



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three and six months ended June 30, 2024 and 2023

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of July 25, 2024, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three and six months ended June 30, 2024 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2024 and the audited consolidated financial statements for the year ended December 31, 2023 (together, the "consolidated financial statements"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. All references in the MD&A and consolidated financial statements are to Canadian dollars unless otherwise indicated.

This MD&A contains specified financial measures such as non-GAAP financial measures, non-GAAP ratios, capital management measures, supplementary financial measures and forward-looking information. Readers are advised to read this MD&A in conjunction with both the "Specified Financial Measures" and "Forward-Looking Information and Other Advisories" sections found at the end of this MD&A.

Financial Highlights (\$000, except as otherwise indicated)	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Financial Statement Highlights				
Natural gas and liquids sales	104,081	107,240	239,978	253,239
Net income (loss) and comprehensive income (loss) ⁽³⁾	(12,084)	2,538	11,079	32,257
per basic share ⁽²⁾	(0.07)	0.02	0.07	0.19
per diluted share ⁽²⁾	(0.07)	0.02	0.07	0.19
Basic weighted average shares (000)	161,362	167,268	160,903	167,298
Diluted weighted average shares (000)	161,362	171,815	164,668	171,844
Cash provided by operating activities	47,090	37,966	114,464	143,921
Cash provided by (used in) financing activities	447,502	43,778	459,385	(14,581)
Cash used in investing activities	(494,331)	(88,439)	(573,758)	(174,029)
Other Financial Highlights				
Adjusted funds flow ⁽¹⁾	42,354	52,381	107,747	149,214
per boe ⁽¹⁾	7.01	11.10	8.94	15.00
per basic share ⁽¹⁾⁽²⁾	0.26	0.31	0.67	0.89
per diluted share ⁽¹⁾⁽²⁾	0.26	0.30	0.65	0.87
Net capital expenditures ⁽¹⁾	490,888	64,924	571,022	181,624
Free cash flow (negative) ⁽¹⁾	(3,059)	(12,543)	(17,800)	(32,410)
Bank indebtedness	488,008	226,442	488,008	226,442
Net debt ⁽¹⁾	674,665	229,426	674,665	229,426

⁽¹⁾ Specified financial measure which is not a standardized measure under IFRS and may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures" for the composition of such specified financial measure, an explanation of how such specified financial measure provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measure, and/or where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

⁽²⁾ Based on basic and diluted weighted average shares outstanding.

⁽³⁾ Net income (loss) and comprehensive income (loss) attributable to Advantage Shareholders.

Operating Highlights

	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Operating				
Production				
Crude oil (bbls/d)	3,033	2,801	2,832	2,269
Condensate (bbls/d)	1,200	871	1,215	1,014
NGLs (bbls/d)	2,908	2,683	2,750	2,780
Total liquids production (bbls/d)	7,141	6,355	6,797	6,063
Natural gas (Mcf/d)	355,563	272,919	356,487	293,482
Total production (boe/d)	66,401	51,842	66,211	54,976
Average realized prices (including realized derivatives)				
Natural gas (\$/Mcf)	1.82	2.81	2.34	3.67
Liquids (\$/bbl)	84.58	75.36	82.49	76.48
Operating Netback (\$/boe)				
Natural gas and liquids sales	17.22	22.73	19.91	25.45
Realized gains on derivatives	1.59	1.07	1.15	2.32
Processing and other income	0.32	0.22	0.34	0.29
Net sales of purchased natural gas	-	(0.05)	-	(0.02)
Royalty expense	(1.16)	(1.33)	(1.34)	(2.31)
Operating expense	(4.16)	(4.44)	(4.17)	(3.92)
Transportation expense	(3.73)	(4.34)	(3.98)	(4.33)
Operating netback ⁽¹⁾	10.08	13.86	11.91	17.48

⁽¹⁾ Specified financial measure which is not a standardized measure under IFRS and may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures" for the composition of such specified financial measure, an explanation of how such specified financial measure provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measure, and/or where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

Corporate Update

Asset Acquisition

On June 24, 2024, the Corporation closed the acquisition of certain Charlie Lake and Montney assets (the Acquired Assets) for cash consideration of \$445.5 million, including closing adjustments (the "Acquisition"). The Acquisition capitalizes on a rare opportunity to consolidate a high-quality, liquids-weighted asset that is contiguous with our existing core areas and complementary to our infrastructure platform. The Acquisition is expected to add approximately 14,100 boe/d (6,685 bbls/d oil, 810 bbls/d NGLs, and 39.7 mmcf/d natural gas) of production in Glacier, Valhalla, Progress, and Gordondale, enabling multi-zone development across portions of our existing land base. Only seven days of operating and financial results from the Acquired Assets have been included in the consolidated financial statements for the three and six months ended June 30, 2024 representing the period of time since closing the Acquisition.

The Acquisition was partially funded by the issuance of 5,910,000 common shares at a price of \$11.00 per share and \$143.8 million aggregate principal amount of 5.0% convertible unsecured subordinated debentures at a price of \$1,000 per debenture for aggregate gross proceeds of \$208.8 million. The remainder was funded from the Corporation's credit facility which was increased to \$650 million (see "Bank Indebtedness, Credit Facilities and Working Capital").

2024 Guidance Update

All guidance numbers are for Advantage Energy Ltd. only and excludes its subsidiary, Entropy Inc. ("Entropy"). As a result of the Acquisition and the low gas price environment, the Corporation has revised its guidance.

Production guidance has been revised to between 70,000 and 73,000 boe/d to reflect the impact of the Acquisition, continued outperformance of our recent wells, and reducing our gas-focused program at Glacier to 13 wells (previously 18). Capital spending is expected to be between \$260 million and \$290 million which reflects capital spending on the Acquired Assets, offset by lower capital spending at Glacier. Advantage has revised guidance related to royalty rates, operating expense and transportation expense due to changes in the commodity price environment and the higher liquids production from the Acquired Assets. With the increase in debt to fund the Acquisition, Advantage now anticipates its G&A/finance expense to be approximately \$2.50/boe.

Forward Looking Information ⁽¹⁾	2024 Prior Guidance ⁽³⁾	2024 Revised Guidance ⁽⁴⁾
Cash Used in Investing Activities ⁽²⁾ (\$ millions)	220 to 250	260 to 290
Total Average Production (boe/d)	65,000 to 68,000	70,000 to 73,000
Liquids Production (% of total average production)	~10%	~13%
Royalty Rate (%)	7 to 11	9 to 10
Operating Expense (\$/boe)	3.85	5.00
Transportation Expense (\$/boe)	3.95	3.50
G&A/Finance Expense (\$/boe)	1.90	2.50

⁽¹⁾ Forward-looking statements and information representing Management estimates. Please see "Forward-Looking Information and Other Advisories".

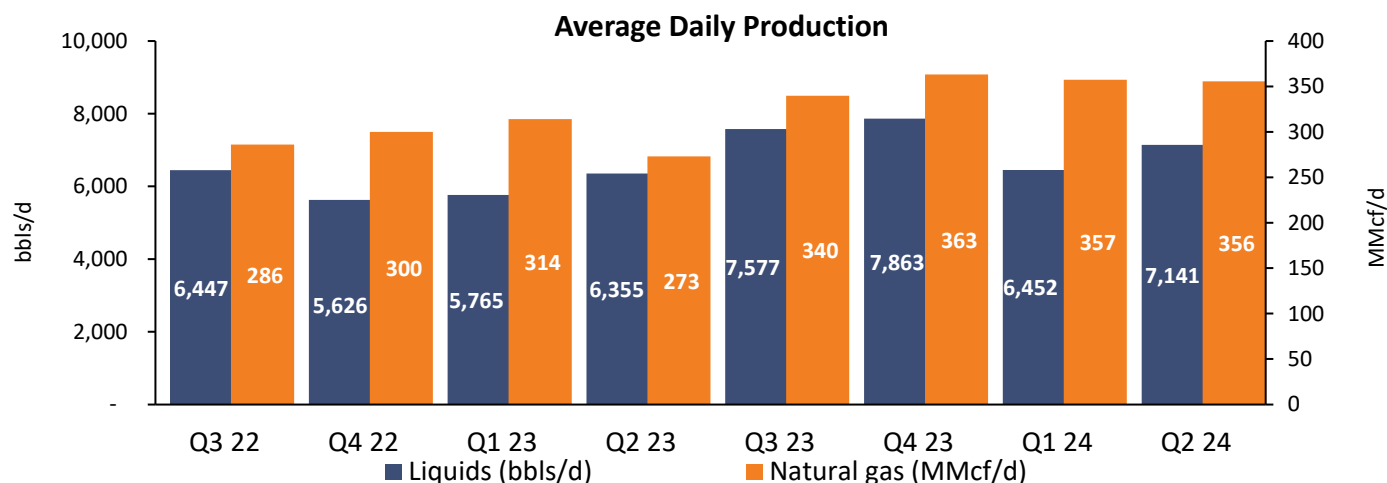
⁽²⁾ Cash Used in Investing Activities is the same as Net Capital Expenditures as no change in non-cash working capital is assumed between years and other differences are immaterial.

⁽³⁾ See December 31, 2023 MD&A dated as of March 4, 2024 for prior guidance.

⁽⁴⁾ See press releases dated June 10, 2024 and July 9, 2024.

Production

Average Daily Production	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Crude oil (bbls/d)	3,033	2,801	8	2,832	2,269	25
Condensate (bbls/d)	1,200	871	38	1,215	1,014	20
NGLs (bbls/d)	2,908	2,683	8	2,750	2,780	(1)
Total liquids production (bbls/d)	7,141	6,355	12	6,797	6,063	12
Natural gas (Mcf/d)	355,563	272,919	30	356,487	293,482	21
Total production (boe/d)	66,401	51,842	28	66,211	54,976	20
Liquids (% of total production)	11	12		10	11	
Natural gas (% of total production)	89	88		90	89	



For the three and six months ended June 30, 2024, Advantage's total production averaged 66,401 and 66,211 boe/d, respectively, increases of 28% and 20% compared to the same periods of the prior year. Included in total production for the three and six months ended June 30, 2024 is 1,150 boe/d (525 bbls/d oil, 72 bbls/d NGLs, and 3.3 MMcf/d natural gas), and 575 boe/d (263 bbls/d oil, 36 bbls/d NGLs, and 1.7 MMcf/d natural gas), respectively, related to the Acquired Assets for the period June 24, 2024 to June 30, 2024.

Natural gas production for the three and six months ended June 30, 2024 averaged 355.6 and 356.5 MMcf/d, respectively, increases of 30% and 21% compared to the same periods of the prior year, despite "firm service" restrictions on TC Energy's NGTL system during the quarter. The increase in natural gas production was due to continued development at Glacier, with 7.0 net wells brought on production in 2024 (see "Cash Used in Investing Activities and Net Capital Expenditures"), and a planned turnaround in May 2023 at the Glacier Gas Plant that took 17 days.

Liquids production increased to 7,141 and 6,797 bbls/d for the three and six months ended June 30, 2024, both increases of 12%, primarily due to the Acquired Assets (see "Cash Used in Investing Activities and Net Capital Expenditures").

Advantage expects 2024 annual production to average between 70,000 and 73,000 boe/d, including 13% of liquids production.

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended			Six months ended		
	June 30	June 30	%	June 30	June 30	%
	2024	2023	Change	2024	2023	Change
Natural gas						
Excluding derivatives (\$/Mcf)	1.52	2.56	(41)	2.13	3.19	(33)
Including derivatives (\$/Mcf)	1.82	2.81	(35)	2.34	3.67	(36)
Liquids						
Crude oil (\$/bbl)	101.99	91.04	12	97.28	92.85	5
Condensate (\$/bbl)	103.89	100.97	3	99.03	101.79	(3)
NGLs (\$/bbl)	58.44	50.67	15	59.95	53.89	11
Total liquids excluding derivatives (\$/bbl)	84.58	75.36	12	82.49	76.48	8
Total liquids including derivatives (\$/bbl)	84.58	75.36	12	82.49	76.48	8
Average Benchmark Prices						
Natural gas⁽¹⁾						
AECO daily (\$/Mcf)	1.18	2.45	(52)	1.84	2.84	(35)
AECO monthly (\$/Mcf)	1.44	2.34	(39)	1.74	3.17	(45)
Empress daily (\$/Mcf)	1.19	2.39	(50)	1.89	2.84	(34)
Henry Hub (\$US/MMbtu)	2.04	2.12	(4)	2.24	2.40	(7)
Emerson 2 daily (\$US/MMbtu)	1.04	1.96	(47)	1.67	2.31	(28)
Dawn daily (\$US/MMbtu)	1.55	2.05	(24)	1.90	2.39	(20)
Chicago Citygate (\$US/MMbtu)	1.60	2.01	(20)	2.22	2.32	(4)
Ventura (\$US/MMbtu)	1.46	1.92	(24)	2.43	2.35	3
Liquids						
WTI (\$US/bbl)	80.54	73.78	9	78.75	74.96	5
MSW Edmonton (\$/bbl)	105.05	95.82	10	98.85	97.45	1
Average Exchange rate (\$US/\$CDN)	0.7309	0.7445	(2)	0.7361	0.7421	(1)

⁽¹⁾ Converted on the basis of 1 Mcf = 1.055056 GJ and 1 Mcf = 1 MMBtu.

