You should consider carefully all the information set out in this Prospectus and, in particular, you should consider and evaluate the following risks associated with an investment in our Company before making any investment decision in relation to the Global Offering. You should pay particular attention to the fact that we are incorporated in Alberta, Canada and that all of our operations are governed by a legal and regulatory environment which in some respects may differ from what might prevail in other countries. The occurrence of any of the following risks could have a material adverse effect on the business, results of operations, financial position and growth prospects of our Company. The trading prices of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Please be cautioned that the risks and uncertainties described below are not exhaustive.

These risks can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to the Alberta natural gas and oil industry; (iii) risks relating to Alberta and Canada; and (iv) risks relating to the Global Offering.

RISKS RELATING TO OUR BUSINESS

Our exploration, development and operations involve uncertainties and risks, including those inherent in the natural gas and oil industry, such that our development plan and the level of expected profitability may not be achieved.

As part of our growth strategy, we intend to further explore and develop our natural gas and oil reserves and resources on our existing land base. Our growth depends on our ability to develop and operate our PNG Licences and Crown Leases at reasonable costs and within our targeted timeframe to bring them to commercial production, which is dependent upon many factors beyond our control.

Natural gas and oil exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by us will result in new discoveries of natural gas or oil in commercial quantities. There is also no assurance that reported resources can be later classified as reserves. It is difficult to project the costs of implementing an exploratory drilling program due to inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones or unexpected drilling conditions and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof. For instance, the use of data to identify targets due to its uncertainty features may result in the risk that a seismically identified feature may not be associated with an economic reservoir. Future gas and oil exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs.

We will continue to evaluate reserves and resources or prospects on an ongoing basis in a manner consistent with industry standards. Our long-term commercial success depends on our

ability to find, acquire, develop and commercially produce natural gas and oil reserves and resources. No assurance can be given that we will be able to locate satisfactory reserves and resources. Failure to discover, develop and produce commercial quantities of natural gas and oil could have an adverse impact on our future growth prospects, results of operations and revenue.

Completion of drilling a well does not assure a profit on the investment or recovery of drilling, completion and production cost. Wells that we have drilled or plan to drill may not be productive or, even if productive, may not produce in such quantities that will allow us to recover our investments or profits. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. Production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

The extraction of our gas and oil is further subject to a variety of risks, including encountering unexpected formations or pressures, premature declines of reservoirs, blow-outs, cratering, fires and spills. In addition, reservoir quality or equipment failures and design flaws could increase the costs of extracting natural gas and oil from our well sites. The costs of producing and transporting natural gas and oil may increase and hence render our production uneconomical. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on our future results of operations, liquidity and financial condition.

In addition, the marketability of the natural gas and oil produced from our projects will be affected by numerous factors beyond our control. These factors include fluctuations in market prices, the proximity and capacity of pipelines and processing, the availability of equipment, the development and condition of infrastructure necessary to carry out our operations and government regulations (including regulations relating to prices, taxes, royalties, land tenure, allowable production, importing and exporting of oil and gas and environmental protection). Our estimates of production costs have also been based on our current estimations for our projects. Actual production costs may differ materially from such estimates. Moreover, it is possible that other developments, such as increasingly strict environmental and safety laws and regulations and enforcement policies could result in substantial costs and liabilities, delays or an inability to complete our projects or the abandonment of our projects.

We may be exposed to risks in connection with our daily natural gas production committed sales arrangement with Macquarie Energy, including fluctuations in commodity pricing.

We have entered into natural gas forward sales agreements with Macquarie Energy in order to protect against downward movements in the price of natural gas. Each sales agreement establishes a fixed selling price against a fixed daily production volume. For the year ended December 31, 2015 and the nine months ended September 30, 2016, we delivered approximately 9,260 GJ/d and 11,659 GJ/d of our daily production volume under these sales agreements, respectively. Under all of our existing sales arrangements with Macquarie Energy as at the Latest Practicable Date, a weighted average daily volume of approximately 12,411 GJ/d was delivered for Q4 2016 and a fixed daily volume of 15,400 GJ/d and 8,400 GJ/d will be delivered for each of the years ending December 31,

2017 and 2018, respectively. The majority of our revenue in 2015 and 2016, and a substantial portion of our revenue in 2017 and 2018, was and/or is expected to be generated under the forward sales agreements with Macquarie Energy. We cannot assure you that we will be able to produce and deliver the committed volume of natural gas under the foregoing sales arrangement in full or in part. In addition, the weighted average forward selling prices for 2017 and 2018 under all existing sales agreements with Macquarie Energy as at December 31, 2016 will be at C$2.78/GJ and C$2.66/GJ, respectively, which are determined with reference to the forecast of future AECO prices for gas sales and delivery. However, we may receive less revenue than selling the natural gas at the spot price if the spot price of natural gas becomes higher than the price fixed by our sales agreements. We may suffer financial losses if we are unable to commence operations on schedule or are unable to produce sufficient quantities of natural gas to fulfil our obligations as well as facing credit risks in instances where the counterparty fails to perform under the foregoing sales arrangement.

Our projects may be delayed or may not progress within budget or achieve commercial viability or the intended economic results.

The completion of our three-year development plan could be delayed or experience interruptions or increased costs or may not be completed at all due to a number of factors, including:

- availability of capital;
- the effect of and any changes to regulations of the natural gas and oil industry by various levels of government and governmental agencies;
- non-performance, negligence, misconduct or error by third party contractors and operators;
- unfavorable weather conditions;
- availability of infrastructure and pipeline capacity;
- increases in materials or labor costs;
- catastrophic events such as fires, storms or explosions;
- the breakdown or failure of equipment or processes;
- construction, procurement and/or performance falling below expected levels of output or efficiency;
- changes in project scope;
- violation of permit requirements;

- surface access restrictions or other restrictions on accessing project sites;
- subsurface conditions;
- decrease in demand for commodities or decrease in commodity prices or increase in supply for commodities; and
- interest rates fluctuations leading to increased cost of borrowings.

Because of these factors, we may not be able to execute or construct our projects or facilities on time, on budget, or at all, and may be unable to process and market the natural gas and oil that we may produce.

While we have a schedule for developing our projects, including obtaining regulatory approvals and commencing and completing the construction of our projects, we cannot assure you that our expected timetables will be met without delays, or at all, which could have potentially adverse effects upon our projects' budgets. Any delays may increase the costs of our projects, requiring additional capital. Accordingly, our plans and objectives may change from those described in this Prospectus and we cannot assure you that such capital will be available in a timely and cost-effective fashion.

The reserves and resources data, volumes and present value calculations presented in this Prospectus are only estimates and actual results may differ.

There are numerous uncertainties inherent in estimating quantities of natural gas and oil reserves and resources and cash flows to be derived therefrom, including many factors that may change and are beyond our control. The reserves and resources and any associated cash flow information set forth in this Prospectus represents estimates only and are based on a number of assumptions. In general, estimates of economically recoverable natural gas and oil reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of gas and oil, royalty rates, the assumed effects of regulation by governmental agencies and future production cost, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For these reasons, estimates of economically recoverable natural gas and oil reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom prepared by different engineers, or by the same engineers at different times, may vary. Our actual production, revenues, taxes and development and operating expenditures with respect to our reserves and resources will vary from estimates thereof and such variations could be material.

