



## CANASIA ENERGY CORP.

### **CANASIA ANNOUNCES JUNE 30, 2024 CONTINGENT BITUMEN RESOURCES FOR SAWN LAKE, ALBERTA SAGD PROJECT OF ANDORA ENERGY CORPORATION**

#### Press Release

**CALGARY, August 14, 2024**

CanAsia Energy Corp. (CEC – TSXV), on behalf of its wholly owned subsidiary Andora Energy Corporation (“Andora”), is pleased to announce the results of the June 30, 2024 Contingent Bitumen Resources Report (“Resources Report”) which is a National Instrument 51-101 compliant resources evaluation for Andora’s oil sands interests at Sawn Lake Alberta, Canada, as evaluated by independent qualified reserves evaluator Sproule Associates Limited (“Sproule”). The Resources Report represents an update of Andora’s December 31, 2023 Contingent Bitumen Resources Report to reflect, among other things, the previously announced increase of Andora’s working interest at the Sawn Lake Central block from 75% to 100%. The evaluation included all of Andora’s Oil Sands Leases at Sawn Lake based on exploitation using Steam Assisted Gravity Drainage (“SAGD”).

*Please note that unless otherwise stated, amounts are in Canadian dollars and volumes and financial amounts are net to Andora.*

#### **Highlights of Sawn Lake, Alberta Contingent Resources Report as of June 30, 2024**

- Following a successful auction bid, in May 2024, Andora acquired certain assets (the “Assets”) from two entities which were placed under receivership (the “Debtors”) for a purchase price equal to \$2.0 million (which includes the assumption of various obligations). The net consideration paid was approximately \$1.3 million after offset of amounts due from the Debtors. The Assets include the Debtors’ 25% working interest in Sawn Lake, within the central Alberta Peace River Oil Sands region. Following the acquisition, Andora’s working interest in the Sawn Lake Central block increased from 75% to 100%. The Resource Report reflects Andora’s 100% working interest at Sawn Lake Central and Sawn Lake South.
- The unrisks “Best Estimate” contingent resources for Andora’s interests as at June 30, 2024 are 358 million barrels of bitumen recoverable with net present value discounted at 10% and 15% of \$850 million and \$356 million on an after-tax basis, respectively.
- The Resources Report assigned an 85% chance of development for Sawn Lake, and the risks “Best Estimate” contingent resources for Andora as at June 30, 2024 are 304 million barrels of bitumen recoverable. The risks “Best Estimate” net present value, discounted at 10% and 15%, for Andora’s interests as at June 30, 2024 is \$725 million and \$304 million on an after-tax basis, respectively.
- The Resource Report at June 30, 2024 reflects the use of a 1,600 meter horizontal SAGD wellpair design with industry standard Inflow Control Devices (“ICDs”) to reduce the number of required wellpairs to develop the contingent resources. The number of new wellpairs required to develop the contingent resources is 182.
- The Resources Report forecasts bitumen production from 2026 to 2097, with maximum unrisks “Best Estimate” production net to Andora of 26,658 BOPD in 2040. The unrisks “Best Estimate” evaluation indicates that the cumulative financing requirement (being cumulative cash flow of operating income less capital expenditures) to the end of 2026 is \$11.3 million, and further development is to be funded by cash flow.

#### **Resources Report**

- The Resources Report evaluated Andora’s interests at the Sawn Lake Alberta oil sands project. 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. Contingent resources are further classified as “High”, “Best” and “Low” in accordance with the level of certainty.
- Sproule classifies the project evaluation status of the contingent resource volumes to be at the Development Studies level. The contingent resource volumes are classified as Development Pending with respect to project maturity. Sproule evaluated Andora’s development plan for the contingent resources to be Economically Viable in the aggregate, although there may be individual locations within the project which may be uneconomic.

- Contingent resource volumes in the Resources Report have been assigned an 85% chance of development by Sproule. This chance of development risk factor is an aggregation of risk factors attributable to the identified contingencies. There is uncertainty that it will be commercially viable to produce any portion of the reported contingent resources volumes.
- 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's 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.
- The Resources Report represents an update of a December 31, 2023 Contingent Resources Report which was also prepared by Sproule. The Resources Report has been updated for:
  - June 30, 2024 price forecasts for crude oil, bitumen, natural gas and exchange rates with inflation of 0% in 2025.
  - An increase of Andora's working interest at Sawn Lake Central from 75% to 100%.
  - Adjustment of the development stages for potential commencement of commercial production in 2026.
  - Updates for Andora tax pools and non-capital loss carry-forwards of \$65.4 million and the Alberta Oil Sands Royalties Pre-payout Cumulative Costs of \$51.7 million for the Sawn Lake Project.
  - Changes to income tax rates, carbon tax legislation and other factors.

