

CALGARY, May 11, 2016 /CNW/ - (TSX:PMT) - [Perpetual Energy Inc.](#) ("Perpetual", the "Corporation" or the "Company") is pleased to announce the signing of a definitive agreement to sell its 30 percent partnership interest in Warwick Gas Storage LP ("WGS LP") for \$20 million. The transaction includes the disposition of Perpetual's share of WGS LP's approximately \$8.3 million of debt net of working capital held by the partnership. In addition, Perpetual will receive a net dividend of \$0.5 million at closing, for effective total value of approximately \$23 million. The transaction includes the gas storage reservoir and facility as well as 9,207 net acres of surrounding lands and associated wells and infrastructure with current net production of 470 Mcf/d (the "Buffer Land Assets", collectively with WGS LP, the 'Disposed Assets'). Closing is expected to occur on or around May 25, 2016 and is subject to customary closing conditions.

Based on the Company's third party engineering report prepared by McDaniel and Associates Consultants Ltd. ("McDaniel"), as at December 31, 2015, the Buffer Land Assets include 316 Mboe of recognized proved and probable natural gas reserves valued at \$37 thousand.

Estimated 2016 funds flow from the Disposed Assets is forecast to be \$2.9 million, virtually all of which is attributable to funds flow from the gas storage business in WGS LP and previously expected to reduce Perpetual's share of debt within the partnership. As such Perpetual does not anticipate 2016 funds flow to be impacted by the disposition.

The transaction strengthens Perpetual's present financial situation, augmenting the Company's ability to manage near term liquidity and downside risks associated with the current uncertain and volatile commodity price environment.

As the WGS LP disposition provides improved liquidity, Perpetual is further extending the acceptance date for its previously announced proposal to swap its senior notes (the "Securities Swap Proposal") to 5:00 p.m. (Toronto time) on May 25, 2016, or such later time and date on which the Securities Swap Proposal may be further extended by Perpetual.

Certain information regarding Perpetual in this news release including management's assessment of future plans and operations may constitute forward-looking statements under applicable securities laws. The forward-looking information includes, without limitation, statements regarding the expected timing for the closing of the sale of its interest in WGS LP and the Buffer Land Assets, the ability of the Company to manage near term liquidity. Various assumptions were used in drawing the conclusions or making the forecasts and projections contained in the forward-looking information contained in this press release, which assumptions are based on management 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 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 press release. 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 under "Risk Factors" in Perpetual's Annual Information Form and MD&A for the year ended December 31, 2015 and those included 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 laws.

About Perpetual

[Perpetual Energy Inc.](#) is a Canadian energy company with a spectrum of resource-style opportunities spanning heavy oil, natural gas liquids and bitumen along with a large base of shallow gas assets. The Common Shares are listed on the Toronto Stock Exchange under the symbol "PMT". Further information with respect to Perpetual can be found at its website at www.perpetualenergyinc.com.

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

SOURCE [Perpetual Energy Inc.](#)

Contact

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