

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Persta Resources Inc., you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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PERSTA RESOURCES INC.

(incorporated under the laws of Alberta with limited liability)

(HK stock code: 3395)

**Suite 3600, 888-3rd Street SW,
Calgary, Alberta T2P 5C5,
Canada**

**Telephone: 1-403-355-6623
Fax: 1-403-440-1206**

**NOTICE OF MEETING
and
MANAGEMENT INFORMATION CIRCULAR
and
PROXY STATEMENT**

with respect to the

Special Meeting of Shareholders

to be held on August 13, 2018 at 9:00 a.m. (Calgary time) at
Suite 3600, Bankers Hall West, 888-3rd Street SW, Calgary, Alberta T2P 5C5

Dated: July 23, 2018

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PERSTA RESOURCES INC.

(incorporated under the laws of Alberta with limited liability)

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NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD AT 9:00 A.M. ON AUGUST 13, 2018 (CALGARY TIME)

NOTICE IS HEREBY GIVEN that a special meeting (the “**Meeting**”) of the shareholders (the “**Shareholders**”) of common shares (“**Common Shares**”) of Persta Resources Inc. (“**Persta**” or the “**Company**”) will be held at Suite 3600, Bankers Hall West, 888-3rd Street SW, Calgary, Alberta T2P 5C5, on August 13, 2018, at 9:00 a.m. (Calgary time) for the following purposes:

1. for the Shareholders to consider, and if deemed advisable, pass, with or without variation, an ordinary resolution granting the board a specific mandate from the Shareholders approving the allotment and issuance of warrants and Common Shares upon the exercise of such warrants (the “**Specific Mandate**”), as more particularly described in the accompanying information circular; and
2. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The accompanying Management Information Circular (the “**Circular**”) provides additional information relating to the matters to be dealt with at the Meeting.

Only Shareholders of record as at 11:00 p.m. on July 11, 2018 (Hong Kong Time) and 9:00 a.m. on July 11, 2018 (Calgary time) (the “**Record Date**”) will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting. To ensure that there is no risk that any of the Common Shares will be voted twice, the transferee must provide written evidence to the Company including, without limitation, providing properly endorsed certificates evidencing the transfer of such Common Shares or having otherwise established ownership of such Common Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not and will not exercise their right to vote either by proxy or in person at the Meeting. The Company may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the Meeting if the transferee cannot demonstrate to the Company with sufficient certainty that the relevant Common Shares have not already been voted by proxy or will be voted by the relevant transferor at the Meeting.

Shareholders who receive this Circular and other accompanying Meeting materials from the Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, and who are unable to be present at the Meeting are requested to date and sign the enclosed form of proxy and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in the enclosed envelope provided for that purpose, so that it is received during regular business hours no later than 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong, prior to the time of the Meeting, or any adjournment thereof. If a Shareholder is registered as a member of the Company on the register of members in Hong Kong on the Record Date, such Shareholder's records are currently maintained on the Hong Kong register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph.

Shareholders who receive this Circular and other accompanying Meeting materials from the Company's principal share registrar in Canada, being Computershare Trust Company of Canada, and who are unable to be present at the Meeting, are requested to date and sign the enclosed form of proxy and return it to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada, in the enclosed envelope provided for that purpose, so that it is received no later than 48 hours (Toronto time) (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof. Registered shareholders may submit their voting instructions online at www.investorvote.com or by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Shareholders are cautioned that the use of mail to transmit proxies is at each shareholder's risk. If a Shareholder acquired its Common Shares prior to the Record Date and is registered as a Shareholder on the register of Shareholders in Canada on the Record Date, such Shareholder's records are currently maintained on the Canadian register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph.

In order to be valid, your proxy or voting instructions must be received in each case no later than 48 hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment thereof.

BY ORDER OF THE BOARD

Signed: "Le Bo"

Name: **Le Bo**

Title: *Chairman of the Board and
President and Chief Executive Officer*

Calgary, Alberta, July 23, 2018.

LETTER FROM THE BOARD



PERSTA RESOURCES INC.

(Incorporated under the laws of Alberta with limited liability)

(HK stock code: 3395)

Executive Director

Mr. Le Bo (*Chairman*)

Non-executive Director

Mr. Yuan Jing

Independent Non-executive Directors

Mr. Richard Dale Orman

Mr. Bryan Daniel Pinney

Mr. Peter David Robertson

Registered Office

15th Floor, Bankers Court

850-2nd Street SW

Calgary, Alberta

T2P 0R8

Canada

Principal Place of business

in Hong Kong

Room 1901, 19/F

Lee Garden One

33 Hysan Avenue, Causeway Bay

Hong Kong

July 23, 2018

To: the Shareholders

Dear Sir/Madam,

ISSUE OF UNLISTED WARRANTS PURSUANT TO SPECIFIC MANDATE AND NOTICE OF SPECIAL MEETING

INTRODUCTION

Reference is made to the announcements of the Company dated May 15, 2018 (the “**Announcements**”) and May 31, 2018 in relation to, among other things, the loan agreement (“**Loan Agreement**”) entered into between Persta and Crown Capital Fund IV, LP (“**Subscriber**”) and the proposed issue of the unlisted warrants (“**Warrants**”) under the specific mandate.

The purpose of this circular is to provide the Shareholders with, among other things: (i) further details of the Loan Agreement; (ii) the issuance of Warrants pursuant to the Loan Agreement and the allotment and reservation for issuance of common shares in the capital of the Company upon

the exercise of the Warrants (each, a “**Warrant Share**”); and (iii) notice and details regarding the Meeting for the purpose of considering and, if thought fit, ratifying and approving the issuance of the Warrants and the allotment and reservation for issuance of the Warrant Shares.

LOAN AGREEMENT

On May 15, 2018, the Company, as borrower, entered into the Loan Agreement with the Subscriber, as lender, pursuant to which: (i) the Subscriber agreed to grant a loan to the Company in the principal amount of C\$25,000,000 for a term of five (5) years (the “**Loan**”); and (ii) the Company agreed to issue a warrant certificate to the Subscriber, pursuant to which the Company has agreed to issue the Subscriber a total of 8,000,000 Warrants. The Warrants carry the rights to subscribe for Warrant Shares at the exercise price of HK\$3.16 per Warrant Share (subject to adjustments).

SHAREHOLDER APPROVAL

The full text of the ordinary resolution approving the issuance of the Warrants, and a specific mandate granting the Company’s board of directors the authority to exercise the powers of the Company to create, allot and reserve for issuance the Warrant Shares is set out in the accompanying Information Circular.

