



CANASIA ENERGY CORP.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2026**

(Unaudited)

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

(\$000s)	March 31, 2026	December 31, 2025
Assets		
Current		
Cash and cash equivalents	3,324	3,902
Accounts receivable and prepaid expenses	404	472
	3,728	4,374
Restricted cash	67	67
Right-of-use asset	68	78
Deposits (note 6)	1,293	1,286
Patent and equipment (note 3)	252	250
Exploration and evaluation assets (note 4)	5,713	5,698
Total assets	11,121	11,753
Liabilities		
Current		
Accounts payable and accrued liabilities	3,322	3,298
Lease liabilities	55	61
Natural gas pipeline tariff provision (note 5)	277	284
Decommissioning provision (note 6)	600	592
	4,254	4,235
Lease liabilities	22	23
Natural gas pipeline tariff provision (note 5)	603	647
Decommissioning provision (note 6)	1,742	1,711
Total liabilities	6,621	6,616
Shareholders' equity		
Share capital (note 7)	12,629	12,629
Contributed surplus	1,219	1,180
Broker warrants (note 7)	-	2
Deficit	(9,348)	(8,674)
Total shareholders' equity	4,500	5,137
Total liabilities and shareholders' equity	11,121	11,753

Subsequent event (note 10)

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board of Directors:

(signed "Richard Alexander")

 Director

(signed "Gerald Macey")

 Director

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

(\$000s, except per share amounts)	Three Months ended March 31,	
	2026	2025
Expenses (Income)		
General and administrative	497	484
Operating expense	154	164
Natural gas pipeline tariff provision recovery (note 5)	(33)	(30)
Stock-based compensation	37	110
Amortization and depreciation	24	14
Loss on decommissioning provision settlement (note 6)	-	31
Finance income	(8)	(10)
Foreign exchange loss (gain)	3	(33)
	674	730
Net loss and comprehensive loss	(674)	(730)
Basic and diluted - net loss per common share (note 7)	\$ (0.01)	\$ (0.01)

See accompanying notes to the interim condensed consolidated financial statements.

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

(\$000s)	Share Capital	Contributed Surplus	Broker Warrants	Deficit	Total
Balance as at December 31, 2024	12,629	795	119	(5,705)	7,838
Net loss	-	-	-	(730)	(730)
Stock-based compensation	-	110	-	-	110
Balance as at March 31, 2025	12,629	905	119	(6,435)	7,218
Balance as at December 31, 2025	12,629	1,180	2	(8,674)	5,137
Net loss	-	-	-	(674)	(674)
Broker warrants expired	-	2	(2)	-	-
Stock-based compensation	-	37	-	-	37
Balance as at March 31, 2026	12,629	1,219	-	(9,348)	4,500

See accompanying notes to the interim condensed consolidated financial statements.

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

(\$000s)	Three Months Ended	
	2026	2025
Cash Provided From (Used in)		
Operating Activities		
Net loss	(674)	(730)
Adjustments for non-cash items:		
Amortization	24	14
Stock-based compensation	37	110
Accretion	60	62
Loss on decommissioning provision settlement	-	31
Unrealized foreign exchange loss (gain)	(11)	4
Natural gas pipeline tariff provision recovery (note 5)	(33)	(30)
Deposit	(8)	(10)
Settlement of natural gas pipeline tariff provision (note 5)	(61)	(85)
Settlement of decommissioning provision (note 6)	-	(168)
Changes in non-cash working capital	100	(373)
Cash flow used in operating activities	(566)	(1,175)
Investing Activities		
Purchase of equipment (note 3)	(13)	-
Cash flow used in investing activities	(13)	-
Financing Activities		
Lease payments	(10)	(2)
Cash flow used in financing activities	(10)	(2)
Change in cash and cash equivalents	(589)	(1,177)
Effect of foreign exchange on cash and cash equivalents	11	(2)
Cash and cash equivalents, beginning of period	3,902	7,242
Cash and cash equivalents, end of period	3,324	6,063

See accompanying notes to the interim condensed consolidated financial statements.

1) CORPORATE INFORMATION

CanAsia Energy Corp. (“CanAsia” or the “Company”) is a Canadian publicly listed junior oil and gas company. The CanAsia common shares trade on the TSX Venture Exchange, under the stock trading symbol CEC. The records office and principal address of the Company is located at 1505, 505 – 3rd Street S.W., Calgary, Alberta, T2P 3E6.

Going Concern

These financial statements have been prepared on a going concern basis, which assumes that the Company will continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

CanAsia does not currently have producing oil and gas properties or an established source of revenue, resulting in the use of cash in operations of \$0.6 million during the first quarter of 2026. CanAsia had a working capital deficit (current assets less current liabilities) of \$0.5 million as at March 31, 2026. On May 6, 2026, CanAsia and its wholly-owned subsidiary, Andora Energy Corporation (“Andora”), entered into a Cooperative Research and Development agreement (the “Agreement”) with a third party (“Third Party”) in relation to Andora’s heavy oil project in Sawn Lake, Alberta (“Sawn Lake”), as described in the subsequent event disclosures in note 10. As a result of this Agreement, the Company is expected to have sufficient funding to restart production at the Sawn Lake property.