We use PV10% to estimate the present value of future net revenues from our operations. Pre-tax PV10% is the estimated present value of our future net revenues generated from our Proved Reserves (1P) and Proved plus Probable Reserves (2P) before income taxes, discounted using an

annual discount rate of 10%. Post tax PV10% is the same calculation on an after income tax basis. PV10% is not a measure of financial or operating performance, nor is it intended to represent the current market value of our estimated reserves. Estimates with respect to reserves that may be developed and produced in the future are often based on volumetric calculations, probabilistic methods and analogy to similar types of reserves, rather than upon actual production history, and are therefore generally less reliable. While we believe that the presentation of PV10% estimates provides useful information to investors in evaluating and comparing the relative size and value of our reserves, calculations of our future net revenues using PV10% are inherently uncertain as a result of the reasons outlined above and therefore should not be unduly relied on. Furthermore, the Competent Person, in the Competent Person's Report, has used a range of other discount rates to calculate present value of future net revenues which would produce different results from the use of PV10%. We make no representation that 10% is the correct or best discount rate to use and PV10% estimates are presented in this Prospectus for reference only.

Actual future net cash flows will be affected by other factors such as actual production levels, supply and demand for natural gas and oil, curtailments or increases in consumption by natural gas and oil purchasers, changes in governmental regulation or taxation and the impact of inflation on costs. Actual production and cash flows derived therefrom will vary from the estimates contained in the Competent Person's Report. The reserves reports are based in part on the assumed success of activities intended to be undertaken in future years. The reserves and estimated cash flows to be derived therefrom contained in the applicable engineering reports will be reduced to the extent that such activities do not achieve the level of success assumed in such Competent Person's Report.

Estimates of Proved Reserves (1P) that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

If we fail to successfully develop or acquire additional natural gas and oil reserves, our business and growth prospects could be harmed.

The level of our future natural gas and oil reserves and resources, production, cash flows and revenue will be highly dependent on our success in exploiting our reserves and resources base, acquiring additional reserves and resources and discovering new reserves and resources. Without the continual addition of new reserves through acquisition or exploration and development activities, the existing number of reserves and level of production will decline over time as and when the reserves have been already exploited and our financial position and growth prospects could be materially and adversely affected. Future increase in our reserves will depend not only on our ability to develop any properties we may have from time to time, but also on our ability to identify, acquire and develop suitable producing properties or prospects. We cannot assure you that

we will be successful in exploring for and developing or acquiring additional reserves and resources on terms that meet our strategy, and that our future exploration and development efforts will result in the discovery and development of additional commercial accumulation of natural gas and oil.

We will need a significant amount of capital investment to accomplish our growth strategy including the exploration for and development of well sites and to maintain our operations. We may be unable to raise capital on terms favorable to us or at all, which could increase our financing costs, dilute your ownership interests, affect our business operations or force us to delay or abandon our growth strategy.

The exploration for and development of our well sites requires a significant amount of capital investment and prior to the commencement of commercial operations at the relevant well site and our ability to obtain financing and the cost of such financing are dependent on numerous factors, including but not limited to:

- general economic and capital market conditions;
- the availability of credit from banks or other lenders;
- investor confidence in us; and
- the continued performance of our projects.

Our projected capital expenditures required to develop commercial operations at our well sites are expected to be significantly greater than our currently available working capital. We currently do not have the capital or committed financing in place necessary to complete all our planned future exploration and development phases and therefore will need to rely on additional equity or debt financing to obtain the funds necessary to complete our future exploration and development activities. Inflation risks and interest rates subject us to potential erosion of future product netbacks. For example, domestic prices for construction equipment and services and natural gas and oil production equipment and services can inflate the costs of project development and increase future production cost.

In addition, any construction delays in our projects could potentially increase the capital expenditure required to develop the well sites. Our operations may not generate sufficient cash flows to fund our capital investment requirements and ongoing activities at all times. We may later be required to finance our cash needs through public or private equity offerings, bank loans or other debt financing, or other sources. We cannot assure you that financing for our existing well sites or future expansion or other corporate purposes will be available on terms favorable to us or at all, which could force us to delay, reduce or abandon our growth strategy, increase our financing costs, or both.

Additional funding from debt financings may make it more difficult for us to operate our business because we would need to make principal and interest payments on the indebtedness and may be subject to potentially higher interest rates or obligated to abide by certain unfavorable terms

or restrictive covenants contained in the debt financing agreements, which may, among other things, limit our ability to make business and operational decisions and pay dividends. For instance, the interest rate of the new term loan facility which will be made available to our Company by a Canadian-listed financial institution is higher than the interest rate under the Macquarie Bank Credit Agreement. Furthermore, raising capital through public or private sales of equity to finance capital expenditures could cause earnings or ownership dilution to your shareholding interests in our Company.

Recent and continuing disruptions and volatility in the global financial markets may lead to an increase in the interest rates or a contraction in credit availability impacting our ability to finance our operations. We require continued access to capital. A significant reduction in the availability of credit could materially and adversely affect our ability to achieve our planned growth and operating results.

We depend upon the experience and services of experienced management and skilled staff and our business may be severely disrupted in the event that we lose their services and are unable to find replacements with comparable experience and expertise.

Our business and operations depends significantly upon the continued services of our experienced management team, including Mr. Bo, our President, Chief Executive Officer and our executive Director, Mr. Pingzai Wang, our Senior Vice President of Exploration, Mr. Binyou Dai, our Vice President of Engineering, Ms. Jun Xiang, our Interim Chief Financial Officer, Mr. Lei Song, our Production Engineer and other skilled staff. We rely on their expertise in the natural gas and oil industry to develop our business strategies and to manage our business operations and growth. We also rely on the technical know-how of our management team for our operations, including drilling methods and process management throughout the exploration, development and production phases. The unexpected loss or departure of any of our management could adversely affect our business, our financial conditions and results of operations. Moreover, should we need to attract or retain replacement personnel, we may have to incur additional expenses to recruit, train and retain such personnel, which could materially and adversely affect our results of operations.

Our business operations and continued growth depend in part on our ability to recruit and retain suitable staff. Our well sites will require experienced employees with particular areas of expertise. The number of persons skilled in the exploration and development of well sites may be limited. We cannot assure you that all required employees with the necessary expertise will be available. There may be other natural gas and oil exploration projects in Alberta that are planned for completion on timetables similar to those of our well sites. We may need to offer better compensation and other benefits in order to attract and retain key personnel, which may materially increase our expenses and affect our profitability.

Our future acquisition of Crown Leases and PNG Licences and other assets may be adversely affected by competition from other natural gas and oil exploration and production companies, and if we fail to compete effectively, we may be unable to sustain our growth.

Our continued growth is affected by our ability to compete effectively. As part of our growth strategy, we plan to expand our business by acquiring land and other resource and reserve assets in the future. However, we may encounter competition from both existing and new emerging gas and oil players when we seek to do so and may not have the financial resources to compete with those players for the acquisition of such land and other assets. Other factors that could affect our competitiveness may also include, among others, technical capability, experience and track record.

Future acquisitions and the anticipated benefits of acquisitions are not guaranteed.

