



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months ended March 31, 2026 and 2025

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**"), dated as of April 30, 2026, 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 months ended March 31, 2026 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three months ended March 31, 2026 and the audited consolidated financial statements for the year ended December 31, 2025 (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**" or "**IFRS**"), 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. All dollar per boe figures include only the results of Advantage's natural gas and liquids operations and exclude the results of Entropy Inc. ("**Entropy**").

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

Three months ended
March 31

(\$000, except as otherwise indicated)

	2026	2025
Consolidated Financial Highlights		
Natural gas and liquids sales	206,922	221,790
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	29,528	(29,024)
per basic share ⁽²⁾	0.18	(0.17)
per diluted share ⁽²⁾	0.17	(0.17)
Basic weighted average shares (000)	166,975	166,821
Diluted weighted average shares (000)	170,368	166,821
Cash provided by operating activities	117,078	122,949
Cash provided by financing activities	31,959	11,670
Cash used in investing activities	(134,239)	(107,919)
Segmented Financial Highlights ⁽¹⁾		
<u>Advantage Energy Ltd.</u>		
Adjusted funds flow	121,187	121,127
per basic share ⁽²⁾	0.73	0.72
per diluted share ⁽³⁾	0.71	0.71
Net capital expenditures	124,228	94,171
Free cash flow - surplus (deficit)	(14,978)	22,956
Bank indebtedness	399,077	446,333
Net debt	555,869	603,307
<u>Entropy Inc.</u>		
Adjusted funds flow	(3,434)	(2,485)
per basic share ⁽²⁾	(0.02)	(0.01)
per diluted share ⁽³⁾	(0.02)	(0.01)
Net capital expenditures	44,744	19,816
Free cash flow - deficit	(48,178)	(22,301)
Net debt	313,389	119,940

⁽¹⁾ Specified financial measures which are not standardized measures 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 measures, an explanation of how such specified financial measures provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measures, and/or where required, a reconciliation of the specified financial measures to the most directly comparable IFRS measures.

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

⁽³⁾ Based on adjusted diluted weighted average shares outstanding.

⁽⁴⁾ Net income (loss) and comprehensive income (loss) attributable to Advantage shareholders.

Operating Highlights ⁽¹⁾
**Three months ended
March 31**

	2026	2025
Operating		
Production		
Crude oil (bbls/d)	7,689	8,487
Condensate (bbls/d)	1,202	1,023
NGLs (bbls/d)	3,232	3,763
Total liquids (bbls/d)	12,123	13,273
Natural gas (Mcf/d)	415,517	422,998
Total production (boe/d)	81,375	83,773
Average realized prices (including realized derivatives)		
Natural gas (\$/Mcf)	3.67	3.29
Liquids (\$/bbl)	80.18	86.53
Operating Netback (\$/boe) ⁽²⁾		
Natural gas and liquids sales	28.25	29.42
Realized gains on derivatives	2.45	0.87
Royalty expense	(2.01)	(2.80)
Operating expense	(5.53)	(4.63)
Transportation expense	(3.94)	(4.06)
Operating netback	19.22	18.80

⁽¹⁾ Operating highlights are for Advantage's natural gas and liquids operations.

⁽²⁾ 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.

Advantage 2026 Guidance

Global commodity markets experienced heightened volatility during the first quarter of 2026, driven by ongoing geopolitical tensions in the Middle East. The region's importance to global oil and natural gas production and transportation, including the potential for disruptions to key shipping routes such as the Strait of Hormuz, contributed to increased price uncertainty. While oil prices significantly increased at various points during the quarter, pricing remains sensitive to developments related to the conflict. The duration and ultimate impact of these geopolitical events remain uncertain and may continue to influence commodity prices. Fluctuations in global oil and natural gas prices will affect the Corporation's realized pricing and sales.

The Corporation remains on track to achieve its full-year total production and expense guidance. Second quarter 2026 production will decline temporarily in connection with the planned 21-day turnaround at the Glacier Gas Plant, with per unit operating expense expected to increase correspondingly. Following the commissioning of the Progress Gas Plant and the completion of the Glacier Gas Plant turnaround during the second quarter of 2026, production is expected to increase with second-half 2026 production anticipated to average approximately 90,000 boe/d.

The table below summarizes Advantage's 2026 guidance:

Forward Looking Information ⁽¹⁾	Original Guidance as at December 9, 2025 ⁽³⁾	Revised Guidance as at February 12, 2026 ⁽³⁾
Cash Used in Investing Activities (\$ millions) ⁽²⁾	300 to 330	280 to 310
Production		
Total Production (boe/d)	81,000 to 85,000	81,000 to 85,000
Natural Gas (%)	84 to 86	84 to 86
Crude Oil and Condensate (%)	10 to 12	10 to 12
NGLs (%)	~4	~4
Expenses		
Royalty Rate (%)	6 to 8	6 to 8
Operating Expense (\$/boe) ⁽⁴⁾	5.25 to 5.85	5.25 to 5.85
Transportation Expense (\$/boe) ⁽⁴⁾	3.95 to 4.45	3.95 to 4.45
G&A Expense (\$/boe) ⁽⁴⁾	0.70 to 0.90	0.70 to 0.90
Finance Expense (\$/boe) ⁽⁴⁾	1.15 to 1.35	1.15 to 1.35

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

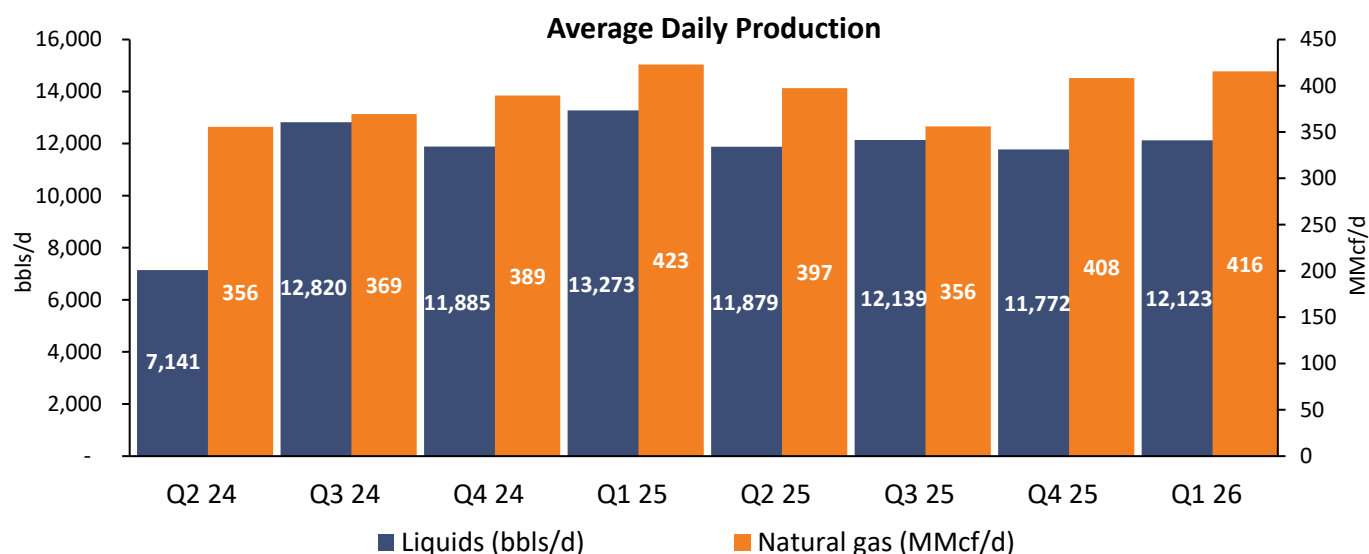
⁽²⁾ Cash Used in Investing Activities is the same as Net Capital Expenditures as no change in non-cash working capital is assumed between years and other differences are immaterial.