Notwithstanding the date that the Shareholders approve the ordinary resolution and all other regulatory approvals are obtained, the effective date of the issuance of the Warrants will be the date that the Company entered into the Loan Agreement with the Subscriber.

RECOMMENDATION

Following an extensive review of multiple financing options and consideration of other alternatives, the Company’s board of directors is of the opinion that the terms of the Loan Agreement and the issuance of the Warrants are fair and reasonable, and in the best interests of the Company and the Shareholders. The Company’s board of directors unanimously recommends that the Shareholders vote in favor of the resolution.

Your vote is important. Whether or not you are able to attend the Meeting, please take the time to vote your Common Shares in accordance with the instructions contained in the accompanying Information Circular and on the form of proxy or voting instruction form provided to you.

Yours very truly,

(signed) “*Le Bo*”

*Chairman of the Board and President
and Chief Executive Officer*

Persta Resources Inc.

DEFINITIONS

In this circular, unless the context otherwise defined, the following expressions have the following meanings:

“ABCA”	Business Corporations Act (Alberta), as amended, supplemented or as otherwise modified from time to time;
“Alberta”	the province of Alberta, Canada;
“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;
“Closing”	the closing of the issuance of the Warrant Certificate, concurrently with the completion of the transactions contemplated by the Loan Agreement;
“Common Share(s)”	the common share(s) of no par value in the capital of the Company;
“Company”	Persta Resources Inc., a company incorporated under the laws of Alberta on March 11, 2005 and whose shares are listed on the main board of The Stock Exchange (stock code: 3395);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Crown”	Crown Capital Partners Inc., a company incorporated under the laws of Canada on September 8, 1999 and whose shares are listed on the Toronto Stock Exchange under the stock symbol CRWN;
“Director(s)”	the director(s) of the Company;
“Effective Date”	the date of the Closing, and the effective date of the Loan Agreement and the issuance of the Warrant Certificate, being May 15, 2018;
“Exercise Period”	the period during which the holder(s) of the Warrant Share(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 the Warrant Shares, being HK\$3.16 (subject to adjustments);
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are third party(ies) independent of the Company and its connected person(s) in accordance with the Listing Rules;
“Issue Price”	the deemed issue price per Warrant, being C\$0.09375;
“Last Financing”	the initial public offering on the Stock Exchange where the Company raised approximately C\$38,000,000 through the offering of 69,850,000 Common Shares at HK\$3.16 par value;
“Latest Practicable Date”	July 18, 2018, being the last practicable date for ascertaining certain information contained in this circular;
“Last Trading Day”	the last trading day of the Shares immediately prior to the issue of the Warrant Certificate, being May 14, 2018;
“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\$25,000,000 granted by the Subscriber to the Company pursuant to the terms of the Loan Agreement;
“Loan Agreement”	the loan agreement dated May 15, 2018 entered into between the Subscriber and the Company in relation to the grant of the Loan to the Company;
“Meeting”	the special meeting of the Shareholders to be held on August 13, 2018;

“Prepayment Fee”	if C\$10,000,000 of the Loan is prepaid after May 15, 2019, a payment of 1% of the amount repaid; if the principal amount of the Loan is prepaid between November 15, 2019 and May 15, 2021, in one or more tranches of no less than C\$5,000,000, 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; if the principal amount of the Loan is prepaid between May 15, 2021 and May 15, 2023, in one or more tranches of no less than C\$5,000,000, 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;
“Results Announcement”	the publication of the Company’s annual report for the year ended December 31, 2017 on April 27, 2018;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholder(s)”	the holder(s) of the Common Shares of the Company;
“Specific Mandate”	the specific mandate to be granted to the Directors at the Special Meeting to allot and issue the Warrant Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Crown Capital Fund IV, LP, a limited partnership governed by the laws of Alberta;
“Trading Day(s)”	the day(s) on which the Stock Exchange is open for business;
“Toronto Stock Exchange”	The Toronto Stock Exchange of Canada;
“Warrant(s)”	the total of 8,000,000 unlisted transferable warrants issued by the Company at the Issue Price pursuant to the Warrant Certificate, each conferring rights entitling its holder(s) to subscribe for one Warrant Share at the Exercise Price during the Exercise Period;
“Warrant Certificate”	the warrant certificate dated May 15, 2018 issued by the Company to the Subscriber; and
“Warrant Share(s)”	the Common Shares to be allotted and issued by the Company upon the exercise of the subscription rights attaching to the Warrants.

For the purpose of illustration only and unless otherwise specified, conversion of C\$ to HK\$ in this circular is based on the exchange rate of C\$1.00 to HK\$6.14. 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.

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MANAGEMENT INFORMATION CIRCULAR AND PROXY STATEMENT

GENERAL PROXY MATTERS

Solicitation of Proxies by Management

This management information circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by the management of the Company for use at the Meeting to be held at Suite 3600, Bankers Hall West, 888-3rd Street SW, Calgary, Alberta T2P 5C5, on August 13, 2018, at 9:00 a.m. (Calgary time), and any adjournment thereof. This Circular contains information as at the Latest Practicable Date unless otherwise noted. All references to \$ in this Circular refer to the lawful currency of Canada unless otherwise noted.

Only Shareholders of record as at 11:00 p.m. on July 11, 2018 (Hong Kong Time) and 9:00 a.m. on July 11, 2018 (Calgary Time) (the “**Record Date**”) will be entitled to vote at the Meeting, unless that Shareholder has transferred any Common Shares subsequent to that date and the transferee Shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee’s name be included on the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting. To ensure that there is no risk that any of the Common Shares will be voted twice, the transferee must provide written evidence to the Company including, without limitation, providing properly endorsed certificates evidencing the transfer of such Common Shares or having otherwise established ownership of such Common Shares, written evidence of the identification of the relevant transferor and written evidence that the relevant transferor has not and will not exercise their right to vote either by proxy or in person at the Meeting. The Company may refuse the demand by a transferee to be included in the list of Shareholders entitled to vote at the Meeting if

the transferee cannot demonstrate to the Company with sufficient certainty that the relevant Common Shares have not already been voted by proxy or will be voted by the relevant transferor at the Meeting.

Registered Shareholders are invited to attend the Meeting and vote their Common Shares at the Meeting. Shareholders can also appoint a proxy holder (who need not be a Shareholder) to attend and vote at the Meeting on the Shareholder's behalf and to convey a Shareholder's voting instructions. Solicitations of proxies will be primarily by mail, but some proxies may be solicited personally or by telephone, facsimile transmission or other electronic means by our officers, directors or employees at a nominal cost. The cost of solicitation will be borne by the Company.

