



CANASIA ENERGY CORP.

Press Release

CanAsia Announces Strategic Infrastructure Deal to Fully Fund the Restart of the Sawn Lake Heavy Oil Project and Install Patented Produced Water Boiler Technology, Paving-the-Way for a Modular Staged 20,000 bopd Development

CALGARY, May 6, 2026

CanAsia Energy Corp. (“**CanAsia**”) (CEC – TSXV) announced today that it and its wholly-owned subsidiary, Andora Energy Corporation (“**Andora**”), have entered into a Cooperative Research and Development Agreement (the “**Agreement**”) dated May 6, 2026 with the Korea Institute of Geoscience and Mineral Resources (“**KIGAM**”) in respect of a cooperative research, development and pilot project (the “**Project**”) at Andora’s heavy oil project in Sawn Lake, Alberta (“**Sawn Lake**”).

Andora is the operator of, and holds a 100% working interest in, four oil sands leases with 27 gross sections at Sawn Lake with a risked Best Estimate contingent bitumen resource of 299 million barrels recoverable⁽¹⁾. Andora commenced a steam-assisted gravity drainage (“**SAGD**”) demonstration project at Sawn Lake in 2013, consisting of one SAGD well pair and a SAGD facility for steam generation, water handling and bitumen treating. Steam injection commenced at the demonstration project in May 2014 and produced bitumen from September 2014 to February 2016. During this time, the demonstration project successfully achieved its objectives by proving that bitumen production from the Blue Sky Formation sandstone reservoir could be achieved at commercial rates and steam oil ratios.

Key Terms

- KIGAM will commit \$26 million Canadian dollars to the installation of three SAGD modules (a produced Water boiler (“**PWB**”) and a partial upgrader and solvent steam flood (the “**KIGAM Modules**”)) and associated operating costs for the recommissioning of the existing plant site at Sawn Lake and start-up of existing well pair #1 (“**WP1**”).
- KIGAM will, at its own cost, and which is excluded from the \$26 million commitment above, fabricate and transport these three SAGD modules to the Sawn Lake site. Upon successful delivery of the PWB, CanAsia will assign 50% ownership of its PWB patent to KIGAM, and both parties will share 50% of the royalties collected from any future projects utilizing the PWB technology
- Andora will be the Project operator.
- Project term of 3 years, with an optional 1-year extension if both parties mutually agree.
- CanAsia’s costs during the Project are anticipated to be minimal.
- Estimated production of approximately 600 barrels of bitumen per day is expected from WP1 once it is brought on production post restart of the existing plant site.
- WP1 production profits will be split 50/50 between KIGAM and CanAsia until the end of the Project term, after which CanAsia will retain 100% of the production profits.
- Ownership of the solvent steam flood and partial upgrader modules will remain with KIGAM to the end of the 3+1 year project term, at the end of which KIGAM will have the option of transferring ownership to CanAsia, along with any associated abandonment liabilities, for C\$1.00 or removing these modules at KIGAM’s cost.
- Ownership of WP1, all existing facilities, the new PWB, and the underlying bitumen resource will remain 100% owned by CanAsia at the beginning and end of the Project.
- CanAsia has the right to conduct 100% working interest activities on the non-KIGAM Project lands that may include an extended horizontal SAGD well pair targeting 1,200 bopd utilizing steam capacity from CanAsia’s 100% owned existing steam plant.
- Produced water recycle, the most capital-intensive portion of a full-scale commercial development at Sawn Lake will be substantially reduced in upfront cost with the successful testing of Andora’s patented PWB design, providing the ability to stage capital expenditures over time towards full development of a future multi battery, 20,000 bopd project.

Operator

Andora will operate the Project and will be responsible for, among other things, obtaining required regulatory approvals, site preparation, project execution and day-to-day operations. KIGAM will be responsible for funding the Project and fabricating the PWB and KIGAM Modules to be used in the Project. CanAsia has agreed to guarantee Andora's obligations under the Agreement.