⁽³⁾ Guidance numbers are for Advantage Energy Ltd. only and exclude its subsidiary, Entropy Inc.

⁽⁴⁾ \$/boe are specified financial measures which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

Production

Average Daily Production	Three months ended		% Change
	2026	2025	
Crude oil (bbls/d)	7,689	8,487	(9)
Condensate (bbls/d)	1,202	1,023	17
NGLs (bbls/d)	3,232	3,763	(14)
Total liquids (bbls/d)	12,123	13,273	(9)
Natural gas (Mcf/d)	415,517	422,998	(2)
Total production (boe/d)	81,375	83,773	(3)
Liquids (% of total production)	15	16	
Natural gas (% of total production)	85	84	



For the three months ended March 31, 2026, Advantage delivered total production averaging 81,375 boe/d, a decrease of 3% compared to the same period of the prior year, an increase of 2% from the fourth quarter of 2025, and approximately 2,000 boe/d above budget. Such fluctuations are typical, as the timing of production growth varies each year with the execution of our annual development plan. The outlook for full-year 2026 production remains on track for approximately 6% growth over 2025.

Natural gas production for the three months ended March 31, 2026, averaged 415.5 MMcf/d, a decrease of 2% compared to the same period of the prior year, and an increase of 2% from the fourth quarter of 2025. The slight decrease was due to firm restrictions on the NGTL system and the timing of new gas wells brought on production during the latter half of the quarter.

Liquids production for the three months ended March 31, 2026, averaged 12,123 bbls/d, a decrease of 9% compared to the same period of the prior year, and an increase of 3% from the fourth quarter of 2025. The decrease was due to the timing of planned capital activity, with 5 gross (5.0 net) wells placed on production, 3 of which came on late in the quarter, less than the number of wells in the first quarter of 2025 (see "Cash Used in Investing Activities and Net Capital Expenditures").

Total production will decline temporarily in the second quarter of 2026 due to the planned 21-day turnaround at the Glacier Gas Plant. Following the commissioning of the Progress Gas Plant and the completion of the Glacier Gas Plant turnaround during the second quarter of 2026, production is expected to increase with second half 2026 production anticipated to average approximately 90,000 boe/d. The Corporation remains on track to achieve full-year 2026 production guidance of 81,000 to 85,000 boe/d (see "Advantage 2026 Guidance").

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended		% Change
	2026	March 31 2025	
Natural gas			
Excluding derivatives (\$/Mcf)	3.08	3.16	(3)
Including derivatives (\$/Mcf)	3.67	3.29	12
Liquids			
Crude oil (\$/bbl)	94.13	94.64	(1)
Condensate (\$/bbl)	96.63	97.72	(1)
NGLs (\$/bbl)	55.61	59.48	(7)
Total liquids excluding derivatives (\$/bbl)	84.11	84.91	(1)
Total liquids including derivatives (\$/bbl)	80.18	86.53	(7)
Average Benchmark Prices			
Natural gas ⁽¹⁾			
AECO daily (\$/Mcf)	2.02	2.16	(6)
Empress daily (\$/Mcf)	2.53	2.46	3
Henry Hub (\$US/MMbtu)	4.96	3.66	36
Emerson daily (\$US/MMbtu)	2.73	2.92	(7)
Dawn daily (\$US/MMbtu)	4.43	3.86	15
Chicago Citygate (\$US/MMbtu)	5.32	3.91	36
Liquids			
WTI (\$US/bbl)	72.17	71.42	1
MSW Edmonton (\$/bbl)	93.85	95.36	(2)
Average Exchange rate (\$US/\$CAD)	0.7290	0.6968	5

⁽¹⁾ GJ converted to Mcf 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".

Natural gas

Advantage's realized natural gas price excluding derivatives for the three months ended March 31, 2026, was \$3.08/Mcf, a 3% decrease compared to the same period of the prior year. This decrease was attributed to lower benchmark prices at AECO and Emerson, partially offset by higher natural gas benchmark prices in other markets where Advantage has market diversification exposure and physically delivers natural gas. Western Canadian gas markets remained weak in the first quarter of 2026 due to mild winter weather and robust supply and inventory, and AECO prices have continued to remain weak into the second quarter of 2026, a situation the Corporation expects to persist through much of the summer. Notwithstanding this near-term weakness, Advantage's market diversification and financial risk management has restricted the Corporation's direct exposure to AECO prices to approximately 18% and 20% of its natural gas production for the remainder of 2026 and 2027, respectively. In contrast, Eastern Canada and US natural gas benchmark prices have increased in the first quarter of 2026 compared to 2025 largely due to strong North American natural gas demand from cold weather in January and growing liquefied natural gas demand.

Advantage's physical natural gas exposure consists of the AECO, Empress, Emerson, Dawn, and Chicago markets. Additionally, the Corporation delivers 25,000 MMbtu/d under a long-term natural gas supply agreement and receives a PJM electricity-based spark-spread price, less tolls. Advantage's physical natural gas market diversification strategy has proven highly valuable, with deliveries to downstream markets generating approximately \$32 million in incremental revenue in excess of AECO pricing, net of associated transportation costs, for the three months ended March 31, 2026. With Canadian natural gas prices remaining weak, Advantage expects to continue to realize

Commodity Prices and Marketing (continued)

significant benefit from its market diversification arrangements through the remainder of 2026. Advantage incurs additional transportation expense to deliver production beyond AECO to such downstream markets (see "Transportation Expense").

The following table summarizes the Corporation's physical natural gas market exposure, for both the three months ended March 31, 2026, and on a forward-looking basis for 2026, excluding hedging.

