

CANACOL ENERGY LTD.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025**



FINANCIAL & OPERATING HIGHLIGHTS

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

Financial	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Total revenues, net of royalties and transportation expense ⁽¹⁾	69,491	87,934	(21%)	207,035	253,913	(18%)
Adjusted funds from operations ⁽¹⁾	46,072	57,909	(20%)	122,243	157,256	(22%)
Per share – basic (\$) ⁽¹⁾	1.35	1.70	(21%)	3.58	4.61	(22%)
Per share – diluted (\$) ⁽¹⁾	1.35	1.70	(21%)	3.58	4.61	(22%)
Net income (loss) and comprehensive income (loss)	18,662	10,346	80%	64,319	(7,298)	n/a
Per share – basic (\$)	0.55	0.30	83%	1.89	(0.21)	n/a
Per share – diluted (\$)	0.55	0.30	83%	1.89	(0.21)	n/a
Cash flows provided by operating activities	48,003	21,692	121%	136,201	125,613	8%
Per share – basic (\$) ⁽¹⁾	1.41	0.64	120%	3.99	3.68	8%
Per share – diluted (\$) ⁽¹⁾	1.41	0.64	120%	3.99	3.68	8%
Adjusted EBITDAX ⁽¹⁾	49,112	85,844	(43%)	152,730	220,072	(31%)
Weighted average shares outstanding – basic	34,120	34,111	—%	34,120	34,111	—%
Weighted average shares outstanding – diluted	34,120	34,111	—%	34,120	34,111	—%
Net cash capital expenditures ⁽¹⁾	39,116	23,928	63%	146,645	93,659	57%
				September 30, 2025	December 31, 2024	Change
Cash and cash equivalents				36,539	79,201	(54%)
Working capital surplus (deficit)				(29,931)	45,524	n/a
Total debt				747,584	762,313	(2%)
Total assets				1,292,418	1,215,777	6%
Common shares, end of period (000's)				34,120	34,120	—%
Operating	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Production						
Natural gas and LNG (Mcfpd)	127,451	164,551	(23%)	128,500	160,430	(20%)
Colombia oil (bopd)	1,327	1,607	(17%)	1,312	1,571	(16%)
Total (boepd)	23,687	30,476	(22%)	23,856	29,717	(20%)
Realized contractual sales						
Natural gas and LNG (Mcfpd)	121,728	159,764	(24%)	123,106	156,255	(21%)
Colombia oil (bopd)	1,316	1,594	(17%)	1,298	1,555	(17%)
Total (boepd)	22,672	29,623	(23%)	22,896	28,968	(21%)
Operating netbacks ⁽¹⁾						
Natural gas and LNG (\$/Mcf)	5.34	5.25	2%	5.30	5.17	3%
Colombia oil (\$/bbl)	16.74	19.81	(15%)	15.68	20.69	(24%)
Corporate (\$/boe)	29.57	29.42	1%	29.45	28.99	2%

(1) Non-IFRS measures – see “Non-IFRS Measures” section within this MD&A.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 (the "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.

Advisories

The following management's discussion and analysis ("MD&A") is dated November 14, 2025 and is the Corporation's explanation of its financial performance for the period covered by the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2025 ("the financial statements"), along with an analysis of the Corporation's financial position. Comments relate to and should be read in conjunction with the financial statements, and the audited consolidated financial statement and MD&A for the year ended December 31, 2024. The financial statements were prepared by management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and all amounts herein are expressed in United States dollars ("USD"), unless otherwise noted, and all tabular amounts are expressed in thousands of USD, except per share amounts or as otherwise noted. Additional information for the Corporation, including the Annual Information Form, may be found on SEDAR+ at www.sedarplus.ca.

Forward-Looking Statements – *Certain information set forth in this document contains forward-looking statements. All statements other than historical facts contained herein are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, production rates, and plans and objectives of or involving the Corporation. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the impact of general economic conditions, industry conditions, governmental regulation, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and the ability to access sufficient capital from internal and external sources. In particular, with respect to forward-looking comments in this MD&A, readers are cautioned that there can be no assurance that the Corporation will complete its planned capital projects on schedule, or that natural gas and petroleum production will result from such capital projects, or that additional natural gas sales contracts will be secured, or that hydrocarbon-based royalties assessed will remain consistent, or that royalties will continue to be applied on a sliding-scale basis as production increases on any one block, or that there will be no penalties on the termination of the Medellin gas sales contract. The Corporation's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits the Corporation will derive therefrom.*

In addition to historical information, this MD&A contains forward-looking statements that are generally identifiable as any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events of performance (often, but not always, through the use of words or phrases such as "will likely result," "expected," "is anticipated," "believes," "estimated," "intends," "plans," "projection" and "outlook"). These statements are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such forward-looking statements. Actual results achieved during the forecast period will vary from the information provided herein as a result of numerous known and unknown risks and uncertainties and other factors. Such factors include, but are not limited to: general economic, market and business conditions; fluctuations in natural gas, LNG and oil prices; the results of exploration and development drilling and related activities; fluctuations in foreign currency exchange rates; the uncertainty of reserve estimates; changes in environmental and other regulations; and risks associated with natural gas and oil operations, many of which are beyond the control of the Corporation and are subject to a high degree of uncertainty. Accordingly, there is no representation by the Corporation that actual results achieved during the forecast period will be the same in whole or in part as those forecasted. Except to the extent required by law, the Corporation assumes no obligation to publicly update or revise any forward-looking statements made in this MD&A or otherwise, whether as a result of new information, future events or otherwise. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on the Corporation's behalf, are qualified in their entirety by these cautionary statements.

Readers are further cautioned not to place undue reliance on any forward-looking information or statements.