⁽²⁾ Average realized prices are considered specified financial measures which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

Liquids

Advantage's realized liquids price excluding derivatives for the three and six months ended June 30, 2024, was \$84.58/bbl and \$82.49/bbl, respectively, increases of 12% and 8% compared to the same periods of the prior year. Realized crude oil, condensate and NGL prices have all increased over the prior year largely due to continued strong demand. The price that Advantage receives for crude oil and condensate production is largely driven by global supply and demand and the Edmonton light sweet oil and condensate price differentials. Approximately 76% of our liquids production is comprised of crude oil, condensate and pentanes, which generally attracts higher market prices than other NGLs.

Natural gas

Advantage's realized natural gas price excluding derivatives for the three and six months ended June 30, 2024, was \$1.52/Mcf and \$2.13/Mcf, respectively, decreases of 41% and 33% compared to the same periods of the prior year. This decrease was attributed to lower natural gas benchmark prices in markets where Advantage physically delivers natural gas and has market diversification exposure. North American natural gas benchmark prices have decreased in 2024 largely due to strong North American natural gas production accompanied by a mild winter resulting in elevated gas inventories.

Commodity Prices and Marketing (continued)

We expect the high supply and inventory levels to persist through the 2024 summer resulting in continued weak natural gas prices, particularly in Alberta. Advantage has approximately 10% of its natural gas production exposed to AECO natural gas prices for the remainder of 2024 as a result of its market diversification and risk management activities (see “Financial Risk Management”).

Advantage’s natural gas exposure consists of the AECO, Empress, Emerson, Dawn, Chicago and Ventura markets. Additionally, the Corporation delivers 25,000 MMBtu/d under a long-term natural gas supply agreement whereby Advantage receives a PJM electricity-based spark-spread price, less Alliance tolls. Advantage incurs additional transportation expense to deliver production beyond AECO to the Empress, Emerson, Dawn and Chicago markets (see "Transportation Expense"). Our Ventura and a portion of our Chicago contracts are netback arrangements where the Corporation incurs a fixed price differential with the net amount recorded to revenue.

The following table outlines the Corporation’s 2024 forward-looking natural gas market exposure, and the six months ended June 30, 2024, actual natural gas market exposure, excluding hedging.

Sales Markets	Six months ended June 30, 2024		Forward-looking 2024 ⁽²⁾	
	Production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%) ⁽³⁾
AECO	77.9	22%	95.9	26%
AECO Other ⁽⁴⁾	38.8	11%	36.8	10%
Empress	80.1	22%	80.1	21%
Emerson	43.1	12%	43.1	12%
Dawn	52.7	15%	52.7	14%
Chicago	23.9	7%	27.1	7%
Ventura	15.0	4%	12.5	3%
PJM power price ⁽⁵⁾	25.0	7%	25.0	7%
Total	356.5	100%	373.2	100%

(1) All volumes contracted converted to Mcf on the basis of 1 Mcf = 1.055056 GJ and 1 Mcf = 1 MMBtu.

(2) Natural gas market exposure based on contracts in-place at June 30, 2024.

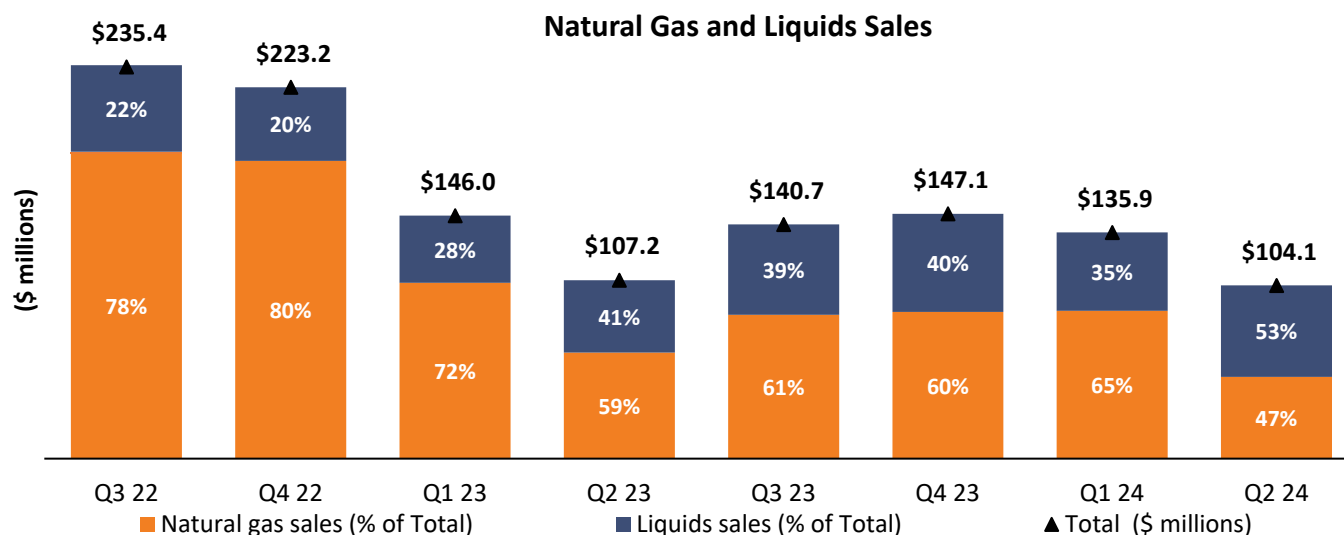
(3) Represents the midpoint of our revised 2024 guidance for natural gas production volumes (see New Release dated July 9, 2024).

(4) Transactions that are priced at AECO but may include either a premium or discount to AECO as negotiated with counterparties.

(5) Sales are based upon a spark-spread price, providing Advantage exposure to PJM power prices, back-stopped with a natural gas price collar.

Natural gas and liquids sales

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Crude oil	28,151	23,205	21	50,143	38,132	31
Condensate	11,342	8,003	42	21,906	18,682	17
NGLs	15,465	12,372	25	30,001	27,117	11
Liquids	54,958	43,580	26	102,050	83,931	22
Natural gas	49,123	63,660	(23)	137,928	169,308	(19)
Natural gas and liquids sales	104,081	107,240	(3)	239,978	253,239	(5)
per boe	17.22	22.73	(24)	19.91	25.45	(22)



Natural gas and liquids sales for the three and six months ended June 30, 2024, decreased by \$3.2 million or 3% and \$13.3 million or 5%, respectively, compared to the same corresponding periods of 2023.

For the three months ended June 30, 2024, natural gas sales decreased by \$14.5 million or 23% compared to the corresponding period in 2023, due to a 41% decrease in realized natural gas prices (see "Commodity Prices and Marketing"), partially offset with a 30% increase in natural gas production volumes (see "Production"). Second quarter liquids sales increased by \$11.4 million, or 26%, due to a 12% increase in realized liquids prices (see "Commodity Prices and Marketing"), accompanied by a 12% increase in liquids production volumes (see "Production"). With the changing commodity price dynamics during the quarter, 53% of sales were realized from liquids that represented just 11% of total production.

For the six months ended June 30, 2024, natural gas sales decreased by \$31.4 million or 19%, compared to 2023, due to a 33% decrease in realized natural gas prices (see "Commodity Prices and Marketing"), partially offset by a 21% increase in natural gas production volumes (see "Production"). Liquids sales increased by \$18.1 million, or 22%, due to a 12% increase in liquids production volumes (see "Production"), accompanied by an 8% increase in realized liquids prices (see "Commodity Prices and Marketing"),

Financial Risk Management

The Corporation's financial results and condition are impacted primarily by the prices received for natural gas, crude oil, condensate and NGLs production. Natural gas, crude oil, condensate and NGLs prices can fluctuate widely and are determined by supply and demand factors, including available access to transportation, weather, general economic conditions in consuming and producing regions and political factors. Additionally, certain commodity prices are transacted and denominated in US dollars. Advantage has been proactive in commodity risk management to reduce the volatility of cash provided by operating activities supporting our organic development by diversifying sales to different physical markets and entering into financial commodity and foreign exchange derivative contracts. Advantage's Credit Facilities (as defined herein) allow us to enter derivative contracts on up to 75% of total estimated production over the first three years and up to 50% over the fourth and fifth years. In addition, the Credit Facilities allow us to enter basis swap arrangements to any natural gas price point in North America for up to 100,000 MMBtu/d with a maximum term of seven years. Basis swap arrangements are excluded from hedged production limits.

The Corporation enters into financial risk management derivative contracts to manage the Corporation's exposure to commodity price risk, foreign exchange risk and interest rate risk. A summary of realized and unrealized derivative gains and losses for the three and six months ended June 30, 2024, and 2023 are as follows:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Realized gains (losses) on derivatives				
Natural gas	10,465	6,251	15,128	25,632
Foreign exchange	(86)	(655)	4	(2,011)
Natural gas embedded derivative	(743)	(528)	(1,290)	(528)
Total	9,636	5,068	13,842	23,093
Unrealized gains (losses) on derivatives				
Natural gas	22,401	(3,301)	13,240	(11,564)
Crude oil	(4,911)	-	(4,911)	-
Foreign exchange	(92)	668	(939)	2,197
Natural gas embedded derivative	(25,294)	(13,022)	(8,880)	(22,301)
Unsecured debentures	(86)	(1,148)	(268)	(5,730)
Total	(7,982)	(16,803)	(1,758)	(37,398)
Gains (losses) on derivatives				
Natural gas	32,866	2,950	28,368	14,068
Crude oil	(4,911)	-	(4,911)	-
Foreign exchange	(178)	13	(935)	186
Natural gas embedded derivative	(26,037)	(13,550)	(10,170)	(22,829)
Unsecured debentures	(86)	(1,148)	(268)	(5,730)
Total	1,654	(11,735)	12,084	(14,305)

Financial Risk Management (continued)

Natural gas

For the three and six months ended June 30, 2024, Advantage realized gains on natural gas derivatives of \$10.5 million and \$15.1 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices.

Advantage recognized an unrealized gain on natural gas derivatives of \$22.4 million and \$13.2 million, respectively, for the three and six months ended June 30, 2024. Unrealized gains and losses are a result of changes in the fair value of the Corporation's outstanding natural gas derivative contracts accompanied with the settlement of contracts in their respective periods. The change in the fair value of our outstanding natural gas derivative contracts is primarily due to entering into new natural gas derivative contracts during the period that are in an asset position as at June 30, 2024.

Crude oil

In conjunction with the Acquisition, Advantage initiated a disciplined crude oil hedging program by entering into an increased volume of crude oil derivative contracts during the three months ended June 30, 2024. Advantage recognized an unrealized loss on these contracts of \$4.9 million due to the forward crude oil prices increasing above the average fixed price of the contracts.

Foreign exchange

For the three and six months ended June 30, 2024, Advantage realized a loss on foreign exchange derivatives of \$0.1 million and a nominal gain, respectively, while recognizing an unrealized loss of \$0.1 million and \$1.0 million for the three and six months ended June 30, 2024. The unrealized losses are a result of the decreased asset valuation of the foreign exchange derivatives contracts due to a weakening of the Canadian dollar.