Sales Markets	Three months ended March 31, 2026		Forward-looking 2026 ⁽²⁾	
	Production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)
AECO	176.3	42%	209.5	49%
AECO Other ⁽⁴⁾	46.0	11%	25.7	6%
Empress	72.7	17%	67.6	16%
Emerson	26.8	7%	26.8	6%
Dawn	52.7	13%	52.7	13%
Chicago	16.0	4%	16.0	4%
PJM power price ⁽⁵⁾	25.0	6%	25.0	6%
Total	415.5	100%	423.3 ⁽³⁾	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 March 31, 2026.

⁽³⁾ Represents the midpoint of our 2026 guidance for natural gas production volumes (see "Advantage 2026 Guidance").

⁽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.

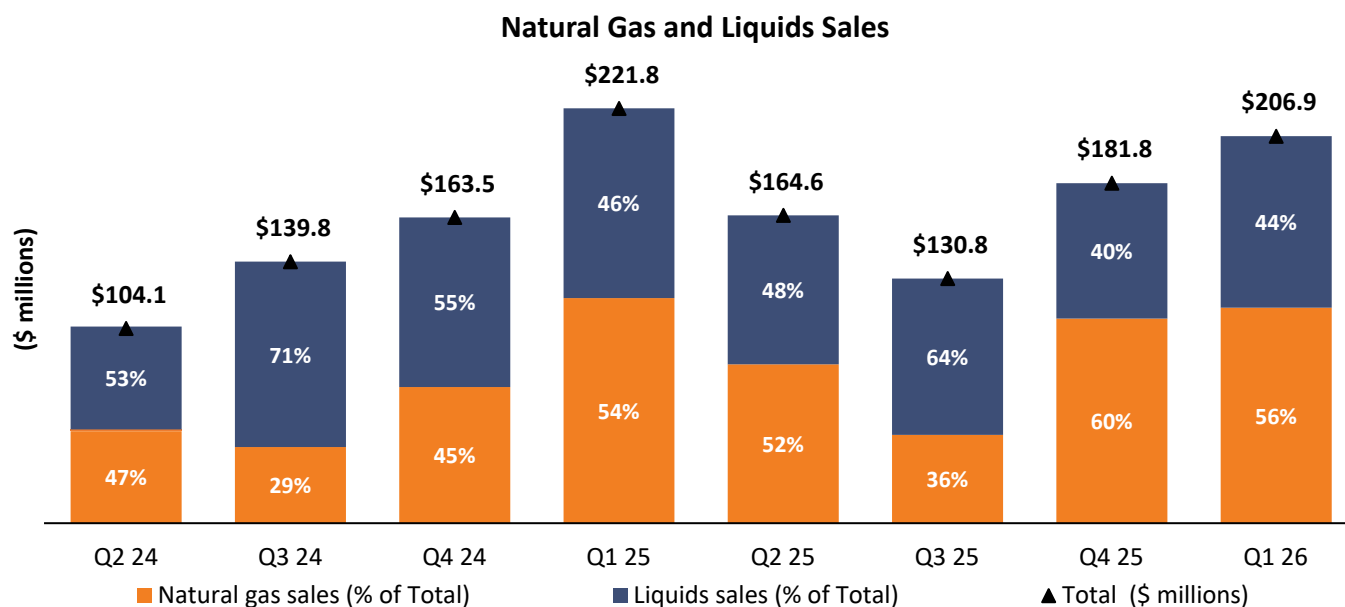
Liquids

Advantage's realized liquids price excluding derivatives for the three months ended March 31, 2026, was \$84.11/bbl, a decrease of 1% compared to the same period of the prior year. 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. The first quarter of 2026 saw increased volatility in liquids pricing due to the United States and Israel's conflict with Iran, causing widespread disruption to energy flows throughout the Middle East, resulting in the price of global oil benchmarks rising significantly. Liquids pricing is expected to experience higher volatility as long as the conflict remains unresolved and global trade disrupted.

Approximately 84% of Advantage's liquids production is comprised of crude oil, condensate and pentanes, which generally attract higher market prices than other liquids.

Natural Gas and Liquids Sales

(\$000, except as otherwise indicated)	Three months ended		% Change
	2026	2025	
Crude oil	65,136	72,287	(10)
Condensate	10,453	8,997	16
NGLs	16,176	20,143	(20)
Liquids	91,765	101,427	(10)
Natural gas	115,157	120,363	(4)
Natural gas and liquids sales	206,922	221,790	(7)
per boe	28.25	29.42	(4)



Natural gas and liquids sales for the three months ended March 31, 2026, decreased by \$14.9 million or 7% compared to the same period of 2025.

For the three months ended March 31, 2026, natural gas sales decreased by \$5.2 million or 4%, compared to the corresponding period in 2025, due to a 2% decrease in natural gas production (see "Production"), and a 3% decrease in realized natural gas prices excluding derivatives (see "Commodity Prices and Marketing").

For the three months ended March 31, 2026, liquids sales decreased by \$9.7 million or 10%, due to a 9% decrease in liquids production (see "Production"), and a 1% decrease in realized liquids prices excluding derivatives (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 its 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 months ended March 31, 2026, and 2025 are as follows:

	Three months ended March 31	
	2026	2025
Realized gains (losses) on derivatives		
Natural gas	15,911	3,480
Crude oil	(4,278)	1,942
Foreign exchange	-	(420)
Natural gas embedded derivative	6,338	1,523
Total	17,971	6,525
Unrealized gains (losses) on derivatives		
Natural gas	29,870	(58,048)
Crude oil	(34,526)	(1,996)
Foreign exchange	(21)	346
Natural gas embedded derivative	(4,321)	(31,423)
Unsecured debenture - derivative liability	(2,362)	1,211
Total	(11,360)	(89,910)
Gains (losses) on derivatives		
Natural gas	45,781	(54,568)
Crude oil	(38,804)	(54)
Foreign exchange	(21)	(74)
Natural gas embedded derivative	2,017	(29,900)
Unsecured debenture - derivative liability	(2,362)	1,211
Total	6,611	(83,385)

Financial Risk Management (continued)

Natural gas

For the three months ended March 31, 2026, Advantage realized gains on natural gas derivatives of \$15.9 million due to the settlement of contracts with average derivative contract prices that were above average market prices.

For the three months ended March 31, 2026, Advantage recognized an unrealized gain on natural gas derivatives of \$29.9 million resulting from changes in the fair value of outstanding natural gas derivative contracts and the settlement of contracts. The change in the fair value of outstanding natural gas derivative contracts was significantly impacted by a decline in AECO forwards prices and natural gas derivative contracts entered into during the quarter at contract prices above the average forward market price at March 31, 2026.

