Asean Energy Corp

(FORMERLY RIFT BASIN RESOURCES CORP.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED - PREPARED BY MANAGEMENT)

(EXPRESSED IN CANADIAN DOLLARS)

FOR THE THREE AND SIX MONTH PERIOD ENDED OCTOBER 31, 2014

ASEAN ENERGY CORP.

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the condensed interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of Asean Energy Corp. ("the Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

(Unaudited-Expressed in Canadian Dollars)

	Notes	October 31, 2014 $	April 30, 2014 $
ASSETS			
Current			
Cash and cash equivalents		13,384	272,644
Accounts receivable		18,710	75,627
Due from related parties	4, 7	13,442	25,783
Prepaid Expenses		17,234	47,000
		62,770	421,054
Equipment	5	5,220	6,313
		67,990	427,367
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)			
Current			
Accounts payable and accrued liabilities		231,869	196,037
Shareholders' equity (deficiency)			
Share capital	6	4,717,795	3,950,730
Contributed surplus	6	869,911	698,979
Subscriptions received in advance		-	562,010
Deficit		(5,751,585)	(4,980,389)
		(163,879)	231,330
		67,990	427,367

Nature and Continuance of operations (Note 1)
Commitments (Note 10)
Subsequent events (Note 11)

Approved on behalf of the Board on December 19, 2014:

Signed	Signed
*"Wayne M. Koshman"*__________	*"Robert van Santen"*_____________
Director	Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ASEAN ENERGY CORP.
(Formerly Rift Basin Resources Corp.)
Condensed Interim Consolidated Statement of Comprehensive Loss
(Unaudited-Expressed in Canadian Dollars)
For the six months ended October 31

	Note	For the three months ended	October 31,	For the six months ended	October 31,
		2014	2013	2014	2013
		$	$	$	$
General and Administrative expenses					
Advertising and promotion		800	10,845	10,023	12,512
Consulting fees		20,400	15,000	35,400	17,000
Depreciation	5	547	540	1,093	931
Insurance		3,040	2,740	6,080	5,480
Interest and bank charges		561	923	1,392	2,172
Management fees	7	92,083	97,500	189,583	195,167
Office, rent and miscellaneous		11,908	10,133	32,675	24,463
Professional fees		16,936	26,431	37,454	29,975
Share based compensation		68,055	9,060	170,932	35,796
Telephone		1,464	2,485	10,903	9,940
Travel and business development		3,771	7,112	22,313	10,808
Transfer agent and filing fees		17,510	6,464	13,585	15,449
		237,075	189,233	531,433	359,693
Overseas project development					
Consulting fees		41,979	-	101,326	-
Management fees		11,700	12,300	34,500	12,300
Professional fees		477	13,551	6,960	41,205
Travel & project investigation fees		30,309	48,229	106,931	87,666
		84,465	74,080	249,717	141,171
Net loss before other items		(321,540)	(263,313)	(781,150)	(500,864)
Other items					
Other income		10,000	-	10,000	-
Foreign exchange gain (loss)		26	(2,608)	(46)	(5,035)
		10,026	(2,608)	9,954	(5,035)
Loss and comprehensive loss for the year		(311,514)	(265,921)	(771,196)	(505,899)
Basic and diluted loss per share		(0.00)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding		79,997,426	51,716,896	78,922,975	50,544,613

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ASEAN ENERGY CORP.
(Formerly Rift Basin Resources Corp.)
Condensed Interim Consolidated Statement of Changes in Shareholders' Deficiency
(Unaudited-Expressed in Canadian Dollars)

