



NEWS RELEASE

PERPETUAL ENERGY INC. REPORTS THIRD QUARTER 2020 FINANCIAL AND OPERATING RESULTS

Calgary, Alberta – November 10, 2020 (TSX:PMT) – Perpetual Energy Inc. (“Perpetual” or the “Company”) herein releases its third quarter 2020 financial and operating results. A complete copy of Perpetual’s unaudited condensed interim consolidated financial statements and related Management’s Discussion and Analysis (“MD&A”) for the three and nine months ended September 30, 2020 can be obtained through the Company’s website at www.perpetualenergyinc.com and SEDAR at www.sedar.com.

THIRD QUARTER 2020 HIGHLIGHTS

Capital Spending, Production and Operations

- Third quarter production averaged 4,188 boe/d, down 50% from 8,383 boe/d in the comparative period of 2019, due primarily to the sale of a 50% working interest in the East Edson property in West Central Alberta to a third-party (the “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 (the “East Edson Transaction”).
- Compared to the second quarter of 2020, total production increased by 14% or 526 boe/d, due to the restart of heavy oil production which was suspended late in the first quarter in response to low oil prices. As Western Canadian Select (“WCS”) prices improved from their April lows, the Company began reactivating certain low-cost heavy oil production in mid-May 2020 and has continued to ramp up production as oil prices recover. As of September 30, 2020, Perpetual had restarted all heavy oil production with the exception of approximately 175 bbl/d of higher cost production in certain pools at Mannville. Additionally, production at East Edson was shut-in during the five-day scheduled turnaround at the West Wolf gas plant which is anticipated to support continued efficient and reliable operations going forward.
- Two wells (1.0 net) of the eight-well carried interest drilling commitment were drilled, completed and tied-in to production in mid-September by the operator at the 50% owned East Edson property. Three wells (1.5 net) are currently drilling and are expected to be tied-in to production later in the fourth quarter with a further two wells (1.0 net) scheduled to be drilled and tied-in to production during the first quarter of 2021. Capital cost reductions per well are exceeding Perpetual’s 25% cost reduction expectations. As production is tied-in from these new wells, unit production and operating costs are anticipated to decrease due to the largely fixed cost nature of the East Edson operations.
- Perpetual’s operated exploration and development spending in the third quarter of 2020 was nominal, consistent with guidance released on July 31, 2020 with the Company’s second quarter results.
- On an absolute dollar basis, production and operating costs were down by \$1.6 million (39%) from the prior year period. This decrease reflects the impact of the East Edson Transaction, the elimination of variable costs related to the ongoing shut-in of 175 bbl/d of higher cost heavy oil production at Mannville, and other cost mitigation initiatives. Perpetual’s 50% share of the West Wolf plant turnaround costs during the third quarter were \$0.3 million. Total production and operating expenses were up 23% on a unit-of-production basis to \$6.79/boe for the third quarter of 2020, compared to \$5.53/boe for the comparable period of 2019.

Financial Highlights

- Realized revenue was \$17.93/boe in the third quarter of 2020, 26% lower than the comparative period of 2019 (\$24.34/boe).

