

CANACOL ENERGY LTD.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025



INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands of United States dollars)

As at	Note	September 30, 2025	December 31, 2024
ASSETS			
Current assets			
Cash and cash equivalents		\$ 36,539	\$ 79,201
Trade and other receivables	16	22,928	67,291
Tax installments and receivables		37,942	17,099
Other current assets	6	12,606	10,237
		110,015	173,828
Non-current assets			
Trade and other receivables	16	22,134	19,585
Exploration and evaluation assets	4	182,054	137,451
Property, plant and equipment	5	741,577	689,406
Deferred tax assets		226,687	185,608
Investments	6	5,445	4,818
Other non-current assets	6	4,506	5,081
		1,182,403	1,041,949
Total assets		\$ 1,292,418	\$ 1,215,777
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of long-term debt	9	\$ 42,172	\$ 12,500
Trade and other payables		107,607	87,368
Deferred income		21,202	18,533
Lease obligations	10	4,563	4,479
Taxes payable		7,744	20,573
Long-term incentive compensation liabilities	7	2,056	1,830
Other long term obligations		1,337	—
		186,681	145,283
Non-current liabilities			
Long-term debt	9	672,200	703,428
Lease obligations	10	4,271	7,834
Decommissioning obligations		26,861	22,784
Deferred tax liabilities		9,583	7,534
Long-term incentive compensation liabilities	7	1,589	1,338
Other long term obligations		5,631	6,435
Total liabilities		906,816	894,636
Equity			
Share capital	8	146,169	146,169
Other reserves		69,768	69,626
Retained earnings		169,665	105,346
Total equity		385,602	321,141
Total liabilities and equity		\$ 1,292,418	\$ 1,215,777

See accompanying notes to the consolidated financial statements.
Note 2 - Going Concern

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(in thousands of United States dollars, except per share amounts)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
Revenues					
Total revenues, net of royalties	15	\$ 72,434	\$ 94,541	\$ 215,683	\$ 272,514
		72,434	94,541	215,683	272,514
Expenses					
Operating expenses		6,966	6,969	20,643	21,496
Transportation expenses		2,943	6,607	8,648	18,601
General and administrative		7,093	7,876	21,943	23,227
Stock-based compensation expense	7,8	1,150	2,312	2,423	2,538
Depletion and depreciation	5	18,065	20,254	52,569	58,713
Foreign exchange loss (gain)		(1,514)	390	(3,809)	295
Other expenses (income)	11	4,262	(9,868)	8,857	933
		38,965	34,540	111,274	125,803
Net finance expense	12	18,282	18,182	53,290	51,029
Income before income taxes		15,187	41,819	51,119	95,682
Income tax expense (recovery)					
Current		1,927	26,223	25,830	54,595
Deferred		(5,402)	5,250	(39,030)	48,385
		(3,475)	31,473	(13,200)	102,980
Net income (loss) and comprehensive income (loss)		\$ 18,662	\$ 10,346	\$ 64,319	\$ (7,298)
Net income (loss) per share					
Basic and diluted	13	\$ 0.55	\$ 0.30	\$ 1.89	\$ (0.21)

See accompanying notes to the consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(in thousands of United States dollars)

	Note	Share Capital	Other Reserves	Retained Earnings (Deficit)	Total Equity
Balance at December 31, 2023		\$ 146,142	\$ 67,454	\$ 138,078	\$ 351,674
Warrants		—	1,418	—	1,418
Stock-based compensation	8	—	636	—	636
Dividends declared		—	—	—	0
Net loss		—	—	(7,298)	(7,298)
Balance at September 30, 2024		\$ 146,142	\$ 69,508	\$ 130,780	\$ 346,430
Balance at December 31, 2024		\$ 146,169	\$ 69,626	\$ 105,346	\$ 321,141
Stock-based compensation	8	—	142	—	142
Net income		—	—	64,319	64,319
Balance at September 30, 2025		\$ 146,169	\$ 69,768	\$ 169,665	\$ 385,602

See accompanying notes to the consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in thousands of United States dollars)