Crude oil

For the three months ended March 31, 2026, Advantage realized losses on crude oil derivatives of \$4.3 million due to the settlement of contracts with average derivative contract prices that were below average market prices.

Advantage recognized an unrealized loss on crude oil derivatives of \$34.5 million. The unrealized loss is due to an increase in forward strip prices of WTI, along with crude oil derivative contracts entered into during the quarter at contract prices below the forward market price at March 31, 2026.

Natural gas embedded derivative

Advantage sells natural gas under a long-term natural gas supply agreement, delivering 25,000 MMBtu/d of natural gas to 2035. Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage exposure to PJM electricity prices. The Corporation realizes gains or losses on the embedded derivative when the realized settlement price differs from the host contract price. For the three months ended March 31, 2026, PJM electricity prices were materially stronger than the price assigned to the host contract, resulting in a realized gain of \$6.3 million. For the three months ended March 31, 2026, the Corporation recognized unrealized losses on its natural gas embedded derivative of \$4.3 million resulting from changes in the fair value, driven primarily by a decline in the forward electricity price curve as at March 31, 2026.

Unsecured debentures derivative

Entropy has 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 and losses as the valuation of the conversion option changes. For the three months ended March 31, 2026, the Corporation recognized an unrealized loss of \$2.4 million on the Entropy unsecured debentures derivative liability, due to changes in interest rate and credit spread assumptions.

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 April 1, 2026 and March 31, 2029, apart from the natural gas embedded derivative which settles continuously over its term through to 2035.

As at March 31, 2026 and April 30, 2026, the Corporation had the following commodity and foreign exchange derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	April 2026 to June 2026	142,173 Mcf/d	\$2.68/Mcf
Fixed price swap	July 2026 to October 2026	180,085 Mcf/d	\$2.60/Mcf ⁽¹⁾
Fixed price swap	November 2026 to March 2027	184,824 Mcf/d	\$3.10/Mcf ⁽¹⁾
Fixed price swap	April 2027 to October 2027	113,738 Mcf/d	\$2.72/Mcf
Fixed price swap	November 2027 to March 2028	108,999 Mcf/d	\$2.80/Mcf
Fixed price swap	April 2028 to October 2028	85,304 Mcf/d	\$2.73/Mcf ⁽¹⁾
Fixed price swap	November 2028 to March 2029	75,825 Mcf/d	\$2.68/Mcf ⁽¹⁾
Natural gas - Dawn			
Fixed price swap	April 2026 to October 2026	9,478 Mcf/d	\$5.39/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	\$4.25/Mcf
Crude oil - WTI NYMEX			
Fixed price swap	April 2026 to June 2026	5,500 bbls/d	US \$65.77/bbl
Fixed price swap	July 2026 to December 2026	5,000 bbls/d	US \$65.49/bbl
Fixed price swap	January 2027 to June 2027	3,500 bbls/d	US \$68.53/bbl ⁽¹⁾
Fixed price swap	July 2027 to December 2027	3,000 bbls/d	US \$68.64/bbl ⁽¹⁾

Description of Derivative	Term	Notional Amount	Rate
Forward rate - CAD/USD			
Average rate currency swap	April 2026 to March 2027	US \$ 1,000,000/month	1.3812
(1)	Contains contracts entered into subsequent of March 31, 2026.		

Royalty Expense

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Royalty expense	14,714	21,079	(30)
per boe	2.01	2.80	(28)
Royalty rate (%) ⁽¹⁾	7.1	9.5	(2.4)

⁽¹⁾ Percentage of natural gas and liquids sales.

For the three months ended March 31, 2026, royalty expense decreased due to lower natural gas and liquids sales, with liquids royalties accounting for the majority of the decline (see "Natural Gas and Liquids Sales"). Liquids royalty expense declined more than the corresponding decrease in liquids revenue, primarily due to lower average oil par prices, on which liquids royalty rates are determined. Although benchmark liquids prices strengthened in March, liquids royalties are based on posted prices established earlier in the quarter, resulting in a lag that limited the first quarter impact. As a result, liquids royalties are expected to increase in the second quarter of 2026 as higher benchmark prices are reflected in oil par prices.

Advantage expects royalty rates to range from 6% to 8% in 2026 (see "Advantage 2026 Guidance").

Operating Expense

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Advantage operating expense	40,484	34,880	16
per boe	5.53	4.63	19
Entropy operating expense	575	623	(8)
Operating expense	41,059	35,503	16

Operating expense for Advantage's natural gas and liquids operations for the three months ended March 31, 2026, increased by \$5.6 million, or 16%, compared to the same period of the prior year, while operating expense per boe was \$5.53/boe, a decrease of 7% from the fourth quarter of 2025. The increase compared to the prior year was primarily due to the commencement of new third-party natural gas processing commitments in the second half of 2025 and non-operated Charlie Lake production coming on line during the period. Processing income is included within operating expense as such activity has become insignificant given the efficient utilization of Advantage's facilities for its own production.

Second quarter 2026 production will decline temporarily in connection with the planned 21-day turnaround at the Glacier Gas Plant, with per unit operating expense expected to increase correspondingly. Following the commissioning of the Progress Gas Plant and the completion of the Glacier Gas Plant turnaround during the second quarter of 2026, production is expected to increase with a reduction in operating expense per boe for the second-half of 2026. The Corporation remains on track to meet its full-year 2026 operating expense guidance of \$5.25 to \$5.85 per boe.

Operating expense for Entropy for the three months ended March 31, 2026, was comparable to the prior year.

Transportation Expense

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Natural gas	22,944	25,083	(9)
Liquids	5,931	5,490	8
Total transportation expense	28,875	30,573	(6)
per boe	3.94	4.06	(3)

Transportation expense for the three months ended March 31, 2026, decreased by \$1.7 million or 6%. The decrease in transportation expense is a result of lower fuel costs and lower transportation costs to Empress.

Advantage expects 2026 annual transportation expense per boe to be approximately \$3.95 to \$4.45 per boe (see "Advantage 2026 Guidance").

Operating Income and Operating Netback

	Three months ended			
	2026		2025	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	206,922	28.25	221,790	29.42
Realized gains on derivatives	17,971	2.45	6,525	0.87
Royalty expense	(14,714)	(2.01)	(21,079)	(2.80)
Operating expense	(40,484)	(5.53)	(34,880)	(4.63)
Transportation expense	(28,875)	(3.94)	(30,573)	(4.06)
Operating income and operating netback ⁽¹⁾	140,820	19.22	141,783	18.80

⁽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 months ended March 31, 2026, Advantage's operating netback was \$19.22/boe, an increase of \$0.42/boe or 2% and the strongest operating netback realized in the last three years. The increase in operating netback per boe was primarily due to realized gains on derivatives (see "Financial Risk Management").

