

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Persta Resources Inc.

(incorporated under the laws of Alberta with limited liability)

(Stock code: 3395)

**PROPOSED AMENDMENTS OF
THE ORIGINAL LOAN AGREEMENT AND THE WARRANTS**

**PROPOSED AMENDMENTS OF THE ORIGINAL LOAN AGREEMENT AND THE
WARRANTS**

Reference is made to the announcements of the Company dated 15 May 2018, 31 May 2018, 14 August 2018 and 15 August 2018 and the circular of the Company dated 23 July 2018 in relation to, among other things, the Original Loan Agreement entered into between the Company and the Subscriber, and the issue of the Warrants to the Subscriber under the specific mandate.

Subsequent to the issue of the Warrants to the Subscriber, the Western Canadian gas market experienced a significant downturn as aggregate natural gas production exceeded both domestic demand and storage capabilities. As the economic environment has been further impacted by the outbreak of the novel coronavirus (COVID-19), the Board anticipates that it would be in breach of its covenants under the Original Loan Agreement throughout the remainder of 2020. In response of the anticipated repeated covenant violations, on April 28, 2020 (Calgary time), the Company and the Subscriber entered into the Amended Loan Agreement, pursuant to which the Company conditionally agreed to amend certain terms and conditions of the Original Loan Agreement and the Warrants, subject to the fulfilment of certain conditions precedent.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges, but the Company will apply to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the subscription rights attaching to the Warrants.

LISTING RULES IMPLICATIONS

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities that may be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued.

As at the Latest Practicable Date, the Company did not have any securities with subscription rights outstanding and not yet exercised. Assuming: (i) full exercise of the subscription rights attaching to the Warrants; and (ii) no Shares are further issued and repurchased, 8,000,000 Warrant Shares will be issued, which represents approximately 2.65% of the issued and outstanding share capital of the Company as at the date of this announcement and approximately 2.58% of the issued and outstanding share capital on a fully diluted basis. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

GENERAL

The Special Meeting will be convened and held for the purpose of considering and, if thought fit, approve the Amended Loan Agreement and the transactions contemplated thereunder, including the issue of the Warrants. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Amended Loan Agreement and the issue of the Warrants, accordingly, no Shareholders will be required to abstain from voting at the Special Meeting.

A circular containing, among other things, further details of the alterations in the Original Loan Agreement and the terms of the Warrants and a notice to convene the Special Meeting will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that the amendment of the Exercise Price of the Warrants (and therefore the Warrant Shares) are subject to the fulfillment of certain conditions precedent as set out in the Amended Loan Agreement. As such, the amendment of the Exercise Price of the Warrants may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcements of the Company dated 15 May 2018, 31 May 2018, 14 August 2018 and 15 August 2018 and the circular of the Company dated 23 July 2018 in relation to, among other things, the Original Loan Agreement entered into between the Company and the Subscriber, and the issue of the Warrants to the Subscriber under a specific mandate.

On May 15, 2018, the Company entered into the Original Loan Agreement with the Subscriber, pursuant to which: (i) the Subscriber conditionally agreed to grant the Loan to the Company in the principal amount of C\$25 million for a term of five years; and (ii) the Company conditionally agreed to issue 8,000,000 Warrants to the Subscriber.

Pursuant to the Original Loan Agreement, each Warrant carries the rights to subscribe for one Warrant Share at the Original Exercise Price of HK\$3.16 (subject to adjustments). The subscription right(s) of the Warrants are exercisable from the initial advance of the Loan to five years following the date of issuance of the Original Warrant Certificate. Upon expiry of the Exercise Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose. The Warrant Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued and outstanding Shares as at the date of tender of the exercise form required under the Original Warrant Certificate. The holder(s) of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants, or the right to participate in any distributions and/or offers of further securities made by the Company. The Warrants shall not be transferable by the registered holder of the Warrant Shares at any time unless (i) at least 30 months have passed since the issuance of the Warrant Certificate; or (ii) the Warrant Shares are transferred to an affiliate or subsidiary (as defined under the ABCA) of the registered holder of the Warrant Shares, and in each case, the registered holder of the Warrant Shares complies with the applicable laws of Alberta, Canada.