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Company's branch registrar in Hong Kong, and who elect to submit a proxy may do so by completing, dating and signing the accompanying proxy and returning it to the Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, ensuring that the proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong, before the Meeting or any adjournment thereof, at which the proxy is to be used. If a Shareholder is registered as a Shareholder of the Company on the register of members in Hong Kong on the Record Date, such Shareholder's records are currently maintained on the Hong Kong register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph.

Registered Shareholders who received this Circular and other accompanying Meeting materials from the Company's principal share registrar in Canada, and who elect to submit a proxy may do so by completing, dating and signing the accompanying proxy and returning it to the Company's principal share registrar in Canada, being Computershare Trust Company of Canada at Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada, in the enclosed envelope provided for that purpose, so that it is received no later than 48 hours (Toronto time) (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof, at which the proxy is to be used. Registered shareholders may also submit their voting instructions online at www.investorvote.com or by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), ensuring that the proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary, before the Meeting or any adjournment thereof, at which the proxy is to be used. If a Shareholder acquired its Common Shares prior to the Record Date and is registered as a Shareholder on the register of Shareholders in Canada on the Record Date, such Shareholder's records are currently maintained on the Canadian register and such Shareholder's proxy should be deposited in accordance with the instructions set out in this paragraph. The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The individuals named in the enclosed form of proxy are officers of the Company (“**Management Designees**”). A Shareholder wishing to appoint some other person (who need not be a shareholder of the Company) to represent him or her at the Meeting has the right to do so, either by inserting that person’s name in the blank space provided in the form of proxy and striking out the names of the Management Designees, or by completing another form of proxy, or by using the internet at www.investorvote.com or the telephone by calling 1-866-732-8683 (toll free within North America) or 1-312-588-4290 (outside North America).

If you vote your proxy using the internet or the telephone, do not send back the form of proxy.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name. Only proxies deposited by Shareholders whose names appear on our records as the registered holders of Common Shares can be recognized and acted upon at the meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on our records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker.

Only registered holders of Common Shares of the Company or the persons they validly appoint as their proxies are permitted to vote at the Meeting. However, in many cases, Common Shares beneficially owned by a person (a “**Non-Registered Holder**”) are registered either: (i) in the name of an intermediary (an “**Intermediary**”) (including banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP’s, RRIF’s, RESP’s and similar plans) that the Non-Registered Holder deals with in respect of the shares; or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited) of which the Intermediary is a participant.

If you do not hold your Common Shares in your own name, you may give permission to your broker or other intermediary to release your name and address to us so that we can send proxy related materials to you directly. Alternatively, you may instruct your broker or other intermediary who holds your Common Shares to not provide your name and address to us, in which case, your broker or other intermediary is required to send such materials to you. We currently do not provide proxy related materials directly to beneficial Shareholders and we assume the costs associated with the delivery of meeting materials to beneficial Shareholders.

Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meeting. Often, the form of proxy supplied by your broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on your behalf.

In Canada, most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. (“**Broadridge**”). Broadridge mails a voting instruction form in lieu of a proxy provided by the Company. The voting instruction form will name the same persons

as the Company's proxy to represent you at the Meeting. You have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the persons designated in the voting instruction form, to represent you at the Meeting. To exercise this right, you should insert the name of the desired representative in the blank space provided in the voting instruction form. The completed voting instruction form must then be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Common Shares to be represented at the Meeting. If you receive a voting instruction form from Broadridge, you cannot use it to vote Common Shares directly at the Meeting. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the Meeting in order to have the Common Shares voted.

Although you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker, you may attend the Meeting as a proxyholder for the registered Shareholder and vote your Common Shares in that capacity. If you wish to attend the Meeting and vote your own Common Shares, you must do so as proxyholder for the registered Shareholder. To do this, you should enter your own name in the blank space on the applicable form of proxy provided to you and return the document to your broker or the agent of such broker in accordance with the instructions provided by such broker well in advance of the Meeting.

The Canadian Securities Administrators have adopted a "notice-and-access" regime for shareholder meetings which permits issuers to send a reduced package of meeting materials to shareholders, together with the document required to cast their vote. We have elected not to use the "notice-and-access" regime for the Meeting and paper copies of such materials will be sent to all of our Shareholders.

Revocation of Proxy

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. In addition to revocation in any other manner permitted by law, a Shareholder who has given a proxy may revoke it by:

- (a) executing a proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or such person's authorized attorney in writing or, if such person is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the proxy bearing a later date to the Corporation's principal share registrar in Canada, being Computershare Trust Company of Canada at Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada, in the enclosed envelope provided for that purpose, so that it is received no later than 48 hours (Toronto time) (excluding Saturdays, Sundays and holidays) prior to the time of the Meeting or any adjournment thereof. Registered shareholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America), or the Corporation's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai,

Hong Kong, as applicable, at least 48 hours, excluding Saturdays, Sundays and public holidays in Calgary and Hong Kong, before the Meeting (i.e. 9:00 a.m. on August 13, 2018 (Calgary time) or 11:00 p.m. on August 13, 2018 (Hong Kong time), as the case may be), or any adjournment thereof, at which the proxy is to be used, or to the chairman of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or

- (b) personally attending the Meeting and voting such person's Common Shares at the Meeting.

A revocation of a proxy will not affect a matter on which a vote is taken before the revocation.

Persons Making the Solicitation

This solicitation is made on behalf of the Company's management. We will bear the costs incurred in the preparation and mailing of the form of proxy, notice of Meeting, and this Circular. In addition to mailing forms of proxy, proxies may be solicited by personal interviews, or by other means of communication, by our directors, officers or employees who will not be remunerated therefor.

Exercise of Discretion by Proxyholders

The Common Shares represented by proxy in favour of management nominees will be voted on any poll at the Meeting. Where you specify a choice with respect to any matter to be acted upon, the Common Shares will be voted or withheld from voting on any poll in accordance with the specification so made. If you do not provide instructions, your Common Shares will be voted in favour of the matters to be acted upon as set out herein. The persons appointed under the form of proxy which we have furnished are conferred with discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and notice of Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Circular, we know of no such amendment, variation or other matter.

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed in Rule 13.39(5) of the Listing Rules.