		Three months ended September 30,		Nine months ended September 30,	
	Note	2025	2024	2025	2024
Operating activities					
Net income (loss) and comprehensive income (loss)		\$ 18,662	\$ 10,346	\$ 64,319	\$ (7,298)
Non-cash adjustments:					
Depletion and depreciation	5	18,065	20,254	52,569	58,713
Stock-based compensation expense	7,8	1,150	2,312	2,423	2,538
Net financing expense	12	18,282	18,182	53,290	51,029
Unrealized foreign exchange loss (gain) and other		(3,855)	2,837	(6,204)	3,453
Deferred income tax expense (recovery)		(5,402)	5,250	(39,030)	48,385
Equity investment loss		—	—	—	2,976
Unrealized loss (gain) on financial instruments	6	(225)	20	(627)	457
Realized gain on investment		—	—	—	(4,473)
Impairment of prepaid expenses		—	—	—	3,825
Gain on Senior Note buyback	9,11	—	—	(2,291)	—
Settlement of decommissioning obligation		—	(14)	—	(901)
Settlement of long-term incentive compensation	7	(605)	(1,292)	(2,206)	(2,349)
Changes in non-cash working capital	14	1,931	(36,203)	13,958	(30,742)
		48,003	21,692	136,201	125,613
Investing activities					
Expenditures on exploration and evaluation assets	4	(19,046)	(11,657)	(69,177)	(35,515)
Expenditures on property, plant and equipment		(20,142)	(12,271)	(77,561)	(58,260)
Proceeds on disposition of property, plant and equipment		73	—	94	116
Proceeds from sale of Arrow shares		—	—	—	13,249
Other investing activities	14	1,214	1,664	(1,374)	(1,349)
Changes in non-cash working capital	14	9,522	(3,515)	19,077	(7,036)
		(28,379)	(25,779)	(128,941)	(88,795)
Financing activities					
Draw on long-term debt, net of financing fees	9	—	45,093	—	45,093
Repayment of debt	9	(6,250)	—	(8,959)	—
Net financing expense paid	12	(13,666)	(15,088)	(41,020)	(42,476)
Lease principal payments	10	(1,227)	(944)	(3,653)	(3,031)
Dividends paid		—	—	—	(6,706)
		(21,143)	29,061	(53,632)	(7,120)
Change in cash and cash equivalents		(1,519)	24,974	(46,372)	29,698
Cash and cash equivalents, beginning of period		37,046	42,596	79,201	39,425
Foreign exchange impact on cash and cash equivalents		1,012	(429)	3,710	(1,982)
Cash and cash equivalents, end of period		\$ 36,539	\$ 67,141	\$ 36,539	\$ 67,141

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

NOTE 1 - GENERAL INFORMATION

Canacol Energy Ltd. and its subsidiaries ("Canacol" or the "Corporation") are primarily engaged in natural gas exploration and development activities in Colombia. The Corporation's head office is located at 2000, 215 - 9th Avenue SW, Calgary, Alberta, T2P 1K3, Canada. The Corporation's shares are traded on the Toronto Stock Exchange ("TSX") under the symbol CNE, the OTCQX in the United States of America under the symbol CNNEF, the Bolsa de Valores de Colombia under the symbol CNEC and the Bolsa Mexicana de Valores under the symbol CNEN.

The Board of Directors approved these interim condensed consolidated financial statements (the "financial statements") for issuance on November 14, 2025.

NOTE 2 - BASIS OF PREPARATION

The financial statements were prepared by management in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These financial statements do not include all of the information required for the annual consolidated financial statements; however they were prepared in accordance with the accounting policies outlined and should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended December 31, 2024, which were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, and restricted share units, which are measured at fair value with changes in fair value recorded in profit or loss ("fair value through profit or loss").

Estimates and judgments made by management in the preparation of these financial statements are subject to a higher degree of measurement uncertainty during volatile periods.

Going Concern

These consolidated financial statements have been prepared on the going-concern basis, which assumes that the Corporation will be able to realize its assets and liabilities in the normal course of business as they come due in the foreseeable future.

As at September 30, 2025, the Corporation had a cash balance of \$36.5 million and a working capital deficit of \$29.9 million. During the second quarter of 2025, the accelerated amortization event clause in the Term Loan was triggered, resulting in the \$50 million Term Loan balance being amortized over eight equal monthly installments of \$6.25 million starting on September 15, 2025 (note 9). In addition, one of the Corporation's financial covenants, the Consolidated Current Ratio, decreased to 1.04 to 1.00 as at September 30, 2025. While the Corporation is in compliance with the Consolidated Current Ratio covenant (1.00 to 1.00) as well as all other debt covenants as at September 30, 2025, there is no guarantee that Canacol will be able to maintain compliance in the future. The Consolidated Current Ratio covenant is specific to the Term Loan, and should a refinancing of the Term Loan be successful, this covenant may be removed.

The Corporation's ability to meet its near-term financial obligations is dependent upon the Corporation's ability to refinance the Term Loan. The Corporation has principal and interest payments on its long term debt of approximately \$25 million due in November 2025 and, after making those payments, the Corporation will have nominal cash balances available to meet ongoing obligations for the remainder of 2025 without refinancing the Term Loan. The Corporation's cash balance at November 14, 2025 is \$18.3 million.

Management is currently working with financial institutions to refinance the Term Loan, which, if successful, will provide additional capital and extend principal repayments until the latter half of 2026. In the event that the refinancing is successful, the Corporation expects to have sufficient resources to meet its current obligations and to be able to deploy capital into lower risk exploration and development activities to increase free cash flow. This determination is based on management's cash flow forecast, which relies on significant judgment and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

assumptions, including the estimated timing and volume of production, interruptible natural gas prices and estimated capital and operating costs.

