the ability of Perpetual to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the retention of key properties; forecast inflation and other assumptions inherent in Perpetual's current guidance and estimates; the continuance of existing tax, royalty, and regulatory regimes; the accuracy of the estimates of reserves volumes; ability to access and implement technology necessary to efficiently and effectively operate assets; and the ongoing and future impact of the coronavirus and Russia's military actions in Ukraine on commodity prices and the global economy, among others. 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, 2021 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). In addition, defence costs of legal claims can be substantial, even with respect to claims that have no merit and due to the inherent uncertainty of the litigation process, the resolution of the legal proceeding to which the Company has become subject could have a material effect on the Company's financial position and results of operations. 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.