

CALGARY, March 14, 2017 /CNW/ - (TSX: PMT) – [Perpetual Energy Inc.](#) ("Perpetual" or the "Company") is pleased to confirm that it has closed the strategic financing initiatives previously announced February 17, 2017 (collectively, the "Financing Transactions") and to announce the early redemption of its 8.75% senior notes maturing March 15, 2018 (the "2018 Senior Notes").

FINANCING TRANSACTIONS

As at March 14, 2017, Perpetual has closed the following previously announced Financing Transactions:

- the \$45 million second lien senior secured term loan (the "Second Lien Facility") with Alberta Investment Management Corporation ("AIMCo") which included the issuance of 5.40 million warrants to purchase Common Shares at any time prior to March 13, 2020 at an exercise price of \$2.34 per Common Share (the "Warrants");
- the non-brokered equity private placement (the "Equity Private Placement") of 5.14 million equity units ("Equity Units"), comprised of 5.14 million Common Shares and 1.08 million Warrants, in aggregate, at a price of \$1.75 per Equity Unit for gross proceeds of \$9 million (50% AIMCo and 50% Perpetual insiders and other existing shareholders); and
- the increase and extension of the Company's bank lending arrangements to October 31, 2017, providing for a \$14 million increase in total borrowing capacity under the credit facility to \$20 million (the "Increased Credit Facility").

The initial draw on the Second Lien Facility was \$35 million with the remaining \$10 million to be drawn prior to November 30, 2017. The Increased Credit Facility borrowing base will be subject to redetermination by the lender prior to May 31, 2017. Peters & Co. Limited acted as financial advisor to the Company with respect to the AIMCo financing transactions.

Net proceeds from the Financing Transactions will be used to fund the growth-oriented 2017 capital program, fund the cash consideration required to redeem the 2018 Senior Notes, repay the loans secured by shares in [Tourmaline Oil Corp.](#) held by the Company as they come due in 2017 and for general corporate purposes.

2018 SENIOR NOTES REDEMPTION

A notice has been issued to holders of 2018 Senior Notes to redeem all of the \$27.6 million aggregate outstanding principal amount of the 2018 Senior Notes effective April 17, 2017 (the "Redemption Date"). The redemption amount payable will be either: CDN \$1,000 for each \$1,000 principal amount of 2018 Senior Notes (the "Cash Redemption Consideration"); or at the election of an eligible holder and subject to the limitations described in the notice, \$1,000 principal amount of 8.75% 2022 senior unsecured notes due January 23, 2022 (the "2022 Senior Notes") for each \$1,000 principal amount of 2018 Senior Notes. In each case, cash in the amount of \$7.91 per \$1,000 principal amount of 2018 Senior Notes, representing all accrued and unpaid interest, will be paid to 2018 Senior Notes holders at the Redemption Date. All interest on the principal amount of 2018 Senior Notes shall cease to accrue and be payable from and after the Redemption Date.

Holders of 2018 Senior Notes who make an irrevocable election to, in lieu of receiving the Cash Redemption Consideration on the Redemption Date, exchange all or a portion of their 2018 Senior Notes for 2022 Senior Notes will be eligible for all rights and privileges of existing holders of 2022 Senior Notes, including the increased interest rate of 9.75 percent from the Redemption Date to January 23, 2018. The election in respect of all or a portion of the redemption must be made two business days prior to the Redemption Date, on or prior to April 11, 2017. There are presently \$17.4 million aggregate principal amount of 2022 Senior Notes outstanding. Assuming all eligible holders of 2018 Senior Notes elect to exchange the full amount of their 2018 Senior Notes for 2022 Senior Notes, there will be \$41.9 million aggregate principal amount of 2022 Senior Notes after the Redemption Date.

The 2022 Senior Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, or the securities laws of any state of the United States, and may not be offered or sold in the United States of America or any of its territories or possessions or to U.S. Persons (as defined in Regulation S under the United States Securities Act of 1933, as amended). The redemption of 2018 Senior Notes does not constitute an offer to sell or a solicitation of an offer to buy any of these securities within the United States of America or any of its territories or possessions.

ADDITIONAL INFORMATION

Perpetual expects to release its 2016 annual audited financial statements and management's discussion and analysis ("MD&A") on March 15, 2017.

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

About Perpetual

[Perpetual Energy Inc.](http://www.perpetualenergyinc.com) 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.

Forward-Looking Information

Certain information regarding Perpetual in this press release including management's assessment of future plans and operations may constitute forward-looking information or statements under applicable securities laws. The forward looking information includes, without limitation, the timing of the second draw down under the Second Lien Facility, the use of the net proceeds from the Financing Transactions and the timing for the release of the 2016 annual audited financial statements and MD&A. 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's 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 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 law.

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