The Corporation's ability to meet its mid-term financial obligations is dependent upon refinancing the Term Loan and its ability to a) obtain additional debt financing, and/or b) refinance the \$200 million RCF, which matures on February 17, 2027, with the intent of extending its maturity date, c) resolution of the Corporation's contingencies (note 17), and/or d) increase free cash flow via successful exploration and development drilling. Nevertheless, there is no assurance that these initiatives will be successful.

Given the Corporation's liquidity situation, its Senior Notes currently trading at a significant discount, and decreasing natural gas production, there is no guarantee that the Corporation will be able to obtain additional capital or to refinance the loans under acceptable or favorable terms to Canacol.

These material uncertainties cast significant doubt as to the ability of the Corporation to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Corporation was unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

Functional and Presentation Currency

These financial statements are presented in United States dollars ("USD"), which is both the functional and presentation currency, with the exception of Canadian dollar unit prices ("C\$") where indicated.

NOTE 3 – MATERIAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year as described in note 3 of the Corporation's consolidated financial statements for the year ended December 31, 2024.

Recent Accounting Pronouncements - Amendments to IAS 1 Presentation of Financial Statements

In April 2024, the IASB issued new IFRS 18 - Presentation and Disclosure in Financial Statements ("IFRS 18") replacing IAS 1. The new guidance is expected to improve the usefulness of information presented and disclosed in the financial statements of companies. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, with early adoption permitted. Canacol is currently assessing the impact of this new IFRS accounting standard on its consolidated financial statements.

In May 2024, the IASB issued amendments to IFRS 9 - Financial Instruments and IFRS - 7 Financial Instruments: Disclosures related to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective January 1, 2026, but are not expected to have a material impact on Canacol's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Balance at December 31, 2024	\$	137,451
Additions		69,177
Transferred to D&P assets (note 5)		(24,574)
Balance at September 30, 2025	\$	182,054

During the three and nine months ended September 30, 2025, the Corporation transferred \$24.6 million of exploration costs to D&P assets as a result of natural gas discoveries at the VIM-44, VIM-5, and VIM-33 blocks.

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

	Property, Plant and Equipment	Right-of-Use Leased Assets	Total
Cost			
Balance at December 31, 2024	\$ 1,426,867	\$ 33,673	\$ 1,460,540
Additions	80,030	79	80,109
Transferred from E&E assets (note 4)	24,574	—	24,574
Dispositions	(41)	—	(41)
Derecognition	(993)	—	(993)
Balance at September 30, 2025	\$ 1,530,437	\$ 33,752	\$ 1,564,189
Accumulated depletion and depreciation			
Balance at December 31, 2024	\$ (755,803)	\$ (15,331)	\$ (771,134)
Dispositions	30	—	30
Depletion and depreciation	(50,182)	(2,387)	(52,569)
Derecognition	1,061	—	1,061
Balance at September 30, 2025	\$ (804,894)	\$ (17,718)	\$ (822,612)
Carrying value			
As at December 31, 2024	\$ 671,064	\$ 18,342	\$ 689,406
As at September 30, 2025	\$ 725,543	\$ 16,034	\$ 741,577

During the nine months ended September 30, 2025, \$24.6 million of exploration costs have been transferred from E&E assets (note 4).

NOTE 6 – INVESTMENTS AND OTHER ASSETS

Investment

Balance at December 31, 2024	\$	4,818
Unrealized gain		627
Balance at September 30, 2025	\$	5,445

As at September 30, 2025, the carrying value of the Corporation's investment in Tesorito was \$5.4 million (December 31, 2024 - \$4.8 million).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

Other Assets

	September 30, 2025	December 31, 2024
Current		
Restricted cash	\$ 7,362	\$ 5,626
Prepaid expenses and deposits	4,994	4,192
Inventory	250	419
	\$ 12,606	\$ 10,237
Non-Current		
Prepaid expenses and deposits	4,506	5,081
	\$ 4,506	\$ 5,081

NOTE 7 – LONG-TERM INCENTIVE COMPENSATION LIABILITY

	RSUs	PSUs	DSUs	Total
Balance at December 31, 2024	\$ 1,825	\$ 1,025	\$ 318	\$ 3,168
Amortized	2,401	282	106	2,789
Settled/Cancelled	(1,979)	(394)	—	(2,373)
Foreign exchange gain	14	40	7	61
Balance at September 30, 2025	\$ 2,261	\$ 953	\$ 431	\$ 3,645

The long-term incentive compensation liability includes restricted share units (“RSUs”), performance share units (“PSUs”) and deferred share units (“DSUs”). The RSUs and PSUs are recognized as a liability and expensed on a graded vesting and cliff vesting basis, respectively, over the vesting term of each grant. The DSUs vest immediately on the grant date and are recognized as an expense. The DSUs are settled at such time the grantee ceases to be a member of the Board of Directors. Dividend share units are accrued and granted on the outstanding units on each dividend payment date. The dividend share units are amortized and settled in accordance with the units’ respective vesting periods. Stock-based compensation expense relating to RSUs, PSUs and DSUs was \$2.3 million (2024 - recovery of \$2.0 million) for the nine months ended September 30, 2025. The amortized long-term incentive compensation liability as at September 30, 2025 was \$3.6 million (December 31, 2024 - \$3.2 million).

