CANASIA ENERGY CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023 AND
FOR THE PERIOD FROM MAY 27, 2022 (DATE OF INCORPORATION) TO DECEMBER 31, 2022

March 12, 2024

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") of the operating and financial results of CanAsia Energy Corp. ("CanAsia" or the "Company") is prepared effective March 12, 2024 and should be read in conjunction with the audited consolidated financial statements and notes attached thereto for the year ended December 31, 2023 (the "financial statements"). The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS").

CanAsia is a Canadian publicly listed junior oil and gas company. It was incorporated by Pan Orient Energy Corp. ("Pan Orient") pursuant to the *Business Corporations Act* (Alberta) on May 27, 2022. On August 25, 2022, Pan Orient completed an arrangement (the "Arrangement") that resulted in a third party acquiring Pan Orient (including its Thailand operations), and Pan Orient's Canadian assets (including its interests in Andora Energy Corporation ("Andora")) and discontinued Indonesia operations of Pan Orient being acquired by CanAsia. The CanAsia common shares began trading on the TSX Venture Exchange on August 29, 2022, under the stock trading symbol CEC. The records office and principal address of the Company is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6.

The assets acquired by CanAsia under the Arrangement were recorded at the carrying amounts from the accounting records of Pan Orient as the transaction was considered a common control acquisition under IFRS. The carrying value of the net assets acquired by CanAsia under the Arrangement of $6,980 was recorded as follows:

Cash and working capital received under the Arrangement (1)	$ 13,394
Net liabilities of Andora assumed (1)	(4,203)
Net liabilities of POEH assumed (2)	(3,397)
Non-controlling interest in Andora	1,186
Ascribed value of common shares issued under the Arrangement	$ 6,980

(1) Includes outstanding balances on convertible credit facilities.
(2) Pan Orient Energy Holdings Ltd. ("POEH") is a wholly-owned subsidiary of CanAsia.

Pursuant to the Arrangement, CanAsia assumed ownership of 71.8% of Andora's 100,115,066 issued and outstanding common shares on August 25, 2022. In November 2022, Andora issued 139,427,534 common shares to CanAsia at $0.01 per share upon the conversion of the outstanding amount under a convertible credit facility. As at December 31, 2022, Andora had 239,542,600 common shares outstanding and CanAsia's ownership in Andora increased to 88.2%.

Andora Transaction

On February 28, 2023, the board of directors of Andora accepted a formal proposal made by CanAsia with respect to a transaction (the "Andora Transaction") whereby the outstanding shares of Andora were consolidated (the "Consolidation"); and all fractional shares resulting from the Consolidation were redeemed by Andora and cancelled, and the holders thereof received a cash redemption payment of $0.044 for each pre-Consolidation share of Andora. As part of the Andora Transaction, all issued and outstanding options to acquire shares of Andora were surrendered for their "in-the-money" value.

The Andora Transaction was approved by shareholders of Andora at a special meeting held on March 27, 2023. All other conditions to the Andora Transaction becoming effective were also satisfied or waived, and the Andora Transaction was completed on March 27, 2023. As a result of the Andora Transaction, Andora now has 1 common share outstanding. CanAsia, which previously owned 88.2% of the outstanding shares of Andora as at December 31, 2022, now owns 100% of Andora. Non-controlling interest was reduced to $nil on March 27, 2023, with a corresponding offset to deficit.

Consideration paid for redeeming fractional shares pursuant to the Andora Transaction amounted to $1.24 million. Andora paid former option holders a total of $0.33 million, representing the "in-the-money" value of all the options surrendered. Other expenses of the Andora Transaction totaled $0.12 million.

Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

CanAsia does not have producing oil and gas properties or an established source of revenue, resulting in the use of cash in operations of $2.0 million during 2023. However, CanAsia has working capital (current assets less current liabilities of $5.9 million as at December 31, 2023), which is available to fund its current requirements. CanAsia continues to evaluate international oil and gas concessions and the potential to restart production at the Sawn Lake, Alberta heavy oil property which would require funds to pursue. In addition, CanAsia will continue to need funds to support general corporate activities, general and administrative costs and the ongoing maintenance of the Sawn Lake property. The amount and timing of the capital required to fund the ongoing operations of CanAsia, including the development of Sawn Lake and/or the pursuit of and potential acquisition of international oil and gas concessions, is not known. It is reasonably certain that the amount of capital required is in excess of the working capital currently held by CanAsia.

