Persta Resources Inc.

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(incorporated under the laws of Alberta with limited liability)

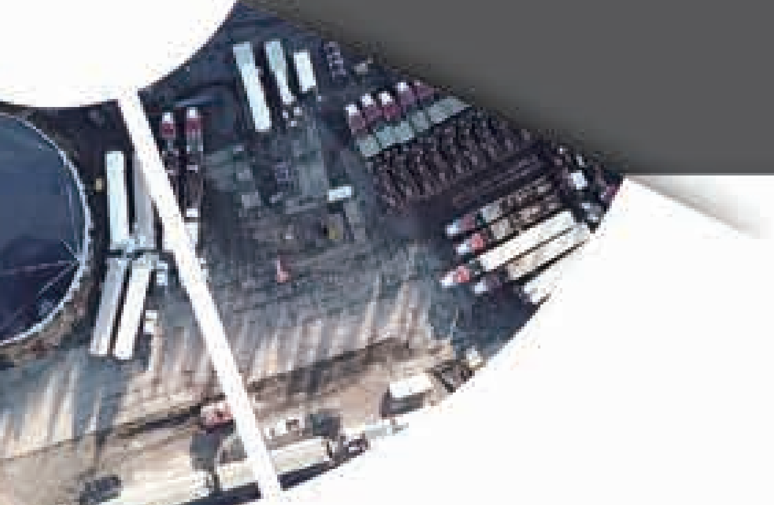
Stock code: 3395

INTERIM REPORT 2018

PERSTA RESOURCES INC.

Persta Resources Inc. is a Calgary-based oil and gas exploration and development company focusing on liquids-rich gas and light crude oil in Western Canada with four core areas of operations comprising; Alberta Foothills liquids-rich natural gas properties; Deep Basin Devonian natural gas properties; Peace River light oil properties and Progress Montney underdeveloped natural gas and oil property.

CONTENTS



CORPORATE INFORMATION

Board of Directors

Executive Director

Mr. Le Bo *(Chairman and Chief Executive Officer)*

Non-executive Director

Mr. Yuan Jing

Independent Non-executive Directors

Mr. Richard Dale Orman
Mr. Bryan Daniel Pinney
Mr. Peter David Robertson

Joint Company Secretaries

Mr. Bennett Ka-Ying Wong (*Dentons Canada LLP)*
Ms. Chau Hing Ling *(FCIS, FCS)*

Authorised Representatives

Mr. Le Bo
Ms. Chau Hing Ling *(FCIS, FCS)*

Audit and Risk Committee

Mr. Bryan Daniel Pinney *(Chairman)*
Mr. Richard Dale Orman
Mr. Peter David Robertson

Remuneration Committee

Mr. Richard Dale Orman *(Chairman)*
Mr. Le Bo
Mr. Bryan Daniel Pinney

Nomination Committee

Mr. Le Bo *(Chairman)*
Mr. Bryan Daniel Pinney
Mr. Peter David Robertson

Auditors

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Canada

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Competent Person

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Calgary Alberta T2P 3S8
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Hong Kong Branch Share Registrar

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Stock Code and Board Lot

Stock Code: 3395
Board Lot: 1,000

Website

www.persta.ca

Place of Share Listing and Stock Code

The Stock Exchange of Hong Kong Limited: 3395

FINANCIAL AND OPERATING HIGHLIGHTS

Financial Highlights

(UNAUDITED)	Six months ended June 30, 2018 C$	2017 C$	Increase/ (Decrease) %
Production revenue from crude oil and natural gas sales	**8,913,957**	12,170,445	(26.8)
Trading revenue from natural gas sales	**521,018**	—	N/A
Operating Netback (Note 1)	**5,954,727**	7,090,246	(16.0)
Adjusted EBITDA (Note 2)	**3,402,095**	3,976,987	(14.5)
Loss and total comprehensive loss for the period attributable to owners of the Company	**(886,706)**	(7,199,125)	(87.7)
Loss per share	**(0.00)**	(0.03)	(100.0)
Total production volume (Boe)	**471,454**	607,118	(22.3)
Daily average production volume (Boe/d)	**2,605**	3,354	(22.3)

Notes:

(1) Operating netback is defined as revenue less royalties, trading cost and operating costs. Operating netback is a non-IFRS financial measure. See “Non-IFRS Financial Measures” on pages 29–30 of this interim report.

(2) Adjusted EBITDA is defined as earnings before deduction of finance expenses, income taxes, depletion and depreciation, impairment losses and write-offs, transaction costs and share-based compensation. Adjusted EBITDA is a non-IFRS financial measure. See “Non-IFRS Financial Measures” on pages 29–30 of this interim report.

Operational Highlights

For the six months ended June 30, 2018, and up to the date of this interim report, Persta Resources Inc. (the "**Company**" or "**Persta**") achieved progress in the following areas:

- Secured C$25 million in debt financing from Crown Capital Partners Inc. ("**Crown**"). The debt is secured under a second charge behind the Company's existing debt facility, and bears a fixed interest rate of 12% per annum and matures in 60 months. In connection with this debt financing, the Company sold 8 million share purchase warrants to Crown for C$750,000. Each warrant can be exercised at a price of HK$3.16, to acquire one common share in the Company.

- Conducted testing of the four wells drilled in the Voyager area. Three of these wells are exploration wells which discovered three gas-condensate bearing zones in Wilrich, Mtn-park and Cardium respectively. The fourth well was a development well targeting in Mtn-park in the same section as the first Mtn-park well. Based on the results of these new wells, GLJ Petroleum Consultants Ltd ("**GLJ**") has upgraded its previous prospective resources into reserves for those wells (in its engineering report as at December 31, 2017): 7,961 MMcf natural gas and 50 Mbbl of natural gas liquids ("**NGLs**") has been assigned into proved reserve and 11,468 MMcf natural gas and 71 Mbbl has been assigned into proved plus probable reserves. The discoveries of those new wells have revealed future development potential in the Voyager area.

- The Company has successfully acquired a 1,920 acres (3 Sections) oil and gas exploration and exploitation rights for the Triassic Montney layer in the public auction of oil and gas rights of the Alberta governments on June 14, 2018. Montney is an unconventional play discovered and developed in Alberta and BC in Canada in recent years. It has a gross thickness of about 300 meters. Montney is an effective play with economic value in Canada and even North America with the rapid evolution of horizontal well fracturing technology in recent years. Its economic feature is not only reflected in the high production rate and large reserves but also reflected in some areas are rich in liquid hydrocarbons such as condensate, so that Montney has better economic value in line with the trend of rising oil price.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with the Company's unaudited condensed interim financial statements and notes thereto for the six months ended June 30, 2018 and the audited annual financial statement and MD&A for the year ended December 31, 2017. All amounts and tabular amounts in this MD&A are stated in thousands of Canadian dollars unless indicated otherwise.

Forward Looking Information

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

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

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

Non-IFRS Financial Measures

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

This MD&A also includes references to financial measures commonly used in the oil and natural gas industry. These financial measures are not defined by IFRS as issued by IASB and, therefore, are referred to as non-IFRS measures. The non-IFRS measures used by the Company may not be comparable to similar measures presented by other companies. See "Non-IFRS Financial Measures" on pages 29–30 of this interim report for information regarding the following non-IFRS financial measures used in this MD&A: "operating netback", "adjusted EBITDA" and "total debt".

Overview

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

Persta commenced operations on March 11, 2005 with the objective of building a successful Canadian natural gas and crude oil exploration, development and production company with a long-term business strategy. The Company acquired its first 6,400 net acres of land in an area in the WCSB in January 2007 known as the Alberta Foothills and drilled and commercially produced liquids-rich natural gas from the Company's first deep well in this area in December 2008. Since then, the Company's natural gas and crude oil production rate has organically grown with peak production of 3,297 Boe/d for the six months ended June 30, 2018. As at June 30, 2018, the Company held 118,807 net acres of land in the WCSB, which the Company intends to explore through drilling in locations listed in the Company's multi-year inventory.

Presently, the Company has four core areas of operations:

- Alberta Foothills, which includes natural gas properties in the five areas of Basing, Voyager, Kaydee, Columbia and Stolberg. Basing and Voyager are partially developed whilst Kaydee, Columbia and Stolberg are undeveloped;
- Deep Basin Devonian, which includes undeveloped natural gas properties in Hanlan-Peco in West Alberta;
- Peace River, which includes light oil properties in the Dawson area which is partially developed; and
- Progress Montney, an underdeveloped natural gas and oil property in northern Alberta.

The Company's long-term business strategy is to increase shareholder value by continuing to exploit and develop its oil and natural gas asset base in the four core exploration and production areas to increase its reserves, production and cash flows. The Company believes that it has a number of key strengths that will help the Company to execute its long-term business strategies, which include:

- economics and quality of resource base;
- size of resources within the Company's acreage land position;
- location of resources and market access;
- holding sole operating control and land ownership; and
- an experienced management and technical team with a strong industry track record.

Future Prospects

The Company acquired Petroleum and Natural Gas Licenses ("**PNG Licenses**") for Basing, Voyager and Kaydee in the Alberta Foothills, Dawson in Peace River and Progress, Montney in northern Alberta between 2006 and 2018. The Company plans to initially develop its natural gas and oil assets in Basing, Voyager and Progress, Montney as part of its three-year development plan in addition to constructing certain facilities to support future increases in production and to lower production costs in the long run.

The Company also intends to explore and develop its resources in Voyager and Kaydee in the Alberta Foothills to expand reserves and also the undeveloped lands in Stolberg, Columbia and Deep Basin Devonian in the future.

In 2018–2019, subject to capital availability, the Company will drill up to 8 wells on its Progress-Montney and Basing lands to increase the Company's production rate. The Company has 100% working interest in these 8 well locations. The cost per well are expected to be C$6 million.

Results of Operations

Project Development and Production Volume

There are three phases in the Company's operations, comprising the exploration phase, the development phase and the production phase. During the exploration phase, the Company conducts geological and geophysical studies combined with seismic mapping to propose drilling locations which might generate natural gas and crude oil prospects on the undeveloped land the Company has acquired.

During the development and production phases, the Company's production volumes largely depend on its drilling and production schedule and access to transport and processing infrastructure to refine and deliver the Company's products to a sales point. There were 5 natural gas producing wells and 3 crude oil producing wells both as at June 30, 2017 and 2018.

Pricing forecasts directly affect the production volume of the Company. Producing wells may be shut in due to economic limit considerations and the production plan may be delayed or scaled down should there be unfavorable prices on the natural resources.

The natural gas market remains weakened in 2018, so the Company has strategically decreased production volume in response to the soft market, whilst retaining the reserves/resources for future recovery and long term growth. On the other hand, the Company has taken advantage of the low price environment and purchased from the market to fulfill the committed forward contracts for natural gas, saving operating costs and arbitraging from the price difference. The NGLs and condensate are the by-products from the production of natural gas and their production volumes decreased accordingly. In the meantime, the Company improved operating efficiency and increased the production volumes of crude oil in 2018, which was mainly due to the recovery of the market price of crude oil since the second half of 2017.

For the six months ended June 30, 2018, the Company's total production volume decreased by 135,664 Boe to 471,454 Boe compared to 607,118 Boe for the same period in 2017.

The following table shows the number of producing wells and production volume for the Company's natural gas, crude oil, NGLs and condensate for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change %
Natural gas			
Producing wells (number of wells)	**5**	5	0.0
Production volume (Mcf)	**2,629,241**	3,409,868	(22.9)
Natural gas			
Trading volume (Mcf)	**198,227**	—	N/A
Crude oil			
Producing wells (number of wells)	**3**	3	0.0
Production volume (Bbl)	**14,719**	11,739	25.4
NGLs (by-product of natural gas)			
Producing wells (number of wells)	**5**	5	0.0
Production volume (Bbl)	**5,766**	8,698	(33.7)
Condensate (by-product of natural gas)			
Producing wells (number of wells)	**5**	5	0.0
Production volume (Bbl)	**12,763**	18,370	(30.5)
Total			
Producing wells (number of wells)	**8**	8	0.0
Production volume (Boe)	**471,454**	607,118	(22.3)
Trading volume (Boe)	**33,038**	—	N/A

Average Sales Price

The Company mainly sells its 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 its natural gas benchmarks to Canadian Gas Price Reporter, which is also known as the Alberta Energy Company natural gas price ("**AECO natural gas price**"), while the natural gas related products (NGLs and condensate) and crude oil products benchmark to the Edmonton light, sweet crude oil commodity price. During the six months ended June 30, 2018, the Company also had in place one-year (January 1, 2018 to December 31, 2018) sales agreements to forward sell its natural gas at a specified price and volume. The value of these sales accounted for 75.1% of the Company's total production revenue from crude oil and natural gas sales for the six months ended June 30, 2018, compared with 63.6% for the same period in 2017. The sales of remaining production accounted for 24.9% of its total revenue from crude oil and natural gas sales for the six months ended June 30, 2018, compared with 36.4% for the same period in 2017.

During the six months ended June 30, 2018, the Company has taken advantage of the low price environment and purchased 198,227 Mcf of natural gas from the market to fulfill the committed forward contracts for natural gas, saving operating costs and arbitraging from the price difference.

The following table shows the average market prices and average sales prices for the Company's natural gas, crude oil, NGLs and condensate and the average realized price, average trading sales price and average forward sales price for the Company's natural gas for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change
	C$	C$	%
Natural gas			
Average market price (C$ per Mcf) (Note 1)	**1.76**	2.81	(37.4)
Average realized price (C$ per Mcf) (Note 2)	**1.92**	2.92	(34.2)
Average forward sales price (C$ per Mcf) (Note 3)	**2.76**	3.00	(8.0)
Average trading sales price (C$ per Mcf) (Note 4)	**2.63**	—	N/A
Average sales price (C$ per Mcf) (Note 5)	**2.56**	2.98	(14.1)
Crude oil			
Average market price (C$ per Bbl) (Note 6)	**74.33**	62.32	19.3
Average sales price (C$ per Bbl) (Note 5)	**68.89**	57.57	19.7
NGLs			
Average market price (C$ per Bbl) (Note 7)	**36.91**	32.92	12.1
Average sales price (C$ per Bbl) (Note 5)	**34.70**	27.34	26.9
Condensate			
Average market price (C$ per Bbl) (Note 7)	**82.09**	67.06	22.4
Average sales price (C$ per Bbl) (Note 5)	**78.03**	59.58	31.0

Notes:

(1) The average market price was the AECO same day spot price averaged over the period.

