

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 ALTERATION IN THE TERMS OF EXISTING WARRANTS

Independent Financial Adviser



PROPOSED ALTERATION IN THE TERMS OF EXISTING WARRANTS

Reference is made to the announcements of the Company dated 15 May 2018, 31 May 2018, 14 August 2018, 15 August 2018 and 29 April 2020 and the circular of the Company dated 23 July 2018 in relation to, among other things, (i) the entering into of the Original Loan Agreement between the Parties; (ii) the issue of the Warrants to the Subscriber under the Specific Mandate; and (iii) the amendments of the Original Loan Agreement and the Proposed Alteration.

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 31 December 2019 and 31 March 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. While the Subscriber had provided a waiver in respect of prior violations, repeated future breaches could result in the Subscriber not providing a waiver. In the event of failure of the Company to perform, keep or observe any of the financial covenants, which constitute an event of default under the Original Loan Agreement, and such breach was not waived by the Subscriber, the Subscriber can take ownership of all of the Company's properties and assets, since a lien on all of the present and after-acquired property of the Company was delivered to the Subscriber pursuant to the Original Loan Agreement, and all accrued interest and fees.

As the economic environment in May 2020 was further impacted by the outbreak of the novel coronavirus (COVID-19), the Company then anticipated that it would be in breach of its financial covenants under the Original Loan Agreement throughout the remainder of 2020. In response of the anticipated repeated financial covenant violations, the Parties entered into the Amended Loan Agreement, pursuant to which the Parties proposed to amend the Exercise Price per Warrant Share from HK\$3.16 to the volume weighted average price of the Shares traded on the Stock Exchange for the five Trading Days immediately preceding the date of the Meeting. On 28 June 2022, the Company and the Subscriber mutually agreed that the Exercise Price per Warrant Share should instead be amended from HK\$3.16 to the Current Market Price.

LISTING RULES IMPLICATIONS

Rule 15.02(2) of the Listing Rules provides that any issue or grant of warrants to subscribe for equity securities of an issuer must expire not less than one and not more than five years from the date of the issue or grant and must not be convertible into further rights to subscribe which expire less than one year or more than five years after the date of issue or grant of the original warrants.

Paragraph 4(a) of the Practice Note 4 to the Listing Rules (“**Practice Note 4**”) provides that the Stock Exchange will not approve any proposal to alter the exercise price of existing warrants if the existing warrants do not have a positive intrinsic value. Paragraph 1 of Practice Note 4 defines “intrinsic value” as the average closing price of the underlying security for the preceding three months prior to the date of the application, less the exercise price.

Pursuant to paragraph 4(c) of Practice Note 4, any warrant proposal must be subject to the approval of shareholders and warrant holders in accordance with the provisions of the issuer’s constitutive documents and terms of the relevant warrant instrument respectively, and must be approved at such meetings by special resolution.

GENERAL

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

A circular containing, among other things, further details of the Proposed Alteration, a letter from the Independent Financial Adviser 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 Proposed Alteration is subject to the fulfillment of certain conditions precedent as set out in the Amended Loan Agreement. As such, the Proposed Alteration 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, 15 August 2018 and 29 April 2020 and the circular of the Company dated 23 July 2018 in relation to, among other things, (i) the entering into of the Original Loan Agreement between the Parties; (ii) the issue of the Warrants to the Subscriber under the Specific Mandate; and (iii) the amendments of the Original Loan Agreement and the proposed alteration in the terms of the Warrants.

On 15 May 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 the 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. The maturity date of the Loan is 15 May 2023. The Subscriber can exercise the subscription right(s) attaching to the Warrant(s) until 15 May 2023. 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 14 August 2018, the 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.

ALTERATIONS OF THE ORIGINAL LOAN AGREEMENT

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 31 December 2019 and 31 March 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. While the Subscriber had provided a waiver in respect of prior violations, repeated future breaches could result in the Subscriber not providing a waiver. In the event of failure of the Company to perform, keep or observe any of the financial covenants, which constitute an event of default under the Original Loan Agreement, and such breach was not waived by the Subscriber, the Subscriber can take ownership of all of the Company's properties and assets, since a lien on all of the present and after-acquired property of the Company was delivered to the Subscriber pursuant to the Original Loan Agreement, and all accrued interest and fees.