CanAsia raised capital in 2023, which addresses certain liquidity requirements in the near to medium term. However, additional capital may be required for the development of Sawn Lake and/or for the pursuit of and potential acquisition of international oil and gas concessions.

CanAsia's ability to continue as a going concern is dependent on its ability to continue to raise capital as and when needed to fund ongoing operations and for the development of Sawn Lake and/or pursuit of and potential acquisition of international oil and gas concessions. The amount of capital required could be material and there are no assurances that the Company will be able to access the necessary funds when required. These facts create a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for the financial statements and that the Company will meet its operating and capital requirements as they arise. The financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

All amounts disclosed herein (other than per share amounts) are in thousands of Canadian dollars unless otherwise stated, and translation of items denominated in foreign currencies as at December 31, 2023 into Canadian dollars using December 31, 2023 exchange rates represent the net amount to CanAsia's interests unless otherwise stated.

Forward-Looking Statements

This MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements and information concerning anticipated financial performance are based on management's assumptions using information currently available. Material factors or assumptions used to develop forward-looking information include potential business prospects, growth strategies, the ability to add production and reserves through development and exploration activities, projected capital costs, government legislation, well performance, the ability to market production, the commodity price environment and quality differentials and exchange rates. Although management considers its assumptions to be reasonable based on these factors, they may prove to be incorrect.

Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this MD&A may include, but is not limited to, references to: estimates of recoverable contingent resources; the strength of the Company's financial position; the need for and availability of additional capital; the outcome and timing of the resolution of issues with the joint venture interest holders at the Company's Sawn Lake heavy oil project; plans to focus on near term shareholder value with respect to the Sawn Lake heavy oil project; and the anticipated onshore Thailand oil and gas licensing round.

By their very nature, the forward-looking statements contained in this MD&A require the Company and its management to make assumptions that may not materialize or that may not be accurate. With respect to the forward-looking statements contained in this MD&A, the Company has made assumptions regarding, among other things, the timing and outcome of court proceedings, including the resolution of proceedings with respect to the joint venture interest holders at the Company's Sawn Lake heavy oil project; the timing of Thailand's onshore concession bid round; current and future commodity prices and royalty rates and regimes; timing of receipt of regulatory approvals; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; the impact of competition; conditions in general economic and financial markets; the availability of drilling and other equipment; effects of regulation by governmental agencies in the jurisdictions in which the Company currently and may operate; future operating costs; and other matters.

The forward-looking information contained in this MD&A is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of resources estimates and estimates of recoverable quantities of oil; adverse outcomes of court proceedings; delays in court or regulatory proceedings; delays in Thailand's onshore concession bid round; changes in project schedules; operating and reservoir performance; the effects of weather and climate change; the results of exploration and development drilling and related activities; changes in demand for oil and gas; commodity price volatility; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; the recoverability of estimated resources volumes; the Company's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; and changes in government legislation and regulations, including royalty and tax laws; the results of commercial negotiations, the timing and outcome of applications for government approvals; other technical and economic factors or revisions and other factors, including the risks and uncertainties set forth under "Risks and Uncertainties" in this MD&A, many of which are beyond the control of CanAsia. Although CanAsia believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

The Company has provided forward-looking information with respect to resources estimates related to Canada and estimated costs associated with work commitments in Canada. Resources estimates are prepared by independent reservoir engineers and there are numerous uncertainties inherent in estimating quantities of oil and the cash flows to be derived therefrom. In general, estimates of economically recoverable volumes and the associated future net cash flows are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserves recovery, timing and amount of capital expenditures, marketability of commodities, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary from actual results. All such estimates are to some degree speculative, and classifications of resources volumes are only attempts to define the degree of speculation involved. The Company's actual production, revenues and development and operating expenditures with respect to its resources estimates will vary from estimates thereof and such variations could be material. The Company's estimated commitments are based on internally prepared budgets and assumptions and, in the case where a tender process has been completed, actual contracted amounts. The estimated expenditures as provided by management will vary from the actual amounts required to carry out these commitments, and the difference may be significant.

