



## Q&A

# Court-Supervised Restructuring (CCAA) Canacol Energy Ltd.

### 1. What is a court-supervised restructuring proceeding?

Canacol Energy Ltd., (“Canacol”) together with certain subsidiaries, is under court-supervised restructuring proceedings in Canada under the Companies’ Creditors Arrangement Act (“CCAA”). This framework allows Canacol to reorganize its affairs under court oversight, stabilize operations, preserve value where possible and address creditor claims in an orderly way, rather than proceeding directly to liquidation. CCAA provides limitations on claims that can be advanced by creditors while Canacol is under the protection of the Court.

### 2. Is Canacol Energy Ltd. in “bankruptcy” or being liquidated?

No. Canacol is under creditor protection in a restructuring framework, not a liquidation proceeding. The process provides time, protection from creditor enforcement and a structured environment to evaluate restructuring or sale alternatives. Whether the outcome is a going-concern solution or a liquidation depends on future court-approved steps that are not yet determined.

### 3. What is a “stay of proceedings” in Canacol Energy Ltd. case?

Under the Initial Order of the Court of King’s Bench of Alberta, a stay of proceedings temporarily suspends creditor enforcement actions against Canacol, its Canadian applicants and their assets. Pre-filing obligations remain frozen unless the court authorizes specific payments. The court may extend the stay if the restructuring progresses appropriately and the legal requirements are satisfied.

### 4. Who manages Canacol Energy Ltd. during the restructuring

The board of directors of Canacol remains in place and management is responsible for day-to-day operations, subject to the CCAA orders and oversight by KPMG Inc., the court-appointed monitor. The court supervises the legal process, considers applications from Canacol, the Monitor and stakeholders, and decides whether to approve material steps.

### 5. What is the role of KPMG Inc. as monitor?

KPMG Inc. acts as an independent officer of the court referred to as the Monitor. The Monitor oversees the CCAA process, reviews Canacol cash-flow forecasts and key initiatives, reports to the court, liaises with stakeholders, and maintains a public website (<https://kpmg.com/ca/canacol>) where court orders, reports and principal documents are available to shareholders, creditors and other interested parties.

### 6. What is a restructuring plan or “plan of arrangement” for Canacol Energy Ltd.?

A restructuring plan sets out how Canacol proposes to compromise or restructure its debts and obligations as of the CCAA filing date, potentially including debt adjustments, new financing, asset sales or other transactions. Such a plan is normally voted on by affected creditor classes and then requires court approval.





**7. Will there be a sale or investment solicitation process for Canacol Energy Ltd.?**

Within the CCAA framework, Canacol is pursuing broader restructuring efforts that will include a court-supervised sale and investment solicitation process ("SISP"). This process tests market interest from potential buyers or investors. The detailed structure, timing, scope and potential outcomes remain subject to negotiations with stakeholders, market conditions and Court oversight and approval.

**8. How do Canacol Energy Ltd. foreign assets and operations fit into the process?**

Because Canacol holds assets and operations in multiple countries, it pursued related recognition and protection proceedings in the United States under Chapter 15 of the U.S. Bankruptcy Code and in Colombia under Title III of Law 1116 of 2006 and is in a PRES procedure under Law 2437 of 2024. These processes protect local assets and coordinate the Canadian restructuring with U.S. and Colombian courts and authorities.

**9. What is debtor-in-possession (DIP) financing and why is Canacol Energy Ltd. using it?**

Canacol is party to a DIP credit agreement with an ad hoc group of holders of its 5.75% senior unsecured notes due 2028, providing a delayed-draw term loan and a letter-of-credit tranche, subject to court approval. The DIP financing funds ongoing operations, restructuring costs and required letters of credit, in line with court-approved cash-flow forecasts and the terms and milestones of the DIP credit agreement.

**10. What is the current status of trading in Canacol Energy Ltd. shares?**

Trading in Canacol's common shares is suspended on the Toronto Stock Exchange ("TSX"), on the OTCID market in the United States, and on the Colombian Stock Exchange (BVC) following the CCAA filing. TSX has already approved the delisting of the common shares, which will be effective as of the close of trading on December 29, 2025, and the suspension will remain in place until that date. After that, no Canadian trading market exists for the common shares.

**11. Will Canacol Energy Ltd.'s shares be delisted from all markets?**

Canacol's shares remain listed on OTCID in the United States (CNNEQ) and on the BVC (CNEC). It is possible that these listing venues and the relevant regulators may review the Company's status and take further actions in light of the ongoing restructuring. Any additional decisions by OTCID or by Colombian authorities, including potential delisting or changes to the Company's registration, are made exclusively by those exchanges and regulators, not by Canacol.

