



NEWS RELEASE

PERPETUAL ENERGY INC. REPORTS YEAR-END 2023 FINANCIAL AND OPERATING RESULTS, Q1 2024 OUTLOOK AND RESERVES

Calgary, Alberta – March 25, 2024 (TSX:PMT) – Perpetual Energy Inc. ("Perpetual", or the "Company") is pleased to report its fourth quarter and year-end 2023 financial and operating results, Q1 2024 outlook and a summary of the Company's year-end 2023 reserves as reported by the independent engineering firm McDaniel and Associates Consultants Ltd. ("McDaniel"). A complete copy of Perpetual's audited consolidated financial statements, Management Discussion and Analysis ("MD&A") and Annual Information Forum for the year ended December 31, 2023 are available through the Company's website at www.perpetualenergyinc.com and SEDAR+ at www.sedarplus.ca.

This news release contains certain specified financial measures that are not recognized by GAAP and used by management to evaluate the performance of the Company and its business. Since certain specified financial measures may not have a standardized meaning, securities regulations require that specified financial measures are clearly defined, qualified and, where required, reconciled with their nearest GAAP measure. See "Non GAAP and Other Financial Measures" in this news release and in the MD&A for further information on the definition, calculation and reconciliation of these measures. This news release also contains forward-looking information. See "Forward-Looking Information". Readers are also referred to the other information under the "Advisories" section in this news release for additional information.

FOURTH QUARTER AND YEAR-END 2023 HIGHLIGHTS

- On November 22, 2023, the Company closed the previously announced disposition of certain assets at Mannville in Eastern Alberta ("the Mannville Disposition") for \$35.8 million, before customary purchase price adjustments of \$2.1 million resulting in total net consideration of \$33.7 million.
- Fourth quarter average production was 5,749 boe/d⁽¹⁾, down 19% from the comparative period of 2022 (Q4 2022 – 7,138 boe/d) and down 12% quarter-over-quarter (Q3 2023 – 6,570 boe/d) as a result of the Mannville Disposition. During the fourth quarter of 2023, there were production increases from the two (1.0 net) additional wells drilled, completed and brought on production during the fourth quarter at East Edson.
- Full year 2023 average production of 6,375 boe/d⁽¹⁾, down 2% from 2022 (6,486 boe/d) as a result of the Mannville Disposition, which was in the high end of its 2023 production guidance of 6,200 to 6,400 boe/d, as updated for the Mannville Disposition.
- Adjusted funds flow⁽²⁾ in the fourth quarter of 2023 was \$12.7 million (\$0.19/share), up \$1.0 million (11%) from \$9.1 million (\$0.14/share) in the third quarter of 2023 (Q4 2022 - \$14.2 million and \$0.22/share). Adjusted funds flow on a unit-of-production basis was \$24.07/boe, a 57% increase from the \$15.32/boe in the third quarter of 2023, driven by higher realized gains on risk management contracts as well as lower G&A and cash finance expenses. Adjusted funds flow in 2023 was \$34.4 million or \$0.51/share in 2023 (2022 - \$48.5 million and \$0.75/share).
- Perpetual's exploration and development capital expenditures⁽²⁾ in the fourth quarter of 2023 were \$5.3 million to drill, complete, equip and tie-in two (1.0 net) wells at East Edson. In addition, \$0.9 million was spent on land purchases at East Edson and \$3.2 million in corporate expenditures related to leasehold improvements. Full year 2023 exploration and development capital spending totaled \$21.5 million, down from \$31.8 million in 2022. Approximately \$0.1 million was spent on asset retirement obligations ("ARO") to abandon wells that had reached their end of life and execute surface lease reclamation activities, bringing full year 2023 ARO spending to \$1.6 million.
- Cash costs⁽²⁾ were \$6.6 million or \$12.52/boe in the fourth quarter of 2023 (Q3 2023 - \$9.8 million or \$16.16/boe; Q4 2022 – \$9.0 million or \$13.77/boe). Cash costs were \$36.4 million (\$15.64/boe) for full year 2023, up from \$33.8 million in 2022 (\$14.26/boe).
- Net income for the fourth quarter of 2023 was \$8.5 million, a 2% decrease from \$8.6 million net income in the fourth quarter of 2022. Net income in 2023 was \$5.6 million (\$0.08/share) as compared to \$44.4 million (\$0.69/share) in 2022.
- As at December 31, 2023, net debt⁽²⁾ was \$21.6 million, a decrease of \$34.1 million from \$55.7 million at December 31, 2022.
- Perpetual had available liquidity⁽²⁾ at December 31, 2023 of \$47.0 million, comprised of the \$30.0 million borrowing limit of Perpetual's first lien credit facility ("Credit Facility Borrowing Limit") and cash on hand of \$18.3 million, less letters of credit of \$1.3 million.
- As previously announced on March 22, 2024, after several years of litigation, Perpetual has entered into an agreement with the Trustee to resolve the Sequoia Litigation without any party involved admitting liability, wrongdoing or violation of law, regulations, public policy or fiduciary duties. Pursuant to an agreement, and subject to Court approval, the Company will make an aggregate payment of \$30.0 million (the "Settlement Principal") spread out over several years, consisting of an initial payment of \$10.0 million and annual installments of \$3.75 million until the total amount of the Settlement Principal is paid. Subject to the payment of all amounts under the Settlement Agreement, interest prior to March 27, 2026 will accrue and be forgiven. As of March 28, 2026, interest will accrue and be payable on the outstanding Settlement Principal at an interest rate equal to the applicable Bank of Canada prime rate on the date of payment.
- As of March 22, 2024, Perpetual has repaid and cancelled its \$2.7 million second lien term loan and provided notice for the early redemption of its \$33.2 million 8.75% senior secured third lien notes maturing January 23, 2025. Noteholders may elect to be continuing holders of 2025 Senior Notes subject to amendments, which, among other things, provide Perpetual with the right to convert all or a portion of the 2025 Senior Notes into common shares of the Company at its discretion. Entities controlled or directed