Natural gas embedded derivative

Advantage has a long-term natural gas supply agreement under which Advantage will supply 25,000 MMBtu/d of natural gas for a 10-year period, that commenced in April 2023. Commercial terms of the agreement are based upon a spark-spread price, providing Advantage exposure to PJM electricity prices, back-stopped with a natural gas price collar. The contract contains an embedded derivative as a result of the spark-spread price and the natural gas price collar. The Corporation defined the host contract as a natural gas sales arrangement with a fixed price of US\$2.50/MMBtu. The Corporation will have realized gains (losses) on the embedded derivative when the realized settlement price differs from US\$2.50/MMBtu, resulting in a realized loss of \$0.7 million and \$1.3 million for the three and six months ended June 30, 2024, respectively (three and six months ended June 30, 2023 – \$0.5 million). The Corporation will have unrealized gains (losses) on the embedded derivative based on movements in the forward curve for PJM power prices. For the three and six months ended June 30, 2024 the Corporation recognized an unrealized loss on the natural gas embedded derivative of \$25.3 million and \$8.9 million, respectively, as a result of weakening PJM power prices.

Unsecured debentures derivative

The Corporation's subsidiary Entropy issued unsecured debentures that have exchange features that meet the definition of a derivative liability, as the exchange features allow the unsecured debentures to be potentially exchanged for a variable number of Entropy common shares (see "Unsecured Debentures"). The Corporation will record unrealized gains (losses) as the valuation of the conversion option changes. For the three and six months ended June 30, 2024, the Entropy unsecured debentures derivative liability resulted in an unrealized loss of \$0.1 million and \$0.3 million, respectively, due to the increased value of the conversion option.

Financial Risk Management (continued)

The fair value of derivative assets and liabilities is the estimated value to settle the outstanding contracts as at a point in time. As such, unrealized derivative gains and losses do not impact adjusted funds flow and the actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices, foreign exchange rates and interest rates as compared to the valuation assumptions. Remaining derivative contracts will settle between July 1, 2024 and March 31, 2027, apart from the natural gas embedded derivative which is expected to be settled between the years 2024 and 2033.

As at June 30, 2024 and July 25, 2024, the Corporation had the following commodity and foreign exchange derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - Henry Hub NYMEX			
Fixed price swap	July 2024 to October 2024	25,000 Mcf/d	US \$3.35/Mcf
Fixed price swap	November 2024 to December 2024	20,000 Mcf/d	US \$3.41/Mcf
Natural gas - AECO/Henry Hub Basis Differential			
Basis swap	July 2024 to December 2024	40,000 Mcf/d	Henry Hub less US \$1.19/Mcf
Natural gas - AECO			
Fixed price swap	July 2024 to October 2024	56,869 Mcf/d	CDN \$2.60/Mcf
Fixed price swap	November 2024 to December 2024	71,086 Mcf/d	CDN \$3.23/Mcf
Fixed price swap	January 2025 to March 2025	94,782 Mcf/d	CDN \$3.25/Mcf
Fixed price swap	April 2025 to October 2025	59,239 Mcf/d	CDN \$2.98/Mcf
Fixed price swap	November 2025 to March 2026	75,825 Mcf/d	CDN \$3.94/Mcf
Fixed price swap	April 2026 to October 2026	14,217 Mcf/d	CDN \$3.56/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	CDN \$4.23/Mcf
Natural gas - Dawn			
Fixed price swap	November 2024 to October 2025	37,913 Mcf/d	US \$4.10/Mcf
Fixed price swap	November 2025 to October 2026	9,478 Mcf/d	US \$4.80/Mcf
Crude oil – WTI NYMEX			
Fixed price swap	July 2024 to December 2024	6,500 bbls/d	US \$76.62/bbl ⁽¹⁾
Fixed price swap	January 2025 to June 2025	4,500 bbls/d	US \$74.92/bbl ⁽¹⁾
Fixed price swap	July 2025 to December 2025	1,500 bbls/d	US \$73.84/bbl ⁽¹⁾

⁽¹⁾ Contains contracts entered into subsequent to June 30, 2024.

Processing and Other Income

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Processing and other income (\$000)	1,942	1,020	90	4,126	2,840	45
per boe	0.32	0.22	45	0.34	0.29	17

Advantage earns processing income from contracts whereby the Corporation charges third-parties to utilize excess capacity at its Glacier Gas Plant and Progress battery. The Corporation's subsidiary, Entropy, earns other income for work performed completing front-end engineering and design studies.

For the three and six months ended June 30, 2024, the Corporation generated \$1.9 million and \$4.1 million, respectively, in processing and other income, an increase of 90% and 45% due to higher volumes processed for third-parties compared to the prior periods due to the planned turnaround at the Glacier Gas Plant in May 2023.

Net Sales of Purchased Natural Gas

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Sales of purchased natural gas (\$000)	-	3,124	nm	-	3,124	nm
Natural gas purchases (\$000)	-	(3,371)	nm	-	(3,371)	nm
Net sales of purchased natural gas (\$000)	-	(247)	nm	-	(247)	nm
per boe	-	(0.05)	nm	-	(0.02)	nm

During the three months ended June 30, 2023, the Corporation purchased natural gas volumes to satisfy physical sales commitments during the planned turnaround at the Glacier Gas Plant. No volumes were purchased in 2024.

Royalty Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Royalty expense (\$000)	7,015	6,274	12	16,150	22,976	(30)
per boe	1.16	1.33	(13)	1.34	2.31	(42)
Royalty rate (%) ⁽¹⁾	6.7	5.9	0.8	6.7	9.1	(2.4)

⁽¹⁾ Percentage of natural gas and liquids sales.

Advantage pays royalties to the owners of mineral rights from which we have mineral leases. The Corporation has mineral leases with provincial governments, individuals and other companies. Our current average royalty rates are determined by various royalty regimes that incorporate factors including well depths, completion data, well production rates, and commodity prices. Royalties also include the impact of Gas Cost Allowance ("GCA") which is a reduction of royalties payable to the Alberta Provincial Government (the "Crown") to recognize capital and operating expenditures incurred by Advantage in the gathering and processing of the Crown's share of our natural gas production.

Royalty expense for the three months ended June 30, 2024 increased by \$0.7 million, or 12%. The increase in royalty expense was due to higher natural gas and liquids volumes (see "Production") as well as higher liquids royalties due to higher liquids prices (see "Commodity Prices and Marketing"), partially offset by lower natural gas royalties due to decreased natural gas prices. Royalty expense for the six months ended June 30, 2024 decreased by \$6.8 million, or 30%. The decrease in royalty expense was primarily due to significantly lower natural gas prices when compared to 2023 (see "Commodity Prices and Marketing"), partially offset by higher production (see "Production").

Operating Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Operating expense (\$000)	25,150	20,968	20	50,232	38,971	29
per boe	4.16	4.44	(6)	4.17	3.92	6

Operating expense for the three and six months ended June 30, 2024, increased by \$4.2 million and \$11.3 million, respectively, increases of 20% and 29%. The higher operating expense was attributed to higher production of both natural gas and liquids, third-party processing fees associated with higher liquids production at Wembley, inflationary impacts, and increased maintenance costs.

Operating expense per boe for the three and six months ended June 30, 2024 was \$4.16/boe and \$4.17/boe, respectively. Operating expense per boe was inflated in the second quarter of 2023 due to decreased production connected with the 17-day planned turnaround at the Glacier Gas Plant (see "Production") while operating costs are primarily fixed. Advantage anticipates operating expense to average approximately \$5.00/boe for 2024, up from our previous guidance of \$3.85/boe (see "Corporate Update") due to higher operating costs associated with liquids production from the Acquired Assets.

Transportation Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Natural gas (\$000)	19,190	18,296	5	41,222	38,768	6
Liquids (\$000)	3,344	2,163	55	6,709	4,338	55
Total transportation expense (\$000)	22,534	20,459	10	47,931	43,106	11
per boe	3.73	4.34	(14)	3.98	4.33	(8)

Transportation expense represents the cost of transporting our natural gas and liquids production to the sales points, including associated fuel costs. Transportation expense for the three and six months ended June 30, 2024, increased by \$2.1 million and \$4.8 million, respectively, increases of 10% and 11%. The increases in transportation expense is a result of additional liquids transportation associated with the new Key Access Pipeline System ("KAPS"), and higher production (see "Production").

Transportation expense per boe was \$3.73/boe and \$3.98/boe for the three and six months ended June 30, 2024. Transportation expense per boe decreased due to lower fuel costs as a result of lower natural gas prices (see "Commodity Prices and Marketing") and the 17-day planned turnaround at the Glacier Gas Plant in 2023 which reduced production and inflated transportation expense per boe (see "Production"). Advantage anticipates transportation expense to average \$3.50/boe for 2024, down from our previous guidance of \$3.95/boe (see "Corporate Update").

Operating Income and Operating Netback

	Three months ended June 30			
	2024		2023	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	104,081	17.22	107,240	22.73
Realized gains on derivatives	9,636	1.59	5,068	1.07
Processing and other income	1,942	0.32	1,020	0.22
Net sales of purchased natural gas	-	-	(247)	(0.05)
Royalty expense	(7,015)	(1.16)	(6,274)	(1.33)
Operating expense	(25,150)	(4.16)	(20,968)	(4.44)
Transportation expense	(22,534)	(3.73)	(20,459)	(4.34)
Operating income and operating netback ⁽¹⁾	60,960	10.08	65,380	13.86

	Six months ended June 30			
	2024		2023	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	239,978	19.91	253,239	25.45
Realized gains on derivatives	13,842	1.15	23,093	2.32
Processing and other income	4,126	0.34	2,840	0.29
Net sales of purchased natural gas	-	-	(247)	(0.02)
Royalty expense	(16,150)	(1.34)	(22,976)	(2.31)
Operating expense	(50,232)	(4.17)	(38,971)	(3.92)
Transportation expense	(47,931)	(3.98)	(43,106)	(4.33)
Operating income and operating netback ⁽¹⁾	143,633	11.91	173,872	17.48

⁽¹⁾ Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

For the three and six months ended June 30, 2024, Advantage's operating income decreased by 7% and 17%, respectively, or \$3.78/boe and \$5.57/boe. The decrease in the Corporation's operating income and operating netbacks was primarily due to the decrease in natural gas and liquids sales as a result of significantly lower natural gas benchmark prices (see "Commodity Prices and Marketing") and higher operating expenses (see "Operating Expense"). This decrease was partially offset by lower royalty expense (see "Royalty Expense"), due to significantly lower natural gas benchmark prices (see "Commodity Prices and Marketing").

General and Administrative Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
General and administrative expense (\$000)	7,619	5,918	29	16,973	11,217	51
per boe	1.26	1.25	1	1.41	1.13	25
Employees at June 30				83	60	38

General and administrative ("G&A") expense for the three and six months ended June 30, 2024, increased by \$1.7 million and \$5.8 million, respectively. The Corporation's G&A expense for the three months ended June 30, 2024 has increased due to an increase in employees, including hires associated with the Acquisition and to resource the Entropy business. The Corporation's G&A expense for the six months ended June 30, 2024 additionally increased due to the settlement of certain Performance Share Units with cash.

Total G&A expense incurred by Entropy for the three and six months ended June 30, 2024 was \$2.1 million (three months ended June 30, 2023 - \$1.6 million) and \$4.4 million (six months ended June 30, 2023 - \$2.6 million).

Share-based Compensation Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Share-based compensation (\$000)	1,570	2,475	(37)	1,665	4,923	(66)
Capitalized (\$000)	(331)	(646)	(49)	(331)	(1,276)	(74)
Share-based compensation expense (\$000)	1,239	1,829	(32)	1,334	3,647	(63)
per boe	0.21	0.39	(46)	0.11	0.37	(70)

Advantage's long-term compensation plan for staff consists of a cash-based performance award incentive plan (see "General and Administrative Expense") and a share-based Restricted and Performance Award Incentive Plan. Under Advantage's Restricted and Performance Award Incentive Plan, service providers of Advantage are granted Performance Share Units that cliff vest after three years from grant date. Capitalized share-based compensation is attributable to staff involved with the development of capital projects. Advantage's share-based compensation expense for the three and six months ended June 30, 2024, decreased by \$0.6 million and \$2.3 million, or 32% and 63%, respectively, due to the effect of realizing a lower performance multiplier than estimated and revising performance multiplier estimates for outstanding Performance Share Units, and forfeitures from employee retirements.