The number of outstanding RSUs, PSUs and DSUs as at September 30, 2025 were as follows:

	RSUs (000’s)	PSUs (000’s)	DSUs (000’s)	Total (000’s)
Balance at December 31, 2024	1,135	1,047	119	2,301
Granted	1,964	881	112	2,957
Settled	(767)	(180)	—	(947)
Cancelled	(66)	(186)	—	(252)
Balance at September 30, 2025	2,266	1,562	231	4,059

Restricted Share Units

On April 1, 2025, the Corporation granted a total of 1,964,474 RSUs to its Board of Directors, officers, and key employees. The RSUs vest in four equal tranches over two years from the grant date and will be settled in cash. For the nine months ended September 30, 2025, the Corporation settled 125,615, 332,866, 6,628, and 301,799 RSUs outstanding at a price of C\$3.76, C\$3.75, C\$3.05, and C\$2.79 per unit, respectively, for a total of \$1.8 million in cash.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

Performance Share Units

On April 1, 2025, the Corporation granted 880,769 PSUs to its officers. The PSUs cliff vest in May 2028 and are expected to be settled in cash. For the nine months ended September 30, 2025, the Corporation settled 180,527 PSUs for \$0.4 million in cash.

Deferred Share Units

On April 1, 2025, the Corporation granted 112,213 DSUs to its Board of Directors.

NOTE 8 – EQUITY

Share Capital

	Number (000's)	Amount
Balance at December 31, 2024 and September 30, 2025	34,120 \$	146,169

Stock Options

The number and weighted-average exercise prices of stock options are as follows:

	Number (000's)	Weighted-Average Exercise Price (C\$)
Balance at December 31, 2024	1,105	11.14
Forfeited, cancelled, and expired	(458)	18.81
Balance at September 30, 2025	647	5.71

Information with respect to stock options outstanding as at September 30, 2025 is presented below.

Stock Options Outstanding				Stock Options Exercisable	
Range of Exercise Prices	Number of Stock Options	Weighted- Average Remaining Contractual Life	Weighted-Average Exercise Price	Number of Stock Options	Weighted- Average Exercise Price
(C\$)	(000's)	(years)	(C\$)	(000's)	(C\$)
\$3.03 - \$6.10	647	3.5	5.71	434	5.74

NOTE 9 – LONG-TERM DEBT

	Senior Notes	RCF	Term Loan	Total
Balance at December 31, 2024	\$ 475,349	\$ 195,750	\$ 44,829	\$ 715,928
Repayment of long-term debt	(2,709)	—	(6,250)	(8,959)
Gain on Senior Note buyback	(2,291)	—	—	(2,291)
Amortization of discount	—	—	893	893
Amortization of transaction costs	4,630	1,471	2,700	8,801
Balance at September 30, 2025	\$ 474,979	\$ 197,221	\$ 42,172	\$ 714,372
Long-term debt - current	\$ —	\$ —	\$ 42,172	\$ 42,172
Long-term debt - non-current	474,979	197,221	—	672,200
Balance at September 30, 2025	\$ 474,979	\$ 197,221	\$ 42,172	\$ 714,372

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

Senior Notes

On November 24, 2021, the Corporation completed a private offering of senior unsecured notes in the aggregate principal amount of \$500 million ("Senior Notes"). The Senior Notes pay interest semi-annually at a fixed rate of 5.75% per annum, and mature in 2028 unless earlier redeemed or repurchased in accordance with their terms. The Senior Notes are fully and unconditionally guaranteed by certain subsidiaries of Canacol.

On March 26, 2025, the Corporation repurchased \$5 million of Senior Notes for \$2.7 million of cash. The repurchased Senior Notes were cancelled.

Revolving Credit Facility

On February 17, 2023, the Corporation entered into a \$200 million senior unsecured revolving credit facility ("RCF") with a syndicate of banks. The RCF bears an annual interest rate of SOFR + 4.5%, has a four-year term, and the Corporation is able to repay/redraw the RCF at any time within the term without penalty. Any undrawn amounts are subject to a commitment fee equal to 30% of the 4.5% interest margin throughout the availability period. The RCF is not subject to typical periodic redeterminations. The amount drawn and outstanding as at September 30, 2025 was \$200 million.

Senior Term Loan Facility

On September 3, 2024, the Corporation entered into a \$75 million senior secured term loan facility (the "Term Loan") with Macquarie Group ("Macquarie"). The initial draw was \$50 million, with a further commitment of \$25 million available for a 12-month period should certain production metrics be met. The Term Loan bears an annual interest rate of SOFR + 10% on drawn amounts and 2.4% on undrawn amounts. The Term Loan was set to amortize over four equal quarterly installments starting on December 3, 2025. No prepayments may be made during the first 12 months. The Term Loan is secured by all material assets of the Corporation.