- Perpetual's realized natural gas price, including derivatives, decreased 98% to \$0.06/Mcf for the third quarter of 2020 from \$3.13/Mcf in the comparative period of 2019, and represented only 3% of the AECO Daily Index price compared to 344% in the prior year period. Compared to the AECO Daily Index, lower realized natural gas prices were the result of AECO-NYMEX basis hedging losses of \$2.6 million (\$1.75/Mcf) which occurred as Western Canadian gas storage filled rapidly. The basis positions were put in place prior to the implementation of the Temporary Service Protocol by TC Energy which established access for storage operators. The Company has closed out its remaining AECO-NYMEX basis hedge positions by entering into offsetting hedge arrangements for the remainder of 2020 (\$2.4 million unrealized loss) and 2021 (\$3.4 million unrealized loss). Realized losses on financial and physical gas derivatives decreased the realized price in the third quarter of 2020 by \$2.42/Mcf compared to the AECO Daily Index (Q3 2019 – increased the realized price by \$1.20/Mcf).
- In the third quarter of 2020, the Company reduced its fixed volume obligations under the market diversification contract by 30,000 MMBtu/d to 10,000 MMBtu/d for the period commencing November 1, 2020 and ending on October 31, 2021 to align natural gas sales obligations with lower forecast production volumes following the East Edson Transaction. The modification resulted in a realized loss on derivatives of \$1.0 million (\$2.53/boe) and reduced the Company's realized natural gas price by \$0.65/Mcf in the third quarter of 2020. Subsequent to September 30, 2020, the Company reduced its fixed volume obligations under the market diversification contract by 14,600 MMBtu/d to 25,400 MMBtu/d for the period commencing November 1, 2021 to October 31, 2022, realizing a gain of \$0.5 million. Market diversification contract pricing is based on daily index natural gas prices at pricing hubs outside of Alberta that generally track North American NYMEX prices.
- Perpetual's realized oil price of \$55.71/bbl was 26% higher than the third quarter of 2019, and included realized hedging gains on crude oil derivative contracts of \$2.2 million or \$19.83/bbl (Q3 2019 – realized hedging losses of \$1.1 million or \$8.83/bbl). Excluding realized hedging gains, Perpetual's realized oil price was \$35.88/bbl in the third quarter of 2020, down 32% from \$53.14/bbl in the prior year period. Compared to the second quarter of 2020, Perpetual's realized oil price excluding hedging gains increased by 54% (\$12.64/bbl), attributable to a similar increase in WTI prices. WTI fixed price hedges have been substantially offset for the remainder of 2020 by similar arrangements having unrealized gains of \$3.3 million. WTI-WCS differential hedges remain in place for the remainder of 2020 on an average of 200 bbl/d at a fixed differential of US\$19.75/bbl. For 2021, the Company has fixed the WTI-WCS differential on 300 bbl/d at US\$13.25/bbl.
- Perpetual's realized NGL price for the third quarter of 2020 was \$28.09/bbl, down 25% from the third quarter of 2019, reflecting a decrease in all NGL component prices which moved lower commensurate with lower WTI light oil prices.
- Royalty expenses for the third quarter of 2020 were \$1.6 million, 30% lower than the comparative period of 2019 due to both lower production and oil and natural gas revenue, partially offset by higher Alberta Gas Reference prices and AECO Daily Index prices which are used to calculate crown and freehold natural gas royalties, respectively.
- Transportation costs in the third quarter of 2020 were \$0.8 million, down 51% from the prior year period of \$1.5 million. On a unit-of-production basis, company-wide transportation costs were largely unchanged, decreasing from \$2.00/boe in the third quarter of 2019 to \$1.98/boe in the same period of 2020. Effective July 31, 2020, Perpetual's natural gas firm transportation capacity was reduced from 25.5 MMcf/d to 15.4 MMcf/d, reducing unutilized demand charges at East Edson.
- Cash costs were down 34% to \$8.6 million (Q3 2019 – \$13.0 million), but up 32% on a unit-of-production basis to \$22.21/boe (Q3 2019 – \$16.84/boe). Cash costs decreased by \$4.4 million from the prior year period due to the East Edson Transaction, the continued shut-in of approximately 175 bbl/d of higher cost heavy oil production, the reduction in work hours and corresponding compensation to 80% effective April 1, 2020, and payments received from the Canada Emergency Wage Subsidy ("CEWS") program. Cash costs on a unit-of-production basis increased by 32%, due to the 50% decrease in production.
- Net loss for the third quarter of 2020 was \$7.5 million (\$0.12/share), compared to a net loss of \$20.3 million (\$0.34/share) in the comparative period of 2019.
- Cash flow used in operating activities in the third quarter of 2020 was \$2.5 million (\$0.04/share), down \$8.0 million from the prior year period (Q3 2019 – cash flow from operating activities of \$5.5 million and \$0.09/share).
- Adjusted funds flow in the third quarter of 2020 was negative \$2.1 million (negative \$0.03/share), down \$6.3 million (150%) from the prior year period of \$4.2 million (\$0.07/share) due primarily to the 50% decrease in

production in the third quarter of 2020 caused by the sale of East Edson production and natural gas hedging losses. Compared to the second quarter of 2020, adjusted funds flow improved by \$1.2 million, due to higher third quarter oil production following the restart of production in mid-May and higher selling prices for all commodities.

- At September 30, 2020, Perpetual had total net debt of \$102.1 million, down \$16.0 million (14%) from December 31, 2019. The improvement reflected the \$34.8 million of net cash consideration received from the East Edson Transaction. Compared to June 30, 2020, net debt increased by \$3.5 million (4%) due to increased draws on the reserve-based Credit Facility to fund net working capital payments and cash flows used in operating activities.
- Perpetual had available liquidity at September 30, 2020 of \$3.6 million, comprised of the \$20 million Credit Facility Borrowing Limit, less current borrowings and letters of credit of \$15.1 million and \$1.3 million, respectively. Subsequent to quarter end, Perpetual has reduced its outstanding letters of credit to \$0.9 million. On October 30, 2020, the \$20 million Borrowing Limit was confirmed and the revolving credit period was extended until November 30, 2020. If not extended by November 30, 2020, the credit facility will cease to revolve, and all outstanding advances will be repayable.