Depreciation and Amortization Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Depreciation and amortization expense (\$000)	45,327	31,759	43	86,456	65,463	32
per boe	7.50	6.73	11	7.17	6.58	9

The increase in depreciation and amortization expense for the three and six months ended June 30, 2024, was attributable to an increased net book value associated with the Corporation's property, plant, and equipment accompanied by increased production (see "Production") and a slight increase associated with the Acquired Assets. Depreciation and amortization expense per boe increased compared to the prior periods due to an increase in the Corporation's natural gas and liquids depletable base and incremental depreciation of \$3.7 million associated with Entropy.

Finance Expense

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Advantage cash finance expense (\$000)	7,954	6,511	22	15,127	12,227	24
Entropy cash finance expense (\$000)	(42)	419	nm	(171)	776	nm
Cash finance expense (\$000)	7,912	6,930	14	14,956	13,003	15
per boe	1.31	1.47	(11)	1.24	1.31	(5)
Paid-in-kind interest expense (\$000)	719	-	nm	1,401	-	nm
Accretion expense (\$000)	848	473	79	1,579	904	75
Total finance expense (\$000)	9,479	7,403	28	17,936	13,907	29
per boe	1.57	1.57	-	1.49	1.40	6

Advantage realized higher cash finance expense during the three and six months ended June 30, 2024, as a result of increased average outstanding bank indebtedness and higher interest rates when compared to the same periods in 2023 (see "Bank Indebtedness, Credit Facilities and Working Capital"). Advantage's bank indebtedness interest rates are primarily based on short-term bankers' acceptance rates plus a stamping fee and determined by net debt to the trailing four quarters Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio as calculated pursuant to our Credit Facilities.

As at June 30, 2024, Entropy's unsecured debentures have an outstanding aggregate principal amount of \$52.8 million. The unsecured debentures bear an annual interest rate of 8% that Entropy can elect to pay in cash or pay-in-kind. Any paid-in-kind interest is added to the aggregate principal amount of the unsecured debenture. The unsecured debentures issued by Entropy are non-recourse to Advantage. For the three and six months ended June 30, 2024, Entropy expensed interest of \$0.7 million (three months ended June 30, 2023 - \$0.5 million paid in cash) and \$1.4 million (six months ended June 30, 2023 - \$1.0 million paid in cash), respectively, that was paid-in-kind (see "Unsecured Debentures").

Taxes

	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Income tax expense (recovery) (\$000)	(1,569)	(1,828)	(14)	6,178	9,343	(34)
Effective tax rate (%)	nm	nm		37.4	23.0	

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and six months ended June 30, 2024, the Corporation recognized a deferred income tax recovery of \$1.6 million, and deferred income tax expense of \$6.2 million, respectively. Income tax expense for six months ended June 30, 2024 is a result of net income before taxes and non-controlling interest of \$16.5 million, combined with non-deductible share-based compensation expense. As at June 30, 2024, the Corporation had a deferred income tax liability of \$246.5 million.

Net Income (Loss) and Comprehensive Income (Loss) Attributable to Advantage Shareholders

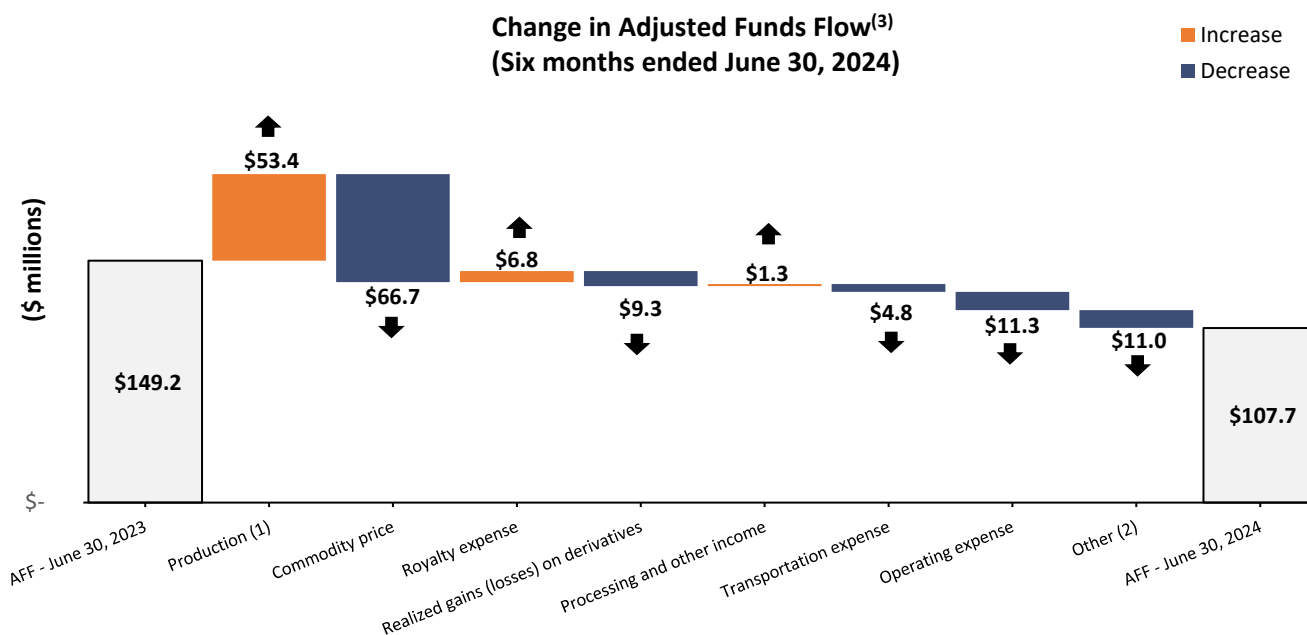
	Three months ended			Six months ended		
	June 30		%	June 30		%
	2024	2023	Change	2024	2023	Change
Net income (loss) and comprehensive income (loss) attributable to Advantage shareholders (\$000)	(12,084)	2,538	nm	11,079	32,257	(66)
per share – basic	(0.07)	0.02	nm	0.07	0.19	(63)
per share – diluted	(0.07)	0.02	nm	0.07	0.19	(63)

Advantage recognized net loss attributable to Advantage shareholders of \$12.1 million and net income of \$11.1 million for the three and six months ended June 30, 2024, respectively. Net income (loss) and comprehensive income (loss) attributable to Advantage shareholders was significantly lower when compared to 2023 largely due to lower natural gas and liquids sales attributable to lower natural gas prices (see "Natural gas and liquids sales"), partially offset by higher production (see "Production") and lower royalties (see "Royalty Expense").

Cash Provided by Operating Activities and Adjusted Funds Flow ("AFF")

(\$000, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Cash provided by operating activities	47,090	37,966	114,464	143,921
Expenditures on decommissioning liability	42	46	109	499
Changes in non-cash working capital	(4,778)	14,369	(6,826)	4,794
Adjusted funds flow ⁽¹⁾	42,354	52,381	107,747	149,214
Adjusted funds flow per boe ⁽¹⁾	7.01	11.10	8.94	15.00
Adjusted funds flow per share ⁽¹⁾	0.26	0.31	0.67	0.89
Adjusted funds flow per diluted share ⁽¹⁾	0.26	0.30	0.65	0.87

⁽¹⁾ Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".



⁽¹⁾ The change in natural gas and liquids sales related to the change in production is determined by multiplying the prior period realized price by the change in current period production.

⁽²⁾ Other includes net sales of purchased natural gas, G&A expense, transaction cost, finance expense (excluding accretion of decommissioning liability and unsecured debentures), foreign exchange gain and settlement of Performance Share Units in cash

⁽³⁾ Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

For the three and six months ended June 30, 2024, Advantage realized cash provided by operating activities of \$47.1 million and \$114.5 million, an increase of \$9.1 million and a decrease of \$29.5 million, respectively, when compared to the same periods of 2023. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, the Corporation realized adjusted funds flow of \$42.4 million and \$107.7 million, decreases of \$10.0 million and \$41.5 million, respectively, when compared to the same periods of 2023. The decreases in cash provided by operating activities and adjusted funds flow were largely due to the decrease in natural gas and liquids sales as a result of lower natural gas prices (see "Commodity Prices and Marketing"), accompanied with the Corporation incurring \$3.1 million in transaction cost related to the Asset Acquisition, partially offset by higher total production (see "Production").

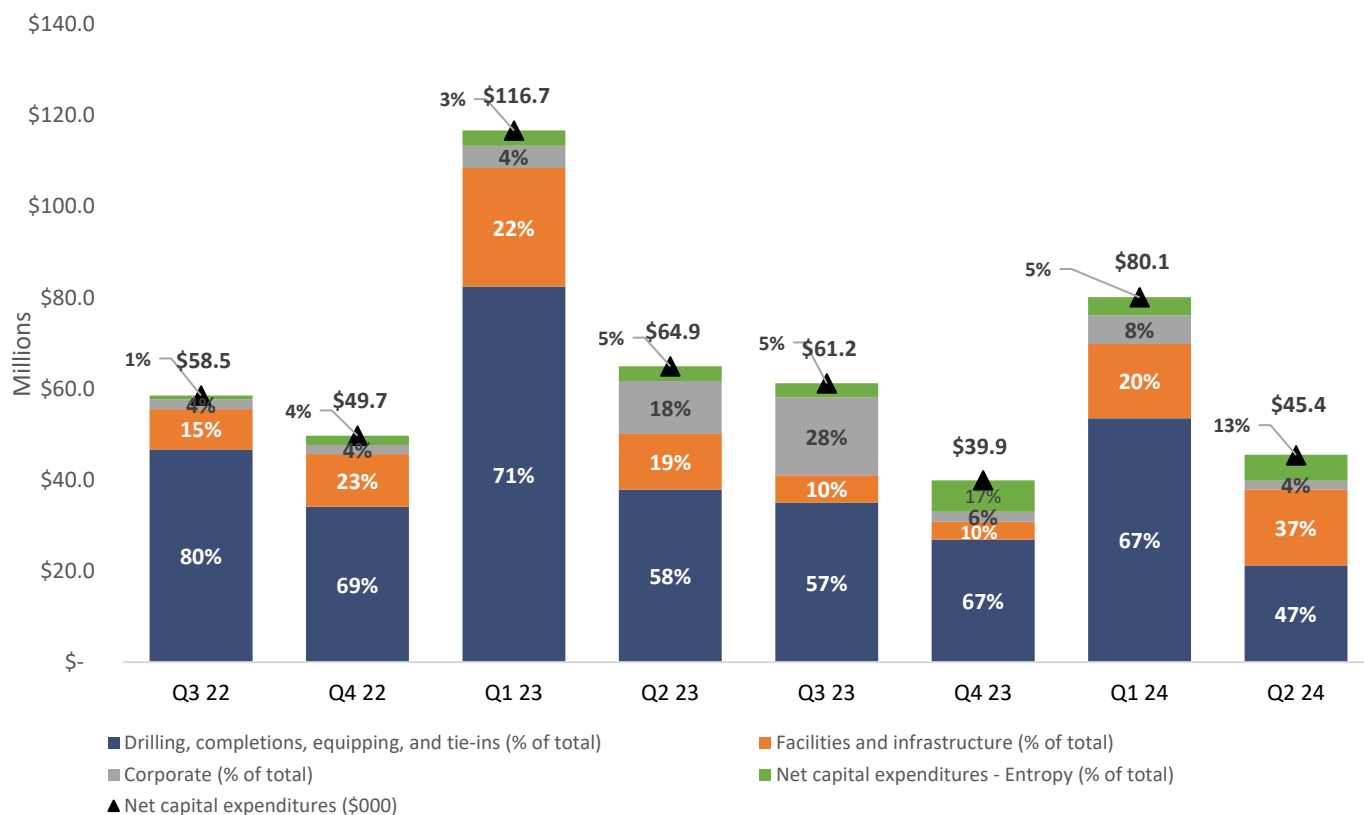
Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Drilling, completions, equipping and tie-ins	21,178	37,835	74,724	120,256
Facilities and infrastructure	16,660	12,227	32,956	38,269
Corporate ⁽²⁾	1,885	11,643	8,219	16,524
Exploration and development expenditures	39,723	61,705	115,899	175,049
Asset acquisition (see "Corporate Update")	445,475	-	445,475	-
Net capital expenditures - Advantage	485,198	61,705	561,374	175,049
Carbon capture and storage facilities	5,426	2,965	8,844	5,839
Intangible assets	264	254	804	736
Net capital expenditures - Entropy	5,690	3,219	9,648	6,575
Net capital expenditures ⁽¹⁾	490,888	64,924	571,022	181,624
Changes in non-cash working capital	3,443	23,515	2,736	(7,595)
Cash used in investing activities	494,331	88,439	573,758	174,029

(1) Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

(2) Corporate includes workovers, turnaround cost, seismic, capitalized G&A, and office furniture and equipment.