Counting the Votes

The Company's principal share registrar, Computershare Trust Company of Canada, and the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, will count and tabulate the proxies for Common Shares. This is done independently of the Company to preserve confidentiality in the voting process. Proxies are referred to the Company only in cases where a Shareholder clearly intends to communicate with management or when it is necessary to do so to meet the requirements of applicable law.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

Voting Securities

The Company's authorized share structure consists of an unlimited number of Common Shares without par value and an unlimited number of preferred shares. As at the Record Date, the Company had 278,286,520 fully paid and non-assessable Common Shares and no preferred shares outstanding. Each Common Share carries the right to one vote at meetings of Shareholders of the Company.

Quorum

By-Law number two of the Company provides that if at least two (2) persons present as registered Shareholders or as proxyholders for registered Shareholders, together of which is entitled to vote at such meeting, holding or representing in the aggregate not less than five per cent (5%) of the total number of shares carrying the right to vote at such meeting, a quorum for the purposes of conducting a shareholders' meeting is constituted.

Principal Holders

To the knowledge of the directors and executive officers of the Company, as at the Record Date, the only persons who beneficially own, control or direct, directly or indirectly, Common Shares carrying 10% or more of the votes attached to the Common Shares entitled to be voted at the Meeting are as follows:

Name of Shareholder	Number of Common Shares	% of Common Shares	% of Common Shares (fully diluted upon exercise of the Warrants)
Aspen Investment Holdings Ltd. ⁽¹⁾	187,290,164	67.30%	65.42%
HKSCC Nominees Limited ⁽²⁾	255,538,832	91.83% ⁽³⁾	89.26%

Notes:

- (1) Aspen Investment Holdings Ltd. ("Aspen") holds 185,982,832 Common Shares and is a corporation controlled by two of the Company's directors, Mr. Yuan Jing and Mr. Le Bo, who indirectly hold 41.09% and 36.69% of Aspen respectively. Pursuant to the Unanimous Shareholders Agreement dated December 18, 2015 and the First Supplemental Unanimous Shareholders Agreement dated April 29, 2016, Aspen, Mr. Yuan Jing, Ji Lin Hong Yuan Trade Group Limited, Mr. Le Bo, 1648557 Alberta Ltd., Changchun Liyuan Investment Co. Ltd. and Ms. Jing Hou (being spouse of Mr. Le Bo) become a group of the Controlling Shareholders (as defined in the Listing Rules) acting in concert and are interested in under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and therefore, Aspen is deemed to be interested in all the Common Shares in which Mr. Jing and Mr. Bo are interested in, which in aggregate represent approximately 67.30% of the issued and outstanding Common Shares.
- (2) HKSCC Nominees Limited is a subsidiary of the HKEX and its principal business is to act on behalf of other corporate or individual shareholders. All shares of Hong Kong listed companies, which are deposited into HKEX's Central Clearing and Settlement System, are registered in the name of HKSCC Nominees Limited.

- (3) Includes Common Shares held by Aspen, which have been transferred from the Canadian share register to the Hong Kong share register and have been deposited into HKEX's Central Clearing and Settlement System.

As at the Latest Practicable Date, our directors and executive officers as a group, beneficially owned, or controlled or directed, directly or indirectly, 187,290,164 Common Shares, or approximately 67.30% of the Company's issued and outstanding Common Shares.

Assuming that the Subscriber exercises its right to acquire the 8,000,000 Warrant Shares underlying the Warrants, the Subscriber will hold approximately 2.79% of the issued and outstanding Common Shares on a fully-diluted basis.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

None of the Directors or executive officers of the Company, none of the persons who have been Directors or executive officers of the Company since the commencement of the Company's last completed financial year and no associate or affiliate or any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

To the best knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

For the purposes of this Circular, “**informed person**” means:

- (i) a director or executive officer of the Company;
- (ii) a director or executive officer of a person or company that is itself an informed person or subsidiary of the Company;
- (iii) any person or company who beneficially owns, directly or indirectly, voting securities of the Company or who exercises control or direction over voting securities of the Company, or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, other than voting securities held by the person or company as underwriter in the course of a distribution; and
- (iv) the Company if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any of its securities.

Other than as disclosed herein, none of the Company's directors or executive officers, nor any person who beneficially owns directly or indirectly or exercises control or direction over securities carrying more than 10% of the voting rights attaching to the shares in the capital of the Company, nor any known associate or affiliate of these persons, had any material interest, direct or indirect in

any transaction within the three (3) years before the date hereof which has materially affected the Company, or in any proposed transaction which has materially affected or would materially affect the Company.

BACKGROUND TO THE LOAN AGREEMENT AND WARRANT ISSUANCE

Loan Agreement

On May 15, 2018, the Company as borrower entered into the Loan Agreement with the Subscriber as lender, pursuant to which (i) the Subscriber agreed to grant the Loan to the Company in the principal amount of C\$25,000,000 for a term of five (5) years; and (ii) the Company agreed to issue the Warrants to the Subscriber. The Warrants carry the rights to subscribe for Warrant Shares at the Exercise Price of HK\$3.16 per Warrant Share (subject to certain adjustments).

Reasons for Entering Into the Loan Agreement and the Issuance of Warrants

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

The Company has been actively seeking business and investment opportunities since 2017 and has been exploring a number of financing options. The Company believes that the issuance of the Warrants in connection with the Loan Agreement offers potential access to new capital for the Company and in the quantity required by the Company, taking into account that the Subscriber is a publicly listed company in Canada and has delivered C\$20,000,000 to the Company pursuant to the Loan Agreement, with a contractual obligation to deliver an additional C\$5,000,000 to the Company subject to certain conditions having been satisfied by the Company in advance thereof.

The Company has considered alternative financing options and engaged in extensive discussions with numerous potential investors and underwriters in Canada, the United States of America, the United Kingdom, Singapore, Australia and China. In the course of these discussions, the Company explored and considered the feasibility of alternative financing options prior to agreeing to enter into the Loan Agreement and issuing the Warrant Certificate. Other options considered by the Company included equity financings, open offer and pre-emptive Common Share issuances, debt financing and other loan agreements. The Company had approached five potential underwriters, but none of them had interest in underwriting new equity, open offer, rights issue or bond offerings for the Company given the price performance of the Common Shares since the Last Financing. Other than the Loan Agreement, the Company has not conducted any financing activities in the twelve (12) months immediately preceding the date of this Circular.

After considering the above mentioned factors including the inability to secure an underwriter or placing agent, the Company was of the belief that, given current market conditions, any equity financing pursuant to which new Common Shares were issued to independent investors, would be of disadvantage to the Company. The price of such Common Shares would likely have to be set at a deep discount to the current Common Share price for underwriter, the placing agent or the placees

to participate, and at a price significantly below the Last Financing. Accordingly, the Company is of the view that issuing new Common Shares at this time would not be in the best interests of the Company and the Shareholders as a whole.