General and Administrative Expense

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Advantage G&A	10,789	8,851	22
Capitalized	(2,388)	(1,546)	54
Advantage G&A expense	8,401	7,305	15
per boe	1.15	0.97	19
Entropy G&A expense	4,663	4,318	8
General and administrative expense	13,064	11,623	12
Employees at March 31	99	85	16

Advantage general and administrative ("G&A") expense for the three months ended March 31, 2026, increased compared to the prior year, driven by a modestly higher staff count in line with growth, first quarter costs that are higher on a seasonal basis than the remainder of the year, and one-time costs related to conclusion of the strategic review process. Advantage expects 2026 annual G&A expense per boe to be approximately \$0.70 to \$0.90 per boe (see "Advantage 2026 Guidance").

Entropy G&A expense increased primarily due to higher staff levels required to support the continued business development.

Share-based Compensation

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Share-based compensation	4,134	2,035	103
Capitalized	(1,007)	(353)	185
Share-based compensation expense	3,127	1,682	86
per boe	0.43	0.22	95

The Corporation recognized \$4.1 million of share-based compensation during the three months ended March 31, 2026, and capitalized \$1.0 million. Share-based compensation can vary materially from period to period as performance multiplier estimates for outstanding Performance Share Units are revised and actual performance multipliers are realized upon vesting. Share-based compensation expense in the prior year was lower due to realizing a lower performance multiplier for the settlement of Performance Share Units, accompanied by revising downward performance multiplier estimates for outstanding Performance Share Units, both of which were attributable to lower commodity prices that impacted multiple Corporate Performance Measures.

Finance Expense

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Advantage interest expense	10,610	12,559	(16)
per boe	1.45	1.67	(13)
Advantage accretion expense	1,413	1,290	10
Advantage finance expense	12,203	13,849	(13)
Entropy finance expense	2,678	1,319	103
Finance expense	14,701	15,168	(3)

Advantage realized lower interest expense during the three months ended March 31, 2026, primarily due to lower interest rates and decreased average outstanding bank indebtedness as compared to 2025. Interest on bank indebtedness is based on short-term loans plus fees 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 (see "Bank Indebtedness, Credit Facilities and Working Capital"). Interest on convertible debentures is fixed at 5% and paid semi-annually (see "Convertible Debentures").

Entropy finance expense increased during the three months ended March 31, 2026, due to an increased average outstanding aggregate principal amount of unsecured debentures associated with investors financing of the Glacier Phase 2 CCS, and other carbon infrastructure, projects. Entropy funds its projects by issuing unsecured debentures to third-party investors with committed capital. The unsecured debentures are non-recourse to Advantage, which does not provide any financing to Entropy (see "Unsecured Debentures").

Depreciation and Amortization Expense

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Advantage depreciation	57,788	59,283	(3)
per boe	7.89	7.86	-
Entropy depreciation and amortization	1,513	958	58
Depreciation and amortization expense	59,301	60,241	(2)

The decrease in depreciation expense during the three months ended March 31, 2026 is attributable to slightly lower production compared to the prior year (see "Production"). Depreciation expense per boe for the three months ended March 31, 2026, is comparable to the prior three-month period.

Income Taxes

(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Income tax expense (recovery)	12,546	(7,012)	nm
Effective tax rate (%)	30.4	19.3	11.1

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three months ended March 31, 2026, the Corporation recognized a deferred income tax expense of \$12.5 million. The expense for the three months ended March 31, 2026, is a result of a net income before taxes and non-controlling interest of \$41.3 million combined with non-deductible share-based compensation expense, and valuation allowances applied against Entropy's non-capital losses. As at March 31, 2026, the Corporation had a deferred income tax liability of \$290.4 million.

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

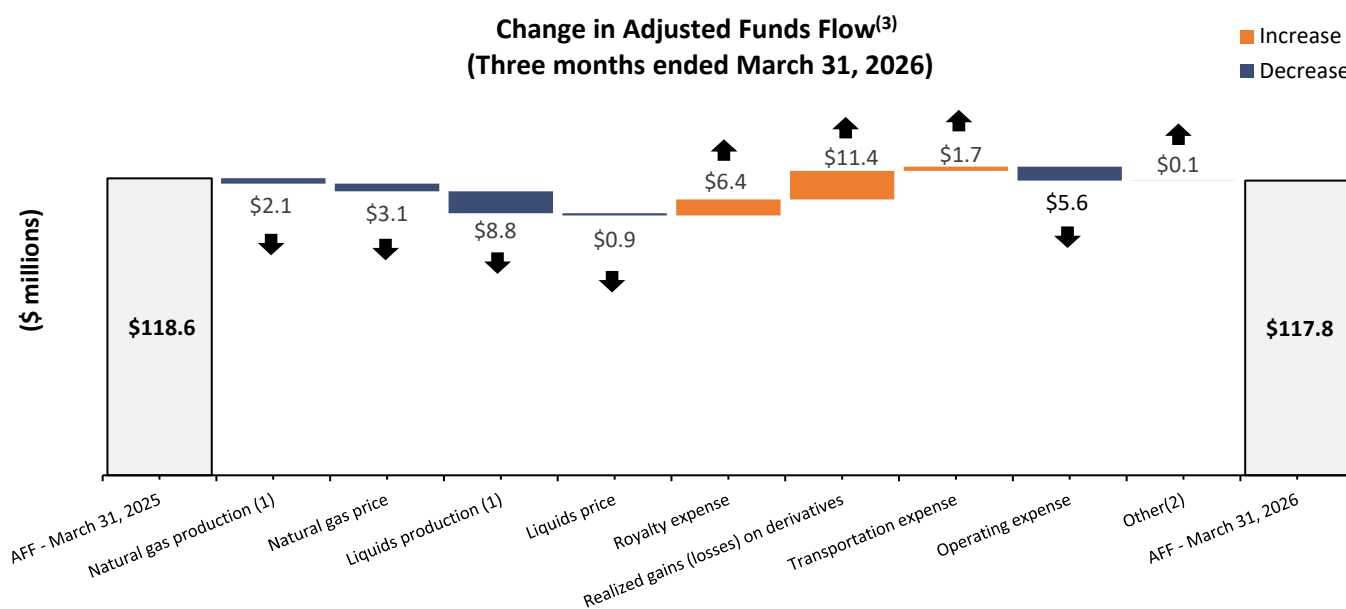
(\$000, except as otherwise indicated)	Three months ended		% Change
	March 31		
	2026	2025	
Net income (loss) and comprehensive income (loss) attributable to Advantage shareholders	29,528	(29,024)	nm
per basic share	0.18	(0.17)	nm
per diluted share	0.17	(0.17)	nm

Advantage recognized net income attributable to Advantage shareholders of \$29.5 million for the three months ended March 31, 2026, compared to a net loss of \$29.0 million in the prior period. The significant improvement was primarily attributable to derivative gains of \$6.6 million in the current quarter versus derivative losses of \$83.4 million in the prior period, the latter driven by a significant decline in the fair value of outstanding derivative contracts at that time (see "Financial Risk Management").

