JX Energy Ltd.
（吉星新能源有限責任公司）*

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

DISCLOSABLE TRANSACTION IN RELATION TO DISPOSAL OF ASSETS

SALE AND PURCHASE AGREEMENT

The Board announced that on 1 April 2024 (Calgary time), the Company entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Assets for a consideration of C$1.90 million (equivalent to approximately HK$10.95 million).

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under the Listing Rules) are more than 5% but less than 25%, the Disposal constitutes a disclosable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE DISPOSAL

The Board announced that on 1 April 2024 (Calgary time), the Company entered into the Sale and Purchase Agreement with the Purchaser in relation to the disposal of the Assets for a consideration of C$1.90 million (equivalent to approximately HK$10.95 million). The principal terms of the Sale and Purchase Agreement are set out below:

THE SALE AND PURCHASE AGREEMENT

Date

1 April 2024 (Calgary time)

Parties

(1) The Company, as the vendor; and

(2) The Purchaser, as the purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject Matter

The Assets to be disposed of by the Company being undeveloped land and well in the Company's Basing area. Details of the Assets are set out below:

- In 2017, the Company obtained the PNG rights to five sections of land to develop oil and natural gas from the province of Alberta, Canada for a period of five years in the Company's Basing CGU.

- In 2022, the Company extended its PNG rights by drilling an exploration well, and all costs associated with the land purchase price and development were classified as exploration and evaluation assets in the Company's financial statements.

- The Sale and Purchase Agreement encompasses all PNG rights and the non-producing well on site. The future costs of abandonment will be transferred to the Purchaser.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration for the sale and purchase of the Assets shall be the total sum of C$1.90 million (equivalent to approximately HK$10.95 million) payable by the Purchaser to the Company in cash upon Completion.

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Company, with reference to the market realizable value of the Assets. The Directors are of the view that the Consideration is fair and reasonable and on normal commercial terms. As at 31 December 2023, the Company estimated that the unaudited net book value of the Assets to be approximately C$5.9 million (equivalent to approximately HK$34.01 million) and has classified the Assets as exploration and evaluation assets in the Company's financial statements.

Completion

Completion shall take place on 1 April 2024 or such other date as the parties to the Sale and Purchase Agreement may agree in writing.

INFORMATION ON THE PARTIES

Information on the Company

The Company is a company incorporated with limited liability under the laws of Alberta, Canada on 11 March 2005 and whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 3395). The Company is principally engaged in natural gas and crude oil exploration and production, with a focus on natural gas.

Information on the Purchaser

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Purchaser is a company incorporated in the province of Alberta, Canada principally engaged in crude oil and natural gas exploration and production in Western Canada.

INFORMATION ON THE ASSETS AND FINANCIAL EFFECT OF THE DISPOSAL

In 2017, the Company obtained the PNG rights to five sections of land to develop oil and natural gas from the province of Alberta for a period of five years. In 2022, the Company extended its PNG rights by drilling an exploration well.

There is no revenue or profit attributable to the Assets for the two financial years ended 31 December 2023 and 31 December 2022. The net losses (before and after taxation) attributable to the Assets for the two financial years ended 31 December 2023 and 31 December 2022 were approximately C$4.0 million (equivalent to approximately HK$23.05 million) and nil, respectively. Upon Completion, the Board expects that the Disposal will result in an unaudited total loss of approximately C$4.0 million (equivalent to approximately HK$23.05 million) and expects that the Company's exploration and evaluation assets for the Basing CGU will be impaired due to the expected loss by approximately C$4.0 million (equivalent to approximately HK$23.05 million).

REASONS FOR AND BENEFITS OF THE DISPOSAL

Subject to final audit to be performed by the Company's auditors, it is currently expected that the Company will record an impairment of C$4.0 million (equivalent to approximately HK$23.05 million) on the Disposal which is calculated with reference to the difference between the Consideration and the net book value of the Assets as at 31 December 2023 based on the unaudited financial statements of the Company for the year ended 31 December 2023 attributable to the disposal of the Assets.

The proceeds from the Disposal of C$1.9 million (equivalent to approximately HK$10.95 million) will be used for the general working capital of the Company. As disclosed in the recent annual and interim reports of the Company, the impact of COVID-19 resulted in significant volatility in global stock markets and has created a great deal of uncertainty in the global economy. This resulted in volatile commodity pricing, particularly in natural gas which has exerted significant pressure on the

Company's profitability. The cost for the development of the Assets was deemed higher than the benefits arising from keeping these Assets in the foreseeable future. After careful consideration under the current difficult operating environment, the Board decided to dispose of these non-core and non-producing assets to generate cash for working capital. The Directors consider that the Disposal will enable the Company's resources to be more effectively allocated to and utilized by the Company thereafter. Therefore, the Directors, including the independent non-executive Directors, believe that the Sale and Purchase Agreement is entered into on normal commercial terms in the ordinary and usual course of business of the Company, which is fair and reasonable and is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a disclosable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following terms have the meanings set out below:

"Assets"	Alberta Crown PNG licence in the foothills of Alberta, Canada and the associated well on location
"Board"	the board of Directors
"C$"	Canadian dollars, the lawful currency of Canada
"CGU"	cash generating unit
"Company"	JX Energy Ltd., a company incorporated with limited liability under the laws of Alberta, Canada on 11 March 2005 and whose shares are listed on the Main Board of the Stock Exchange
"Completion"	completion of the sale and purchase of the Assets in accordance with the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	C$1,900,000, being the consideration for the sale and purchase of the Assets
"Director(s)"	the director(s) of the Company

"Disposal"	the disposal of the Assets by the Company and the purchase of the Assets by the Purchaser pursuant to the Sale and Purchase Agreement
"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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PNG"	petroleum and natural gas
"Purchaser"	Tourmaline Oil Corp., a company incorporated in the province of Alberta, Canada and whose shares are traded on the Toronto Stock Exchange (TOU.TO)
"Sale and Purchase Agreement"	the sale and purchase agreement dated 1 April 2024 (Calgary time) entered into between the Company and the Purchaser in relation to the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

By Order of the Board
JX Energy Ltd.
Yongtan Liu
Chairman and Interim Chief Executive Officer

Calgary, 1 April 2024
Hong Kong, 2 April 2024

As at the date of this announcement, the Board comprises of two executive Directors, namely Mr. Yongtan Liu and Mr. Binyou Dai; and three independent non-executive Directors, namely Mr. Clement Ka Hai Hung, Mr. Zhanpeng Kong and Mr. Larry Grant Smith.

For the purpose of illustration only and unless otherwise specified, conversion of C$ to HK$ in this announcement is based on the exchange rate of C$1.00 to HK$5.7637. 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.

**For identification purpose only*