On August 14, 2018, the then Shareholders, among other things, approved, ratified and confirmed the Original Loan Agreement and the transactions contemplated under the Original Loan Agreement, including the issue of the Warrants and the Original Warrant Certificate, and granted the Board a specific mandate to exercise the powers of the Company for the allotment and issue of the Warrant Shares upon exercise of the subscription rights attaching to the Warrants pursuant to the terms of the Original Loan Agreement and the Original Warrant Certificate.

As at the date of this announcement, the Subscriber has not exercised the subscription rights attaching to the Warrants.

This announcement made by the Company is to provide an update for the Shareholders and potential investors of the Company in respect of the proposed amendments to the Original Loan Agreement and the terms of the Warrants.

THE AMENDED LOAN AGREEMENT

Background

The Company announces that on April 28, 2020 (Calgary time), the Company and the Subscriber entered into the Amended Loan Agreement, pursuant to which the Company and the Subscriber agreed to, among other things and subject to the fulfillment of certain conditions precedent, amend certain terms of the Original Loan Agreement and the terms of the Warrants.

Amendments to the Original Loan Agreement

The principal amendments to the Original Loan Agreement pursuant to the Amended Loan Agreement are summarized as follows:

- (i). financial covenants in respect of working capital, net debt to total proved reserves and net debt to TTM EBITDA have been removed until March 31, 2021;
- (ii). the Prepayment Fees have been waived;
- (iii). establishment of additional PIK Interest charges of 2% per annum, payable until the net debt to TTM EBITDA ratio is below 3.0. The PIK Interest is non-cash and is accrued monthly and added to the principal of the Loan;
- (iv). establishment of additional interest charges of 2% per annum compounded monthly. This interest is to be paid in cash monthly to the Subscriber, and is due until the balance of the Loan is paid down below C\$20 million;
- (v). establishment of a new funding covenant under which the Company must secure additional capital in the form new equity and/or subordinate debt for a cumulative amount equal to or greater than C\$2 million on or before June 30, 2020; and
- (vi). establishment of an installment payment plan whereby the Company would be required to make monthly payments if the amount of the Loan exceeds C\$20 million after July 1, 2021, or if the Loan exceeds C\$15 million after January 1, 2022. If the Loan exceeds these thresholds at each date, the monthly payment is determined by a formula in an amount equal to the product of $X \times Y$ where:

$$X = \text{C}\$23,000.00$$

Y = the balance of the Loan at the month end date, expressed in millions of Canadian dollars (e.g., a balance outstanding of C\$25,001,001.00 would be expressed as 25.001001)

Adjustment to the Exercise Price

As disclosed in the Announcements, each Warrant carries the rights to subscriber for a Warrant Share at the Exercise Price of HK\$3.16 (subject to certain adjustments). Pursuant to the Amended Loan Agreement, the Company and the Subscriber have agreed to amend the Exercise Price per Warrant Share from HK\$3.16 to the Current Market Price, which is calculated based on the volume weighted average price of the Shares traded on the Stock Exchange for the five Trading Days immediately preceding the date of the Special Meeting. The volume weighted average price of the Shares is determined by calculating the summation of the value of each transaction (i.e. Share price multiplied by number of Shares traded) and then dividing it by the total Shares traded for the particular Trading Day.

Saved as disclosed above, all other major terms and conditions of the Original Loan Agreement and the Warrants shall remain unchanged.

Conditions Precedent

The alterations to the terms of the Warrants shall be conditional upon and subject to, among other things, the fulfilment and satisfaction or waiver of the following conditions precedent:

- (i). Stock Exchange's approval for the adjustment to the Exercise Price and the issue of the Warrants;
- (ii). the Listing Committee's approval for the listing of, and permission to deal in, the Warrant Shares which shall fall to be issued by the Company upon exercise of the subscription rights attaching to the Warrants, if required;
- (iii). Shareholders having granted their approval regarding the new Exercise Price and the Amended Loan Agreement; and
- (iv). all other necessary or required consents or approvals in connection with the Amended Loan Agreement and the terms of the Warrants having been obtained.