by the President and Chief Executive Officer, holding \$26.2 million of 2025 Senior Notes, have provided written confirmation to Perpetual of their election to agree to the amended terms and to be a continuing holder of 2025 Senior Notes.

- (1) See "Financial and Operating Highlights" for breakdown by product type.
- (2) Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. See "Non-GAAP and Other Financial Measures" in this news release.

YEAR-END 2023 RESERVES

The change in reserves year over year were relatively flat after excluding the Mannville Disposition of 5.4 MMboe. The additional nominal decrease of 0.2 MMboe was a result of positive reserve adds that substantially offset production. Total Company proved plus probable reserves year-over-year decreased by 5.6 MMboe, and Perpetual's proved plus probable reserves at year-end 2023 were 26.0 MMboe, comprised of 9% crude oil and NGL (2022 – 31.6 MMboe; 20% crude oil and NGL).

Reserve highlights include:

- Total proved reserves were 15.9 MMboe at year-end 2023, representing 61% of the Company's proved plus probable reserves (2022 – 67%).
- Proved plus probable producing reserves were 12.2 MMboe at year-end 2023, representing 47% of total proved plus probable reserves (2022 – 15.7 MMboe; 50%).
- The Mannville Disposition contributed a decrease in total proved plus probable reserves of 5.4 MMboe.
- Based on the three consultant average price (McDaniel, GLJ, Sproule) forecasts (the "Consultant Average Price Forecast") used by McDaniel, the net present value ("NPV") of Perpetual's total proved plus probable reserves (discounted at 10%) before income tax, was \$178.6 million (2022 – \$302.0 million). The decrease is related primarily to the Mannville Disposition and also to impacts to the value of the East Edson property related to inflation, carbon tax and the decrease in the independent reserve evaluators' forecast in the early years for natural gas and NGL prices at year-end 2023 as compared to the prior year.
- All abandonment, decommissioning and reclamation obligations are included in the reserve report, consistent with year-end 2022. These include all future obligations for developed wells and undeveloped locations assigned reserves, and the additional costs expected to be incurred to abandon and reclaim non-reserve wells, facilities and pipelines are included.
- Based on the Consultant Average Price Forecast, Perpetual's reserve-based net asset value ("NAV")⁽¹⁾ (discounted at 10%) at year-end 2023 is estimated at \$174.7 million (\$2.59 per share) as compared to \$250.1 million (\$3.80 per share) at year-end 2022.