SEQUOIA LITIGATION UPDATE

On January 13, 2020, the Court of Queen's Bench (the "Court") issued its written decision related to the Statement of Claim filed on August 3, 2018 against Perpetual and its President and Chief Executive Officer ("CEO") with respect to the Company's disposition of shallow gas assets in Eastern Alberta to an unrelated third party on October 1, 2016 (the "Sequoia Litigation"). The decision dismissed and struck all claims against the Company's CEO and all but one of the claims filed by PricewaterhouseCoopers Inc. ("PwC") LIT in its capacity as trustee in bankruptcy (the "Trustee") against Perpetual. The Court did not find that the test for summary dismissal relating to whether the asset transaction was an arm's length transfer for purposes of section 96(1) of the Bankruptcy and Insolvency Act (the "BIA") was met, on the balance of probabilities. Accordingly, the BIA claim was not dismissed or struck and only that part of the claim can continue against Perpetual.

The Trustee filed a notice of appeal with the Court of Appeal of Alberta, challenging the entire decision, and Perpetual filed a similar notice of appeal contesting the BIA claim portion of the decision. The appeal proceedings are scheduled to be heard in December 2020. On September 24, 2019, Perpetual filed an application for security for costs of the appeal. On January 28, 2020, the Court of Appeal issued its decision, requiring the Trustee to post security with the Court of Appeal in the amount of \$0.2 million. Applications filed by the Trustee to appeal the security for costs decision and alter the reasons for the decision were dismissed at a hearing held on June 18, 2020. Costs of \$0.1 million were awarded by the Court of Appeal against the Trustee on July 21, 2020.

On August 26, 2020, costs of \$0.6 million were awarded by the Court against PwC in their personal capacity, related to the claims against Perpetual's CEO which were dismissed and struck in the January 13, 2020 decision. Additionally, the Court ordered PwC to post security of \$1.7 million as a condition to continuing the Trustee's Statement of Claim action. PwC has since posted the required security with the Court and has filed a notice of appeal with the Court of Appeal of Alberta with respect to the cost award decision.

On February 25, 2020, Perpetual filed a second application to strike and summarily dismiss the BIA claim on the basis that there was no transfer at undervalue, and Sequoia was not insolvent at the time of the asset transaction nor caused to be insolvent by the asset transaction. In July 2020, the Orphan Well Association ("OWA"), certain oil and gas companies, and six municipalities applied to intervene in the second BIA dismissal application proceedings. The OWA and certain oil and gas companies were permitted to intervene (the "Intervenors") in the proceedings which took place on October 1st and 2nd, 2020. The Court's decision is pending. In late October, the Intervenors also filed applications with the Court of Appeal of Alberta to be permitted to intervene in the Trustee's appeal of the January 13, 2020 Court decision scheduled for December 2020.

Management expects that the Company is more likely than not to be completely successful in defending against the Sequoia Litigation such that no damages will be awarded against it, and therefore, no amounts have been accrued as a liability in Perpetual's financial statements.

OUTLOOK

Perpetual currently anticipates that five of the eight carried interest wells at the 50% owned East Edson property will be drilled, completed and tied-in before the end of the fourth quarter of 2020. Two horizontal Wilrich wells were tied-in to production in mid-September, with drilling operations underway on the next three well pad which is scheduled to be on production in the fourth quarter. A two well pad is planned for the first quarter of 2021 and the final carried interest well is scheduled to be drilled, completed and tied-in during the second half of 2021. While oil prices have begun to recover from their second quarter lows, capital expenditures for the remainder of 2020 in Eastern Alberta have been deferred, pending a sustained recovery of WTI oil prices to the US\$45.00/bbl level.

With the reactivation of shut-in heavy oil production and the contribution from the first two carried interest wells at East Edson in late-September, production is forecast to increase 24% in the fourth quarter to 5,100 to 5,300 boe/d (29% liquids). First quarter 2021 production is anticipated to increase a further 12% to 5,700 to 6,000 boe/d (26% liquids) with the full impact of the first five carried interest East Edson wells. An additional 175 bbl/d of heavy oil production could be re-started if WTI oil prices increase above the US\$45.00/bbl level.

