



OPERATIONAL INFORMATION UPDATE

MANNVILLE PRODUCED WATER PIPELINE BREAK

August 12, 2018

On August 9, 2018 a release of produced water was detected at the Company's Mannville operation. Perpetual immediately advised the Alberta Energy Regulator ("AER") and our response team was deployed to contain the spill and commence clean-up operations. The AER has been on-site to assess the incident. The majority of the impacted material is forecast to be removed from the site in the next 7 days with longer term reclamation and remediation to follow.

The affected area is situated on privately-owned farmland. The spill was both on and off the pipeline right of way and did not enter any free flowing fresh water. After initial assessment, the impact on wildlife appears to be minimal. The Company is in contact with the landowner and will continue to work cooperatively with the AER to ensure all potential environmental impacts are addressed and the affected land is restored.

The failure appears to be related to a pipeline break. The pipeline is located northwest of Mannville, Alberta at 16-26-50-9W4 to 5-36-50-9W4. All produced water pipelines from the Mannville 16-26-50-9W4 battery have been temporarily shut-in while the incident is being investigated.

Perpetual reported the total amount of produced water spilled could potentially be up to 2,100 bbl (335 m³). All visible surface fluids have been recovered and approximately 195 bbl (31 m³) has been delivered for safe disposal.

This operational update will be provided daily until this incident is concluded.

For additional information, please contact:

Perpetual 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

Sue Riddell Rose
Jeff Green

President and Chief Executive Officer
Vice President, Engineering and Corporate Services