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

(\$000, except as otherwise indicated)	Three months ended	
	March 31	
	2026	2025
Cash provided by operating activities	117,078	122,949
Expenditures on decommissioning liability	621	1,393
Changes in non-cash working capital	54	(5,700)
Adjusted funds flow ⁽¹⁾	117,753	118,642
Advantage adjusted funds flow ⁽¹⁾	121,187	121,127
per basic share ⁽¹⁾	0.73	0.72
per diluted share ⁽¹⁾	0.71	0.71
per boe ⁽¹⁾	16.55	16.07
Entropy adjusted funds flow ⁽¹⁾	(3,434)	(2,485)

(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 current period production.

(2) Other includes G&A and finance expense (excluding accretion of decommissioning liability and unsecured debentures).

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

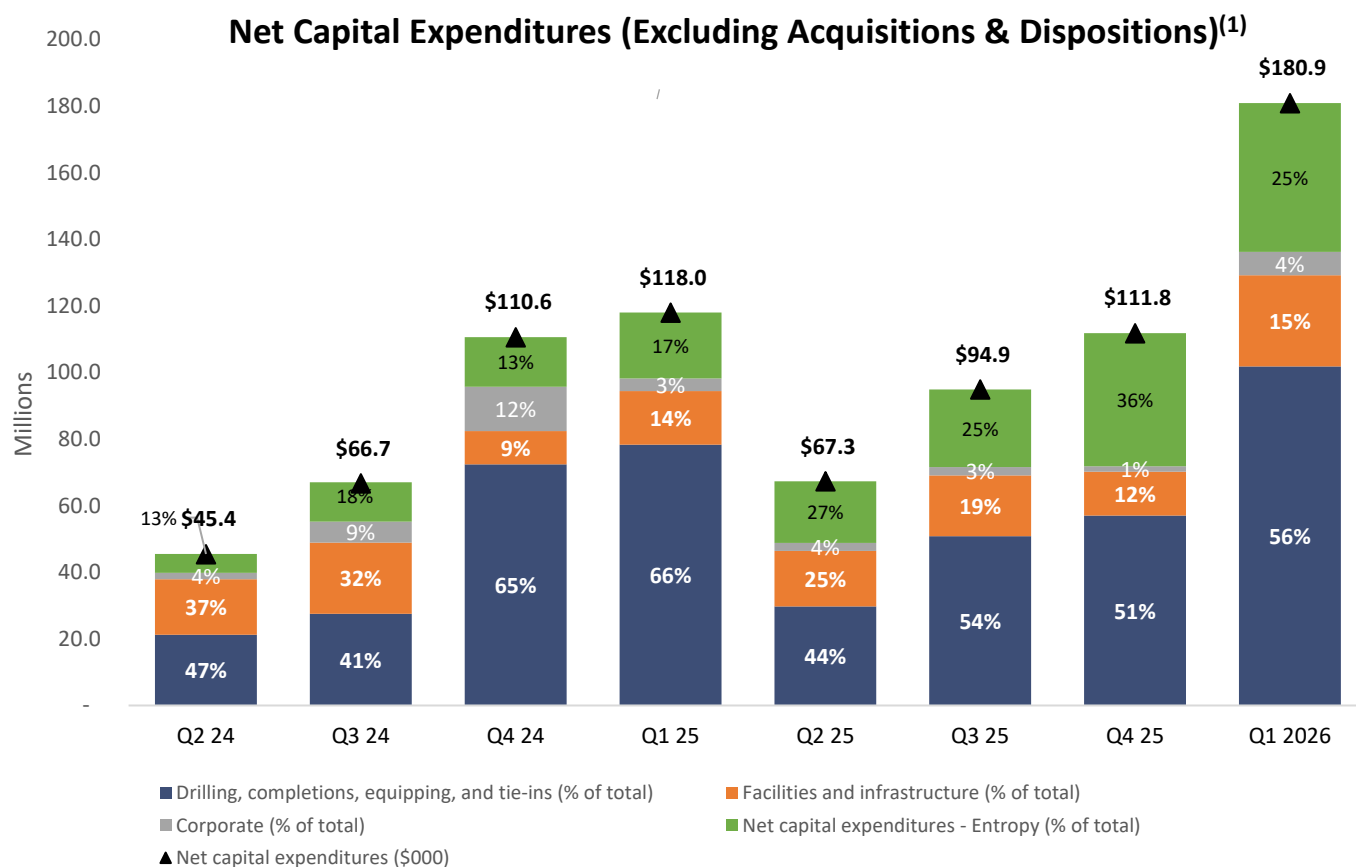
For the three months ended March 31, 2026, the Corporation realized cash provided by operating activities of \$117.1 million, a decrease of \$5.9 million when compared to the same period of 2025. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, the Corporation realized adjusted funds flow of \$117.8 million, a decrease of only \$0.9 million when compared to the same period of 2025. The decrease in cash provided by operating activities and adjusted funds flow were largely due to lower liquids production and higher operating expense (see "Production" and "Operating Expense"), offset by increased realized gains on derivatives and lower royalty expense (see "Commodity Prices and Marketing" and "Royalty Expense").

Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended March 31	
	2026	2025
Drilling, completions, equipping, and tie-ins	101,780	78,272
Facilities and infrastructure	27,373	16,144
Corporate ⁽²⁾	7,012	3,755
Exploration and development expenditures	136,165	98,171
Asset dispositions	(11,937)	(4,000)
Net capital expenditures - Advantage ⁽¹⁾	124,228	94,171
Carbon capture and storage facilities	44,597	19,714
Intangible assets	147	102
Net capital expenditures - Entropy ⁽¹⁾	44,744	19,816
Net capital expenditures ⁽¹⁾	168,972	113,987
Changes in non-cash working capital	(34,733)	(6,068)
Cash used in investing activities	134,239	107,919

(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.