Future acquisitions of gas and oil issuers and assets by us will typically be based on engineering and economic assessments made by our management and reviewed by independent engineers. These assessments include a series of assumptions regarding such factors as the recoverability, marketability and future prices of natural gas and oil and production costs, future capital expenditures, royalties and other governmental levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond our control. In particular, changes in the prices of and markets for natural gas and oil from those anticipated at the time of making such assessments will affect the value of our securities. In addition, all such assessments involve a measure of geological and engineering uncertainty which could result in lower production and reserves than anticipated. Although selected title and environmental reviews are conducted prior to acquisitions of resource issuers and assets, such reviews cannot guarantee that any unforeseen defects in the chain of title will not arise to defeat our title to certain assets or that environmental defects or deficiencies do not exist or are greater than anticipated.

Achieving the benefits of any future acquisitions we may complete will depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as our ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with ours. Integrating the assets acquired under such acquisitions will require the dedication of substantial management effort, time and resources, which may divert management's focus and resources from other strategic opportunities and operational matters during this process. The integration process may not be as successful as anticipated and may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships and this may adversely affect our ability to achieve the anticipated benefits of such acquisitions.

Our operations depend on infrastructure owned and operated by third parties and on services provided by third parties.

We depend on certain infrastructure owned and operated or to be constructed by others and on services provided by third parties, including, without limitation, processing facilities or pipelines for the transportation of products to the market, engineering, equipment procurement and

construction contracts, maintenance contracts for key equipment, and contracts for services of a constant or recurring nature. In particular, we solely rely on ConocoPhillip's Peco Plant for processing and the NGTL System for transportation of our products. There is no assurance that we will be able to continue utilizing ConocoPhillip's Peco Plant under its current available processing capacity and the NGTL System under its current available transportation capacity. The failure of any or all third parties to supply utilities or services, on a timely basis and on acceptable commercial terms, and otherwise comply with the terms and conditions of the applicable agreements, will negatively impact our operations and financial results.

We derive a substantial portion of our revenue from our major customers, and the loss of any of such customers, or a significant loss, reduction or rescheduling of orders from any of these customers, could have a material adverse effect on our business, results of operations and financial condition.

Our business is substantially dependent on our major customers. As we are a junior gas and oil producer, we derive a substantial portion of our revenue from a limited number of major customers. Sales to our top five customers collectively accounted for approximately 99.9%, 100%, 99.2% and 98.4% of our revenue for the years ended December 31, 2013, 2014 and 2015 and the nine months ended September 30, 2016, respectively, while our largest customer accounted for approximately 61.7%, 82.5%, 72.2% and 56.9% of our revenue for the years ended December 31, 2013, 2014 and 2015 and the nine months ended September 30, 2016, respectively.

We intend to derive a substantial portion of our revenue from our major customers. However, we cannot assure you on our ability to successfully retain these customers. Any failure to maintain our established relationships with them, due to market conditions or any other reason, could result in the loss of a key customer and its business. If we lose a key customer, or if a key customer significantly reduces its purchasing levels or delays a major purchase, or if we fail to attract additional major customers, our business, financial condition and results of operations could be materially and adversely affected.

Operations may be adversely affected by processing and transportation capacity of natural gas and oil.

We deliver our products through gathering, processing and pipeline systems, most of which we do not own. The amount of natural gas and oil that we can produce and sell is subject to the accessibility, availability, proximity, capacity and destinations of these systems. The lack of availability in any of the gathering, processing and pipeline systems, and in particular the processing facilities, or the insufficiency in the capacity of such systems to facilitate transport of our production, could result in the inability to realize the full economic potential of our production or in a reduction of the price offered for our production. Although pipeline expansions and the proposed construction of new pipelines are ongoing, the lack of firm pipeline capacity continues to affect the natural gas and oil industry and limit the ability to produce and to market natural gas and oil production. Pipeline expansions and the construction of new pipelines have long timelines for completion, require substantial capital, and are often subject to delays outside the control of the project proponent, such as delays in receiving regulatory approvals. Any significant change in

market factors or other conditions affecting these infrastructure systems and facilities, as well as any delays in constructing new infrastructure systems and facilities could harm our business. Third party pipeline transportation capacity limitations can impact the Alberta oil and gas industry in terms of production, market availability and cash flow. For instance, our 2017 production forecast will not be fully supported by the assigned FT-R services in NGTL and approximately 47% of which is based on the expected available FT-R services from other third parties and/or IT-R services from NGTL. If third party pipeline providers restrict interruptible transportation service in Alberta, this may have an adverse impact on production, subject to any contracted levels of firm transportation service.

Third party pipeline providers are subject to risks relating to maintenance work, pipeline repair and new equipment installation and any service reductions may affect production rates in the industry. For instance, due to the ongoing maintenance and repairs on the NGTL System, we may from time to time experience short-term outage in the delivery capability of the NGTL System, which we rely on for transporting our natural gas. For further details, please refer to the section headed "Business — Transportation" in this Prospectus.

In addition, a portion of our production may, from time to time, be processed through facilities owned by third parties and over which we do not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could materially and adversely affect our ability to process its production and to deliver the same for sale.

Our future financial performance will be negatively affected by the listing expenses incurred in connection with the Listing.

Our financial results for the year ending December 31, 2016 will be affected by non-recurring expenses in relation to the Listing. Based on the midpoint of the indicative price range set out in the Prospectus, the total listing fee borne by us amounted to approximately C$6.4 million, of which approximately C$2.4 million is expected to be capitalized after the Listing in 2017. The remaining amount includes approximately C$4.0 million, of which approximately C$0.5 million was charged to profit and loss in 2015, approximately C$2.3 million was charged to profit and loss for the nine months ended September 30, 2016, approximately C$0.7 million is estimated to be charged to profit and loss for the three months ended December 31, 2016 and approximately C$0.5 million will be charged to profit and loss for the year ending December 31, 2017, respectively.

Whether or not the Listing eventually occurs, a significant portion of the listing expenses will have been incurred and recognized as expenses, which will reduce our net profit and therefore negatively affect our future financial performance. In addition, if the Listing were to be postponed due to market conditions, we would also need to incur additional listing expenses for our future listing plan, which would further negatively affect our future net profit. As a result, our business, financial performance, results of operations and prospect would be materially and adversely affected.

Adverse impact on our business and reputation if we do not obtain registration of the trademark of "PERSTA" (both text and design marks) in Canada.

As at the Latest Practicable Date, we are the registered owner of two trademark registrations bearing our name "PERSTA" (both text and design marks) in Hong Kong. We also applied for four trademark registrations bearing our name "PERSTA" (both text and design marks) with the Canadian Intellectual Property Office, which is still under review. Siepmann-Werke GmbH & CO. KG. ("**Siepmann**"), an Independent Third Party, is the registered owner of certain Canadian trademark registrations bearing the name of "PERSTA" (both text and design marks) for, amongst other goods and services, die-forged and/or welded valves, pipelines and water level indicators. We have received Siepmann's consent to our abovementioned applications registration for use in association with the goods and services in relation to crude oil, natural gas, liquefied petroleum gas and natural gas liquids, and we have executed an agreement that the trademarks to be registered by us can coexist in the Canadian marketplace with their trademark registrations without causing confusion to the goods and services provided by the parties in the Canadian marketplace.

