Persta Resources Inc.

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

INTERIM RESULTS ANNOUNCEMENT FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019

The board (the "**Board**") of directors (the "**Directors**") of Persta Resources Inc. ("**Persta**" or the "**Company**") hereby announces the unaudited interim results of the Company for the three and six months ended June 30, 2019. All amounts in these unaudited interim results are stated in Canadian dollars ("**C$**") unless indicated otherwise.

FINANCIAL HIGHLIGHTS

(Unaudited)

	Three months ended June 30,			**Six months ended June 30,**		
C$ except boe amounts	**2019**	2018	Change	**2019**	2018	Change
Production revenue	**2,082,155**	3,480,033	(40%)	**7,147,466**	8,913,957	(20%)
Trading revenue (net)	**248,215**	281,627	(12%)	**218,708**	295,448	(26%)
Operating netback*(Note 1)*	**306,228**	2,822,935	(89%)	**2,330,373**	5,954,727	(61%)
Adjusted EBITDA*(Note 2)*	**(918,387)**	1,593,673	(158%)	**89,874**	3,402,095	(97%)
Loss and total comprehensive loss	**(10,743,765)**	(341,871)	3043%	**(12,753,683)**	(886,706)	1338%
Loss per share	**(0.04)**	(0.00)	100%	**(0.04)**	(0.00)	100%
Daily average sales volumes (boe/d)	**1,622**	2,328	(30%)	**2,341**	2,772	(16%)

Notes:

(1) Operating netback is defined as revenue less royalties, trading cost and operating costs. Operating netback is a non-IFRS financial measure. See "Non-IFRS Financial Measures" of this announcement for further information.

(2) Adjusted EBITDA is defined as earnings before deduction of finance expenses, income taxes, depletion and depreciation, impairment losses and write-offs, transaction costs and share-based compensation. Adjusted EBITDA is a non-IFRS financial measure. See "Non-IFRS Financial Measures" of this announcement for further information.

CONDENSED INTERIM STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

		Three months ended June 30,		Six months ended June 30,	
C$ (Unaudited)	*Note*	**2019**	2018	**2019**	2018
Revenue					
Oil and natural gas sales	*5*	**2,082,155**	3,480,033	**7,147,466**	8,913,957
Royalties		**(213,726)**	261,225	**(872,161)**	(578,353)
Net revenue from oil and natural gas sales		**1,868,429**	3,741,258	**6,275,305**	8,335,604
Net trading revenue from natural gas sales	*5*	**248,215**	281,627	**218,708**	295,448
Total net revenue		**2,116,644**	4,022,885	**6,494,013**	8,631,052
Expenses					
Operating costs		**(1,810,416)**	(1,199,950)	**(4,163,641)**	(2,676,325)
General and administrative costs		**(1,244,594)**	(1,237,527)	**(2,265,926)**	(2,565,997)
Depletion, depreciation and amortization		**(894,531)**	(1,220,837)	**(2,776,332)**	(3,163,571)
Impairment losses and write-offs	*3*	**(7,824,863)**	—	**(8,044,705)**	—
Total expenses		**(11,774,404)**	(3,658,314)	**(17,250,606)**	(8,405,893)
Loss from operations		**(9,657,760)**	364,571	**(10,756,593)**	225,159
Other income		**20,980**	7,265	**26,429**	13,365
Finance expenses		**(1,106,985)**	(713,707)	**(2,023,520)**	(1,125,230)
Loss before taxes		**(10,743,765)**	(341,871)	**(12,753,683)**	(886,706)
Income taxes	*6*	**—**	—	**—**	—
Loss and comprehensive loss		**(10,743,765)**	(341,871)	**(12,753,683)**	(886,706)
Loss per share	*7*				
Basic and diluted		**(0.04)**	(0.00)	**(0.04)**	(0.00)

The accompanying notes form part of these condensed interim financial statements.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

C$ (Unaudited)	*Note*	**As at June 30, 2019**	As at December 31, 2018
Assets			
Current assets:			
Cash and cash equivalents		**1,002,718**	2,605,709
Accounts receivable	*2*	**1,843,224**	1,196,062
Prepaid expenses and deposits		**726,782**	796,744
Total current assets		**3,572,724**	4,598,515
Exploration and evaluation assets		**43,310,620**	43,484,822
Property, plant and equipment	*3*	**44,515,014**	55,498,465
Right of use assets		**2,732,167**	—
Total Assets		**94,130,525**	103,581,802
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	*4*	**6,300,019**	6,038,478
Current portion of lease liabilities		**508,006**	—
Decommissioning liabilities		**205,836**	205,836
Total current liabilities		**7,013,861**	6,244,314
Other liabilities		**887,969**	4,225,734
Lease liabilities		**2,350,802**	—
Long term debt		**20,430,385**	23,063,945
Decommissioning liabilities		**2,140,528**	1,987,145
Total liabilities		**32,823,544**	35,521,138
Total shareholders' equity		**61,306,981**	68,060,664
Total Liabilities and Shareholders' Equity		**94,130,525**	103,581,802

The accompanying notes form part of these condensed interim financial statements.

NOTES TO UNAUDITED CONDENSED STATEMENTS IN RESULTS ANNOUNCEMENT:

For the three and six months ended June 30, 2019

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim financial information set out in this announcement does not constitute the unaudited condensed interim financial statements of the Company for the three and six months ended June 30, 2019 but is extracted from those unaudited draft condensed interim financial statements which have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board. The unaudited interim financial information was authorised for issue on August 14, 2019. The Company's accounting policies are described in note 3 to the December 31, 2018 audited annual financial statements. Those accounting policies have been applied consistently to all periods presented in the condensed interim financial statements except as noted below.

