



CANASIA ENERGY CORP.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024**

(Unaudited)

CanAsia Energy Corp.
Consolidated Statements of Financial Position
(Unaudited)

(\$000s)	March 31, 2024	December 31, 2023
Assets		
Current		
Cash and cash equivalents	10,105	9,781
Restricted cash	58	58
Accounts receivable and prepaid expenses	354	286
	10,517	10,125
Right-of-use asset	12	17
Deposits (note 5)	904	893
Intangible asset (note 3)	318	327
Total assets	11,751	11,362
Liabilities		
Current		
Accounts payable and accrued liabilities	3,225	3,265
Lease liabilities	16	18
Natural gas pipeline tariff provision (note 4)	273	307
Decommissioning provision (note 5)	626	617
	4,140	4,207
Natural gas pipeline tariff provision (note 4)	737	801
Decommissioning provision (note 5)	1,372	1,402
Total liabilities	6,249	6,410
Shareholders' equity		
Share capital (note 6)	12,629	11,489
Contributed surplus	221	212
Broker warrants (note 6)	119	117
Deficit	(7,467)	(6,866)
Total shareholders' equity	5,502	4,952
Total liabilities and shareholders' equity	11,751	11,362

Subsequent event (note 9)

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

 Director

(signed "Gerald Macey")

 Director

CanAsia Energy Corp.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

(\$000s, except per share amounts)	Three Months ended March 31,	
	2024	2023
Expenses (Income)		
General and administrative	645	529
Operating expense	185	90
Natural gas pipeline tariff provision (recovery) (note 4)	(71)	901
Stock-based compensation	9	38
Amortization (note 3)	14	16
Decommissioning recovery (note 5)	(42)	(46)
Gain on sale of equipment (note 3)	-	(100)
Finance income	(134)	(83)
Foreign exchange gain	(5)	(31)
	601	1,314
Loss before taxes and non-controlling interest	(601)	(1,314)
Taxes		
Deferred income tax recovery	-	(22)
Net loss and comprehensive loss	(601)	(1,292)
Net loss attributable to:		
Common shareholders	(601)	(1,265)
Non-controlling interest	-	(27)
Net loss	(601)	(1,292)
Total comprehensive loss attributable to:		
Common shareholders	(601)	(1,265)
Non-controlling interest	-	(27)
Total comprehensive loss	(601)	(1,292)
Basic and diluted - net loss attributed to common shareholders (note 6)	\$ (0.01)	\$ (0.03)

See accompanying notes to the interim condensed consolidated financial statements.

CanAsia Energy Corp.
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)

(\$000s)	Share Capital	Contributed Surplus	Broker Warrants	NCI	Deficit	Total
Balance as at December 31, 2022	6,980	96	-	(1,796)	(152)	5,128
Net loss	-	-	-	(27)	(1,265)	(1,292)
Transaction affecting non-controlling interest (note 1)	-	-	-	1,823	(3,503)	(1,680)
Stock-based compensation	-	38	-	-	-	38
Balance as at March 31, 2023	6,980	134	-	-	(4,920)	2,194
Balance as at December 31, 2023	11,489	212	117	-	(6,866)	4,952
Private placement financing (note 6)	1,258	-	-	-	-	1,258
Share issue costs (note 6)	(118)	-	-	-	-	(118)
Broker warrants (note 6)	-	-	2	-	-	2
Net loss	-	-	-	-	(601)	(601)
Stock-based compensation	-	9	-	-	-	9
Balance as at March 31, 2024	12,629	221	119	-	(7,467)	5,502

See accompanying notes to the interim condensed consolidated financial statements.

CanAsia Energy Corp.
Consolidated Statements of Cash Flows
(Unaudited)

(\$000s)	Three Months Ended	
	2024	2023
Cash Provided From (Used in)		
Operating Activities		
Net loss	(601)	(1,292)
Adjustments for non-cash items:		
Deferred income tax recovery	-	(22)
Amortization (note 3)	14	16
Stock-based compensation	9	38
Accretion	61	11
Decommissioning recovery	(42)	(46)
Gain on sale of equipment (note 3)	-	(100)
Unrealized foreign exchange loss (gain)	(103)	107
Natural gas pipeline tariff provision (recovery) (note 4)	(71)	901
Deposit	(11)	(9)
Settlement of natural gas pipeline tariff provision (note 4)	(75)	-
Changes in non-cash working capital	(100)	312
Cash flow used in operating activities	(919)	(84)
Investing Activities		
Purchase of minority shares of Andora	-	(1,680)
Proceeds from sale of equipment (note 3)	-	100
Cash flow used in investing activities	-	(1,580)
Financing Activities		
Proceeds from private placement (note 6)	1,258	-
Share issue costs (note 6)	(116)	-
Lease payments	(2)	(2)
Cash flow from (used in) financing activities	1,140	(2)
Change in cash and cash equivalents	221	(1,666)
Effect of foreign exchange on cash and cash equivalents	103	(108)
Cash and cash equivalents, beginning of period	9,781	9,086
Cash and cash equivalents, end of period	10,105	7,312

See accompanying notes to the interim condensed consolidated financial statements.