Notwithstanding the aforesaid, we cannot guarantee that the trademarks in the application process in Canada will be approved in the end, nor can we guarantee that the granting of the trademark registrations in such products or services areas can cover all of our normal business activities. Should we fail to obtain the trademark registrations in Canada such that we are unable to protect our name "PERSTA" under the Canadian trademark laws or other laws of intellectual property rights or should any court rule that we are infringing on or have been infringing on any third party trademarks or intellectual property rights, that will cause an adverse impact on our business and reputation. Currently we are not aware of any third party's intent to enforce its trademarks against us.

We rely on gas processing plant for the processing of NGLs and condensate and we had a record of adjustments by the gas processing plant.

We engage third party gas processing plant to process our untreated natural gas. NGLs and condensate are the by-products generated from the processing of the natural gas and are sold directly to the gas processor. We rely on the measurement and allocation of volume by the gas processor for the sales volume of these by-products and our actual production, revenues and financial performance in relation to NGLs and condensate are subject to any reallocation and correction they made to the measurement of volume of these products. We experienced a decline in sales volume of NGLs and condensate from 45,180 Bbl for 2013 to 29,682 Bbl for 2014. The decline was due to the reallocation of products in the gas processing plant, which was an offset to the sales volume of our NGLs by an amount equal to the overallocated volume of NGLs by the gas processor due to the allocation error of the gas processor during the years from 2010 to 2013. Any future reallocation of products and correction made to the processed volume by the gas processor will result in fluctuations on our actual sales volume of NGLs and condensate, and if such adjustment is substantial, could materially and adversely affect our results of operations.

We recorded net current liabilities as at December 31, 2013 and we may expose ourselves to liquidity risk if we experience net current liabilities in the future.

We had a net current liabilities position of C$113,879,030 as at December 31, 2013 mainly due to a short-term bank loan of C$30,350,000 and a shareholder's loan of C$69,418,658. The repayment of the short term loan and the capitalization of the shareholder's loan changed the net current liabilities position to a net current asset position of C$4,514,170 as at December 2014. Please refer to the section headed "Financial Information — Discussion of Statements of Financial Position Items — Net Current Assets and Liabilities" in this Prospectus for details. There is no assurance that we will not record net current liabilities in the future. We may not have sufficient working capital to meet our current liabilities, implement our development plan or expand our operations as anticipated. In such circumstances, our liquidity, business operations, financial conditions, and prospects may be materially and adversely affected.

RISKS RELATING TO THE ALBERTA NATURAL GAS AND OIL INDUSTRY

Revenue and results of operations are sensitive to changes in natural gas and oil prices and general economic conditions.

Our ability to achieve profitability depends largely on the demand for and price of natural gas and crude oil in Canada.

Our revenue and results of operations are substantially dependent on the prevailing prices of natural gas and oil which are unstable and subject to fluctuation. Fluctuations in natural gas or oil prices could have an adverse effect on our operations and financial condition and the value and amount of our reserves. Natural gas prices are influenced primarily by factors within North America, including North American supply and demand, economic performance, weather conditions and availability and pricing of alternative fuel sources. Crude oil prices are mainly driven by a few factors which include the supply from the Organization of Petroleum Exporting Countries (OPEC) and the supply from outside the OPEC, global crude oil demand and crude oil inventories. Furthermore, crude oil prices also react to a variety of geopolitical and economic events as well. In addition, the marketability of the production depends upon the availability, capacity and destinations of gathering systems, pipelines, and other transportation infrastructure, approval and regulation of federal and provincial infrastructure projects, effect of federal and provincial regulation on such production and general economic conditions. All of these factors are beyond our control. Adverse changes in general economic and market conditions could also negatively impact demand for natural gas and oil, production cost, results of financing efforts, fluctuations in interest rates, market competition, labor market supplies, timing and extent of capital expenditures or credit risk and counterparty risk.

For further details about the pricing and marketing of natural gas and oil, please refer to the section headed "Laws and Regulations — Pricing and Marketing" in this Prospectus.

Decreases in natural gas and oil prices typically result in a reduction of our Company's net production revenue and may change the economics of producing from some wells, which could result in a reduction in the volume of our Company's production. We have temporarily shut-in production from two oil wells in 2015 in view of weak oil prices. Any substantial declines in the prices of crude oil or natural gas could also result in delay or cancellation of existing or future drilling, exploration and development or construction programs or the curtailment of production. All of these factors could result in a material decrease in our net production revenue, cash flows and profitability and have a material adverse effect on our operations, financial condition and proved reserves and the level of expenditures for the development of our natural gas and oil reserves, causing a reduction in our oil and gas acquisition, exploration and development activities. In addition, bank borrowings available to us will in part be determined by our borrowing base. A sustained material decline in prices from historical average prices could further reduce such borrowing base, therefore reducing the bank credit available and could require that a portion of our bank debt be repaid.

Natural gas and oil prices are expected to remain volatile for the near future because of market uncertainties over the supply and demand of these commodities due to the current state of world economies. Volatile natural gas and oil prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for natural gas and oil producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

We conduct an assessment of the carrying value of our assets to the extent required by IFRS. If oil or natural gas prices decline, the carrying value of our assets could be subject to downward revision, and our earnings could be adversely affected.

We mainly sell our natural gas, natural gas related products (NGLs and condensate) and crude oil products to gas and oil trading companies or companies involved in gas and oil trading. The selling price of our natural gas benchmarks to Canadian Gas Price Reporter, which is also known as Alberta Energy Company natural gas price ("**AECO natural gas price**"), while the natural gas related products and crude oil products benchmark to monthly average of WTI commodity price. During the Track Record Period, we also entered into sales agreements to sell our natural gas over a time period at a specified price and volume. The sales value accounted for 29.6%, 23.9%, 72.2% and 52.0% of our total revenue from sales of crude oil and natural gas for the years ended December 31, 2013, 2014 and 2015 and the nine months ended September 30, 2016, respectively. Therefore, the sales of remaining production which accounted for 70.4%, 76.1%, 27.8% and 48.0% of our total revenue from crude oil and natural gas sales for the years ended December 31, 2013, 2014 and 2015 and the nine months ended September 30, 2016, respectively, were sensitive to the respective market price fluctuations. The outlook for natural gas, crude oil, NGLs and condensate prices is one of the key factors impacting our reserve estimates and future investment plans, which in turn affect our expected production volumes and sales revenue for future periods.

Our business operations are subject to and may be adversely affected by present and any future laws and regulations and substantial changes to those regulations.

Our business is subject to substantial regulation under provincial and federal laws relating to the natural gas and oil industry, including exploration, development, processing, marketing, pricing, environmental protection, hydraulic fracturing, taxation, labor and transportation and other matters. Changes to current laws and regulations governing operations and activities of oil and gas operations could have a material adverse impact on our business and operations. We cannot assure you that laws, regulations and government programs related to our projects and the gas and oil industry will generally not be changed in a manner which may adversely affect our projects, cause delays or inability to complete our projects or adversely affect our profitability.

Our operations are, and will continue to be, affected in varying degrees by federal, provincial and local laws and regulations regarding the protection of the environment. Should there be changes to existing laws and regulations, our competitive position within the oil industry may be adversely affected, and other industry players may have greater resources than we have to adapt to legislative changes.