Change in Accounting Policies

Leases

In January 2016, the IASB issued IFRS 16 Leases ("**IFRS 16**"), which replaces the existing IFRS guidance on leases: IAS 17 Leases ("**IAS 17**"). Under IAS 17, lessees were required to determine if the lease is a finance or operating lease, based on specified criteria of whether the lease transferred significantly all the risks and rewards associated with ownership of the underlying asset. Finance leases are recognized on the statement of financial position while operating leases are recognized in the statement of loss and comprehensive loss when the expense is incurred. Under IFRS 16, lessees must recognize a lease liability and a right-of-use asset for most lease contracts. The recognition of the present value of minimum lease payments for certain contracts previously classified as operating leases resulted in increases to assets, liabilities, depletion, depreciation and amortization, and finance expense, and decreases to production, operating and transportation expense and general and administrative expenses.

The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Company's financial statements are not restated.

On adoption, lease liabilities were measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate on January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liability. For leases previously classified as operating leases, the Company applied the exemption not to recognize right-of-use assets and liabilities for leases with a lease term of less than 12 months, excluded initial direct costs from measuring the right-of-use asset at the date of initial application, and applied a single discount rate to a portfolio of leases with similar characteristics. On adoption, and as at June 30, 2019, the Company held no leases that were previously classified as finance leases under IAS 17, or leases where the Company was a lessor.

Financial Statement Impact

The recognition of the present value of minimum lease payments resulted in an additional C$3.05 million of right-of-use assets and associated lease liabilities at January 1, 2019. The Company has recognized lease liabilities in relation to lease arrangements previously disclosed as operating lease commitments under IAS 17 that meet the criteria of a lease under IFRS 16. Upon recognition, the Company's weighted average incremental borrowing rate used in measuring lease liabilities was 8.4%.

2 ACCOUNTS RECEIVABLE

C$	**As at June 30, 2019**	As at December 31, 2018
Trade receivables	**533,821**	1,196,062
Other receivables	**1,309,403**	—
Total	**1,843,224**	1,196,062

Trade receivables comprise balances due through the sale of the Company's oil, natural gas, natural gas liquids and condensate production. Other receivables include C$1.3 million for repayment of past costs incurred by the Company on its Voyager gas gathering system and pipeline project (refer to note 3).

(a) Aging analysis of accounts receivable

As at June 30, 2019 and December 31, 2018, the aging analysis of accounts receivable, based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

C$	**As at June 30, 2019**	As at December 31, 2018
Within 1 month	**1,831,652**	1,196,062
1 to 3 months	**11,572**	—
Over 3 months	**—**	—
Total	**1,843,224**	1,196,062

Trade receivables are to be collected within 25 days from the date of billing, other receivables are to be collected within 30 days of the date of billing.

(b) Impairment of accounts receivable

Impairment losses in respect of accounts receivable are recorded using an allowance account unless the Company determines that recovery of the amount is remote, in which case the impairment loss is written off against receivables directly. No impairment loss has been recognized in respect of trade or other accounts receivable for the three and six months ended June 30, 2019 and 2018.

3 PROPERTY, PLANT AND EQUIPMENT ("PP&E")

C$	Cost	Accumulated Depletion and Depreciation	Net Book Value
Balance, January 1, 2018	152,627,692	(89,982,395)	62,645,297
Additions	203,679	—	203,679
Change in decommissioning obligations	(19,405)	—	(19,405)
Depletion and depreciation	—	(5,368,826)	(5,368,826)
Impairment	(1,962,280)	—	(1,962,280)
Balance, December 31, 2018	150,849,686	(95,351,221)	55,498,465
Balance, January 1, 2019	**150,849,686**	**(95,351,221)**	**55,498,465**
Additions	**173,180**	**—**	**173,180**
Change in decommissioning obligations	**122,037**	**—**	**122,037**
Cost recovery	**(999,170)**	**—**	**(999,170)**
Depletion and depreciation	**—**	**(2,454,635)**	**(2,454,635)**
Impairment	**(7,824,863)**	**—**	**(7,824,863)**
Balance, June 30, 2019	**142,320,870**	**(97,805,856)**	**44,515,014**

Substantially all of PP&E consists of development and production assets. On May 9, 2019, the Company announced it entered into a gas handling agreement with Jixing Energy (Canada) Ltd. ("**Jixing**") whereby the Company will transport its natural gas and associated products through Jixing's Voyager gas gathering system and pipeline. Pursuant to the agreement, past costs incurred by the Company in respect of the Voyager gas gathering system and pipeline project would be repaid by Jixing. As at June 30, 2019, a total of C$1.3 million of past costs, comprised of C$0.3 million in Exploration and Evaluation ("**E&E**") assets, and C$1.0 million in PP&E was classified as accounts receivable.

During 2019 the Company capitalized G&A costs of C$163,500 (2018: C$3,358) in accordance with the Company's accounting policies.

Depletion and depreciation

Depletion, depreciation and impairment of PP&E, and any reversal thereof, are recognized as separate line items in the condensed interim statement of loss and other comprehensive loss. The depletion calculation for the three and six months ended June 30, 2019 includes estimated future development costs of C$24,490,000 associated with the development of the Company's proved plus probable reserves. For the three and six months ended June 30, 2019, there were no write-offs of PP&E attributable to land lease expiries.