Funding

Under the Agreement, KIGAM has agreed to fund up to an aggregate of C\$26.0 million (the "**Project Budget**") for the Project over the pilot term (excluding the fabrication and delivery costs for the PWB and KIGAM Modules, which shall be for the account of KIGAM and over and above the Project Budget), with payments to be made by KIGAM for the account of the Project as follows: (i) C\$9.5 million to be paid within 30 days of signing the Agreement (the "**Year 1 Payment**"), (ii) C\$8 million to be paid on the date that is one year after the Year 1 Payment, subject to the achievement of certain Project milestones (the "**Year 2 Milestone Payment**"), (iii) C\$4.5 million to be paid on the date that is 4 months after the Year 2 Milestone Payment (together, with the Year 2 Milestone Payment, the "**Year 2 Payment**"), and (iv) C\$4.0 million to be paid on the date that is one year after the Year 2 Payment, subject to the achievement of certain Project milestones. The Agreement will become effective on receipt of the Year 1 Payment.

If the Project is extended to include a fourth-year, any profits from production revenues for the Project will first be applied to cover any overages exceeding the Project Budget and, thereafter, any remaining profits will be split 50/50 between Andora and KIGAM.

Ownership

Title to the KIGAM Modules will remain with KIGAM during the pilot term, after which KIGAM may elect either to sell the KIGAM Modules to Andora for C\$1 or to remove the KIGAM Modules at its cost. Title to the PWB will transfer to Andora on delivery, and Andora will assign a 50% ownership interest in the related PWB Patent to KIGAM, and both parties will share 50% of the royalties collected from any future projects utilizing the PWB technology. No PWB Patent fees will be payable by either party during the term of the project, or during any potential commercial development by Andora at Sawn Lake, parallel to, or post this project.

Term

The Agreement will continue in effect until December 31, 2028, unless terminated earlier in accordance with its terms, and may be extended to December 31, 2029 with the required approvals and written agreement of the parties.

Timing

A substantial amount of project engineering has already been completed during the KIGAM Sawn Lake evaluation by a joint team of KIGAM/Andora engineers and geoscientists. It is anticipated that a category 2 amendment to the existing Sawn Lake project approval will be filed with the AER in approximately 6-8 months. Recent headlines from the Alberta Government indicate a new mandate to review and approve such applications within a 120 day timeline, a move viewed very favorably by KIGAM and Andora. All three key modules are currently planned to commence fabrication, generally in parallel, in 6-8 months' time. Module installation is anticipated to commence in approximately 16-24 months.

Process

The Agreement follows from the monetization process previously disclosed by CanAsia, pursuant to which CanAsia worked with its financial advisors to explore and evaluate various alternatives to enhance shareholder value with respect to Sawn Lake. Through the process, management of CanAsia engaged with a number of parties with regard to a possible transaction involving Sawn Lake, including KIGAM, and the Board of Directors of CanAsia, in conjunction with its financial advisor, determined that the Agreement represented the best alternative available for CanAsia to unlock shareholder value from the Sawn Lake heavy oil assets.

About KIGAM

KIGAM is South Korea's premier government-funded research institution dedicated to geological and mineral resources. Established in 1948, it is headquartered in Daejeon and operates as part of the National Research Council of Science and Technology under the Ministry of Science and ICT. The institute focuses on transforming earth science knowledge into sustainable technologies for energy and environmental safety.

KIGAM's participation in this Project is part of the "R&D Project for Developing Core Technologies of Unconventional Oil Production Plant Construction," supported by the Ministry of Land, Infrastructure and Transport (MOLIT) of the Republic of Korea and funded by the Korea Agency for Infrastructure Technology Advancement (KAIA). KIGAM is engaging in this Project to fulfill the research objectives of the aforementioned Korean R&D initiative.

In addition to joint ownership of intellectual property related to the PWB, KIGAM is leveraging this Project to advance a broader research program in solvent-assisted thermal recovery and modular facility design. This pilot will be among the first to demonstrate solvent recycle and tailoring under field conditions, with the goal of reducing steam-oil ratios, lowering greenhouse gas emissions, and improving resource recovery. The Project will also assess integrated deoiling to enhance water reuse and partial upgrading to increase product value, ease export constraints, and enable scalable future developments. The resulting operational data will support validation, optimization, and commercialization of next-generation recovery technologies.