Non-IFRS Measures – Some of the benchmarks the Corporation uses to evaluate its performance are adjusted funds from operations, adjusted EBITDAX, and net cash capital expenditures, which are measures not defined in IFRS Accounting Standards. Adjusted funds from operations represents cash flow provided by operating activities before the settlement of decommissioning obligations and changes in non-cash working capital, adjusted for non-recurring charges. Adjusted EBITDAX is defined as net income (loss) and comprehensive income (loss) adjusted for interest, income taxes, depreciation, depletion, amortization, pre-license costs and other similar non-recurring or non-cash charges. Net cash capital expenditures represents capital expenditures net of dispositions, excluding non-cash costs and adjustments such as the addition of right-of-use leased assets and change in decommissioning obligations. The Corporation considers these measures as key measures to demonstrate its ability to generate the cash flow necessary to fund future growth through capital investment, pay dividend and repay its debt. These measures should not be considered as an alternative to, or more meaningful than, cash provided by operating activities, or net income (loss) and comprehensive income (loss), or capital expenditures as determined in accordance with IFRS Accounting Standards as an indicator of the Corporation's performance. The Corporation's determination of these measures may not be comparable to that reported by other companies.

The Corporation also presents adjusted funds from operations per share, whereby per share amounts are calculated using the weighted-average shares outstanding consistent with the calculation of net income (loss) and comprehensive income (loss) per share.

The following table reconciles the Corporation's cash provided by operating activities to adjusted funds from operations:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Cash flows provided by operating activities	\$ 48,003	\$ 21,692	\$ 136,201	\$ 125,613
Changes in non-cash working capital	(1,931)	36,203	(13,958)	30,742
Settlement of decommissioning obligations	—	14	—	901
Adjusted funds from operations	\$ 46,072	\$ 57,909	\$ 122,243	\$ 157,256

The following table reconciles the Corporation's net income (loss) and comprehensive income (loss) to adjusted EBITDAX:

	2024		2025		
	Q4	Q1	Q2	Q3	Rolling
Net income (loss) and comprehensive income (loss)	\$ (25,434)	\$ 31,801	\$ 13,856	\$ 18,662	\$ 38,885
(+) Interest expense	14,682	14,557	14,472	14,041	57,752
(+) Income tax expense (recovery)	51,806	(4,918)	(4,807)	(3,475)	38,606
(+) Amortization of debt fees	2,759	2,726	2,771	3,304	11,560
(+) Depletion and depreciation	23,071	17,259	17,245	18,065	75,640
(+) Exploration impairment	2,252	—	—	—	2,252
(+) Pre-license costs	437	70	180	133	820
(+) Unrealized foreign exchange loss (gain)	4,073	(4,111)	1,656	(3,784)	(2,166)
(+/-) Other non-cash or non-recurring items ⁽¹⁾	2,408	(1,116)	1,977	2,166	5,435
Adjusted EBITDAX	\$ 76,054	\$ 56,268	\$ 47,350	\$ 49,112	\$ 228,784

(1) Primarily comprised of gain on Senior Note buyback, stock based compensation expense, and accretion expense.

	2023		2024			
	Q4		Q1	Q2	Q3	Rolling
Net income (loss) and comprehensive income (loss)	\$	29,897	\$ 3,654	\$ (21,298)	\$ 10,346	\$ 22,599
(+) Interest expense		12,998	13,721	14,270	15,395	56,384
(+) Income tax expense (recovery)		(14,076)	17,718	53,789	31,473	88,904
(+) Amortization of debt fees		2,021	2,009	2,014	2,175	8,219
(+) Depletion and depreciation		20,086	19,026	19,433	20,254	78,799
(+) Impairment of long lived assets		2,750	—	—	—	2,750
(+) Pre-license costs		327	189	185	109	810
(+) Unrealized foreign exchange loss (gain)		(2,316)	561	(550)	2,825	520
(+/-) Other non-cash or non-recurring items ⁽¹⁾		1,457	4,163	5,344	3,267	14,231
Adjusted EBITDAX	\$	53,144	\$ 61,041	\$ 73,187	\$ 85,844	\$ 273,216

(1) Primarily comprised of equity investment income, stock based compensation expense, accretion expense, and realized loss on warrants.

In addition to the above, management uses the operating netback measure. Operating netback is a benchmark common in the oil and gas industry and is calculated as revenue, net of transportation expense, less royalties, less operating expenses, calculated on a per unit basis of sales volumes. Operating netback is an important measure in evaluating operational performance as it demonstrates profitability relative to current commodity prices.

Operating netback as presented does not have any standardized meaning prescribed by IFRS Accounting Standards and therefore may not be comparable with the calculation of similar measures for other entities.

The term “boe” is used in this MD&A. Boe may be misleading, particularly if used in isolation. A boe conversion ratio of cubic feet of natural gas to barrels of oil equivalent is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In this MD&A, boe is expressed using the Colombian conversion standard of 5.7 Mcf: 1 bbl required by the Ministry of Mines and Energy of Colombia. Natural gas and LNG volumes per day are expressed in thousand cubic feet per day (“Mcfpd”) or million cubic feet per day (“MMcfpd”) throughout this MD&A.

Three and Nine Months Ended September 30, 2025 Financial and Operating Highlights