Impairment

Impairment is assessed based on the recoverable amount compared with the asset's carrying amount to measure the amount of the impairment. In addition, where a non-financial asset does not generate largely independent cash inflows, the Company is required to perform its test at a cash generating unit ("**CGU**"), which is the smallest identifiable grouping of assets that generates largely independent cash inflows. Refer to note 3 in the audited financial statements for the year ended December 31, 2018 for additional disclosures in respect of the Company's significant accounting policies.

As at June 30, 2019, the Company has identified indicators of impairment in its PP&E assets in the Basing Alberta CGU attributable to declines in natural gas prices. The recoverable amount of the Basing Alberta CGU was estimated based upon the higher of the value in use or the fair value less costs of disposal. In each case, the value in use methodology was used. In determining value in use, forecasted cash flows from proved plus probable reserves using an after tax discount rate of 12 percent was used, with future development costs as obtained from the independent reserve report dated December 31, 2018, and escalated prices as described below.

Based on the assessment as at June 30, 2019, the carrying amount of the Company's Basing CGU was higher than its recoverable amount and the Company recognised an impairment loss of C$7.8 million for this CGU.

As at June 30, 2019, the Company utilised the following benchmark prices to determine the forecast prices in the value in use calculation:

	AECO Gas	**Propane**	**Condensate**
Year	*C$/mmbtu*	*C$/bbl*	*C$/bbl*
2019	1.60	14.48	71.06
2020	1.90	21.62	77.27
2021	2.15	25.92	79.75
2022	2.40	30.75	83.13
2023	2.55	36.28	86.88
2024	2.75	37.69	90.00
2025	2.85	39.09	93.13
2026	2.95	40.50	96.25
2027	3.04	41.72	98.96
2028	3.11	42.62	100.96
2029(1)	+2.0%/yr	+2.0%/yr	+2.0%/yr

(1) Approximate percentage change in each year after 2029 to the end of the reserve life.

4 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

C$	**As at June 30, 2019**	As at December 31, 2018
Trade payables	**490,667**	651,209
Accrued liabilities	**1,077,021**	1,432,903
Accrued compensation per Phantom Unit Plan	**432,063**	373,642
	1,999,751	2,457,754
Other payables	**4,300,268**	3,580,724
Total	**6,300,019**	6,038,478

The accrued compensation for independent non-executive directors per Phantom Unit Plan is accrued quarterly and will be paid in accordance with the terms set out in the Phantom Unit Plan as defined in note 19 of the audited financial statements for the year ended December 31, 2018.

As at June 30, 2019 there were C$4.1 million of unpaid capital expenditures included in other payables (December 31, 2018: C$3.0 million).

All trade payables and accrued liabilities are expected to be settled within one year or are payable on demand.

Aging analysis of trade payables and accrued liabilities

As at June 30, 2019 and December 31, 2018, the aging analysis of trade payables and accrued liabilities is as follows:

C$	**As at June 30, 2019**	As at December 31, 2018
Within 1 month	**1,137,978**	1,585,347
1 to 3 months	**413,960**	402,866
Over 3 months but within 6 months	**15,750**	95,899
Total	**1,567,688**	2,084,112

5 REVENUE

The Company sells its products pursuant to variable-price contracts. The transaction price for variable price contracts is based on the commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms. Commodity prices are based on market indices that are determined on a monthly or daily basis.

The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25th day of the month following production.

The amount of each significant category of revenue recognized for the three and six months ended June 30, 2019 and 2018 is as follows:

	Three months ended June 30,		**Six months ended June 30,**	
C$	**2019**	2018	**2019**	2018
Production				
Natural gas, natural gas liquids and condensate	**1,592,156**	3,013,074	**6,185,409**	7,899,919
Crude oil	**489,999**	466,959	**962,057**	1,014,038
Total production revenue	**2,082,155**	3,480,033	**7,147,466**	8,913,957
Trading				
Natural gas revenue	**381,710**	426,436	**434,741**	521,018
Natural gas cost	**(133,495)**	(144,809)	**(216,033)**	(225,570)
Net trading revenue	**248,215**	281,627	**218,708**	295,448

6. INCOME TAXES

The blended statutory tax rate was 27% for the three and six month periods ended June 30, 2019 and 2018. The provision for income taxes differs from the result that would have been obtained by applying the combined federal and provincial tax rates to the loss before income taxes from changes in unrecognized deferred tax assets.

As at June 30, 2019, the Company has approximately C$50.0 million of recognized deferred tax assets comprised of temporary differences in PP&E and E&E assets, decommissioning liabilities, share issue costs, non-capital losses and others (June 30, 2018: C$41.1 million). As at June 30, 2019, the Company has approximately C$150.0 million of tax deductions, which includes loss carry forwards of approximately C$14.0 million which expire in 2037 (June 30, 2018: C$143.0 million tax deductions including C$8.0 million loss carry forwards).

7 LOSS PER SHARE

C$ except share amounts	Three months ended June 30, **2019**	2018	Six months ended June 30, **2019**	2018
Loss and comprehensive loss	**(10,743,765)**	(341,871)	**(12,753,683)**	(886,706)
Weighted average number of common shares	**290,610,964**	278,286,520	**284,448,742**	278,286,520
Loss per share — basic and diluted	**(0.04)**	(0.00)	**(0.04)**	(0.00)

There were 8.0 million warrants excluded from the weighted-average share calculations for the three and six month periods ended June 30, 2019 because they were anti-dilutive (three and six months ended June 30, 2018 — 8.0 million warrants).