Both an open offer or rights issue would allow the Shareholders to participate in the subscription of new Common Shares to be issued by the Company, and would allow Shareholders to maintain their respective pro-rata shareholdings in the Company. Given that both an open offer and rights issue would require approval from the relevant authorities and would involve, among other things, the preparation and filing of a prospectus, and the printing and handling of application forms, the Company considered that the relatively small size of the financing required did not warrant an open offer or a rights issue, as it would incur additional time and significant costs. The Company was unable to find an underwriter willing to underwrite any Common Shares not subscribed for, without providing a discount on the price of such Common Shares which would not be in the best interests of the Company and the Shareholders as a whole.

Debt financing methods had been contemplated by the Company in view of several factors including: (i) bank borrowings could be negotiated in a way that would match the Company's needs in terms of timeline and size of the funding; and (ii) issuance of bonds would not result in any dilution effect to the Company's shareholding structure.

The Company was unable to engage an underwriter to explore a bond offering given the price performance of the Common Shares, and this option was terminated. The Company held discussions with three banks in Canada to assess the possibility of replacing the Company's existing bank facility with a larger facility which would provide new capital to the Company. The banks advised that increasing the Company's borrowing base through a traditional facility would incur significantly higher interest expenses than the current facility, potentially higher than that of the Loan Agreement. Notwithstanding the increased cost and fees, the increase in bank borrowings would not exceed the total proceeds available from the Loan Agreement and Warrants.

The Company is of the view that the heavy interest expenses and increase in financial costs resulting from debt financing or bank borrowings may not be beneficial to, or suitable for, the Company and its shareholders as a whole, and could have an adverse impact on the profitability of the Company. In addition, the additional proceeds available from the Loan Agreement and Warrants exceeded the potential additional capital available through new bank borrowings.

Given the aforementioned factors, the Company is of the view that the Loan Agreement and issuance of the Warrants is the most appropriate financing method available to the Company at this time, and that it is in the best interests of the Company and the Shareholders as a whole.

The Company has considered the possibility of listing of the Warrants. However, the application for listing of the Warrants would incur additional costs which will further reduce the net proceeds from the issue of the Warrants. In addition, the application for listing of the Warrants could delay the entire financing process. Further, as the Company has no plans to issue further Warrants in the near term, there is not an adequate number of holders of the Warrants to satisfy Listing Rule 11.23(3)(b)(ii). Therefore, the Company is of the view that the Warrants should remain unlisted given the current circumstances.

The Loan Agreement and the terms of the Warrant Certificate are on normal commercial terms, determined after arm's length negotiations between the Company and the Subscriber. The Company believes that the terms (including the Issue Price and the Exercise Price) are fair and reasonable so far as the interests of the Company and its Shareholders as a whole are concerned.

The initial proceeds of C\$750,000 that the Company realized from the issuance of the Warrants forms approximately 3% of the total proceeds of the Loan Agreement. The Loan security granted to the Subscriber is subordinated to the Company's senior lender under a second lien on the Company's assets. It is common practice in Canada for lenders who provide this type of debt product ("**Second Lien Lender**") to require some form of equity derivative compensation such as the Warrants for the subordinated position they have assumed. Also, the Subscriber is open to assuming an equity position in the Company and it requested the issuance of the Warrants during its negotiations with the Company on the terms of the Loan. Therefore, under the Loan Agreement it was agreed by the parties that the right to acquire the Warrants was granted to the Subscriber as an additional consideration for the advance of the Loan and in consideration of the initial proceeds of C\$750,000. The Company confirms that the Subscriber would not have entered into the Loan Agreement (and hence the Company would not have obtained the Loan in the first place) if the Warrant Certificate was not issued.

The benefit from the Loan Agreement was realized from the proceeds under the Loan totaling C\$25,000,000 of which C\$20,000,000 was received by the Company at the completion of the transaction contemplated under the Loan Agreement. The issuance of the Warrants also allows for potential additional capital for the Company if the Subscriber exercises the Warrants. In the opinion of the Directors, the C\$20,000,000 received pursuant to the Loan Agreement, in addition to a further C\$5,000,000 to be advanced to the Company over a six-month period, and the initial proceeds of the Warrants of C\$750,000 from the issuance of the Warrants Certificate to the Subscriber provide the appropriate amount of funds for the Company's business development.

The Company is not reliant on the proceeds from the Warrants to meet its future working capital requirements but the Company is reliant on the Loan. The C\$750,000 Warrant proceeds represent only 3.75% of the total proceeds initially received from the Subscriber.

The proceeds obtained under the Loan are required for the Company to meet its future working capital requirements. Should the Subscriber subsequently exercise the Warrants, the future proceeds from the Warrant Shares would then be added to the Company's general working capital position. Nevertheless, the Loan will remain in place regardless of whether the issue of the Warrants is approved at the Meeting or approved by the Listing Committee. Please refer to the section headed "Information Concerning the Loan" of this Circular for more details on the Loan.

Information Concerning the Subscriber

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

direct ownership interest. Certain principals of the Subscriber, including the Subscriber's chairman and chief executive officer, are business acquaintances of the Company's senior management, including, Mr. Le Bo, the Company's chairman of the board of Directors and an executive Director, and Mr. Jesse Meidl, the Company's chief financial officer, through prior discussions on potential fund raising options for the Company. No advisor, broker or agent was involved in any aspect of the Warrant or Loan transactions and no fees have been paid, or will be paid, to any third party.

The Company is confident that the Subscriber will have sufficient financial ability to satisfy the capital requirement upon exercise of the Warrants, given that the Subscriber's **majority shareholder**, Crown, is a publicly listed company in Canada which trades on the Toronto Stock Exchange under the stock symbol CRWN, is well regarded both in Canada and internationally, and has assets under management in excess of C\$225 million.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscriber, Crown and the ultimate beneficial owners are Independent Third Parties. Other than the entering into of the Loan Agreement, the Company has not entered into, or contemplated entering into, and other arrangements, agreements or understandings (whether formal or informal and whether express or implied) with the Subscriber.

Information Concerning the Loan

Pursuant to the Loan Agreement, the Subscriber granted the Loan of C\$25,000,000 to the Company. An initial C\$20,000,000 was advanced to the Company at Closing and, subject to the terms and conditions of the Loan Agreement, an additional C\$5,000,000 will be advanced to the Company over a six-month period. The Loan bears a fixed interest rate of 12% per annum on all outstanding amounts, determined daily, compounded and to be paid monthly.