We will be responsible for compliance with the terms and conditions of environmental and regulatory approvals we receive and all the laws and regulations regarding the abandonment of our exploration and delineation wells, our projects and the reclamation of our lands at the end of their economic lives. These abandonment and reclamation costs may be substantial.

A breach of such approvals, laws or regulations may result in the issuance of remedial orders, the suspension of approvals, or the imposition of fines and penalties. It is not presently possible to estimate the abandonment and reclamation costs with certainty since they will be a function of regulatory requirements in the future. The value of salvageable equipment may not fully cover these abandonment and reclamation costs.

Labor laws and regulations in Canada impose various obligations on employers, including provisions which could significantly impact the cost of an employer's decision to reduce its workforce. In the event we decide to significantly change or decrease our workforce, such laws and regulations could adversely affect our ability to enact such changes in a manner that is advantageous to our business or in a timely and cost-effective manner, thus materially and adversely affecting our financial condition and results of operations.

In addition, in the future we may be required by applicable laws or regulations to place a deposit with the AER, or to establish and fund one or more reclamation funds to secure or provide for payment of future abandonment and reclamation costs, which could divert cash resources away from capital expenditure and working capital needs. During the Track Record Period, we have made a provision for decommissioning obligations. Please refer to Note 13 in the Accountants' Report set out in Appendix I to this Prospectus.

We cannot assure you that future environmental approvals, laws or regulations will not adversely impact our ability to develop and operate our projects or increase or maintain production of natural gas and oil or control of our costs of production. Equipment which can meet future environmental standards may not be available on economically viable terms or on a timely basis and instituting measures to ensure environmental compliance in the future may significantly increase production cost or reduce output. There is a risk that the federal and/or provincial governments could pass legislation that would tax air emissions or require, directly or indirectly, reductions in air emissions produced by energy industry participants, which we may be unable to mitigate.

All phases of the business present environmental risks and hazards and are subject to environmental legislation and regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases and emissions of various substances produced in connection with operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures, and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and production cost. Unlawful discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such discharge. Environmental legislation also may materially impact the cost and operations of processing, refining, storage, and transportation of natural gas and oil. We cannot assure you that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise may have a material adverse effect on our business, results of operations, financial position and growth prospects.

Leases are subject to provincial stewardship and conservation guidelines, and as such, there is a risk that surface and subsurface access and activities could be altered to conserve and protect the diversity of ecological regions, migratory species and support the efficient use of lands. The ALSA defines regional outcomes (economic, environmental and social) and includes a broad plan for land and natural resource use for public and private lands.

Additionally, although we are currently not a party to any material environmental litigation, we cannot assure you that we will not become subject to such legal proceedings in the future, which may have a material adverse effect on our business, results of operations, financial position, growth prospects and reputation.

For further information on environmental regulation, please refer to the section headed "Laws and Regulations — Environmental Regulation" in this Prospectus.

In addition, there can be no assurance that income tax laws, other laws or government incentive programs relating to the gas and oil industry, will not be changed in a manner which will adversely affect us. There can be no assurance that tax authorities having jurisdiction will agree with how we calculate our income for tax purposes or that such tax authorities will not change their administrative practices to our detriment.

Drilling and other equipment for exploration and development activities may not be available when needed.

Natural gas and oil exploration and development activities are dependent on the availability of drilling and related equipment in the areas where such activities will be conducted (typically leased from third parties). If the demand for this equipment exceeds the supply at any given time, or if the equipment is subject to access restrictions our exploration and development activities could be delayed. We cannot assure you that sufficient drilling and other necessary equipment will be available as needed by us. Shortages could delay and/or increase the cost of our proposed exploration, development and sales activities, and could have a material adverse effect on our business, results of our operations, financial position and growth prospects.

The Canadian gas and oil exploration industry could experience disruptions due to unfavorable or seasonal weather conditions.

The level of activity in the Canadian gas and oil exploration industry is influenced by seasonal weather patterns and could be affected by unfavorable weather conditions. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Seasonal factors and unexpected weather patterns may lead to declines in development activities.

Acquiring, developing and exploring for natural gas and oil involves many hazards and our insurance coverage may not be sufficient to cover all resulting losses and we cannot be fully insured against all risks related to our operations.

Our involvement in the exploration for and development of gas and oil properties may result in us becoming subject to liability for pollution, blow-outs, property damage, personal injury or other hazards. Although we have obtained insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities.

In addition, although we maintain insurance in accordance with customary industry practice, we are not fully insured against all of these risks nor are all such risks insurable and in certain circumstances we may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. In addition, the nature of these risks is such that liabilities could exceed policy limits, in which event we could incur significant costs that could have a material adverse effect on our business, financial condition, results of operations, prospects and our ability to pay dividends to Shareholders.

The gas and oil exploration industry in general is highly competitive.

The Canadian gas and oil exploration industry and international oil and gas exploration industry are highly competitive. Gas and oil producers compete with each other for the acquisition, exploration, production and development of natural gas and oil properties, and for capital to finance such activities and they include companies that have greater financial and personnel resources available to them. Our business will compete with other producers of synthetic oil, conventional crude oil and natural gas, and with vertically integrated oil and gas companies. Some of these competitors may have lower costs and greater financial and other resources than us. A number of these competitors have significantly longer operating histories and have more widely recognized brand names, which could give such competitors advantages in attracting customers. Many such companies not only explore for and produce natural gas and oil, but also carry on refining operations, operate processing and transportation infrastructure, and market natural gas and crude oil and other products on a worldwide basis and as such have greater and more diverse resources upon which to draw. There is also competition between the gas and oil industry and other industries with respect to the supply of energy and fuel to industrial, commercial and individual customers.

We are vulnerable to political events throughout the world that adversely affect natural gas and oil prices and marketability.

Political events throughout the world that cause disruptions or resumptions in the supply of natural gas and oil in various global markets may severely affect the marketability and price of natural gas and oil acquired or discovered by our Company. Conflicts, or conversely peaceful developments, arising outside of Canada have a significant impact on the price of natural gas and oil. Any particular event could result in a material decline in prices and result in a reduction of our net production revenue.

In addition, our natural gas and oil properties, wells and facilities could be the subject of a terrorist attack. If any of our properties, wells or facilities are the subject of terrorist attack it may have a material adverse effect on our business, financial condition, results of operations and prospects. Our Company does not have insurance to protect against the risk of terrorism.

Ownership of all permits, leases, licences and approvals, including our Crown Leases and PNG Licences, is subject to federal, provincial and local laws and regulations and may be unable to be obtained or renewed or may be cancelled.

The Mines and Minerals Act regulates natural persons and corporate entities eligible to own Crown Leases or PNG Licences and, subject to certain exceptions, limits ownership to a number of different types of locally registered corporate entities, including corporations registered under the Companies Act or corporations registered, incorporated or continued under the ABCA. Accordingly, overseas companies or entities may not directly own Crown Leases or PNG Licences in Alberta. They may only do so indirectly through whole or part ownership of a Canadian registered or incorporated company.