8 PERSONNEL COSTS AND REMUNERATION POLICY

The Company's remuneration and bonus policies are determined by the performance of individual employees. The emolument of the executives are recommended by the Remuneration Committee of the Company, having regard to the Company's operating results, the executives' duties and responsibilities within the Company and comparable market statistics.

Key management compensation for the three and six months ended June 30, 2019 totaled C$479,409 and C$1,027,675 respectively (2018 three months: C$374,050, 2018 six months: C$748,100).

During the three and six months ended June 30, 2019, the Company incurred directors' compensation of C$38,193 and C$58,421 respectively, per the Phantom Unit Plan (2018 three months: C$70,824, 2018 six months: C$68,634). As at June 30, 2019 the accrued compensation for independent non-executive directors per the Phantom Unit Plan was C$432,063 (December 31, 2018: C$373,642).

9 DIVIDEND

The Board did not approve the payment of a dividend for the three and six months ended June 30, 2019 and 2018.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with Persta Resources Inc. (the "**Company**" or "**Persta**") unaudited condensed interim financial statements and notes thereto for the three and six months ended June 30, 2019, and the audited annual financial statements and MD&A for the year ended December 31, 2018. All amounts and tabular amounts in this MD&A are stated in thousands of Canadian dollars unless indicated otherwise. This MD&A is dated August 14, 2019.

FORWARD LOOKING INFORMATION

Certain statements in this MD&A are forward-looking statements that are, by their nature, subject to significant risks and uncertainties and the Company hereby cautions investors about important factors that could cause the Company's actual results to differ materially from those projected in a forward-looking statement. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will", "expect", "anticipate", "estimate", "believe", "going forward", "ought to", "may", "seek", "should", "intend", "plan", "projection", "could", "vision", "goals", "objective", "target", "schedules" and "outlook") are not historical facts, are forward-looking and may involve estimates and assumptions and are subject to risks (including the risk factors detailed in this MD&A), uncertainties and other factors, some of which are beyond the Company's control and which are difficult to predict. Accordingly, these factors could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Since actual results or outcomes could differ materially from those expressed in any forward-looking statements, the Company strongly cautions investors against placing undue reliance on any such forward-looking statements. Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that the resources and reserves described can be profitably produced in the future. Further, any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events.

All forward-looking statements in this MD&A are expressly qualified by reference to this cautionary statement.

NON-IFRS FINANCIAL MEASURES

The financial information contained herein has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and sometimes referred to in this MD&A as Generally Accepted Accounting Principles ("**GAAP**") as issued by the International Accounting Standards Board ("**IASB**").

This MD&A also includes references to financial measures commonly used in the oil and natural gas industry. These financial measures are not defined by IFRS as issued by IASB and, therefore, are referred to as non-IFRS measures. The non-IFRS measures used by the Company may not be comparable to similar measures presented by other companies. See "Non-IFRS Financial Measures" of this MD&A for information regarding the following non-IFRS financial measures used in this MD&A: "operating netback" and "adjusted EBITDA".

OVERVIEW

The Company was incorporated in Calgary, Alberta, Canada under the Business Corporations Act (Alberta) in 2005. Persta is an exploration and development company pursuing petroleum and natural gas production and reserves in Alberta, Canada. Persta focuses on long-term growth through acquisition, exploration, development and production in the Western Canadian Sedimentary Basin ("**WCSB**"). The Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on March 10, 2017 (the "**Listing Date**") pursuant to an initial public offering and trades under the stock code of "3395". The Company has been a reporting issuer under the Securities Act (Alberta) since October 2, 2018.

FUTURE PROSPECTS

The Company acquired Petroleum and Natural Gas Licenses for Basing, Voyager and Kaydee in the Alberta Foothills, Dawson near Peace River and Progress-Montney in northern Alberta between 2006 and 2018. Approximately 90% of the Company's revenue is generated from the Basing area. Voyager is geologically analogous and located approximately 30 kilometers ("**km**") from Basing.

On March 25, 2019, the Company announced it entered into a subscription agreement with a subscriber to conditionally issue 23.6 million common shares at a price of HK$1.50 per share for gross proceeds of HK$35.4 million (C$6.0 million) (the "**Subscription**"). The subscriber is a company incorporated under the laws of the British Virgin Islands, and is principally engaged in the investment of clean energy worldwide. On May 14, 2019, the Company announced the completion of the Subscription. It intends to apply the net proceeds from the Subscription to the expansion of its existing business, the development of new business, bank debt and general working capital. Refer to the Company's announcements dated March 25, 2019, the Company's clarification announcement dated March 25, 2019 and the completion announcement dated May 14, 2019 for additional information regarding the Subscription.

On May 9, 2019, the Company announced it entered into a gas handling agreement (the "**Gas Handling Agreement**") with Jixing Energy (Canada) Ltd. ("**Jixing**"), whereby the Company will transport its natural gas and associated products through Jixing's Voyager gas gathering system and pipeline. The Company, as the project management party, has assisted Jixing in completing pipeline engineering design, budget and risk assessment, procurement of equipment and materials, environmental assessment and obtaining approvals to allow for the start of pipeline construction. On July 11, 2019, Jixing and Challand Pipeline Ltd. established a pipeline construction execution plan. The construction execution plan consists of 5 natural gas pipelines and auxiliary facilities at Voyager and Basing. The total length of the gas pipeline is 35.4 km with a designed capacity of 1.3 billion cubic meters per year at 9,930 KPa, connecting to the TransCanada Gas Transmission System. The total investment budget is C$36.0 million and the project is forecast to be completed and commissioned by the end of 2019.