CanAsia’s ability to continue to operate as a going concern is dependent on its ability to raise capital as and when needed to fund ongoing operations, including the ongoing development of the Sawn Lake asset, and the pursuit of and potential acquisition of international oil and gas concessions. The amount of capital required could be material and there are no assurances that the Company will be able to access the necessary funds when required. These facts create a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Management believes that the going concern assumption is appropriate for these financial statements and that the Company will meet its operating and capital requirements as they arise. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. These adjustments could be material.

2) BASIS OF PRESENTATION

Statement of Compliance

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

The interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as at and for the year ended December 31, 2025. The following disclosures are incremental to those included with the annual consolidated financial statements. Certain disclosures that are normally required in the notes to the annual consolidated financial statements have been condensed or omitted. The interim condensed consolidated financial statements are prepared using the same accounting policies and methods of computation as disclosed in the annual consolidated financial statements, except as noted below.

IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

In May 2024, IASB issued amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled using an electronic payment system. The amendments are effective January 1, 2026, with early adoption permitted. The adoption of the amendments have no material impact on the Company’s financial positions, results, or disclosures.

The interim condensed consolidated financial statements were approved by the Company’s Board of Directors on May 12, 2026.

3) PATENT AND EQUIPMENT

A reconciliation of the carrying amount of patent and equipment is set out below.

(\$000s)	Patent	Equipment	Total
Cost			
At December 31, 2025	699	-	699
Addition	-	13	13
At March 31, 2026	699	13	712
Accumulated amortization and depreciation			
At December 31, 2025	(449)	-	(449)
Amortization and depreciation	(10)	(1)	(11)
At March 31, 2026	(459)	(1)	(460)
Net book value			
At December 31, 2025	250	-	250
At March 31, 2026	240	12	252

The patent pertains to steam related technology and process that the Company anticipates utilizing on its Canadian heavy oil property. In January 2026, the Company purchased computer equipment totaling \$13 thousand.

4) EXPLORATION AND EVALUATION ASSETS

A reconciliation of the Company's exploration and evaluation assets ("E&E") is set out below.

(\$000s)	Total
At December 31, 2025	5,698
Changes in decommissioning provision	15
At March 31, 2026	5,713

As at March 31, 2026, Andora's Sawn Lake Project has not yet demonstrated commercial viability or technical feasibility, and the project is considered to be in its evaluation stage. Recoverability of the Company's investment in the E&E assets is dependent on determining the technical feasibility of the project, the outcome of the agreement with a third party (note 10), obtaining additional financing, as and if necessary, and successfully completing the development of the project. Capitalized costs incurred to date do not necessarily represent present or future values.

5) NATURAL GAS PIPELINE TARIFF PROVISION

The natural gas pipeline tariff agreement was entered into between Andora and a third party in 2018 and is accounted for as an onerous contract under IAS 37. A provision of \$0.9 million has been recorded for the present obligation under this contract, reflecting the net cost of fulfilling the contract.

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

(\$000s)	
At December 31, 2025	931
Revisions to obligations	(33)
Accretion	43
Settlement	(61)
At March 31, 2026	880
Less current portion	(277)
Non-current portion	603

Total undiscounted cash flows less estimated mitigation costs required to settle the Company's natural gas pipeline tariff at Sawn Lake, Alberta were estimated to be \$1.4 million at March 31, 2026 (December 31, 2025 - \$1.5 million). The provision has been reduced by an amount for shipping that is estimated to be used by a third party. Payments to settle the provision will be made over the term of the contract between 2026 and 2031. Estimated costs have been discounted at an interest rate of 20% (December 31, 2025 - 20%).

6) DECOMMISSIONING PROVISION AND DEPOSITS

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

(\$000s)	Canada	Indonesia	Total
At December 31, 2025	1,813	490	2,303
Revisions to obligations	15	-	15
Accretion	16	-	16
Foreign currency translation	-	8	8
At March 31, 2026	1,844	498	2,342
Less current portion	(102)	(498)	(600)
Non-current portion	1,742	-	1,742

The decommissioning provision is based on the Company's net ownership through subsidiaries of wells and facilities in Indonesia and Canada, management's estimates of costs to abandon and reclaim those wells and facilities and the potential future timing of the costs to be incurred. The Company has discontinued all operations in Indonesia and is working to finalize the abandonment and reclamation obligations in the country. Total undiscounted cash flows, escalated at 2.05% for inflation (December 31, 2025 – 1.98%), required to settle the Company's decommissioning provision are estimated to be \$3.7 million at March 31, 2026 (December 31, 2025 - \$3.6 million). Payments to settle the provision will be made over the operating lives of the underlying assets and are estimated to be incurred between 2026 and 2040. Estimated costs have been discounted at the risk-free interest rate in the jurisdiction in which the expenditure is expected to be incurred which averaged 3.88% at March 31, 2026 (December 31, 2025 – 3.85%). Revisions to obligations for the Indonesian provision are recognized directly in income or loss as decommissioning expense or recovery as the corresponding assets were fully impaired.