Our properties are held in the form of licences and leases and working interests in licences and leases. If we or the holder of the licence or lease fails to meet the specific requirement or covenants of a PNG Licence, Crown Lease, licence or lease, the PNG Licence, Crown Lease, licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of our licences or leases or the working interests relating to a licence or lease may have a material adverse effect on our Company's business, financial condition, results of operations and prospects.

Permits, PNG Licences, Crown Leases, leases, licences, and approvals are required from a variety of regulatory authorities at various stages of our projects. We cannot assure you that the various government permits, PNG Licences, Crown Leases, leases, licences and approvals sought will be granted in respect of our projects or, if granted, will not be cancelled or will be renewed upon expiry. We cannot assure you that such permits, leases, licences, and approvals will not contain terms and provisions which may adversely affect the final design and/or economics of our projects. In addition, we cannot assure you that third parties will not object to the development of our projects during the regulatory process.

Our operations could be adversely affected by climate change legislation.

As is the case for all producers, our exploration activities and production facilities emit GHG which directly subjects us to statutory regulation.

On July 1, 2007, SGER came into force under CCEMA requiring Alberta facilities which emit or have emitted more than 100,000 tonnes of GHGs in 2003 or any subsequent year to reduce their GHG emissions intensity by 12% (from emission baseline levels). If a facility is not able to abate GHG emissions sufficiently to meet the reduction target, it may utilize the following compliance mechanisms: (i) emissions performance credits obtained from other regulated facilities; (ii) emissions offsets obtained from non-regulated facilities or projects which reduce or remove GHG emissions; or (iii) credits for contributions to the Fund. Regulated facilities may choose any combination of these compliance mechanisms to comply with their target. At present, we do not operate any facilities regulated by SGER. However, we cannot assure you that we will not incur material costs in the future if the relevant SGER provisions are amended. The Government of Alberta also published a new climate change action plan in January 2008 wherein it set an objective to deliver a 50% reduction in GHG emissions by 2050 compared to business as usual, by employing: (i) mandatory carbon capture and storage ("**CCS**") for certain facilities and development across all industrial sectors; (ii) energy efficiency and conservation; and (iii) research and investment in clean energy technologies, including carbon separation technologies to assist CCS. Further, pursuant to a recent announcement from the Government of Alberta, by 2016 emissions intensity must be reduced to up to 85% of baseline, and by 2017 emissions intensity must be reduced to up to 80% of baseline; and contributions to the Fund were increased from C$15/tonne to C$20/tonne of GHG on January 1, 2016 and will increase again to C$30/tonne on January 1, 2017.

Further, the Government of Alberta has expanded the scope of carbon pricing in Alberta. Beginning in January 2017 all economic sectors will be subject to a C$20/tonne carbon price, which will increase to C$30/tonne on January 1, 2018, and escalate annually thereafter.

The Government of Alberta has also announced plans to reduce methane emissions from oil and gas operations by 45% by 2025. This will be accomplished by applying new emissions design standards to new facilities, and developing a voluntary joint initiative among industry, environmental groups and indigenous groups on methane reduction and verification that will take action on venting and fugitive emissions from existing facilities, including enhanced measurement and reporting requirements for new and existing facilities. Regulated mandatory standards will become effective in 2020, and will be implemented by the AER, Alberta Energy and AEP.

Changes in the regulatory environment such as increasingly strict carbon dioxide emission laws could result in significant cost increases. In 2008, the Government of Canada provided details of its environmental regulatory framework, originally announced on April 26, 2007. All industrial sectors in Canada were required to reduce their emissions intensity from 2006 levels by 18% by 2010, with 2% continuous improvement every year after that. To date, regulations have only been implemented for coal fired electricity generation and motor vehicles. It is unknown when regulations that are specific to the oil and gas industry will be released or implemented.

Canada is a signatory to the UN Framework Convention on climate change and the Kyoto Protocol established thereunder pursuant to which it was required to reduce its GHG emissions by 6% below 1990 levels by the 2008–2012 timeframe. Subsequent to ratifying the Kyoto Protocol, the Government of Canada announced that it would be unable to meet its Kyoto commitments. In December 2009 representatives from approximately 170 countries met at Copenhagen, Denmark, to negotiate a successor to the Kyoto Protocol. That meeting resulted in the non-binding Copenhagen Accord which represents a broad political consensus rather than a binding international obligation. On January 30, 2010, the Government of Canada committed to a non-binding GHG emissions target of 17% below 2005 levels by 2020 pursuant to the Copenhagen Accord. On December 12, 2011, the Government of Canada announced that it would not agree to a second Kyoto compliance period following the expiration of the first period in 2012. Meetings in Durban, South Africa in December 2011 led to the adoption of the Durban Platform, which launches a process to develop a single, new, comprehensive climate change agreement by 2015 that will include commitments by all major emitters beginning in 2020. Canada is a signatory to the Paris Agreement which was concluded at the Paris climate conference held in December 2015. Canada has committed to reduce GHG emissions by 20% from 2005 levels by 2020. The Canadian federal government has not yet presented a framework for achieving the said target.

The Canadian government has stated on several occasions that it would like to align its GHG emissions regime with that of the US. It is currently unclear when such legislation will be enacted in the US or what it will entail. It is therefore unclear whether or when the Canadian federal government will implement a GHG emissions regime or what obligations might be imposed thereunder. Any Canadian federal legislation, once enacted, could have a material adverse effect on our operations.

Further, the Canadian Prime Minister and the First Ministers of the provincial and territorial governments recently met to discuss a national climate change plan, and on March 3, 2016, jointly issued the Vancouver Declaration on Clean Growth and Climate Change. The Vancouver Declaration outlines the vision and principles that the governments will follow to create a climate change and economic growth framework for Canada. The governments agreed upon four immediate priorities: (a) clean technology, innovation, and jobs; (b) carbon pricing mechanisms adapted to each province's and territory's specific circumstances and in particular the realities of Canada's Indigenous peoples and Arctic and sub-Arctic regions; (c) specific mitigation opportunities; and (d) adaptation and climate resilience.

Working groups were established to report on these priorities, and to make recommendations on the development of the Government of Canada's climate change framework. Options presented in the working group reports were discussed at meetings of Ministers of the Environment and Ministers of Innovation and Economic Development held in October and November 2016. On the basis of these reports, the Ministers proposed the basis for a Pan-Canadian Framework on Clean Growth and Climate Change. As one element of the Pan-Canadian Framework on Clean Growth and Climate Change, the Government of Canada proposes a pan-Canadian benchmark for carbon pricing. The proposed benchmark includes, among other things, the following elements: (i) all jurisdictions in Canada will have carbon pricing by 2018; (ii) pricing will be based on GHG emissions and applied to a common and broad set of sources; (iii) jurisdictions can implement an explicit price-based system or a cap-and-trade system; (iv) for jurisdictions with an explicit price-based system, the carbon price should start at a minimum of C$10 per tonne in 2018, and rise by C$10 per year to C$50 per tonne in 2022; (v) for jurisdictions with cap-and-trade need: (a) a 2030 emissions reduction target equal to or greater than Canada's 30% reduction target, and (b) declining (more stringent) annual caps to at least 2022 that correspond, at a minimum, to the projected emissions reductions resulting from the carbon price that year in price-based systems; (vi) the Government of Canada will introduce an explicit price-based carbon pricing system that will apply in jurisdictions that do not meet the benchmark; and (vii) the overall approach will be reviewed by early 2022 to confirm the path forward, including continued increases in stringency.