The Corporation's average total realized contractual sales volume for the last two consecutive months as at June 30, 2025 was below 130 MMcf/d, thereby triggering the accelerated amortization event clause under the credit agreement. As a result of the accelerated amortization event clause, the \$50 million Term Loan balance has begun to amortize over eight equal monthly installments starting on September 15, 2025. The accelerated amortization event clause does not trigger an event of default, nor does it have effect on the Senior Notes or the RCF.

In connection with the Term Loan, 1,888,448 common share purchase warrants (the "Warrants") were issued to Macquarie, with each Warrant entitling Macquarie to purchase one common share of the Corporation at C\$3.80. The Warrants will expire three years after the date of issuance. The Warrants were valued at \$1.6 million (\$1.4 million net of fees) at inception and were recognized under Other Reserves as at September 30, 2025.

Net Carrying Value

	Senior Notes		RCF		Term Loan		Total
Long-term debt - principal	\$	495,000	\$	200,000	\$	43,750	\$ 738,750
Unamortized discount		—		—		(382)	(382)
Unamortized transaction costs		(20,021)		(2,779)		(1,196)	(23,996)
Balance at September 30, 2025	\$	474,979	\$	197,221	\$	42,172	\$ 714,372

As at September 30, 2025, unamortized transaction costs were netted against the Senior Notes, RCF and Term Loan principal amounts. Unamortized discount, which is the value of the Warrants recognized at inception net of cumulative amortization, was also netted against the Term Loan principal amount. The unamortized transaction costs and unamortized discount are amortized at each reporting date using the effective interest method.

The Corporation's Senior Notes, RCF, and Term Loan include various covenants relating to maximum leverage, minimum interest coverage, minimum liquidity requirements, minimum reserves value, indebtedness, operations, investments, assets sales, capital expenditures and other standard operating business covenants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

The Corporation's financial covenants include:

- a) Consolidated Leverage Ratio: a maximum consolidated total debt, less cash and cash equivalents, to 12-month trailing adjusted EBITDAX ratio of 3.25 : 1.00 (incurrence) or 3.50 : 1.00 (maintenance);
- b) Consolidated Interest Coverage Ratio: a minimum 12-month trailing adjusted EBITDAX, to 12-month trailing interest expense, excluding non-cash expenses ratio of 2.50 : 1.00;
- c) Consolidated Current Ratio: a minimum adjusted current assets, to adjusted current liabilities ratio of 1.00 : 1.00; and
- d) Consolidated Asset Coverage Ratio: a minimum aggregate net present value of proved developed producing reserves before tax (discounted at 10%) as at the most recent reserves report date, to the principal drawn and outstanding on the Term Loan ratio of 2.50 to 1.00.

The Corporation was in compliance with its covenants as at September 30, 2025.

NOTE 10 – LEASE OBLIGATIONS

	Compression Stations		Other	Total
Balance at December 31, 2024	\$	8,856	\$ 3,457	\$ 12,313
Additions		—	78	78
Settlements		(2,039)	(1,614)	(3,653)
Foreign exchange loss		—	96	96
Balance at September 30, 2025	\$	6,817	\$ 2,017	\$ 8,834
Lease obligations - current	\$	2,893	\$ 1,670	\$ 4,563
Lease obligations - non-current		3,924	347	4,271
Balance at September 30, 2025	\$	6,817	\$ 2,017	\$ 8,834

The Corporation applies certain IFRS 16 exemptions to not recognize low-value assets and short-term lease arrangements as leases. Lease arrangements with variable payments are also excluded from being recognized as a lease obligation and right-of-use asset. Such payments are recognized on the consolidated statements of operations or capitalized as PP&E. The payments related to short-term lease arrangements and low-value assets are recognized as operating expenses on the consolidated statements of operations. The variable lease payments related to pipeline usage are recognized as transportation expenses on the consolidated statements of operations. In addition, variable lease payments related to a drilling rig contract are capitalized.

