



CANASIA ENERGY CORP.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024**

May 13, 2025

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 May 13, 2025 and should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes attached thereto for the three months ended March 31, 2025 (the "financial statements"). The financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Reference should also be made to the audited consolidated financial statements of the Company and notes attached thereto for the year ended December 31, 2024 and the related MD&A for the year ended December 31, 2024.

CanAsia is a Canadian publicly listed junior oil and gas company. The CanAsia common shares trade on the TSX Venture Exchange ("TSXV"), under the stock trading symbol CEC. The principal address of the Company is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6 and the registered and records address of the Company is located at 4000, 421 – 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

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 \$1.2 million during the first quarter of 2025. However, CanAsia has working capital (current assets less current liabilities) of \$2.3 million as at March 31, 2025, which is available to fund its current requirements. CanAsia continues to evaluate international oil and gas concessions, including a formally announced bid round in Thailand in July 2025. See "Outlook" in this MD&A. While the Company currently has sufficient funds to participate in the Thailand bid round, additional funds may be required if and when a concession is awarded to the Company and the timing of funding and amount of funds required will depend on the proposed evaluation and exploration program. CanAsia also continues to pursue the sale or farmout of its interest in the Sawm Lake heavy oil project. However, in the event that CanAsia is unable to sell or farmout its interest in Sawm Lake and determines to restart production and pursue commercial development of Sawm Lake on its own, such restart and development will require funds. In addition, CanAsia will continue to need funds to support general corporate activities, general and administrative costs and the ongoing maintenance of the Sawm Lake property. The amount and timing of the capital required to fund the ongoing operations of CanAsia, including the evaluation and exploration program for a potential Thailand concession and any future development of Sawm Lake, is not known. However, 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 January 2024 and December 2023, which addresses certain liquidity requirements in the near term. However, additional capital may be required for any evaluation and exploration program in respect of a Thailand concession in the event the Company is successful in the upcoming Thailand bid round and, in the event that CanAsia is unable to divest of its interests in Sawm Lake, the potential development of Sawm Lake.

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, any evaluation and exploration program in respect of a Thailand concession, if awarded to the Company, and, in the event that CanAsia is unable to divest of its interests in Sawm Lake, the potential development of Sawm Lake. 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 Canadian dollars unless otherwise stated, and items denominated in foreign currencies as at March 31, 2025 were translated into Canadian dollars using March 31, 2025 exchange rates.

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 and the sources and timing thereof; a potential monetization involving Andora's Sawn Lake heavy oil project, including the expected timing thereof; and the formally announced onshore Thailand oil and gas licensing round, including the expected timing thereof and the Company's plans to evaluate and submit a potential bid as part of a consortium with a 30% participating interest.

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, estimated resource volumes; the Sawn Lake development plan, including the timing and cost thereof and technical feasibility of the plan; 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; future bitumen production; effects of regulation by governmental agencies; future operating costs; the interest of third parties in acquiring, by way of sale or farmout, the Company's interests in Sawn Lake on terms acceptable to the Company, including, in the case of a farmout, the potential farminee covering all or a substantial portion of the go-forward capital costs; the timing of a completing a sale or farmout of the Company's interests in Sawn Lake; the timing of Thailand's onshore concession bid round and the outcome of the Company's proposed bid thereon; 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; inability to access sufficient capital or generate sufficient cash flow to fund the Sawn Lake development plan or the evaluation and exploration program in respect of a Thailand concession; adverse outcomes of regulatory proceedings; delays in regulatory proceedings; the outcome of Thailand's onshore concession bid round; ability to divest of the Company's Sawn Lake interests, by sale or farmout, on terms acceptable to the Company, including, in the case of farmout, having a potential farminee cover all or a substantial portion of the go-forward capital costs; the trade dispute between the United States and Canada, including the imposition of tariffs and other measures, and the impact thereof on the Company and the proposed transaction involving the Sawn Lake heavy oil project; 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 to achieve expected results; the Company'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; other technical and economic factors or revisions, including the risks and uncertainties set forth under "Risks and Uncertainties" in the Company's MD&A for the year ended December 31, 2024 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 May 13, 2025 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)	March 31, 2025	December 31, 2024
Current assets	6,439	7,532
Current liabilities	(4,102)	(4,419)
Working capital	2,337	3,113

Petroleum and Natural Gas Properties

The Company’s interests in principal properties consist of the undeveloped Canadian oil sands leases, held by Andora Energy Corporation (“Andora”). All Production Sharing Contracts in Indonesia held by subsidiaries of Pan Orient Energy Holdings Ltd. (“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, and holds a 100% working interest in, four oil sands leases with 27 gross sections at Sawn Lake.