(2) The average realized price represents the average price of natural gas sales excluding the sales derived from forward sales and trading sales.

(3) The average forward sales price was the price agreed in the forward sales agreements to sell the Company's natural gas at a specified price and volume.

(4) The average trading sales price was the weighted average price of sales for trading business.

(5) The average sales price was the weighted average price calculated by the Company.

(6) The average market price was the average Edmonton light, sweet crude oil settlement price over the period.

(7) The average market price was the average Alberta natural gas liquids price over the period.

Natural Gas

The Company's average sales price of natural gas consists of two components: the weighted average of the realized price and the average forward sales price of natural gas. The average realized price represents the average price of natural gas sales excluding the sales derived from forward sales.

For the six months ended June 30, 2018, and comparing to the same period of 2017, the average market price of natural gas has decreased from C$2.81 per Mcf to C$1.76 per Mcf. To exploit weakness in the current market, the Company purchased natural gas from the market at C$1.14 per Mcf to fulfill the forward sales contracts with a weighted average price of C$2.63 per Mcf. The aforementioned factors collectively led to a 14.1% decrease of the average natural gas sales price from C$2.98 per Mcf to C$2.56 per Mcf for the six months ended June 30, 2018, compared to the same period of 2017.

Crude oil

The average market price of crude oil increased from C$62.32 per Bbl for the six months ended June 30, 2017 to C$74.33 per Bbl for the same period in 2018. As a result, the Company's average sales price increased by 19.7% from C$57.57 per Bbl for the six months ended June 30, 2017 to C$68.89 per Bbl for the same period in 2018.

NGLs

The average market price of NGLs increased from C$32.92 per Bbl for the six months ended June 30, 2017 to C$36.91 per Bbl for the same period in 2018. As a result, the Company's average sales price increased 26.9% from C$27.34 per Bbl for the six months ended June 30, 2017 to C$34.70 per Bbl for the same period in 2018.

Condensate

The average market price of condensate increased from C$67.06 per Bbl for the six months ended June 30, 2017 to C$82.09 per Bbl for the same period in 2018. As a result, the Company's average sales price increased by 31.0% from C$59.58 per Bbl for the six months ended June 30, 2017 to C$78.03 per Bbl for the same period in 2018.

The Company sells its natural gas benchmarked to the AECO natural gas price, crude oil benchmarked to the Edmonton light, sweet crude oil settlement price, and its NGLs and condensate benchmarked to the average Alberta natural gas liquids price. The Company also enters into forward sales agreements to sell its natural gas over a time period at a specified price and volume. Since the Company uses weighted average to calculate the average sales prices, the volatilities in price and volume sold each day will cause the average sales price of crude oil, NGLs and condensate and the average realized price of natural gas to be either lower or higher than the average market price for the same periods in 2018 and 2017.

Revenue

The following table shows the breakdown of the Company's revenue before royalties by types of natural resources for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change
	C$'000	C$'000	%
Natural gas	**7,225**	10,162	(28.9)
Crude oil	**1,014**	676	50.0
NGLs	**200**	238	(16.0)
Condensate	**996**	1,094	(9.0)
Total revenue	**9,435**	12,170	(22.5)

Sales of Natural Gas

The following table shows the sales volume and average sales price of the Company's natural gas for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change
			%
Sales volume (Mcf)	**2,827,468**	3,409,868	(17.1)
Realized sales volume	**654,695**	875,868	(25.3)
Forward sales volume	**1,974,546**	2,534,000	(22.1)
Trading sales volume	**198,227**	—	N/A
Average sales price (C$/Mcf)	**2.56**	2.98	(14.1)
Average Realized sales price	**1.92**	2.92	(34.2)
Average Forward sales price	**2.76**	3.00	(8.0)
Average Trading sales price	**2.63**	—	N/A

The revenue derived from the Company's sales of natural gas is a function of the average price and volume of natural gas sold. The Company's average sales price of natural gas consisted of the weighted average of the realized price and the forward sales price of natural gas. The sales volume of the Company's natural gas was dependent on the Company's production capacity influenced by its drilling plan and production wells in Alberta Foothills. Although the Company decreased its production volume in response to the soft market, the average sales price increased due to the forward sales contracts which fixed a sale price higher than the market price.

Sales of Crude Oil

The following table shows the sales volume and average sales price of the Company's crude oil for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change %
Sales volume (Bbl)	**14,719**	11,739	25.4
Average sales price (C$/Bbl)	**68.89**	57.57	19.7

The revenue derived from the Company's sales of crude oil was mainly subject to the average sales price and the sales volume of crude oil. The average sales price of the Company's crude oil is highly sensitive to Edmonton light, sweet crude oil price; and the sales volume of its crude oil was dependent on the Company's production capacity influenced by its drilling plan and production wells from the Peace River area. Due to the improvement in the market price of crude oil, the average sales price increased, and the Company resumed the production from its oil well in the Dawson area and increased its production volume in response to the improvement in the market price of crude oil.

Sales of NGLs

The following table shows the sales volume and average sales price of the Company's NGLs for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change %
Sales volume (Bbl)	**5,766**	8,698	(33.7)
Average sales price (C$/Bbl)	**34.70**	27.34	26.9

Sales of Condensate

The following table shows the sales volume and average sales price of the Company's condensate for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change %
Sales volume (Bbl)	**12,763**	18,370	(30.5)
Average sales price (C$/Bbl)	**78.03**	59.58	31.0

The revenue derived from the Company's sales of NGLs and condensate was mainly affected by the average sales price and sales volume of such products. Both the average sales price of the Company's NGLs and condensate are highly sensitive to the Alberta natural gas liquids commodity price and demand of the petrochemical industry, and the sales volume of its NGLs and condensate was dependent on the Company's production capacity influenced by its drilling plan and production wells in the Alberta Foothills area. Due to the improvement in the market price of NGLs and condensate, the average sales price increased, and as a by-product, the production volume decreased as a result of the decrease of natural gas production volume.

Trading Cost of Natural Gas

The following table shows the purchase volume and average purchase price of the Company's natural gas for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change %
Purchase volume (Mcf)	**198,227**	–	N/A
Average purchase price (C$/Mcf)	**1.14**	–	N/A

Royalties

The following table shows the breakdown of the Company's royalties by types of natural resources for the six months ended June 30, 2018 and 2017.

	Six months ended June 30,		
	2018 C$'000	2017 C$'000	Change %
Natural gas, NGLs and condensate	**247**	1,611	(84.7)
Crude oil	**331**	196	68.9
Total royalties	**578**	1,807	(68.0)

For the six months ended June 30, 2018, the effective average royalty rate decreased by 8.3% to 6.5% compared to 14.8% for the same period in 2017. The decrease of the effective average royalty rate was primarily due to the decrease in market price and well production of natural gas. Alberta requires royalties to be paid on the production of natural resources from lands for which it owns the mineral rights. In Alberta, royalties are mainly subject to royalty rate and royalty base, which are set by a sliding scale formula containing separate elements that account for market price and well production. Royalty rates will drop to reflect declining production rates and market price.

During the six months ended June 30, 2018, the Company's royalty rate for natural gas ranged from 5% to 18%, the royalty rate for NGLs (propane and butane) was 30%, the royalty rate for condensate was 40%, and the royalty rate for crude oil ranged from 5% to 20%. The Company's royalty rate was also influenced by the Modernizing Alberta's Royalty Framework under which a company will pay a flat royalty of 5% on a well's early production until the well's total revenue, from all hydrocarbon products, equals the drilling and completion cost allowance.

Natural gas, NGLs and condensate

For the six months ended June 30, 2018, the royalties paid for natural gas, NGLs and condensate decreased by C$1,364,164 to C$247,015 compared to C$1,611,179 for the same period in 2017, representing 42.7% and 89.2% of the total royalties respectively. The decrease of royalties was primarily due to the decrease in market price and well production of natural gas.

Crude oil

For the six months ended June 30, 2018, the royalties paid for crude oil increased by C$135,816 to C$331,338 compared to C$195,522 for the same period in 2017, representing 57.3% and 10.8% of the total royalties respectively. The increase of royalties was primarily due to the increase of production volume in response to the improvement in the market price.

Operating Costs

The following table shows the breakdown of the Company's operating costs by types of natural resources for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change
Total operating costs	**C$'000**	C$'000	%
Natural gas, NGLs and condensate	**2,357**	3,057	(22.9)
Crude oil	**319**	216	47.7
Total	**2,676**	3,273	(18.2)
Average operating costs	**C$**	C$	%
Natural gas, NGLs and condensate (Per Boe)	**5.16**	5.13	0.6
Crude oil (Per Bbl)	**21.67**	18.47	17.3
Average Cost (Per Boe)	**5.68**	5.39	5.4

For the six months ended June 30, 2018, the operating costs decreased to C$2,676,325 compared to C$3,273,498 for the same period in 2017, which was mainly due to the decrease in production volumes of natural gas and NGLs and condensate.

Natural Gas, NGLs and Condensate

Most of the Company's revenue was generated from the sales of natural gas, NGLs and condensate. As a result, the majority of the operating costs come from the natural gas related business.

For the six months ended June 30, 2018, and comparing to the same period of 2017, the market price of natural gas has decreased, and the Company has strategically shut-in some production in response to the soft market, whilst retaining the reserves/resources for future recovery and long term growth. The Company has taken advantage of the low price environment and purchased from the market to fulfill the committed forward contracts for natural gas, saving operating costs and arbitraging from the price difference.

The average operating costs for the six months ended June 30, 2018 increased by C$0.03 per Boe to C$5.16 per Boe compared to C$5.13 per Boe for the same period in 2017, attributable to the payment of extra gas transportation fee when the fixed FT-Volume is higher than the actual production for the same period accordingly.

Crude Oil

The market price of crude oil increased in the second half of 2017, therefore the Company resumed the production from the oil well in the Dawson area which then led to the increase in total operating costs for the six months ended June 30, 2018.

The average operating costs for the six months ended June 30, 2018 increased by C$3.20 per Bbl to C$21.67 per Bbl compared to C$18.47 per Bbl for the same period in 2017, which was due to the recovery of production and increase of unit cost of liquid tracking and treatment in the Dawson area.

General and Administrative Costs

The following table shows the breakdown of the general and administrative costs for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018 C$'000	2017 C$'000	Change %
Staff costs	**1,051**	1,619	(35.1)
Accounting, legal and consulting fees	**1,031**	852	21.0
Office rent	**100**	286	(65.0)
Others	**384**	366	4.9
General and administrative costs	**2,566**	3,123	(17.8)
Capitalized staff costs	**299**	331	(9.7)

For the six months ended June 30, 2018 and 2017, the general and administrative costs mainly consisted of staff costs, accounting, legal and consulting fees, office rental and others. Others mainly include office supplies, insurance and travel and accommodation, etc.

For the six months ended June 30, 2018, the general and administrative costs decreased by C$557,292 to C$2,565,997 compared to C$3,123,289 for the same period in 2017. The 2017 general and administrative costs included a management bonus for the completion of the Company's initial public offering.

Phantom Unit Plan for independent non-executive Directors

The Company has in place a phantom unit plan for its independent non-executive directors effective on March 10, 2017 and applied retrospectively starting from February 26, 2016 (the "**Phantom Unit Plan**"). In order for the eligible directors to receive phantom units, they need to complete a participation form prior to the commencement of each fee period (i.e. twelve-month period commencing January 1 and ending on December 31). For the six months ended June 30, 2018 and 2017, each eligible Director agreed in writing to receive 60% of their fees (i.e. the designated percentage) relating to future services as a director in the form of phantom units under the Phantom Unit Plan. Since 2016, the eligible directors have agreed to receive C$15,000 quarterly under the Phantom Unit Plan (the "**Phantom Fee**").

Under the terms of the plan, the Company calculates the Phantom Units dividing the Phantom Fee by the weighted average-trading price of the Company's common shares for the 5 days preceding each quarter end multiplied by the number of Phantom Units awarded during the quarter. For each period, total compensation accrued for each director under the Phantom Unit Plan is based on the total number of units awarded in the preceeding quarters multiplied by the weighted average trading price of the Company's common shares for the 5 days preceeding the period end.

During the six months ended June 30, 2018, the Company incurred C$68,634 (June 30, 2017: C$105,735) of directors' compensation per the Phantom Unit Plan. As at June 30, 2018, the accrued compensation for independent non-executive directors per the Phantom Unit Plan was C$331,467 (December 31, 2017: C$262,833).

Finance Expenses

The following table shows the breakdown of the finance expenses for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018	2017	Change
	C$'000	C$'000	%
Interest expense and financing costs	**1,048**	4,171	(74.9)
Amortization of debt issuance costs	**35**	158	(77.8)
Accretion expense	**42**	30	40.0
Total finance expenses	**1,125**	4,359	(74.2)

For the six months ended June 30, 2018, the finance expenses mainly consisted of interest expense on bank debt, foreign exchange gains and losses, financing costs, amortization of debt issuance costs and accretion expense. For the six months ended June 30, 2018, finance expenses decreased by C$3,233,789 to C$1,125,230 compared to C$4,359,019 for the same period in 2017. The decrease of finance expenses was mainly due to the decrease of finance expenses upon termination of the existing facility and entering into the new facility in 2017.

