



NEWS RELEASE

Perpetual Energy Inc. and Rubellite Energy Inc. Announce Completion of Plan of Arrangement

Calgary, Alberta - September 3, 2021 (TSX:PMT; TSX:RBY) – Perpetual Energy Inc. ("Perpetual" or the "Company") and Rubellite Energy Inc. ("Rubellite") are pleased to announce that the previously announced Plan of Arrangement under the *Business Corporations Act (Alberta)* (the "Plan of Arrangement") involving Perpetual, the shareholders of Perpetual, and Rubellite was completed on September 3, 2021 (the "Effective Date"). The completion of the Plan of Arrangement followed the overwhelming support of the Plan of Arrangement by the shareholders of the Company at its special shareholder meeting held on August 31, 2021 and the receipt today of the final order of the Court of Queen's Bench of Alberta approving the Plan of Arrangement.

Odd Lot Consolidation

Pursuant to steps in the Plan of Arrangement and as previously announced, Perpetual consolidated (the "Consolidation") its common shares ("Common Shares") on the basis of 1,000 to 1 (the "Ratio") and subsequently split the Common Shares (the "Split") on the same Ratio (the Consolidation and the Split are together, the "Share Capital Amendments"). Shareholders who own a number of Common Shares less than the Ratio (the "Consolidated Shareholders") will be paid an amount in cash of \$0.3419 per Common Share, being the volume weighted average trading price of the Common Shares on the Toronto Stock Exchange ("TSX") for the 20-day period prior to the Effective Date (the "Consolidation Consideration"). Based on the Ratio, approximately 650,000 Common Shares will be cancelled as a result of the Consolidation and Perpetual will pay an aggregate of approximately \$225,000 to the Consolidated Shareholders.

Following completion of the Consolidation, the Company will have approximately 64.0 million Common Shares outstanding. Letters of transmittal with respect to the Consolidation and the Plan of Arrangement were mailed out to all registered shareholders. All registered shareholders of Perpetual will be required to send their certificates representing pre-consolidation common shares with a properly executed letter of transmittal to Perpetual's transfer agent, Odyssey Trust Company, in accordance with the instructions provided in the letter of transmittal. Shareholders who hold their common shares through a broker or other intermediary and do not have Common Shares registered in their own name will not be required to complete a letter of transmittal.

Rubellite Warrants

Under the terms of the Plan of Arrangement, for every 46 common shares of Perpetual ("Common Shares") held, shareholders (other than Consolidated Shareholders) will receive 1 common share of Rubellite ("Rubellite Common Share") and 12 warrants to purchase Rubellite Common Shares ("Rubellite Warrants"). Each Rubellite Warrant entitles the holder to subscribe for one Rubellite Common Share at a price of \$2.00 per share until 4:30 p.m. (Calgary time) on October 4, 2021 (the "Expiry Time"). The Rubellite Warrants effectively provide for a "rights offering" whereby shareholders will have the equal opportunity to purchase additional Rubellite Common Shares. Rubellite will raise approximately \$33.4 million through the exercise of the Rubellite Warrants (the "Arrangement Warrant Financing") which is fully backstopped.

The Rubellite Common Shares and Rubellite Warrants have been conditionally approved for listing by the TSX. Trading in respect of the Rubellite Common Shares and Rubellite Warrants is expected to commence on or about Thursday September 9, 2021 under the symbols "RBY" and "RBY.WT", respectively.

Private Placement Financings

As previously announced, Rubellite will complete a non-brokered private placement of a minimum of \$10.5 million to up to \$20 million of Rubellite Common Shares at an issuance price of \$2.00 per Rubellite Common Share (the "Non-Brokered Private Placement"). The Non-Brokered Private Placement is expected to close at the same time as the Arrangement Warrant Financing and brokered private placement for which \$30 million is currently held in escrow (the "Brokered Private Placement" and collectively, the "Financings").

Any qualifying Shareholders or new investors who are "accredited investors" within the meaning of National Instrument 45-106 – Prospectus Exemptions, or other qualified persons in jurisdictions outside of Canada as determined by Rubellite and are interested in participating in the Non-Brokered Private Placement should contact the Company at PrivatePlacement@rubelliteenergy.com. Rubellite will use its reasonable commercial efforts to allow qualifying Shareholders or new investors to participate in the Non-Brokered Private Placement, subject to rejection or allotment as determined solely by Rubellite in whole or in part of their subscription amount. If any subscription amount is rejected or reduced by Rubellite, the subscription amount or any reduction to the subscription amount and all monies tendered therewith will be returned forthwith to the subscriber, without interest or deduction.