The forward-looking statements contained herein are as of March 12, 2024 and are subject to change after this date. Readers are cautioned that the foregoing list of factors that may affect future results is not exhaustive and as such undue reliance should not be placed on forward-looking statements. Except as required by applicable securities laws, with the exception of events or circumstances that occurred during the period to which this MD&A relates that are reasonably likely to cause actual results to differ materially from material forward-looking information that was previously disclosed to the public, the Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

Capital Management Measures

Management uses and reports certain “capital management measures”, as such term is defined in National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure* (“NI 52-112”). These capital management measures are used by management in the evaluation of operating and financial performance and are described in further detail below.

NI 52-112 defines a capital management measure as a financial measure that: (i) is intended to enable an individual to evaluate an entity’s objectives, policies and processes for managing the entity’s capital; (ii) is not a component of a line item disclosed in the primary financial statements of the entity; (iii) is disclosed in the notes to the financial statements of the entity; and (iv) is not disclosed in the primary financial statements of the entity.

The following is a description of the capital management measure used in this MD&A.

Working Capital

CanAsia calculates “working capital" as current assets less current liabilities. This measure, calculated on a consolidated basis using information in CanAsia’s consolidated financial statements, is used to assess efficiency, liquidity and the general financial strength of the Company.

($000s)	**December 31, 2023**	December 31, 2022
Current assets	**10,125**	9,360
Current liabilities	**(4,207)**	(3,990)
Working capital	**5,918**	5,370

Petroleum and Natural Gas Properties

The Company’s interests in principal properties consist of the undeveloped Canadian oil sands leases, held by Andora. All Production Sharing Contracts in Indonesia held by subsidiaries of POEH have expired or been relinquished. The Company is withdrawing from its interests in Indonesia.

Canada

Andora is a private oil company wholly-owned by CanAsia. Andora has interests in the Sawn Lake Alberta Crown oil sands within the central Alberta Peace River Oil Sands area. Andora is focused on developing the bitumen resources at the Sawn Lake property using steam-assisted gravity drainage (“SAGD”) development. Andora is the operator of five oil sands leases with 27 gross sections (24.25 net sections) at Sawn Lake, where it has a working interest of either 75% or 100%.

The December 31, 2022 Contingent Bitumen Resources Report (the “Resources Report”), a National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* compliant resources evaluation of Andora’s oil sands interests at Sawn Lake Alberta based on exploitation using SAGD as evaluated by Sproule Associates Limited, assigned risked “Best Estimate” contingent resources for Andora of 248.3 million barrels of bitumen recoverable. The Sawn Lake operations are currently suspended. Contingent resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by the application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. The contingent resources volumes estimated in the Resources Report are considered contingent until such time as there are additional delineation wells confirming reservoir quality and continuity, refinement of the commercial development plan, regulatory approval for full field development, corporate commitment to move forward and financing for commercial development. There is uncertainty that it will be commercially viable to produce any portion of the reported contingent resources volumes.

The Sawn Lake property is at a pre-commercial stage and the commercial viability of the SAGD recovery process at Sawn Lake has not yet been established. No proved or probable reserves were assigned at December 31, 2023 or December 31, 2022.

The Resources Report identified key positive and negative factors for development of the Bluesky formation in the Sawn Lake area. Key positive factors include: the abundance of well data available from penetrations on and surrounding Andora lands (petrophysical, geophysical and production history); the presence of successful analog SAGD projects; and the successful pilot project at the 16-30-91-12W5M location. Key negative factors include: access to the funding required to develop the resource base; sensitivity to low commodity pricing which will impact the economics of development; environmental and regulatory approval for approval of bitumen development, pipelines and other infrastructure; higher Alberta or Federal Carbon tax, income tax or royalties; and market egress.

Indonesia

CanAsia has a 100% ownership in POEH with legacy subsidiaries which had held interests in Indonesia. The Company is withdrawing from activities in Indonesia, and is working to finalize abandonment and reclamation activities and settle all remaining obligations in the country. Costs associated with Indonesia are included in general and administrative expense.