The Gas Handling Agreement will allow for tie-in and production from the Company's Voyager area gas wells. The Company currently forecasts first production from the Voyager area under the Gas Handling Agreement in the first quarter of 2020. The Gas Handling Agreement will also allow for future expansion of the Company's natural gas exploration and production from the Voyager and surrounding area.

RESULTS OF OPERATIONS

Daily Production and Sales Volumes

Boe Conversions — Per barrel of oil equivalent amounts have been calculated using a conversion rate of six thousand cubic feet of natural gas to one barrel of oil equivalent (6:1). Barrel of oil equivalents ("**boe**") may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In addition, as the value ratio between natural gas and crude oil based on current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

	Three months ended June 30,			**Six months ended June 30,**		
	2019	2018	Change	**2019**	2018	Change
Production						
Natural gas (mcf/d)	**6,717**	11,397	(41%)	**11,813**	14,446	(18%)
Oil (bbl/d)	**76**	68	12%	**83**	81	3%
NGLs (bbl/d)	**21**	22	(4%)	**31**	32	(2%)
Condensate (bbl/d)	**38**	49	(23%)	**55**	70	(21%)
Total production (boe/d)	**1,255**	2,039	(38%)	**2,138**	2,590	(17%)
Trading						
Natural gas (mcf/d)	**2,205**	1,735	27%	**1,220**	1,089	12%
Total trading (boe/d)	**367**	289	27%	**203**	182	12%
Total sales volume (boe/d)	**1,622**	2,328	(30%)	**2,341**	2,772	(16%)

Total sales volume for the three months ended June 30, 2019 averaged 1,622 boe/d, 38% lower than the same period in 2018. As natural gas prices were weak during the quarter, the Company periodically shut-in production from its natural gas wells to preserve its reserves and resources for later periods. To meet its forward sale obligations, the Company traded an average of 367 boe/d of natural gas, an increase of 27% over the comparative period.

Total sales volume for the six months ended June 30, 2019 averaged 2,341 boe/d, 16% lower than the same period in 2018. Production decreased 17% while trading volumes increased 12% as the Company shut-in production and traded gas to meet its forward sale obligations.

Natural gas liquids ("**NGLs**") and condensate production are by-products of natural gas. Production for both the three and six months ended June 30, 2019 decreased over the comparative periods in 2018, consistent with the reduction in natural gas production year over year. Oil production for both the three and six month periods ended June 30, 2019 were consistent with the prior year reflecting the stable production from the Company's Dawson area oil wells.

With the completion of the Voyager pipeline, production is expected to increase as the Company will tie-in four wells drilled in 2017 and 2018. The pipeline is forecast to be completed by the end of 2019, with first gas from Voyager anticipated in the first quarter of 2020. The natural gas market remains below historical averages, to exploit weakness in the market the Company will continue to shut-in production and trade gas to fulfil its forward sale contracts when it is economically advantageous.

Revenue

	Three months ended June 30,			**Six months ended June 30,**		
C$ 000s	**2019**	2018	Change	**2019**	2018	Change
Production						
Natural gas	**1,293**	2,990	(57%)	**5,318**	7,225	(26%)
Crude oil	**490**	467	5%	**962**	1,014	(5%)
NGLs	**17**	75	(78%)	**148**	200	(26%)
Condensate	**283**	374	(24%)	**719**	996	(28%)
Total production revenue	**2,082**	3,906	(47%)	**7,147**	9,435	(24%)
Trading						
Natural gas revenue	**382**	426	(10%)	**435**	521	(17%)
Natural gas cost	**(134)**	(144)	(7%)	**(216)**	(226)	(4%)
Net trading revenue	**248**	282	(12%)	**219**	295	(26%)

Production revenue for the three months ended June 30, 2019 decreased 47% over the same quarter in 2018. The decrease is primarily attributed to lower natural gas, NGL and condensate production volumes and lower realized natural gas prices in the current period. Production revenue for the six months ended June 30, 2019 decreased 24% over the same period in 2018, also attributed to lower production volumes and lower realized natural gas prices.

Crude oil revenues were consistent with the prior year for both the three and six month periods ended June 30, 2019, as marginally higher production rates were offset by lower realized pricing during the year.

Net trading revenue for the three and six months ended June 30, 2019 decreased over the comparative periods in 2018. As the Company strategically trades gas in periods of significant weakness in the market, trading revenues earned are a function of the gains realized on the quantity and price of gas traded over a given time to meet its forward sales obligations, and therefore not directly comparable to prior periods. While the Company traded higher volumes of gas for both the three and six months ended June 30, 2019, the lower net revenue in both periods is a function of the reduced spread between the forward sales price and market price in 2019.