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

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

Advantage

Advantage incurred \$136.2 million of exploration and development expenditures for the three months ended March 31, 2026, representing approximately 46% of its 2026 capital budget (based on mid-point of guidance). The Corporation expects approximately 70% of its 2026 capital spending to be completed by June 30, 2026, reflecting a capital program weighted to the first half of the year with relatively low spending anticipated in the second half. The following table summarizes wells drilled, completed and on production for the three months ended March 31, 2026:

(# of wells)	Three months ended March 31, 2026		
	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)
Glacier	11 (10.8)	7 (6.6)	5 (4.6)
Valhalla	-	3 (3.0)	3 (3.0)
Wembley	-	-	-
Service wells	-	-	-
Montney	11 (10.8)	10 (9.6)	8 (7.6)
Valhalla	1 (1.0)	5 (5.0)	5 (5.0)
Progress	-	-	-
Gordondale	-	-	-
Charlie Lake	1 (1.0)	5 (5.0)	5 (5.0)
Total	12 (11.8)	15 (14.6)	13 (12.6)

Montney Assets

Glacier

Advantage's 2026 capital program has initially been focused on drilling at our Glacier property, which consisted of 11 gross (10.8 net) wells drilled, 7 gross (6.6 net) wells completed, and 5 gross (4.6 net) wells brought on production. Production from this activity is expected to replace volumes currently flowing from the Valhalla and Progress areas to the Glacier Gas Plant that will be redirected to the Corporation's new Progress 4-21 gas plant following commissioning in the second quarter of 2026.

Well performance from the property continues to be strong and resilient. Of all Alberta Montney gas wells placed on production in 2025, Advantage had the top 9 wells with all 12 wells in the top 20, based on IP90 rates. Five wells placed on production in the first quarter of 2026 demonstrated similarly strong performance, achieving average well peak IP30 rates of 18.1 MMcf/d raw natural gas, despite being choked back to minimize erosional risks.

During the quarter, the Corporation constructed a 12-inch pipeline loop of our gathering system in the SW portion of the field, which was commissioned subsequent to quarter end, increasing capacity in this area to 100 MMcf/d and supporting further well development. A strategic 8-inch pipeline acquired in the first quarter of 2026, running from the Glacier plant gate to the NW portion of the field, was also placed in service in April, increasing capacity and reducing operating pressure across our entire gathering system connected to the plant.

Heading into the second quarter of 2026, the Corporation will commence a planned 21-day turnaround at the Glacier Gas Plant, which will temporarily impact production.

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

Valhalla

During the first quarter of 2026, activity at our Valhalla property consisted of 3 gross (3.0 net) wells completed, and 3 gross (3.0 net) wells brought on production late in the quarter. The wells had yet to reach 30 full days of production; however, well performance was strong. Continued positive well results support Management's view that our Valhalla Montney asset will continue to play a pivotal role in our liquids rich gas development plan.

Progress

At Progress, construction of the 75 MMcf/d Progress Gas Plant is mechanically complete, with commissioning now underway. The Progress Gas Plant is expected to unlock significant synergies and growth through regional infrastructure integration and production optimization, resulting in lower operating costs and stronger operating netbacks. The Progress Gas Plant will also provide incremental processing capacity to support the next phase of low-cost production growth at Glacier.

Following completion of the turnaround at the Glacier Gas Plant and the commissioning of the Progress Gas Plant, second-half 2026 production is expected to increase to an average of approximately 90,000 boe/d (86% natural gas), as volumes are increasingly processed through owned and operated facilities.

Wembley

Activity at Wembley was minimal during the first quarter of 2026. In response to low AECO pricing, the Corporation is reallocating approximately \$25 million of capital in 2026 from Glacier gas targets to Wembley oil targets, with no change to 2026 guidance. Additional capital may be reallocated to liquids drilling later this year if oil prices remain strong.

The Wembley asset is connected to two third-party gas processing facilities and utilizes existing capacity in our 100% owned Wembley compressor site and liquids handling hub. The property remains a key contributor to our liquid-rich portfolio of Montney assets.

Charlie Lake Assets

Valhalla/Progress/Gordondale

Activity across our Charlie Lake properties consisted of 1 gross (1.0 net) well drilled, 5 gross (5.0 net) wells completed, and 5 gross (5.0 net) wells brought on production with the majority of those late in the quarter. Our Charlie Lake drilling program continues to outperform our acquisition type curve, which exceeds historical results from the asset.

Asset Dispositions

In January, Advantage closed an asset exchange agreement with a third party whereby it disposed of an interest in non-core Charlie Lake infrastructure in exchange for a strategic pipeline asset at Glacier, valued at \$7 million, and cash consideration of \$11.9 million. Over the last 18 months, Advantage has realized \$27.4 million in total proceeds through the disposition of non-core assets acquired as part of its 2024 asset acquisition.

Entropy

Net capital expenditures incurred by Entropy are funded through the issuance of unsecured debentures to investors that have provided Entropy access to \$500 million in committed capital. Advantage does not provide any financing to Entropy for capital projects and the unsecured debentures are non-recourse to Advantage.

Entropy invested \$44.7 million in net capital expenditures during the first quarter of 2026, primarily attributable to equipment and construction costs associated with the ongoing Glacier Phase 2 CCS project. Additional expenditures included front-end engineering and design studies for multiple prospective emitters in the United States and continued development of the Saskatchewan carbon hub that is expected to be operating in the second quarter of 2026.

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

Concurrent with the planned turnaround at the Glacier Gas Plant during the second quarter of 2026, Entropy will integrate its proprietary CCS equipment, including the installation of a 15-MW gas-fired turbine power plant. Upon completion, emissions from the Glacier Gas Plant are expected to be reduced by more than 85%, making it the world's first gas processing plant with integrated post-combustion CCS.

On June 20, 2024, the carbon capture, utilization, and storage investment tax credit ("**CCUS ITC**") included in Bill C59 received royal assent. Advantage and Entropy have incurred eligible carbon capture expenditures dating back to January 1, 2022. The Corporation has received project approvals from Natural Resources Canada and is currently working with the Canada Revenue Agency to finalize the determination of tax credit amounts for its existing carbon capture projects at Glacier. These investment tax credits are not included in net capital expenditures and will be recognized once final determinations are made by the Canada Revenue Agency.

Commitments and Contractual Obligations

The Corporation has commitments and contractual obligations in the normal course of operations. Such commitments include operating costs for office leases, natural gas processing costs associated with third-party facilities, and transportation costs for delivery of our natural gas and liquids production to sales points (crude oil, condensate and NGLs). 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, \$549 million or 56% is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$423 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 "Transportation Expense"). Contractual obligations comprise those liabilities to third-parties incurred primarily for the purpose of financing Advantage's business and development, including our bank indebtedness.