As the economic environment in May 2020 was further impacted by the outbreak of COVID-19, the Company then anticipated that it would be in breach of its financial covenants under the Original Loan Agreement throughout the remainder of 2020. In response of the anticipated repeated financial covenant violations, the Parties agreed to restructure the Original Loan Agreement.

On 28 April 2020, the Parties entered into the Amended Loan Agreement, pursuant to which the Parties agreed to, among other things, amend certain terms of the Original Loan Agreement and, subject to the fulfillment of certain conditions precedent, alter the terms of the Warrants. The principal amendments to the Original Loan Agreement pursuant to the Amended Loan Agreement are summarized as follows:

- (1) financial covenants in respect of working capital, Net Debt to Total Proved Reserves and Net Debt to TTM EBITDA were removed until 31 March 2021;
- (2) the Prepayment Fees were waived;
- (3) 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;
- (4) 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;
- (5) 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 30 June 2020; and
- (6) 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 1 July 2021, or if the Loan exceeded C\$15 million after 1 January 2022. If the Loan exceeded 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: $X = C\$23,000$ and $Y =$ 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 would be expressed as 25.001001).

Amendments to the Original Loan Agreement on 30 June 2021

On 30 June 2021, the Parties agreed the financial covenants in respect of Net Debt to Total Proved Reserves and Net Debt to TTM EBITDA were waived for the remainder of 2021, and would be reinstated from 31 March 2022 onwards. Financial covenants in respect of working capital were also eliminated for the remainder of the term of the Loan. The Company was obligated to secure additional capital in the form of new equity for a cumulative amount equal to or greater than C\$8 million on or before 30 September 2021, and must make a C\$2.2 million principal payment on or before 31 August 2021 and a C\$2.2 million principal payment on or before 30 September 2021.

Amendments to the Original Loan Agreement on 11 March 2022

On 11 March 2022, the Parties agreed to waive the financial covenant in respect of Net Debt to TTM EBITDA for the remainder of the term of the Loan. The Company was obligated to make a principal payment to the Subscriber of C\$2.5 million on or before 30 June 2022, a principal payment of C\$2.5 million on or before 31 December 2022 and a principal payment of C\$1.0 million on or before 31 March 2023.

As at the date of this announcement, the following financial covenants under the Original Loan Agreement (as altered by subsequent amendments) still remain:

- (1) the Company shall maintain the ratio of its Net Debt to Total Proved Reserves below 0.75:1.0; and
- (2) the Company shall maintain a licensee liability rating/liability management rating of not less than 2.0:1.0.

As at the date of this announcement, the Company has fully satisfied the principal payments required to be made by the Company to the Subscriber of C\$2.5 million on or before 30 June 2022 and of C\$2.5 million on or before 31 December 2022.

The Company has not received any waivers from the Subscriber in relation to further breaches of any financial covenants of the Loan. As at the date of this announcement, the Company was not in breach of any financial covenants and/or in default of the Loan.

The various amendments to the Original Loan Agreement and the Stock Exchange's and the Shareholders' approval of the Proposed Alteration are not inter-conditional upon each other. However, as further disclosed under the paragraph "Reasons for the Proposed Alteration", the Proposed Alteration was the Company's effort to negotiate the repayment of the Loan with the Subscriber.

PROPOSED ALTERATION

Pursuant to the Amended Loan Agreement, the Parties proposed to amend the Exercise Price per Warrant Share from HK\$3.16 to the volume weighted average price of the Shares traded on the Stock Exchange for the five Trading Days immediately preceding the date of the Meeting. On 28 June 2022, the Company and the Subscriber mutually agreed that the Exercise Price per Warrant Share should instead be amended from HK\$3.16 to the Current Market Price.

Conditions precedent

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

- (1) the Stock Exchange's approval for the adjustment to the Exercise Price and the issue of the Warrants;
- (2) 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;
- (3) the Shareholders having granted their approval regarding the new Exercise Price; and
- (4) all other necessary or required consents or approvals in connection with the Proposed Alteration having been obtained.

None of the above conditions precedent are waivable by the Company or the Subscriber. As at the date of this announcement, none of the above conditions precedent has been fulfilled.