Commodity Prices

	Three months ended June 30,			**Six months ended June 30,**		
	2019	2018	Change	**2019**	2018	Change
Natural gas *(C$/mcf)*						
Average market price *(AECO)*	**1.16**	1.19	(2%)	**1.44**	1.76	(18%)
Average forward sales price	**2.25**	2.84	(21%)	**2.27**	2.76	(18%)
Average trading price	**1.13**	2.67	(58%)	**3.32**	2.63	26%
Average sales price	**2.04**	2.48	(18%)	**2.43**	2.56	(5%)
Crude oil *(C$/bbl)*						
Average market price *(Edmonton Par)*	**73.81**	72.81	1%	**70.11**	74.33	(6%)
Average sales price	**69.84**	74.33	(6%)	**63.69**	68.89	(8%)
NGLs *(C$/bbl)*						
Average market price *(Propane/Butane)*	**19.67**	32.40	(39%)	**25.24**	36.91	(32%)
Average sales price	**8.59**	36.90	(77%)	**26.06**	34.70	(25%)
Condensate *(C$/bbl)*						
Average market price *(Pentane Plus)*	**74.21**	78.57	(6%)	**70.75**	82.09	(14%)
Average sales price	**80.90**	82.72	(2%)	**71.80**	78.03	(8%)

Realized gas price for the three months ended June 30, 2019 averaged C$2.04/mcf. As the benchmark AECO price was below historical averages, during the second quarter of 2019, the Company's gas sales were largely comprised of delivering its forward sales volumes of 6,900GJ/d at a price of C$2.08/GJ (C$2.25/mcf). In periods of extreme weakness in the AECO market, the Company shut-in its production and purchased gas on the spot market to meet its forward sales obligations.

Realized gas prices for the six months ended June 30, 2019 averaged C$2.43/mcf, reflecting the arbitrage the Company earned acquiring gas on the spot market to meet its forward sales obligations, and higher winter gas prices received in the first quarter.

NGL prices are volatile, as their production is tied to natural gas production. The Company's natural gas wells produce varying amounts of propane and butane, which are sold at different prices in the market. As some wells are shut-in, the NGL production matrix is impacted, resulting in a changing realized price dependent on the composition of NGLs. Generally the more butane produced, the higher the realized price for NGLs. During the second quarter of 2019, the Company realized NGL price was significantly below the benchmark, as NGLs sales were primarily comprised of propane. For the six months ended June 30, 2019 and in both comparative periods, the Company's realized price was consistent with the market price. As the Company's natural gas production increases, it expects realized NGL prices will revert to market levels.

The Company's realized condensate prices for both the three and six months ended June 30, 2019 were generally consistent with the market, variations from the benchmark are a function of condensate sales occurring periodically over the period, compared to the average daily reference price.

Royalties

	Three months ended June 30,			**Six months ended June 30,**		
C$ 000s	**2019**	2018	Change	**2019**	2018	Change
Natural gas, NGLs and condensate	**38**	(424)	(109%)	**578**	247	134%
Crude oil	**176**	163	8%	**294**	331	(11%)
Total royalties	**214**	(261)	(182%)	**872**	578	51%
Effective average royalty rate	**10%**	(7%)	(254%)	**12%**	6%	99%

For the three and six months ended June 30, 2019, the effective average royalty rate (total royalties divided by total revenues) was 10% and 12% respectively, compared to (7%) and 6% for the comparative periods in 2018. The change in the effective average royalty rate was primarily due to changes in market prices and oil and natural gas production. The royalty recovery in the prior year was attributable to allowances received in respect of processing and transport during the period.

In Alberta, royalties are set by a sliding scale formula containing separate elements that account for market price and well production. Royalty rates will fluctuate to reflect changes in production rates and market prices. During the three and six months ended June 30, 2019, the Company's royalty rate for natural gas ranged from 5% to 18%, the royalty rate for NGLs (propane and butane) was 30%, the royalty rate for condensate was 40%, and the royalty rate for crude oil ranged from 5% to 20%.

The Company expects its effective royalty rate to be stable between 10–12% until production from the Voyager area commences. Voyager wells will benefit from the Modernizing Alberta's Royalty Framework, under which a company will pay a flat royalty of 5% on a well's early production until the well's total revenue, from all hydrocarbon products, equals the drilling and completion cost allowance.

Operating Costs

C$ 000s	Three months ended June 30, **2019**	2018	Change	Six months ended June 30, **2019**	2018	Change
Natural gas, NGLs and condensate	**1,700**	1,017	67%	**3,929**	2,357	67%
Crude oil	**110**	183	(40%)	**235**	319	(26%)
Total operating costs	**1,810**	1,200	51%	**4,164**	2,676	56%
Unit Cost (C$/boe)						
Natural gas, NGLs and condensate	**15.68**	5.61	179%	**10.51**	5.16	104%
Crude oil	**15.64**	29.11	(46%)	**15.57**	21.67	(28%)
Average cost	**15.68**	6.40	145%	**10.70**	5.68	88%

For the three and six months ended June 30, 2019, operating costs increased 51% and 56% respectively over the same periods in 2018. The increase in the current year is attributable to the fixed FT-Volume obligations which commenced in December 2018 (refer to note 27 in the audited financial statements for the year ended December 31, 2018 for additional information).

These FT-Volume obligations are fixed and provide Persta with transport capacity of up to 110 MMcf/d. As the Company's production increases in the future, these costs will reduce on a per unit basis. The Company is actively seeking to transfer its unused FT-Volume to other producers in the area, which will reduce its monthly burden in the short-term, while taking back the capacity in the future when the Company's production increases.