Lease payments related to short-term, low-value or variable lease arrangements are summarized as follows:

Nine months ended September 30,	2025		2024
Low-value right-of-use assets	\$	34	\$ 123
Short-term lease arrangements		30	54
Variable lease payments		14,047	3,887
Total lease payments	\$	14,111	\$ 4,064

Future lease payments related to short-term, low-value or variable lease arrangements as at September 30, 2025 are as follows:

	Less than 1 year		1-3 years	Thereafter	Total
Future lease payments	\$	6,218	\$ —	\$ —	\$ 6,218

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the three and nine months ended September 30, 2025 and 2024

(in United States dollars (tabular amounts in thousands) except as otherwise noted)

NOTE 11 – OTHER EXPENSES (INCOME)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Pre-license costs		133	109	383	483
Other expense (income)		(237)	16	(1,414)	(1,691)
Commitment fees		2,588	2,896	7,846	10,316
Promigas settlement gain		—	(14,215)	—	(14,215)
Other tax expense		2,003	1,306	4,960	3,255
Equity investment loss		—	—	—	2,976
Write-off of deposit		—	—	—	3,825
Realized gain on investments		—	—	—	(4,473)
Gain on Senior Note buyback	9	—	—	(2,291)	—
Loss (gain) on financial instruments	6	(225)	20	(627)	457
		\$ 4,262	\$ (9,868)	\$ 8,857	\$ 933

NOTE 12 – FINANCE INCOME AND EXPENSE

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Finance income				
Interest income	\$ 375	\$ 307	\$ 2,050	\$ 910
Finance expense				
Accretion on decommissioning and other obligations	907	827	2,576	2,263
Amortization of upfront transaction costs	3,304	2,175	8,801	6,198
Amortization of discount	405	92	893	92
Interest expense on lease obligations	144	187	491	658
Interest and other financing costs	13,897	15,208	42,579	42,728
	18,657	18,489	55,340	51,939
Net finance expense	\$ 18,282	\$ 18,182	\$ 53,290	\$ 51,029

NOTE 13 – NET INCOME (LOSS) PER SHARE

Basic and diluted net (loss) income per share is calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Net income (loss)	\$ 18,662	\$ 10,346	\$ 64,319	\$ (7,298)
Weighted-average common shares outstanding:				
Weighted-average common shares outstanding, basic and diluted	34,120	34,111	34,120	34,111
Net income (loss) per share:				
Basic and diluted	\$ 0.55	\$ 0.30	\$ 1.89	\$ (0.21)

The stock options and warrants were anti-dilutive for the three and nine months ended September 30, 2025 and 2024.

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NOTE 14 – OTHER CASH FLOW ACTIVITIES

Other Investing Activities

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Change in restricted cash	(1,619)	60	(1,736)	(634)
Change in non-current prepaid expenses and deposits	2,833	1,604	362	(715)
	\$ 1,214	\$ 1,664	\$ (1,374)	\$ (1,349)

Change in Non-Cash Working Capital

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Change in:				
Trade and other receivables	\$ 1,375	\$ (11,227)	\$ 45,496	\$ 10,604
Prepaid expenses and deposits	791	487	(533)	(1,255)
Tax installments and receivables	(14,420)	(1,459)	(20,843)	(5,541)
Crude oil inventory	5	25	101	(60)
Trade and other payables	16,991	(5,348)	15,505	(25,731)
Deferred income	800	(1,982)	2,669	7,861
Taxes payable	5,911	(20,214)	(9,360)	(23,656)
	\$ 11,453	\$ (39,718)	\$ 33,035	\$ (37,778)
Attributable to:				
Operating activities	\$ 1,931	\$ (36,203)	\$ 13,958	\$ (30,742)
Investing activities	9,522	(3,515)	19,077	(7,036)
	\$ 11,453	\$ (39,718)	\$ 33,035	\$ (37,778)

NOTE 15 – SUPPLEMENTAL INFORMATION

Total Revenues, Net of Royalties

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Natural gas and LNG revenues, net of royalties	\$ 68,603	\$ 89,804	\$ 204,724	\$ 257,838
Crude oil revenue, net of royalties	2,932	3,964	8,501	12,260
Power generation standby revenue	773	773	2,293	2,307
Take-or-pay natural gas income	126	—	165	109
	\$ 72,434	\$ 94,541	\$ 215,683	\$ 272,514

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(in United States dollars (tabular amounts in thousands) except as otherwise noted)

Natural gas and crude oil royalties incurred were allocated as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Natural gas royalties	\$ 12,583	\$ 15,082	\$ 39,142	\$ 47,886
Crude oil royalties	85	124	240	394
	\$ 12,668	\$ 15,206	\$ 39,382	\$ 48,280

Income Taxes and Interest Cash Payments

Cash payments of income taxes and interest were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Income tax payments and installments	\$ 9,509	\$ 35,860	\$ 35,898	\$ 65,941
Withholding tax	\$ 1,576	\$ 1,718	\$ 12,284	\$ 9,554
Interest paid	\$ 6,512	\$ 5,437	\$ 34,100	\$ 30,273

NOTE 16 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, restricted cash, trade and other receivables, and trade and other payables approximate their fair values at September 30, 2025. The long-term incentive compensation liability and Tesorito Investment are recorded at fair value. Long-term debt, which includes Senior Notes, the RCF, and the Term Loan are carried at amortized cost. As at September 30, 2025, the fair value of Senior Notes, the RCF, and the Term Loan was \$176.1 million, \$200 million, and \$42.4 million, respectively.