As at the date of this announcement, none of the above conditions precedent has been fulfilled.

The Subscriber agrees to provide a New Warrant Certificate reflecting the updated Exercise Price of the Warrants as soon as reasonably practicable upon the fulfilment and satisfaction or waiver of the above conditions precedent.

REASONS FOR THE PROPOSED AMENDMENTS

The Company is principally engaged in natural gas and crude oil exploration and production, with a focus on natural gas. The Company focuses on long-term growth through acquisition, exploration, development and production in the Western Canadian Sedimentary Basin.

The Loan was subject to certain financial covenants customary for loans of this type. Subsequent to signing the Original Loan Agreement, the Western Canadian gas market experienced a significant downturn as aggregate natural gas production exceeded both domestic demand and storage capabilities. As at December 31, 2019 and March 31, 2020, the Company was not in compliance with its Net Debt to Total Proved Reserves Ratio covenant under the Original Loan Agreement, and received a waiver from the Subscriber in respect of these breaches. As the economic environment has been further impacted by the outbreak of the novel coronavirus (COVID-19), the Company anticipates that it would be in breach of its covenants under the Original Loan Agreement throughout the remainder of 2020. In response of the anticipated repeated covenant violations, the Company and the Subscriber agreed to restructure the Original Loan Agreement. The elimination of certain financial covenants until March 2021 and waiver of the Prepayment Fees provide the Company with financial flexibility. If the economic environment continues to deteriorate throughout the remainder of 2020, the Company will not face repeated covenant violations which would have otherwise occurred. The funding covenants are aligned with the Company's forecast financing plans for the remainder of 2020, and are benchmarks which the Company believes are achievable.

While the Subscriber has provided a waiver in respect of prior violation, repeated future breaches could result in the Subscriber not providing a waiver, and demanding immediate full repayment of the Loan. To the extent that the Company could not repay the debt, the Subscriber could enforce its security under the Original Loan Agreement, taking ownership of the Company assets. The Subscriber has repeatedly worked with the Company to provide flexibility and willingness to find a workable solution for both parties, notwithstanding the current challenging economic climate.

The Warrants provide a potential future benefit for the Subscriber, if the price of the Shares exceeds the Original Exercise Price. The Original Exercise Price was equivalent to the price of the Shares issued pursuant to the Company's initial public offering on March 10, 2017. Subsequent to the issuance of the Warrants, the Share price has declined in response to the deteriorating economic environment as described above. The closing price of the Shares traded at HK\$0.53 per Share on the Trading Day immediately prior to the date of this announcement, approximately an 83.2% discount to the Original Exercise Price of HK\$3.16. This discount provides the Subscriber with limited potential value in respect of the Warrants, particularly in light of recent economic disruptions. The proposed re-pricing of the Warrants to the Current Market Price offers a better chance for future value to be received by the Subscriber, and aligns the Subscriber's interests with the Shareholders.

As the Warrants have already been granted to the Subscriber, the proposed re-pricing of the Warrants does not result in any additional dilution to the Shareholders, the only impact is the amount of funds the Company would receive on exercise of the subscription rights attaching to the Warrants. Under the terms of the Original Loan Agreement, if all 8,000,000 Warrants were exercised the Company would have received gross proceeds of HK\$25.2 million. Under the Amended Loan Agreement, assuming an Exercise Price of HK\$0.53 per Warrant (being the closing price of the Shares as quoted on the Stock Exchange on April 27, 2020), the gross proceeds would be HK\$4.24 million, a difference of HK\$20.96 million. While this reduction is material, the loss of potential value from exercise of the Warrants is insignificant to the financial implications of default of the Loan.