### **Sawn Lake SAGD Development**

Andora holds interests in 27 sections of heavy oilsands leases in Sawn Lake, within the central Alberta Peace River Oil Sands region. Andora is focused on developing the bitumen resources at Sawn Lake using SAGD development.

Contingent resources have been assigned to the Sawn Lake Central and Sawn Lake South blocks. Andora is the operator with a 100% working interest in both blocks. Sawn Lake Central, with 11 sections of oil sands leases, has been assigned 284 million barrels of unrisks "Best Estimate" bitumen recoverable and Sawn Lake South, with 16 sections of oil sands leases, has been assigned 74 million barrels of unrisks "Best Estimate" bitumen recoverable.

A SAGD demonstration project at the Sawn Lake Central block commenced in 2013 and consisted of one SAGD wellpair drilled to a depth of 650 meters and a horizontal length of 780 meters and a SAGD facility for steam generation, water handling and bitumen treating. Steam injection commenced in May 2014 and produced bitumen from September 2014 to February 2016. The demonstration project reached a steady state production level in February 2016 of 620 BOPD with an instantaneous steam-oil ratio ("ISOR") of 2.1. The demonstration project successfully captured the key data associated with the objectives of the demonstration project and operations were suspended at the end of February 2016. The demonstration project proved that the SAGD process works in the Bluesky formation at Sawn Lake, established characteristics of ramp up through stabilization of SAGD performance, indicated the productive capability, ISOR, and provided critical information required for well and facility design associated with future commercial development. Production results to date are not necessarily indicative of long-term performance or of ultimate recovery and the Sawn Lake demonstration project has not yet proven that it is commercially viable.

The Resources Report reflects the development plan for Sawn Lake Central and Sawn Lake South of staged development with five standardized "battery scale" SAGD facilities where growth is primarily funded by cash flow generated by the project. The SAGD batteries will be capable of producing 5,000 to 6,000 barrels of bitumen per day (BOPD) each and will utilize Andora's proprietary Produced Water Boiler ("PWB") technology which will use water from SAGD production to generate steam and meet water recycle requirements in Alberta. This strategy is expected to significantly reduce financial, reservoir and operating risk.

The potential first stage of commercial development is at Sawn Lake Central Battery #1 to reactivate the existing SAGD facility with a new 1,600 meter horizontal length SAGD wellpair for restart of bitumen production in 2026. The estimated capital cost (excluding operating losses until plateau production is reached) is \$13.7 million and plateau production is 1,210 BOPD in 2027. The potential second stage of commercial development starts with the installation of a PWB in 2027 to demonstrate its effectiveness and the restart of the existing wellpair 1. This is expected to be followed in 2028 and 2029 with the drilling of an additional wellpair and related facilities work largely funded by cash flow. The estimated capital cost is \$30.4 million in 2027 to 2029 with plateau production at 2,782 BOPD in 2030. Regulatory approval for the Sawn Lake commercial operation to 3,200 BOPD was received in December 2017. The facility with additional wellpairs could be expanded in 2030 and 2031 after regulatory approval to increase production to 5,293 BOPD. Four additional batteries would be constructed for full field development. The timing of individual batteries is dependent on regulatory approval and after-tax cash flow from existing operations for funding of new investment. Volume estimates are unrisks "Best Estimate".

It is recognized that stable crude oil prices, and specifically Western Canada Select benchmark prices, will have a significant impact on project economics and financing, and on decisions regarding the timing and extent of future development.

Andora Sawn Lake, Alberta Interests at June 30, 2024

	Gross Sections	Working Interest	Unrisked Best Estimate Contingent Resources - Company Gross (million barrels)
Central Block (Andora operated)	11	100%	283.7
South Block (Andora operated)	16	100%	74.5
	27		358.2

Summary of Contingent Bitumen Resources of Andora as of June 30, 2024 as provided by Sproule

Marketable Resources - Company Gross (million barrels)	
Risked (evaluation assigned an 85% chance of development)	
Contingent - Low Estimate "1C"	249.0
Contingent - Best Estimate "2C"	304.5
Contingent - High Estimate "3C"	396.9
Unrisked	
Contingent - Low Estimate "1C"	292.9
Contingent - Best Estimate "2C"	358.2
Contingent - High Estimate "3C"	466.9

Sawn Lake Oil Sands Project of Andora  
Summary of Net Present Values as of June 30, 2024  
Contingent Resources as provided by Sproule  
(Cdn\$ million)