Amortization of debt issuance costs represented legal fees, commissions and commitment fees, which had been incurred since the closing of the credit and term facility arrangement in 2014 and 2018. These costs were capitalized against the bank loan account and amortized as a debt issuance costs account. The Company amortized all the remaining amount of debt issuance costs as a result of termination of the existing facility and entering into the new facility.

The accretion expense is an expense recognized when updating the present value of the decommissioning provision.

Depletion and Depreciation

The following table shows the breakdown of the depletion and depreciation expenses for the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018 C$'000	2017 C$'000	Change %
Depletion	**3,145**	3,498	(10.1)
Depreciation	**19**	3	533.3
Total depletion and depreciation	**3,164**	3,501	(9.6)
	C$	C$	%
Average depletion and depreciation (Per Boe)	**6.71**	5.77	16.3

Depletion is calculated using the depletion base and the depletion ratio. Depletion base is based upon the net book value of developed and producing assets at the end of the period and future development costs, and the depletion ratio is calculated based upon the production volume for the period divided by the total proved and probable reserves at the beginning of the period.

For the six months ended June 30, 2018, the depletion expense comprised the depletion of developed and producing assets, and the depreciation expense comprised the depreciation of office fixed assets, including office furniture, office equipment, vehicles, computer hardware and computer software.

For the six months ended June 30, 2018, the Company's depletion expense decreased by C$352,783 to C$3,145,418 compared to C$3,498,201 for the same period in 2017, reflecting lower production in 2018 compared to 2017.

Write-offs

During the six months ended June 30, 2017, write-offs were mainly due to the expiry of certain Crown Leases and PNG Licenses. There were no write-offs for the six months ended June 30, 2018.

Exploration and Evaluation ("E&E") Assets

The Company had no write-offs of exploration and evaluation lands for the six months ended June 30, 2018.

Property, Plant and Equipment ("PP&E")

The Company had no write-offs of developing and producing lands for the six months ended June 30, 2018.

There were no indicators of impairment identified at June 30, 2018.

Share-based Compensation

There was no share-based compensation during the six months ended June 30, 2018 and 2017.

Transaction Costs

Transaction costs represent listing expenses incurred in the process of getting the Company listed on the Stock Exchange.

There was no transaction costs during the six months ended June 30, 2018. For the six months ended June 30, 2017, the Company incurred C$3,003,350 of transaction costs due to the listing on the Stock Exchange.

On March 10, 2017, the Company was successfully listed on the Stock Exchange and the Company issued 69,580,000 new shares at HK$3.16 per share (C$0.55 per share), raising gross proceeds of HK$220 million (approximately C$38 million). The costs associated with the issuance of new shares were approximately C$3 million and therefore the net amount to be recorded as share capital was approximately C$35 million.

Financial Instruments

The Company holds a number of financial instruments, the most significant of which are accounts receivable, accounts payable, cash and loans. The financial instruments are recorded at amortized cost on the balance sheet.

The Company did not enter into any financial derivatives for the six months ended June 30, 2018 and 2017.

For the six months ended June 30, 2018, the foreign exchange gain increased to C$10,519 compared to foreign exchange loss of C$342,373 for the same period in 2017. This gain is related to the revaluation of monetary items held in Hong Kong Dollars and the value changes with the fluctuation in the Hong Kong Dollars/Canadian Dollars exchange rates. The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates for the monetary assets and liabilities denominated in the currencies other than the functional currencies to which they relate. The Company has not hedged its exposure to currency fluctuation and the Company currently does not have a foreign currency hedging policy. However, management closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Net Loss

As a result of the above mentioned reasons, the net loss for the six months ended June 30, 2018 decreased by C$6,312,419 to C$886,706 compared to C$7,199,125 for the same period in 2017.

Dividend

The Board did not approve the payment of an interim dividend for the six months ended June 30, 2018 (June 30, 2017: nil).

Liquidity and Capital Resources

Capital management

The Company's general policy is to maintain an appropriate capital base in order to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations; to maintain a capital structure that allows the Company to favor the financing of its growth strategy using internally-generated cash flow and its debt capacity; and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas assets. The Company considers its capital structure to include shareholders' equity, bank debt, subordinated debt, other liabilities and working capital. To assess capital and operating efficiency and financial strength, the Company continually monitors its net debt. The Company has not paid nor declared any dividends since its inception.

Capital Structure of the Company

The Company's capital structure is as follows:

	As at June 30, 2018 C$'000	As at December 31, 2017 C$'000
Long term debt[(1)]	**27,149**	22,197
Other liabilities	**3,652**	3,798
Net working capital[(2)]	**(4,033)**	55
Net debt	**26,768**	26,050
Shareholders' equity	**74,459**	74,693
Total Capital	**101,227**	100,743
Net debt as a percentage of total capital (%)	**26.4**	25.9

Notes:

(1) This is long term debt amount including the unamortized debt issue cost.

(2) Net working capital consists of current assets less current liabilities.

Long term debt

On August 24, 2017, the Company and its lender (the "**Lender**") agreed to early termination of its existing facility and then entered into a new facility (the "**New Facility**"). A financing fee totaling C$4.3 million has been paid to the Lender upon termination of the old facility and it has been recognized under finance expenses.

The maximum debt available under the New Facility is C$100 million, maturing on September 22, 2020 (36 months) from closing, and is subject to a semi-annual review of the borrowing base by the Lender. The initial New Facility draw was capped at C$24 million, and reduced to C$18.5 million during the period. With the closing of the SubDebt (as defined below), the New Facility is capped at C$10 million until the Company has repaid the SubDebt in full.

The New Facility carries interest of 4% plus one month Canadian Dealer Offered Rate ("**CDOR**" means the arithmetic average of the yields to maturity for bankers' acceptances quoted on the Reuter's Canadian Deposit Offered Rate) calculated on a 365 day basis on drawn amounts and payable in cash on a monthly basis in arrears and a commitment fee equal to 1% per annum will be payable on all amounts committed but undrawn, payable quarterly in arrears. As at June 30, 2018, the applicable effective interest rate on the New Facility was 5.7%.

The New Facility is secured by fixed and floating first priority perfected security interests in the properties and all assets, tangible and intangible, owned by the Company and thereafter acquired by the Company, including, but not limited to, all real and personal property, goods, accounts, contract rights, assignable licenses and assignable permits.

The New Facility is subject to the following financial covenants: (a) maintenance at the end of each fiscal quarter a working capital ratio not less than 1.0:1.0; and (b) as measured at the end of each fiscal quarter, total debt to adjusted EBITDA not exceeding 3.0/1.0 through the fiscal quarter ending September 30, 2018 and 2.5/1.0 thereafter (Total debt and EBITDA as defined in the loan agreement). The Company was in compliance with these covenants as at June 30, 2018.

Under the New Facility agreement, "total debt" is defined as the consolidated debt of the Company and including any liability; and "adjusted EBITDA" is defined as earnings before deduction of finance expenses, income taxes, depletion and depreciation, write-offs, transaction costs and share-based compensation. With the closing of the SubDebt (as defined below), "total debt" is defined as the consolidated debt of the Company, including any liability and excluding debt defined as other liabilities (as defined under note 15 in the Company's audited financial statements for the year ended December 31, 2017).

The principal and all accrued and unpaid interest and fees are due on the maturity date or in accordance with the terms of the New Facility. The Company maintains C$558,000 of letters of credit, as at June 30, 2018 (December 31, 2017: C$558,000) for transportation services in relation to the New Facility.

On May 16, 2018, the Company completed a subordinated debt ("**SubDebt**") financing with an arms length lender ("**SubLender**") totaling C$25 million. The SubDebt has a term of 60 months, and bears interest at 12% per annum, compounded and payable monthly. The Company has the option to prepay as follows: (i) after 12 months, the right to prepay C$10 million subject to a prepayment fee of 1% of the amount prepaid; (ii) after 18 and up to 36 months, the right to prepay any SubDebt amount outstanding in tranches of C$5 million, subject to a prepayment fee of 3% of the amount prepaid; and (iii) after 37 months, the right to prepay any SubDebt amount outstanding in tranches of C$5 million, subject to a prepayment fee of 1% of the amount prepaid. An exit fee of C$0.725 million is payable when the SubDebt facility is repaid or at maturity on May 16, 2023.

The SubDebt is secured by a general security agreement over all present and after-acquired property of the Company subject to the fixed and floating first priority held by the Lender. The SubDebt is subject to the following covenants: (a) maintenance at the end of each fiscal quarter a working capital ratio not less than 1.0:1.0; (b) as measured at the end of each fiscal quarter, net debt to run rate EBITDA not exceeding 4.0/1.0 through the fiscal quarter ending March 2019, and 3.0/1.0 through the fiscal quarter ending March 31, 2020 and 2.5/1.0 thereafter; (c) net debt to total proved reserves not exceeding 0.75/1.0 through the fiscal quarter ending March 31, 2019, and not exceeding 0.60/1.0 thereafter; and (d) maintaining the Company's Alberta Energy liability management ratio above 2.0/1.0. The Company was in compliance with these covenants as at June 30, 2018.

Under the terms of the SubDebt agreement, "net debt" is defined as the consolidated debt of the Company, less cash held, and excluding debt defined as other liabilities (as defined under note 15 in the Company's audited financial statements for the year ended December 31, 2017). Under the terms of the SubDebt agreement, "run rate EBITDA" is defined as the annualized earnings before deduction of finance expenses, income taxes, depletion and depreciation, write-offs, unrealized hedging gains/losses and share-based compensation for the two most recent fiscal quarters, annualized.

In connection with the SubDebt, the Company sold 8 million share purchase warrants to the SubLender for C$750,000, refer to note 13(c) in the Company's unaudited interim financial statements for the six months ended June 30, 2018 for additional disclosures.

The Company completed an initial draw of C$20.0 million from the SubDebt at closing. C$9.5 million was paid to the Lender, bringing the New Facility debt down to approximately C$8.5 million. The remaining funds are to be used for working capital and general corporate purposes. After the initial draw, the Company has C$5.0 million available, which may be drawn before November 16, 2018. If the remaining funds are not drawn by November 16, 2018, the maximum amount available pursuant to the SubDebt will be C$20.0 million. C$1.25 million in costs have been incurred in relation to the SubDebt and such amounts have been paid to the SubLender. These costs have been capitalised in long term debt and amortised until the maturity of the SubDebt.

Pursuant to the SubDebt Agreement, no later than September 30 in each year, the Company must enter into arrangements to protect against fluctuations in commodity prices for 80% of its forecast production volume from proved Developed Producing Reserves. At any time, the SubLender may require the Company to enter into additional commodity price management contracts.

Performance services guarantee facility

On April 25, 2018, the Company obtained a performance services guarantee facility ("**PSG**") from Export Development Canada ("**EDC**") totaling C$4.4 million. Under the terms of the PSG facility, EDC will guarantee qualifying letters of credit ("**L/C**") on behalf of the Company. Previously, these L/C's were cash collateralized, following approval by EDC the requirement of the Company to hold cash to underwrite the L/C is relieved for the duration of the PSG approval. Under the terms of the PSG facility, the L/C guarantee period is the lessor of one year or the term of the L/C if less than 12 months. The guarantee can be renewed annually for long term L/C's subject to subsequent approval by the EDC. At June 30, 2018, the Company has PSG coverage for the following L/C's:

Amount	**Expiry**
C$3,223,500	March 16, 2019
C$110,000	January 5, 2019
C$294,000	May 29, 2019
C$264,000	May 29, 2019

For the six months ended June 30, 2018, the Company incurred fees totaling C$70,000 in relation to the PSG facility.

Shareholders' Equity

The Company was successfully listed on the Stock Exchange on March 10, 2017 with the issuance of 69,580,000 new shares at a price of HK$3.16 per share, resulting in the gross proceeds of HK$220 million (approximately C$38 million). There were 278,286,520 common shares outstanding as at June 30, 2018 and as at the date of this report.

Liquidity

During the six months ended June 30, 2018, the Company's principal sources of liquidity and capital resources were generally cash flows from operating activities and financing activities. The Company's principal use of liquidity and capital resources was for the drilling of four development wells and purchase of undeveloped land. The following table shows the Company's cash flows during the six months ended June 30, 2018 and 2017:

	Six months ended June 30,		
	2018 C$'000	2017 C$'000	Change %
Cash flows			
Net cash generated from/(used in) operating activities	**2,829**	(214)	(1,422.0)
Net cash used in investing activities	**(2,167)**	(5,369)	(59.6)
Net cash generated from financing activities	**5,545**	20,602	(73.1)
Effect of exchange rate fluctuations on cash and cash equivalents	**11**	(262)	(104.2)
Net increase in cash and cash equivalents	**6,218**	14,757	(57.9)
Cash and cash equivalents at the beginning of the period	**2,363**	3,966	(40.4)
Cash and cash equivalents at the end of the period	**8,581**	18,723	(54.2)

Net Cash Generated from/(Used in) Operating Activities

The Company's cash flows generated from/(used in) operating activities primarily consisted of net earnings, the effect of changes in working capital such as accounts receivable, prepaid expense, accounts payable and accrued liabilities and adjustment for non-cash income and expenses.

Net cash generated from operating activities for the six months ended June 30, 2018 increased by C$3,042,494 to C$2,828,772 compared to cash used of C$213,722 for the same period in 2017. Net cash generated from/(used in) operating activities which includes movement in working capital of C$460,778 for the six months ended June 30, 2018 compared to movement of C$(167,848) for the same period in 2017.

Net Cash Used in Investing Activities

The cash outflows from investing activities during the six months ended June 30, 2018 were mainly attributable to the Company's investments (Guaranteed Investment Certificate), capital expenditures on PP&E and E&E assets.