1) CORPORATE INFORMATION

CanAsia Energy Corp. ("CanAsia" or the "Company") is a Canadian publicly listed junior oil and gas company. The CanAsia common shares trade on the TSX Venture Exchange, 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.

Going Concern

These 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 \$0.9 million during the first quarter of 2024. However, CanAsia has working capital (current assets less current liabilities of \$6.4 million as at March 31, 2024), 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 2024 (see note 6), 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 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 these financial statements and that the Company will meet its operating and capital requirements as they arise. These 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.

2) BASIS OF PRESENTATION

Statement of Compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2023. The following disclosures are incremental to those included with the annual consolidated financial statements. Certain disclosures that are normally required in the notes to the annual consolidated financial statements have been condensed or omitted. The interim condensed consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements, except as noted below.

On January 1, 2024, the Company adopted amendments to IAS 1, *Presentation of Financial Statements*, regarding classification of liabilities as current or non-current. The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The adoption of the new standard did not change the classification of any liabilities and had no impact on the Company's financial statements.

The interim condensed consolidated financial statements were approved by the Company's Board of Directors on May 14, 2024.

3) INTANGIBLE ASSET

A reconciliation of the carrying amount of the intangible asset is set out below.

(\$000s)	
Cost	
At December 31, 2023 and March 31, 2024	699
Accumulated amortization	
At December 31, 2023	(372)
Amortization	(9)
At March 31, 2024	(381)
Net book value	
At December 31, 2023	327
At March 31, 2024	318

The intangible asset is a patent pertaining to steam related technology and process that the Company anticipates utilizing on its Canadian heavy oil property.

In February 2023, Andora sold some equipment to a third party for \$0.1 million. The net book value of the equipment was \$nil, resulting in a gain on sale of \$0.1 million.

4) NATURAL GAS PIPELINE TARIFF PROVISION

The natural gas pipeline tariff agreement which was entered into between Andora and a third party in 2018 was recognized as an onerous contract in 2023 under IAS 37. A provision of \$1.0 million has been recorded for the present obligation under this contract, reflecting the net cost of fulfilling the contract.

A reconciliation of the Company's natural gas pipeline tariff provision is set out below.

(\$000s)	
At December 31, 2023	1,108
Revisions to obligations	(71)
Accretion	48
Settlement	(75)
At March 31, 2024	1,010
Less current portion	(273)
Non-current portion	737

Total undiscounted cash flows less estimated mitigation costs required to settle the Company's natural gas pipeline tariff at Sawn Lake, Alberta were estimated to be \$1.9 million at March 31, 2024. The provision has been reduced by an amount for shipping that is estimated to be used by a third party. Payments to settle the provision will be made over the term of the contract between 2024 and 2031. Estimated costs have been discounted at an interest rate of 20%.

5) DECOMMISSIONING PROVISION AND DEPOSITS

A reconciliation of the Company's decommissioning provision is set out below.

(\$000s)	Canada	Indonesia	Total
At December 31, 2023	1,504	515	2,019
Revisions to obligations	(42)	-	(42)
Settlement	-	(7)	(7)
Accretion	12	-	12
Foreign currency translation	-	16	16
At March 31, 2024	1,474	524	1,998
Less current portion	(102)	(524)	(626)
Non-current portion	1,372	-	1,372

The decommissioning provision is based on the Company's net ownership through subsidiaries of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. The Company has discontinued all operations in Indonesia and is working to finalize the abandonment and reclamation obligations in the country. Total undiscounted cash flows, escalated at 1.86% for inflation (December 31, 2023 – 1.62%), required to settle the Company's decommissioning provision are estimated to be \$3.1 million at March 31, 2024 (December 31, 2023 - \$2.9 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2024 and 2040. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged 3.48% at March 31, 2024 (December 31, 2023 – 3.02%). Revision to obligations for the Canadian and Indonesian provisions are recognized directly in income or loss as decommissioning expense or recovery as the corresponding assets were fully impaired.

Non-current deposits of \$0.9 million at March 31, 2024 consisted of deposits placed with the Alberta Energy Regulator in Canada for the interests of Andora at Sawm Lake (December 31, 2023 - \$0.9 million).