Pursuant to the Loan Agreement, the maturity date of the Loan is May 15, 2023. Unless otherwise specified, the Company shall repay the principal amount of the Loan in full, together with all accrued and unpaid interest on the maturity date. The Company has the right to prepay up to C\$10,000,000 of the Loan after one (1) year following the Closing, subject to the Prepayment Fee. Additionally, the Company may, after 18 months following the Closing, prepay the principal amount of the Loan in one or more tranches of no less than C\$5,000,000, subject to the Prepayment Fee.

Information Concerning the Warrants

In connection with the Loan, the Company agreed to issue the Subscriber a total of 8,000,000 Warrants. Each Warrant entitles the Subscriber to one Warrant Share upon payment of the Exercise Price, being HK\$3.16 (subject to certain adjustments). The Warrants confer the right upon the holders thereof to subscribe for in aggregate up to a maximum of HK\$25,280,000 worth of Warrant Shares at the Exercise Price. The Warrants Shares to be issued upon exercise of the subscription rights attaching to the Warrants will be issued under the Specific Mandate to be sought at the Meeting.

The Warrant Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued and outstanding Common Shares as at the date of tender of the exercise form required under the 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. The holder(s) of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares issuable upon the exercise of the Warrants. The Warrants will not be listed on the Stock Exchange or any other stock exchange.

The aggregate consideration for the Warrants was C\$750,000. The determination of the value of the Warrants was determined by arm's length negotiations between the Company and the Subscriber after considering, among other things, the following factors: (i) the Black-Scholes-Merton Option Pricing Model for calculation of the fair value of the Warrants; and (ii) the market price and liquidity of the Common Shares.

1. *the Black-Scholes-Merton Option Pricing Model*

Based on the Black-Scholes-Merton Option Pricing Model, the fair value of the Warrants calculated as of the Effective Date was C\$743,357, and was calculated using the following parameters:

Parameters	As of 15 May 2018	Remarks
Reference Price	HK\$1.60 per Share	Note 1
Exercise Price	HK\$3.16 per Share	Note 2
Risk-Free Interest Rate	2.12%	Note 3
Expected Life of Warrant	5 years	
Dividend Yield	0%	Note 4
Volatility	59.9%	Note 5
Exchange Rate	HK\$1 to C\$0.1650	Note 6

Note 1: This reference price was determined by the volume weighted average price of the Common Shares over the 10 trading days immediately prior to the date of the Results Announcement. This is the last day where the issuance of the Warrants did not have any impact on the market pricing expectations, and is the commonly accepted reference pricing mechanism under international financial reporting standards.

Note 2: The Exercise Price was the price equivalent to the Company's initial public offering and last financing price. This exercise price is also 97.5% higher than the reference price of HK\$1.60 and 84.80% higher than the Common Share price of HK\$1.71, being the closing price of the Common Shares on the date of the Loan Agreement.

Note 3: This rate is the yield of the Government of Canada 5-Year Bond (quoted by the Bank of Canada under code “V39053: Government of Canada Benchmark Bond Yields — 5 Year” as at the date of the Results Announcement), and serves as a suitable benchmark rate for the risk-free interest rate for companies located in Canada over a period the same duration as the Warrants.

Note 4: The Company has not declared any dividend.

Note 5: Volatility is the realized volatility of the Company’s Common Shares from the date of the Company’s initial public offering on March 10, 2017 to the date of the Results Announcement. It is determined by measuring the standard deviation of the Company’s daily closing Common Share price from the mean. The standard deviation is a statistical measure of the variability of the price changes from the mean price change of the Company’s Common Shares.

Pursuant to best practices under international financial reporting standards, the period used to determine volatility can be either:

1. a period equivalent to the term of the warrant;
2. a period during which the Company reasonably expects the warrants to be exercised; or
3. a period otherwise selected by the Company based on circumstances specific to the underlying transaction(s).

As the Common Shares did not trade until the Company’s initial public offering on 10 March 2017, the longest period which can be included in the volatility calculation is from the date of the offering to the Results Announcement which is approximately 14 months. The Warrants have a term of 5 years, and their Exercise Price is significantly higher than the current market price of the Common Shares which suggests the Warrants will not be exercised in the near term. As a result, the Company determined the period for the volatility should be from the date of the offering to the Results Announcement which is approximately 14 months.

Note 6: This is the average rate over the 10 trading days immediately prior to the date of the Results Announcement. Under international reporting standards best practices, the term used to determine the exchange rate should be equivalent to the term used to determine the Reference Price.

2. *the market price and liquidity of the Common Shares*

The table below demonstrates the highest and lowest closing prices of the Common Shares in the past (a) fourteen months from the date of the Company’s initial public offering on 10 March 2017 to the date of the Results Announcement and (b) three months immediately preceding the date of entering into the Loan Agreement:

<u>14 months</u>	<u>Date</u>	<u>Closing price (HK\$)</u>
Highest	14 March 2017	3.15
Lowest	11 April 2018	1.38

3 months	Date	Closing price (HK\$)
Highest	28 January 2018	2.01
Lowest	11 April 2018	1.38

The table below shows the highest, lowest and the average trading volume of the Common Shares in the past (a) fourteen months from the date of the Company’s initial public offering on 10 March 2017 to the date of the Results Announcement and (b) three months immediately preceding the date of entering into the Loan Agreement:

14 months	Date	Trading volume	Approximate % of the issued share capital
Highest	10 March 2017	8,264,000	2.97%
Lowest	10 July 2017	1,000	0.0004%
Average	—	373,957	0.13%

3 months	Date	Trading volume	Approximate % of the issued share capital
Highest	14 February 2018	314,000	0.01%
Lowest	13 March 2018	1,031,000	0.37%
Average	—	653,934	0.24%

The price of the Warrants was negotiated between the Company and the Subscriber, which was validated based on the Black-Scholes-Merton Option Pricing Model. Using the assumptions set out under the sub-section headed “1. the Black-Scholes-Merton Option Pricing Model” under the section “Information concerning the Warrants” of this Circular, the fair value of the Warrants calculated as of the Effective Date was C\$743,357. Having considered that (i) the fair value of the Warrants amounts to a C\$6,643 discount to the C\$750,000 price of the Warrants; and (ii) the sale of the Warrants was only in connection with the signing of the Loan Agreement, which brought C\$20,000,000 of new capital into the Company with an additional C\$5,000,000 to be advanced to the Company over a six-month period from May 15, 2018 to no later than November 15, 2018, the Directors consider that the consideration for the issue of the Warrants is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

Use of Proceeds

The gross proceeds and net proceeds from the issuance of the Warrants will be approximately HK\$4.54 million and HK\$4.24 million, respectively. Assuming the full exercise of the subscription rights attaching to the maximum number of Warrants at the Exercise Price, it is expected up to an additional of approximately HK\$25.28 million will be raised.