For the six months ended June 30, 2018, net cash used in investing activities decreased by C$3,201,793 to C$2,166,761 compared to C$5,368,554 cash used in investing activities for the same period in 2017. The decrease was primarily due to the increase of expenditures on E&E assets of C$3,844,116.

Net Cash Generated from Financing Activities

The Company's financing activities during the six months ended June 30, 2018 and 2017 mainly comprised of proceeds from share issuance, proceeds from long term debt and repayment of bank loan.

For the six months ended June 30, 2018, net cash generated form financing activities decreased by C$15,056,394 to C$5,545,000 compared to C$20,601,394 for the six months ended June 30, 2017. The decrease was primarily due to the net proceeds from the issue of common shares of C$36,146,428 (the gross proceeds from the issue of common shares of C$38,131,133, less the share issue cost of C$1,984,705) during the six months ended June 30, 2017.

Gearing ratio

Gearing ratio is defined as the ratio of total debt to total equity. As at June 30, 2018, the Company's total debt was C$30,800,963 and the total equity was C$74,458,885. The Company's gearing ratio was 41.4% as at June 30, 2018.

Use of net proceeds from listing

The net proceeds from listing, after deducting share issue cost of C$3.0 million and transaction costs of C$3.0 million, amounted to C$32.0 million. For the six months ended June 30, 2018, the Company has utilized all of these net proceeds for the drilling of new wells and general working capital as per the development plan. The net IPO proceeds were used for the same purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated February 28, 2017.

Capital Resources

The Company operates in a capital intensive industry. The Company's liquidity requirements arise principally from the need for financing the expansion, exploration and development activities and acquisition of land leases and PNG Licenses. The Company's principal sources of funds have been proceeds from bank borrowings, equity financings, and cash generated from operations. The Company's liquidity primarily depends on its ability to generate cash flow from its operations and to obtain external financing to meet its debt obligations as they become due, as well as the Company's future operating and capital expenditure requirements.

As at June 30, 2018, the Company had long term debt of C$27.1 million, other liabilities of C$3.7 million and a working capital surplus of C$4.0 million. The Company's cash balance at June 30, 2018 was C$8.6 million. With the closing of the SubDebt and sale of the warrants, the Company has increased long term debt to C$27.1 million and has positive working capital of approximately C$4.0 million with an additional C$5.0 million available under the SubDebt and C$1.6 million available under the New Facility.

The Company has developed a range of planned expenditures for 2018 which will be funded from free cashflow, working capital and remaining debt capacity. Management believes that its forecast cash flows are sufficient to cover the next twelve months of the Company's operations, including capital expenditures and current debt repayments.

Capital Expenditures

The Company's capital expenditures primarily consisted of the addition of E&E assets and PP&E to increase the Company's operating efficiency and execution capacity. During the six months ended June 30, 2018, the Company's capital expenditures were principally funded by cash flows generated from the operations.

The following table shows the Company's capital expenditures during the six months ended June 30, 2018 and 2017:

	Six months ended June 30,	
	2018	2017
	C$'000	C$'000
PP&E		
Well site	**21**	282
Facilities and pipeline	**26**	1,143
General and administrative costs ("**G&A**") capitalized	**2**	—
Office	**—**	—
Sub-total	**49**	1,425
E&E Assets		
Undeveloped lands	**200**	190
General and administrative costs capitalized	**297**	331
Unevaluated drilling and completion costs	**3,143**	3,858
Sub-total	**3,640**	4,379
Change in non-cash working capital	**1,811**	(3,769)
Total	**5,500**	2,035

For the six months ended June 30, 2018, the total capital expenditures (including change in non-cash working capital) increased by C$3,465,208 to C$5,500,262 compared to C$2,035,054 for the same period of 2017.

For the six months ended June 30, 2018, the capital expenditures on PP&E were mainly attributed to: (i) well facility and pipeline cost of C$27,459; and (ii) workover costs of C$21,441 on the well site in Dawson area. The additions in E&E assets were due to: (i) purchase of land for C$199,906 in the Triassic Montney layer area, (ii) capitalized G&A costs of C$297,030; and (iii) an increase in unevaluated drilling and completion costs of C$3,143,131 on the new well drilled in the Alberta Foothills.

For the six months ended June 30, 2017, the capital expenditures on PP&E were mainly attributed to: (i) well facility and pipeline cost of C$1,142,730; and (ii) workover costs of C$281,574 on the well site in Foothill area. The additions in E&E assets were due to: (i) purchase of land for C$190,414 in Alberta Foothills and Dawson; (ii) capitalized G&A costs of C$330,580; and (iii) an increase in unevaluated drilling and completion costs of C$3,857,942 on the new well drilled in the Alberta Foothills.

Decommissioning Liabilities

The total future decommissioning obligations were estimated based on the Company's net ownership interest in petroleum and natural gas assets including well sites, gathering systems and facilities, the estimated costs to abandon and reclaim the petroleum and natural gas assets and the estimated timing of the costs to be incurred in future periods. As at June 30, 2018, the Company estimated the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately C$3.0 million which will be incurred between 2018 and 2062. The majority of these costs will be incurred by 2037. As at June 30, 2018, an average risk free rate of 1.93% (December 31, 2017: 1.87%) and an inflation rate of 2% (December 31, 2017: 2%) were used to calculate the decommissioning obligations.

The following reconciles the Company's decommissioning liabilities:

	As at June 30, 2018 C$'000	As at December 31, 2017 C$'000
Balance, beginning of the period	**2,172**	1,708
Change in estimate	**(42)**	(40)
Liabilities incurred	**—**	473
Accretion expense	**42**	31
Balance, end of the period	**2,172**	2,172
Which includes:		
Less than 1 year	**206**	205
After 1 year	**1,966**	1,967

As at June 30, 2018, the Company's decommissioning liabilities decreased by C$334 to C$2,171,814 compared to C$2,172,148 as at December 31, 2017.

The Company's Liability Management Rating ("**LMR**") with the Alberta Energy Regulator ("**AER**") was 36.45 as at August 4, 2018. The LMR reflects the results of a comparison of the Corporation's deemed assets to its deemed liabilities and is updated monthly. An LMR rating less than 1.0 would require the Company to pay a deposit to the AER.

Related Party Transactions

(a) Transactions with key personnel

Key management compensation for the six months ended June 30, 2018 totalled C$748,100 (June 30, 2017: C$1,349,110).

During the six months ended June 30, 2018, the Company incurred C$68,634 (June 30, 2017: C$105,735) of directors' compensation per the Phantom Unit Plan. As at June 30, 2018, the accrued compensation for independent non-executive directors per the Phantom Unit Plan was C$331,467 (December 31, 2017: C$262,833).

(b) Transactions with other related parties

There were no related party transactions during the six months ended June 30, 2018.

Off-Balance Sheet Transactions

Persta was not involved in any off-balance sheet transactions during the six months ended June 30, 2018 and 2017.

Pledged Assets

As disclosed in this report, all assets are pledged in support of the banking arrangements and there are no other pledges.

Commitments

Commitments and contingencies exist under various agreements and operations in the normal course of the Company's business. For a detailed discussion regarding the Company's commitments and contingencies, please refer to the Company's unaudited condensed interim financial statements and notes thereto for the six months ended June 30, 2018 and to the audited financial statements and notes thereto for the year ended December 31, 2017.

	Total	**Less than 1 year**	**1–3 years**	**4–5 years**	**After 5 years**
	C$'000	C$'000	C$'000	C$'000	C$'000
As at June 30, 2018					
Office premise lease	3,693	308	1,128	1,231	1,026
Lease of compressors	554	237	317	—	—
Transportation commitment	48,009	4,131	12,844	12,521	18,513
PSG facility	3,892	3,892	—	—	—
Total contractual obligations	56,148	8,568	14,289	13,752	19,539

Office premise lease:

— In June 2017, the Company entered into an office lease for a term starting from January 2018 to February 2025. The rent payable is as follow:

- January 1, 2018 to December 31, 2018, rent payable of C$17,098 per month
- January 1, 2019 to December 31, 2019, rent payable of C$34,197 per month
- January 1, 2020 to February 27, 2025, rent payable of C$51,295 per month

In addition, office premise lease costs will include an estimate of the Company's share of operating costs for its office premises for the duration of the lease term.

Lease of compressors:

— The Company entered into a lease agreement for a compressor and the lease term is from November 1, 2017 to October 31, 2020 requiring monthly lease payments of C$19,800.

Transportation Commitment:

— The Company entered into a take or pay firm service transportation agreement with committed transportation volumes as below:

Description	Volume (MMcf/d)	Effective date	Expiring date	Duration
Persta Existing FT-R with NGTL	8.00	2013-11-01	2021-10-31	8 years
Persta New FT-R with NGTL	102.00	2018-07-01	2026-06-30	8 years
Persta FT-R from ConocoPhillips — first agreement	7.24	2016-09-01	2018-08-31	2 years
Persta FT-R from ConocoPhillips — second agreement	3.40	2016-09-01	2018-04-30	1 year and 8 months

The firm service transportation agreements cover the period from November 1, 2013 to December 31, 2026 (the firm service fee varies and is subject to review by the counter-party on an annual basis). The amounts presented in the Commitments table above for the transportation service commitment fee is based on fixed transportation capacity as per these agreements and management's best estimate of future transportation charges.

The Company also entered into the following fixed price physical commodity contracts to forward sell natural gas during six months ended June 30, 2018:

Commodity	Term	Quantity	Price
Natural gas	January 1, 2018 to June 30, 2018	2,000 GJ/day	C$2.17 per GJ
Natural gas	January 1, 2018 to June 30, 2018	1,600 GJ/day	C$2.14 per GJ
Natural gas	January 1, 2018 to December 31, 2018	1,000 GJ/day	C$2.79 per GJ
Natural gas	January 1, 2018 to December 31, 2018	1,000 GJ/day	C$2.66 per GJ
Natural gas	January 1, 2018 to December 31, 2018	6,400 GJ/day	C$2.64 per GJ
Natural gas	July 1, 2018 to December 31, 2018	1,000 GJ/day	C$2.04 per GJ
Natural gas	January 1, 2019 to December 31, 2019	6,900 GJ/day	C$2.08 per GJ
Natural gas	January 1, 2020 to August 31, 2020	3,000 GJ/day	C$2.08 per GJ
Natural gas	January 1, 2020 to August 31, 2020	2,100 GJ/day	C$2.06 per GJ

Contingent Liabilities

As at the date of this interim report, the Company had no material contingent liabilities.

Events After the Reporting Period

There was no significant event after the Reporting Period (as defined on page 33 of this report) up to the date of this report.

Non-IFRS Financial Measures

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

Operating netback

	Six months ended June 30,		
	2018	2017	Change
	C$'000	C$'000	%
Revenue from crude oil and natural gas sales	**9,435**	12,170	(22.5)
Trading cost	**(226)**	—	N/A
Royalties	**(578)**	(1,807)	(68.0)
Operating costs	**(2,676)**	(3,273)	(18.2)
Operating netback	**5,955**	7,090	(16.0)

Adjusted EBITDA

	Six months ended June 30,		
	2018	2017	Change
	C$'000	C$'000	%
Revenue from crude oil and natural gas sales	**9,435**	12,170	(22.5)
Trading cost	**(226)**	—	N/A
Royalties	**(578)**	(1,807)	(68.0)
Operating costs	**(2,676)**	(3,273)	(18.2)
General and administrative costs	**(2,566)**	(3,123)	(17.8)
Other income	**13**	10	30.0
Adjusted EBITDA	**3,402**	3,977	(14.5)

The term "total debt" is not used by management in measuring performance but is used in the financial covenants under the Company's credit facility. Under the credit facility agreement, "total debt" is defined as the consolidated debt of the Company and including any liability.

Total debt[1]

	As at June 30, 2018 C$'000	As at December 31, 2017 C$'000	Change %
Long term debt[2]	**27,149**	22,197	22.3
Other liabilities	**3,652**	3,798	(3.8)
Letter of credit	**558**	558	0.0
Total debt	**31,359**	26,553	18.1

Notes:

(1) As defined in the Credit Agreement for the purposes of calculating financial based covenants.

(2) This amount only includes the actual drawdown from the credit facility.

Application of Critical Accounting Estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of IFRS accounting policies and reported amounts of assets and liabilities and income and expenses. Accordingly, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months are described in note 4 of the audited annual financial statements for the year ended December 31, 2017.

Changes in Accounting Policies

The Company's accounting policies are described in note 3 to the December 31, 2017 audited annual financial statements. Those accounting policies have been applied consistently to all periods presented in these interim condensed financial statements except as noted below.

IFRS 9 — Financial Instruments replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. As of January 1, 2018, the Company adopted all of the requirements of IFRS 9. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVTPL**"). The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 has introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have any impact on the financial statements of the Company, however there are additional required disclosures which have been included in note 20 to the unaudited interim financial information as contained in this report. Accounts receivable, accounts payable, accrued liabilities and long term debt are classified and measured at amortized cost. Risk management contracts are classified and measured at FVTPL. The Company does not have any asset contracts and debt investments measured at FVOCI.

IFRS 9 also contains a new hedge accounting model, however the Company does not apply hedge accounting to any of its risk management contracts. The adoption of IFRS 9 has been applied retrospectively and did not result in a change in the carrying value of any of the Company's financial instruments on the transition date.

IFRS 15 — Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company adopted the standard on January 1, 2018 using the modified retrospective approach. There were no changes to reported net earnings or retained earnings as a result of adopting IFRS 15. IFRS 15 requires additional disclosures to disclose disaggregated revenue by product type, refer to note 14.

Revenue from the sale of natural gas, natural gas liquids, condensate and crude oil (collectively "**product**") is recognized based on the consideration specified in contracts with customers and when control of the product transfers to the customer and collection is reasonably assured. The revenue is based on prices specified in the contract and the revenue is recognized when it transfers control of the product to a customer. The sales or transaction price of the Company's products to customers are made pursuant to contracts based on prevailing commodity pricing and adjusted by quality and equalization adjustments. The revenue is collected on the 25th day of the month following production.

