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JX Energy Ltd.

(吉星新能源有限責任公司)*

(incorporated under the laws of Alberta with limited liability)

(Stock Code: 3395)

DISCLOSABLE TRANSACTION GRANTING OF CONVERTIBLE LOAN

GRANTING OF CONVERTIBLE LOAN

The Board announced that on 24 July 2024 (after trading hours), the Company entered into the Convertible Debt Agreement (the “**Loan**”) with the Lender, an unrelated third party, pursuant to which the Lender has agreed to grant the Loan to the Company in the amount of USD\$1,600,000.00 (equivalent to approximately HK\$12.49 million or C\$2.18 million).

LISTING RULES IMPLICATIONS

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

CONVERTIBLE LOAN

On 24 July 2024 (after trading hours), the Lender and the Company entered into the Convertible Loan Agreement in relation to the provision of the Loan to the Company.

The principal terms and conditions of the Convertible Loan Agreement are set out below:

CONVERTIBLE LOAN AGREEMENT

Date: 24 July 2024 (after trading hours)

Parties

- (1) The Company, as the borrower; and
- (2) The Lender, as the lender.

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

Principal of the Loan:	USD\$1,600,000.00
Term:	1 year from the Effective Date
Interest Rate:	12% per annum
Permitted Use:	The Borrower shall use the principal of the Loan for working capital
Interest Payment:	The Borrower shall make monthly payments of prorated interest, on the last day of the month, commencing on the first month ending after the Effective Date
Principal Repayment:	At the Borrower's discretion, the principal amount (plus any accrued and unpaid interest thereon), can be paid in: (a) Cash (b) Fully paid and non-assessable Common Shares of the Company, denominated in HK\$ at a deemed price of HK\$0.20 per Common Share (c) A combination of (a) and (b) above
Security:	The Loan is unsecured

The terms of the Loan, including the interest rate and conversion to Common Shares, were agreed by the Lender and the Borrower after arm's length negotiations and having taken into account prevailing market conditions.

The deemed price of HK\$0.20 per Common Share represents: (i) a premium of approximately 9.5% over the closing price of HK\$0.1810 per Common Share as quoted on the Stock Exchange on 15 July 2024 (being the Effective Date of the Convertible Loan Agreement); (ii) a premium of approximately 10.0% over the closing price of HK\$0.1800 per Common Share as quoted on the Stock Exchange on 24 July 2024 (being the Execution Date of the Convertible Loan Agreement) (the “**Last Trading Day**”); (iii) a premium of approximately 9.9% over the average closing price of HK\$0.1802 per Common Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 9.7% over the average closing price of HK\$0.1806 per Common Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

On the assumption that the Loan would be converted into Common Shares in full at the deemed price of HK\$0.20 per Common Share, the aggregate principal amount of the Loan of USD\$1,600,000.00 is convertible into approximately 62,548,866 Common Shares, which represent approximately 12.0% of the issued share capital of the Company as at the date of this announcement and approximately 10.7% of the issued share capital of the Company as enlarged by the allotment and issue of the aforesaid Common Shares (without taking into account any Common Shares which may be issued by the Company).

The aforesaid Common Shares will be allotted and issued under the general mandate approved by the Shareholders at the annual general meeting of the Company held on 28 June 2024.

The aforesaid Common Shares will rank pari passu with and, carry the same rights in all respects as, the Common Shares in issue.

Application will be made by the Company to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the aforesaid Common Shares.

INFORMATION ON THE PARTIES

Information on the Company

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

Information on the Lender

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Lender is an individual, domiciled in the PRC, and is an independent third party of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN

The terms of the Loan, including the interest rate of the Loan and conversion to Common Shares, were agreed by the Lender and the Borrower after arm's length negotiations and having taken into account prevailing market conditions. The Directors, including the independent non-executive Directors, consider that the Loan is on normal commercial terms in the ordinary and usual course of business of the Company entered into based on the Lender's assessment on the Borrower's credibility and financial position. The Loan will provide the Company with working capital supplementing the Company's operating cash flow. The Directors are of the opinion that the terms of the Loan are fair and reasonable and in the interest of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“Board”	the board of Directors
“C\$”	Canadian dollars, the lawful currency of Canada
“Company”	JX Energy Ltd., a company incorporated with limited liability under the laws of Alberta, Canada on 11 March 2005 and whose shares are listed on the Main Board of the Stock Exchange
“Common Shares”	the common shares of the Company listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Loan Agreement”	the convertible loan agreement dated 24 July 2024 entered into between the Borrower and the Lender in relation to the provision of Loan to the Borrower
“Directors”	the directors of the Company
“Effective Date”	the date that the Loan funds are received by the Company

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lender”	Mr. Liu Zhixue
“Loan”	the loan in the principal amount of USD\$1,600,000.00 provided by the Lender to the Borrower pursuant to the Convertible Loan Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, except where the context requires otherwise, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Calgary, 24 July 2024
Hong Kong, 24 July 2024

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

For the purpose of illustration only and unless otherwise specified, conversion of USD\$ to HK\$ and USD\$ to C\$ in this announcement is based on the exchange rate of USD\$1.00 to HK\$7.808 and USD\$1.00 to C\$1.3646, respectively. Such conversion should not be construed as a representation that any amount has been, could have been, or may be exchanged at this or any other rate.

** For identification purpose only*