	Share Capital					
	Number	**Amount**	**Contributed Surplus**	**Subscriptions received in advance**	**Deficit**	**Total**
		$	**$**	**$**	**$**	**$**
Balance, April 30, 2013	48,883,200	2,956,691	554,565	-	(3,535,335)	(24,079)
Shares issued for cash	8,175,000	465,000	-	-	-	465,000
Share issued to settle debt	914,359	45,718	-	-	-	45,718
Subscription received	-	-	-	562,010	-	562,010
Share issuance costs	-	(7,158)	-	-	-	(7,158)
Share based compensation	-	-	35,796	-	-	35,796
Net loss for the period	-	-	-	-	(559,364)	(559,364)
Balance, October 31, 2013	**57,972,559**	**3,460,251**	**590,361**	**562,010**	**(4,094,699)**	**517,923**
Shares issued for cash	10,000,000	500,000	-	-	-	500,000
Share issuance costs	-	(9,521)	-	-	-	(9,521)
Share based compensation	-	-	108,618	-	-	108,618
Net loss for the period	-	-	-	-	(885,690)	(885,690)
Balance, April 30, 2014	**67,972,559**	**3,950,730**	**698,979**	**562,010**	**(4,980,389)**	**231,330**
Shares issued for cash	11,393,495	683,610	-	(562,010)	-	121,600
Shares issued to settle debt	1,024,995	87,125	-	-	-	87,125
Share issuance costs	-	(3,670)	-	-	-	(3,670)
Share based compensation	-	-	170,932	-	-	170,932
Net loss for the period	-	-	-	-	(771,196)	(771,196)
Balance, October 31, 2014	**80,391,049**	**4,717,795**	**869,911**	-	**(5,751,585)**	**(163,879)**

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ASEAN ENERGY CORP.
(Formerly Rift Basin Resources Corp.)
Condensed Interim Consolidated Statement of Cash Flows
(Unaudited-Expressed in Canadian Dollars)
For the six months ended October 31

	Six Months Ended October 31, 2014	Six Months Ended October 31, 2013
	$	$
OPERATING ACTIVITIES		
Loss for the period	(771,196)	(505,899)
Adjustment for non-cash items:		
Depreciation	1,094	931
Share based compensation	170,932	35,796
	(599,170)	(469,172)
Working capital adjustments		
Trade and other receivables	56,917	(16,511)
Due from related parties	12,340	41,775
Prepaid expenses	29,766	(42,274)
Trade payable and accrued liabilities	119,287	(108,117)
	(380,860)	(594,299)
INVESTING ACTIVITIES		
Equipment purchase	-	(5,351)
	-	(5,351)
FINANCING ACTIVITIES		
Deposit payable	-	52,500
Proceeds from share issuance	683,610	465,000
Subscriptions received in advance	(562,010)	-
Share issuance costs	-	(7,158)
	121,600	510,342
NET CHANGE IN CASH AND CASH EQUIVALENTS	(259,260)	(89,308)
Cash and cash equivalents, beginning of period	272,644	127,725
Cash and cash equivalents, end of period	**13,384**	**38,417**
Supplemental disclosure with respect to cash flows:		
Equipment purchases accrued through accounts payable and accrued liabilities	-	5,351
Share issuance costs accrued through accounts payable and accrued liabilities	3,670	-
Accounts payable and accrued liabilities settled through the issuance of common shares	87,124	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

Asean Energy Corp. (collectively with its subsidiary, the "Company") was incorporated as Mayen Minerals Ltd. under the laws of British Columbia on January 14, 1981. On Sept. 25, 2012 the Company changed its name to "Rift Basin Resources Corp." and its common shares commenced trading on the TSX Venture Exchange ("TSX-V") under the trading symbol "RIF" as a Tier 2 mining issuer. On August 12, 2013 the common shares of the Company were delisted from Tier 2 of the TSX-V and commenced trading on the NEX board, in transition to qualifying as an oil and gas issuer. The trading symbol for the Company was changed from RIF to RIF.H.

On August 25, 2014 the Company changed its name to Asean Energy Corp., delisted from the TSX-V and commenced trading on the Canadian Securities Exchange ("CSE") under the new trading symbol "ASA", new CUSIP number 04366T106 and new ISIN CA04366T1066. The Company is an exploration stage enterprise engaged in acquiring, exploring and developing oil and gas properties primarily focused on Southeast Asia.

The address of the Company's registered and record office is Fifteenth Floor, 1055 West Georgia Street Vancouver, British Columbia, Canada V6E 4N7, and the head office address is Suite 400- 409 Granville Street, Vancouver, British Columbia, Canada V6C 1T2.

The condensed interim consolidated financial statements were prepared on a going concern basis in accordance with International Financial Accounting Standards ("IFRS"), with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations rather than through a process of forced liquidation.

The Company has incurred losses since its inception and had an accumulated deficit of $5,751,585 as at October 31, 2014. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flows from its operations. Management of the Company does not expect that cash flows for the Company's operations will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. There can be no assurance that additional funding will be available to the Company, or, if available, that this funding will be on acceptable terms. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

The condensed interim consolidated financial statements of the Company for the six months ended October 31, 2014 were authorized for issue by the Board of Directors on December 19, 2014.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS) 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended April 30, 2014.