Market Risk

Market risk is the risk that changes in market factors, such as commodity prices, foreign exchange rates, and interest rates will affect the Corporation's cash flows, profit or loss, liquidity or the value of financial instruments. The objective of market risk management is to mitigate market risk exposures where considered appropriate and to maximize returns.

(i) Commodity Price Risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in commodity prices. Lower commodity prices can also impact the Corporation's ability to raise capital. The majority of Canacol's production volume is subject to long-term fixed price contracts, which limits the Corporation's exposure to commodity price risk. The Corporation had no commodity contracts in place as at or during the nine months ended September 30, 2025.

(ii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. The Corporation is exposed to foreign currency fluctuations as certain expenditures, liabilities and the Corporation's unused tax losses and capital pools, are denominated in Colombian Peso ("COP") and Canadian dollars ("CAD"), which are re-valued at each reporting period.

As at September 30, 2025, the COP to USD exchange rate was 3,901:1 (December 31, 2024 – 4,409:1) and the CAD to USD exchange rate was 1.39:1 (December 31, 2024 – 1.44:1). The Corporation's revenues are not exposed to foreign currency risk as all of Canacol's natural gas sales contracts are denominated in USD. The Corporation had no foreign exchange contracts in place as at or during the nine months ended September 30, 2025.

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(iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates to the extent that variable interest rate debt instruments are drawn. The majority of the Corporation's interest bearing debt, being the Senior Notes, is subject to a fixed interest rate which limits the Corporation's exposure to interest rate risk. The Corporation's RCF and Term Loan are subject to variable interest rates. The remainder of the Corporation's financial assets and liabilities are not exposed to interest rate risk. The Corporation had no interest rate contracts in place as at or during the nine months ended September 30, 2025.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation's approach to managing liquidity is to ensure, within reasonable means, sufficient liquidity to meet its liabilities when due, under both normal and unusual conditions, without incurring unacceptable losses or jeopardizing the Corporation's business objectives. The Corporation prepares an annual budget which is monitored regularly and updated as considered necessary. Natural gas, LNG and crude oil production is monitored daily to provide current cash flow estimates and the Corporation utilizes authorizations for expenditures on projects to manage capital expenditures.

As at September 30, 2025, the Corporation had a cash balance of \$36.5 million and a working capital deficit of \$29.9 million. During the second quarter of 2025, the accelerated amortization event clause in the Macquarie Term Loan was triggered, resulting in the \$50 million Term Loan balance being amortized over eight equal monthly installments starting on September 15, 2025 (note 9). Another factor impacting the Corporation's future cashflow and liquidity, is the \$200 million RCF that matures on February 17, 2027.

The Corporation's ability to meet its near to mid term financial obligations is dependent upon the Corporation's ability to a) refinance the Term Loan to alleviate the \$6.25 million monthly obligation, and/or b) obtain additional debt financing, and/or c) refinance the RCF with the intent of extending its maturity date, d) resolution of the Corporation's contingencies (note 17), and/or e) increase free cash flow via successful exploration and development drilling. Management is currently working with financial institutions to refinance the Term Loan, which, if successful, will provide additional capital and extend principal repayments until the latter half of 2026. See note 2 for further discussion on going-concern.

The following table outlines the contractual maturities of the Corporation's financial liabilities as at September 30, 2025:

		Less than 1 year		1-2 years		Thereafter		Total
Long-term debt – principal	\$	43,750	\$	200,000	\$	495,000	\$	738,750
Lease obligations – undiscounted		4,861		3,640		819		9,320
Trade and other payables		107,607		—		—		107,607
Taxes payable		7,744		—		—		7,744
Other long term obligations		1,337		2,038		3,593		6,968
Long-term incentive compensation liability		2,056		1,589		—		3,645
	\$	167,355	\$	207,267	\$	499,412	\$	874,034

Credit Risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations. To date, the Corporation has not experienced any material credit losses in the collection of its trade receivables.

The Corporation's trade receivables primarily relate to sales of natural gas and crude oil, which are normally collected within 45 days of the month of production. The Corporation has historically not experienced any collection issues with its customers, however, as at September 30, 2025, the Corporation has invoices from a certain customer totaling \$22.1 million that have become past due. The Corporation expects to be able to

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collect the total outstanding balance in full and is confident in its legal position in respect of the dispute with that certain customer (note 17 - contingencies).

As at September 30, 2025, trade and other receivables was comprised of a) \$36.1 million (December 31, 2024 - \$65.8 million) of trade receivables, b) \$6.5 million related to the recovery of transportation costs passed-through to customers (December 31, 2024 - \$8.2 million), and c) \$2.5 million of other receivables (December 31, 2024 - \$12.9 million).

Capital Management

The Corporation monitors leverage and adjusts its capital structure based on its net debt level. Net debt is defined as the principal amount of its outstanding long-term obligations less working capital, which is defined as current assets less current liabilities, adjusted for the current portion of long-term debt. In order to facilitate the management of its net debt, the Corporation prepares annual budgets, which are updated as necessary depending on varying factors including current and forecast commodity prices, changes in capital structure, execution of the Corporation's business plan and general industry conditions. The annual budget is approved by the Board of Directors and updates are prepared and reviewed as required.