- The Corporation's natural gas and liquefied natural gas ("LNG") operating netback increased 2% and 3% to \$5.34 and \$5.30 per Mcf for the three and nine months ended September 30, 2025, respectively, compared to \$5.25 and \$5.17 per Mcf for the same periods in 2024, respectively. The increase is due to an increase in average sales prices, offset by an increase in operating expenses on a per Mcf basis.
- Adjusted EBITDAX decreased 43% and 31% to \$49.1 million and \$152.7 million for the three and nine months ended September 30, 2025, respectively, compared to \$85.8 million and \$220.1 million for the same periods in 2024, respectively. The decrease is mainly due to a decrease in realized contractual natural gas and LNG sales volumes.
- Adjusted funds from operations decreased 20% and 22% to \$46.1 million and \$122.2 million for the three and nine months ended September 30, 2025, respectively, compared to \$57.9 million and \$157.3 million for the same periods in 2024, respectively, mainly due to a decrease in EBITDAX.
- Total revenues, net of royalties and transportation expenses for the three and nine months ended September 30, 2025 decreased 21% and 18% to \$69.5 million and \$207.0 million, respectively, compared to \$87.9 million and \$253.9 million for the same periods in 2024, respectively, mainly due to a decrease in realized natural gas and LNG sales volumes.
- Realized contractual natural gas sales volume decreased 24% and 21% to 121.7 MMcfpd and 123.1 MMcfpd for the three and nine months ended September 30, 2025, respectively, compared to 159.8 MMcfpd and 156.3 MMcfpd for the same periods in 2024, respectively.
- The Corporation realized net income of \$18.7 million and \$64.3 million for the three and nine months ended September 30, 2025, respectively, compared to a net income of \$10.3 million and a net loss of \$7.3 million for the same periods in 2024, respectively. The increase in net income is the result of recognizing a non-cash deferred income tax recovery of \$5.4 million and \$39.0 million for the three and nine months ended September 30, 2025, respectively, compared to a non-cash deferred income tax expense of \$5.3 million and \$48.4 million for the same periods in 2024, respectively.
- Net cash capital expenditures for the three and nine months ended September 30, 2025 were \$39.1 million and \$146.6 million, respectively, compared to \$23.9 million and \$93.7 million for the same periods in 2024, respectively. The increase is mainly related to drilling activities and the installation of compression facilities.
- As at September 30, 2025, the Corporation had \$36.5 million in cash and cash equivalents and \$29.9 million in working capital deficit.

Results of Operations

For the three months ended September 30, 2025, the Corporation's production primarily consisted of natural gas from the Esperanza, VIM-5, VIM-21 and VIM-33 blocks located in the Lower Magdalena Valley basin in Colombia. The Corporation's production also included crude oil from its Rancho Hermoso block in Colombia ("Colombia oil"). The Corporation's LNG production was less than one percent of total natural gas and LNG production and, therefore, the results have been combined as "Natural gas and LNG".

On July 13, 2025, the Corporation spud the Palomino-1 exploration well located on its VIM-44 block. The Palomino-1 well was targeting gas charged sandstones within the Cienaga de Oro ("CDO") reservoirs located approximately 2 kilometers to the south of the Borbon discovery. The well encountered 15.2 feet true vertical depth ("ft TVD") of net gas pay of average porosity of 17%, and was placed on production on September 7, 2025.

On August 11, 2025, the Corporation spud the Fresa-5 development well located on its VIM-21 block. The Fresa-5 well was targeting gas charged sandstones within the CDO reservoirs located up dip of the Fresa-3 well. The Fresa-5 appraisal well encountered 92 ft TVD of net gas pay within the CDO sandstone reservoir. Of the net gas pay, 27 ft TVD are in zones not produced in Fresa-3. The Fresa-5 well was tied in and placed on production at approximately 5 MMcfpd on October 17, 2025.

On August 24, 2025, the Corporation spud the Mariner-1 exploration well located on its VIM-21 block. The Mariner-1 well reached a total depth of 7,100 ft TVD on September 2, 2025. Non-commercial gas was encountered within the CDO reservoir and the well was subsequently abandoned.

Average Daily Production and Realized Contractual Sales Volumes

Production and sales volumes in this MD&A are reported before royalties.

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Natural Gas and LNG (Mcfpd)						
Natural gas and LNG production	127,451	164,551	(23%)	128,500	160,430	(20%)
Field consumption	(5,841)	(4,787)	22%	(5,461)	(4,262)	28%
Natural gas and LNG sales	121,610	159,764	(24%)	123,039	156,168	(21%)
Take-or-pay volumes (2)	118	—	n/a	67	87	(23%)
Realized contractual natural gas and LNG sales	121,728	159,764	(24%)	123,106	156,255	(21%)
Colombia Oil (bopd)						
Crude oil production	1,327	1,607	(17%)	1,312	1,571	(16%)
Inventory movements and other	(11)	(13)	(15%)	(14)	(16)	(13%)
Colombia oil sales	1,316	1,594	(17%)	1,298	1,555	(17%)
Corporate (boepd)						
Natural gas and LNG production	22,360	28,869	(23%)	22,544	28,146	(20%)
Colombia oil production	1,327	1,607	(17%)	1,312	1,571	(16%)
Total production	23,687	30,476	(22%)	23,856	29,717	(20%)
Field consumption and inventory	(1,036)	(853)	21%	(972)	(764)	27%
Total corporate sales	22,651	29,623	(24%)	22,884	28,953	(21%)
Take-or-pay volumes (2)	21	—	n/a	12	15	(20%)
Total realized contractual sales	22,672	29,623	(23%)	22,896	28,968	(21%)

The Corporation has three types of natural gas and LNG sales:

- 1) *Natural Gas and LNG sales* - represents natural gas and LNG production less a typically small amount of gas volume that is consumed at the field level;
- 2) *Take-or-pay income* - represents the portion of natural gas and LNG sales nominations by the Corporation's off-takers that do not get delivered, due to the off-taker's inability to accept such natural gas and for which the off-takers have no recourse or legal right to delivery at a later date. As such, they are recorded as revenue in the period; and
- 3) *Undelivered natural gas and LNG nominations* - represents the portion of undelivered natural gas and LNG sales nominations for which the off-takers have a legal right to take delivery at a later date, for a fixed period of time ("make-up rights"). These nominations are paid for at the time, alongside natural gas and LNG sales and take-or-pay income, and as such are included in deferred income for the period. The Corporation recognizes revenues associated with such make-up rights ("settlements") at the earlier of: a) when the make-up volume is delivered, b) the make-up right expires, or c) when it is determined that the likelihood that the off-taker will utilize the make-up right is remote.

Realized contractual natural gas and LNG sales for the three and nine months ended September 30, 2025 averaged 121.7 and 123.1 MMcfpd, respectively. Realized contractual sales is defined as natural gas and LNG produced and sold plus income received from nominated take-or-pay contracts without the actual delivery of natural gas or LNG and the expiry of the customers' rights to take the deliveries.