Net Capital Expenditures (Excluding Acquisitions)



Cash Used in Investing Activities and Net Capital Expenditures (continued)

Advantage

Advantage incurred \$39.7 million and \$115.9 million on property, plant, and equipment assets during the three and six months ended June 30, 2024. The following table summarizes wells drilled, completed and on production for the three and six months ended June 30, 2024:

(# of wells)	Three months ended June 30, 2024			Six months ended June 30, 2024		
	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)
Glacier	-	-	4 (4.0)	5 (4.8)	9 (9.0)	7 (7.0)
Valhalla	-	-	-	-	-	-
Wembley	3 (3.0)	3 (3.0)	-	3 (3.0)	3 (3.0)	-
Progress	-	-	-	-	-	-
	3 (3.0)	3 (3.0)	4 (4.0)	8 (7.8)	12 (12.0)	7 (7.0)

Glacier

The first half of 2024 was an active quarter at our Glacier property with 5 gross (4.8 net) wells drilled, 9 gross (9 net) wells completed, and 7 gross (7.0 net) wells placed on production. Raw gas handling capacity at the Glacier Gas Plant remained at a maximum of 425 MMcf/d with a number of optimization projects completed during the quarter to reinforce our low operating cost structure.

Well performance continues to be strong with wells from the last two pads placed on production achieving average well peak IP30 rates of 14.3 MMcf/d raw natural gas despite being choked back to minimize erosional risks and impacts on existing nearby wells. Of all Alberta Montney gas wells drilled in 2023, Advantage had 13 of the top 16 gas producing wells, based on IP90 rates.

Operation of the Glacier Gas Plant Phase 1b integrated CCS project designed to reduce emissions by 16,000 tonnes per annum of CO₂e, operated through the first half of 2024 after being commissioned in late 2023.

Valhalla

No new well activity at Valhalla took place in the first half of 2024. However, the two wells drilled in 2023, achieved significant average well IP30 production rates of 1,936 boe/d (7.5 MMcf/d natural gas, 499 bbls/d condensate and 180 bbls/d NGLs). The last six wells placed on production in Valhalla have averaged IP30 production rates of 1,431 boe/d (5.7 MMcf/d natural gas, 354 bbls/d condensate and 121 bbls/d NGLs) despite the wells being choked back to minimize erosional risks. All Valhalla production flows through Advantage-owned infrastructure to its Glacier Gas Plant. Strong well results support Management's view that our Valhalla asset will continue to play a pivotal role in the Corporation's liquids-rich gas development plan.

Cash Used in Investing Activities and Net Capital Expenditures (continued)

Wembley

At Wembley, completion activity on a three well pad took place during the second quarter of 2024 with the wells anticipated to be placed on production early in the third quarter of 2024. Average IP30 production rates from the last seven wells placed on production was 1,549 boe/d (3.7 MMcf/d natural gas, 605 bbls/d crude oil and 328 bbls/d NGLs). The Wembley asset is connected to two major third-party gas processing facilities and utilizes existing capacity in our 100% owned Wembley compressor site and liquids handling hub.

Progress

Planning, engineering design and procurement of equipment for the first phase of the 150 MMcf/d Progress gas plant continued during the second quarter of 2024. Commissioning is currently on-schedule for mid-year 2025.

Asset Acquisition

On June 24, 2024, Advantage closed the Acquisition of the Acquired Assets for cash consideration of \$445.5 million, including closing adjustments (see "Corporate Update"). The Acquisition capitalizes on a rare opportunity to consolidate a high-quality, liquids-weighted asset that is contiguous with Advantage's existing core areas and complementary to its infrastructure platform.

Advantage incurred \$3.1 million in transaction costs in connection with the Acquisition of the Acquired Assets which were expensed during the quarter.

Entropy Inc.

Net capital expenditures incurred by Entropy are funded through the issuance of unsecured debentures to investors that have provided Entropy access to an aggregate of up to \$500 million in committed capital, of which \$52.3 million has been drawn as at June 30, 2024.

Entropy invested \$5.7 million and \$9.6 million in net capital expenditures during the three and six months ended June 30, 2024, respectively. Entropy's expenditures were mainly attributable to front-end engineering and design and procurement for the Glacier Phase 2 project as well as final costs completing the Glacier Phase 1B project.

On July 9, 2024, Entropy announced the final investment decision ("FID") at Glacier Phase 2 and its first investment into the power generation market. Total cost of Glacier Phase 2 capture equipment, compression, transportation and storage wells is estimated at \$127 million while the installation of the modular power plant providing power and heat for the Glacier plant and Entropy's CCS equipment is estimated at \$47 million.

Carbon capture, utilization and storage investment tax credit ("CCUS ITC")

On June 21, 2024, the CCUS ITC which was included in Bill C-59 received royal assent. Advantage and Entropy have incurred carbon capture expenditures dating back to January 1, 2022, which once approved by the federal government, should be eligible expenditures under the CCUS ITC program. The Corporation is currently progressing applications for our existing carbon capture projects Glacier Phase 1A and Glacier Phase 1B with the federal government and will recognize the benefit of the CCUS ITC upon approval.

Commitments and Contractual Obligations

The Corporation has commitments and contractual obligations in the normal course of operations. Commitments include operating costs for our head office lease, natural gas processing costs associated with third-party facilities, and transportation costs for delivery of our natural gas and liquids production (crude oil, condensate and NGLs) to sales points. Transportation commitments are required to ensure our production is delivered to sales markets and Advantage actively manages our portfolio in conjunction with our future development plans ensuring we are properly diversified to multiple markets. Of our total transportation commitments, \$284 million or 54% is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$246 million in additional transportation to diversify natural gas production to the Dawn, Empress, Emerson and Chicago markets, with the objective of reducing price volatility and achieving higher operating netbacks (see "Commodity Prices and Marketing" and "Transportation Expense"). Contractual obligations comprise those liabilities to third-parties incurred for the purpose of financing Advantage's business and development, including our bank indebtedness, convertible debentures and unsecured debentures held by Entropy.

The following table is a summary of the Corporation's remaining commitments and contractual obligations. Advantage has no guarantees or off-balance sheet arrangements other than as disclosed.

(\$ millions)	Payments due by period						
	Total	2024 (6 months)	2025	2026	2027	2028	Beyond
Building operating cost ⁽¹⁾	2.0	0.3	0.6	0.6	0.5	-	-
Processing	40.7	5.0	9.5	7.0	7.0	7.0	5.2
Transportation	529.9	48.5	90.4	75.0	62.7	37.9	215.4
Total commitments	572.6	53.8	100.5	82.6	70.2	44.9	220.6
Performance Awards	5.3	-	1.7	2.0	1.6	-	-
Lease liability	3.1	0.5	1.0	0.8	0.6	0.1	0.1
Financing liability	143.5	6.6	13.0	13.0	13.0	13.1	84.8
Bank indebtedness ⁽²⁾							
- principal	495.0	-	-	495.0	-	-	-
- interest	80.2	20.0	39.9	20.3	-	-	-
Unsecured debentures ⁽³⁾	52.8	-	-	-	-	-	52.8
Convertible debentures ⁽⁴⁾							
- principal	143.8	-	-	-	-	-	143.8
- interest	36.3	3.9	7.2	7.2	7.2	7.2	3.6
Total contractual obligations	960.0	31.0	62.8	538.3	22.4	20.4	285.1
Total future payments	1,532.6	84.8	163.3	620.9	92.6	65.3	505.7

⁽¹⁾ Excludes fixed lease payments which are included in the Corporation's lease liability.

⁽²⁾ As at June 30, 2024 the Corporation's bank indebtedness was governed by a credit facility agreement with a syndicate of financial institutions. The Credit Facility has a tenor of two years with a maturity date in June 2026 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May and semi-annually on or before November. There can be no assurance that the Credit Facilities will be renewed at the current borrowing base level at that time. During the term, no principal payments are required until the revolving period matures in June 2026 in the event of a reduction, or the Credit Facilities not being renewed. Management fully expects that the Credit Facilities will be extended at each annual review.

⁽³⁾ The unsecured debentures are a liability of Entropy and are non-recourse to Advantage. The principal balance of unsecured debenture bears an interest rate of 8%, which can be paid-in-kind (subject to certain limitations) or cash, at the discretion of Entropy (see "Unsecured Debentures").

⁽⁴⁾ The convertible debentures have a maturity date of June 30, 2029 and a coupon rate of 5.0% payable semi-annually.

Liquidity and Capital Resources

The following table is a summary of the Corporation's capitalization structure:

(\$000, except as otherwise indicated)	As at June 30, 2024	As at December 31, 2023
Bank indebtedness	488,008	212,854
Aggregate principal balance of convertible debentures ⁽³⁾	143,750	-
Aggregate principal balance of unsecured debentures ⁽²⁾	52,823	40,807
Working capital surplus ⁽¹⁾	(9,916)	(18,651)
Net debt⁽¹⁾	674,665	235,010
Shares outstanding	166,972,093	162,225,180
Shares closing market price (\$/share)	10.38	8.53
Market capitalization	1,733,170	1,383,781
Total capitalization	2,407,835	1,618,791
Debt to adjusted funds flow ratio⁽¹⁾⁽⁴⁾	2.2	0.7

(1) Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

(2) The unsecured debentures are a liability of Entropy and are non-recourse to Advantage. The aggregate principal balance of unsecured debenture bears an annual interest rate of 8%, which can be paid-in-kind (subject to certain limitations) or cash, at the discretion of Entropy (see "Unsecured Debentures").

(3) The convertible debentures bear an annual interest rate of 5% paid in cash semi-annually.

(4) Debt to adjusted funds flow ratio does not include the estimated funds flow from the Acquired Assets during the prior twelve months of \$134.5 million. Had the Acquired Assets funds flow been included the ratio would have been 1.7.

As at June 30, 2024, the Corporation had net debt of \$674.7 million, consisting of \$619.4 million with Advantage and \$55.3 million with Entropy. Advantage's net debt of \$619.4 million has increased due to the funding of the Acquisition completed in the second quarter of 2024 with a combination of bank indebtedness from the upsized Credit Facilities, the issuance of the Debentures, and an issuance of common shares. Advantage has a \$650 million Credit Facility of which \$151.5 million or 23% was available after deducting outstanding letters of credit of \$3.5 million (see "Bank Indebtedness, Credit Facilities and Working Capital"). The Corporation's Credit Facilities and adjusted funds flow were utilized to fund Advantage's exploration and development expenditures of \$115.9 million and repurchase and cancel 2.4 million common shares for \$21.3 million (see "Shareholders' Equity"). Entropy's net capital expenditures of \$9.6 million is separately funded through the issuance of unsecured debentures to investors that have provided Entropy access to an aggregate of up to \$500 million in committed capital, of which \$52.8 million has been drawn as at June 30, 2024. Unsecured debentures issued by Entropy are non-recourse to Advantage.

Advantage monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The capital structure of the Corporation is composed of working capital, bank indebtedness, convertible debentures, unsecured debentures issued by Entropy, and share capital. Advantage may manage its capital structure by issuing new common shares, repurchasing outstanding common shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend, or adjusting capital spending. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis. Management of the Corporation's capital structure is facilitated through its financial and operational forecasting processes. Selected forecast information is frequently provided to the Board of Directors. This continual financial assessment process further enables the Corporation to mitigate risks. The Corporation continues to satisfy all liabilities and commitments as they come due.