- (1) Non-GAAP financial measure that does not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. See "Non-GAAP and Other Financial Measures" in this news release.

2024 OUTLOOK

Perpetual expects that Court approval for the Settlement Agreement will occur in late April or early May. With the Sequoia Litigation resolved, Perpetual is positioned to turn its attention again to executing its business plan and pursue the Company's strategic priorities which include:

1. Maximize Funds Flow and Value at Edson;
2. Re-ignite Active Exploration Program for Tight Oil and Gas;
3. Advance Technology-Driven Diversifying New Ventures; and
4. Strengthen the Balance Sheet, Reduce Corporate Costs and Manage Risk.

Perpetual's Board of Directors has approved the Q1 2024 production guidance of between 4,300 and 4,600 boe/d, capital spending⁽¹⁾⁽²⁾ of \$1.0 million, cash costs between \$16 and \$18 per boe and royalties of 18% to 20% as a percentage of total revenue.

Perpetual will continue to address end of life ARO, with total abandonment and reclamation expenditures of approximately \$1.2 million planned for the first quarter of 2024. The Company's area-based mandatory spending requirement for 2024 of \$1.3 million, as calculated by the Alberta Energy Regulator ("AER"), will largely be incurred during the first quarter, with remaining spending to occur in the third and fourth quarter of 2024.

- (1) Non-GAAP financial measure, non-GAAP ratio or supplementary financial measure that does not have any standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other entities. See "Non-GAAP and Other Financial Measures" contained within this news release.
- (2) Excludes abandonment and reclamation spending and acquisitions or land expenditures.

Financial and Operating Highlights (CAD\$ thousands, except volume and per share amounts)	Three months ended December 31,			Twelve months ended December 31,		
	2023	2022	Change	2023	2022	Change
Financial						
Oil and natural gas revenue	12,770	28,414	(55)%	63,225	109,011	(42)%
Net income (loss) and comprehensive income (loss)	6,322	8,637	(27)%	5,616	28,503	(80)%
Per share – basic ⁽²⁾	0.08	0.37	(78)%	0.08	0.69	(88)%
Per share – diluted ⁽²⁾	0.09	0.33	(73)%	0.08	0.59	(86)%
Cash flow from operating activities	8,526	11,238	(24)%	26,717	37,830	(29)%
Adjusted funds flow ⁽¹⁾	12,729	14,207	(10)%	34,419	48,471	(29)%
Per share ⁽¹⁾⁽³⁾	0.19	0.22	(12)%	0.51	0.75	(32)%
Total assets	199,957	218,273	(8)%	199,957	218,273	(8)%
Revolving bank debt	—	14,909	(100)%	—	14,909	(100)%
Term loan, principal amount	2,671	2,671	— %	2,671	2,671	— %
Other liability	2,788	35,647	(92)%	2,788	35,647	(92)%
Senior Notes, principal amount	33,229	3,342	894 %	33,229	3,342	894 %
Adjusted working capital (surplus) deficiency ⁽¹⁾	(17,122)	(894)	1815 %	(17,122)	(894)	1815 %
Net debt ⁽¹⁾	21,566	55,675	(61)%	21,566	55,675	(61)%
Capital expenditures						
Capital Expenditures, including land and other ⁽¹⁾	9,384	115	8060 %	27,605	31,909	(13)%
Net proceeds on dispositions	(33,727)	—	100 %	(33,727)	—	100 %
Net capital expenditures, after dispositions ⁽¹⁾	(24,343)	115	(21268)%	(6,122)	31,909	(119)%
Common shares outstanding (thousands)⁽⁴⁾						
End of period	67,467	65,923	2 %	67,467	65,923	2 %
Weighted average – basic	67,172	65,016	3 %	66,738	64,448	4 %
Weighted average – diluted	73,472	74,607	(2)%	74,129	74,798	(1)%
Operating						
Daily average production						
Conventional natural gas (MMcf/d)	28.4	33.0	(14)%	30.2	31.0	(3)%
Heavy crude oil (bbl/d)	497	1,126	(56)%	853	898	(5)%
NGL (bbl/d)	519	508	2 %	495	416	19 %
Total (boe/d) ⁽⁵⁾	5,749	7,138	(19)%	6,375	6,486	(2)%
Average realized prices⁽⁶⁾						
Realized natural gas price (\$/Mcf) ⁽¹⁾	2.30	5.78	(60)%	2.49	5.90	(58)%
Realized oil price (\$/bbl) ⁽¹⁾	79.70	71.14	12 %	75.40	90.15	(16)%
Realized NGL price (\$/bbl) ⁽¹⁾	65.25	78.36	(17)%	68.53	88.05	(22)%
Wells drilled – gross (net)						
Conventional natural gas	2/1.0	6/3.0		6/3.0	7/3.5	
Heavy crude oil	-/-	3/3.0		-/-	5/5.0	
Total	2/1.0	9/6.0		6/3.0	12/8.5	