6) SHARE CAPITAL

(a) Authorized

Unlimited Common Shares

(b) Issued and Outstanding Common Shares

	Shares Outstanding	Amount (\$000s)
Balance as at December 31, 2023	100,213,907	11,489
Private placement	12,580,000	1,258
Share issue costs	-	(118)
Balance as at March 31, 2024	112,793,907	12,629

(c) Private Placement

On January 16, 2024, the Company completed a brokered private placement financing ("Private Placement") 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 Private Placement, the Company recorded \$118 thousand in share issue costs, comprised of \$116 thousand in commission and fees and the estimated fair value of \$2 thousand associated with 24,600 broker warrants issued to the broker.

(d) Broker Warrants

	Broker Warrants	Weighted average exercise price (\$)
Balance as at December 31, 2023	1,825,200	0.10
Issued	24,600	0.10
Balance as at March 31, 2024	1,849,800	0.10

In consideration for services rendered in relation to the Private Placement, the Company issued 24,600 broker warrants to the broker. Each broker warrant is exercisable at a price of \$0.10 for a period of two years from the issue date. The fair value of \$2 thousand associated with the broker warrants was recorded as share issue costs. The fair value was measured using the Black-Scholes option pricing model with the following assumptions: share price of \$0.11, volatility of 126%, risk-free interest rate of approximately 4%, dividend yield of 0%, and expected life of 24 months.

As at March 31, 2024, the following broker warrants were issued and exercisable:

Broker Warrants Outstanding and Exercisable			
Exercise Price (\$)	Number of Broker Warrants	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.10	1,849,800	0.10	1.73

(e) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2023 and March 31, 2024	1,675,000	0.23

(1) These options are held by directors, senior management, employee, and consultant of the Company.

As at March 31, 2024, the following options were issued and outstanding:

Options Outstanding				Options Exercisable		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.23	1,675,000	0.23	3.49	1,116,667	0.23	3.49

(f) Earnings per Share Attributable to Common Shareholders

A reconciliation of the weighted average number of common shares used to calculate net loss per share is as follows:

	Three Months Ended March 31,	
	2024	2023
Weighted average common shares – basic and diluted	110,720,281	49,793,907
Net loss attributable to common shareholders (\$000s)	(601)	(1,265)
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.03)

Options and warrants were not included in the computation of weighted average diluted common shares because they were anti-dilutive.

7) CAPITAL MANAGEMENT

The Company's capital consists of the following:

(\$000s)	March 31, 2024	December 31, 2023
Current assets	10,517	10,125
Current liabilities	(4,140)	(4,207)
Working capital	6,377	5,918
Shareholders' equity	5,502	4,952

The Company considers its capital structure to include working capital and shareholders' equity. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. In the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs. Refer to note 1. CanAsia's share capital is not subject to any external restrictions.

8) FINANCIAL INSTRUMENTS

As at March 31, 2024 the following financial instruments were denominated in currencies other than the Canadian dollar:

	March 31, 2024 U.S. dollar (\$000s)	December 31, 2023 U.S. dollar (\$000s)
Cash and cash equivalents	3,224	3,157
Accounts payable and accrued liabilities	(2,064)	(2,050)
Net exposure in foreign currency	1,160	1,107
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	1,562	1,472

(1) Translated at period end exchange rates.

Based on financial instruments held at March 31, 2024, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income (loss):

(\$000s)	Three Months Ended March 31, 2024	2023
Effect of 1% increase in USD to CAD exchange rate: Pre-tax net income	16	38

9) SUBSEQUENT EVENT

On April 29, 2024, the Company announced that Andora has been selected as the successful bidder pursuant to a Court approved sales and investment solicitation process ("SISP") to acquire certain assets (the "Assets") of Northern Alberta Oil Ltd. ("NAOL") and Deep Well Oil & Gas (Alberta) Ltd. ("Deep Well" and, together with NAOL, the "Debtors"), including the Debtors' 25% working interest in 11 sections of the Sawn Lake Central block, from Ernst & Young Inc. (the "Receiver"), as receiver and manager of certain of the Debtors' present and after-acquired properties, assets and undertakings, for a purchase price equal to \$2.0 million (which includes the assumption of various obligations and a credit component of approximately \$0.7 million).

Following Andora's successful bid, Andora and the Receiver entered into an amended and restated agreement (the "Sales Agreement") of purchase and sale dated as of April 29, 2024 providing for the sale of the Assets to Andora (the "Sales Transaction"). On May 14, 2024, the Court of King's Bench of Alberta approved the Sales Transaction and the Sales Agreement and the vesting of the Assets in the name of Andora upon closing of the Sales Transaction, which is expected to occur on or about May 17, 2024. Following closing of the Sales Transaction, Andora's working interest in the 11 gross sections at the Sawn Lake Central block will increase from 75% to 100%.



CANASIA ENERGY CORP.

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