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

REASONS FOR THE PROPOSED ALTERATION

The Warrants were originally issued to the Subscriber in 2018 with the intention of providing potential future benefit for the Subscriber, if the price of the Shares exceeds the Original Exercise Price. Subsequent to the issuance of the Warrants, the Share price has declined in response to the deteriorating economic environment. The closing price of the Shares traded at HK\$0.53 per Share on the Trading Day immediately prior to the announcement of the Company dated 15 May 2018, 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. 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.

The Proposed Alteration was the Company's effort to negotiate the repayment of the Loan with the Subscriber to allow for additional time to improve the Company's business operations and financial position in order to repay the outstanding indebtedness and reduce its financial costs, and to enable the Company to navigate safely through this COVID-19 pandemic in hope of more stable times ahead. The Company intends to apply the net proceeds from the full exercise of the subscription rights attaching to the Warrants, after deducting the expenses payable by the Company in connection with the Proposed Alteration, towards general working capital purposes. Taking into account the above factors, the Board, having critically reviewed the Company's situation, considers that the terms and conditions of the Proposed Alteration have been arrived at after arm's length negotiation between the Parties which are fair and reasonable, and are in the best interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

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

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, a specialty finance company focused on providing growth capital to successful Canadian and U.S. companies. Other than being a party to the Original Loan Agreement and a holder of the Original Warrant Certificate, to the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

Rule 15.02(2) of the Listing Rules provides that any issue or grant of warrants to subscribe for equity securities of an issuer must expire not less than one and not more than five years from the date of the issue or grant and must not be convertible into further rights to subscribe which expire less than one year or more than five years after the date of issue or grant of the original warrants.

In addition to the requirements of Rule 15.02(2) of the Listing Rules, paragraph 4(a) of the Practice Note 4 provides that the Stock Exchange will not approve any proposal to alter the exercise price of existing warrants if the existing warrants do not have a positive intrinsic value (the "**Intrinsic Value Test**"). Paragraph 1 of Practice Note 4 defines "intrinsic value" as the average closing price of the underlying security for the preceding three months prior to the date of the application, less the exercise price.

Pursuant to paragraph 4(c) of Practice Note 4, any warrant proposal must be subject to the approval of shareholders and warrant holders in accordance with the provisions of the issuer's constitutive documents and terms of the relevant warrant instrument respectively, and must be approved at such

meetings by special resolution. For the purpose of paragraph 4(c) of Practice Note 4, on 28 June 2022, the Company and the Subscriber (i.e. the warrant holder) mutually agreed that the Exercise Price per Warrant Share should be amended from HK\$3.16 to the Current Market Price.

Assuming the Company obtains the requisite approval by a special resolution of the Shareholders at the Special Meeting, the Company is able to comply with all applicable provisions in the Practice Note 4 regarding the Proposed Alteration other than the Intrinsic Value Test mentioned above.

WAIVERS GRANTED IN RESPECT OF THE PROPOSED ALTERATION

Waiver from strict compliance with paragraph 4(a) of Practice Note 4 granted to the Company on 20 May 2020

In May 2020, the Company was unable to comply with paragraph 4(a) of Practice Note 4 since the Warrants did not have a positive intrinsic value. The Company applied to the Stock Exchange for, and was granted on 20 May 2020, a waiver from strict compliance with paragraph 4(a) of Practice Note 4.

Waiver from strict compliance with paragraph 4(a) of Practice Note 4 granted to the Company on 2 June 2022

The Company did not rely on the waiver granted in 20 May 2020 to proceed with the Proposed Alteration. The Company again applied for, and the Stock Exchange granted on 2 June 2022, a waiver from strict compliance with paragraph 4(a) of Practice Note 4 on the basis of the following:

- (1) the Company was not in compliance with the financial covenants in respect of working capital, Net Debt to Total Proved Reserves and Net Debt to TTM EBITDA under the Original Loan Agreement. The Proposed Alteration was agreed by the Parties as an integral part of the agreement between the Parties to restructure the financial covenants under the Original Loan Agreement. As part of this restructuring, the Parties mutually agreed to re-price the Warrants to the Current Market Price to compensate the Subscriber for the incremental risk they were exposed to by relaxing the financial covenants under the Original Loan Agreement (as altered by subsequent amendments), and loss of future revenues it otherwise could have realized from receiving the Prepayment Fees. The Proposed Alteration was part and parcel of the Loan restructuring in 2020 and should not be assessed on a stand-alone basis. Although recent fund-raising of the Company have allowed the Company to partially repay C\$5.0 million of its debts (of which C\$15.0 million is still outstanding as at the date of this announcement), in view of the spike in crude oil and natural gas prices in recent months, the Parties have agreed that it is an appropriate opportunity to proceed with the Proposed Alteration;
- (2) Shareholders are not exposed to any incremental dilution, as there is no change to the number of Shares to be issued to the Subscriber upon exercise of the Warrants. The Company considered that Practice Note 4 seeks to safeguard against those issuers altering their exercise price to the detriment of their shareholders and to those warrant holders who have disposed of their existing warrants. As the Warrants have already been granted to the Subscriber, the Proposed Alteration will not result in any additional dilution to the Shareholders and will not put the Subscriber in a

better position than the Shareholders. Since the Subscriber is the sole warrant holder and as the Company has no other outstanding warrants, no other warrant holders will be impacted by the Proposed Alteration;

- (3) under the terms of the Original Loan Agreement, if all Warrants were exercised the Company would receive gross proceeds of HK\$25.3 million. If the Exercise Price was to be altered to HK\$0.40 per Share (being the closing price of the Shares as quoted on the Stock Exchange on 18 March 2022, being the last Trading Day immediately prior to the Company's application for the waiver), the gross proceeds would be HK\$3.20 million. While the reduction of HK\$22.10 million of gross proceeds appears material, the Subscriber would only exercise the Warrants if the Company's Share price exceeded the Exercise Price of HK\$3.16 per Share. Given the Shares were trading recently at a price which was more than 80% lower than the Exercise Price, and have never traded above the Exercise Price, the likelihood of the Warrants being exercised was effectively nil. If the Proposed Alteration is approved, the likelihood of the Subscriber exercising the Warrants is enhanced, as the amended Exercise Price would reflect the market value of the Shares at the time of the proposed adjustment, and if the price of the Shares subsequently increased, the amended Warrants would be "in the money" and the Subscriber would realize a profit from exercising them. The Company would then receive the gross proceeds from the Subscriber, providing additional capital with no incremental dilution to the Shareholders as the quantum of Warrants is unchanged; and
- (4) the value of the Warrants was determined using the Black-Scholes-Merton Option Pricing Model as detailed in the Company's circular dated 23 July 2018. Based on the same methodology used to value the Warrants, as at 18 March 2022, the value of the Warrants was more than 77% lower in HK\$ than the price the Subscriber paid to acquire them, which shows that the Proposed Alteration will not result in any additional economic benefit for the Subscriber.

GENERAL

The Special Meeting will be convened and held for the purpose of considering and, if thought fit, approving the Proposed Alteration. To the best knowledge of the Directors, none of the Shareholders has a material interest in the Proposed Alteration, accordingly, no Shareholders will be required to abstain from voting at the Special Meeting.

A circular containing, among other things, further details of the Proposed Alteration, a letter from the Independent Financial Adviser 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 Proposed Alteration is subject to the fulfillment of certain conditions precedent as set out in the Amended Loan Agreement. As such, the Proposed Alteration 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 28 April 2020 entered into between the Parties 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
“C\$”	Canadian dollars, the lawful currency of Canada
“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 11 March 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
“Current Market Price”	the average closing price of the Shares in the five Trading Days immediately prior to the date of the 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 Financial Adviser”	Dakin Capital Limited, a licensed corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser in respect of the Proposed Alteration and the transactions contemplated thereunder
“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 Original 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 15 May 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 13 August 2018 issued by the Company to the Subscriber
“Parties”	the Company and 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 15 May 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 15 November 2019 and 15 May 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 15 May 2021 and 15 May 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
“Proposed Alteration”	the proposed alteration in the terms of the Warrants whereby the Exercise Price will be amended from HK\$3.16 (subject to adjustments) to the Current Market Price
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Crown Capital Partner Funding, LP
“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

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

“%” per cent.

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

Calgary, 22 July 2022
Hong Kong, 22 July 2022

As at the date of this announcement, the Board comprises of two executive Directors, namely Mr. Yongtan Liu and Mr. Pingzai Wang; and three independent non-executive Directors, namely Mr. Richard Dale Orman, Mr. Peter David Robertson and Mr. Larry Grant Smith.