**12. If the shares are delisted, do Canacol Energy Ltd. shareholders lose their ownership?**

No. After delisting, shareholders continue to hold their legal rights and equity interests in Canacol. Delisting removes the public trading venue but does not itself cancel or transfer ownership. However, liquidity becomes severely limited, and it can be difficult or impossible to sell shares through organized markets, depending on future regulatory and market developments.

**13. What are Canacol Energy Ltd. shares worth today?**

Canacol cannot state or estimate the current value of its shares. Trading in the Company's common shares is suspended and, following the TSX delisting and any further listing decisions, there may be no active public market price. In a court-supervised restructuring, outcomes for equity holders are uncertain and depend on future transactions that have not yet been negotiated or approved. Any assessment of value should be based solely on publicly available information and independent professional advice.





**14. What is the potential impact on a Canacol Energy Ltd. shareholder investment?**

Equity in a distressed company is a residual, high-risk claim. Canacol's prospectus and continuous disclosure documents state that investing in its securities involves significant risk, including a possible total loss of the investment. In a restructuring, creditor claims rank ahead of any claims by existing holders of equity such as Shareholders. Canacol cannot assure that any value remains for current shareholders after creditor claims and any restructuring or sale transactions are resolved and approved by the court.

**15. Does a trading suspension or delisting automatically end Canacol Energy Ltd. disclosure obligations?**

No. Trading suspensions and listing decisions arise from exchanges and self-regulatory organizations. In Canada, the Court of King's Bench of Alberta has granted Canacol temporary relief during the stay period from incurring new costs associated with preparing certain securities filings, including financial statements, disclosures, core or non-core documents, and press releases. In Colombia, by contrast, Canacol's disclosure obligations remain unchanged and the Company continues to publish information through the Relevant Information mechanism and other regulatory channels while its registration is in force. Any change to those duties depends on decisions by the relevant securities regulators, not by Canacol.

**16. What should Canacol Energy Ltd. shareholders expect at this stage?**

Canacol is under CCAA protection, with Chapter 15 recognition proceedings underway in the U.S., and applications for recognition and related relief in Colombia, including a PRES process that has been initiated and is currently ongoing, as well as DIP financing in place to support operations and restructuring efforts. Trading is suspended and a TSX delisting has been determined, with further listing reviews potentially occurring on other markets. No final plan or transaction defining recoveries for creditors or shareholders has been negotiated, agreed or approved. Canacol will continue to report on material developments in the restructuring process exclusively through its official public disclosures.

**17. Are key restructuring decisions in Canacol Energy Ltd. case taken at a shareholders meeting?**

Under the CCAA framework, the central economic terms of Canacol's restructuring are determined mainly through negotiations with creditors, creditor class votes (where applicable) and court orders. Shareholder approval may be required only in limited cases under corporate law or a specific plan. The insolvency framework does not guarantee a shareholder vote, particularly when existing equity is not expected to have residual value.

**18. What happens to my voting and economic rights in Canacol Energy Ltd. while the process is ongoing?**

Unless and until a court-approved plan or transaction changes them, shareholders retain their legal equity interests in Canacol. However, trading suspensions, expected delistings and the Company's financial situation significantly limit the practical ability to realize value or influence outcomes. Any future change to shareholder rights or recoveries depends on the content of a court-approved restructuring or sale proposal.

**19. How do investors receive information about Canacol Energy Ltd. during the restructuring process?**

Canacol and the monitor disclose material information through: (i) official press releases; (ii) applicable securities-regulator filing systems; (iii) the Company's website and investor distribution lists; (iv) the monitor's website (<https://kpmg.com/ca/canacol>); and (v) in Colombia, the Relevant Information mechanism and SFC/BVC channels. These channels are public and non-selective, and Canacol Energy Ltd. does not provide material non-public information in private communications.



**20. Does Canacol Energy Ltd. meet individually with shareholders to discuss the restructuring or their recoveries?**

Generally, no. To avoid selective disclosure of material non-public information and to ensure equal treatment, Canacol declines requests for individual discussions on specific outcomes, recoveries or strategies and refers all stakeholders to public filings, press releases and the monitor's website. The Company does not speculate about specific outcomes, recoveries, timing or individual investment decisions.

**21. Can Canacol Energy Ltd. tell me whether to buy, hold or sell my shares?**

No. Canacol and the monitor do not provide individual investment, legal or tax advice or recommendations about buying, holding or selling shares. The Company does not comment on specific outcomes, recoveries, timing or individual investment decisions. Shareholders should rely only on public information and consult their own professional advisers when considering any decision regarding their investment.

**About Canacol**

Canacol is a natural gas exploration and production company with operations focused in Colombia. The Corporation's shares are traded on the Toronto Stock Exchange under the symbol CNE, the OTCID in the United States of America under the symbol CNNEQ, the Bolsa de Valores de Colombia under the symbol CNEC.

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**Contact Information**

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