The 24% and 21% decrease in realized contractual natural gas and LNG sales for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, is due to natural decline, offset by exploration successes.

The 17% decrease in Colombia oil sales for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, is due to natural decline.

Revenues, Net of Royalties and Transportation Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Natural Gas and LNG						
Natural gas and LNG revenues	\$ 81,186	\$ 104,886	(23%)	\$ 243,866	\$ 305,724	(20%)
Transportation expenses	(2,912)	(6,560)	(56%)	(8,590)	(18,524)	(54%)
Revenues, net of transportation expenses	78,274	98,326	(20%)	235,276	287,200	(18%)
Royalties	(12,583)	(15,082)	(17%)	(39,142)	(47,886)	(18%)
Revenues, net of royalties and transportation expenses	\$ 65,691	\$ 83,244	(21%)	\$ 196,134	\$ 239,314	(18%)
Colombia Oil						
Crude oil revenues	\$ 3,017	\$ 4,088	(26%)	\$ 8,741	\$ 12,654	(31%)
Transportation expenses	(31)	(47)	34%	(58)	(77)	(25%)
Revenues, net of transportation expenses	2,986	4,041	(26%)	8,683	12,577	(31%)
Royalties	(85)	(124)	(31%)	(240)	(394)	(39%)
Revenues, net of royalties and transportation expenses	\$ 2,901	\$ 3,917	(26%)	\$ 8,443	\$ 12,183	(31%)
Corporate						
Natural gas and LNG revenues	\$ 81,186	\$ 104,886	(23%)	\$ 243,866	\$ 305,724	(20%)
Crude oil revenues	3,017	4,088	(26%)	8,741	12,654	(31%)
Total revenues	84,203	108,974	(23%)	252,607	318,378	(21%)
Royalties	(12,668)	(15,206)	(17%)	(39,382)	(48,280)	(18%)
Natural gas, LNG and crude oil production revenues, net of royalties	71,535	93,768	(24%)	213,225	270,098	(21%)
Power generation standby revenue	773	773	—%	2,293	2,307	(1%)
Take-or-pay natural gas income	126	—	n/a	165	109	51%
Total revenues, net of royalties, as reported	72,434	94,541	(23%)	215,683	272,514	(21%)
Transportation expenses	(2,943)	(6,607)	(55%)	(8,648)	(18,601)	(54%)
Total revenues, net of royalties and transportation expenses	\$ 69,491	\$ 87,934	(21%)	\$ 207,035	\$ 253,913	(18%)

Natural Gas and LNG Sales and Power Generation Standby Revenue

Natural gas and LNG revenues, net of transportation expenses for the three and nine months ended September 30, 2025 decreased 20% and 18% to \$78.3 million and \$235.3 million, respectively, compared to \$98.3 million and \$287.2 million for the same periods in 2024, respectively, mainly due to lower sales volume.

Colombia oil revenues, net of transportation expenses for the three and nine months ended September 30, 2025 decreased 26% and 31%, respectively, compared to the same periods in 2024, respectively, mainly due to lower average sales price and lower sales volume.

During the three and nine months ended September 30, 2025, the Corporation realized power generation standby revenue of \$0.8 million and \$2.3 million, respectively, for its commitment to supply natural gas to a Colombian power generation plant owned by Termoelectrica el Tesorito S.A.S. ESP ("Tesorito"). The power generation standby revenue is earned on a daily basis, regardless of whether natural gas is actually delivered.

As at September 30, 2025, the Corporation had deferred income of \$21.2 million (December 31, 2024 - \$18.5 million) which was related to undelivered natural gas and LNG sales nominations that were paid for or accrued in accounts receivable, for which the off-takers have a legal right to take delivery at a later date, at which point they will be recognized as revenue. Should the off-taker not accept delivery within the allotted period, the Corporation will recognize the corresponding nominations as take-or-pay income as explained on page 7 of this MD&A.

Natural Gas Transportation Expenses

The Corporation either sells its natural gas at its Jobo gas plant gate (whereby the off-taker incurs the transportation expenses, and as such Canacol does not recognize a transportation expense), or delivers its natural gas to the off-takers' locations (whereby Canacol pays and recognizes the transportation expenses directly). In the latter case, the Corporation's transportation expenses on such contracts are compensated by higher gross sales prices, resulting in average realized sales prices (net of transportation) being consistent with the Corporation's realized price in which the off-taker incurs the transportation expense. The blend of these two types of delivery options varies from contract to contract and from quarter to quarter, hence the Corporation refers to an average net realized sales price, which in either case, is net of any transportation costs, regardless of which party incurs the transportation expense. Natural gas transportation expenses decreased 56% and 54% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, due to a decrease in natural gas sales subject to transportation expenses, as described above.

Natural Gas Royalties

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Natural Gas						
Esperanza royalties	\$ 408	\$ 1,014	(60%)	\$ 1,641	\$ 2,833	(42%)
VIM-5 royalties	9,419	10,439	(10%)	30,482	36,935	(17%)
VIM-21 royalties	2,430	3,623	(33%)	6,604	8,112	(19%)
VIM-33 royalties	21	6	250%	110	6	1,733%
VIM-44 royalties	305	—	n/a	305	\$ —	n/a
Royalty expense	\$ 12,583	\$ 15,082	(17%)	\$ 39,142	\$ 47,886	(18%)
Natural Gas Royalty Rates						
Esperanza	7.7%	8.9%	(13%)	7.8%	8.8%	(11%)
VIM-5	22.1%	22.0%	—%	22.1%	22.2%	—%
VIM-21	9.3%	9.4%	(1%)	9.3%	9.4%	(1%)
VIM-33	11.2%	8.5%	32%	8.2%	8.5%	(4%)
VIM-44	7.6%	—%	n/a	7.6%	—%	n/a
Natural gas royalty rate	16.1%	15.3%	5%	16.6%	16.7%	(1%)

The Corporation's natural gas royalties are generally at a rate of 6.4%, until net field production reaches 5,000 boepd, at which point the royalty rates increase on a sliding scale up to a 20% maximum rate at 600,000 boepd field production. The Corporation's Esperanza and VIM-5 natural gas production is subject to an additional overriding royalty of 2% to 4%. The Corporation's VIM-5, VIM-21, VIM-33 and VIM-44 natural gas production is subject to additional x-factor royalty rates of 13%, 3%, 1% and 1%, respectively.