Bank Indebtedness, Credit Facilities and Working Capital

As at June 30, 2024, Advantage had bank indebtedness outstanding of \$488.0 million, an increase of \$275.2 million since December 31, 2023 due to partial financing of the Acquisition. Advantage's Credit Facilities have a borrowing base of \$650 million that is collateralized by a \$2 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "Credit Facilities"). Under the Credit Facilities, the Corporation must ensure at all times that its Liability Management Rating ("LMR") as determined by the Alberta Energy Regulator ("AER") is not less than 2.0 which was met at June 30, 2024. The borrowing base for the Credit Facilities is determined by the banking syndicate through an evaluation of our reserve estimates based on their independent commodity price assumptions. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base. The Credit Facilities comprise a \$60 million extendible revolving operating loan facility from one financial institution and a \$590 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a term of two years with a maturity date in June 2026 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May 31 and semi-annually on or before November 30. During the term, no principal payments are required until the revolving period matures in June 2026 in the event of a reduction, or the Credit Facility not being renewed. The Corporation had letters of credit of \$3.5 million outstanding at June 30, 2024 (December 31, 2023 - \$12.9 million). The Credit Facilities do not contain any financial covenants, but the Corporation is subject to various affirmative and negative covenants under its Credit Facilities. The Corporation was in compliance with all covenants as at June 30, 2024 and December 31, 2023.

The Corporation had a working capital surplus of \$9.9 million as at June 30, 2024, a reduction as compared to \$18.7 million at December 31, 2023, largely due to the decrease in trade and other receivables related to lower commodity prices, and the timing of net capital expenditures and related payments. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, trade and other accrued liabilities. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with cash provided by operating activities and our available Credit Facilities.

Unsecured Debentures

The Corporation's subsidiary Entropy has entered into two investment agreements with investors who provided capital commitments of \$300 million and \$200 million, respectively (the "Investment Agreements"). In connection with the Investment Agreements, Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the Investment Agreements, Entropy and the investors have options that provide for the unsecured debentures to be exchanged for common shares at an exchange price of \$10.00 per share and \$12.75 per share, respectively, subject to adjustment in certain circumstances. The investors have the option to exchange the outstanding unsecured debentures for common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for common shares in advance of an Initial Public Offering ("IPO"). The unsecured debentures have a term of 10 years, if not exchanged for common shares, which are to be repaid at the end of the term in the amount greater of the principal amount and the investor's pro rata share of the fair market value of Entropy. Each unsecured debenture issued by Entropy bears an interest rate of 8% per annum that Entropy can elect to pay in cash or pay-in-kind, due on a quarterly basis. Any paid-in-kind interest is added to the aggregate principal, subject to certain limitations. As at June 30, 2024, Entropy's unsecured debentures have an outstanding aggregate principal balance of \$52.8 million (December 31, 2023 - \$40.8 million).

Unsecured Debentures (continued)

During the six months ended June 30, 2024, Entropy issued unsecured debentures for gross proceeds of \$10.0 million and incurred \$1.2 million of issuance costs. For the six months ended June 30, 2024, Entropy incurred interest of \$2.0 million which was paid-in-kind (June 30, 2023 - \$1.0 million paid in cash). Subsequent to June 30, 2024, on July 11, 2024, Entropy issued unsecured debentures for gross proceeds of \$20.0 million.

Convertible Debentures

In June 2024, the Corporation issued \$143.8 million principal amount of convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per debenture.

The Debentures will mature and be repayable on June 30, 2029 and will accrue interest at the rate of 5.0% per annum payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2024.

At the Debenture holder's option, the Debentures may be convertible into Common Shares at any time prior to the close of business on the earlier of the business day immediately preceding (i) the maturity date, or (ii) if called for redemption, the date fixed for redemption by the Corporation, (iii) if called for repurchase in the event of a change of control, the payment date, at a conversion price of \$14.58 per Common Share, subject to adjustment in certain events. This represents a conversion rate of approximately 68.5871 Common Shares for each \$1,000 principal amount of the Debentures, subject to the operation of certain antidilution provisions. In the event of a change of control of the Corporation or the redemption of the Debentures by Advantage, subject to certain terms and conditions, holders of the Debentures will be entitled to convert their Debentures and, subject to certain limitations, receive, in addition to the number of Common Shares they would otherwise be entitled to receive, an additional number of Common Shares per \$1,000 principal amount of the Debentures.

The liability component of the Debentures was initially recognized at the fair value of a similar liability which does not contain an equity conversion option, based on an estimated market interest rate of 8.0%. The difference between the \$143.8 million principal amount of the Debentures and the fair value of the liability component was recognized in Shareholders' Equity, net of deferred income taxes. Total issuance costs directly attributable to the offering of \$6.4 million were allocated proportionately to the liability and equity components of the Debentures.

The fair value of the Debentures at June 30, 2024 was \$146.6 million using quoted market prices on the TSX.

Other Liabilities

The Corporation has a 15-year take-or-pay volume commitment with a 12.5% working interest partner due to expire in 2035 for 53,125 Mcf/d capacity at a fee of \$0.673/Mcf. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. For the six months ended June 30, 2024, the Corporation made cash payments of \$6.5 million (June 30, 2023 - \$6.3 million) under the take-or-pay volume commitment agreement.

As at June 30, 2024, Advantage had a decommissioning liability of \$110.2 million (December 31, 2023 – \$62.2 million) for the future abandonment and reclamation of the Corporation's natural gas and liquids properties. The decommissioning liability has increased \$53.0 million related to the assumption of future abandonment and reclamation costs associated with the Acquired Assets. The decommissioning liability includes assumptions in respect of actual costs to abandon and reclaim wells and facilities, the time frame in which such costs will be incurred, annual inflation factors and discount rates. The total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$153.6 million (December 31, 2023 – \$82.6 million), with 53% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the six months ended June 30, 2024, was \$0.1 million (year ended December 31, 2023 – \$4.0 million).

Non-controlling interest ("NCI")

Advantage owns 92% of the common shares of Entropy and therefore consolidates 100% of Entropy while recognizing a non-controlling interest in shareholders' equity that represents the carrying value of the 8% common shares held by outside interests.

For the six months ended June 30, 2024, the net loss and comprehensive loss attributed to non-controlling interest was \$0.7 million (June 30, 2023 - \$0.9 million).

Shareholders' Equity

On June 24, 2024, the Corporation closed the Acquisition and issued 5.9 million common shares at \$11.00 per share for gross proceeds of \$65.0 million. The Corporation incurred issuance costs of \$2.9 million which was charged to share capital.

On May 9, 2024, the Toronto Stock Exchange ("TSX") approved the Corporation renewing its normal course issuer bid ("NCIB"). Pursuant to the NCIB, Advantage may purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 13,835,841 common shares of the Corporation. The NCIB commenced on May 14, 2024 and will terminate on May 13, 2025. For the six months ended June 30, 2024, the Corporation purchased 2.4 million common shares for cancellation at an average price of \$8.86 per common share for a total of \$21.3 million. Since initiating our buyback program in April 2022, Advantage has repurchased 37.7 million common shares for a total of \$378.3 million. On June 21, 2024, Bill C-59 received royal assent, which, among other things, provides for a 2% tax on the net value of equity repurchased by certain public corporations and other publicly listed entities. At June 30, 2024, the Corporation had no liability with respect to the new 2% tax, as the value of the Corporation's equity issuances exceeded the value of the equity that has been repurchased.

As at June 30, 2024, a total of 2.3 million Performance Share Units were outstanding under the Corporation's Restricted and Performance Award Incentive Plan, which represents 1.4% of Advantage's total outstanding common shares.

As at July 25, 2024, Advantage had 167.0 million common shares outstanding.

Quarterly Performance

	2024		2023				2022	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
(\$000, except as otherwise indicated)								
Financial Statement Highlights								
Natural gas and liquids sales	104,081	135,897	147,137	140,724	107,240	145,999	223,200	235,392
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	(12,084)	23,163	41,026	28,314	2,538	29,719	113,962	40,792
per basic share ⁽²⁾	(0.07)	0.14	0.25	0.17	0.02	0.18	0.63	0.22
per diluted share ⁽³⁾	(0.07)	0.14	0.24	0.16	0.01	0.17	0.61	0.21
Basic weighted average shares (000)	161,362	160,444	163,939	167,702	167,268	167,311	180,248	186,717
Diluted weighted average shares (000)	161,362	164,129	168,441	172,182	171,815	174,328	187,095	193,559
Cash provided by operating activities	47,090	67,374	89,048	90,376	37,966	105,955	112,558	123,224
Cash provided (used) in financing activities	447,502	11,883	(52,120)	(3,562)	43,778	(58,359)	(49,718)	(71,048)
Cash used in investing activities	(494,331)	(79,427)	(58,846)	(49,886)	(88,439)	(85,590)	(69,060)	(42,822)
Other Financial Highlights								
Adjusted funds flow ⁽¹⁾	42,354	65,393	82,494	81,862	52,381	96,833	124,205	96,651
per boe ⁽¹⁾	7.01	10.88	13.11	13.86	11.10	18.50	24.29	19.39
per basic share ⁽¹⁾⁽²⁾	0.26	0.41	0.50	0.49	0.31	0.58	0.69	0.52
per diluted share ⁽¹⁾⁽²⁾⁽³⁾	0.26	0.40	0.49	0.48	0.30	0.56	0.66	0.50
Net capital expenditures ⁽¹⁾	490,888	80,134	39,938	61,234	64,924	116,700	46,838	58,519
Free cash flow (negative) ⁽¹⁾	(3,059)	(14,741)	42,556	20,628	(12,543)	(19,867)	77,367	38,132
Bank indebtedness	488,008	238,578	212,854	226,127	226,442	167,260	177,200	113,804
Net debt ⁽¹⁾	674,665	279,963	235,010	236,311	238,493	204,709	130,636	91,844
Operating Highlights								
Production								
Crude oil (bbbls/d)	3,033	2,630	3,254	3,035	2,801	1,731	1,854	2,168
Condensate (bbbls/d)	1,200	1,231	1,264	1,368	871	1,157	1,092	1,049
NGLs (bbbls/d)	2,908	2,591	3,345	3,174	2,683	2,877	2,680	3,230
Total liquids production (bbbls/d)	7,141	6,452	7,863	7,577	6,355	5,765	5,626	6,447
Natural gas (mcf/d)	355,563	357,410	363,124	339,709	272,919	314,273	299,684	286,328
Total production (boe/d)	66,401	66,020	68,384	64,195	51,842	58,144	55,573	54,168
Average prices (including realized derivatives)								
Natural gas (\$/mcf)	1.82	2.86	2.84	2.95	2.81	4.42	5.65	4.61
Liquids (\$/bbl)	84.58	80.21	81.55	77.91	75.36	77.77	86.39	87.89
Operating Netback (\$/boe)								
Natural gas and liquids sales	17.22	22.62	23.39	23.83	22.73	27.90	43.66	47.23
Realized gains (losses) on derivatives	1.59	0.70	0.98	1.02	1.07	3.44	(4.76)	(12.58)
Processing and other income	0.32	0.36	0.39	0.39	0.22	0.35	0.60	0.46
Net sales of purchased natural gas	-	-	-	-	(0.05)	-	-	-
Royalty expense	(1.16)	(1.52)	(1.64)	(1.55)	(1.33)	(3.19)	(5.31)	(5.80)
Operating expense	(4.16)	(4.17)	(3.61)	(3.85)	(4.44)	(3.44)	(3.39)	(3.72)
Transportation expense	(3.73)	(4.23)	(4.08)	(3.70)	(4.34)	(4.33)	(4.43)	(4.48)
Operating netback ⁽¹⁾	10.08	13.76	15.43	16.14	13.86	20.73	26.37	21.11

(1) Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

(2) Based on basic weighted average shares outstanding.

(3) Based on diluted weighted average shares outstanding.

(4) Net income and comprehensive income attributable to Advantage Shareholders.

The table above highlights the Corporation's performance for the second quarter of 2024 and for the preceding seven quarters. In 2022 the Corporation saw a large increase in both natural gas and liquids sales and adjusted funds flow due to higher natural gas and liquids benchmark prices and higher production due to the Corporation's drilling program. Adjusted funds flow was the highest in the fourth quarter of 2022 coinciding with high natural gas and liquids benchmark prices. Adjusted funds flow declined in the first and second quarter of 2023 due to lower natural gas and liquids benchmark prices and a 17-day turnaround at the Glacier Gas Plant in May 2023. Natural gas and liquids sales and adjusted funds flow increased in the third and fourth quarter of 2023 as a result of higher production.

Quarterly Performance (continued)

In the first and second quarter of 2024 natural gas and liquids sales and adjusted funds flow declined with lower commodity prices from an unseasonably mild winter and high North American storage levels. The Corporation has steadily increased total production over the preceding seven quarters from 54,168 boe/d in the third quarter of 2022 to 66,401 boe/d in the second quarter of 2024. Cash provided by operating activities experienced greater fluctuations than adjusted funds flow due to changes in non-cash working capital, which primarily resulted from the amount and timing of trade payable settlements and accounts receivable collections.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires Management to make certain judgments and estimates. Changes in these judgments and estimates could have a material impact on the Corporation's financial results and financial condition.