The accounting policies applied in preparation of these unaudited condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's consolidated financial statements for the year ended April 30, 2014.

2. BASIS OF PREPARATION-*continued*

Statement of compliance-*continued*

Basis of preparation

These condensed interim consolidated financial statements have been prepared on the accrual basis of accounting except for cash flow information, and on an historical cost basis except for certain financial assets measured at fair value. The financial statements are presented in Canadian Dollars, which is also the Company's functional currency, unless otherwise indicated.

Critical accounting estimates

The preparation of these condensed interim consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The inputs used in calculating the fair value for share-based compensation expense included in profit or loss.

ii) The valuation of shares issued in non-cash transactions, including the settlement of debt. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.

iii) The treatment of accounts payable and accrued liabilities previously written off through the statements of comprehensive loss requires certain management judgments. The management believes that the related vendors will not pursue payment from the Company or its subsidiary. Further, these accounts payable relate to operations in a geographical segment the Company is no longer active in and therefore management has no current intention to pay these amounts.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary, Asean Energy Holdings Corp. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The subsidiary is included in the consolidated financial statements from the date control commences until the date control ceases.

All intra-company transactions, balances, income and expenses are eliminated in full on consolidation.

(Unaudited-Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Basis of consolidation-*continued*

Functional and presentation currency

The functional currency of the Company and its subsidiary is the Canadian dollar as this is the principal currency of the economic environment in which they operate. The Canadian dollar is also the Company's presentation currency.

Transactions in foreign currencies are initially recorded in the Company's functional currency at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value is determined.

All gains and losses on translation of these foreign currency transactions are included in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position are comprised of cash and short-term deposits held at major financial institutions, which are readily convertible into known amounts of cash. The Company's cash and cash equivalents are invested in business and savings accounts which are available on demand by the Company for its operations.

Cash and cash equivalents consist of:

	October 31, 2014	April 30, 2014
Cash	$ 1,884	$ 261,144
Term deposits	11,500	11,500
Total	$ 13,384	$272,644

Financial instruments

i. Financial assets

The Company classifies its financial assets into one of the following categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial assets acquired principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortized cost using the effective interest method less any provision for impairment.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized cost using the effective interest method less any provision for impairment.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Financial instruments-*continued*

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized in other comprehensive income (loss). Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from accumulated other comprehensive income (loss) and recognized in profit or loss.

All financial assets except those measured at fair value through profit or loss are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence of impairment as a result of one or more events that have occurred after initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or the group of financial assets.

ii. Financial liabilities

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss - This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities - This category consists of liabilities carried at amortized cost using the effective interest method.

The Company has classified its cash and cash equivalents as fair value through profit and loss, its accounts receivable and due from related parties as loans and receivables and its accounts payable and accrued liabilities and loans payable as other financial liabilities.

Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of income and comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized in profit or loss.

Depreciation is calculated using a declining balance method to write off the cost of the assets. The depreciation rates applicable to each category of property and equipment are as follows:

Computer equipment	55% Declining balance
Office equipment	20% Declining balance

One-half the normal rate of depreciation is recorded in the year of acquisition.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Exploration and evaluation assets

The Company's evaluation, pre-exploration and exploration costs incurred prior to obtaining title are expensed as incurred as project development expenses.

No amortization charge is recognized in respect of capitalized exploration and evaluation assets. These assets are transferred to development assets in property, plant and equipment upon the commencement of development.

Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Exploration and evaluation expenditure related to an area of interest where the Company has tenure are capitalized as intangible assets and are initially recorded at cost less impairment.

Exploration and evaluation expenditure also includes the costs incurred in acquiring exploitation rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. Capitalized costs, including general and administrative costs, are only allocated to the extent that those costs can be related directly to operational activities in the relevant area of interest.

All capitalized exploration and evaluation expenditures are assessed for impairment if facts and circumstances indicate that impairment may exist. In circumstances where a property is abandoned, the cumulative capitalized costs relating to the property are written off in the period.

Impairment of non-financial assets

At the end of each reporting period, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Provisions

i. Environmental rehabilitation provision

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an environmental rehabilitation obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount. Subsequently, these capitalized asset retirement costs are amortized over the life of the related assets. At the end of each period, the liability is increased to reflect the passage of time (accretion expense) and changes in the estimated future cash flows underlying any initial estimates (additional rehabilitation costs). The Company recognizes its environmental liability on a site-by-site basis when it can be reliably estimated.