General and Administrative ("G&A") Costs

C$ 000s	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	**2019**	2018	Change
Staff costs	**479**	551	(13%)	**1,028**	1,051	(2%)
Accounting, legal and consulting fees	**544**	424	28%	**803**	1,031	(22%)
Office	**38**	39	(2%)	**72**	100	(28%)
Other	**183**	224	(18%)	**363**	384	(5%)
Total G&A costs	**1,245**	1,238	1%	**2,266**	2,566	(12%)
Capitalized staff costs	**82**	125	(35%)	**164**	299	(45%)

Total G&A costs for the three months ended June 30, 2019 were equivalent to the same period in 2018. Reductions in staff costs were offset by increases in accounting, legal and consulting fees incurred in the current period. For the six months ended June 30, 2019, total G&A costs were 12% lower than the comparable period, reflecting lower accounting, legal, consulting and office costs in 2019. Advisory fees in 2018 were incurred as part of the Company's fundraising initiatives and advisory costs for corporate and assets acquisitions the Company was evaluating at the time. Other costs include memberships, insurance, travel and accommodation. Capitalized G&A costs are lower than the comparative periods as qualifying expenditures in respect of geological and geophysical activities were lower throughout 2019.

Finance Expenses

C$ 000s	Three months ended June 30,			Six months ended June 30,		
	2019	2018	Change	**2019**	2018	Change
Interest expense and financing costs	**927**	678	37%	**1,742**	1,048	66%
Amortization of debt issuance costs	**183**	35	423%	**251**	35	615%
Accretion expense	**(3)**	1	—	**31**	42	(26%)
Total finance expenses	**1,107**	714	55%	**2,024**	1,125	80%

For the three and six months ended June 30, 2019, interest and financing costs were incurred from the Company's bank debt, subordinated debt and capitalized leases. The increase over the prior periods is primarily attributable to the C$20 million subordinated debt which carries interest at 12% per annum. This facility was not in place until May 2018. Additional interest costs were incurred in respect of capitalized leases under IFRS 16, which came into effect January 1, 2019. The Company has adopted the standard using the modified retrospective approach which does not require restatement of prior period financial information.

Amortization of debt issuance costs includes legal fees, commissions and commitment fees which were incurred from the closing of the subordinated debt facility in May 2018. These costs are capitalized against the debt and amortized over the term.

Depletion, Depreciation and Amortization ("DD&A")

	Three months ended June 30,			**Six months ended June 30,**		
C$ 000s except per unit costs	**2019**	2018	Change	**2019**	2018	Change
Depletion	**726**	1,212	(40%)	**2,438**	3,145	(22%)
Depreciation	**8**	9	(12%)	**16**	18	(12%)
Amortization of right of use assets	**161**	—	100%	**322**	—	100%
Total DD&A	**895**	1,221	(27%)	**2,776**	3,164	(12%)
Per boe	**7.75**	6.51	19%	**7.13**	6.71	6%

For the three and six months ended June 30, 2019, depletion expense comprised the depletion of developed and producing assets, and the depreciation expense comprised the depreciation of office fixed assets, including office furniture, office equipment, vehicles, computer hardware and computer software. The decrease of depletion expense for the three and six months ended June 30, 2019 over 2018 is consistent with the reduction in the Company's production over the same periods. Amortization of right of use assets were incurred in respect of capitalized leases under IFRS 16, which came into effect January 1, 2019. The Company has adopted the standard using the modified retrospective approach which does not require restatement of prior period financial information.

Impairment Losses and Write-offs

	Three months ended June 30,			**Six months ended June 30,**		
C$ 000s	**2019**	2018	Change	**2019**	2018	Change
PP&E impairment	**7,825**	—	100%	**7,825**	—	100%
E&E write-offs	**—**	—	0%	**220**	—	100%
Total impairment and write-offs	**7,825**	—	100%	**8,045**	—	100%

Impairment is assessed based on the recoverable amount compared with the asset's carrying amount to measure the amount of the impairment. In addition, where a non-financial asset does not generate largely independent cash inflows, the Company is required to perform its test at a CGU, which is the smallest identifiable grouping of assets that generates largely independent cash inflows. Refer to note 3 in the audited financial statements for the year ended December 31, 2018 for additional disclosures in respect of the Company's significant accounting policies.

As at June 30, 2019, the Company has identified indicators of impairment in its property, plant and equipment ("**PP&E**") assets in the Basing Alberta CGU attributable to declines in natural gas prices. The recoverable amount of the Basing Alberta CGU was estimated based upon the higher of the value in use or the fair value in use less cost of disposal. In each case, the value in use methodology was used. In determining value in use, forecasted cash flows from proved plus probable reserves using an after tax discount rate of 12 percent was used, with future development costs as obtained from the independent reserve report dated December 31, 2018, and escalated prices as described in note 3 of this announcement.

Based on the assessment as at June 30, 2019, the carrying amount of the Company's Basing CGU was higher than its recoverable amount and the Company recognised an impairment loss of C$7.8 million for this CGU. No impairment loss was recognized in the three and six month period ending June 30, 2018.

For the six months ended June 30, 2019, the Company wrote-off C$0.22 million in exploration and evaluation ("**E&E**") assets attributable to land lease expiries during the period. No E&E write-offs were incurred over the same period in 2018.

Share-based Compensation

There was no share-based compensation incurred during the three and six months ended June 30, 2019 and 2018.