Management relies on the estimate of reserves as prepared by the Corporation's independent qualified reserves evaluator. The process of estimating reserves is critical to several accounting estimates. The process of estimating reserves is complex and requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development and production activities becomes available and as economic conditions impact natural gas and liquids prices, operating expense, royalty burden changes, and future development costs. Reserve estimates impact net income (loss) and comprehensive income (loss) through depreciation, impairment and impairment reversals of natural gas and liquids properties. After tax discounted cashflows are used to ensure the carrying amount of the Corporation's natural gas and liquids properties are recoverable. The discount rate used is subject to judgement and may impact the carrying value of the Corporation's property, plant and equipment. The reserve estimates are also used to assess the borrowing base for the Credit Facilities. Revision or changes in the reserve estimates can have either a positive or a negative impact on asset values, net income (loss), comprehensive income (loss) and the borrowing base of the Corporation.

The Corporation's assets are required to be aggregated into cash generating units ("CGUs") for the purpose of calculating impairment based on their ability to generate largely independent cash inflows. Factors considered in the classification include the integration between assets, shared infrastructures, the existence of common sales points, geography, geologic structure, and the manner in which Management monitors and makes decisions about its operations. The classification of assets and allocation of corporate assets into CGUs requires significant judgment and may impact the carrying value of the Corporation's assets in future periods.

Management's process of determining the provision for deferred income taxes and the provision for decommissioning liability costs and related accretion expense are based on estimates. Estimates used in the determination of deferred income taxes provisions are significant and can include expected future tax rates, expectations regarding the realization or settlement of the carrying amount of assets and liabilities and other relevant assumptions. Estimates used in the determination of decommissioning liability cost provisions and accretion expense are significant and can include proved and probable reserves, future production rates, future commodity prices, future costs, future interest rates and other relevant assumptions. Revisions or changes in any of these estimates can have either a positive or a negative impact on asset and liability values, net income (loss) and comprehensive income (loss).

Critical Accounting Estimates (continued)

In accordance with IFRS, derivative assets and liabilities are recorded at their fair values at the reporting date, with gains and losses recognized directly into comprehensive income (loss). The fair value of derivatives outstanding is an estimate based on pricing models, estimates, assumptions and market data available at that time. As such, the recognized amounts are non-cash items and the actual gains or losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions. For embedded derivatives, Management assesses and determines the definition of the host contract and the separate embedded derivative. The judgements made in determining the host contract can influence the fair value of the embedded derivative.

In determining the fair value of Entropy's unsecured debentures, judgments are required related to the choice of a pricing model, the estimation of share price, share price volatility, timing and probability of an IPO, credit spread, interest rates, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation's future operating results.

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires Management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of property, plant and equipment and exploration and evaluation assets acquired generally require the most judgment and include estimates of oil and gas reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill.

Changes in Accounting Policies

Amendments to IAS 1, Presentation of Financial Statements

On January 1, 2024, the Corporation adopted the amendments to IAS 1 Presentation of Financial Statements, which addresses the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. As a result of the amendment, the Corporation's Unsecured Debentures, which were previously reported as non-current liabilities, have been reclassified to current liabilities.

IFRS 3 Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. The acquisition date is the closing date of the business combination. Revisions may be made to the initial recognized amounts determined during the measurement period, which shall not exceed one year after the acquisition date. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred, and equity instruments issued. If the cost of the acquisition is greater than the fair value of the net identifiable assets acquired, the difference is recorded as goodwill on the consolidated balance sheet. If the cost of the acquisition is less than the fair value of the net identifiable assets acquired, the difference is recognized immediately in the Consolidated Statement of Comprehensive Income (Loss). Transaction costs associated with a business combination are expensed as incurred.

Changes in Accounting Policies (continued)

IFRS 9 Financial Instruments – Convertible debentures

The Debentures are a non-derivative financial instrument that creates a financial liability of the entity and grants an option to the holder of the instrument to convert it into common shares of the Corporation. The liability component of the Debentures is initially recorded at the fair value of a similar liability that does not have a conversion option. The equity component is recognized initially, net of deferred income taxes, as the difference between gross proceeds and the fair value of the liability component. Issuance costs are allocated to the liability and equity components in proportion to the allocation of proceeds. Subsequent to initial recognition, the liability component of the Debentures is measured at amortized cost using the effective interest method and is accreted each period, such that the carrying value will equal the principal amount outstanding at maturity. The equity component is not re-measured. The carrying amounts of the liability and equity components of the Debentures are reclassified to share capital on conversion to common shares.

Accounting Pronouncements not yet Adopted

A description of additional accounting standards and interpretations that will be adopted in future periods can be found in the notes to the Consolidated Financial Statements for the three and six months ended June 30, 2024.

Environmental Reporting

Environmental regulations impacting climate-related matters continue to evolve and may have additional disclosure requirements in the future. The International Sustainability Standards Board published the new IFRS sustainability disclosure standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, with the aim to develop an environment sustainability disclosure framework that is accepted globally. In addition, the Canadian Securities Administrators have proposed National Instrument 51-107 – *Disclosure of Climate-related Matters*, with additional climate-related disclosure requirements for certain reporting issuers in Canada. If the Corporation is unable to meet future sustainability reporting requirements of regulators or current and future expectations of stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals and authorizations from various government authorities, and raise capital may be adversely affected. The cost to comply with these standards, and others that may be developed or evolved over time, has not yet been quantified.

Evaluation of Disclosure Controls and Procedures

Advantage's Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures ("DC&P"), or caused it to be designed under their supervision, to provide reasonable assurance that material information relating to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Evaluation of Internal Controls over Financial Reporting

Advantage's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework Advantage's officers used to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations. Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's ICFR annually.

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended June 30, 2024, that have materially affected, or are reasonably likely to materially affect, our ICFR.

It should be noted that while the Chief Executive Officer and Chief Financial Officer believe that the Corporation's design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, does not provide absolute, but rather is designed to provide reasonable assurance that the objective of the control system is met. The Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, 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 deterioration in the degree of compliance with the Corporation's policies and procedures.

Specified Financial Measures

Throughout this MD&A and in other documents disclosed by the Corporation, Advantage discloses certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and comprehensive income (loss), cash provided by operating activities, and cash used in investing activities, as indicators of Advantage's performance.

Non-GAAP Financial Measures

Adjusted Funds Flow

The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, support future capital expenditures plans, or return capital to shareholders. Changes in non-cash working capital are excluded from adjusted funds flow as they may vary significantly between periods and are not considered to be indicative of the Corporation's operating performance as they are a function of the timeliness of collecting receivables and paying payables. Expenditures on decommissioning liabilities are excluded from the calculation as the amount and timing of these expenditures are unrelated to current production and are partially discretionary due to the nature of our low liability. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Cash provided by operating activities	47,090	37,966	114,464	143,921
Expenditures on decommissioning liability	42	46	109	499
Changes in non-cash working capital	(4,778)	14,369	(6,826)	4,794
Adjusted funds flow	42,354	52,381	107,747	149,214

Net Capital Expenditures

Net capital expenditures include total capital expenditures related to property, plant and equipment, exploration and evaluation assets and intangible assets. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods and excludes cash receipts on government grants. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Cash used in investing activities	494,331	88,439	573,758	174,029
Changes in non-cash working capital	(3,443)	(23,515)	(2,736)	7,595
Net capital expenditures	490,888	64,924	571,022	181,624

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

Advantage computes free cash flow as adjusted funds flow less net capital expenditures excluding the impact of asset acquisitions and dispositions. Advantage uses free cash flow as an indicator of the efficiency and liquidity of Advantage's business by measuring its cash available after net capital expenditures, excluding acquisitions, to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares. Advantage excludes the impact of acquisitions and dispositions as they are not representative of the free cash flow used in the Corporation's operations and are financed by means other than adjusted funds flow. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Cash provided by operating activities	47,090	37,966	114,464	143,921
Cash used in investing activities	(494,331)	(88,439)	(573,758)	(174,029)
Changes in non-cash working capital	(1,335)	37,884	(4,090)	(2,801)
Expenditures on decommissioning liability	42	46	109	499
Asset acquisition	445,475	-	445,475	-
Free cash flow (negative)	(3,059)	(12,543)	(17,800)	(32,410)

Operating Income

Operating income is comprised of natural gas and liquids sales, realized gains on derivatives, processing and other income, net sales of purchased natural gas, net of expenses resulting from field operations, including royalty expense, operating expense and transportation expense. Operating income provides Management and users with a measure to compare the profitability of field operations between companies, development areas and specific wells. The composition of operating income is as follows:

(\$000)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Natural gas and liquids sales	104,081	107,240	239,978	253,239
Realized gains on derivatives	9,636	5,068	13,842	23,093
Processing and other income	1,942	1,020	4,126	2,840
Net sales of purchased natural gas	-	(247)	-	(247)
Royalty expense	(7,015)	(6,274)	(16,150)	(22,976)
Operating expense	(25,150)	(20,968)	(50,232)	(38,971)
Transportation expense	(22,534)	(20,459)	(47,931)	(43,106)
Operating income	60,960	65,380	143,633	173,872

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per Share

Adjusted funds flow per share is derived by dividing adjusted funds flow by the basic weighted average shares outstanding of the Corporation. Management believes that adjusted funds flow per share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

(\$000, except as otherwise indicated)	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Adjusted funds flow	42,354	52,381	107,747	149,214
Weighted average shares outstanding (000)	161,362	167,268	160,903	167,298
Diluted weighted average shares outstanding (000)	161,362	171,815	164,668	171,844
Adjusted funds flow per share (\$/share)	0.26	0.31	0.67	0.89
Adjusted funds flow per diluted share (\$/share)	0.26	0.30	0.65	0.87

Adjusted Funds Flow per BOE

Adjusted funds flow per boe is derived by dividing adjusted funds flow by the total production in boe for the reporting period. Adjusted funds flow per boe is a useful ratio that allows users to compare the Corporation's adjusted funds flow against other competitor corporations with different rates of production.

(\$000, except as otherwise indicated)	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Adjusted funds flow	42,354	52,381	107,747	149,214
Total production (boe/d)	66,401	51,842	66,211	54,976
Days in period	91	91	182	181
Total production (boe)	6,042,491	4,717,622	12,050,402	9,950,656
Adjusted funds flow per BOE (\$/boe)	7.01	11.10	8.94	15.00

Operating Netback

Operating netback is derived by dividing each component of operating income by the total production in boe for the reporting period. Operating netback per boe provides Management and users with a measure to compare the profitability of field operations between companies, development areas and specific wells against other competitor corporations with different rates of production.

(\$000, except as otherwise indicated)	Three months ended		Six months ended	
	June 30		June 30	
	2024	2023	2024	2023
Operating income	60,960	65,380	143,633	173,872
Total production (boe/d)	66,401	51,842	66,211	54,976
Days in period	91	91	182	181
Total production (boe)	6,042,491	4,717,622	12,050,402	9,950,656
Operating netback (\$/boe)	10.08	13.86	11.91	17.48

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Reinvestment Ratio

Reinvestment ratio is calculated by dividing net capital expenditures by adjusted funds flow. Advantage uses reinvestment ratio as an indicator of the efficiency and liquidity of Advantage's business by measuring its cash available after net capital expenditures to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares.

(\$000, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
Net capital expenditures	490,888	64,924	571,022	181,624
Adjusted funds flow	42,354	52,381	107,747	149,214
Reinvestment ratio	11.6	1.2	5.3	1.2

Debt to Adjusted Funds Flow Ratio

Debt to adjusted funds flow ratio is a coverage ratio that provides Management and users the ability to determine how long it would take the Corporation to repay its bank indebtedness including working capital, and its outstanding aggregate Convertible Debentures if Advantage devoted all its adjusted funds flow to debt repayment. Debt to adjusted funds flow is calculated by taking bank indebtedness, inclusive of working capital, plus Convertible Debentures, and dividing it by adjusted fund flow (for the trailing four quarters) that can be used to satisfy such borrowings. The Unsecured Debentures are excluded from the calculation as they are a liability of Entropy and are non-recourse to Advantage.