Taking into account the above factors, the Board, having critically reviewed the Company's situation, considers that the terms and conditions of the Amended Loan Agreement and the new Exercise Price of the Warrants have been arrived at after arm's length negotiation between the Company and the Subscriber which are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

As disclosed in the circular of the Company dated 24 July 2018, the gross proceeds and net proceeds from the issuance of the Warrants were approximately HK\$4.54 million and HK\$4.24 million, respectively. At the closing of the issuance of the Original Warrant Certificate, the Company applied the net proceeds towards its working capital deficit totaling approximately HK\$16.0 million. If the Warrants are exercised, the current business plan of the Company for the proceeds of approximately HK\$4.24 million (assuming the full exercise of the subscription rights attaching to the Warrants at the Exercise Price of HK\$0.53 per Warrant) is that the proceeds will be used for general working capital of

the Company. The Company shall review its business plan from time to time and shall not rule out the possibility of alternative fund raising methods should the subscription rights attaching to the Warrants not exercised in full and the net proceeds not match the future capital needs of the Company.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a limited partnership governed by the laws of Alberta, Canada. The Subscriber is principally engaged in financing transactions originated and managed by Crown, which consist of senior and subordinated loans to mid-market companies with a need for growth capital. Crown is a specialty finance company focused on providing growth capital to successful Canadian and select United States companies. Crown also manages capital pools, including some in which Crown has a direct ownership interest.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

Other than the entering into of the Amended Loan Agreement, the Company has not entered into, or contemplated entering into, and other arrangements, agreements or understandings (whether formal or informal and whether express or implied) with the Subscriber.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
March 25, 2019 and May 14, 2019	Issue of new shares under general mandate	The net proceeds from the subscription of new Shares amounted to approximately HK\$35.4 million	The net proceeds from the subscription of new shares intended to be applied for the expansion of the Company's existing business, the development of new business, and as general working capital of the Company.	The application of net proceeds from the new shares was consistent with the intended use of proceeds.

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
July 26, 2019, September 16, 2019, October 10, 2019, November 5, 2019 and December 2, 2019	Issue of unlisted warrants under specific mandate	The net proceeds from the issuance of the warrants would have amounted to approximately HK\$0.44 million.	The net proceeds from the issue of the warrants was intended to be applied towards the Company's working capital deficit.	For commercial reasons, the subscription agreement entered into between the Company and Macquarie Bank Limited was terminated on January 24, 2020, and the issue of the warrants did not proceed.
		The net proceeds from the exercise of the subscription rights attaching to the warrants would have amounted up to a maximum amount of HK\$47.0 million.	The net proceeds from the exercise of the subscription rights attaching to the warrant was intended to be used for general working capital of the Company.	

Saved as disclosed above, the Company has not conducted any other equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 301,886,520 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the issue of the 8,000,000 Warrant Shares, assuming that there will be no further changes in the issued share capital of the Company prior to such exercise and no adjustment to the number of Shares to be issued on exercise of a Warrant, are set out as below for illustration purposes only:

Shareholders	Capacity/Nature of interest	As at the date of this announcement		Immediately after the exercise of the subscription rights attaching to the Warrants in full	
		<i>Approximate percentage of total issued</i>	<i>Approximate percentage of total issued</i>	<i>Approximate percentage of total issued</i>	<i>Approximate percentage of total issued</i>
		<i>No. of Shares (Shares)</i>	<i>Shares (%) (Note 10)</i>	<i>No. of Shares (Shares)</i>	<i>Shares (%) (Note 10)</i>
Substantial Shareholders					
Aspen Investment Holdings Ltd. <i>(Note 1)</i>	Beneficial owner and parties acting in concert	186,862,832	61.90	186,862,832	60.30

Shareholders	Capacity/Nature of interest	As at the date of this announcement		Immediately after the exercise of the subscription rights attaching to the Warrants in full	
		Approximate percentage of total issued		Approximate percentage of total issued	
		No. of Shares (Shares)	Shares (%) (Note 10)	No. of Shares (Shares)	Shares (%) (Note 10)
Ji Lin Hong Yuan Trade Group Limited (Note 1)	Interest in controlled corporation and parties acting in concert	186,862,832	61.90	186,862,832	60.30
1648557 Alberta Ltd. (Note 1)	Interest in controlled corporation and parties acting in concert	186,862,832	61.90	186,862,832	60.30
Changchun Liyuan Investment Co. Ltd. (Notes 1&3)	Interest in controlled corporation and parties acting in concert	186,862,832	61.90	186,862,832	60.30
Mr. Guang Jing (Notes 1&5)	Interest in controlled corporation and parties acting in concert	186,862,832	61.90	186,862,832	60.30
Mr. Le Bo (Notes 1, 6 & 7)	Beneficial owner, interest of spouse, interest in controlled corporation and parties acting in concert	186,862,832	61.90	186,862,832	60.30
Ms. Jing Hou (Notes 1, 6 & 7)	Beneficial owner, interest of spouse and parties acting in concert	186,862,832	61.90	186,862,832	60.30
Jixing Gas Holdings Limited (Note 8)	Security interest	185,982,832	61.61	185,982,832	60.02
	Beneficial owner	23,600,000	7.82	23,600,000	7.62
Changchun City Jixing Gas Service for Auto Co. Ltd. (Note 8)	Security interest	185,982,832	61.61	185,982,832	60.02
	Interest in controlled corporation	23,600,000	7.82	23,600,000	7.62