Summary

CanAsia CEO, Jeff Chisholm stated today: *"The upcoming KIGAM/CanAsia SAGD project will be testing innovative SAGD technology and could be one of the most significant SAGD projects undertaken in Alberta in quite some time. The environmental footprint of this project will be reduced utilizing CanAsia's PWB produced water recycle technology and KIGAM's solvent steam flood technology with recycling. This is intended to substantially reduce the project steam oil ratio and carbon dioxide emissions. A successful demonstration of the PWB will provide the technical platform for a modular, staged 20,000 bopd SAGD development."*

Advisors

Research Capital Corporation acted as financial advisor to CanAsia in connection with the Agreement.

(1) The December 31, 2025 Contingent Bitumen Resources Report (the "2025 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 International Limited in accordance with the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook"), assigned risked "Best Estimate" contingent resources for Andora of 299 million barrels of bitumen recoverable as at December 31, 2025. 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 2025 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. For additional information please see CanAsia's annual information form for the year ended December 31, 2025 dated April 29, 2026 which is available under CanAsia's profile at www.sedarplus.com.

CanAsia is a Calgary, Alberta based oil and gas company with operations in Western Canada. For additional information regarding CanAsia and the Sawn Lake project please refer to the corporate presentation dated May 6, 2026 available on the Company's website at www.canasiacorp.com.

This press release contains forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "could", "will", "anticipate" and "potential" or other similar wording. Forward-looking information in this press release includes, without limitation, references to the Project, including the anticipated funding by KIGAM, the timing and satisfaction of milestones and other conditions to funding, the execution of the pilot and research program, the fabrication, delivery and installation of SAGD modules, the assignment of a 50% ownership interest in the PWB Patent, the term of the pilot program and any extension thereof, KIGAM's election regarding disposition of the modules at the end of the pilot term, expectations with respect to CanAsia's costs for the Project, estimated production from the Project, expectations with respect to the operation of the SAGD modules, including the reduction of costs from the use of the PWB, the ability to stage capital expenditures over time towards full development of a future five multi-well battery, 20,000 bopd project, the reduction of steam oil ratios and greenhouse gas emissions and improving resource recovery, the reduction of the environmental footprint of the Project the filing and receipt of regulatory approvals, including the timing thereof, the unlocking of shareholder value from the Project, the ability to scale future developments, the commercialization of next generation recovery technologies, and estimates of the contingent bitumen resources at Sawn Lake. By its very nature, the forward-looking information contained in this press release requires CanAsia and

its management to make assumptions that may not materialize or that may not be accurate. With respect to the forward-looking statements contained in this press release, CanAsia has made assumptions regarding, among other things: estimated resource volumes; the commercial viability of producing CanAsia's resources; sources and availability of funding for CanAsia; 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; performance of counterparties, including under the Agreement; and other matters. In addition, the forward-looking information contained in this press release is subject to known and unknown risks and uncertainties and other factors, some of which are beyond the control of CanAsia, which could cause actual results, expectations, achievements or performance to differ materially, including, without limitation, imprecision of resources estimates and estimates of recoverable quantities of oil; adverse outcomes of regulatory proceedings; delays in regulatory proceedings; the trade dispute between the United States and Canada, including the imposition of tariffs and other measures, and the impact these tariff and measures have on CanAsia; 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; CanAsia's ability to add reserves through development and exploration activities; fluctuations in currency exchange rates; changes in government legislation and regulations, including environmental, 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; failure of counterparties to perform their obligations, including under the Agreement; and the risks and uncertainties set forth under "Risk Factors" in CanAsia's Annual Information Form for the year ended December 31, 2025, 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. In particular, there can be no assurance that the conditions to funding under the Agreement will be satisfied when expected or at all, that required regulatory approvals will be obtained, that the Project will be completed as contemplated, that the patent assignment or module disposition will occur as anticipated, or that any contingent consideration will become payable. 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.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

FOR FURTHER INFORMATION, PLEASE CONTACT:

CanAsia Energy Corp.

Jeff Chisholm, President and CEO (located in Bangkok, Thailand)

Email: jeff@canasiacorp.com

- or -

Marcel Nunes, Vice President Finance and CFO

Email: marcel@canasiacorp.com

Telephone: (403) 294-1770