Average Benchmark and Realized Sales Prices, Net of Transportation

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Average Benchmark Prices						
Henry Hub (\$/MMBtu)	\$ 3.01	\$ 2.41	25%	\$ 3.60	\$ 2.32	55%
Alberta Energy Company ("AECO") (\$/MMBtu)	\$ 0.89	\$ 0.49	82%	\$ 1.14	\$ 0.79	44%
Brent (\$/bbl)	\$ 67.58	\$ 72.87	(7%)	\$ 69.62	\$ 80.18	(13%)
Average Sales Prices, Net of Transportation						
Natural gas and LNG (\$/Mcf)	\$ 7.00	\$ 6.69	5%	\$ 7.00	\$ 6.71	4%
Colombia oil (\$/bbl)	\$ 24.66	\$ 27.56	(11%)	\$ 24.50	\$ 29.52	(17%)
Corporate average (\$/boe)	\$ 38.99	\$ 37.56	4%	\$ 39.05	\$ 37.79	3%

The sales prices of the Corporation's natural gas sales contracts are largely fixed, with a portion of its portfolio sold on the spot (interruptible) market. The Corporation's transportation expenses associated with the spot sales are typically compensated by higher gross sales prices, resulting in realized sales prices, net of transportation that are consistent with the Corporation's firm fixed-priced contracts.

Average natural gas and LNG sales prices, net of transportation increased 5% and 4% to \$7.00 per Mcf for the three and nine months ended September 30, 2025, compared to \$6.69 per Mcf and \$6.71 per Mcf for the same periods in 2024, respectively. The increase in average natural gas and LNG sales prices, net of transportation for the three and nine months ended September 30, 2025 is mainly due to a increase in firm contract prices and an increase in interruptible prices as a result of tight natural gas supply in Colombia.

The 11% and 17% decrease in average crude oil prices for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, is due to a higher portion of total oil production sold under tariff agreement.

Operating Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Natural gas and LNG	\$ 6,092	\$ 5,957	2%	\$ 17,759	\$ 18,126	(2%)
Colombia oil	874	1,012	(14%)	2,884	3,370	(14%)
Total operating expenses	\$ 6,966	\$ 6,969	—%	\$ 20,643	\$ 21,496	(4%)
Natural gas and LNG (\$/Mcf)	\$ 0.54	\$ 0.41	32%	\$ 0.53	\$ 0.42	26%
Colombia oil (\$/bbl)	\$ 7.22	\$ 6.90	5%	\$ 8.14	\$ 7.91	3%
Corporate (\$/boe)	\$ 3.34	\$ 2.56	30%	\$ 3.30	\$ 2.71	22%

Natural gas and LNG operating expenses increased 2% to \$6.1 million for the three months ended September 30, 2025, compared to \$6.0 million for the same period in 2024, mainly due to an increase in equipment rental costs and inflation, offset by a decrease in maintenance costs. Natural gas and LNG operating expenses decreased 2% to \$17.8 million for the nine months ended September 30, 2025, compared to \$18.1 million for the same period in 2024. The decrease in natural gas and LNG operating expenses for the nine months ended September 30, 2025 is mainly due to a decrease in maintenance activities, offset by an increase in equipment rental costs, and inflation.

Colombia oil operating expenses decreased 14% for the three and nine months ended September 30, 2025, compared to the same periods in 2024, mainly attributable to the reimbursement of operating expenses by Hocol S.A., which is the counterparty of the Rancho Hermoso participation agreement. The operating expense reimbursement takes effect when WTI crude oil price is below \$70 per bbl on a monthly average basis.

Operating Netbacks

\$/Mcf	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Natural Gas and LNG						
Revenue, net of transportation expense ⁽¹⁾	\$ 7.00	\$ 6.69	5%	\$ 7.00	\$ 6.71	4%
Royalties	(1.12)	(1.03)	9%	(1.17)	(1.12)	4%
Operating expenses ⁽²⁾	(0.54)	(0.41)	32%	(0.53)	(0.42)	26%
Operating netback	\$ 5.34	\$ 5.25	2%	\$ 5.30	\$ 5.17	3%

\$/bbl	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Colombia oil						
Revenue, net of transportation expense ⁽¹⁾	\$ 24.66	\$ 27.56	(11%)	\$ 24.50	\$ 29.52	(17%)
Royalties	(0.70)	(0.85)	(18%)	(0.68)	(0.92)	(26%)
Operating expenses ⁽²⁾	(7.22)	(6.90)	5%	(8.14)	(7.91)	3%
Operating netback	\$ 16.74	\$ 19.81	(15%)	\$ 15.68	\$ 20.69	(24%)

(1) Refer to the "Average Benchmark and Realized Sales Prices, Net of Transportation" of this MD&A for more information.

(2) Refer to the "Operating Expenses" section of this MD&A for more information.

\$/boe	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Corporate						
Revenue, net of transportation expense	\$ 38.99	\$ 37.56	4%	\$ 39.05	\$ 37.79	3%
Royalties	(6.08)	(5.58)	9%	(6.30)	(6.09)	3%
Operating expenses	(3.34)	(2.56)	30%	(3.30)	(2.71)	22%
Operating netback	\$ 29.57	\$ 29.42	1%	\$ 29.45	\$ 28.99	2%

General and Administrative Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Gross costs	\$ 8,987	\$ 9,912	(9%)	\$ 29,229	\$ 29,325	—%
Less: capitalized amounts	(1,894)	(2,036)	(7%)	(7,286)	(6,098)	19%
General and administrative expenses	\$ 7,093	\$ 7,876	(10%)	\$ 21,943	\$ 23,227	(6%)
\$/boe	\$ 3.40	\$ 2.89	18%	\$ 3.51	\$ 2.93	20%

General and administrative ("G&A") gross costs decreased 9% for the three months ended September 30, 2025, compared to the same period in 2024, mainly as a result of the Corporation's cost cutting initiatives. G&A gross costs remained unchanged for the nine months ended September 30, 2025, compared to the same period in 2024.