Financial Instruments

The Company holds a number of financial instruments, the most significant of which are accounts receivable, accounts payable and accrued liabilities, cash and cash equivalents, bank loans and subordinated debt. Due to their near term maturities, accounts receivable, accounts payable and accrued liabilities and cash and cash equivalents are recorded at fair value. Bank loans and subordinated debt are recorded at amortized cost.

The Company did not enter into any financial derivatives contracts for the three and six months ended June 30, 2019.

For the three and six months ended June 30, 2019, the Company experienced a foreign exchange loss of C$11,271 and C$18,602 respectively. These foreign exchange gains and losses are related to the revaluation of monetary items held in Hong Kong Dollars and the value changes with the fluctuation in the Hong Kong Dollars/Canadian Dollars exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation and the Company currently does not have a foreign currency hedging policy, however, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Net Loss and Comprehensive Loss

Net loss and comprehensive loss for the three months ended June 30, 2019 totaled C$10.7 million, compared to C$0.3 million in 2018. Net loss and comprehensive loss for the six months ended June 30, 2019 totaled C$12.8 million, compared to C$0.9 million in 2018. The increase for both periods over the prior year is attributable to lower revenues, higher operating and finance costs and C$8.0 million of impairment losses and write-offs experienced during the second quarter of this year.

EVENTS AFTER THE REPORTING PERIOD

Proposed Issue of Warrants

On July 26, 2019, the Company conditionally agreed to issue 52,377,304 warrants to an arm's length investor for gross proceeds of HK$556,000 (C$0.1 million). The sale is subject to both Stock Exchange and shareholder approval and is anticipated to close on or before September 30, 2019.

NON-IFRS FINANCIAL MEASURES

This MD&A or documents referred to in this MD&A make reference to the terms "operating netback", and "adjusted EBITDA" are not recognized measures under IFRS, and do not have a standardized meaning prescribed by IFRS. Accordingly, the Company's use of these terms may not be comparable to similarly defined measures presented by other companies. Management considers operating netback an important measure to evaluate the Company's operational performance, as it demonstrates its field level profitability relative to current commodity prices. Management uses adjusted EBITDA to measure the Company's efficiency and its ability to generate the cash necessary to fund a portion of its future growth expenditures or to repay debt. Investors are cautioned that the non-IFRS measures should not be construed as an alternative to net income determined in accordance with IFRS as an indication of the Company's performance.

Operating netback

	Three months ended June 30,			Six months ended June 30,		
C$ 000s	**2019**	2018	Change	**2019**	2018	Change
Oil and natural gas sales	**2,082**	3,480	(40%)	**7,147**	8,914	(20%)
Net trading revenue	**248**	282	(12%)	**219**	295	(26%)
Royalties	**(214)**	261	(182%)	**(872)**	(578)	51%
Operating costs	**(1,810)**	(1,200)	51%	**(4,164)**	(2,676)	56%
Operating netback	**306**	2,823	(89%)	**2,330**	5,955	(61%)

Adjusted EBITDA

	Three months ended June 30,			Six months ended June 30,		
C$ 000s	**2019**	2018	Change	**2019**	2018	Change
Oil and natural gas sales	**2,082**	3,480	(40%)	**7,147**	8,914	(20%)
Net trading revenue	**248**	282	(12%)	**219**	295	(26%)
Royalties	**(214)**	261	(182%)	**(872)**	(578)	51%
Operating costs	**(1,810)**	(1,200)	51%	**(4,164)**	(2,676)	56%
General and administrative costs	**(1,245)**	(1,238)	1%	**(2,266)**	(2,566)	(12%)
Other income	**21**	7	189%	**26**	13	98%
Adjusted EBITDA	**(918)**	1,594	(158%)	**90**	3,402	(97%)

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Mr. Le Bo, Chairman of the Board and chief executive officer ("**CEO**"), and Mr. Jesse Meidl, chief financial officer ("**CFO**"), have designed, or caused to be designed under their supervision, internal controls over financial reporting ("**ICFR**") to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Furthermore, the Company used the criteria established in "Internal Control — Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission (2013 COSO Framework).

No material changes in the Company's ICFR were identified during the three and six months ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner. Mr. Bo is the chairman of the Board and CEO of the Company. Although this deviates from the practice under code provision A.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Bo has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Bo as chairman of the Board so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolize the decision-making of the Board. The Board considers that the balance of power between the Board and the management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action be taken should the need arise. Save as disclosed above, for the six months ended June 30, 2019 (the "**Reporting Period**"), the Company has complied with the CG Code.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under rules 13.20, 13.21 and 13.22 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not purchased, redeemed or sold any of its listed securities during the Reporting Period.

REVIEW OF THE INTERIM RESULTS

The Company established an audit and risk committee of the Company (the "**Audit and Risk Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit and Risk Committee comprises three independent non-executive Directors, namely Mr. Bryan Daniel Pinney (Chairman), Mr. Richard Dale Orman and Mr. Peter David Robertson. The Audit and Risk Committee has reviewed the Company's interim results for the six months ended June 30, 2019 and has also discussed with management the internal control, the accounting principles and practices adopted by the Company. The Audit and Risk Committee is of the opinion that the interim results have been prepared in accordance with the applicable accounting standards, laws and regulations and the Listing Rules and that adequate disclosures have been made.

PUBLICATION OF INFORMATION

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.persta.ca). This announcement is prepared in both English and Chinese and in the event of inconsistency, the English text of this announcement shall prevail over the Chinese text.

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

Calgary, August 14, 2019
Hong Kong, August 15, 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.