At Closing, the Company applied the full HK\$4.54 million towards its working capital deficit totaling approximately HK\$16.0 million. If the Warrants are exercised, the current business plan of the Company for the proceeds of approximately HK\$25.28 million (assuming the full exercise of the subscription rights attaching to the Warrants at the Exercise Price) is that the proceeds will be used for general working capital of the Company. If the Warrants are not exercised, given the issue of the Warrants would have already provided an immediate funds of HK\$4.54 million without any dilution effect to the Shareholders or further liability to the Company, it is in the interest of the Company and the Shareholders as a whole.

Since the proceeds that may be raised from the issue of Warrant Shares will depend on the exercise of the subscription rights attaching to the Warrants, which may be out of control of the Company, the proceeds that will actually be raised therefrom may not match with the Company's capital requirements. The Company shall review its business plan from time to time and shall not rule out the possibility of alternative fund raising methods should the subscription rights attaching to the Warrants not exercised in full and the net proceeds not match the future capital needs of the Company.

The Company has also completed an initial draw under the Loan Agreement of C\$20,000,000. Approximately C\$9,500,000 has been applied to the Company's senior debt to bring it to approximately C\$8,500,000. The remaining C\$10,500,000 from the first draw, the C\$5,000,000 from the final draw under the Loan Agreement, and any proceeds received from the Warrant Shares will be retained by the Company for working capital purposes.

With the signing of the Loan Agreement and Warrant Certificate, and giving effect to the Company's forecast cashflow from new and existing production, the Company believes it has access to sufficient capital to fund its capital programme for 2018. This programme calls for drilling up to four (4) wells at Basing, which will be tied into the Company's existing gas gathering network.

The Company does not anticipate any material additional expenses will be incurred in connection with the exercise of the Warrants. Assuming the full exercise of the subscription rights attaching to the Warrants, the total net proceed to the Company will be approximately HK\$29.7 million.

Contemplated Transactions

As at the Latest Practicable Date, the Company did not have any plans for any contemplated acquisitions, disposals or other matters that may have a material impact on the Company which is necessary for the Shareholders and the public to appraise the position of the Company during the Exercise Period of the Warrants (i.e. 5 years commencing from the date of issue of the Warrants) that may have a material impact on the Company which is necessary for the Company's

Shareholders and the public to appraise the position of the Company. However, the Company periodically engages in considering acquisition or disposal activities. The Company will review its business plan from time to time and may consider potential business expansion and investment opportunities. Should such opportunities arise in the future, the Company will make the relevant announcement in accordance with the Listing Rules if and when applicable.

Conditions to the Issuance of the Warrants

In connection with the issuance of the Warrants and, should the Subscriber exercise its rights under the Warrants, the issuance of the Warrant Shares, the Company is seeking the following:

- (1) if required, Listing Committee approval of the issuance of the Warrants or Warrant Shares either unconditionally or subject to such conditions to which both the Company and the Subscriber reasonably accept;
- (2) Listing Committee approval of the listing of, and permission to deal in, the Warrant Shares either unconditionally or subject to such conditions to which both the Company and the Subscriber reasonably accept, such permission and listing not subsequently being revoked or withdrawn prior to the issuance of Warrant Shares; and
- (3) all other necessary consents, approval and waivers required for or in connection with the issue of the Warrants and Warrant Shares (without prejudice to conditions (1) and (2) above).

As at the Latest Practicable Date, none of the above conditions have been fulfilled.

Other Arrangements with Subscriber

As at the Last Practicable Date, the Company has not entered, or contemplated to enter into, any other arrangements, agreements, negotiations or understandings, both formal and informal and whether expressed or implied with the Subscriber, other than those disclosed herein.

TERMS AND CONDITIONS OF THE WARRANTS

The Warrant Certificate representing the 8,000,000 Warrants was issued to the Subscriber on May 15, 2018. The Issue Price of the Warrants (not including legal expenses) is C\$0.09375 per Warrant. The net issue price, after deduction of relevant expenses, is approximately C\$0.075 per Warrant. The material terms and conditions of the Warrant Certificate are summarized below.

Exercise Price

Each Warrant is exercisable from the date of issuance until May 15, 2023, at the Exercise Price of HK\$3.16. The Exercise Price was determined through arm's length negotiations, and represents:

- (1) a premium of approximately 78.50% over the closing price of HK\$1.77 per Common Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (2) a premium of approximately 84.80% over the closing price of HK\$1.71 per Common Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a premium of approximately 79.55% over the average closing price of HK\$1.76 per Common Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (4) a premium of approximately 74.59% over the average closing price of HK\$1.81 per Common Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (5) a price equivalent to the share price of Company's Last Financing.

The aggregate of the Issue Price of C\$0.09375 per Warrant and the Exercise Price of HK\$3.16 per Warrant Share, i.e. approximately HK\$3.74, represents:

- (1) a premium of approximately 111.30% over the closing price of HK\$1.77 per Common Share as quoted on the Stock Exchange as at the Latest Practicable Date;
- (2) a premium of approximately 118.71% over the closing price of HK\$1.71 per Common Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a premium of approximately 112.50% over the average closing price of HK\$1.76 per Common Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (4) a premium of approximately 106.63% over the average closing price of HK\$1.81 per Common Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Exercise Price shall be subject to adjustments and any dilutive events which may have adverse effects on the rights of the holders of the Warrants.

In determining the Issue Price of the Warrants and the Exercise Price per Warrant Share, the Directors considered, among other things, the Company's past financial performance, the then prevailing market price of the Common Shares, the existing market conditions, the liquidity of the Common Shares, the historical prices of the Common Shares, the prevailing stock market sentiment, and Exercise Price of the Warrants, and that the consideration of the Warrants was set at a premium of approximately 0.89% to the valuation generated under the Black-Scholes-Merton Option Pricing Model during the time of negotiation of the Loan Agreement.

