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Persta Resources Inc.

(incorporated under the laws of Alberta with limited liability)

(Stock code: 3395)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Announcements dated December 19, 2019 and December 23, 2019 (Hong Kong time).

Reference is made to the announcements of Persta Resources Inc. dated December 19, 2019 and December 23, 2019 (Hong Kong time) (together, the “**Announcements**”), in relation to, among other things, the Gas Handling Agreement and the Voyager Compressor Agreement entered into with Jixing Energy (together, the “**Agreements**”). Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

The Company wishes to provide the Shareholders and potential investors of the Company with the following supplemental information in relation to the Agreements.

As disclosed in the Announcements and pursuant to the Agreements, certain aggregated fees (the “**Monthly Handling Charges**”) would be payable by the Company to Jixing Energy (i) for the use of Jixing Energy’s Voyager gas gathering system by the Company pursuant to the terms of the Gas Handling Agreement, and (ii) for the use of Jixing Energy’s Voyager compression station and well batteries by the Company pursuant to the terms of the Voyager Compressor Agreement (collectively, the “**Jixing Gas Facilities**”).

The Board would like to clarify that the Monthly Handling Charges are comprised of fixed firm costs (the “**Fixed Handling Charges**”) and certain variable costs (the “**Variable Operating Costs**”), whereby the Company shall pay the charges attributable to the use of Jixing Gas Facilities pursuant to the terms of the Agreements. Variable Operating Costs include qualifying costs for leased equipment, attributable overheads, insurance and any other costs directly attributable to the Company’s use of the Jixing Gas Facilities. All Variable Operating Costs are paid by the Company on a “flow-through” basis with no “cost-plus” allocation or additional handling charges in favour of Jixing or any other party.

RECONCILIATION OF ACTUAL COSTS INCURRED IN RESPECT OF JIXING ENERGY CONTINUING CONNECTED TRANSACTIONS TO FORECAST COSTS PER THE ANNOUNCEMENTS

The following tables show a reconciliation of the actual Fixed Handling Charges and Variable Operating Costs (together, the “**Actual Monthly Handling Charges**”) paid to Jixing Energy pursuant to the Agreements for the two financial years ended December 31, 2020 and 2021 compared to the forecast Monthly Handling Charges as disclosed in the Announcements:

Gas Handling Agreement

	For the year ended		
	December 31,		
	2020⁽¹⁾	2021	Total
	C\$	C\$	C\$
Fixed Handling Charges	215,048	265,754	
Variable Operating Costs	<u>16,500</u>	<u>16,500</u>	
Actual Monthly Handling Charges	231,548	282,254	
Monthly Handling Charges per Announcements	<u>361,000</u>	<u>441,000</u>	
Excess/(Deficit) of Actual Monthly Handling Charges to Announcements	<u>(129,452)</u>	<u>(158,746)</u>	
Annualized Excess/(Deficit) of Actual Monthly Handling Charges to Announcements⁽²⁾	<u>(776,712)</u>	<u>(1,904,952)</u>	<u>(2,681,664)</u>

Voyager Compressor Agreement

	For the year ended		Total
	December 31,		
	2020⁽¹⁾	2021	
	C\$	C\$	C\$
Fixed Handling Charges	146,000	146,000	
Variable Operating Costs	<u>47,135</u>	<u>47,135</u>	
Actual Monthly Handling Charges	193,135	193,195	
Monthly Handling Charges per Announcements	<u>146,000</u>	<u>146,000</u>	
Excess/(Deficit) of Actual Monthly Handling Charges to Announcements	<u>47,135</u>	<u>47,135</u>	
Annualized Excess/(Deficit) of Actual Monthly Handling Charges to Announcements⁽²⁾	<u>282,810</u>	<u>565,620</u>	<u>848,430</u>
Aggregated Excess/(Deficit) of Actual Monthly Handling Charges to Announcements⁽³⁾	<u>(493,902)</u>	<u>(1,339,332)</u>	<u>(1,833,234)</u>

Note:

- (1) The Company's obligations pursuant to the Agreements commenced in July 2020.
- (2) "Annualized Excess/(Deficit) of Actual Monthly Handling Charges to Announcements for the year ended December 31, 2020" is equal to "Excess/(Deficit) of Actual Monthly Handling Charges to Announcements for the year ended December 31, 2020" multiplied by 6. "Annualized Excess/(Deficit) of Actual Monthly Handling Charges to Announcements for the year ended December 31, 2021" is equal to "Excess/(Deficit) of Actual Monthly Handling Charges to Announcements for the year ended December 31, 2021" multiplied by 12.
- (3) "Aggregated Excess/(Deficit) of Actual Monthly Handling Charges to Announcements" is the sum of "Annualized Excess/(Deficit) of Actual Monthly Handling Charges to Announcements" for the Gas Handling Agreement and the Voyager Compression Agreement.