Net Finance Expense

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Net financing expense paid	\$ 13,666	\$ 15,088	(9%)	\$ 41,020	\$ 42,476	(3%)
Non-cash net financing expenses	4,616	3,094	49%	12,270	8,553	43%
Net finance expense	\$ 18,282	\$ 18,182	1%	\$ 53,290	\$ 51,029	4%

Net finance expense increased 1% and 4% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, mainly as a result of an increase in non-cash financing expenses, offset by a decrease in total debt outstanding and a decrease in benchmark interest rates.

Stock-Based Compensation Expense

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Equity-settled unit expense	\$ 28	\$ 136	(79%)	\$ 105	\$ 586	(82%)
Cash-settled unit expense	1,122	2,176	(48%)	2,318	1,952	19%
Stock-based compensation	\$ 1,150	\$ 2,312	(50%)	\$ 2,423	\$ 2,538	(5%)

Equity-settled unit expense is related to stock options, the fair value of which are amortized and expensed over their respective vesting periods. Stock options are settled in shares when exercised. Equity-settled unit expense decreased by 79% and 82% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, as no new stock options were granted to employees during the nine months ended September 30, 2025.

Cash-settled unit expense is related to restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs"), the fair value of which are amortized and expensed over their respective vesting periods and revalued at each reporting date based on the Corporation's share price. RSUs, PSUs and DSUs are expected to be settled in cash. The Corporation realized a cash-settled unit expense of \$1.1 million and \$2.3 million for the three and nine months ended September 30, 2025, respectively, compared to cash-settled unit expense of \$2.2 million and \$2.0 million in the same periods in 2024, respectively. The 48% decrease in expense during the three months ended September 30, 2025 is due to new grants issued in Q3 2024 and the decrease in Canacol share price during the three months ended September 30, 2025. The 19% increase during the nine months ended September 30, 2025 is as a result of the new grants issued in April 2025.

Depletion and Depreciation Expense

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Depletion and depreciation expense	\$ 18,065	\$ 20,254	(11%)	\$ 52,569	\$ 58,713	(10%)
\$/boe	\$ 8.67	\$ 7.43	17%	\$ 8.41	\$ 7.40	14%

Depletion and depreciation expense decreased 11% and 10% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, due to lower production. Depletion and depreciation expense per boe increased 17% and 14% for the three and nine months ended September 30, 2025, respectively, compared to the same periods in 2024, respectively, due to higher depletion rate.

Income Tax Expense

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Current income tax expense	\$ 1,927	\$ 26,223	(93%)	\$ 25,830	\$ 54,595	(53%)
Deferred income tax expense (recovery)	(5,402)	5,250	n/a	(39,030)	48,385	n/a
Income tax expense (recovery)	\$ (3,475)	\$ 31,473	n/a	\$ (13,200)	\$ 102,980	n/a

The Corporation's pre-tax income was subject to the Colombian statutory income tax rate of 35% for the nine months ended September 30, 2025. In addition, taxable income generated from business relating to crude oil was subject to an additional 10% surtax.

Current income tax expense for the three and nine months ended September 30, 2025 decreased by 93% and 53%, respectively, compared to the same periods in 2024, respectively. The decrease is mainly due to a decrease in EBITDAX, and write-offs for tax purposes related to the unsuccessful exploration wells drilled during 2025.

For the three and nine months ended September 30, 2025, the Corporation recognized a deferred tax recovery of \$5.4 million and a deferred tax recovery of \$39.0 million, respectively, mainly as a result of the foreign exchange impact on the Corporation's unused tax losses and capital pools and the timing difference related to the tax write-offs.

Income Tax Cash Payments

	Three months ended September 30,			Nine months ended September 30,		
	2025	2024	Change	2025	2024	Change
Income tax payments and installments	\$ 9,509	\$ 35,860	(73%)	\$ 35,898	\$ 65,941	(46%)
Withholding tax	\$ 1,576	\$ 1,718	(8%)	\$ 12,284	\$ 9,554	29 %

Capital Expenditures

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Land, seismic, EIAs and communities	\$ 635	\$ 250	\$ 1,505	\$ 6,297
Drilling, completion, testing and workovers	26,386	18,208	105,435	57,216
Facilities, equipment and infrastructures	9,213	6,725	30,270	26,401
Warehouse inventory, corporate assets and other	1,061	(3,291)	2,243	(2,237)
Capitalized G&A	1,894	2,036	7,286	6,098
Proceeds on disposition	(73)	—	(94)	(116)
Net cash capital expenditures	39,116	23,928	146,645	93,659
Non-cash costs and adjustments:				
Right-of-Use leased assets	13	60	79	3,089
Disposition	72	—	82	109
Change in decommissioning obligations and other	2,856	2,089	2,537	2,562
Net capital expenditures	\$ 42,057	\$ 26,077	\$ 149,343	\$ 99,419
Net capital expenditures recorded as:				
Expenditures on exploration and evaluation assets	\$ 19,046	\$ 11,657	\$ 69,177	\$ 35,515
Expenditures on property, plant and equipment	23,012	14,420	80,177	63,911
Disposition	(1)	—	(11)	(7)
Net capital expenditures	\$ 42,057	\$ 26,077	\$ 149,343	\$ 99,419

Net capital expenditures for the three months ended September 30, 2025 are primarily related to:

- Fresa-4 appraisal well;
- Fresa-5 development well;
- Palomino-1 exploration well;
- Mariner-1 exploration well;
- Borbon-1 exploration well;
- Corno-1 exploration well;
- Natilla-2 exploration well;
- Compression facilities and workover related costs at the VIM-5, and VIM-21 blocks; and
- Land, communities and other costs at the Esperanza, VIM-5, VIM-21, VIM-44, and SSJN-7 blocks.