(\$000, except as otherwise indicated)	June 30	December 31
	2024	2023
Bank indebtedness	488,008	212,854
Convertible debentures	143,750	-
Working capital surplus pertaining to the Credit Facility	(12,367)	(16,912)
Debt	619,391	195,942
Adjusted funds flow pertaining to the Credit Facility (prior four quarters)	278,679	319,323
Debt to adjusted funds flow	2.2	0.7

Specified Financial Measures (continued)

Capital Management Measures

Working capital

Working capital is a capital management financial measure that provides Management and users with a measure of the Corporation's short-term operating liquidity. By excluding short term derivatives, Management and users can determine if the Corporation's energy operations are sufficient to cover the short-term operating requirements. Working capital is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

A summary of working capital as at June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

	June 30 2024	December 31 2023	June 30 2023
Cash and cash equivalents	19,352	19,261	4,251
Trade and other receivables	41,220	53,378	56,725
Prepaid expenses and deposits	12,044	16,618	17,158
Trade and other accrued liabilities	(62,700)	(70,606)	(65,185)
Working capital surplus	9,916	18,651	12,949

Net Debt

Net debt is a capital management financial measure that provides Management and users with a measure to assess the Corporation's liquidity. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

Previously, the Corporation included the Entropy unsecured debentures, excluding the unsecured debentures derivative liability, in the composition of net debt. Effective March 31, 2024, the Corporation revised the composition of net debt to include the aggregate principal balance of unsecured debentures and convertible debentures, which provides users the balance that is either due at the end of the term, or that may be converted into common shares of Entropy. Comparative figures have been restated to reflect the reclassification.

A summary of the reconciliation of net debt as at June 30, 2024, December 31, 2023 and June 30, 2023 is as follows:

	June 30 2024	December 31 2023	June 30 2023
Bank indebtedness	488,008	212,854	226,442
Convertible debentures	143,750	-	-
Unsecured debentures	52,823	40,807	15,933
Working capital surplus deficit	(9,916)	(18,651)	(12,949)
Net debt	674,665	235,010	229,426

Supplementary Financial Measures

Average Realized Prices

The Corporation discloses multiple average realized prices within the MD&A (see "Commodity Prices and Marketing"). The determination of these prices are as follows:

"*Natural gas excluding derivatives*" is comprised of natural gas sales, as determined in accordance with IFRS, divided by the Corporation's natural gas production.

"*Natural gas including derivatives*" is comprised of natural gas sales, including realized gains (losses) on natural gas derivatives, as determined in accordance with IFRS, divided by the Corporation's natural gas production.

"*Crude Oil*" is comprised of crude oil sales, as determined in accordance with IFRS, divided by the Corporation's crude oil production.

"*Condensate*" is comprised of condensate sales, as determined in accordance with IFRS, divided by the Corporation's condensate production.

"*NGLs*" is comprised of NGLs sales, as determined in accordance with IFRS, divided by the Corporation's NGLs production.

"*Total liquids excluding derivatives*" is comprised of crude oil, condensate and NGLs sales, as determined in accordance with IFRS, divided by the Corporation's crude oil, condensate and NGLs production.

"*Total liquids including derivatives*" is comprised of crude oil, condensate and NGLs sales, including realized gains (losses) on crude oil derivatives as determined in accordance with IFRS, divided by the Corporation's crude oil, condensate and NGLs production.

Specified Financial Measures (continued)

Dollars per BOE figures

Throughout the MD&A, the Corporation presents certain financial figures, in accordance with IFRS, stated in dollars per boe. These figures are determined by dividing the applicable financial figure as prescribed under IFRS by the Corporation's total production for the respective period. Below is a list of figures which have been presented in the MD&A in \$ per boe:

- Cash finance expense per boe
- Depreciation and amortization expense per boe
- Finance expense per boe
- General and administrative expense per boe
- Natural gas and liquids sales per boe
- Operating expense per boe
- Realized gains (losses) on derivatives per boe
- Royalty expense per boe
- Net sales of purchased natural gas per boe
- Processing and other income per boe
- Share-based compensation expense per boe
- Transportation expense per boe

Sustaining Capital

Sustaining capital is Management's estimate of the net capital expenditures required to drill, complete, equip and tie-in new wells to existing infrastructure thereby offsetting the corporate decline rate and maintain production at existing levels.

Conversion Ratio

The term "boe" or barrels of oil equivalent and "Mcf" or thousand cubic feet equivalent may be misleading, particularly if used in isolation. A boe or Mcfe conversion ratio of six thousand cubic feet of natural gas equivalent to one barrel of oil (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Abbreviations

Terms and abbreviations that are used in this MD&A that are not otherwise defined herein are provided below:

bbbl(s)	- barrel(s)
bbls/d	- barrels per day
boe	- barrels of oil equivalent (6 Mcf = 1 bbl)
boe/d	- barrels of oil equivalent per day
GJ	- gigajoules
Mcf	- thousand cubic feet
Mcf/d	- thousand cubic feet per day
Mcfe	- thousand cubic feet equivalent (1 bbl = 6 Mcf)
Mcfe/d	- thousand cubic feet equivalent per day
MMbtu	- million British thermal units
MMbtu/d	- million British thermal units per day
MMcf	- million cubic feet
MMcf/d	- million cubic feet per day
Crude oil	- Light Crude Oil and Medium Crude Oil as defined in National Instrument 51-101
"NGLs" & "condensate"	- Natural Gas Liquids as defined in National Instrument 51-101
Natural gas	- Conventional Natural Gas as defined in National Instrument 51-101
Liquids	- Total of crude oil, condensate and NGLs
AECO	- a notional market point on TransCanada Pipeline Limited's NGTL system where the purchase and sale of natural gas is transacted
MSW	- price for mixed sweet crude oil at Edmonton, Alberta
NGTL	- NOVA Gas Transmission Ltd.
WTI	- West Texas Intermediate, price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade
CCS	- carbon capture and storage
MCCS	- modular carbon capture and storage
IP30	- average initial production rate over 30 consecutive days
IP90	- average initial production rate over 90 consecutive days
nm	- not meaningful information

Forward-Looking Information and Other Advisories

This MD&A contains certain forward-looking statements and forward-looking information (collectively, "forward-looking statements"), which are based on our current internal expectations, estimates, projections, assumptions and beliefs. These forward-looking statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar or related expressions. These statements are not guarantees of future performance.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; the anticipated benefits to be derived from the Acquisition including the anticipated increases in production; Advantage's 2024 guidance, including its anticipated cash used in investing activities, total average daily production, liquids production (as a percentage of total average daily production), royalty rate, operating expense per boe, transportation expense per boe and G&A/finance expense per boe; Advantage's expectations that high supply and inventory levels will persist through the 2024 summer resulting in continued weak natural gas prices; the Corporation's forecasted 2024 natural gas market exposure including the anticipated effective production rate; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; the anticipated benefits to be derived from the Corporation's optimization projects completed during the first quarter of 2024 at Glacier; the anticipated benefits to be derived from the Glacier Gas Plant Phase 1b integrated CCS project; Management's expectations that the Corporation's Valhalla asset will play a pivotal role in the Corporation's liquids-rich gas development plan; the anticipated timing of production from Advantage's 3 well pad at Wembley; the anticipated timing of the commissioning of first phase of the Progress gas plant; the estimated costs of Glacier Phase 2 and the modular power plant; the CCUS ITC and the anticipated treatment and timing thereof; the Corporation's future commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; the Corporation's ability to ensure that it is properly diversified to multiple markets; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the anticipated means for satisfying such future obligations; the Corporation's strategy for managing its capital structure, including by issuing new common shares, repurchasing outstanding common shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend or adjusting capital spending; the terms of the Corporation's Credit Facilities, including the timing of the next review of the Credit Facilities and the Corporation's expectations regarding the extension of the Credit Facilities at each annual review; that the Corporation does not anticipate any problems in meeting its future obligations as they become due and that they will be satisfied with cash provided by operating activities and its available Credit Facilities; the terms of Entropy's Debentures; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; the terms of the Corporation's NCIB; the statements under "critical accounting estimates" in this MD&A; and other matters.

Forward-Looking Information and Other Advisories (continued)

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to, risks related to changes in general economic conditions (including as a result of demand and supply effects resulting from the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Corporation's products, market and business conditions; continued volatility in market prices for oil and natural gas; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of facility installation; performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information; the failure to extend the Credit Facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; the risk that the Corporation's financial and operating results in 2024 may not be consistent with its expectations; the risk that Advantage's average production in 2024 may be less than anticipated; the risk that the Corporation's Valhalla asset may not play a pivotal role in the Corporation's liquids-rich gas development plan; the risk that the CCUS ITC may not be approved by the federal government; the risk that the costs of Glacier Phase 2 and the modular power plant may be greater than anticipated; the risk that the Corporation may not be properly diversified to multiple markets; the risk that the Corporation may not satisfy all of its liabilities and commitments and meet future obligations as they become due; the risk that the undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability may be greater than expected; the risk that Advantage's annual royalty rates in 2024 may be less than anticipated; the risk that Advantage's operating expense per boe, transportation expense per boe and G&A/finance expense per boe in 2024 may be greater than anticipated; the risk that the Corporation's optimization projects completed during the first quarter of 2024 at Glacier may not lead to the benefits anticipated; the risk that the Glacier Gas Plant Phase 1b integrated CCS project may not lead to the benefits anticipated; the risk that production at Wembley may not occur when anticipated; the risk that the commissioning of first phase of the Progress gas plant may not occur when anticipated, or at all; the risk that the Corporation may not meet its future obligations as they become due; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedar.com and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

Forward-Looking Information and Other Advisories (continued)

With respect to forward-looking statements contained in this MD&A, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: current and future prices of oil and natural gas; that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the ability to efficiently integrate assets acquired through acquisitions; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the Corporation's cash provided by operating activities and available Credit Facilities will be able to satisfy all of the Corporation's liabilities, commitments and future obligations as they become due; that the Corporation will have sufficient financial resources to purchase its shares under NCIBs in the future; that the federal government will approve the CCUS ITC; and that the estimates of the Corporation's production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage'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 that Advantage will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this MD&A and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The future acquisition by the Corporation of the Corporation's common shares pursuant to its NCIB and future NCIBs, if any, and the level thereof is uncertain. Any decision to renew the Corporation's NCIB and to acquire common shares of the Corporation pursuant to the NCIB will be subject to the discretion of the board of directors of the Corporation and may depend on a variety of factors, including, without limitation, the Corporation's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on the Corporation under applicable corporate law. There can be no assurance of the number of common shares of the Corporation that the Corporation will acquire pursuant to its NCIB or future NCIBs, if any, in the future.

Forward-Looking Information and Other Advisories (continued)

This MD&A contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to: the terms of the Corporation's derivative contracts; Advantage's 2024 guidance, including its anticipated cash used in investing activities, royalty rate, operating expense per boe, transportation expense per boe and G&A/finance expense per boe; the Corporation's future commitments and contractual obligations; and the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability, all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this MD&A and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Corporation's potential future business operations. Readers are cautioned that the financial outlook contained in this MD&A is not conclusive and is subject to change.

This MD&A contains metrics commonly used in the oil and natural gas industry which have been prepared by management such as "operating netback". These terms do not have standard meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons. Management uses these oil and natural gas metrics for its own performance measurements, and to provide shareholders with measures to compare Advantage's operations overtime. Readers are cautioned that the information provided by these metrics, or that can be derived from metrics presented in the MD&A, should not be relied upon for investment or other purposes. Refer above to "Specified Financial Measures" section of this MD&A for additional disclosure on "operating netback".

References in this MD&A to short-term production rates, such as IP30 and IP90, are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Advantage.

References to natural gas, crude oil and condensate and NGLs production in the MD&A refer to conventional natural gas, light crude oil and medium crude oil and natural gas liquids, respectively, product types as defined in National Instrument 51-101.

Additional Information

Additional information relating to Advantage can be found on SEDAR+ at www.sedarplus.com and the Corporation's website at www.advantageog.com. Such other information includes the annual information form, the management information circular, press releases, material change reports, material contracts and agreements, and other financial reports. The annual information form will be of particular interest for current and potential shareholders as it discusses a variety of subject matter including the nature of the business, description of our operations, general and recent business developments, risk factors, reserves data and other oil and gas information.

July 25, 2024