IFRS 16 — Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (the "**lessee**") and the supplier (the "**lessor**") and replaces the previous leases standard, IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is in the early stages of evaluating the impact of IFRS 16 on its Financial Statements and the extent of the impact has not yet been determined.

Future Plans for Material Investments and Capital Assets

Save as disclosed in this report, the Company did not have other plans for material investments or capital assets as of the date of this report.

Significant Investments, Acquisitions and Disposals of Subsidiaries

Save as disclosed in this report, the Company has neither any other significant investments nor significant acquisitions and disposals of the relevant subsidiaries during the six months ended June 30, 2018.

Human Resources

The Company had 10 employees as of June 30, 2018 and December 31, 2017. The employees of the Company are employed under employment contracts which set out, among other things, their job scope and remuneration. Further details of their employment terms are set out in the employee handbook of the Company. The Company determines the employees' salaries based on their job nature, scope of duty, and individual performance. The Company also provides reimbursements, allowances for site visits and a discretionary annual bonus for the employees. For details, please refer to note 15 to the unaudited interim financial information as contained in this report.

Risk Factors

The business of resource exploration, development and extraction involves a high degree of risk. Material risks and uncertainties affecting the Company, their potential impact and the Company's principal risk management strategies are substantially unchanged from those disclosed in the Company's Annual Information Form ("**AIF**") for the year ended December 31, 2017. The AIF is available at www.sedar.com.

Disclosure Controls and Procedures

Mr. Le Bo, Chairman of the Board and Chief Executive Officer, and Mr. Jesse Meidl, Chief Financial Officer, have designed, or caused to be designed under their supervision, disclosure controls and procedures ("**DC&P**") to provide reasonable assurance that: (i) material information relating to the Company is made known to the Company's CEO and CFO by others, particularly during the period in which the annual and quarterly filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Internal Controls over Financial Reporting

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

No material changes in the Company's ICFR were identified during the six months ended June 30, 2018 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. It should be noted that a control system, including the Company's disclosure and internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud. In reaching a reasonable level of assurance, management necessarily is required to apply its judgment in evaluating the cost/benefit relationship of possible controls and procedures.

Dividends

The Company has not declared or paid any dividends during the six months ended June 30, 2018 (June 30, 2017: C$Nil).

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. The Board has adopted the principles and the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") to ensure that the Company's business activities and decision making processes are regulated in a proper and prudent manner.

Mr. Le Bo is the Chairman of the Board and Chief Executive Officer. Although this deviates from the practice under code provision A.2.1 of the CG Code, where it provides that the two positions should be held by two different individuals, as Mr. Bo has considerable experience in the enterprise operation and management of the Company, the Board believes that it is in the best interests of the Company and its shareholders as a whole to continue to have Mr. Bo as chairman of the Board so that it can benefit from his experience and capability in leading the Board in the long-term development of the Company. From a corporate governance point of view, the decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolize the decision-making of the Board. The Board considers that the balance of power between the Board and the management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action be taken should the need arise.

Save as disclosed above, for the six months ended June 30, 2018 (the "**Reporting Period**"), the Company has complied with the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding dealings in the securities of the Company by the directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all directors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Company during the Reporting Period.

Purchase, Sale or Redemption of Listed Securities of the Company

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

Review of the Interim Report

The Company established an audit and risk committee of the Company (the "**Audit and Risk Committee**") with written terms of reference in compliance with the CG Code. As at the date of this report, the Audit and Risk Committee comprises three independent non-executive directors, namely Mr. Bryan Daniel Pinney (chairman), Mr. Richard Dale Orman and Mr. Peter David Robertson.

The Audit and Risk Committee has reviewed the Company's interim report for the six months ended June 30, 2018 and has also discussed with management the internal control, the accounting principles and practices adopted by the Company. The Audit and Risk Committee is of the opinion that the interim report has been prepared in accordance with the applicable accounting standards, laws and regulations and the Listing Rules and that adequate disclosures have been made.

In addition, the Company's auditor, KPMG LLP, has performed an independent review of the Company's unaudited condensed interim financial statements for the six months ended June 30, 2018 in accordance with International Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Directors' and Chief Executive's Interests and Short Position in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at June 30, 2018, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares of the Company

Name of Director	Nature of Interest	Number and class of Shares	Approximate percentage of shareholding
Le Bo (Notes 1 and 3)	Beneficial owner, interest of spouse, interest in controlled corporation and parties acting in concert	187,290,164 (Long Position)	67.30%
Yuan Jing (Notes 2 and 3)	Beneficial owner, interest in controlled corporation and parties acting in concert	187,290,164 (Long Position)	67.30%

Notes:

1. Mr. Le Bo ("**Mr. Bo**") holds 440,000 common shares, equivalent to approximately 0.16% of the total issued common shares of the Company. He is the spouse of Ms. Jing Hou ("**Ms. Hou**") and is therefore deemed to be interested in 440,000 common shares held by Ms. Hou under the SFO. Mr. Bo is one of the trustees of The Bo Family Trust.

   Mr. Bo also holds 1,000 class D voting preferred shares in 1648557 Alberta Ltd. ("**164 Co**"), representing approximately 99.01% of the voting rights of 164 Co.

   Pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, Aspen Investment Holdings Ltd. ("**Aspen**"), Mr. Yuan Jing ("**Mr. Jing**"), Ji Lin Hong Yuan Trade Group Limited (吉林省弘原經貿集團有限公司) ("**JLHY**"), Mr. Bo, 164 Co and Changchun Liyuan Investment Co., Ltd. (長春市麗源投資有限公司) ("**Liyuan**") become parties acting in concert and therefore Mr. Bo is deemed to be interested in the common shares in which Aspen, Mr. Jing, JLHY, 164 Co and Liyuan are interested in under the SFO, which in aggregate represent approximately 67.30% of the total issued common shares of the Company.

2. Mr. Jing holds 427,332 common shares, equivalent to approximately 0.15% of the total issued common shares of the Company. Mr. Jing is also interested in 60% of the equity interest in JLHY.

   Pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, Aspen, Mr. Jing, JLHY, Mr. Bo, 164 Co and Liyuan become parties acting in concert and therefore Mr. Jing is deemed to be interested in the common shares in which Aspen, JLHY, Mr. Bo, 164 Co and Liyuan are interested in under the SFO, which in aggregate represent approximately 67.30% of the total issued common shares of the Company.

3. Aspen holds 185,982,832 common shares and is owned as to 41.09%, 39.69% and 19.22% by JLHY, 164 Co and Liyaun respectively. Pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, Aspen, Mr. Jing, JLHY, Mr. Bo, 164 Co and Liyuan become parties acting in concert and therefore Aspen is deemed to be interested in all the common shares in which Mr. Jing and Mr. Bo are interested in under the SFO, which in aggregate represent approximately 67.3% of the total issued common shares of the Company.

Interest in shares of the associated corporation of the Company

Name of Directors	Name of associated corporation	Capacity/Nature of interest	Long/Short position	Number of shares	Approximate % of issued share capital
Le Bo (Note 1)	Aspen	Interest in controlled corporation	Long position	36,907,603	39.69%
Yuan Jing (Note 2)	Aspen	Interest in controlled corporation	Long position	38,213,630	41.09%

Notes:

1. Mr. Bo holds 1,000 class D voting preferred shares in 164 Co, representing approximately 99.01% voting rights of 164 Co, which in turn holds 36,907,603 shares in Aspen representing approximately 39.69% of the total number of the issued shares of Aspen.

2. Mr. Jing holds 60% of JLHY which in turn holds 38,213,603 shares in Aspen representing approximately 41.09% of the total number of the issued shares of Aspen.

Save as disclosed above, as at June 30, 2018, none of the directors and the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at June 30, 2018, to the best knowledge of the directors, the following persons (not being a director or chief executive of the Company) had interests or short positions in the shares or underlying shares which are to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares	Approximate percentage of shareholding
Aspen (Notes 1 and 8)	Beneficial owner and parties acting in concert	187,290,164 (Long Position)	67.30%
JLHY (Notes 1 and 3)	Interest in controlled corporation and parties acting in concert	187,290,164 (Long Position)	67.30%
Jing Hou (Note 4)	Beneficial owner, interest of spouse and parties acting in concert	187,290,164 (Long Position)	67.30%
164 Co (Notes 1 and 5)	Interest in controlled corporation and parties acting in concert	187,290,164 (Long Position)	67.30%
Liyuan (Note 6)	Interest in controlled corporation and parties acting in concert	187,290,164 (Long Position)	67.30%
Guang Jing (Note 7)	Interest in controlled corporation	187,290,164 (Long Position)	67.30%

Notes:

1. Aspen holds 185,982,832 common shares and is owned as to approximately 41.09%, 39.69% and 19.22% by JLHY, 164 Co and Liyuan respectively. Pursuant to the Unanimous Shareholders Agreement and the First Supplemental Unanimous Shareholders Agreement, Aspen, Mr. Jing, JLHY, Mr. Bo, 164 Co and Liyuan became parties acting in concert and therefore Aspen is deemed to be interested in all the Common Shares in which Mr. Jing and Mr. Bo are interested in under the SFO, which in aggregate represent approximately 67.30% of the total number of the issued Common Shares of the Company.

2. Mr. Jing holds 427,332 common shares, equivalent to approximately 0.15% of the total issued common shares of the Company. Mr. Jing is also interested in 60% of the equity interest in JLHY.

   Pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, Mr. Jing is deemed to be interested in the common shares in which Aspen, JLHY, Mr. Bo, 164 Co and Liyuan are interested in under the SFO, which in aggregate represent approximately 67.30% of the total number of the issued common shares of the Company.

3. JLHY is held as to 60% by Mr. Jing and 40% by Guang Jing, Mr. Jing's brother. Pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, JLHY is deemed to be interested in all the common shares in which Aspen, Mr. Jing, Mr. Bo, 164 Co and Liyuan are interested in under the SFO, which in aggregate represent approximately 67.30% of the total number of the issued common shares of the Company.

4. Ms. Hou holds 440,000 common shares and is one of the trustees of The Bo Family Trust. She is the spouse of Mr. Bo and is therefore deemed to be interested in all the common shares in which Mr. Bo is interested in under the SFO.

5. Mr. Bo holds 1,000 class D voting preferred shares in 164 Co, representing approximately 99.01% voting rights of 164 Co. Pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, 164 Co is deemed to be interested in all the common shares in which Aspen, Mr. Jing, JLHY, Mr. Bo and Liyuan are interested in under the SFO, which in aggregate represent approximately 67.30% of the total number of the issued common shares of the Company.

6. JLHY, Zhou Li Mei and Jing Yue Li hold 98%, 1% and 1% of Liyuan respectively. In addition, pursuant to the unanimous shareholders agreement and the first supplemental unanimous shareholders agreement, Liyuan is deemed to be interested in all the common shares in which Aspen, Mr. Jing, JLHY, Mr. Bo and 164 Co are interested in under the SFO, which in aggregate represent approximately 67.30% of the total number of the issued common shares of the Company.

7. Guang Jing holds 40% of the equity interest in JLHY and is therefore deemed to be interested in all the common shares in which JLHY is interested in under the SFO.

8. Hammer Capital Private Investments Limited has interests in 185,982,832 common shares (approximately 66.83%) as security interests. Hammer Capital Private Investments Limited is controlled as to 50% by Mr. Cheung Siu Fai and as to 50% by Mr. Tsang Ling Kay Rodney. Mr. Cheung Siu Fai and Mr. Tsang Ling Kay Rodney are therefore deemed to have security interests in the underlying shares interested by Hammer Capital Private Investments Limited.

Save as disclosed above, and as at June 30, 2018, the directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Changes in the Board and the Director's Information

There were no changes in the Board during the six months ended June 30, 2018.

The change in the information of directors of the Company since the date of the Company's 2017 annual report is set out below:

Mr. Bryan Daniel Pinney, an independent non-executive director of the Company, serves as a director of TransAlta Corporation, a company listed on the Toronto Stock Exchange and New York Stock Exchange (TSE: TA & NYSE: TAC) since April 2018.

Save as disclosed above, the Company is not aware of other information which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Stock Option Plan

The Company has a stock option plan which was approved and adopted by the shareholders of the Company by ordinary resolution passed on June 8, 2018 ("**Stock Option Plan**"). No options were granted, exercised, cancelled by the Company or lapsed under the Stock Option Plan during the period from June 8, 2018 to June 30, 2018 and there were no outstanding options under the Stock Option Plan as at June 8, 2018 and up to the date of this interim report.

Continuing Disclosure Obligations Pursuant to the Listing Rules

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

Publication of Information

This interim report is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.persta.ca).