Shareholders	Capacity/Nature of interest	As at the date of this announcement		Immediately after the exercise of the subscription rights attaching to the Warrants in full	
		Approximate percentage of total issued		Approximate percentage of total issued	
		No. of Shares (Shares)	Shares (%) (Note 10)	No. of Shares (Shares)	Shares (%) (Note 10)
Ms. Zhang Lijun (Notes 8 & 9)	Security interest, interest in controlled corporation and interest of spouse	185,982,832	61.61	185,982,832	60.02
	Interest in controlled corporation and interest of spouse	23,600,000	7.82	23,600,000	7.62
Directors					
Mr. Liu Yongtan (Notes 8 & 9)	Security interest, interest in controlled corporation and interest of spouse	185,982,832	61.61	185,982,832	60.02
	Interest in controlled corporation and interest of spouse	23,600,000	7.82	23,600,000	7.62
Mr. Yuan Jing (Notes 1 & 4)	Interest in controlled corporation and parties acting in concert	186,862,832	61.90	186,862,832	60.30
Public Shareholders					
Subscriber	Beneficial owner	—	—	8,000,000	2.58
Other public Shareholders (excluding the Subscriber)	Beneficial owner	91,423,688	30.28	91,423,688	29.50
Total		<u>301,886,520</u>	<u>100.00</u>	<u>309,886,520</u>	<u>100.00</u>

Notes:

- Aspen Investment Holdings Ltd. (“**Aspen**”) holds 185,982,932 Shares and is owned as to approximately 41.09% by Ji Lin Hong Yuan Trade Group Limited (“**JLHY**”), 39.69% by 1648557 Alberta Ltd. (“**164 Co**”), and 19.22% by Changchun Liyuan Investment Co. Ltd. (“**Liyuan**”). Pursuant to the unanimous shareholders agreement dated December 18, 2015 (the “**Unanimous Shareholders Agreement**”) and the first supplemental unanimous shareholders agreement dated April 29, 2016 (the “**First Supplemental Unanimous Shareholders Agreement**”), Aspen, Mr. Yuan Jing (“**Mr. Jing**”), JLHY, Mr. Le Bo (“**Mr. Bo**”), 164 Co, Liyuan and Ms. Jing Hou (“**Ms. Hou**”) (being spouse of

Mr. Bo) became a group of Controlling Shareholders (as defined in the Listing Rules) acting in concert and therefore Aspen is deemed to be interested in all the Shares in which Mr. Jing and Mr. Bo are interested in under the SFO, which in aggregate represent approximately 61.90% of the total issued Shares of the Company.