The December 31, 2024 Contingent Bitumen Resources Report (the “December 31 Resources Report”), a National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* (“NI 51-101”) compliant resources evaluation of Andora’s oil sands interests at Sawn Lake Alberta based on exploitation using SAGD as prepared by Sproule Associates Limited in accordance with the Canadian Oil and Gas Evaluation Handbook (the “COGE Handbook”), assigned risked “Best Estimate” contingent resources for Andora of 305 million barrels of bitumen recoverable as at December 31, 2024. 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 Reports 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 March 31, 2025 or December 31, 2024.

The Resources Reports 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

<i>(\$000s of Canadian dollars except where indicated)</i>	Three months ended March 31,	
	2025	2024
FINANCIAL		
Financial Statement Results		
Net loss ⁽¹⁾	(730)	(601)
Per share – basic and diluted	\$ (0.01)	\$ (0.01)
Cash flow used in operating activities ⁽²⁾	(1,175)	(919)
Per share – basic and diluted	\$ (0.01)	\$ (0.01)
Cash flow from (used in) financing activities ⁽²⁾	(2)	1,140
Per share – basic and diluted	\$ (0.00)	\$ 0.01
Working capital	2,337	6,377
Shareholders' equity ⁽³⁾	7,218	5,502
Weighted average shares outstanding (000s)	112,794	100,720
General and administrative expense ⁽¹⁾	(484)	(645)
Operating expense ⁽¹⁾	(164)	(185)
Natural gas pipeline tariff recovery ⁽¹⁾	30	71
Stock-based compensation ⁽¹⁾	(110)	(9)
Amortization ⁽¹⁾	(14)	(14)
Decommissioning recovery ⁽¹⁾	-	42
Loss on decommissioning provision settlement ⁽¹⁾	(31)	-
Finance income ⁽¹⁾	10	134
Foreign exchange gain ⁽¹⁾	33	5
Net loss ⁽¹⁾	(730)	(601)

(1) As set out in the Consolidated Statements of Operations and Comprehensive Loss in CanAsia's Consolidated Financial Statements.

(2) As set out in the Consolidated Statements of Cash Flows in CanAsia's Consolidated Financial Statements.

(3) As set out in the Consolidated Statements of Changes in Shareholders' Equity in CanAsia's Consolidated Financial Statements.

HIGHLIGHTS

- CanAsia had working capital totaling \$2.3 million, no long-term debt and shareholders' equity of \$7.2 million at March 31, 2025.
- Common shares outstanding were 112.8 million at May 13, 2025 and at December 31, 2024.
- Net loss in the first quarter of 2025 was \$0.7 million (\$0.01 per share) compared to \$0.6 million (\$0.01 per share) in the first quarter of 2024.
- Cash flow used in operations in the first quarter of 2025 was \$1.2 million (\$0.01 per share) compared to \$0.9 million (\$0.01 per share) in the first quarter of 2024. Cash flow used in operations in the first quarter of 2025 was mainly attributable to general and administrative expense of \$0.5 million and operating expense of \$0.2 million to maintain the shut-in facility of Andora.
- General and administrative expense in the first quarter of 2025 was \$0.5 million compared to \$0.6 million in the first quarter of 2024. General and administrative expense is comprised primarily of expenses related to personnel and premises, external services, and public company costs.
 - Personnel and premises costs were \$0.2 million in the first quarters of 2025 and 2024. These costs include salaries and benefits for employees, and fees incurred for consultants. They also include rent and other office costs related to the Company's Calgary office.
 - External service costs for the first quarter of 2025 were \$0.2 million compared to \$0.3 million in the first quarter of 2024. These costs mainly related to professional fees for legal, audit, tax services, information technology and engineering.
 - Public company costs were \$0.1 million in the first quarters of 2025 and 2024. These costs were incurred for maintaining the Company's status as a public company and mainly related to shareholder reporting and meeting, TSXV fees, transfer agent, insurance and directors' fees.
- Operating expenses in the first quarters of 2025 and 2024 were \$0.2 million. These expenses were incurred to safeguard and maintain the assets of Andora's suspended SAGD project facility and wellpair at Sawn Lake Central.
- 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 \$1.0 million representing the net cost of fulfilling the contract as at March 31, 2025.
- The current portion of the decommissioning provision of \$0.6 million as at March 31, 2025 was related to the legacy subsidiaries of POEH which had held interests in the East Jabung Production Sharing Contract 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. The non-current portion of the decommissioning provision of \$1.8 million as March 31, 2025 pertained to Andora's interests in Sawn Lake, Alberta.