This report is prepared in both English and Chinese and in the event of inconsistency, the English text of this report shall prevail over the Chinese text.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at June 30, 2018
(Expressed in Canadian dollars)
Unaudited

	Note	As at June 30, 2018 C$	As at December 31, 2017 C$
ASSETS			
Current assets			
Cash and cash equivalents	4	8,580,713	2,363,183
Investments	5	—	3,333,500
Accounts receivable	6	1,040,808	1,813,992
Prepaid expenses and deposits		623,707	870,286
		10,245,228	8,380,961
Non-current assets			
Exploration and evaluation assets	7	43,705,172	40,065,106
Property, plant and equipment	8	59,487,904	62,645,297
		103,193,076	102,710,403
Total assets		113,438,304	111,091,364
LIABILITIES AND TOTAL EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	9	6,006,642	8,230,602
Current portion of long term debt	10	—	22,197,243
Decommissioning liabilities	11	205,836	205,429
		6,212,478	30,633,274
Non-current liabilities			
Other liabilities	12	3,651,928	3,798,280
Long term debt	10	27,149,035	—
Decommissioning liabilities	11	1,965,978	1,966,719
		32,766,941	5,764,999
Total liabilities		38,979,419	36,398,273
Total equity			
Share capital	13	204,366,683	204,366,683
Warrants	13	652,500	—
Accumulated deficit		(130,560,298)	(129,673,592)
Total equity		74,458,885	74,693,091
Total liabilities and total equity		113,438,304	111,091,364

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

The financial statements were approved and authorized for issue by the board of directors on September 20, 2018 and are signed on its behalf by:

Mr. Le Bo
Director

Mr. Yuan Jing
Director

CONDENSED INTERIM STATEMENT OF LOSS AND OTHER COMPREHENSIVE LOSS

For the six months ended June 30, 2018
(Expressed in Canadian dollars)
Unaudited

	Note	Six months ended June 30, 2018 C$	Six months ended June 30, 2017 C$
Production revenue from crude oil and natural gas sales	14	**8,913,957**	12,170,445
Royalties		**(578,353)**	(1,806,701)
		8,335,604	10,363,744
Trading revenue from natural gas sales	14	**521,018**	—
Trading cost from natural gas purchases		**(225,570)**	—
		295,448	—
Net revenue		**8,631,052**	10,363,744
Operating costs		**(2,676,325)**	(3,273,498)
General and administrative costs ("G&A cost")		**(2,565,997)**	(3,123,289)
Depletion and depreciation		**(3,163,571)**	(3,501,167)
Direct write-offs of exploration and evaluation assets		**—**	(273,969)
Direct write-offs of property, plant and equipment		**—**	(38,607)
Income from operations		**225,159**	153,214
Other income		**13,365**	10,030
Transaction costs		**—**	(3,003,350)
Finance expenses		**(1,125,230)**	(4,359,019)
Loss before income taxes		**(886,706)**	(7,199,125)
Income taxes	16	**—**	—
Loss and total comprehensive loss for the period attributable to owners of the Company		**(886,706)**	(7,199,125)
Loss per share	17		
Basic and diluted		**(0.00)**	(0.03)

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

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months ended June 30, 2018
(Expressed in Canadian dollars)
Unaudited

	Note	Share capital C$	Warrants C$	Accumulated deficit C$	Total equity C$
Balance as at January 1, 2017		169,247,367	—	(118,036,800)	51,210,567
Loss and total comprehensive loss for the period		—	—	(7,199,125)	(7,199,125)
New shares issued	13	38,131,133	—	—	38,131,133
Share issue costs	13	(3,011,817)	—	—	(3,011,817)
Balance as at June 30, 2017		204,366,683	—	(125,235,925)	79,130,758
Balance as at January 1, 2018		**204,366,683**	**—**	**(129,673,592)**	**74,693,091**
Warrants	13		**652,500**		**652,500**
Loss and total comprehensive loss for the period		**—**	**—**	**(886,706)**	**(886,706)**
Balance as at June 30, 2018		**204,366,683**	**652,500**	**(130,560,298)**	**(74,458,885)**

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS

For the six months ended June 30, 2018
(Expressed in Canadian dollars)
Unaudited

	Note	Six months ended June 30, 2018 C$	2017 C$
Operating activities			
Loss for the period		**(886,706)**	(7,199,125)
Adjustments for:			
Depletion and depreciation		**3,163,571**	3,501,167
Non-cash finance expenses		**101,648**	3,077,078
Unrealized foreign exchange (gain)/loss		**(10,519)**	262,430
Direct write-offs on exploration and evaluation assets		**—**	273,969
Direct write-offs on property, plant and equipment		**—**	38,607
Funds from operations		**2,367,994**	(45,874)
Changes in non-cash working capital	4	**460,778**	(167,848)
Net cash generated from/(used in) operating activities		**2,828,772**	(213,722)
Investing activities			
Expenditures on property, plant and equipment		**(40,468)**	(419,377)
Expenditures on exploration and evaluation assets		**(5,459,793)**	(1,615,677)
Investments	5	**3,333,500**	(3,333,500)
Net cash used in investing activities		**(2,166,761)**	(5,368,554)
Financing activities			
Proceeds from share issuance, net of issue cost		**—**	36,146,428
Proceeds from debt, net	10	**18,695,000**	—
Proceeds from warrants, net	13	**652,500**	—
Repayment of bank loan		**(13,802,500)**	(15,545,034)
Net cash generated from financing activities		**5,545,000**	20,601,394
Effect of exchange rate fluctuation on cash and cash equivalents		**10,519**	(262,430)
Increase in cash and cash equivalents		**6,217,530**	14,756,688
Cash and cash equivalents at the beginning of the period		**2,363,183**	3,966,154
Cash and cash equivalents at the end of the period		**8,580,713**	18,722,842
Supplementary information:			
Interest paid		**854,072**	879,636

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

1 Corporate Information

Persta Resources Inc. was incorporated in Calgary, Alberta, Canada under the Business Corporations Act (Alberta) in 2005. Persta is an exploration and development company pursuing petroleum and natural gas production in Alberta, Canada. The Company's registered office is located at 15th Floor, Bankers Court, 850-2nd Street SW, Calgary, Alberta T2P 0R8, Canada, and its head office is located at 3600, 888-3rd Street SW, Calgary, Alberta T2P 5C5, Canada.

Pursuant to an initial public offering on March 10, 2017, the Company's shares were listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and trade under the stock code of "3395". On April 10, 2017, the Company submitted an application to become a Canadian reporting issuer with the Alberta Securities Commission (the "**ASC**"). On December 14, 2017, the ASC issued an order that deems the Company to be a reporting issuer effective October 2, 2018, provided that Persta meets certain filing requirements of Alberta securities laws.

2 Basis of Preparation

These unaudited condensed interim financial statements have been prepared by management in accordance with International Accounting Standard ("**IAS**") 34, "Interim Financial Reporting". The Financial Statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended December 31, 2017. These unaudited condensed interim financial statements have been prepared following the same accounting policies as the annual audited financial statements for the year ended December 31, 2017 except as described in note 3 and should be read in conjunction with the annual audited financial statements and the notes thereto. The disclosures provided below are incremental to those included in the 2017 annual financial statements. These unaudited condensed interim financial statements were approved by the board of directors on September 20, 2018.

The financial statements are presented in Canadian dollars ("**C$**"), which is the Company's functional currency.

3 Significant Accounting Policies

The Company's accounting policies are described in note 3 to the December 31, 2017 audited annual financial statements. Those accounting policies have been applied consistently to all periods presented in the condensed interim financial statements except as noted below.

IFRS 9 — Financial Instruments replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. As of January 1, 2018, the Company adopted all of the requirements of IFRS 9. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVTPL**"). The previous IAS 39 categories of held to maturity, loans and receivables and available for sale are eliminated. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 has introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial recognition. The adoption of the expected credit loss impairment model did not have any impact on the financial statements of the Company, however there are additional required disclosures which have been included in note 20. Accounts receivable, accounts payable, accrued liabilities and long term debt are classified and measured at amortized cost. The Company does not have any asset contracts and debt investments measured at FVOCI.

IFRS 9 also contains a new hedge accounting model, however the Company does not apply hedge accounting to any of its risk management contracts. The adoption of IFRS 9 has been applied retrospectively and did not result in a change in the carrying value of any of the Company's financial instruments on the transition date.

(Expressed in Canadian dollars unless otherwise indicated)

3 Significant Accounting Policies (Continued)

IFRS 15 — Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018 with early adoption permitted. The Company adopted the standard on January 1, 2018 using the modified retrospective approach. There were no changes to reported net earnings or retained earnings as a result of adopting IFRS 15. IFRS 15 requires additional disclosures to disclose disaggregated revenue by product type, refer to note 14.

Revenue from the sale of natural gas, natural gas liquids, condensate and crude oil (collectively "**products**") is recognized based on the consideration specified in contracts with customers and when the control of the products are transferred to the customers and collection is reasonably assured. The revenue is based on prices specified in the contract and the revenue is recognized when it transfers control of the product to a customer. The sales or transaction price of the Company's products to customers are made pursuant to contracts based on prevailing commodity pricing and adjusted by quality and equalization adjustments. The revenue is collected on the 25th day of the month following production.

IFRS 16 — Leases sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("**lessee**") and the supplier ("**lessor**") and replaces the previous leases standard, IAS 17 Leases. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company is in the early stages of evaluating the impact of IFRS 16 on its financial statements and the extent of the impact has not yet been determined.

4 Cash and Cash Equivalents

(a) Cash and cash equivalents

	As at June 30, 2018 C$	As at December 31, 2017 C$
Deposits with banks and other financial institutions	**8,572,953**	2,358,542
Cash on hand	**7,760**	4,641
Cash and cash equivalents in the statement of financial position and statement of cash flows	**8,580,713**	2,363,183

(Expressed in Canadian dollars unless otherwise indicated)

4 Cash and Cash Equivalents (Continued)

(b) Supplementary cash flows information

	Six months ended June 30, 2018 C$	2017 C$
Changes in non-cash working capital:		
Accounts receivable	(773,184)	1,353,573
Prepaid expenses and deposits	(246,579)	91,201
Accounts payable and accrued liabilities and other liabilities	2,370,312	3,182,676
	1,350,549	4,627,450
Add: Movement in non-cash working capital directly included in investing and financing activities	(889,771)	(4,795,298)
Movement in non-cash working capital directly included in operating activities	460,778	(167,848)

5 Investments

	As at June 30, 2018 C$	As at December 31, 2017 C$
Short term investments	–	3,333,500

Prior to April 25, 2018, the Company held a Guaranteed Investment Certificate ("**GIC**") amounting to C$3,223,500 that was in place as a security against a C$3,223,500 irrevocable standby letter of credit for the construction of the necessary facilities related to the Company's Dismal Creek South Metering Station. This GIC was for a period of one year from the date of issuance on March 15, 2017, carried interest at 0.45% per annum, and was renewed for one year on the same terms expiring March 15, 2019. On May 7, 2018, the Company terminated this GIC receiving C$3,228,477 (interest included), as the Company obtained a performance services guarantee ("**PSG**") from Export Development Canada ("**EDC**") to guarantee qualifying letters of credit ("**L/C**"). Refer to note 20(e).

The Company also holds a GIC amounting to C$110,000 that is in place as a security against a C$110,000 irrevocable letter of credit for transportation services. This GIC is for a period of one year from the date of issuance on January 5, 2017, carried a 0.45% interest per annum and was renewed for one year on the same terms expiring January 5, 2019. On May 7, 2018, the Company terminated this GIC receiving C$110,323 (interest included), as the Company obtained a PSG from EDC to guarantee qualifying L/C. Refer to note 20(e). The irrevocable standby letter of credit expired on January 5, 2018 and was automatically extended for one year on January 5, 2018. The letter of credit will remain in place for the duration of the transportation services.

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

6 Accounts Receivable

	As at June 30, 2018 C$	As at December 31, 2017 C$
Trade receivables	**1,040,808**	1,813,992

(a) Aging analysis of trade receivables

As at June 30, 2018 and December 31, 2017, the aging analysis of trade receivables (included in accounts receivable), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	As at June 30, 2018 C$	As at December 31, 2017 C$
Within 1 month	**1,040,808**	1,798,983
1 to 3 months	**–**	144
Over 3 months	**–**	14,865
	1,040,808	1,813,992

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

(b) Impairment of accounts receivable

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Company determines that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly. No impairment loss has been recognized in respect of trade receivables for the six months ended June 30, 2018 and 2017.

No trade receivables, which are included in accounts receivable, are considered individually nor collectively to be impaired. No material balances of trade receivables are past due.

(Expressed in Canadian dollars unless otherwise indicated)

7 Exploration and evaluation assets

	As at June 30, 2018 C$	As at December 31, 2017 C$
Balance, beginning of period	**40,065,106**	14,562,811
Additions	**3,640,066**	26,402,980
Write-offs	**—**	(900,685)
Balance, end of period	**43,705,172**	40,065,106

Exploration and evaluation ("**E&E**") assets consist of undeveloped lands, unevaluated seismic data and unevaluated drilling and completion costs on the Company's exploration projects which are pending the determination of proven or probable reserves. Transfers are made to property, plant and equipment ("**PPE**") as proven or probable reserves are determined. E&E assets are expensed due to uneconomic drilling and completion activities and lease expiries.

During the six months ended June 30, 2018, the Company completed one well and incurred E&E costs totalling C$3,640,066 (June 30, 2017: C$4,378,936). Included in E&E additions are G&A costs of C$297,030 (June 30, 2017: C$330,580) which were capitalized in accordance with the Company's accounting policies. Based on the Company's accounting policy, once the technical feasibility and commercial viability of the extraction of resources in an area of interest are demonstrable based on technical data available to support the possible recovery of reserves, E&E assets attributable to that area are assessed for impairment with any impairment loss recognized in profit or loss. The remaining carrying value of the relevant E&E assets is then reclassified as development and production assets within PPE. At June 30, 2018, the technical feasibility and commercial viability of the four wells drilled in 2017 has not been demonstrated. During 2018, the Company anticipates completing extended production tests and evaluating development options for these wells which will assess the viability of the project.

For the six months ended June 30, 2018, there were no write-offs (June 30, 2017: C$273,969) of E&E assets attributable to land lease expiries. As at June 30, 2018, the Company concluded that there were no triggers for impairment on its E&E assets.