Future federal industrial air pollutant and GHG emission reduction targets, together with provincial emission reduction requirements contemplated in CCEMA, or emission reduction requirements in future regulatory approvals, may require the reduction of emissions or emissions intensity from our operations and facilities, payments to a technology fund or purchase of emission performance or off-set credits. The required emission reductions may not be technically or economically feasible for our projects and the failure to meet such emission reduction requirements or other compliance mechanisms may materially adversely affect our business and result in fines, penalties and the suspension of operations. In addition, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other compliance methods of reducing emissions or emission intensity to required levels in the future may significantly increase our production costs or reduce the output of our projects. Emission performance or off-set credits may not be available for acquisition by us, or may not be available on an economically

feasible basis. There is also the risk that the provincial government could impose additional emission or emission-intensity reduction requirements, or that the federal and/or provincial governments could pass legislation which would tax such emissions.

Changes in foreign exchange rates could adversely affect our business, results of operations and financial position.

Our results may be indirectly affected by the exchange rate between the Canadian and US dollar. Our revenue, expenditures and other expenses are in Canadian dollars, and our reporting currency is the Canadian dollar. However, the spot price or selling price of oil commodities is determined by reference to US benchmark prices. An increase in the value of the Canadian dollar relative to the US dollar will indirectly decrease the revenues received for our commodities. Separately, to the extent that we may in the future engage in risk management activities related to commodity prices and foreign exchange rates, through entry into natural gas and oil price hedges and forward foreign exchange contracts or otherwise, we could be subject to unfavorable price changes and credit risks associated with the counterparties with which we contract.

Alternatives to and changing demand for crude oil products.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to natural gas and oil, and technological advances in fuel economy and energy generation devices could reduce the demand for oil and other liquid hydrocarbons. We cannot predict the impact of changing demand for natural gas and oil products, and any major changes may have a material adverse effect on the our business, financial condition, results of operations and cash flows.

RISKS RELATING TO ALBERTA AND CANADA

Cash flow and profitability could be affected by changes in Alberta's royalty regime and by increased taxes.

The development of our resource assets will be directly affected by the applicable fiscal regime. The economic benefit of future capital expenditures for our projects is, in many cases, dependent on the fiscal regime. The Government of Alberta receives royalties on production of natural resources from lands in which it owns the mineral rights, which are linked to commodity prices and production levels and apply to both new and existing projects and conventional oil and gas activities.

On January 29, 2016, the Government of Alberta released a royalty review report that recommended minimal changes to the current royalty structure. The Government of Alberta finalized the new royalty framework called as Modernizing Alberta's Royalty Framework in April 2016. For more information of the current and new royalty structure and the royalty review report, please refer to the section headed "Laws and Regulations — Laws and Regulations Relating to the Canadian Natural Gas and Oil Industry — Royalties and Incentives" of this Prospectus.

According to the Modernizing Alberta's Royalty Framework, starting January 2017, crude oil, natural gas liquids and natural gas production will have a flat royalty rate of 5%, until cumulative revenue from a well is equal to the Drilling and Completion Cost Allowance, based on average industry drilling and completion costs. After that pay-out, royalties will be energy price-sensitive and reflect expected returns over the life of the well. For wells drilled before 2017, the existing royalty rates will remain in effect until 2026. We cannot assure you that the adoption of the new royalty framework could not have a materially adverse effect on the financial prospects and results of operations of oil and gas developers and producers in Alberta, including us.

As we are incorporated in Alberta, Canada and are principally governed by Canadian laws and regulations, you may not have the benefit of certain Hong Kong laws, rules and regulations such as those relating to shareholder protection which, although broadly commensurate with those protections afforded to shareholders of Canadian incorporated companies, are not identical.

We are governed by the ABCA and are principally subject to Canadian laws, regulations and accounting standards. As highlighted in the sections headed "Key Canadian Legal and Regulatory Matters" and "Appendix V — Summary of the Articles and By-Laws of Our Company and Alberta Corporation Laws" to this Prospectus. Canadian laws and regulations may differ in some respects from comparable laws and regulations of Hong Kong or other jurisdictions. Accordingly, Shareholders may not have the benefit of certain Hong Kong laws and regulations.

Dividends payable to foreign investors and gains on the sale of Shares may become subject to withholding taxes under Canadian tax laws.

Dividends paid or credited or deemed to be paid or credited on our Shares to a Non-Resident Shareholder will be subject to a Canadian non-resident withholding tax at a rate of 25%, subject to reduction under the provisions of any applicable income tax treaty or convention between Canada and the country of which the Non-Resident Shareholder is resident.

A Non-Resident Shareholder may also be subject to tax in respect of any capital gain realized by such Shareholder on a disposition of Shares if the Shares constitute "taxable Canadian property" (as defined in the ITA) of the Non-Resident Shareholder at the time of disposition and the Non-Resident Shareholder is not entitled to relief under an applicable income tax treaty or convention. The Shares will generally not constitute taxable Canadian property to a Non-Resident Shareholder unless certain ownership thresholds and asset value tests have been satisfied.

For further details about potential Canadian federal income tax considerations, please refer to the section headed "Key Canadian Legal and Regulatory Matters — Certain Canadian Federal Income Tax Considerations" of this Prospectus. Investors should consult an independent tax adviser if they have any doubt about the application of Canadian federal income tax rules to their particular circumstances and the consequences to them with respect to the purchase, ownership, withholding tax on dividends and refund procedures as well as disposition of our Shares.

Claims may be made by aboriginal peoples which could increase project development costs, and/or delay or prevent the exploration or development of our projects and adversely affect our business.

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada based on historic use and occupation of lands, historic customs and treaties with governments. Such rights may include rights to access the surface of the lands, as well as hunting, harvesting and fishing rights. We are not aware that any claims have been made in respect of our specific properties or assets. However, if a claim arose and was successful, such claim could, among other things, delay or prevent the exploration or development at our projects, which in turn could have a material adverse effect on our business, results of operations, financial position and growth prospects.

Prior to making decisions that may adversely affect existing or claimed aboriginal rights and interests, the government has a duty to consult with potentially affected aboriginal peoples. This duty may be delegated to industry participants. The time required for the completion of aboriginal consultations may affect the timing of regulatory authorizations. Furthermore, any agreements or arrangements reached pursuant to such consultation may materially affect our business, results of operations, financial position and growth prospects.

As a Canadian company, it could be difficult for investors to effect service of process on and recover against us or our Directors and officers. Shareholders may face difficulties in protecting their interest.

We are a Canadian company and most of our Directors and officers are residents of various jurisdictions outside Hong Kong. A substantial portion of our assets and the assets of our Directors and officers at any one time, are and may be located in jurisdictions outside Hong Kong. It could be difficult for investors to effect service of process within Hong Kong on our Directors and officers who reside outside Hong Kong or to recover against us or our Directors and officers on judgments of Hong Kong courts predicated upon the laws of Hong Kong. We have also been advised by our Canadian Legal Advisers that Canada has no arrangement for the reciprocal recognition and enforcements of judgment with Hong Kong.