Environmental expenditures related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible are charged to the profit and loss statement. The Company had no rehabilitation obligations as at October 31, 2014 or April 30, 2014.

ii. Other provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of the options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. The fair value is recognized as an expense with a corresponding increase in contributed surplus. When stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion of share-based compensation previously recorded in contributed surplus. Consideration paid for the shares on the exercise of stock options is credited to share capital.

Share-based compensation arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions and measured at the fair value of goods or services received. If the fair value of the goods or services received cannot be estimated reliably, the share-based payment transaction is measured at the fair value of the equity instruments granted at the date the Company receives the goods or the services.

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date applicable to the period of expected realization or settlement.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Loss per share

The Company presents basic and diluted earnings/loss per share data for its common shares, calculated by dividing the earnings/loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted earnings/loss per share does not adjust the earnings/loss attributable to common shareholders or the weight average number of common shares outstanding when the effect is anti-dilutive.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

(Unaudited-Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES-*continued*

Accounting pronouncements not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended October 31, 2014 and have not been applied in preparing these financial statements. The Company is currently considering the possible effects of the new and revised standards which will be effective to the Company's financial statements for the year ending April 30, 2015 or later:

IFRS 9 – Financial Instruments, as issued in November 2009 and revised in October 2010 has an indefinite adoption date, subject to confirmation by the International Accounting Standards Board. The standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 and divides all financial assets that are currently in the scope of IAS 39 into two classifications; amortized cost and those measured at fair value.

IAS 16 – Property, Plant and Equipment: The amendment outlines the accounting treatment for most types of property, plant and equipment is initially measured at its cost, subsequently measured either using a cost of revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The amendment is effective for annual periods beginning on or after January 1, 2016. The Company does not expect any effect on the Company's financial statements.

4. DUE FROM RELATED PARTIES

Amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment. As at October 31, 2014, there is a net balance outstanding of $13,442 (April 30, 2014 - $25,783).

5. EQUIPMENT

	Computer Equipment
Cost:	
As at April 30, 2013	$ 3,874
Additions	5,351
At October 31, 2013, April 30, 2014 and October 31, 2014	$ 9,225
Depreciation:	
At April 30, 2013	751
Charge for the period	1,080
At October 31, 2013	1,831
Charge for the period	1,081
At April 30, 2014	$ 2,912
Charge for the period	1,093
At October 31, 2014	$ 4,005
Net book value:	
At April 30, 2014	$ 6,313
At October 31, 2014	$ 5,220

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS

Authorized share capital

The Company is authorized to issue an unlimited number of common and preferred shares with no par value.

Issued shares*:*

1. On July 8, 2013 the Company completed a non-brokered private placement of 1,875,000 units at a price of $0.08 per unit for gross proceeds of $150,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for $0.20 up to July 8, 2014, subject to acceleration conditions.

2. On October 18, 2013 the Company completed a non-brokered private placement of 6,300,000 units at a price of $0.05 per unit for gross proceeds of $315,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for $0.20 up to October 18, 2014, subject to acceleration conditions.

3. On November 26, 2013 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 914,359 shares at a price of $0.05 per unit settling $45,718 of the Company payables. The creditor also wrote-off a further $26,732 of debt owed by the Company to the creditor.

4. On February 18, 2014 the Company completed a non-brokered private placement of 10,000,000 units at a price of $0.05 per unit for gross proceeds of $500,000. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for $0.20 up to February 18, 2015, subject to acceleration conditions.

5. On May 7, 2014 the Company completed a non-brokered private placement of 10,100,162 units at a price of $0.06 per unit for gross proceeds of $606,010. Each unit consisted of one common share and one half common share purchase warrant, with one full warrant entitling the holder to purchase one common share of the Company for $0.20 up to May 7, 2015, subject to acceleration conditions.

6. On May 23, 2014 the Company announced that it entered into a shares-for-debt agreement with an arm's length creditor to settle approximately $107,735 of debt by issuing the Creditor 1,024,994 common shares. The shares were issued on June 25, 2014 and are subject to a statutory hold period in accordance with applicable securities legislation which expires on October 24, 2014.

7. On June 23, 2014 the Company entered into a shares-for-debt agreement with an arm's length creditor. The Company issued 1,024,944 shares at a price of $0.085 per share settling $87,124 of the Company payables.