Non-current deposits of \$1.3 million at March 31, 2026 consisted of deposits placed with the Alberta Energy Regulator in Canada for the interests of Andora at Sawn Lake (December 31, 2025 - \$1.3 million).

7) SHARE CAPITAL

(a) Authorized

Unlimited Common Shares

(b) Issued and Outstanding Common Shares

	Shares Outstanding	Amount (\$000s)
Balance as at December 31, 2025 and March 31, 2026	112,793,907	12,629

(c) Broker Warrants

	Broker Warrants	Weighted average exercise price (\$)
Balance as at December 31, 2025	24,600	0.10
Expired	(24,600)	0.10
Balance as at March 31, 2026	-	-

In consideration for services rendered in relation to a private placement in 2024, the Company issued 24,600 broker warrants to the broker. Each broker warrant was exercisable at a price of \$0.10 for a period of two years from the issue date. These broker warrants expired in January 2026.

(d) Options to Purchase Common Shares

	Number of Options ⁽¹⁾	Weighted Average Exercise Price (\$)
Options outstanding at December 31, 2025 and March 31, 2026	9,775,000	0.15

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

As at March 31, 2026, the following options were issued and outstanding:

Options Outstanding				Options Exercisable		
Exercise Price (\$)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options	Weighted Average Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)
0.13	700,000	0.13	3.21	466,667	0.13	3.21
0.135	7,250,000	0.135	3.17	4,833,333	0.135	3.17
0.15	225,000	0.15	3.39	150,000	0.15	3.39
0.23	1,600,000	0.23	1.65	1,600,000	0.23	1.65
0.13 – 0.23	9,775,000	0.15	2.92	7,050,000	0.16	2.82

(e) Loss per Share Attributable to Common Shareholders

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

	Three Months Ended March 31,	
	2026	2025
Weighted average common shares – basic and diluted	112,793,907	112,793,907
Net loss attributable to common shareholders (\$000s)	(674)	(730)
Net loss per share – basic and diluted	\$ (0.01)	\$ (0.01)

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

8) CAPITAL MANAGEMENT

The Company's capital consists of the following:

(\$000s)	March 31, 2026	December 31, 2025
Current assets	3,728	4,374
Current liabilities	(4,254)	(4,235)
Working capital (deficit)	(526)	139
Shareholders' equity	4,500	5,137

The Company considers its capital structure to include working capital and shareholders' equity. Management is continually monitoring changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas industry. In the event that adjustments to the capital structure are necessary, the Company may consider issuing additional equity, raising debt or revising its capital investment programs. Refer to note 1.

CanAsia's share capital is not subject to any external restrictions.

9) FINANCIAL INSTRUMENTS

As at March 31, 2026 the following financial instruments were denominated in currencies other than the Canadian dollar:

	March 31, 2026 U.S. dollar (\$000s)	December 31, 2025 U.S. dollar (\$000s)
Cash and cash equivalents	2,255	2,765
Accounts payable and accrued liabilities	(2,086)	(2,080)
Net exposure in foreign currency	169	685
Net exposure in Canadian dollars ⁽¹⁾ (\$000s)	242	943

(1) Translated at period end exchange rates.

Based on financial instruments held at March 31, 2026, fluctuations in the exchange rates as indicated below would have the following estimated effect on net income (loss):

(\$000s)	Three Months Ended March 31,	
	2026	2025
Effect of 1% increase in USD to CAD exchange rate:		
Pre-tax net income (loss)	2	15

10) SUBSEQUENT EVENT

Subsequent to March 31, 2026, Andora and a Third Party have entered into a Cooperative Research and Development Agreement (the "Agreement") with respect to Andora's heavy oil project in Sawn Lake, Alberta. The Agreement provides for staged project funding by the Third Party of up to \$26 million over three years, with a possible fourth-year operating period.

The Agreement is structured as a cooperative development arrangement for the demonstration and operation of solvent-assisted thermal bitumen recovery and related processing technologies at Sawn Lake. The project scope includes recommissioning Andora's suspended facility, installing Andora's proprietary produced water boiler ("PWB") and enhanced steam-SAGD related systems, and later installing an experimental partial upgrader and water treatment modules. Andora agrees that, upon delivery of the PWB module to the Sawn Lake site, it shall assign to the Third Party an undivided fifty percent ownership interest in the PWB patent. The PWB patent had a carrying value of \$240 thousand as at March 31, 2026 (Note 3).



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