

CanAsia Energy Corp. 2022 Year-end Financial & Operating Results

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CALGARY, March 16, 2023 - [CanAsia Energy Corp.](#) ("CanAsia" or the "Company") (TSXV: CEC) reports 2022 year-end and fourth quarter consolidated financial and operating results.

The Company is today filing its audited consolidated financial statements as at and for the three months ended December 31, 2022 and the period from May 27, 2022 (date of incorporation) to December 31, 2022 and related management's discussion and analysis with Canadian securities regulatory authorities. Copies of these documents may be obtained online at www.sedar.com or the Company's website, www.canasiacorp.com.

Commenting today on CanAsia's 2022 fourth quarter results, President and CEO Jeff Chisholm stated: "Through the last quarter of 2022 the Company was focused on items related to: a) the closing of the sale of [Pan Orient Energy Corp.](#), b) the restructuring of Andora Energy Corporation, and c) moving the Sawn Lake SAGD project forward, focused mainly on long lead time environmental work that is required for start-up. Subsequent Q1/23 activities were focused mainly on the Andora restructuring and included an updated Sawn Lake contingent resources report, effective December 31, 2022. It is anticipated that remaining Q1 2023 activities will be directed towards continued Sawn Lake pre start-up related activities and the monitoring of an onshore Thailand oil and gas licensing round that is anticipated to be announced in 2023, possibly as soon as the late second quarter."

HIGHLIGHTS

- CanAsia had working capital and non-current deposits totaling \$6.2 million and no long-term debt at December 31, 2022.
- Common shares outstanding were 49.8 million at March 16, 2023 and December 31, 2022.
- Net loss attributable to common shareholders for the fourth quarter of 2022 and the period from May 27, 2022 (date of incorporation) to December 31, 2022 was \$780 thousand (\$0.02 per share) and \$725 thousand (\$0.01 per share), respectively. Cash flow used in operations for the fourth quarter of 2022 and the period from May 27, 2022 (date of incorporation) to December 31, 2022 was \$514 thousand (\$0.01 per share) and \$617 thousand (\$0.01 per share), respectively. Financial results are from completion of the Arrangement (described below) on August 25, 2022 to December 31, 2022.
- General and administrative expense in the three-month period ending December 31, 2022 and the period from May 27, 2022 to December 31, 2022 of \$565 thousand and \$782 thousand, respectively, comprised primarily of expenses related to personnel and premises, external services, and public company costs.
 - Personnel and premises costs in the three-month period ending December 31, 2022 and the period from May 27, 2022 to December 31, 2022 were \$171 thousand and \$260 thousand, respectively. 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 services costs in the three-month period ending December 31, 2022 and the period from May 27, 2022 to December 31, 2022 were \$283 thousand and \$377 thousand, respectively, and were mainly related to professional fees for legal, audit and tax services. Costs were also incurred for information technology, banking and payroll services.
 - Public company costs in the three-month period ending December 31, 2022 and the period from May 27, 2022 to December 31, 2022 were \$98 thousand and \$128 thousand, respectively. These costs relate to maintaining the Company's status as a public company, and include TSXV fees, agent fees, publication fees and fees associated with directorship of a public company.
- Operating expense in the three-month period ending December 31, 2022 and the period from May 27, 2022 to December

31, 2022 was \$113 thousand and \$149 thousand, respectively, and were incurred to safeguard and maintain the assets of Andora's suspended Steam Assisted Gravity Drainage facility and wellpair at Sawn Lake Central.

- On August 25, 2022, [Pan Orient Energy Corp.](#) ("Pan Orient") completed an arrangement (the "Arrangement") that resulted in a

third party acquiring Pan Orient (including Thailand operations) and Pan Orient's non-Thailand assets being acquired by CanAsia. Non-Thailand assets included Pan Orient's 71.8% ownership of Andora Energy Corporation ("Andora"), which has interests in oil sands properties in Sawn Lake, Alberta, convertible loans receivable from Andora, 100% ownership in Pan Orient Energy Holdings Ltd. ("POEH") with legacy subsidiaries which had held interests in Indonesia, and working capital and non-current deposits. CanAsia assumed all liabilities related to Pan Orient's non-Thailand business, consisting primarily of accounts payable and accrued liabilities included in working capital and the decommissioning provision.

- Pursuant to the Arrangement, CanAsia assumed from Pan Orient two convertible loan agreements with Andora on August 25, 2022.

Under the agreements, Andora could draw up to \$2.5 million against one revolving credit facility (the "First Credit Facility") and up to \$1.3 million against the second revolving credit facility (the "Second Credit Facility"). The loans bear interest at HSBC Canada prime rate for commercial loans in Canadian dollars plus three percent, per annum. Any principal drawn against the respective credit facilities, including accrued interest (collectively, the "outstanding amount"), was repayable upon demand by CanAsia or by December 31, 2022, whichever was earlier. Security for repayment of any outstanding amounts is provided by a general security agreement creating a first fixed charge over all of Andora's property, subject to certain permitted encumbrances. CanAsia has the option to convert the outstanding amounts, or a portion thereof, into Andora's common shares, at a price of \$0.15 per share under the First Credit Facility and at a price of \$0.01 per share under the Second Credit Facility.

In November 2022, CanAsia and Andora agreed to extend the maturity date of the First Credit Facility by one year, so that any amount drawn against the facility, including accrued interest, is now repayable upon demand or no later than December 31, 2023, whichever is earlier. Also, in November 2022, CanAsia, at its election, converted the outstanding amount of the Second Credit Facility into 139,427,534 common shares of Andora, and the facility was terminated.