8. On August 29, 2014 the Company completed a non-brokered private placement of 1,293,333 units at a price of $0.06 per unit for gross proceeds of $77,600. Each unit consisted of one common share and one-half of a common share purchase warrant, with one full warrant entitling the holder to purchase one common share at a price of $0.20 up to August 29, 2015, subject to acceleration conditions.

(Unaudited-Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

Warrants

The Company's warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price $
Balance, April 30, 2014	28,517,500	0.13
Issued during the period	5,696,747	0.20
Expired	(23,517,500)	0.20
Balance, end of period	10,696,747	0.20

The following table summarizes the warrants outstanding as at October 31, 2014:

Warrants outstanding	Exercise price $	Expiry date
5,000,000	0.20	February 18, 2015 (1)
5,050,081	0.20	May 7, 2015 (1)
646,666	0.20	August 29, 2015 (1)

(1) The Company is entitled to accelerate the expiry date of all the outstanding $0.20 warrants to the date that is 30 days following the date the Company issues a news release announcing that the published closing price of the common shares on the CSE has been equal or greater than 30 cents for any 10 consecutive trading days after the statutory hold period

Stock options

The Company has an incentive stock option plan which permits the Board of Directors of the Company to grant options to directors, employees and non-employees to acquire common shares of the Company at fair market value on the date of approval by the Board of Directors. A portion of the stock options vests immediately on the grant date and the balance vests over a period of up to five years from grant date.

(Unaudited-Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

Stock options-*continued*

The following table summarizes the changes in the outstanding stock options:

	Number of Options	Weighted Average Exercise Price $
Balance, April 30, 2014	5,700,000	0.10
Granted	2,300,000	0.10
Balance, October 31, 2014	8,000,000	0.10
Options exercisable, end of period	4,275,000	0.10

The following table summarizes the options outstanding as at October 31, 2014:

Options outstanding	Options exercisable	Exercise price $	Expiry date
1,700,000	1,700,000	0.10	September 26, 2017
4,000,000	2,000,000	0.10	November 28, 2018
2,000,000	500,000	0.10	May 16, 2019
300,000	75,000	0.10	September 2, 2019
8,000,000	4,275,000		

(Unaudited-Expressed in Canadian Dollars)

6. SHARE CAPITAL AND CONTRIBUTED SURPLUS-*continued*

Stock options-*continued*

The fair value of options granted is estimated using the Black-Scholes option pricing model with the following assumptions:

	October 31, 2014	April 30, 2014
Average dividend per share	-	-
Average forecasted volatility	155%	144%
Average risk-free interest rate	1.10%	1.07%
Average expected life	5 years	5 years
Fair value – weighted average of options issued	$ 0.04	$ 0.04

For the period ended October 31, 2014, the Company recorded share-based compensation expense with an offsetting increase to contributed surplus of $170,932 (year ended April 30, 2014 - $144,414).

7. RELATED PARTY TRANSACTIONS

During the period ended October 31, 2014, the Company entered into the following transactions with related parties, not disclosed elsewhere in these financial statements:

i. As at October 31, 2014, $13,442 (April 30, 2014 -$25,783) was due from related parties. The amounts due from related parties are unsecured, non-interest bearing and have no fixed terms for repayment.

ii. As at October 31, 2014, $nil (April 30, 2014-$14,250) was advanced to a company controlled by a family member of a director of the Company.

iii. As at October 31, 2014, $69,500 (April 30, 2014-$nil) was advanced to the Company as an unsecured loan by a company controlled by a family member of a director of the Company.

iv. As at October 31, 2014, $6,000 (April 30, 2014- $22,100) for rent was paid or accrued to a company controlled by family members of a director and officer of the Company.

v. As at October 31, 2014, a $nil (April 30, 2014-$25,000) bonus was paid or accrued for services performed by a company controlled by a family member of a director of the Company.

vi. As at October 31, 2014, $nil (April 30, 2014-$10,000) for marketing fees were paid or accrued to a company controlled by a family member of a director of the Company.

vii. As at October 31, 2014, $15,000 (April 30, 2014-$30,000) for professional fees were paid or accrued for services performed by a company controlled by a family member of a director of the Company.