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

(3) Adjusted funds flows divided by the Company's shares outstanding.

(4) Shares outstanding are net of shares held in trust (2023 – 1.1 million; 2022 – 1.3 million).

(5) See "Advisories – Volume Conversions" below.

(6) Average realized prices exclude the impact of the Company's risk management contracts.

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 and undeveloped bitumen leases in Northern Alberta. Additional information on Perpetual can be accessed at SEDAR+ at www.sedarplus.ca or from the Company's website at www.perpetualenergyinc.com.

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

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

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

ADVISORIES

RESERVE DATA AND OTHER METRICS

There are numerous uncertainties inherent in estimating quantities of crude oil, natural gas and NGL reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable crude oil, natural gas and NGL reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable crude oil, NGL and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

All evaluations and reviews of future net revenue are stated prior to any provisions for interest costs or general and administrative costs and after the deduction of estimated future capital expenditures for wells to which reserves have been assigned. The after-tax net present value of the Company's oil and gas properties reflects the tax burden on the properties on a stand-alone basis and utilizes the Company's tax pools. It does not consider the corporate tax situation, or tax planning. It does not provide an estimate of the after-tax value of the Company, which may be significantly different. The Company's financial statements and the MD&A should be consulted for information at the level of the Company.

The estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to effects of aggregations. The estimated values of future net revenue disclosed in this news release do not represent fair market value. There is no assurance that the forecast prices and cost assumptions used in the reserve evaluations will be attained and variances could be material.

The reserve data provided in this news release presents only a portion of the disclosure required under NI 51-101. All of the required information is contained in the Company's Annual Information Form for the year ended December 31, 2023, which is available on SEDAR+ (accessible at www.sedarplus.ca) on or before March 31, 2024.

This news release contains metrics commonly used in the oil and natural gas industry. These oil and gas metrics have been prepared by management and do not have standardized meanings or standard methods of calculation and therefore, such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included in this news release to provide readers with additional measures to evaluate Perpetual's performance; however, such measures are not reliable indicators of Perpetual's future performance and future performance may not compare to Perpetual's performance in previous periods and therefore, such metrics should not be unduly relied upon. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders and investors with measures to compare Perpetual's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this new release, should not be relied upon for investment or other purposes.