As detailed in the above reconciliation, the total Actual Monthly Handling Charges incurred in respect of the Gas Handling Agreement for the two years ended December 31, 2020 and 2021 were approximately C\$2.68 million less than the forecast Monthly Handling Charges for the two years ended December 31, 2020 and 2021 disclosed in the Announcements attributable to lower actual Variable Operating Costs as less volume of the Company's gas has been transported through the Jixing Gas Facilities than estimated in the Announcements.

Conversely, the total Actual Monthly Handling Charges incurred in respect of the Voyager Compression Agreement for the two years ended December 31, 2020 and 2021 were approximately C\$0.85 million greater than the forecast Monthly Handling Charges for the two years ended December 31, 2020 and 2021 disclosed in the Announcements. The difference is attributable to Variable Operating Costs which were not included in the Monthly Handling Charges disclosed in the Announcements. Payment of the Variable Operating Costs were contemplated when the Monthly Handling Charges were disclosed in the Announcements, but were allocated solely to the Gas Handling Agreement as the Voyager compression and well batteries were still under construction and a reliable estimate of the Variable Operating Costs under the Voyager Compressor Agreement was unavailable.

In summary, the total Actual Monthly Handling Charges incurred by the Company in respect of the Agreements for the two years ended December 31, 2020 and 2021 is approximately C\$1.83 million less than the costs disclosed in the Announcements, as the lower Variable Operating Costs associated with the Gas Handling Agreement more than offset the higher costs associated with the Voyager Compression Agreement. By their nature and pursuant to the terms of the Agreements, the Variable Operating Costs may change in future periods and differ materially from the Variable Operating Costs incurred to-date by the Company.

Having reviewed the Actual Monthly Handling Charges incurred by the Company in respect of the Agreements, including the transactions in respect of the Fixed Handling Charges and Variable Operating Costs, and the Company's pricing policy and internal control policy regarding price determination for the transactions under the Agreements, the Directors (including the independent non-executive Directors and Mr. Yongtan Liu, an executive Director who has a material interest in the transactions under the Agreements and abstained from voting) confirm that:

- (i) the payment of the Fixed Handling Charges and the Variable Operating Costs to Jixing Energy during the two financial years ended December 31, 2020 and 2021 pursuant to the terms of the Agreements did not have any material impact or adverse effect on the ordinary operation and financial position of the Company;
- (ii) the transactions under the Agreements were conducted in accordance with the Company's pricing policy, in the ordinary and usual course of business of the Company, on normal commercial terms or better, and according to the Agreements on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (iii) the Company had put in place controls, checks and balances to restrict a director, who was interested in any connected transactions of the Company, from being involved in approving and executing those transactions to mitigate potential abuse of power, associated risks and possible conflicts of interest situations.

The Directors (including the independent non-executive Directors) consider that the Company's internal control policy is effective to ensure that the transactions contemplated under the transactions will be conducted in accordance with the Company's pricing policy and in the ordinary and usual course of business of the Company, on normal commercial terms or better, and according to the Agreements on terms that were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors will continue to review the transactions contemplated under the Agreements annually to confirm that:

- (i) the transactions under the Agreements are entered into in the ordinary and usual course of business of the Company;
- (ii) the transactions under the Agreements are on normal commercial terms or better; and
- (iii) the transactions under the Agreements are in accordance with the Agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

In the event that the terms of Gas Handling Agreement or the Voyager Compressor Agreement are varied or renewed, the Company shall comply with the relevant requirements under Chapter 14A of the Listing Rules, including setting out the annual cap thereunder pursuant to the relevant requirements of Rule 14A.53 of the Listing Rules.

Save as disclosed above, all the other information set out in the Announcements remain unchanged.

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

Calgary, April 12, 2022

Hong Kong, April 12, 2022

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