Adjustments to the Exercise Price

The Exercise Price will be subject to adjustments in certain events, including: (i) an alteration of the nominal amount of the Common Shares by reason of a consolidation, reclassification or subdivision; (ii) an offer or grant by the Company to Shareholders for subscription rights by way of rights, option or warrants to subscribe for or purchase Common Shares at a price which is less than 95% of the market price of the Common Shares; (iii) a special distribution (as defined in the Warrant Certificate); (iv) a capital reorganization (as defined in the Warrant Certificate); and (v) any action taken by the Company affecting the Common Shares in circumstances where the Directors consider it appropriate to make an adjustment to the Exercise Price.

Exercise Period

The subscription rights attaching to the Warrants can be exercised at any time during the period commencing from the initial advance of the Loan under the Loan Agreement to five (5) years commencing from the date of Closing. Upon expiry of the Exercise Period, any Warrants which have not been exercised will lapse and cease to be valid for any purpose.

Put Right

The Company and the Subscriber have mutually agreed that the put right with the redemption arrangement as disclosed in the Announcement is not applicable.

Hold Periods and Transferability

Unless permitted under applicable securities laws of Alberta, the registered holder of the Warrant Shares shall not trade the Warrant Shares before the day that is four (4) months and one (1) day after the later of (i) 15 May 2018; and (ii) the date the Company became a reporting issuer in any province or territory in Canada.

Additionally, the Warrants and the Warrant Shares issuable upon exercise of the Warrants shall not be transferable by the holder thereof at any time unless: (i) at least 30 months have passed since the Effective Date; or (ii) the Warrant Shares are transferred to an affiliate or subsidiary (as defined in 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.

Rights on Liquidation

If the Company is wound up during the Exercise Period, all subscription rights attaching to the Warrants which have not been exercised shall lapse and each Warrant Certificate shall cease to be valid for any purpose. In the event a notice is given by the Company to the Shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, the Company shall forthwith give notice thereof to each holder of the Warrants and thereupon, every holder of the Warrant shall be entitled, by irrevocable surrender of the Warrant Certificate(s) held by such holder to the Company together with payment of the amount payable in respect of the underlying Warrant Shares for which the holder of such Warrant is entitled, to subscribe upon the exercise of the subscription rights or the relative portion thereof, as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting, to have issued to such holder such number of Warrant Shares as such holder has validly exercised and paid for.

STOCK EXCHANGE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities that may be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Warrants are issued. Options granted under share option plans that comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the Latest Practicable Date, the Company did not have any securities with subscription rights outstanding and not yet exercised. Assuming: (i) full exercise of the subscription rights attaching to the Warrants; and (ii) no Shares are further issued and repurchased, 8,000,000 Warrant Shares will be issued, which represents approximately 2.87% of the issued and outstanding share capital of the Company as at the Latest Practicable Date and approximately 2.79% of the issued and outstanding share capital on a fully diluted basis. Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

MATTERS TO BE CONSIDERED

1. Specific Mandate to Issue Common Share Purchase Warrants

At the Meeting, the Shareholders will be asked to consider and, if deemed advisable, to pass, with or without variation, an ordinary resolution granting the Board a specific mandate from the Shareholders approving, ratifying and confirming the allotment and issuance of warrants and Common Shares upon the exercise of such warrants (the “**Specific Mandate**”).

At the Meeting, the Shareholders will be asked to pass the following ordinary resolution:

“**BE IT HEREBY RESOLVED** as an ordinary resolution that:

- (a) the Loan Agreement entered into between the Company as borrower and the Subscriber as lender dated May 15, 2018 in relation to the subscription of 8,000,000 unlisted Warrants constituted by the Warrant Certificate dated May 15, 2018 at an exercise price of HK\$3.16 per Warrant (a copy of each of the Loan Agreement and the Warrant Certificate having been marked “A” and “B”, respectively, and initialed by the chairman of the meeting for identification purpose), and the transactions contemplated under the Loan Agreement, in relation to the issue of Warrants, and the Warrant Certificate be and are hereby approved, ratified and confirmed;
- (b) conditional upon The Stock Exchange of Hong Kong Limited granting or agreeing to grant the listing of, and permission to deal in, the maximum number of 8,000,000 new Common Shares of no par value in the share capital of the Company on the exercise of the subscription rights attaching to the Warrants (subject to adjustment and the terms and conditions as set out in the Warrant Certificate):
 - (i) the creation and issue of the Warrants by the Company in accordance with the terms and conditions of the Loan Agreement and the Warrant Certificate be and are hereby approved, ratified and confirmed;
 - (ii) the Directors be and are hereby granted 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 Loan Agreement and the Warrant Certificate and such Warrant Shares (upon entering the name of the holder thereof in the register of members of the Company) shall rank *pari passu* in all respects with the then existing issued and outstanding Common Shares of the Company; and
- (c) any Directors and officers of the Company be and are hereby authorized to do such acts and things, to sign and execute all such further documents (in case of execution of documents under seal, to do so by any two Directors or any Director together with the secretary of the Company) and to take such steps as he/she may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the issuance of the Warrants or any

transactions contemplated thereunder and all other matters incidental thereto or in connection therewith, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith."

Unless directed otherwise, the management nominees named in the accompanying Instrument of Proxy intend to vote FOR the resolution approving the Specific Mandate.

2. Other Matters

Management of the Company is not aware of any other matters to come before the Meeting other than as referred to in the notice of the Meeting. Should any other matters properly come before the Meeting, the Common shares represented by proxies solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

This Circular is being provided to Shareholders in English and Chinese. In case of any inconsistency, the English version shall prevail.

RECOMMENDATION

The directors of the Company consider that the Specific Mandate is in the best interests of the Company and its Shareholders. Accordingly, the directors recommend that Shareholders vote in favour of all resolutions to be proposed at the Meeting.

ADDITIONAL INFORMATION

A copy of the Loan Agreement and the Warrant Certificate will be available for inspection during normal business hours on any week days (except public holidays) at the principal place of business of the Company in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong from the date of this Circular up to and including the date of the Meeting and will be available for inspection at the Meeting.

Additional information relating to the Company may be found under the profile of the Company on SEDAR at www.sedar.com. Shareholders may also request information from the Company by contacting the Company's Chief Executive Officer at Suite 3600, 888-3rd Street S.W., Calgary, Alberta, Canada, T2P 5C5.

Documents affecting the rights of security holders, along with other information relating to the Company, can be found on the Company's website at www.persta.ca.

BOARD OF DIRECTORS APPROVAL

The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the Board.

BY ORDER OF THE BOARD

Signed: “Le Bo”

Le Bo

Chairman of the Board

Calgary, Alberta

July 23, 2018