Financial and Operating Results

($000s of Canadian dollars except where indicated)	**Three months ended December 31, 2023**	Three months ended December 31, 2022[1]	**Year ended December 31, 2023**	Period from May 27, 2022 to December 31, 2022[1]
FINANCIAL				
Financial Statement Results				
Net loss attributable to common shareholders [2]	**(1,085)**	(780)	**(3,194)**	(725)
Per share – basic and diluted	**$ (0.02)**	$ (0.02)	**$ (0.06)**	$ (0.01)
Cash flow used in operating activities [3]	**(389)**	(514)	**(2,007)**	(617)
Per share – basic and diluted	**$ (0.01)**	$ (0.01)	**$ (0.04)**	$ (0.01)
Cash flow used in investing activities [3]	**(4)**	-	**(1,596)**	-
Per share – basic and diluted	**$ (0.00)**	-	**$ (0.03)**	-
Cash flow from (used in) financing activities [3]	**4,616**	(9)	**4,602**	9,310
Per share – basic and diluted	**$ 0.08**	$ (0.00)	**$ 0.09**	$ 0.19
Working capital	**5,918**	6,244	**5,918**	5,370
Shareholders' equity [4]	**4,952**	5,128	**4,952**	5,128
Weighted average shares outstanding (000s)	**55,822**	49,794	**51,313**	49,794
General and administrative expense [2]	**(518)**	(565)	**(2,078)**	(782)
Operating expense [2]	**(280)**	(113)	**(625)**	(149)
Natural gas pipeline tariff provision [2]	**(164)**	-	**(1,050)**	-
Stock-based compensation [2]	**(21)**	(93)	**(116)**	(96)
Amortization [2]	**(18)**	(13)	**(66)**	(17)
Decommissioning recovery (expense) [2]	**(142)**	(70)	**268**	3
Gain on sale of equipment [2]	**-**	-	**100**	-
Finance income [2]	**70**	63	**293**	70
Foreign exchange gain (loss) [2]	**(12)**	(77)	**31**	231
Deferred income tax recovery (expense) [2]	**-**	68	**22**	(22)
Net loss attributable to non-controlling interest in Andora [2]	**-**	20	**27**	37
Net loss attributable to common shareholders [2]	**(1,085)**	(780)	**(3,194)**	(725)

(1) The Company was incorporated on May 27, 2022 but did not commence active operations until August 25, 2022.
(2) As set out in the Consolidated Statements of Operations and Comprehensive Loss in CanAsia's Consolidated Financial Statements.
(3) As set out in the Consolidated Statements of Cash Flows in CanAsia's Consolidated Financial Statements.
(4) As set out in the Consolidated Statements of Changes in Shareholders' Equity in CanAsia's Consolidated Financial Statements.