Our corporate affairs are governed by our charter documents, consisting of our Articles and By-Laws, and by the ABCA. The rights of our Shareholders and the fiduciary responsibilities of our Directors are governed by the laws of Alberta and Canada. The laws of Alberta and Canada relating to the protection of the interests of minority Shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. You should be mindful about such differences. Please refer to the section headed "Appendix V — Summary of the Articles and By-Laws of Our Company and Alberta Corporation Laws" to this Prospectus.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares, and an active trading market may not develop.

Prior to the Global Offering, no public market existed for our Shares. The initial Offer Price range to the public for our Offer Shares is the result of negotiations between our Company and the Joint Global Coordinators (for themselves and on behalf of the Underwriters), and our Offer Price may differ significantly from the market price for our Shares following the Global Offering. We cannot assure you that an active trading market for our Shares will develop following the Global Offering or, if it does develop, that it will be sustained or that the market price for our Shares will not decline below the Offer Price. There can be no assurance as to the ability of holders of our Shares to sell their Shares or the prices at which Shareholders would be able to sell their Shares. Consequently, holders of our Shares may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares in the Global Offering.

The price and trading volume of the Shares may be volatile, which could result in substantial losses for investors purchasing Offer Shares in the Global Offering.

Factors such as fluctuations in our revenue, earnings, cash flows, new investments, acquisitions or alliances, regulatory developments, additions or departures of key personnel, or actions taken by competitors could cause the market price of our Shares or trading volume of our Shares to change substantially and unexpectedly. In addition, stock prices have been subject to significant volatility in recent years. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. Such volatility, as well as general economic conditions, may materially and adversely affect the prices of shares and as a result investors in our Offer Shares may incur substantial losses.

Future sale or major divestment of Shares by any of our Company's Controlling Shareholders could adversely affect the prevailing market price of the Shares.

The Shares held by our Controlling Shareholders are subject to certain lock-up periods, the details of which are set under the section headed "Underwriting" in this Prospectus. We cannot assure you that after the restrictions of the lock-up periods expire that these Shareholders will not dispose of any Shares. Sales of substantial amounts of our Shares in the public market, or the perception that these sales may occur, may materially and adversely affect the prevailing market price of the Shares.

You should read the entire Prospectus carefully and we cannot assume or assure the reliability of industry and market information and statistics derived from official government publications contained in the Prospectus.

This Prospectus contains information and statistics relating to the natural gas and oil industry and market. With respect to information and statistics derived from various government or official sources and publications and commissioned reports, while we have exercised reasonable care in

reproducing such information and statistics, they have not been independently verified by us, our Directors or any of our affiliates or advisers, nor by the Sole Sponsor, the Underwriters or any other parties involved in the Global Offering or their respective affiliates or advisers. Further, we cannot assure you that such information and statistics are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other countries. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the information and statistics included in this Prospectus being inaccurate or not comparable to information and statistics produced for other economies. None of our Company, our Directors, the Sole Sponsor, the Underwriters nor any other parties involved in the Global Offering makes any representation as to the accuracy or completeness of such information. Prospective investors should not place undue reliance on any of such information and statistics contained in this Prospectus. In any event, you should consider carefully the importance placed on such information and statistics.

Future issuances or sales, or perceived issuances or sales, of substantial amounts of the Shares in the public market could materially and adversely affect the prevailing market price of the Shares and our Company's ability to raise capital in the future.

The market price of our Shares could decline as a result of future sales of substantial amounts of our Shares or other securities relating to our Shares in the public market, including by our substantial Shareholders, or our issue of new Shares, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our Shares could also materially and adversely affect our ability to raise capital in the future at a time and at a price favourable to it, and our Shareholders would experience dilution in their holdings upon issuance or sale of additional securities in the future. The market price of our Shares could be lower than our Offer Price.

Our Controlling Shareholders have substantial control over our corporate actions and can exert significant influence over important corporate matters, which may reduce the price of our Shares and deprive you of an opportunity to receive a premium for your Shares.

After Completion of the Global Offering, our Controlling Shareholders will jointly own approximately 67.30% of our total issued Shares, without taking into account any Shares which may be issued upon the exercise of the Over-Allotment Option. These Shareholders have signed the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement in relation to board and shareholder meetings of Aspen and our Company and if acting together under that agreement, could exert substantial influence over matters such as electing Directors and approving material mergers, acquisitions, the amount and timing of dividends and other business combination transactions. The interests of our Controlling Shareholders may not be consistent with the interests of other Shareholders. To the extent the interests of our Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders could be disadvantaged or harmed. This concentration of ownership may also discourage, delay or prevent a change of control of our Company, which could have the dual effect of depriving our

Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reducing the price of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchase Shares in the Global Offering.

We may issue additional Shares in the future which may be dilutive to Shareholders.

We may issue additional Shares in the future, which may dilute a Shareholder's holdings in the Company. Subject to the Listing Rules, the Articles permit the issuance of an unlimited number of Common Shares and Shareholders will have no pre-emptive rights in connection with such further issuances. Subject to the applicable Canadian laws and the Listing Rules, the Directors have the discretion to determine the terms of further issue Shares. Investors of our Shares may experience immediate dilution in the net tangible asset value per Share if our Company issues additional Shares in the future at a price which is lower than the then net tangible asset value per Share.

We may not be able to pay any dividends on the Shares.

We do not have a fixed dividend payout ratio, and we cannot guarantee when, if and/or in what form dividends will be paid on our Shares following the Global Offering. A declaration of dividends must be proposed by our Board and is based on, and limited by, various factors, including, without limitation, our business and financial performance, capital and regulatory requirements and general business conditions. We may not have sufficient or any profits to make dividend distributions to Shareholders in the future, even if our financial statements prepared under IFRS indicate that our operations have been profitable. For further details on our dividend, please refer to the section headed "Financial Information — Dividend" in this Prospectus.

The structure of our Company is subject to change from time to time.

From time to time, we may take steps to organize our affairs in a manner that minimizes taxes and other expenses payable with respect to our operations. If the manner in which we structure our affairs is successfully challenged by a taxation or other authority, our Company and the holders of Shares may be adversely affected.

Foreign exchange losses could occur through the conversion of the proceeds from the Global Offering into Canadian dollars.

The net proceeds from the Global Offering will be denominated in Hong Kong dollars. If the Canadian dollar increases in value against the Hong Kong dollar, our Company could experience foreign exchange losses as we convert the net proceeds from the Global Offering into Canadian dollars for the purposes as described in this Prospectus.

As the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution to your attributable net tangible book value per Share.

The Offer Price is higher than our net tangible book value per Share immediately prior to completion of the Global Offering. Therefore, subscriber of the Offer Shares will experience an immediate dilution in pro forma net tangible assets of HK$1.52 per Share based on our pro forma net tangible assets per Share as at September 30, 2016 (assuming an Offer Price of HK$3.40, which is the mid-point of the indicative Offer Price range, and without taking into consideration any Shares which may be issued upon the exercise of the Over-Allotment Option), and our existing Shareholders will receive an increase in the pro forma adjusted net tangible asset value per Share of their Shares. In addition, holder of our Shares may experience a further dilution of their interest if we obtain additional capital in the future through equity offerings.