VOLUME CONVERSIONS

Barrel of oil equivalent ("boe") may be misleading, particularly if used in isolation. In accordance with NI 51-101, a conversion ratio for conventional natural gas of 6 Mcf:1 bbl has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, utilizing a conversion on a 6 Mcf:1 bbl basis may be misleading as an indicator of value as the value ratio between conventional natural gas and heavy crude oil, based on the current prices of natural gas and crude oil, differ significantly from the energy equivalency of 6 Mcf:1 bbl. A conversion ratio of 1 bbl of heavy crude oil to 1 bbl of NGL has also been used throughout this news release.

ABBREVIATIONS

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

bbl	barrels
bbl/d	barrels per day
boe	barrels of oil equivalent
boe/d	barrels of oil equivalent per day
Mcf	thousand cubic feet
MMcf	million cubic feet
MMcf/d	million cubic feet per day

OIL AND GAS RESERVE DEFINITIONS

Reserves: are estimated remaining quantities of crude oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of capital assumptions, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates as follows.

Proved Reserves: are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

Probable Reserves: are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the estimated proved plus probable reserves.

NON-GAAP AND OTHER FINANCIAL MEASURES

Throughout this news release and in other materials disclosed by the Company, Perpetual uses certain measures to analyze financial performance, financial position and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss), cash flow from operating activities, and cash flow from investing activities, as indicators of Perpetual's performance.

Non-GAAP Financial Measures:

Capital expenditures or capital spending: Perpetual uses capital expenditures or capital spending related to exploration and development to measure its capital investments compared to the Company's annual capital budgeted expenditures. Perpetual's capital budget excludes acquisition and disposition activities.

The most directly comparable GAAP measure for capital expenditures or capital spending is cash flow (from) used in investing activities. A summary of the reconciliation of cash flow (from) used in investing activities to capital expenditures or capital spending, is set forth below:

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net cash flows used in investing activities	(25,756)	17,239	(12,369)	40,941
Purchase of marketable securities	—	(2)	—	(39)
Proceeds from dispositions	33,727	—	33,727	—
Change in non-cash working capital	1,413	(17,122)	6,247	(8,993)
Capital expenditures	9,384	115	27,605	31,909

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 and regulatory requirements. The Company has added back non-cash oil and natural gas revenue in-kind, equal to retained East Edson royalty obligation payments taken in-kind, to present the equivalent amount of cash revenue generated. 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 is not intended to represent net cash flows from (used in) operating activities calculated in accordance with IFRS.

The following table reconciles net cash flows from (used in) operating activities as reported in the Company's consolidated statements of cash flows, to adjusted funds flow:

(\$ thousands, except per share and per boe amounts)	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net cash flows from operating activities	8,526	11,238	26,717	37,830
Change in non-cash working capital	4,087	1,925	6,136	9,442
Decommissioning obligations settled (cash)	116	1,044	1,566	1,199
Adjusted funds flow	12,729	14,207	34,419	48,471
Adjusted funds flow per share	0.19	0.22	0.51	0.75
Adjusted funds flow per boe	24.07	21.63	14.79	20.48

Net operating costs: Net operating costs equals operating expenses net of other income, which is made up of processing revenue. Management views net operating costs as an important measure to evaluate its operational performance. The most directly comparable IFRS measure for net operating costs is production and operating expenses.

The following table reconciles net operating costs from production and operating expenses and other income in the Company's consolidated statement of income (loss) and comprehensive income (loss).

(\$ thousands, except per share and per boe amounts)	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Production and operating	2,906	3,896	16,323	16,063
Processing income				
Other income	(131)	(336)	(683)	(980)
SRP revenue ⁽¹⁾	—	211	—	348
Processing income ⁽¹⁾	(131)	(125)	(683)	(632)
Net operating costs	2,775	3,771	15,640	15,431
Per boe	5.24	5.61	6.73	6.52

(1) Processing income is other income less amounts related to Alberta Site Rehabilitation Program ("SRP") revenue.