HIGHLIGHTS

- CanAsia had working capital totaling $5.9 million, no long-term debt and shareholders' equity of $5.0 million at December 31, 2023.
- Common shares outstanding were 112.8 million at March 12, 2024 and 100.2 million at December 31, 2023.
- On January 16, 2024, the Company completed a brokered private placement financing for gross proceeds of $1.258 million comprised of 12,580,000 common shares at a price of $0.10 per common share. In connection with the brokered private placement, the Company recorded $118 in share issue costs, comprised of $116 in commission and fees and the estimated fair value of $2 associated with 24,600 broker warrants issued to the broker. Each broker warrant is exercisable for common shares at a price of $0.10 per common share for a period of two years from the issue date.
- On December 21, 2023, the Company completed a brokered private placement financing for gross proceeds of $5.042 million comprised of 50,420,000 common shares at a price of $0.10 per common share. In connection with the Private Placement, the Company recorded $533 in share issue costs, comprised of $416 in commission and fees and the estimated fair value of $117 associated with 1,825,200 broker warrants issued to the broker. Each broker warrant is exercisable for common shares at a price of $0.10 per common share for a period of two years from the issue date.
- Net loss attributable to common shareholders for 2023 was $3.2 million ($0.06 per share) compared to $0.7 million ($0.01 per share) in the period from May 27, 2022 to December 31, 2022. The Company did not have active operations until August 25, 2022 and the financial results in 2022 reflected approximately four months of operations. Net loss attributable to common shareholders in the fourth quarter of 2023 was $1.1 million ($0.02 per share) compared to $0.8 million ($0.02 per share) in the fourth quarter of 2022.
- Cash flow used in operations in 2023 was $2.0 million ($0.04 per share) compared to $0.6 million ($0.01 per share) in the period from May 27, 2022 to December 31, 2022. Cash flow used in operations in the fourth quarter of 2023 was $0.4 million ($0.01 per share) compared to $0.5 million ($0.01 per share) in the fourth quarter of 2022.
- General and administrative expense for 2023 was $2,078 compared to $782 in the period from May 27, 2022 to December 31, 2022. General and administrative expense in the fourth quarter of 2023 was $518 compared to $565 in the fourth quarter of 2022. General and administrative expense is comprised primarily of expenses related to personnel and premises, external services, and public company costs.
  - Personnel and premises costs for 2023 were $712 compared to $260 in the period from May 27, 2022 to December 31, 2022. Personnel and premises costs in the fourth quarter of 2023 were $172 compared $171 in the fourth quarter of 2022. These costs include salaries and benefits for employees, and fees incurred for consultants and contractors. They also include rent and other office costs related to the Company's Calgary office.
  - External service costs for 2023 were $822 compared to $377 in the period from May 27, 2022 to December 31, 2022. External services costs in the fourth quarter of 2023 were $184 compared to $283 in the fourth quarter of 2022. These costs mainly related to professional fees for legal, audit and tax services. The higher costs in the fourth quarter of 2022 were mainly due to higher legal and audit fees for setting up the Company.
  - Public company costs for 2023 were $356 compared to $128 in the period from May 27, 2022 to December 31, 2022. Public company costs in the fourth quarter of 2023 were $99 compared to $98 in the fourth quarter of 2022. These costs were incurred for maintaining the Company's status as a public company.
- Operating expenses in 2023 were $625 compared to $149 in the period from May 27, 2022 to December 31, 2022. Operating expenses in the fourth quarter of 2023 were $280 compared $113 in the fourth quarter of 2022. These expenses were incurred to safeguard and maintain the assets of Andora's suspended SAGD project facility and wellpair at Sawn Lake Central. The increase in the fourth quarter of 2023 was due to environmental work performed at Sawn Lake.
- The natural gas pipeline tariff agreement which was entered into between Andora and a third party in 2018 with a commencement date of June 1, 2023 was recognized as an onerous contract under IAS 37 since the operation at Sawn Lake is shut-in. The Company has recognized a provision of $1.1 million representing the net cost of fulfilling the contract.
- The current portion of the decommissioning provision of $0.6 million as at December 31, 2023 relates to the legacy subsidiaries of POEH which had held interests in the East Jabung Production Sharing Contract ("PSC") in Indonesia and a well pertaining to Andora's interests in Sawn Lake, Alberta. CanAsia is withdrawing from activities in Indonesia and decommissioning related costs are expensed when incurred. During 2023, the Company revised its estimate of the decommissioning provision at the Jambi PSC resulting in a $0.3 million reduction to the current decommissioning provision during the year. The non-current portion of the decommissioning provision of $1.4 million as at December 31, 2023 pertained to Andora's interests in Sawn Lake, Alberta.

OUTLOOK

Thailand

The Company plans on participating in the upcoming Thailand 25th Onshore Concession bid round as part of a consortium. Upon announcement by the Government of Thailand regarding the commencement of the 25th bid round, further details will be provided regarding the proposed bidding consortium.

Canada: Sawn Lake

The Sawn Lake heavy oil project, despite a successful pilot in 2015, has been impacted by a number of issues with the project's 25% joint venture interest holders, who currently owe CanAsia approximately $0.6 million. The Company has been successful in a series of recent court rulings related to enforcement actions against the joint venture interest holders. It is anticipated these issues will be resolved by mid-May 2024, at which time the Company will follow a path focused on near term shareholder value.

Risks and Uncertainties

The Company is subject to a number of risks and uncertainties that could materially and adversely affect its business, operations, financial results and prospects. In addition to the risks and uncertainties disclosed elsewhere in this MD&A, the following is a non-exhaustive list of certain risks and uncertainties that may affect the Company.

Limited Operational History

The Company has a limited history of operations. As such, it is subject to many of the risks common to early-stage companies, including undercapitalization, cash shortages, lack of revenues and limited resources, including personnel and financial.

