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## **Persta Resources Inc.**

*(incorporated under the laws of Alberta with limited liability)*

**(Stock code: 3395)**

### **PROPOSED ISSUE OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that, on March 22, 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 23,600,000 Subscription Shares at the Subscription Price of HK\$1.50 (approximately C\$0.25) per Subscription Share.

The Subscription Shares represent (i) approximately 8.48% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 7.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Closing Date save for the allotment and issue of the Subscription Shares).

The Subscription Shares will be allotted and issued under the General Mandate.

The gross proceeds from the Subscription will be HK\$35,400,000 (approximately C\$6,000,000).

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

**Shareholders and potential investors should note that Closing of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

## **THE SUBSCRIPTION AGREEMENT**

The Board is pleased to announce that on March 22, 2019 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares. The principal terms of the Subscription Agreement are summarized as follows:

### **Date**

March 22, 2019 (after trading hours)

### **Parties**

- (1) the Company; and
- (2) the Subscriber.

### **Subscription Shares**

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 23,600,000 Subscription Shares at the Subscription Price of HK\$1.50 (approximately C\$0.25) per Subscription Share.

The number of 23,600,000 Subscription Shares represents (i) approximately 8.48% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.82% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there is no change in the issued share capital of the Company between the date of this announcement and the Closing Date save for the allotment and issue of the Subscription Shares).

### **Subscription Price**

The Subscription Price of HK\$1.50 (approximately C\$0.25) per Subscription Share represents:

- (1) an equivalent to the closing price of HK\$1.50 per Share as quoted on the Stock Exchange on March 22, 2019, being the date of the Subscription Agreement;
- (2) a discount of approximately 5.06% to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a premium of approximately 0.40% to the average closing price of approximately HK\$1.494 per Share for the last five consecutive trading days up to and including the Last Trading Day;
- (4) a premium of approximately 0.067% to the average closing price of approximately HK\$1.499 per Share for the last 10 consecutive trading days up to and including the Last Trading Day;
- (5) a discount of approximately 0.24% to the average closing price of approximately HK\$1.504 per Share for the last 30 consecutive trading days up to and including the Last Trading Day; and

- (6) a discount of approximately 0.34% to the average closing price of approximately HK\$1.505 per Share for the last 45 consecutive trading days up to and including the Last Trading Day.

The Subscription Price were determined after arm's length negotiations between the Company and the Subscriber after considering, among other things, the Company's past performance, the then prevailing market price of the Shares, and the future prospects of the Company.

The Subscriber shall make full payment of the Subscription Price in immediately available funds by wire transfer in the amount thereof to the designated bank account of the Company upon Closing.

### **Ranking**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

### **Conditions Precedent**

The obligations of the Subscriber to subscribe and pay for, and the obligations of the Company to issue, the Subscription Shares to the Subscriber are subject to the fulfilment or waiver (as the case may be) of the following Conditions Precedent:

- (1) the passing of the resolutions of the Board approving the allotment and issue of the Subscription Shares under the Subscription Agreement, including but not limited to the approval to utilize the General Mandate and that the General Mandate is sufficient for the allotment and issue of the Subscription Shares;
- (2) all necessary consents and approvals required to be obtained by the Company in respect of the Subscription having been obtained; and
- (3) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares.

### **Closing**

Closing is subject to the satisfaction or waiver (as the case may be) of the Conditions Precedent on or before May 14, 2019 or such other date as may be determined by the Company in its sole discretion.

### **GENERAL MANDATE**

The Subscription Shares will be issued and allotted under the General Mandate. The General Mandate entitles the Directors to issue, allot and deal with up to 55,657,304 Shares, representing 20% of the issued share capital of the Company as at the date of the AGM. Since the date of the AGM and up to and including the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to the Shareholders' approval.

## **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

## **INFORMATION ON THE SUBSCRIBER**

The Subscriber is a company incorporated under the laws of the British Virgin Islands. The Subscriber is principally engaged in the investment of clean energy worldwide.

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

## **REASONS FOR AND BENEFIT OF THE ISSUE OF THE SUBSCRIPTION**

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 Company owns interests in approximately 117,888 acres of petroleum and natural gas leases in the Western Canadian Sedimentary Basin region.

The gross proceeds from the Subscription are expected to be HK\$35,400,000 (approximately C\$6,000,000). The Company intends to apply the net proceeds from the Subscription for the expansion of its existing business, the development of new business, and as general working capital of the Company.