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

8 Property, plant and equipment

	Cost C$	Accumulated depletion and depreciation C$	Net book value C$
Balance, January 1, 2017	152,091,843	(83,803,018)	68,288,825
Additions	2,315,400	—	2,315,400
Change in decommissioning obligations	433,146	—	433,146
Write-offs	(2,212,697)	—	(2,212,697)
Depletion and depreciation	—	(6,179,377)	(6,179,377)
Balance, December 31, 2017	152,627,692	(89,982,395)	62,645,297
Balance, January 1, 2018	**152,627,692**	**(89,982,395)**	**62,645,297**
Additions	**48,868**	**—**	**48,868**
Change in decommissioning obligations	**(42,690)**	**—**	**(42,690)**
Depletion and depreciation	**—**	**(3,163,571)**	**(3,163,571)**
Balance, June 30, 2018	**152,633,870**	**(93,145,966)**	**59,487,904**

Substantially all of PP&E consists of development and production assets. Included in PP&E additions for the six months ended June 30, 2018 are G&A costs of C$2,228 (June 30, 2017: Nil) which were capitalized in accordance with the Company's accounting policies.

Depletion, depreciation and impairment charges

Depletion and depreciation, impairment of PP&E, and any reversal thereof, are recognized as separate line items in the condensed interim statement of loss and other comprehensive loss. The depletion calculation for the six months ended June 30, 2018, includes estimated future development costs of C$24,380,000 (June 30, 2017: C$25,871,000) associated with the development of the Company's proved plus probable reserves.

For the six months ended June 30, 2018, there were no write-offs (June 30, 2017: C$38,607) of PP&E attributable to land lease expiries.

There were no indicators of impairment identified at June 30, 2018.

(Expressed in Canadian dollars unless otherwise indicated)

9 Accounts Payable and Accrued Liabilities

	As at June 30, 2018 C$	As at December 31, 2017 C$
Trade payables	**358,358**	182,386
Accrued liabilities	**926,911**	2,679,869
Accrued compensation for independent non-executive directors per Phantom Unit Plan(Note)	**331,467**	262,833
Subtotal	**1,616,736**	3,125,088
Other payables	**4,389,906**	5,105,514
Total	**6,006,642**	8,230,602

Note: The accrued compensation for independent non-executive directors per Phantom Unit Plan will be accrued quarterly and paid in accordance with the terms set out in the Phantom Unit Plan as set out in the Company's prospectus dated February 28, 2017.

As at June 30, 2018, there were C$3,447,085 of unpaid capital expenditures included in other payables (December 31, 2017: C$4,362,647).

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

Aging analysis of trade payables and accrued liabilities

As at June 30, 2018 and December 31, 2017, the aging analysis of trade payables and accrued liabilities (included in accounts payable and accrued liabilities), is as follows:

	As at June 30, 2018 C$	As at December 31, 2017 C$
Within 1 month	**314,009**	1,226,481
1 to 3 months	**971,260**	1,635,774
Over 3 months but within 6 months	**–**	–
	1,285,269	2,862,255

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

10 Long term debt

	As at June 30, 2018 C$	As at December 31, 2017 C$
Bank loan	8,397,243	22,197,243
Subordinated debt	20,000,000	—
Less: Deferred financing costs	(1,248,208)	—
Balance, end of period	27,149,035	22,197,243
Current	—	22,197,243
Long term	27,149,035	—

On August 24, 2017, the Company and its lender ("**Lender**") agreed to early termination of its existing facility and then entered into a new facility ("**New Facility**"). A financing fee totaling C$4.3 million has been paid to the Lender upon termination of the old facility and it has been recognized under finance expenses.

The maximum debt available under the New Facility is C$100 million, maturing on September 22, 2020 (36 months) from closing, and is subject to a semi-annual review of the borrowing base by the Lender. The initial New Facility draw was capped at C$24 million, and reduced to C$18.5 million during the period. With the closing of the SubDebt (as defined below), the New Facility is capped at C$10 million until the Company has repaid the SubDebt in full.

The New Facility carries interest of 4% plus one month Canadian Dealer Offered Rate ("**CDOR**" means the arithmetic average of the yields to maturity for bankers' acceptances quoted on the Reuter's Canadian Deposit Offered Rate) calculated on a 365 day basis on drawn amounts and payable in cash on a monthly basis in arrears and a commitment fee equal to 1% per annum will be payable on all amounts committed but undrawn, payable quarterly in arrears. As at June 30, 2018, the applicable effective interest rate on the New Facility was 5.7%.

The New Facility is secured by fixed and floating first priority perfected security interests in the properties and all assets, tangible and intangible, owned by the Company and thereafter acquired by the Company, including, but not limited to, all real and personal property, goods, accounts, contract rights, assignable licenses and assignable permits.

The New Facility is subject to the following financial covenants: (a) maintenance at the end of each fiscal quarter a working capital ratio not less than 1.0:1.0; and (b) as measured at the end of each fiscal quarter, total debt to adjusted EBITDA not exceeding 3.0/1.0 through the fiscal quarter ending September 30, 2018 and 2.5/1.0 thereafter (Total debt and EBITDA as defined in the loan agreement). The Company was in compliance with these covenants as at June 30, 2018.

10 Long term debt (Continued)

Under the New Facility agreement "total debt" is defined as the consolidated debt of the Company and including any liability; and "adjusted EBITDA" is defined as earnings before deduction of finance expenses, income taxes, depletion and depreciation, write-offs, transaction costs and share-based compensation. With the closing of the SubDebt (as defined below), "total debt" is defined as the consolidated debt of the Company, including any liability and excluding debt defined as other liabilities (as defined under note 15 in the Company's audited financial statements for the year ended December 31, 2017).

The principal and all accrued and unpaid interest and fees are due on the maturity date or in accordance with the terms of the New Facility. The Company maintains C$558,000 of letters of credit, as at June 30, 2018 (December 31, 2017: C$558,000) for transportation services in relation to the New Facility.

On May 16, 2018, the Company completed a subordinated debt ("**SubDebt**") financing with an arms length lender ("**SubLender**") totaling C$25 million. The SubDebt has a term of 60 months, and bears interest at 12% per annum, compounded and payable monthly. The Company has the option to prepay as follows: (i) after 12 months, the right to prepay C$10 million subject to a prepayment fee of 1% of the amount prepaid; and (ii) after 18 and up to 36 months, the right to prepay any SubDebt amount outstanding in tranches of C$5 million, subject to a prepayment fee of 3% of the amount prepaid; and (iii) after 37 months, the right to prepay any SubDebt amount outstanding in tranches of C$5 million, subject to a prepayment fee of 1% of the amount prepaid. An exit fee of $0.725 million is payable when the SubDebt facility is repaid or at maturity on May 16, 2023.

The SubDebt is secured by a general security agreement over all present and after-acquired property of the Company subject to the fixed and floating first priority held by the Lender. The SubDebt is subject to the following covenants: (a) maintenance at the end of each fiscal quarter a working capital ratio not less than 1.0:1.0; and (b) as measured at the end of each fiscal quarter, net debt to run rate EBITDA not exceeding 4.0/1.0 through the fiscal quarter ending March 2019, and 3.0/1.0 through the fiscal quarter ending March 31, 2020 and 2.5/1.0 thereafter; and (c) net debt to total proved reserves not exceeding 0.75/1.0 through the fiscal quarter ending March 31, 2019, and not exceeding 0.60/1.0 thereafter; and (d) maintaining the Company's Alberta Energy liability management ratio above 2.0/1.0. The Company was in compliance with these covenants as at June 30, 2018.

Under the terms of the SubDebt agreement, "net debt" is defined as the consolidated debt of the Company, less cash held, and excluding debt defined as other liabilities (as defined under note 15 in the Company's audited financial statements for the year ended December 31, 2017). Under the terms of the SubDebt agreement, "run rate EBITDA" is defined as the annualized earnings before deduction of finance expenses, income taxes, depletion and depreciation, write-offs, unrealized hedging gains/losses and share-based compensation for the two most recent fiscal quarters, annualized.

In connection with the SubDebt, the Company sold 8 million share purchase warrants to the SubLender for C$750,000, refer to note 13(c) for additional disclosures.

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

10 Long term debt (Continued)

The Company completed an initial draw of C$20.0 million from the SubDebt at closing. C$9.5 million was paid to the Lender, bringing the New Facility debt down to approximately C$8.5 million. The remaining funds are to be used for working capital and general corporate purposes. After the initial draw, the Company has C$5.0 million available, which may be drawn before November 16, 2018. If the remaining funds are not drawn by November 16, 2018, the maximum amount available pursuant to the SubDebt will be C$20.0 million. C$1.25 million in costs have been incurred in relation to the SubDebt and such amounts have been paid to the SubLender. These costs have been capitalised in long term debt and amortised until the maturity of the SubDebt.

Pursuant to the SubDebt Agreement, no later than September 30 in each year, the Company must enter into arrangements to protect against fluctuations in commodity prices for 80% of its forecast production volume from proved Developed Producing Reserves. At any time, the SubLender may require the Company to enter into additional commodity price management contracts.

11 Decommissioning Liabilities

The total future decommissioning obligations were estimated based on the Company's net ownership interest in petroleum and natural gas assets including well sites, gathering systems and facilities, the estimated costs to abandon and reclaim the petroleum and natural gas assets and the estimated timing of the costs to be incurred in future periods. As at June 30, 2018, the Company estimated the total undiscounted amount of cash flows required to settle its decommissioning obligations to be approximately C$3.0 million which will be incurred between 2018 and 2062. The majority of these costs will be incurred by 2037. As at June 30, 2018, an average risk free rate of 1.93% (December 31, 2017: 1.87%) and an inflation rate of 2% (December 31, 2017: 2%) were used to calculate the decommissioning obligations.

The following reconciles the Company's decommissioning liabilities:

	As at June 30, 2018 C$	As at December 31, 2017 C$
Balance, beginning of period	**2,172,148**	1,708,047
Change in estimate	**(42,690)**	(39,853)
Liabilities incurred	**—**	472,999
Accretion expense	**42,356**	30,955
Balance, end of period	**2,171,814**	2,172,148
Current	**205,836**	205,429
Long-term	**1,965,978**	1,966,719

(Expressed in Canadian dollars unless otherwise indicated)

12 Other Liabilities

	As at June 30, 2018 C$	As at December 31, 2017 C$
Other liabilities	**3,651,928**	3,798,280

During the year ended December 31, 2017, the Company entered into the Master Turnkey Drilling and Completion Contract (the "**Contract**") with an arm's length private company. Based on the Contract, the Company shall pay the invoices either within 90 days from the date of the invoice, or by installments as follows: (i) 15% due 6 months from date of invoice, (ii) 35% due 12 months from date of invoice and (iii) 50% due 24 months from the date of invoice. Any invoice balance outstanding for more than 90 days will bear interest at 4.24% per annum, calculated annually and prorated for the number of months outstanding with no compounding. The outstanding balances are unsecured. The Company has committed to use the services of the private company to drill and complete a minimum of five wells or certain penalties would be incurred should the Company fail to do so.

During the six months ended June 30, 2018, the Company completed one well per the Contract and has incurred total capital expenditure of C$6,793,794. In accordance with the payment terms, the Company has accrued C$3,396,897 (50%) in current liabilities with the remaining C$3,396,897 (50%) as other liabilities.

13 Share Capital

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares.

(b) Issued:

	Common Shares Number	Common Shares Amount C$
At January 1, 2017	208,706,520	169,247,367
Shares issued for cash	69,580,000	38,131,133
Share issue costs	—	(3,011,817)
At December 31, 2017	278,286,520	204,366,683
At January 1 and June 30, 2018	**278,286,520**	**204,366,683**

13 Share Capital (Continued)

(b) Issued: (Continued)

There were no share capital transactions during the six months ended June 30, 2018.

During the year ended December 31, 2017, the Company conducted the following transactions:

(i) On March 10, 2017, the Company was successfully listed on the Stock Exchange and issued 69,580,000 new shares at a price of HK$3.16 per share (C$0.55 per share), raising gross proceeds of HK$219,872,800 (C$38,131,133). The costs associated with the issuance of new shares amounted to C$3,011,817 (initially recorded as deferred financing cost on the Statement of Financial Position and were reclassified against share capital upon issuance of the new shares in March 2017) and therefore the net amount recorded as share capital was C$35,119,316.

(c) Warrants:

On May 16, 2018, the Company conditionally sold 8.0 million warrants to the SubLender for C$750,000. The warrants were conditional on approval from the Stock Exchange and the Company's shareholders, which were obtained on August 13, 2018 through a special meeting of shareholders.

The warrants have an exercise price of HK$3.16 per warrant and a term of 5 years. The fair value of these warrants was estimated to be C$750,000 using the Black-Scholes pricing model based on a volatility of 60%, risk-free interest rate of 2.12%, expected life of 5 years, no dividend yield and an exchange rate of 0.165 HK$ per C$. As at June 30, 2018, C$97,500 in costs were incurred for the sale of the warrants.

14 Revenue

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

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

(Expressed in Canadian dollars unless otherwise indicated)

14 Revenue (Continued)

The amount of each significant category of revenue recognized for the six months ended June 30, 2018 and 2017 is as follows:

	Six months ended June 30,	
	2018	2017
	C$	C$
Production revenue from natural gas, natural gas liquids and condensate sales	**7,899,919**	11,494,634
Production revenue from crude oil sales	**1,014,038**	675,811
	8,913,957	12,170,445
Trading revenue from natural gas sales	**521,018**	—

15 Personnel Costs and Remuneration Policy

Personnel costs incurred during the six months ended June 30, 2018 and 2017 were as follows:

	Six months ended June 30,	
	2018	2017
	C$	C$
Personnel costs		
Salaries, wages and other benefits	**1,022,971**	1,594,360
Retirement benefits contribution	**28,323**	24,322
	1,051,294	1,618,682

The Company's remuneration and bonus policies are determined by the performance of individual employees.

The emolument of the executives are recommended by the Remuneration Committee of the Company, having regard to the Company's operating results, the executives' duties and responsibilities within the Company and comparable market statistics.