	0%	5%	10%	15%	20%
Net Present Values Before Tax (Risked)					
Contingent - Low Estimate "1C"	8,173	2,112	739	313	150
Contingent - Best Estimate "2C"	11,413	2,784	953	404	196
Contingent - High Estimate "3C"	18,740	3,789	1,184	484	233
Net Present Values After Tax (Risked)					
Contingent - Low Estimate "1C"	6,296	1,616	561	235	112
Contingent - Best Estimate "2C"	8,786	2,134	725	304	146
Contingent - High Estimate "3C"	14,440	2,908	904	367	175
Net Present Values Before Tax (Unrisked)					
Contingent - Low Estimate "1C"	9,612	2,483	868	367	176
Contingent - Best Estimate "2C"	13,423	3,274	1,119	474	230
Contingent - High Estimate "3C"	22,043	4,455	1,391	568	273
Net Present Values After Tax (Unrisked)					
Contingent - Low Estimate "1C"	7,402	1,897	657	275	130
Contingent - Best Estimate "2C"	10,331	2,507	850	356	170
Contingent - High Estimate "3C"	16,983	3,418	1,061	429	204

- 1 For risked resources and values, the evaluation assigned an 85% chance of development for Sawn Lake.
- 2 Resources assessed at forecast crude oil reference prices and costs.
- 3 Bitumen production is forecast to commence in 2026.
- 4 The reference prices for heavy oil per barrel (Western Canada Select "WCS" 20.5 API in Canadian dollars) are \$85.81 for 2025, \$84.67 for 2026, \$86.36 for 2027, \$88.09 for 2028, \$89.85 for 2029, \$91.65 for 2030, \$93.48 for 2031 and increase at 2% per year thereafter.
- 5 Bitumen revenue per barrel for these resources is \$17.71 less than the associated WCS reference price in 2026 and the differential increases approximately 1.2% per year.
- 6 The reference prices for natural gas (AECO-C Spot price per MMBTU in Canadian dollars) are \$3.48 for 2025, \$3.95 for 2026, \$4.03 for 2027, \$4.11 for 2028, \$4.19 for 2029, \$4.27 for 2030, \$4.36 for 2031 and increase at 2% per year thereafter.
- 7 Future development costs (including inflation of 2% per annum from 2026 onward) for Contingent Resources which have been deducted in calculating the before tax NPV:
  - Unrisked Low Estimate – CDN\$3,284 million with the drilling of 182 gross well pairs and building facilities
  - Unrisked Best Estimate – CDN\$3,487 million with the drilling of 182 gross well pairs and building facilities
  - Unrisked High Estimate – CDN\$3,637 million with the drilling of 182 gross well pairs and building facilities
- 8 The values disclosed may not represent fair market value.
- 9 There is uncertainty that it will be commercially viable to produce any portion of the resources.

CanAsia is a Calgary, Alberta based oil and gas company with operations in Western Canada.

*This press release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "could", "will", "anticipate" and "potential" or other similar wording. Forward-looking information in this press release includes, without limitation, references, express or implied, estimates of contingent resources volumes and the net present value thereof, the expected development plan for Sawn Lake, including the estimated costs thereof, the use of, and expected results from, ICDs and the PWB and forecast production volumes. By its very nature, the forward-looking information contained in this press release requires CanAsia 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 press release, CanAsia has made assumptions regarding, among other things, estimated resources volumes; the Sawn Lake development plan, including the timing and cost thereof and technical feasibility; the commercial viability of producing CanAsia's resources; sources and availability of funding; current and future commodity prices and royalty rates and regimes; the timing and outcome of regulatory approvals; availability of skilled labour; timing and amount of capital expenditures; future cash flows; future exchange rates; the impact of competition; general economic and financial conditions; the availability of drilling and other equipment; the effectiveness of technologies, including ICDs and the PWB; future bitumen production; effects of regulation by governmental agencies; future operating costs; and other matters. In addition, the forward-looking information contained in this press release is subject to known and unknown risks and uncertainties and other factors, some of which are beyond the control of CanAsia, 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; inability to access sufficient capital or generate sufficient cash flow to fund the Sawn Lake development plan; adverse outcomes of regulatory proceedings; delays in regulatory proceedings; 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; uncertainty of production estimates; impact of the changes in the economy; well performance and marketability of production; transportation and refining availability and costs; exploration and development costs; the recoverability of estimated resources volumes; failure of new technologies, including ICDs and PWB, to achieve expected results; CanAsia's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; 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; the factors for development set forth in the Resources Report and other technical and economic factors or revisions. Although CanAsia believes that the expectations reflected in its forward-looking information are reasonable, it can give no assurances that those expectations will prove to be correct. CanAsia undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.*

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