The Board is of the view that the allotment and issue of the Subscription Shares is an appropriate means of raising additional capital for the business operations of the Company since it will provide the Company with immediate funding and could broaden the capital base of the Company. The Board considers that the terms of the Subscription Agreement (including the Subscription Price) are on normal commercial terms and are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

## 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:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
16 May 2018, 31 May 2018 and 24 July 2018	Issue of unlisted warrants	The net proceeds from the issuance of the warrants amounted to approximately HK\$4.24 million.	The net proceeds from the issue of the warrants intended to be applied towards the Company's working capital deficit.	The Company applied the full HK\$4.24 million towards the Company's working capital deficit.
		The net proceeds from the exercise of the subscription rights attaching to the warrant amounted up to a maximum amount of HK\$25.28 million.	The net proceeds from the exercise of the subscription rights attaching to the warrant is intended to be used for general working capital of the Company.	

## EFFECT ON SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 278,286,520 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Closing (assuming that there will be no further changes in the issued share capital of the Company from the date of this announcement and up to the Closing Date save for the allotment and issue of the Subscription Shares):

Substantial Shareholders	As at the date of this announcement		Immediately upon completion of the Subscription	
	No. of Shares (Shares)	Approximate percentage of total issued Shares	No. of Shares (Shares)	Approximate percentage of total issued Shares
		(%)		(%)
Aspen Investment Holdings Ltd. (Note 1)	186,862,832	67.15	186,862,832	61.90
Ji Lin Hong Yuan Trade Group Limited (Notes 1 & 2)	186,862,832	67.15	186,862,832	61.90
1648557 Alberta Ltd. (Notes 1 & 3)	186,862,832	67.15	186,862,832	61.90
Changchun Liyuan Investment Co. Ltd. (Note 4)	186,862,832	67.15	186,862,832	61.90
Mr. Jing (Notes 1 & 5)	186,862,832	67.15	186,862,832	61.90
Mr. Bo (Notes 1 & 6)	186,862,832	67.15	186,862,832	61.90
Ms. Jing Hou (Notes 7)	186,862,832	67.15	186,862,832	61.90
Mr. Guang Jing (Notes 8)	186,862,832	67.15	186,862,832	61.90
<b>Subscriber</b>	—	—	23,600,000	7.82
<b>Public shareholders</b>	<u>69,571,630</u>	<u>25.00</u>	<u>93,171,630</u>	<u>30.86</u>
<b>Total</b>	<u>278,286,520</u>	<u>100.00</u>	<u>301,886,520</u>	<u>100.00</u>

Notes:

- Aspen Investment Holdings Ltd. (“**Aspen**”) holds 185,982,832 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 (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 67.15% of the total issued Shares of the Company.
- 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. 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.
4. Liyuan is owned as to approximately 98%, 2% by JLHY and Mr. Jing, respectively. 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.
5. 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.
6. Mr. Bo holds 440,000 Shares. He is the spouse of Ms. Jing Hou (“**Ms. Hou**”) and is therefore deemed to be interested in 440,000 Shares held by Ms. Hou under the SFO. Mr. Bo is one of the trustees of The Bo Family Trust. Pursuant to the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement, Mr. Bo is deemed to be interested in the Shares in which Aspen, Mr. Jing, JLHY, 164 Co and Liyuan are interested in under the SFO.
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. 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.

**Shareholders and potential investors should note that Closing of the Subscription is subject to fulfillment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded 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:

“AGM”	the annual general meeting of the Company held on June 8, 2018
“Board”	the board of the Directors
“Company”	Persta Resources Inc., a company incorporated with limited liability under the laws of Alberta on 11 March 2005 and whose shares are listed on the main board of The Stock Exchange
“Closing”	completion of the Subscription pursuant to the terms and conditions of the Subscription Agreement
“Closing Date”	the date on which Closing takes place

“Conditions Precedent”	the conditions precedent to the Closing, as more particularly set out under the paragraph headed “The Subscription Agreement — Conditions precedent”
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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
“Last Trading Day”	March 21, 2019, being the last full trading day of the Shares on the Stock Exchange immediately prior to the entering into of the Subscription Agreement
“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
“PRC”	the Peoples’ Republic of China, for the purpose of this announcement, not including Hong Kong, the Macau Special Administrative Region of the PRC, and Taiwan
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Jixing Gas Holdings Limited, a company incorporated under the laws of the British Virgin Islands
“Subscription”	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Subscription Agreement



“Subscription Agreement”	the Subscription Agreement dated March 22, 2019 entered into between the Company and the Subscriber in relation to the Subscription
“Subscription Price”	the subscription price of HK\$1.50 per Subscription Share
“Subscription Shares”	23,600,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Trading Day(s)”	the day(s) on which the Stock Exchange is open for business
“%”	per cent.

By Order of the Board  
**Persta Resources Inc.**  
**Le Bo**  
*Chairman*

Calgary, March 24, 2019

Hong Kong, March 25, 2019

*As at the date of this announcement, the executive Director is Mr. Le Bo; 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.*

*For the purpose of illustration only and unless otherwise specified, conversion of HK\$ to C\$ in this announcement is based on the exchange rate of HK\$1.00 to C\$0.1695. Such conversion should not be construed as a representation that any amount has been, could have been, or may be exchanged at this or any other rate.*