The Company has been approved for funding of \$1.5 million from the Alberta Site Rehabilitation program. Work on these funded abandonment and reclamation projects will be ongoing throughout the fourth quarter of 2020 and into 2021.

Minimization of operating and corporate costs will remain a priority, as will ensuring employees remain safe and healthy amid the COVID-19 pandemic.

Financial and Operating Highlights	Three months ended September 30			Nine months ended September 30		
<i>(Cdn\$ thousands, except volume and per share amounts)</i>	2020	2019	Change	2020	2019	Change
Financial						
Oil and natural gas revenue	7,089	17,097	(59%)	21,308	58,531	(64%)
Net loss	(7,491)	(20,349)	63%	(76,040)	(61,517)	(24%)
Per share – basic and diluted ⁽²⁾	(0.12)	(0.34)	65%	(1.25)	(1.02)	(23%)
Cash flow from (used in) operating activities	(2,538)	5,509	(146%)	(8,429)	19,096	(144%)
Adjusted funds flow ⁽¹⁾	(2,098)	4,183	(150%)	(9,027)	14,194	(164%)
Per share – basic and diluted ⁽²⁾	(0.03)	0.07	(143%)	(0.15)	0.24	(163%)
Total assets	129,959	283,923	(54%)	129,959	283,923	(54%)
Revolving bank debt	15,089	40,856	(63%)	15,089	40,856	(63%)
Term loan, principal amount	45,000	45,000	–	45,000	45,000	–
TOU share margin demand loan, principal amount	–	10,416	(100%)	–	10,416	(100%)
Senior notes, principal amount	33,580	33,580	–	33,580	33,580	–
TOU share investment	–	(21,720)	(100%)	–	(21,720)	(100%)
Net working capital deficiency ⁽¹⁾	8,383	10,191	(18%)	8,383	10,191	(18%)
Net debt ⁽¹⁾	102,052	118,323	(14%)	102,052	118,323	(14%)
Capital expenditures	251	4,506	(94%)	5,473	10,944	(50%)
Net payments (proceeds) on acquisitions and dispositions	133	–	100%	(34,528)	–	(100%)
Net capital expenditures	384	4,506	(91%)	(29,055)	10,944	(365%)
Common shares outstanding (thousands)⁽³⁾						
End of period	61,253	60,425	1%	61,253	60,425	1%
Weighted average – basic and diluted	61,200	60,317	1%	60,896	60,195	1%
Operating						
Daily average production						
Natural gas (MMcf/d)	16.3	38.2	(57%)	22.2	44.1	(50%)
Oil (bbl/d)	1,193	1,292	(8%)	1,029	1,207	(15%)
NGL (bbl/d)	273	731	(63%)	382	757	(50%)
Total (boe/d)	4,188	8,383	(50%)	5,106	9,324	(45%)
Average prices						
Realized natural gas price (\$/Mcf) ⁽⁴⁾⁽⁵⁾	0.06	3.13	(98%)	0.67	2.99	(78%)
Realized oil price (\$/bbl) ⁽⁴⁾	55.71	44.31	26%	48.06	45.23	6%
Realized NGL price (\$/bbl) ⁽⁴⁾	28.09	37.34	(25%)	30.01	40.22	(25%)
Wells drilled – gross (net)						
Natural gas	2 (1.0)	– (–)		2 (1.0)	– (–)	
Oil	– (–)	2 (2.0)		4 (4.0)	5 (5.0)	
Total	2 (1.0)	2 (2.0)		6 (5.0)	5 (5.0)	

⁽¹⁾ These are non-GAAP measures. Please refer to "Non-GAAP Measures" below.

⁽²⁾ Based on weighted average basic common shares outstanding for the period.

⁽³⁾ All common shares are net of shares held in trust (September 30, 2020 – 0.6 million; September 30, 2019 – 0.9 million). See "Note 14 to the condensed interim consolidated financial statements".

⁽⁴⁾ Realized natural gas, oil and NGL prices include physical forward sales contracts for which delivery was made during the reporting period, along with realized gains and losses on financial derivatives and foreign exchange contracts.

⁽⁵⁾ Realized losses in the third quarter of 2020 include \$1.0 million (\$0.65/Mcf) from the modification of the market diversification contract for the November 1, 2020 to October 31, 2021 period. Realized gains in the third quarter of 2019 include \$2.7 million (\$0.77/Mcf) from the elimination of the Company's 40,000 MMBtu/d market diversification contract obligations for the period of December 1, 2019 to October 31, 2020.