Liquidity and Capital Resources

Capital Management

The Corporation manages its capital structure and makes adjustments in response to changes in economic conditions and the risk characteristics of the underlying assets. The Corporation considers its capital structure to include share capital, long-term debt, lease obligations and working capital, defined as current assets less current liabilities excluding the current portion of long-term obligations. In order to maintain or adjust the capital structure, from time to time the Corporation may issue or repurchase common shares or other securities, sell assets or adjust its capital spending to manage current and projected debt levels.

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, as defined above. 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.

Going Concern

The 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. 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 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, 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. The 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.

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 subsequently cancelled in April 2025.

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.

Financial Covenants

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.

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; and
- c) Consolidated Current Ratio: a minimum adjusted current assets, to adjusted current liabilities ratio of 1.00 : 1.00;
- 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 ("PDP PV10 Value"), to the principal drawn and outstanding on the Term Loan ratio of 2.50 to 1.00.

As at September 30, 2025, the Corporation was in compliance with the covenants.

	September 30, 2025	December 31, 2024
Senior Notes - principal (5.75%)	\$ 495,000	\$ 500,000
RCF (SOFR + 4.5%)(1)	200,000	200,000
Term Loan (SOFR + 10%)(1)	43,750	50,000
Lease obligations	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%.

The Consolidated Leverage Ratio is calculated as follows:

	September 30, 2025	December 31, 2024
Total debt	\$ 747,584	\$ 762,313
Less: cash and cash equivalents	(36,539)	(79,201)
Net debt for covenant purposes	\$ 711,045	\$ 683,112
Adjusted EBITDAX	\$ 228,784	\$ 296,126
Consolidated Leverage Ratio	3.11	2.31

The Consolidated Interest Coverage Ratio is calculated as follows:

	September 30, 2025	December 31, 2024
Adjusted EBITDAX	\$ 228,784	\$ 296,126
Interest expense, excluding non-cash expenses	57,752	58,068
Consolidated Interest Coverage Ratio	3.96	5.10

The Consolidated Current Ratio is calculated as follows:

	September 30, 2025	December 31, 2024
a) Consolidated Current Assets		
Consolidated current assets, as reported	\$ 110,015	\$ 173,828
Plus: Materials inventory in warehouse (capped)	20,000	20,000
Consolidated current assets for covenant purposes	\$ 130,015	\$ 193,828
b) Consolidated Current Liabilities		
Consolidated current liabilities, as reported	\$ 186,681	\$ 145,283
Less: Current portion of lease obligations	(4,563)	(4,479)
Less: Current portion of long term debt	(42,172)	(12,500)
Less: Deferred income (capped)	(15,000)	(15,000)
Consolidated current liabilities for covenant purposes	\$ 124,946	\$ 113,304
Consolidated Current Ratio	1.04	1.71

The Consolidated Assets Coverage Ratio is calculated as follows:

	September 30, 2025	December 31, 2024
PDP PV10 value	\$ 263,106	\$ 263,106
Term Loan principal balance	43,750	50,000
Consolidated Assets Coverage Ratio	6.01	5.26

As at November 14, 2025, the Corporation had 34.1 million common shares, 0.6 million stock options, 4.1 million RSUs, DSUs and PSUs, and 1.9 million share purchase warrants outstanding.

Contractual Obligations

The following table provides a summary of the Corporation's cash requirements to meet its financial liabilities and contractual obligations existing as at September 30, 2025:

	Less than 1 year		1-3 years		Thereafter		Total
Long-term debt – principal	\$	43,750	\$	200,000	\$	495,000	\$ 738,750
Lease obligations – undiscounted		4,861		4,459		—	9,320
Trade and other payables		107,607		—		—	107,607
Taxes payable		7,744		—		—	7,744
Other long term obligations		1,337		3,239		2,392	6,968
Long-term incentive compensation liability		2,056		1,589		—	3,645
Exploration and production contracts		2,641		20,695		1,759	25,095
Compression station operating contracts		1,016		1,270		—	2,286
	\$	171,012	\$	231,252	\$	499,151	\$ 901,415

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 in Colombia 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.

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. 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.

Sustainability

Canacol is currently a leading sustainable natural gas producer in the Americas. In 2024, the Corporation achieved Scope 1 and 2 GHG emission intensities that were more than 45% lower on average than its gas focused peers and more than 75% lower on average than its oil focused peers in North and South America. Canacol's intention is to continue to lead the oil and gas industry in Colombia in terms of supplying the increasing energy demands of Colombians while reducing carbon emissions, exploring avenues for renewable energy generation, fostering national energy self-sufficiency, and catalyzing the growth and development of Colombia's economy and its people. Canacol enthusiastically supports the global objectives to meet the Paris Agreement targets and remains committed to supporting Colombia's objective of achieving a 51% reduction in emissions by 2030. In line with this commitment, Canacol has set its decarbonization goals, whereby we aim to reduce Scope 1 and 2 emissions by 35% by 2035 and achieve carbon neutrality by 2050. Canacol is focused on generating value for its stakeholders in a sustainable, collaborative, co-responsible, respectful and transparent way. With the Corporation's transition to natural gas, it has an environmentally friendly value proposition that contributes to the reduction of CO2 emissions in Colombia and provides for a more efficient use of resources.

The Corporation continues to support its communities in essential social projects such as access to water and utilities, local economic projects, construction and improvement of public and community infrastructure, technical and university scholarships, amongst others.

The Corporation has strong corporate governance standards and procedures, which are aligned with best global practices, and uses control mechanisms that protect shareholder's interests, respect and promote human rights, guarantee ethical behavior, integrity and transparency, ensure regulatory compliance and minimize risk.