	Note	September 30, 2025	December 31, 2024
Senior Notes - principal (5.75%)	9	495,000	\$ 500,000
RCF (SOFR + 4.5%)(1)	9	200,000	200,000
Term Loan (SOFR + 10%)(1)	9	43,750	50,000
Lease obligation	10	8,834	12,313
Total debt		747,584	762,313
Working capital deficit (surplus)		29,931	(45,524)
Net debt		\$ 777,515	\$ 716,789

(1) The SOFR rate for the nine months ended September 30, 2025 was 4.27%.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

Presented below are the Corporation's contractual commitments as at September 30, 2025:

	Less than 1 year	1-3 years	Thereafter	Total
Exploration and production contracts	\$ 2,641	\$ 20,695	\$ 1,759	\$ 25,095
Compression station operating contracts	1,016	1,270	—	2,286
	\$ 3,657	\$ 21,965	\$ 1,759	\$ 27,381

Letters of Credit

As at September 30, 2025, the Corporation had letters of credit and financial guarantees outstanding totaling \$61.3 million (December 31, 2024 - \$66.9 million) to guarantee work commitments on exploration blocks and to guarantee other contractual commitments.

Exploration and Production Contracts

The Corporation has entered into a number of exploration contracts in Colombia which require the Corporation to fulfill work program commitments and issue financial guarantees related thereto. In aggregate, the Corporation has outstanding exploration commitments at September 30, 2025 of \$25.1 million and has issued \$14.0 million of the total \$61.3 million in financial guarantees related thereto.

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Contingencies

The Corporation's policy is to record contingent liabilities as they become determinable and the probability of loss is more likely than not. Commencing the second week of August 2023, the Corporation experienced unusual and unexpected production capacity restrictions at some of its gas fields as a result of issues at the Jobo gas treatment facility as well as certain of its producing wells (the "Force Majeure"). As a result of the Force Majeure, the Corporation had to restrict gas deliveries under certain supply contracts dedicated to supplying non-essential gas demand, all in accordance with applicable Colombian regulations and in consultation with the relevant authorities. One of the customers, VP Ingenergia S.A.S E.S.P ("VP"), disagreed with the Corporation's assessment of Force Majeure and claimed that the Corporation is liable for the natural gas that was not delivered under its take-or-pay contracts during that period, totalling \$12 million, and withheld payment of regular natural gas sales invoices totalling \$22.1 million as at September 30, 2025 (note 16 - credit risk). The Corporation subsequently cancelled its natural gas sales contracts with VP due to breach of contract (non-payment of the natural gas that VP took and sold, failure to provide the required guarantees, and other ancillary breaches). VP disagreed with the cancellation of the natural gas sales contracts and filed a claim against the Corporation. The Corporation entered into two arbitration proceedings (domestic and international) with VP and in Canacol's view, VP's claim is without merit.

On November 7, 2025, the Corporation was notified of a decision issued in the domestic arbitration proceedings initiated by VP with respect to VP's claim against Canacol on the Force Majeure and the cancellation of the natural gas sales contracts, and Canacol's counterclaim regarding VP's breach of contract. The domestic arbitral tribunal's findings were as follows:

1. Rejection of VP's claim for penalties related to the cancellation of the natural gas sales contracts;
2. Confirmation that VP failed to provide the guarantees it was required to deliver; and
3. Rejection of Canacol's Force Majeure defence.

After offsetting all of the claims above, the net result was an award of \$22 million payable by Canacol to VP. Notwithstanding the \$22 million net award, VP still owes Canacol payments for natural gas supplied (approximately \$25 million including interest and damages of which \$22.1 million is recorded in non-current accounts receivable as at September 30, 2025). This decision by the domestic arbitral tribunal is subject to clarification and supplementation, and therefore the decision will not be perfected until November 20, 2025 at the earliest. It is important to note that a perfected arbitral tribunal decision can be annulled by Colombian courts. Canacol is currently reviewing the decision with its external counsel and is confident in its legal position.

As noted, Canacol is pursuing an international arbitral tribunal in which VP is the respondent and in which amounts exceeding \$76 million are claimed, without VP having any counterclaim against Canacol. Canacol's case in the international arbitral tribunal is strengthened by the recognition of the Colombian domestic arbitral tribunal that the contracts with VP were terminated by Canacol for just cause (point #2 above), and therefore the Corporation expects a positive outcome in such process. This is estimated to conclude during the first half of 2026. No contingent assets were recorded on this international arbitral tribunal case as at September 30, 2025.

The ultimate outcome of the domestic and international arbitrations cannot be determined at this time, however, the Corporation is confident in its legal position and expects to be able to collect the \$22.1 million of receivable, plus interest and damages, in full.