Substantial Capital Requirements: Liquidity

The Company anticipates that it will make substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves and resources in the future. If the Company does not have, or is unable to increase, revenues or reserves in the future, the Company may have limited ability to attract the capital necessary to undertake or complete future development programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet those requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. Moreover, future activities may require the Company to alter its capitalization significantly. The inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial conditions, results of operations or prospects.

Additional Funding Requirements

The Company's future cash flow will not be sufficient to fund its ongoing activities at all times. From time to time, the Company will require additional financing in order to satisfy its financial requirements, including funds to develop the Sawn Lake project and to carry out any oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Company's prospects for potential revenues decrease as a result of lower
oil and natural gas prices or otherwise, it will affect the Company's ability to attract the necessary capital to identify and increase resources or reserves or to maintain its operations. If the Company's existing working capital and cash flow from operations is not sufficient to satisfy its expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company.

Reliance on Operators and Key Employees

To the extent the Company is not the operator of its oil and gas properties, the Company will be dependent on such operators for the timing of activities related to such properties and will largely be unable to direct or control the activities of the operators. In addition, the success of the Company will be largely dependent upon the performance of its management and key employees. The Company does not have any key man insurance policies, and therefore there is a risk that the death or departure of any member of management or any key employee could have a material adverse effect on the Company.

Potential Conflict of Interest

Certain of the directors and officers of the Company are also directors and officers of other oil and gas companies involved in oil and natural resource exploration and development, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to, such other procedures and remedies as applicable under the Business Corporations Act (Alberta).

Issuance of Debt

From time to time the Company may enter into transactions to acquire assets or shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase the Company's debt levels above industry standards. Neither the Company's articles nor its by-laws limit the amount of indebtedness that the Company may incur. The level of the Company's indebtedness from time to time could impair the Company's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Third Party Credit Risk

The Company is or may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its petroleum and natural gas production and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its cash flow from operations.

Economic Uncertainty

Events such as the invasion of Ukraine by Russian forces and the Israel-Hamas conflict have resulted in continued economic uncertainty, including volatile commodity prices, currency exchange rates, interest rates, and rates of inflation. These events have led to a challenging economic climate in which it is difficult to reliably estimate the length or severity of these developments and their financial impact. These events and any potential resulting direct and indirect impact on the Company have been considered in management's estimates described above at the period end; however there could be a further prospective material impact in future periods.

Climate Change and Environmental, Social, and Governance ("ESG")

Climate change and ESG policies are evolving at regional, national and international levels. Political and economic events may significantly affect the scope and timing of ESG policies and climate change measures. The International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim of developing sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators have issued proposed National Instrument 51-107 *Disclosure of Climate-related Matters*.

The direct or indirect costs of compliance with greenhouse gas-related regulations and ESG directives may have an adverse effect on the Company's and its customers' businesses, financial condition, results of operations and prospects; however, at this time these costs have not yet been quantified.

Liquidity and Capital Resources

At December 31, 2023, CanAsia's working capital was $5.9 million (including the current portion of the natural gas pipeline tariff provision of $0.3 million and the current portion of the decommissioning provision of $0.6 million). Non-current deposits of $0.9 million consisted of deposits placed with the Alberta Energy Regulator in Canada for the interests of Andora at Sawn Lake. The non-current portion of the natural gas pipeline tariff provision was $0.8 million and the non-current portion of the decommissioning provision was estimated at $1.4 million for Andora's wells and facilities in Canada.

CanAsia continues to consider international oil and gas concessions, including Thailand, and any acquisition and development will require capital, the amount and timing of which is not currently known.

As at December 31, 2023, CanAsia had sufficient resources available to fund shorter term activity levels. However, additional capital will be required to fund the commercial development of the Sawn Lake property and future international concessions, if obtained. The amount of capital required could be material and there are no assurances that the Company will be able to access the necessary funds when required.