These accomplishments reflect Canacol's focus on sustainability. The Corporation maintained an 'A' qualification in MSCI for the second consecutive year and were positioned in the top 10% of the 2024 Sustainability Yearbook according to the Corporate Sustainability Assessment ("CSA") by S&P Global Sustainable 1.

The Corporation is committed to continuing to develop and maintain a robust ESG strategy and, as such, has implemented a plan with the following three pillars:

1. A cleaner energy future – deliver natural gas under the highest environmental and operational efficiency standards.
2. Empowering our people – make a positive impact on people and demonstrate Canacol's commitment to enhancing the well-being, prosperity, and health and safety of our employees, contractors, and the communities we serve.
3. A transparent and ethical business – adopt best practices, incorporate governance, encourage respect for human rights and ensure ethics and integrity in everything Canacol does.

Outlook

The Corporation remains focused on completing its exploration and development drilling and workover programs, and the installation of additional compression, for the remainder of 2025. The Corporation abandoned the Corno-1 and Ramsay-1 exploration wells which both encountered non commercial quantities of gas. The drilling rig is preparing to mobilize to the Kantana-2 development well, which will be followed by the spudding of the Monstera-1 exploration well prior to year end 2025. The Corporation is also planning to continue working over a number existing wells in order to maintain gas production from its producing assets.

The Corporation is in discussion with various existing and new banking groups in order to address ongoing liquidity, and will communicate any material developments in a timely manner.

SUMMARY OF QUARTERLY RESULTS

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

		2025			2024			2023
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial								
Total revenues, net of royalties and transportation expense ⁽¹⁾	69,491	64,809	72,735	98,339	87,934	88,288	77,691	79,718
Adjusted funds from operations ⁽¹⁾	46,072	36,855	39,316	52,119	57,909	57,121	42,226	30,958
Per share – basic (\$) ⁽¹⁾	1.35	1.08	1.15	1.53	1.70	1.67	1.24	0.91
Per share – diluted (\$) ⁽¹⁾	1.35	1.08	1.15	1.53	1.70	1.67	1.24	0.91
Cash flows provided (used) by operating activities	48,003	33,351	62,588	42,428	21,692	49,202	54,719	22,571
Net income (loss) and comprehensive income (loss)	18,662	13,856	31,801	(25,434)	10,346	(21,298)	3,654	29,897
Per share – basic (\$)	0.55	0.41	0.93	(0.75)	0.30	(0.62)	0.11	0.88
Per share – diluted (\$)	0.55	0.41	0.93	(0.75)	0.30	(0.62)	0.11	0.88
Adjusted EBITDAX ⁽¹⁾	49,112	47,350	56,268	76,054	85,844	73,187	61,041	53,144
Weighted average shares outstanding – basic	34,120	34,120	34,120	34,115	34,111	34,111	34,111	34,111
Weighted average shares outstanding – diluted	34,120	34,120	34,209	34,115	34,111	34,111	34,111	34,111
Net cash capital expenditures ⁽¹⁾	39,116	57,052	50,477	28,634	23,928	33,853	35,878	72,246
Operations								
Production								
Natural gas and LNG (Mcfpd)	127,451	124,345	133,773	161,360	164,551	162,652	154,043	168,127
Colombia oil (bopd)	1,327	1,380	1,227	933	1,607	1,700	1,405	627
Total (boepd)	23,687	23,195	24,696	29,242	30,476	30,235	28,430	30,123
Realized contractual sales								
Natural gas and LNG (Mcfpd)	121,728	118,972	128,693	158,033	159,764	158,541	150,421	164,840
Colombia oil (bopd)	1,316	1,382	1,195	947	1,594	1,681	1,389	590
Total (boepd)	22,672	22,254	23,773	28,672	29,623	29,495	27,779	29,509
Operating netbacks ⁽¹⁾								
Natural gas and LNG (\$/Mcf)	5.34	5.11	5.48	6.12	5.25	5.34	4.90	4.39
Colombia oil (\$/bbl)	16.74	16.32	13.76	11.54	19.81	21.98	20.15	13.29
Corporate (\$/boe)	29.57	28.34	30.36	34.18	29.42	29.95	27.51	24.82

(1) Non-IFRS measure – see “Non-IFRS Measures” section within this MD&A.

RISKS AND UNCERTAINTIES

A more comprehensive discussion of risks and uncertainties is contained in the Corporation's Annual Information Form for the year ended December 31, 2024 as filed on SEDAR+ and hereby incorporated by reference.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Corporation's management made judgments, assumptions and estimates in the preparation of the financial statements. Actual results may differ from those estimates, and those differences may be material. The basis of presentation and the Corporation's significant accounting policies can be found in the notes to the financial statements.

CHANGES IN ACCOUNTING POLICIES

The Corporation has not implemented new accounting policies during the three months ended September 30, 2025. Detailed discussions of new accounting policies and impact are provided in the financial statements.

REGULATORY POLICIES

Disclosure Controls and Procedures

Disclosure Controls and Procedures ("DC&P") are designed to provide reasonable assurance that all material information is gathered and reported on a timely basis to senior management so that appropriate decisions can be made regarding public disclosure and that information required to be disclosed by the issuer under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), along with other members of management, have designed, or caused to be designed under the CEO and CFO's supervision, DC&P and established processes to ensure that they are provided with sufficient knowledge to support the representations made in the interim certificates required to be filed under National Instrument 52-109.

Internal Controls over Financial Reporting

The CEO and CFO, along with participation from other members of management, are responsible for establishing and maintaining adequate Internal Control over Financial Reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial statements prepared in accordance with IFRS Accounting Standards.

During the three months ended September 30, 2025, there has been no change in the Corporation's ICFR that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR.

Limitations of Controls and Procedures

The Corporation's management, including its CEO and CFO, believe that any DC&P or ICFR, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Corporation have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.