Concurrent with the completion of the Arrangement Warrant Financing and the Non-Brokered Private Placement, subscription receipts previously issued under the \$30 million Brokered Private Placement will automatically be exchanged on a one-for-one basis for Rubellite Common Shares.

Proceeds from the Financings of approximately \$73.9 million (assuming the minimum issuance under the Non-Brokered Private Placement) will be used to repay promissory notes in connection with Rubellite's acquisition of the Clearwater assets from Perpetual, and establish positive working capital to fund transaction costs and Rubellite's planned future drilling programs.

No securities regulatory authority has either approved or disapproved of the contents of this news release. The securities being offered have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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 conventional natural gas assets in the deep basin of West Central Alberta, heavy crude oil and shallow conventional natural gas in Eastern Alberta, including undeveloped bitumen leases in Northern Alberta and prospective undeveloped acreage in the emerging Clearwater play fairway through Rubellite Energy Inc. Additional information on Perpetual can be accessed at www.sedar.com or from the Corporation's website at www.perpetualenergyinc.com.

About Rubellite

Rubellite is a Canadian energy company incorporated by Perpetual Energy Inc. and established through a plan of arrangement on September 3, 2021. Rubellite is engaged in the exploration, development and production of heavy crude oil from the Clearwater formation in Eastern Alberta, utilizing multi-lateral drilling technology. Rubellite has a pure play Clearwater asset base and is pursuing a robust organic growth plan focused on superior corporate returns and free funds flow generation while maintaining a conservative capital structure and prioritizing ESG excellence.

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

For additional information please contact:

Perpetual Energy Inc. / Rubellite Energy Inc.
Suite 3200, 605 - 5 Avenue SW Calgary, Alberta, Canada T2P 3H5
Telephone: 403 269-4400 Fax: 403 269-4444 Email: info@perpetualenergyinc.com

Susan L. Riddell Rose President and Chief Executive Officer
Ryan A. Shay Vice President Finance and Chief Financial Officer

Forward-Looking Information

Certain information in this news release may constitute forward-looking information or statements pertaining to Perpetual and Rubellite (together "forward-looking information") under applicable securities laws. The forward-looking information includes, without limitation, statements with respect to: the timing for the listing of the Rubellite Common Shares and Rubellite Warrants on the TSX; the timing and completion of the Arrangement Warrant Financing, Non-Brokered Private Placement and the issuance of Rubellite Common Shares pursuant to the Brokered Private Placement; the anticipated benefits of, the Plan of Arrangement and the other transactions to Perpetual's shareholders and other stakeholders; and other similar statements.

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 or Rubellite 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 successful completion of Arrangement Warrant Financing, Non-Brokered Private Placement and the issuance of Rubellite Common Shares pursuant to the Brokered Private Placement; anticipated benefits to Perpetual and Rubellite's shareholders; the ability of Perpetual and Rubellite to continue as a going concern in the event the Arrangement Warrant Financing, Non-Brokered Private Placement and the Rubellite Common Shares issued pursuant to the Brokered Private Placement are not completed; the ability of Rubellite to successfully operate the Clearwater assets; forecast commodity prices and other pricing assumptions; forecast production volumes based on business and market conditions; foreign exchange rates; near-term pricing and continued volatility of the market; Rubellite's and Perpetual's capacity and continued operations; estimates of quantities of crude oil from properties and other sources not currently classified as proved; 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 general sufficient cash flow to meet current and future obligations; estimated abandonment and reclamation costs, including associated levies and regulations applicable thereto; Rubellite's ability to operate under the management of Perpetual pursuant to the management services agreement; the ability of Rubellite and Perpetual to obtain and retain qualified staff and equipment in a timely and cost-efficient manner, as applicable; the successful listing of the Rubellite Shares and Arrangement Warrants on the TSX; 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 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, 2020 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 such as the Sequoia litigation 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 Sequoia litigation 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 and Rubellite's management at the time the information is released, and Perpetual and Rubellite disclaim 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.