(Expressed in Canadian dollars unless otherwise indicated)

15 Personnel Costs and Remuneration Policy (Continued)

Phantom Unit Plan for independent non-executive directors

The Company has in place a Phantom Unit Plan for its independent non-executive directors effective March 10, 2017 and applied retrospectively started from February 26, 2016. In order for the eligible directors to receive phantom units, they need to complete a participation form prior to the commencement of each fee period (i.e. twelve-month period commencing January 1 and ending on December 31). Since 2016, each eligible Director agreed in writing to receive 60% of their fees (i.e. the designated percentage) relating to future services as a director in the form of phantom units under the Phantom Unit Plan, and the eligible directors have agreed to receive C$15,000 quarterly under the Phantom Unit Plan (the "**Phantom Fee**").

Under the terms of the plan, the Company calculates the Phantom Units dividing the Phantom Fee by the weighted average-trading price of the Company's common shares for the 5 days preceding each quarter end multiplied by the number of Phantom Units awarded during the quarter. For the six months ended June 30, 2018, total compensation accrued for each director under the Phantom Unit Plan is based on the total number of units awarded in the preceding quarters multiplied by the weighted average-trading price of the Company's common shares for the 5 days preceding the period end.

During the six months ended June 30, 2018, the Company incurred C$68,634 (June 30, 2017: C$105,735) of directors' compensation per the Phantom Unit Plan. As at June 30, 2018, the accrued compensation for independent non-executive directors per the Phantom Unit Plan was C$331,467 (December 31, 2017: C$262,833).

16 Income Taxes

The provision for income taxes differs from the result that would have been obtained by applying the combined federal and provincial tax rates to the loss before income taxes. The difference results from the following items.

	Six months ended June 30,	
	2018	2017
	C$	C$
Loss before income taxes	**(886,706)**	(7,199,125)
Combined Federal and Provincial tax rate	**27%**	27%
Expected tax benefit	**(239,411)**	(1,943,764)
Increase/(decrease) in taxes resulting from:		
— Non-deductible expenses	**1,282**	398
— Change in unrecognized deferred tax assets	**233,344**	1,943,617
— Change in enacted tax rate and others	**4,785**	(251)
Income tax expense	**—**	—

During the six months ended June 30, 2018, the blended statutory tax rate was 27% (June 30, 2017: 27%).

(Expressed in Canadian dollars unless otherwise indicated)

16 Income Taxes (Continued)

The components of unrecognized deferred tax assets are as follows:

	Six months ended June 30, 2018 C$	Year ended December 31, 2017 C$
Deferred tax assets have not been recognized in respect of the following temporary differences:		
PP&E and E&E	**24,305,109**	18,412,877
Decommissioning liabilities	**2,171,814**	2,172,148
Share issue costs	**5,638,116**	12,425,390
Non-capital losses and other	**9,004,683**	4,233,255
Total	**41,119,722**	37,243,670

At June 30, 2018, the Company has approximately C$143 million of tax deductions, which include loss carry forwards of approximately C$8 million that will expire in 2037.

17 Loss per Share

The calculation of basic loss per share is based on the loss and total comprehensive loss of C$886,706 and C$7,199,125 for the six months ended June 30, 2018 and 2017 respectively and is calculated as follows:

	Six months ended June 30,	
	2018 Number of shares	2017 Number of shares
Weighted average number of common shares		
At the beginning of the period	**278,286,520**	208,706,520
Effect of new shares issued	**–**	43,439,448
At the end of the period	**278,286,520**	252,145,968
	C$	C$
Loss and total comprehensive loss for the period	**(886,706)**	(7,199,125)
Loss per share		
Basic and diluted	**(0.00)**	(0.03)

There were no dilutive potential common shares for the six months ended June 30, 2018 and 2017 due to the loss and therefore, diluted loss per share is the same as basic loss per share.

18 Dividend

The Board did not approve the payment of a dividend for the six months ended June 30, 2018 and 2017.

19 Related Party Transactions

(a) Transactions with key management personnel

Key management compensation for the six months ended June 30, 2018 totaled C$748,100 (June 30, 2017: C$1,349,110).

During the six months ended June 30, 2018, the Company incurred C$68,634 (June 30, 2017: C$105,735) of directors' compensation per the Phantom Unit Plan. As at June 30, 2018, the accrued compensation for independent non-executive directors per the Phantom Unit Plan was C$331,467 (December 31, 2017: C$262,833).

(b) Transactions with other related parties

There were no related party transactions during the six months ended June 30, 2018.

20 Financial Instruments and Risk Management

Overview

The Company has exposure to credit risk, liquidity and market risk from its use of financial instruments. This note presents information about the Company's exposure to each of the risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from purchasers of the Company's crude oil and natural gas, and joint venture partners and the counterparties to financial derivative contracts. As at June 30, 2018, the Company's accounts receivables consisted of C$1,040,808 (December 31, 2017: C$1,813,992) due from purchasers of the Company's crude oil and natural gas and C$nil (December 31, 2017: C$nil) of other receivables.

Receivables from purchasers of the Company's crude oil and natural gas when outstanding are normally collected on the 25th day of the month following production. The carrying amount of accounts receivable and cash balances represents the maximum credit exposure. The Company has determined that no allowance for doubtful accounts was necessary as at June 30, 2018. The Company has also not written off any receivables during the six months ended June 30, 2018 as accounts receivables were subsequently collected in full. There are no material financial assets that the Company considers past due and at risk of collection. As at June 30, 2018, C$1,040,808 (December 31, 2017: C$1,799,127) of the trade receivables are less than 90 days old.

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

20 Financial Instruments and Risk Management (Continued)

Overview (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company will attempt to match its payment cycle with collection of crude oil and natural gas revenues on the 25th of each month.

The current challenging economic climate may lead to adverse changes in cash flow, working capital levels or debt balances, which may also have a direct impact on the Company's results and financial position. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate profits in the future.

The following are the contractual maturities of financial liabilities:

	As at June 30, 2018			
	Total C$	**Less than 1 year C$**	**1–3 years C$**	**3–5 years C$**
Accounts payable and accrued liabilities	**6,006,642**	**6,006,642**	**—**	**—**
Other liabilities	**3,651,928**	**—**	**3,651,928**	**—**
Long term debt	**27,149,035**	**—**	**8,397,243**	**18,751,792**
Total	**36,807,605**	**6,006,642**	**12,049,171**	**18,751,792**

	As at December 31, 2017			
	Total C$	Less than 1 year C$	1–3 years C$	3–5 years C$
Accounts payable and accrued liabilities	8,230,602	8,230,602	—	—
Other liabilities	3,798,280	—	3,798,280	—
Long term debt	22,197,243	22,197,243	—	—
Total	34,226,125	30,427,845	3,798,280	—

20 Financial Instruments and Risk Management (Continued)

Overview (Continued)

(c) Market risk

Market risk is the risk that changes in market metrics, such as commodity prices, foreign exchange rates and interest rates that will affect the Company's valuation of financial instruments, the debt levels of the Company, as well as its profit and cash flow from operations. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for crude oil and natural gas are impacted by not only the relationship between the Canadian and United States dollar but also world economic events that dictate the levels of supply and demand. The Company may utilize commodity contracts as a risk management technique to mitigate exposure to commodity price volatility.

The Company did not enter into any financial derivatives during the six months ended June 30, 2018 and 2017.

Interest rate risk

As at June 30, 2018, the Company was exposed to changes in interest rates with respect to its bank loans. As at June 30, 2018, a one percent change in the prevailing interest rate for its bank loans would result in an estimated change to net loss of C$83,972 for the six months ended June 30, 2018 (June 30, 2017: C$229,667), as a results of changes in interest expenses from variable rate borrowings under its Senior Facility.

Foreign currency risk

The Company manages foreign exchange risk by monitoring foreign exchange rates and evaluating their effects on using Canadian or Hong Kong vendors as well as timing of transactions. The Company recognizes a foreign exchange gain/loss based on the revaluation of monetary items held in Hong Kong Dollars and the value changes with the fluctuation in the HKD/CAD exchange rates. As at June 30, 2018, the Company held HK$0.47 million (C$0.08 million base on HKD/CAD exchange rate at the same date). Changes in the HKD/CAD foreign exchange rate of more than 10% would not materially change the Company's Financial Statements.

(Expressed in Canadian dollars unless otherwise indicated)

20 Financial Instruments and Risk Management (Continued)

Overview (Continued)

(d) Capital management

The Company's general policy is to maintain an appropriate capital base in order to manage its business in the most effective manner with the goal of increasing the value of its assets and thus its underlying share value. The Company's objectives when managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations; to maintain a capital structure that allows the Company to favor the financing of its growth strategy using internally-generated cash flow and its debt capacity; and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying crude oil and natural gas assets. The Company considers its capital structure to include shareholders' equity, bank debt, subordinated debt, other liabilities and working capital. To assess capital and operating efficiency and financial strength, the Company continually monitors its net debt.

The Company has not paid nor declared any dividends since its inception.

The following represents the capital structure of the Company:

	As at June 30, 2018 C$	As at December 31, 2017 C$
Long term debt	**27,149,035**	22,197,243
Other liabilities	**3,651,928**	3,798,280
Net working capital (surplus)/deficit (Note 1)	**(4,032,750)**	55,070
Net debt	**26,768,213**	26,050,593
Shareholders' equity	**74,458,885**	74,693,091
Total capital	**101,227,098**	100,743,684

Note 1: The bank loan in current liability was excluded in net working capital (surplus)/deficit calculation to avoid duplicate.

(Expressed in Canadian dollars unless otherwise indicated)

20 Financial Instruments and Risk Management (Continued)

(e) Performance services guarantee facility

On April 25, 2018, the Company obtained a PSG from EDC totaling C$4.4 million. Under the terms of the PSG facility, EDC will guarantee qualifying L/C on behalf of the Company. Previously, these L/C's were cash collateralized, following approval by EDC the requirement of the Company to hold cash to underwrite the L/C is relieved for the duration of the PSG approval. Under the terms of the PSG facility, the L/C guarantee period is the lessor of one year or the term of the L/C if less than 12 months. The guarantee can be renewed annually for long term L/C's subject to subsequent approval by the EDC. At June 30, 2018, the Company has PSG coverage for the following L/C's:

Amount	Expiry
C$3,223,500	March 15, 2019
C$110,000	January 5, 2019
C$294,000	May 29, 2019
C$264,000	May 29, 2019

For the six months ended June 30, 2018, the Company incurred fees totaling C$70,000 in relation to the PSG facility.

21 Commitments

Commitments and contingencies exist under various agreements and operations in the normal course of the Company's business.

	Total C$	Less than 1 year C$	1–3 years C$	4–5 years C$	After 5 years C$
As at June 30, 2018					
Office premise lease	3,693,240	307,770	1,128,490	1,231,080	1,025,900
Lease of compressors	554,400	237,600	316,800	—	—
Transportation commitment	48,009,278	4,130,718	12,844,191	12,521,140	18,513,229
PSG facility	3,891,500	3,891,500	—	—	—
Total contractual obligations	56,148,418	8,567,588	14,289,481	13,752,220	19,539,129

(Expressed in Canadian dollars unless otherwise indicated)

21 Commitments (Continued)

Office premise lease:

— In June 2017, the Company entered into an office lease for a term starting January 2018 to February 2025. The rent payable is as follow:

- January 1, 2018, to December 31, 2018: rent payable of C$17,098 per month;
- January 1, 2019, to December 31, 2019: rent payable of C$34,197 per month; and
- January 1, 2020, to February 27, 2025: rent payable of C$51,295 per month.

Office premise lease costs include an estimate of the Company's share of operating costs for its office premises for the duration of the lease term.

Lease of compressors:

— The Company entered into a lease agreement for a compressor and the lease term is from November 1, 2017 to October 31, 2020 requiring monthly lease payments of C$19,800.

Transportation Commitment:

The Company entered into a take or pay firm service transportation agreement with committed transportation volumes as below:

Description	Volume (MMcf/d)	Effective date	Expiring date	Duration
Persta Existing FT-R with NGTL	8.00	2013–11–01	2021–10–31	8 years
Persta New FT-R with NGTL	102.00	2018–07–01	2026–06–30	8 years
Persta FT-R from ConocoPhillips — first agreement	7.24	2016–09–01	2018–08–31	2 years
Persta FT-R from ConocoPhillips — second agreement	3.40	2016–09–01	2018–04–30	1 year and 8 months

The firm service transportation agreements cover the period from November 1, 2013 to December 31, 2026 (the firm service fee varies and is subject to review by the counter-party on an annual basis). The amounts presented in the Commitments table above for the transportation service commitment fee is based on fixed transportation capacity as per these agreements and management's best estimate of future transportation charges.

For the six months ended June 30, 2018
(Expressed in Canadian dollars unless otherwise indicated)
Unaudited

21 Commitments (Continued)

The Company also entered into the following fixed price physical commodity contracts to forward sell natural gas during the six months ended June 30, 2018:

Commodity	Term	Quantity	Price
Natural gas	January 1, 2018 to June 30, 2018	2,000 GJ/day	C$2.17 per GJ
Natural gas	January 1, 2018 to June 30, 2018	1,600 GJ/day	C$2.14 per GJ
Natural gas	January 1, 2018 to December 31, 2018	1,000 GJ/day	C$2.79 per GJ
Natural gas	January 1, 2018 to December 31, 2018	1,000 GJ/day	C$2.66 per GJ
Natural gas	January 1, 2018 to December 31, 2018	6,400 GJ/day	C$2.64 per GJ
Natural gas	July 1, 2018 to December 31, 2018	1,000 GJ/day	C$2.04 per GJ
Natural gas	January 1, 2019 to December 31, 2019	6,900 GJ/day	C$2.08 per GJ
Natural gas	January 1, 2020 to August 31, 2020	3,000 GJ/day	C$2.08 per GJ
Natural gas	January 1, 2020 to August 31, 2020	2,100 GJ/day	C$2.06 per GJ

22 Events After the Reporting Period

There was no significant event after the Reporting Period up to the date of these unaudited condensed interim financial statements.