As at December 31, 2022, a total of \$2.5 million was fully drawn against the First Credit Facility and the related outstanding amount plus accrued interest of \$530 thousand is not expected to be collected from Andora in the foreseeable future.

- The current portion of the decommissioning provision of \$0.9 million as at December 31, 2022 relates to the legacy subsidiaries of POEH which had held interests in the East Jabung and Jambi Production Sharing Contracts in Indonesia. CanAsia is withdrawing from activities in Indonesia and decommissioning related costs are expensed when incurred. The non-current portion of the decommissioning provision of \$1.5 million as at December 31, 2022 pertained to Andora's interests at Sawm Lake, Alberta.
- Andora's December 31, 2022 Contingent Resources Report estimated unrisks "Best Estimate" contingent resources of 292.2 million barrels of recoverable bitumen (257.7 million barrels net to CanAsia's 88.2% interest in Andora).
- On February 28, 2023, the board of directors of Andora accepted a formal proposal made by CanAsia with respect to a transaction (the "Transaction") whereby the outstanding shares of Andora will be consolidated on a 211,283,457: 1 basis (the "Consideration"); and all fractional shares resulting from the Consolidation will be redeemed (the "Redemption") by Andora and cancelled, and the holders of Andora shares, other than CanAsia, will be entitled to receive a cash redemption payment of \$0.044 for each pre-Consolidation share of Andora (the "Consolidation"). Following the Transaction, CanAsia, which currently owns 88.2% of the outstanding shares of Andora, will own 100% of the issued and outstanding of Andora.

Completion of the Transaction is subject to satisfaction of certain conditions, including that all issued and outstanding options to acquire shares of Andora will be either exercised or surrendered for their "in-the-money" value. CanAsia has agreed that it will provide to Andora, by loan or otherwise, sufficient funds

to pay the Consideration, make any payments to holders of Andora options, and pay Andora's reasonable expenses of the Transaction.

The Transaction is subject to approval by shareholders of Andora at a special meeting to be held on March 27, 2023. Pursuant to the CanAsia proposal accepted by Andora on February 28, 2023, CanAsia has agreed to vote in favor of the Transaction and it is anticipated that the Transaction will be approved. If all other conditions to the Transaction becoming effective are also satisfied or waived, it is expected that the Transaction will be effected on or around the date of the special meeting.

OUTLOOK

First quarter of 2023 activities were focused mainly on the Andora restructuring and included an updated Sawn Lake contingent resources report, effective December 31, 2022. It is anticipated that remaining first quarter of 2023 activities will be directed towards continued Sawn Lake pre start-up related activities and the monitoring of an onshore Thailand oil and gas licensing round that is anticipated to be announced in 2023, possibly as soon as the late second quarter.

COVID-19 and Ukraine Invasion

Events such as the Covid-19 pandemic and the invasion of Ukraine by Russian forces have resulted in a significant increase in economic uncertainty, with more volatile commodity prices, currency exchange rates and interest rates, and increasing 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.

Financial and Operating Results

	Three Months Ended December 31, 2022	Period from May 27, 2022 (date of incorporation) to December 31, 2022 ⁽¹⁾
(\$000s of Canadian dollars except where indicated)		
FINANCIAL		
Financial Statement Results		
Net loss attributable to common shareholders	(780)	(725)
Per share - basic and diluted	\$ (0.02)	\$ (0.01)
Cash flow used in operating activities ⁽²⁾	(514)	(617)
Per share - basic and diluted	\$ (0.01)	\$ (0.01)
Cash flow (used in) from financing activities ⁽²⁾	(9)	9,310
Per share - basic and diluted	\$ (0.00)	\$ 0.19
Working capital and non-current deposits	6,244	6,244
Long-term debt	-	-
Shares outstanding (000s)	49,794	49,794
General and administrative expense	(565)	(782)
Operating expense	(113)	(149)
Stock-based compensation	(93)	(96)
Amortization	(13)	(17)
Decommissioning (expense) recovery	(70)	3
Finance income	63	70
Foreign exchange (loss) gain	(77)	231
Deferred income tax recovery (expense)	68	(22)
Net loss attributable to non-controlling interest in Andora	20	37
Net loss attributable to common shareholders	(780)	(725)
CONTINGENT RESOURCES		
CanAsia's 88.2% share of the oil sands leases of Andora at Sawn Lake, Alberta	(Note 3)	

- 1) Represents financial results from completion of the Arrangement on August 25, 2022 to December 31, 2022.
- 2) As set out in the Consolidated Statements of Cash Flows in CanAsia's Consolidated Financial Statements.
- 3) The evaluation of Andora's contingent resources of the oil sands project at Sawn Lake Alberta, Canada as at December 31, 2022 was conducted by Sproule Associates Limited. Andora's unrisks "Best Estimate" contingent resources were 292.2 million barrels (257.7 million net to CanAsia's interest in Andora) of recoverable bitumen as at December 31, 2022 using forecast prices at December 31, 2022.

Cautionary Statements

This press release may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "will", "expect", "believe", "estimate", "should", "anticipate", "potential", "opportunity" or other similar wording. Forward-looking information in this press release includes, but is not limited to, references to: the strength of the Company's financial position; the Sawn Lake heavy oil project; the First Credit Facility with Andora, the decommissioning provision with respect to subsidiaries of POEH and Andora; the proposed Transaction to purchase Andora common shares held by minority shareholders; and the anticipated onshore Thailand oil and gas licensing round.

By its very nature, forward-looking information requires CanAsia and its management to make assumptions that may not materialize or that may not be accurate. In addition, forward-looking information 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 events, results, expectations, achievements or performance to differ materially. 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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SOURCE [CanAsia Energy Corp.](#)

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