Cash costs: Cash costs are controllable costs comprised of net operating costs, transportation, general and administrative, and cash finance expense as detailed below. 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.

(\$ thousands, except per boe amounts)	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Net operating costs	2,775	3,771	15,640	15,430
Transportation	808	1,223	4,199	3,872
General and administrative	2,002	2,855	11,814	9,911
Cash finance expense	1,036	1,195	4,739	4,547
Cash costs	6,621	9,044	36,392	33,761
Cash costs per boe	12.52	13.77	15.64	14.26

Net Debt: Perpetual uses net debt as an alternative measure of outstanding debt. Management considers net debt as an important measure in assessing the liquidity of the Company. Net debt is used by management to assess the Company's overall debt position and borrowing capacity. Net debt is not a standardized measure and therefore may not be comparable to similar measures presented by other entities.

The following table details the composition of net debt:

	As of December 31, 2023	As of December 31, 2022
Cash and cash equivalents	18,272	—
Accounts and accrued receivable	16,489	15,804
Prepaid expenses and deposits	1,886	1,564
Marketable securities	1,663	1,814
Inventory	—	674
Accounts payable and accrued liabilities	(21,188)	(18,962)
Adjusted working capital surplus (deficiency)	17,122	894
Bank indebtedness	—	(14,909)
Term loan (principal)	(2,671)	(2,671)
Other liability (undiscounted amount)	(2,788)	(3,342)
Senior notes (principal)	(33,229)	(35,647)
Net debt	(21,566)	(55,675)

Available Liquidity: Available Liquidity is defined as Perpetual's credit facility borrowing limit, less current 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.

Net Asset Value ("NAV"): Total proved plus probable reserves as per the McDaniel reserve report as at December 31, 2023, plus independently verified third party valuation of undeveloped lands, less net debt. This measure is used to show the net asset value of the Company at a point in time under which the reserves are produced at forecasted future prices and costs.

Non-GAAP Financial Ratios

Perpetual calculates certain non-GAAP measures per boe as the measure divided by weighted average daily production. Management believes that per boe ratios are a key industry performance measure of operational efficiency and one that provides investors with information that is also commonly presented by other crude oil and natural gas producers. Perpetual also calculates certain non-GAAP measures per share as the measure divided by outstanding common shares.

Adjusted funds flow per share: Adjusted funds flow ratios are calculated on a per share basis as the measure divided by basic shares outstanding.

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

Supplementary Financial Measures

"Average realized price" is comprised of total commodity sales from production, as determined in accordance with IFRS, divided by the Company's total sales production on a boe basis.

"Realized natural gas price" is comprised of natural gas commodity sales from production, as determined in accordance with IFRS, divided by the Company's natural gas sales production.

"Realized oil price" is comprised of oil commodity sales from production, as determined in accordance with IFRS, divided by the Company's oil sales production.

"Realized NGL price" is comprised of NGL commodity sales from production, as determined in accordance with IFRS, divided by the Company's NGL sales production.

"Royalties (% of revenue)" is comprised of royalties, as determined in accordance with IFRS, divided by oil and natural gas revenue from sales production as determined in accordance with IFRS.

Other per boe measures are calculated using the financial measure, as determined in accordance with IFRS, divided by the Company's total sales production.

FORWARD-LOOKING INFORMATION

Certain information in this news release including management's assessment of future plans and operations, and including the information contained under the heading "Q1 2024 Guidance" 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 expectations as to production growth and expectations respecting Perpetual's future exploration, development and drilling activities; and Perpetual's business plan.

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: 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 including inflationary pressures; 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, supply chain access and other assumptions inherent in Perpetual's current guidance and estimates; climate change; severe weather events (including wild fires); 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 pandemics (including COVID-19) and the war in Ukraine and related sanctions on commodity prices and the global economy, and the Israel-Hamas war, 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, 2023 and in other reports on file with Canadian securities regulatory authorities which may be accessed through the SEDAR+ website (www.sedarplus.ca) 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.