Share Capital

Outstanding (000s)	March 12, 2024	December 31, 2023	December 31, 2022
Common shares	112,794	100,214	49,794
Stock options	1,675	1,675	1,675
Broker warrants	1,850	1,825	-
Total	116,319	103,714	51,469

Foreign Exchange

The Company's reporting currency is the Canadian dollar and its functional currencies are the Canadian dollar and the U.S. dollar. In each reporting period, changes in the values of the U.S. dollar relative to the Company's reporting currency are recognized. The period end rates used to translate the Company's U.S. dollar denominated financial statement items for the reporting periods are as follows:

	2023				2022		
	Q4	Q3	Q2	Q1	Q4	Q3	August 25 (date of Arrangement)
Rate at end of period, CAD / USD exchange	**1.3226**	1.3520	1.3240	1.3533	1.3544	1.3707	1.2937

The Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign subsidiaries, and at December 31, 2023 the Company held $3.2 million denominated in U.S. dollars as cash and cash equivalents. The foreign subsidiaries had $2.1 million in accounts payable and accrued liabilities denominated in U.S. dollars. The foreign exchange gain of $31 during the year ended December 31, 2023 resulted from the conversion of U.S. dollars to Canadian dollars at favorable exchange rates.

Selected Annual Information

($000s of Canadian dollars except where indicated)	**Year ended December 31, 2023**	Period from May 27, 2022 to December 31, 2022[1]
FINANCIAL		
Financial Statement Results		
Net income loss attributable to common shareholders [2]	**(3,194)**	(725)
Per share – basic and diluted	**$ (0.06)**	$ (0.01)
Cash flow used in operating activities [3]	**(2,007)**	(617)
Per share – basic and diluted	**$ (0.04)**	$ (0.01)
Cash flow used in investing activities [3]	**(1,596)**	-
Per share – basic and diluted	**$ (0.03)**	-
Cash flow from financing activities [3]	**4,602**	9,310
Per share – basic and diluted	**$ 0.09**	$ 0.19
Working capital	**5,918**	5,370
Shareholders' equity [4]	**4,952**	5,128
Weighted average shares outstanding (000s)	**51,313**	49,794
General and administrative expense [2]	**(2,078)**	(782)
Operating expense [2]	**(625)**	(149)
Natural gas pipeline tariff provision [2]	**(1,050)**	-
Stock-based compensation [2]	**(116)**	(96)
Amortization [2]	**(66)**	(17)
Decommissioning recovery [2]	**268**	3
Gain on sale of equipment [2]	**100**	-
Finance income [2]	**293**	70
Foreign exchange gain [2]	**31**	231
Deferred income tax recovery (expense) [2]	**22**	(22)
Net loss attributable to non-controlling interest in Andora [2]	**27**	37
Net loss attributable to common shareholders [2]	**(3,194)**	(725)

(1) The Company was incorporated on May 27, 2022 but did not commence active operations until August 25, 2022.
(2) As set out in the Consolidated Statements of Operations and Comprehensive Loss in CanAsia's Consolidated Financial Statements.
(3) As set out in the Consolidated Statements of Cash Flows in CanAsia's Consolidated Financial Statements.
(4) As set out in the Consolidated Statements of Changes in Shareholders' Equity in CanAsia's Consolidated Financial Statements.

Summary of Quarterly Results

	2023				2022		
	Q4	Q3	Q2	Q1	Q4	Q3(1)	Period from May 27, 2022 to June 30, 2022(1)
Financial ($000s) except as indicated (2)							
Finance income	**70**	67	73	83	63	7	-
Cash flow used in operating activities	**(389)**	(481)	(1,053)	(84)	(514)	(103)	-
Working capital	**5,918**	2,095	2,395	3,099	5,370	6,083	-
Shareholders' equity	**4,952**	1,396	1,536	2,194	5,128	5,835	-
Weighted average shares outstanding (000s)	**55,822**	49,794	49,794	49,794	49,794	49,794	-
Net income (loss) and comprehensive income (loss) (3)	**(1,085)**	(168)	(676)	(1,265)	(780)	55	-
Per share - basic and diluted (3)	**$ (0.02)**	$ (0.00)	$ (0.01)	$ (0.03)	$ (0.02)	$ 0.00	$ 0.00

(1) The Company was incorporated on May 27, 2022 but did not commence active operations until August 25, 2022.
(2) Amounts presented are set out in CanAsia's Consolidated Financial Statements.
(3) Attributable to common shareholders.

Additional Information
Additional information relating to the Company can be found on SEDAR+ at www.sedarplus.com.

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