OUTLOOK

As previously disclosed, the Government of Thailand has formally announced the onshore Thailand 25th Licensing Round on 9 onshore concessions located in the North East and Central plains of Thailand. During the first quarter of 2025 and continuing into the second quarter the Company has been and will continue to be focused on the technical work necessary to evaluate a potential bid in the upcoming licensing round. In the event that the Company, together with the consortium that it is proposing to partner with, with a 30% participating interest, determines that there is merit for a strong bid, bids will be due by July 16, 2025.

The uncertainties related to the recent Canadian federal election and the ongoing trade dispute between Canada and United States, including current and potential tariffs and other measures and the impact thereof on oil and gas prices, impacted the timing of commencement of a process with respect to the potential monetization of Andora Energy Corporation's Sawn Lake heavy oil asset. With some of the political and trade uncertainty now better framed, the Company expects a Sawn Lake monetization process, which may involve the outright sale of the asset, or a farmout whereby all, or a substantial portion of, the required go-forward capital would be covered by a potential farminee, to commence in earnest once commodity prices stabilize at levels higher than they are currently at.

Liquidity and Capital Resources

At March 31, 2025, CanAsia's working capital was \$2.3 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 \$1.2 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 \$0.7 million and the non-current portion of the decommissioning provision was estimated at \$1.8 million for Andora's wells and facilities in Canada.

Exploration and evaluation assets at March 31, 2025 amounted to \$5.8 million, following Andora's acquisition of certain assets of Northern Alberta Oil Ltd. and Deep Well Oil & Gas (Alberta) Ltd. in the second quarter of 2024 as described in the Company's MD&A for the year ended December 31, 2024 and a partial recovery of impairment charges previously recorded.

As at March 31, 2025, CanAsia had sufficient resources available to fund shorter term activity levels. However, CanAsia continues to consider international oil and gas concessions, including the formally announced bid round for nine onshore concessions located in the North East and Central plains of Thailand. While the Company currently has sufficient funds to participate in the Thailand bid round, it is expected that the Company will require additional capital to fund an evaluation and exploration program in respect of a Thailand concession in the event that the Company is successful in the bid round, the amount and timing of such additional required capital will depend on the nature and extent of the evaluation and exploration program and is not currently known. In addition, in the event that CanAsia is unable to divest of its interests in Sawn Lake and determines to pursue commercial development of the project, CanAsia will required additional capital to fund such commercial development.

The amount of capital required to fund an evaluation and exploration program in respect of a Thailand concession and/or the commercial development of the Sawn Lake project 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)	May 13, 2025	March 31, 2025	December 31, 2024
Common shares	112,794	112,794	112,794
Stock options	9,775	9,775	9,775
Broker warrants	1,850	1,850	1,850
Total	124,419	124,419	124,419

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:

	2024	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Rate at end of period, CAD / USD exchange	1.4376	1.4389	1.3499	1.3687	1.3550	1.3226	1.3520	1.3240

The

Company holds U.S. dollars within Canada to meet U.S. dollar cash requirements of its foreign subsidiaries, and at March 31, 2025 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 \$33 thousand during the quarter ended March 31, 2025 resulted from the U.S. dollar strengthening against the Canadian dollar.

Summary of Quarterly Results

	2025	2024				2023		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Financial (\$000s) except as indicated ⁽¹⁾								
Cash flow used in operating activities	(1,175)	(401)	(554)	(819)	(919)	(389)	(481)	(1,053)
Working capital	2,337	3,113	3,786	4,360	6,377	5,918	2,095	2,395
Shareholders' equity	7,218	7,838	8,515	9,071	5,502	4,952	1,396	1,536
Weighted average shares outstanding (000s)	112,794	112,794	112,794	112,794	100,720	55,822	49,794	49,794
Net income (loss) and comprehensive income (loss) ⁽²⁾	(730)	(791)	(711)	3,264	(601)	(1,085)	(168)	(676)
Per share - basic and diluted ⁽²⁾	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ 0.03	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.01)

(1) Amounts presented are set out in CanAsia's Consolidated Financial Statements.

(2) 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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