(Unaudited-Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS-*continued*

Summary of key management personnel compensation is as follows:

	For the six months ended October 31, 2014	2013
Share-based compensation*	$ 81,715	$ 35,796
Consulting, management and directors' fees	$ 189,583	$ 195,167
Overseas management, consulting and bonuses	$ 34,500	$ 12,300

** The estimated fair value of the stock options granted during the year was determined using the Black-Scholes option pricing model.*

Included in accounts payable and accrued liabilities as at October 31, 2014 was $117,239 (April 30, 2014-$13,000) due to a director and companies controlled by a family member of a director of the Company.

8. CAPITAL RISK MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition and exploration of resource properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital that it manages as shareholders' equity (deficiency).

The Company has historically relied on the equity markets to fund its activities. Current financial markets are very difficult and there is no certainty with respect to the Company's ability to raise capital. The Company will continue to assess new properties and seek to acquire an interest in mineral properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company currently is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

a. Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities
b. Level 2 – inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
c. Level 3 – inputs that are not based on observable market data

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT-*continued*

	Financial assets at fair value			
	Level 1	**Level 2**	**Level 3**	**April 30, 2014**
Fair value through profit and loss financial asset				
Cash and cash equivalents	$ 272,644	-	-	$ 272,644
Total financial assets at fair value	$ 272,644	-	-	$ 272,644

	Financial assets at fair value			
	Level 1	**Level 2**	**Level 3**	**October 31, 2014**
Fair value through profit and loss financial asset				
Cash and cash equivalents	$ 13,384	-	-	$ 13,384
Total financial assets at fair value	$ 13,384	-	-	$ 13,384

The fair values of the Company's accounts receivable, due from related parties, accounts payable and accrued liabilities and loans payable approximate their carrying values due to their short term nature.

The Company is exposed to varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, inclusive of counterparty limits, controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk.

Liquidity risk
Liquidity risk is the risk that the Company will not be able to pay financial instrument liabilities as they come due. The Company currently does not have sufficient capital in order to meet short-term business requirements, after taking into account the Company's holdings of cash. The Company's cash is invested in bank accounts which are available on demand.

Market risk
The only significant market risk exposure to which the Company is exposed is interest rate risk. The Company's bank account earns interest income at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to short-term rates.

Foreign currency risk
The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in Canadian Dollars (CDN), and US Dollars (USD).

Price risk
The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of raw materials, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. COMMITMENTS

On October 1, 2013, the Company entered into a commercial lease agreement for an office space in Vancouver for a term of 36 months expiring September 30, 2016, incurring monthly rent payments of $3,459. A security deposit of $3,225 was paid and included in prepaid expenses. Effective December 1, 2014 the commercial lease was renegotiated such that the monthly amount was reduced to approximately $2,000 per month (net, after sub-lessee arrangements) to the Company. The Company may terminate the lease by giving 60 day notice and shall thereafter have no further obligation.

11. SUBSEQUENT EVENTS

On December 2, 2014 the Company closed 5,400,000 units (the “Units”) of the 10 million Unit non-brokered private placement previously announced on October 30, 2014, at a price of $0.05 per Unit for proceeds of $270,000 (the “$0.05 Private Placement”). Each Unit consists of one Common Share of the Issuer, and as evidenced by a Subscription Receipt, the right to acquire for no additional consideration one-half of a common share of 1016183 B.C. Ltd. (“Subco”), and the right to acquire for no consideration one-half share purchase warrant (a "Subco Warrant") of Subco, with each full Subco Warrant exercisable to acquire one additional common share of Subco at a price of $0.10 for a period of one year from Closing. All securities issued in connection with the $0.05 Private Placement will be subject to a statutory hold period ending on April 2, 2015 in accordance with applicable securities legislation. The net proceeds from the $0.05 Private Placement will be used by the Company for working capital, and as a loan to Servomarin Sdn. Bhd (“Opco”) in anticipation of completion of a Plan of Arrangement (“the Arrangement”) whereby Subco is spun out as a separate Reporting Issuer and assigned the Company’s Letter of Intent (“the LOI”) to acquire Opco dated September 15, 2014. The Company will proceed with the private placement of the remaining 4,600,000 Units at $0.05 per Unit, for gross proceeds of up to $230,000, expected to close in December. The Arrangement is subject to approval of the shareholders of Asean Energy and the Supreme Court of British Columbia to become effective. It is anticipated that the Annual and Special General Meeting will be held in Vancouver on or before February 10, 2015. Further details will be provided in the Information Circular being sent to Company shareholders.