2. JLHY is held as to 60% by Mr. Jing and 40% by Mr. Guang Jing, Mr. Jing's brother. Pursuant to the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement, JLHY is deemed to be interested in all the Shares in which Aspen, Mr. Jing, Mr. Bo, 164 Co and Liyuan are interested in under the SFO.
3. Liyuan is owned as to approximately 98%, 1% and 1% by JLHY, Zhou Li Mei and Jing Yue Li, respectively. In addition, pursuant to the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement, Liyuan is deemed to be interested in all the Shares in which Aspen, Mr. Jing, JLHY, Mr. Bo and 164 Co are interested in under the SFO.
4. Mr. Jing is interested in 60% of the equity interest in JLHY. Pursuant to the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement, Mr. Jing is deemed to be interested in the Shares in which Aspen, JLHY, Mr. Bo, 164 Co and Liyuan are interested in under the SFO.
5. Mr. Guang Jing holds 40% of the equity interest in JLHY and is therefore deemed to be interested in all the Shares in which JLHY is interested in under the SFO.
6. Mr. Bo holds 1,000 class D voting preferred shares in 164 Co, representing approximately 99.01% voting rights of 164 Co. Pursuant to the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement, 164 Co is deemed to be interested in all the Shares in which Aspen, Mr. Jing, JLHY, Mr. Bo and Liyuan are interested in under the SFO, which in aggregate represent approximately 61.90% of the total number of the issued common shares of the Company.
7. Ms. Hou holds 440,000 Shares and is one of the trustees of The Bo Family Trust. She is the spouse of Mr. Bo and is therefore deemed to be interested in all the Shares in which Mr. Bo is interested in under the SFO.
8. Jixing Gas Holdings Limited is owned as to 100% by Changchun City Jixing Gas Service for Auto Co. Ltd. which is owned as to 66.70% and 33.30% by Mr. Liu Yongyan ("Mr. Liu") and Ms. Zhang Lijun ("Ms. Zhang"), respectively. Jixing Gas Holdings Limited also has an interest in 185,982,832 Shares as security interest as previously disclosed in the announcement of unaudited results for the three and nine months ended September 30, 2019 of the Company dated November 15, 2019.
9. Ms. Zhang is the spouse of Mr. Liu. Accordingly, Ms. Zhang is deemed, or taken to be, interested in the Shares which Mr. Liu is interested in for the purposes of the SFO.
10. Certain percentage figures in this table have been subject to rounding adjustments to the nearest 2 decimal places. Accordingly, the aggregate of the percentage figures in the above table may not add up to 100%.

LISTING RULES IMPLICATIONS

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities that may be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued.

As at the Latest Practicable Date, the Company did not have any securities with subscription rights outstanding and not yet exercised. Assuming: (i) full exercise of the subscription rights attaching to the Warrants; and (ii) no Shares are further issued and repurchased, 8,000,000 Warrant Shares will be issued, which represents approximately 2.65% of the issued and outstanding share capital of the Company as at the date of this announcement and approximately 2.58% of the issued and outstanding share capital on a fully diluted basis. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

GENERAL

The Special Meeting will be convened and held for the purpose of considering and, if thought fit, approve the Amended Loan Agreement and the transactions contemplated thereunder, including the issue of the Warrants. To the best knowledge of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the issue of the Amended Loan Agreement and issue of the Warrants, accordingly, no Shareholders will be required to abstain from voting at the Special Meeting.

A circular containing, among other things, further details of the alterations in the Original Loan Agreement and the terms of the Warrants and a notice to convene the Special Meeting will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Shareholders and potential investors should note that the alterations in the terms of the Warrants (and therefore the Warrant Shares) are subject to the fulfillment of certain conditions precedent as set out in the Amended Loan Agreement. As such, the alterations in the terms of the Warrants may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“ABCA”	Business Corporations Act (Alberta), as amended, supplemented or as otherwise modified from time to time
“Amended Loan Agreement”	the amended and restated loan agreement dated April 28, 2020 entered into between the Company and the Subscriber in relation to the amendments of the Original Loan Agreement and the terms of the Warrants
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors

“Business Days”	a day (other than a Saturday or Sunday or public holiday in Calgary, Canada or Hong Kong) on which commercial banks are generally open for business throughout their normal business hours in the city of Calgary, Canada and the Central district of Hong Kong
“Canada”	Canada, its territories, its possessions and all areas subject to its jurisdiction
“Company”	Persta Resources Inc., a company incorporated with limited liability under the laws of Alberta, Canada on March 11, 2005 and whose shares are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Crown”	Crown Capital Partners Inc., a company incorporated with limited liability under the laws of Canada on 8 September 1999 and whose shares are listed on the Toronto Stock Exchange under the stock symbol CRWN
“Current Market Price”	the volume weighted average price of the Shares on the Stock Exchange for the five Trading Days immediately preceding the date of the Special Meeting
“Director(s)”	the director(s) of the Company
“Exercise Period”	the period during which the holder(s) of the Warrant(s) may exercise the subscription right(s) attaching to the Warrant(s)
“Exercise Price”	the exercise price per Warrant Share at which the holder of each Warrant may subscribe for a Warrant Share
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules
“Issue Price”	C\$0.09375, being the issue price per Warrant
“Listing Committee”	has the meaning ascribed to it under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or as otherwise modified from time to time
“Loan”	the term loan in the amount of C\$25 million granted by the Subscriber to the Company pursuant to the terms of the Loan Agreement
“Net Debt”	the consolidated debt of the Company outstanding on any date of determination minus the aggregate amount of cash and cash equivalents included in the cash accounts listed on the statement of financial position of the Company as of such date
“Net Debt to Total Proved Reserves Ratio”	on any date of determination, the ratio of the Net Debt to the Total Proved Reserves on such date
“New Warrant Certificate”	the new warrant certificate to be issued by the Company to the Subscriber upon the fulfilment and satisfaction or waiver of the conditions precedent under the paragraph “Conditions Precedent”
“Original Exercise Price”	HK\$3.16 (subject to adjustments), being the original exercise price per Warrant Share at which the holder of each Warrant may subscribe for a Warrant Share
“Original Loan Agreement”	the loan agreement dated May 15, 2018 entered into between the Company and the Subscriber in relation to the grant of the Loan to the Company
“Original Warrant Certificate”	the warrant certificate dated August 13, 2018 issued by the Company to the Subscriber
“PIK Interest”	paid-in-kind interest

“Prepayment Fees”	under the Original Loan Agreement, if C\$10 million of the Loan is prepaid after May 15, 2019, a payment of 1% of the amount repaid would be payable by the Company to the Subscriber; if the principal amount of the Loan is prepaid between November 15, 2019 and May 15, 2021, in one or more tranches of no less than C\$5 million, plus all accrued and unpaid interest owing on the principal amount of the Loan being repaid, a payment of 3% of the principal amount of the Loan being prepaid would be payable by the Company to the Subscriber; if the principal amount of the Loan is prepaid between May 15, 2021 and May 15, 2023, in one or more tranches of no less than C\$5 million, plus all accrued and unpaid interest owing on the principal amount of the Loan being repaid, a payment of 1% of the principal amount of the Loan being repaid would be payable by the Company to the Subscriber
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the common share(s) of no par value in the capital of the Company
“Shareholder(s)”	the holder(s) of the Shares of the Company
“Special Meeting”	the special meeting of the Shareholders
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the Special Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Crown Capital Partner Funding, LP, by its general partner, Crown Capital LP Partner Funding Inc.
“Total Proved Reserves”	the quantities of oil, natural gas, shale gas and natural gas liquids and other hydrocarbons of the Company which are determined to be the “Total Proved Reserves” by a firm of independent petroleum engineers of recognized North American standing in accordance with standard Canadian industry practice
“Trading Day(s)”	the day(s) on which the Stock Exchange is open for business
“TTM EBITDA”	the annualized earnings before deduction of interest expenses/income, income taxes, depletion and depreciation, write-offs, unrealized hedging gains/losses and share-based compensation for the four most recent fiscal quarters

“Warrant(s)” the total of 8,000,000 unlisted transferable warrants issued by the Company at the Issue Price pursuant to the Original Warrant Certificate, each conferring rights entitling its holder(s) to subscribe for one Warrant Share at the Exercise Price during the Exercise Period

“Warrant Share(s)” the new Shares to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants

“%” per cent.

By Order of the Board
Persta Resources Inc.
Yongtan Liu
Chairman

Calgary, April 29, 2020
Hong Kong, April 29, 2020

As at the date of this announcement, the executive Director is Mr. Liu Yongtan; the non-executive Director is Mr. Yuan Jing; and the independent non-executive Directors are Mr. Richard Dale Orman, Mr. Bryan Daniel Pinney and Mr. Peter David Robertson.