

CALGARY, Jan. 23, 2017 /CNW/ - (TSX: PMT) &#8211; [Perpetual Energy Inc.](#) ("Perpetual" or the "Company") announces that it has exchanged approximately \$8.4 million aggregate principal amount of its 8.75% senior notes due March 15, 2018 (the "2018 Senior Notes") and approximately \$9.0 million aggregate principal amount of its 8.75% senior notes due July 23, 2019 (the "2019 Senior Notes" and together with the 2018 Senior Notes, the "Existing Senior Notes") for new 8.75% senior notes (the "Exchange Senior Notes") having an extended maturity date of January 23, 2022 pursuant to the Company's previously announced note exchange proposal (the "Note Exchange Proposal").

After giving effect to the Note Exchange Proposal, there is now currently outstanding approximately \$27.6 million aggregate principal amount of 2018 Senior Notes, approximately \$15.6 million aggregate principal amount of 2019 Senior Notes and approximately \$17.4 million aggregate principal amount of Exchange Senior Notes (collectively, the "Senior Notes").

Holders of Existing Senior Notes who accepted and validly tendered their Existing Senior Notes to the Note Exchange Proposal will receive \$1,000 principal amount of Exchange Senior Notes for each \$1,000 principal amount of Existing Senior Notes tendered to the Note Exchange Proposal. The Exchange Senior Notes contain the same terms as the Existing Senior Notes other than now having: (i) an extended maturity date to January 23, 2022 (being five years from the expiry date of the Note Exchange Proposal); (ii) an increased annual interest rate for the first year, and only for the first year, that the Exchange Senior Notes are outstanding of 9.75% instead of 8.75%, which is equal to the equivalent of \$10 per \$1,000 principal amount of Existing Senior Notes validly tendered under the Note Exchange Proposal; and (iii) consequential changes to the interest payment dates and optional redemption provisions to give effect to the extended maturity date and increased annual interest rate for the first year that the Exchange Senior Notes are outstanding.

In addition, holders of Existing Senior Notes who accepted and validly tendered their Existing Senior Notes to the Note Exchange Proposal will receive accrued and unpaid interest outstanding up to, but excluding, January 23, 2017. In particular, holders of 2018 Senior Notes who tendered their 2018 Senior Notes to the Note Exchange Proposal will receive an interest payment of \$31.16 per \$1,000 principal amount of 2018 Senior Notes in cash. All holders of 2019 Senior Notes will receive their semi-annual interest payment of \$43.75 per \$1,000 principal amount of 2019 Senior Notes in cash regardless of whether or not they tendered their 2019 Senior Notes to the Note Exchange Proposal. In each case the payments represent all accrued and unpaid interest outstanding up to, but excluding, the expiry date of January 23, 2017.

The Board of Directors and management of Perpetual believe the extension of the maturity profile of its Senior Notes enhances the Company's value creation strategy by improving the Company's liquidity beyond the current maturity dates of the Existing Senior Notes, and enabling Perpetual to pursue capital investment for strategic growth and value-enhancing opportunities important to its corporate strategy.

Perpetual currently intends to repay any 2018 Senior Notes and 2019 Senior Notes not exchanged pursuant to the Note Exchange Proposal on or prior to their respective maturity dates of March 15, 2018 and July 23, 2019 through proceeds from excess funds flow, asset sales, refinancing or a combination thereof.

Scotia Capital Inc. acted as sole dealer manager and solicitation agent, Kingsdale Advisors acted as the information agent and Computershare Investor Services Inc. acted as depository for the Note Exchange Proposal.

#### Forward-Looking Information

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 anticipated benefits to Perpetual and its securityholders from the Note Exchange Proposal. 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](http://www.sedar.com)) and at Perpetual's website ([www.perpetualenergyinc.com](http://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 liquids-rich

natural gas in the Alberta deep basin, shallow gas, heavy oil and bitumen. Perpetual's 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](http://www.perpetualenergyinc.com).

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

SOURCE [Perpetual Energy Inc.](#)

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