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.

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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 potential outcome of the Sequoia Litigation, the ability to extend the Credit Facility or to refinance its term debt on favorable terms, 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.

Non-GAAP Measures

This news release contains the terms "adjusted funds flow", "adjusted funds flow per share", "adjusted funds flow per boe", "available liquidity", "cash costs", "net working capital deficiency", "net debt", "net bank debt", "net debt to adjusted funds flow ratio", "operating netback", "realized revenue" and "enterprise value" which do not have standardized meanings prescribed by GAAP. Management believes that in addition to net income (loss) and net cash flows from (used in) 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 (used in) 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.

Adjusted funds flow: Adjusted funds flow is calculated based on cash flows from (used in) operating activities, excluding changes in non-cash working capital and expenditures on decommissioning obligations since Perpetual believes the timing of collection, payment or incurrence of these items is variable. Expenditures on decommissioning obligations may vary from period to period depending on capital programs and the maturity of the Company's operating areas. Expenditures on decommissioning obligations are managed through the capital budgeting process which considers available adjusted funds flow. The Company has added back non-cash oil and natural gas revenues in-kind, equal to retained East Edson royalty obligation payments taken in-kind, to present the equivalent amount of cash revenue generated. The Company has also deducted payments of the gas over bitumen royalty financing from adjusted funds flow to present these payments net of gas over bitumen royalty credits received. These payments are indexed to gas over bitumen royalty credits and are recorded as a reduction to the Corporation's gas over bitumen royalty financing obligation in accordance with IFRS. Additionally, the Company has excluded payments of restructuring costs associated with employee downsizing costs, which management considers to not be related to cash flow from operating activities. Management uses adjusted funds flow and adjusted funds flow per boe as key measures to assess the ability of the Company to generate the funds necessary to finance capital expenditures, expenditures on decommissioning obligations, and meet its financial obligations.

Adjusted funds flow per share is calculated using the same weighted average number of shares outstanding used in calculating net income (loss) per share. Adjusted funds flow is not intended to represent net cash flows from (used in) operating activities calculated in accordance with IFRS.

Adjusted funds flow per boe is calculated as adjusted funds flow divided by total production sold in the period.

Available Liquidity: Available Liquidity is defined as Perpetual's reserve-based credit facility (the "Credit Facility") borrowing limit (the "Borrowing Limit"), less borrowings and letters of credit issued under 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.

Cash costs: Cash costs are comprised of royalties, production and operating, transportation, general and administrative, and cash finance expense. Cash costs per boe is calculated by dividing cash costs by total production sold in the period. Management believes that cash costs assist management and investors in assessing Perpetual's efficiency and overall cost structure.

Realized revenue: Cash costs are comprised of royalties, production and operating, transportation, general and administrative, and cash finance expense. Cash costs per boe is calculated by dividing cash costs by total production sold in the period. Management believes that cash costs assist management and investors in assessing Perpetual's efficiency and overall cost structure.

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 in 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.

Net working capital deficiency: Net working capital deficiency includes total current assets and current liabilities excluding short-term derivative assets and liabilities related to the Corporation's risk management activities, Tourmaline Oil Corp. ("TOU") share investment, TOU share margin demand loan, revolving bank debt, term loan, current portion of royalty obligations, current portion of lease liabilities, and current portion of provisions.

Net bank debt, net debt and net debt to adjusted funds flow ratio: Net bank debt is measured as current and long-term revolving bank debt including net working capital deficiency. Net debt includes the carrying value of net bank debt, the principal amount of the term loan, the principal amount of the TOU share margin demand loan and the principal amount of senior notes, reduced for the mark-to-market value of the TOU share investment. Net debt, net bank debt, and net debt to adjusted funds flow ratios are used by management to assess the Corporation's overall debt position and borrowing capacity. Net debt to adjusted funds flow ratios are calculated on a trailing twelve-month basis.

Enterprise value: Enterprise value is equal to net debt plus the market value of issued equity, and is used by management to analyze leverage.

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.

BOE Equivalents

Perpetual's aggregate proved and probable reserves are reported in barrels of oil equivalent (boe). Boe may be misleading, particularly if used in isolation. In accordance with NI 51-101, a boe conversion ratio for natural gas of 6 Mcf: 1 boe has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not necessarily represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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

<i>bbls</i>	<i>barrels</i>
<i>boe</i>	<i>barrels of oil equivalent</i>
<i>Mcf</i>	<i>thousand cubic feet</i>
<i>MMcf</i>	<i>million cubic feet</i>