

This Letter of Transmittal outlines the definitive terms and conditions under which beneficial holders ("Noteholders") of the 8.75% senior unsecured notes due January 23, 2022 (the "Notes") of Perpetual Energy Inc. ("Perpetual") may tender their Notes through CDS Clearing and Depository Services Inc.'s ("CDS") online tendering system ("CDSX") to Computershare Investor Services Inc. (the "Depository") for acceptance of the exchange of the Notes into new 8.75% senior unsecured notes of Perpetual due January 23, 2025 (the "New Notes") pursuant to a plan of arrangement (the "Arrangement") described in the Management Information Circular of Perpetual dated December 23, 2020 (the "Circular"). In order to tender such Notes, a Noteholder must direct its investment dealer, broker or other nominee to approve the Arrangement in the manner required by such party.

Noteholders whose Notes have been deposited by CDS are deemed to have completed this Letter of Transmittal.

The terms, conditions and definitions used in the Circular are incorporated by reference into this Letter of Transmittal. Capitalized terms used and not defined herein have the meanings given to them in the Circular.



LETTER OF TRANSMITTAL

in respect of the Arrangement to

exchange each \$1,000 principal amount of Notes for

\$1,000 principal amount of New Notes, including all accrued and unpaid interest thereon

This Letter of Transmittal is for use by registered holders of the Notes in connection with the Arrangement.

Noteholders are referred to the Circular including the documents incorporated by reference therein. **You are encouraged to carefully review the Circular in its entirety.** By depositing his, her or its Notes held by CDS through the Noteholder's CDS participant, a Noteholder is deemed to have completed, authorized and executed this Letter of Transmittal and to consent to the matters contained herein.

The Depository (the contact information is located on the back page of this Letter of Transmittal) can be contacted with any questions concerning the Arrangement or requests for additional copies of the Circular or this Letter of Transmittal or other related documents.

TO: PERPETUAL ENERGY INC.
AND TO: COMPUTERSHARE INVESTOR SERVICES INC., as depository

The undersigned registered holder of the Notes hereby irrevocably deposits the Notes held by the undersigned.

Certificate Number(s)	Name in Which Registered	Number of Deposited Senior Notes
	CDS & Co.	

Noteholders that have validly deposited and delivered Notes through CDSX to the Depository's account with CDS (the "**Deposited Senior Notes**"), irrevocably accept the Arrangement for such Deposited Senior Notes upon the terms and conditions contained in the Circular outlining the Arrangement and this Letter of Transmittal and hereby assign all right, title and interest therein to Perpetual.

The undersigned, as the registered holder of the Notes, on behalf of each beneficial owner of Deposited Senior Notes:

1. acknowledges receipt of the Circular and the making of the Arrangement;
2. on and subject to the terms and conditions of the Arrangement, deposits and sells, assigns and transfers to Perpetual all right, title and interest in and to the Deposited Senior Notes, including any and all rights and benefits arising from the Deposited Senior Notes and any rights and benefits under the Indenture, effective from the Effective Time, unless the Arrangement is withdrawn by Perpetual;
3. represents and warrants that (i) the Noteholder's CDS participant has full power and authority to deposit, sell, assign and deposit the Deposited Senior Notes on its behalf, (ii) the Noteholder beneficially owns the Deposited Senior Notes being deposited through its CDS participant free and clear of any hypothecs, mortgages, liens, charges, restrictions, security interests, claims, pledges, equitable interests and encumbrances of any nature or kind whatsoever and has not sold, assigned or transferred, or agreed to sell, assign or transfer, any of the Deposited Senior Notes to any other person, (iii) the deposit of the Deposited Senior Notes complies with applicable securities laws, and (iv) if and when the Deposited Senior Notes are taken up by Perpetual, Perpetual will acquire good title thereto, free and clear of hypothecs, mortgages, liens, charges, restrictions, security interests, claims, pledges, equitable interests and encumbrances of any nature or kind whatsoever;
4. directs Perpetual and the Depositary, upon Perpetual taking up the Deposited Senior Notes, to exchange the Deposited Senior Notes validly deposited pursuant to the Arrangement for the issuance of the New Notes to CDS for the account of the Noteholder's CDS participant;
5. waives any right to receive notice of take up of the Deposited Senior Notes;
6. irrevocably constitutes and appoints Perpetual, and any other persons designated by Perpetual in writing, as the true and lawful agents, attorneys and attorneys-in-fact of CDS, on behalf of the Noteholder with respect to the Deposited Senior Notes deposited herewith and taken up by Perpetual, effective from and after the Effective Time, with full power of substitution, in the name of and on behalf of CDS and the Noteholder with respect to the Deposited Senior Notes (such power of attorney being deemed to be an irrevocable power coupled with an interest):
 - (a) to register or record the transfer and/or cancellation of such Deposited Senior Notes on the appropriate registers (as applicable);
 - (b) to exercise any and all rights in respect of the Deposited Senior Notes, including, without limitation, to vote any or all Deposited Senior Notes, to execute and deliver any and all instruments of proxy, authorizations or consents in a form and on terms satisfactory to Perpetual in respect of any or all Deposited Senior Notes, to revoke any such instrument, authorization or consent given prior to or after the Effective Time, to designate in such instrument, authorization or consent and/or designate in any such instruments of proxy any person or persons as the proxy of CDS, on behalf of the Noteholder in respect of the Deposited Senior Notes, for all purposes including, without limitation, in connection with any meeting or meetings or resolutions of Noteholders; and
 - (c) to exercise any other rights of a holder of Deposited Senior Notes;
7. covenants to execute, upon request, any additional documents, transfers and other assurances as may be necessary or desirable in connection with the foregoing or the Arrangement in order to complete the exchange, sale, assignment and transfer of the Deposited Senior Notes;

8. acknowledges that all authority conferred or agreed to be conferred by CDS and by the Noteholder in respect of the Deposited Senior Notes is, to the maximum extent permitted by law, irrevocable and coupled with an interest and shall survive the death or incapacity, bankruptcy or insolvency of CDS, and of the Noteholder, and that all obligations of CDS and the Noteholder in respect of the Deposited Senior Notes herein shall be binding upon the heirs, executors, administrators, attorneys, personal representatives, successors and assigns of CDS and of the Noteholder in respect of the Deposited Senior Notes;
9. shall be deemed to have agreed and acknowledged that (i) all questions as to the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of Deposited Senior Notes, will be determined by Perpetual, in its sole discretion, which determination will be final and binding on all parties, (ii) Perpetual reserves the absolute right to reject any or all deposits of Deposited Senior Notes determined by it in its sole discretion not to be in proper form nor completed in accordance with the instructions set forth in the Circular and in this Letter of Transmittal or the acceptance for exchange of, or exchange for, which may, in the opinion of Perpetual's counsel, be unlawful under the laws of any jurisdiction, (iii) Perpetual reserves the absolute right to waive any of the conditions of the Arrangement or any defect or irregularity in any deposit of Deposited Senior Notes, (iv) no deposit of Deposited Senior Notes will be deemed to be properly made until all defects and irregularities have been cured or waived, (v) none of Perpetual, the Depositary or any other person will be under any duty to give notification of any defect or irregularity in deposits or incur any liability for failure to give any such notice, and (vi) Perpetual's interpretation of the terms and conditions of the Arrangement (including this Letter of Transmittal) will be final and binding on all parties; and

CDS & CO.

Per: _____
Authorized Signing Officer

Dated: _____, 202__

The Depository for the Arrangement is:



Computershare Investor Services Inc.

By Regular Mail:

Computershare Investor Services Inc.
P.O. Box 7021, 31 Adelaide Street East
Toronto, Ontario M5C 3H2

Attention: Corporate Actions

By Hand, Courier or Registered Mail

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

Attention: Corporate Actions

Toll Free: 1-800-564-6253

E-Mail: corporateactions@computershare.com