Commitments and Contractual Obligations (continued)

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	2026 (9 months)	2027	2028	2029	2030	Beyond
Building operating cost ⁽¹⁾	1.1	0.5	0.6	-	-	-	-
Processing	125.0	16.9	20.3	18.8	16.2	10.9	41.9
Transportation	972.0	76.8	106.0	104.6	95.7	92.9	496.0
Total commitments	1,098.1	94.2	126.9	123.4	111.9	103.8	537.9
Performance Awards	6.1	-	3.6	1.7	0.8	-	-
Lease liability	2.5	1.1	1.1	0.2	0.1	-	-
Financing liability	120.7	9.8	13.0	13.1	13.0	13.0	58.8
Bank indebtedness ⁽²⁾							
- principal	400.0	-	400.0	-	-	-	-
- interest	33.4	22.2	11.1	-	-	-	-
Unsecured debentures ⁽³⁾							
- principal	310.1	-	-	-	-	-	310.1
- interest	225.5	18.9	25.1	25.1	25.1	25.1	106.1
Convertible debentures ⁽⁴⁾							
- principal	143.8	-	-	-	143.8	-	-
- interest	25.2	7.2	7.2	7.2	3.6	-	-
Total contractual obligations	1,267.2	59.2	461.1	47.3	186.4	38.1	475.0
Total future payments	2,365.3	153.4	588.0	170.7	298.3	141.9	1,012.9

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

⁽²⁾ As at March 31, 2026 the Corporation's bank indebtedness was governed by the Credit Facilities, which have a two-year term with a syndicate of financial institutions. The Credit Facilities are revolving and extendible for a further 364-day period upon an annual review and at the option of the syndicate. If not extended, the Credit Facilities will mature with any outstanding principal payable at the end of the two-year term (see "Bank Indebtedness, Credit Facilities and Working Capital").

⁽³⁾ Entropy funds its projects by issuing unsecured debentures to third-party investors with committed capital. The unsecured debentures are non-recourse to Advantage, which does not provide any financing to Entropy. The principal balance of unsecured debentures bears an interest rate of 8% for the convertible unsecured debentures, which can be paid-in-kind (subject to certain limitations) or cash, at the discretion of Entropy. Entropy may fund certain other non-project expenditures by issuing non-convertible unsecured debentures to third-party investors. The principal balance of the non-convertible unsecured debentures bears an interest rate of 15%, which can be paid-in-kind 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% payable semi-annually.

Liquidity and Capital Resources

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

(\$000, except as otherwise indicated)	March 31 2026	December 31 2025
Bank indebtedness	399,077	412,993
Convertible debentures ⁽¹⁾	143,750	143,750
Working capital deficit (surplus)	13,042	(7,651)
Net debt attributable to Advantage	555,869	549,092
Unsecured debentures ⁽²⁾	310,149	254,421
Working capital deficit	3,240	3,175
Net debt attributable to Entropy	313,389	257,596
Net debt ⁽³⁾	869,258	806,688
Shares outstanding	167,770,673	166,941,610
Shares closing market price (\$/share)	11.23	11.74
Market capitalization	1,884,065	1,959,895
Total capitalization	2,753,323	2,766,583

⁽¹⁾ The convertible debentures have a maturity date of June 30, 2029 and a coupon rate of 5% payable semi-annually.

⁽²⁾ Entropy funds its projects by issuing unsecured debentures to third-party investors with committed capital. The unsecured debentures are non-recourse to Advantage, which does not provide any financing to Entropy. 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. Entropy may fund certain other non-project expenditures by issuing non-convertible unsecured debentures to third-party investors. The principal balance of the non-convertible unsecured debentures bears an interest rate of 15%, which can be paid-in-kind or cash, at the discretion of Entropy (see "Unsecured Debentures").

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

As at March 31, 2026, net debt for Advantage was \$555.9 million and Entropy was \$313.4 million. The first quarter of 2026 was capital intensive, with Advantage deploying approximately 46% of its 2026 capital budget (based on mid-point of guidance), resulting in a marginal increase in net debt of \$6.8 million compared to December 31, 2025. The Corporation expects approximately 70% of its capital spending to be completed by June 30, 2026, reflecting a capital program weighted to the first half of the year with relatively low spending anticipated in the second half, which is expected to support debt reduction. Advantage has a \$650 million Credit Facility of which \$241.6 million or 37% was available after deducting outstanding letters of credit of \$8.4 million (see "Bank Indebtedness, Credit Facilities and Working Capital"). Debt to adjusted funds flow ratio excluding Entropy was 1.5. Advantage remains committed to its strategy of debt reduction and expects to make meaningful progress in 2026 with a return to opportunistic share buybacks. This trajectory reflects the Corporation's disciplined financial strategy, supported by strong free cash flow generation and selective non-core asset dispositions.

Entropy net debt increased \$55.8 million from December 31, 2025, due to drawing \$50.0 million of unsecured debentures (see "Unsecured Debentures"), which were used to fund \$44.7 million of net capital expenditures in the quarter (see "Cash Used in Investing Activities and Net Capital Expenditures"). Debentures issued by Entropy are funded by investors that have provided Entropy access to an aggregate of up to \$500 million in committed capital, of which \$280.0 million has been drawn and \$25.9 million has been paid-in-kind and added to the aggregate balance of outstanding debentures as at March 31, 2026. Entropy funds its projects by issuing unsecured debentures that are non-recourse to Advantage, which does not provide any financing to Entropy. Additionally, Entropy has access to a maximum of \$10 million of non-convertible unsecured debentures to fund certain other non-project expenditures, of which \$4.0 million has been drawn.

Liquidity and Capital Resources (continued)

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 in the capital of Advantage ("**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 March 31, 2026, Advantage had bank indebtedness outstanding of \$399.1 million, a decrease of \$13.9 million since December 31, 2025. Advantage's Credit Facility is collateralized by a \$2 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "**Credit Facility**"). The borrowing base for the Credit Facility 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. On June 12, 2025, the Credit Facility was renewed with no changes to the borrowing base of \$650 million, comprised of 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 2027 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 2027 in the event of a reduction, or the Credit Facility not being renewed. The Corporation had letters of credit of \$8.4 million outstanding at March 31, 2026 (December 31, 2025 - \$8.4 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 March 31, 2026, and December 31, 2025.

The Corporation had a working capital deficit of \$16.3 million as at March 31, 2026, as compared to a working capital surplus at December 31, 2025 of \$4.5 million, largely due to an increase in trade and other accrued liabilities connected to the timing of net capital expenditures, partially offset by an increase in cash and cash equivalents held by Entropy. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, and 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.

Convertible Debentures

The Corporation has \$143.8 million principal amount of convertible unsecured subordinated debentures outstanding (the "**Debentures**") at a price of \$1,000 per debenture as at March 31, 2026. The Debentures will mature and be repayable on June 30, 2029 and will accrue interest at the rate of 5% per annum payable semi-annually in arrears on June 30 and December 31 of each year. The fair value of the Debentures at March 31, 2026, was \$155.3 million, using quoted market prices on the Toronto Stock Exchange ("**TSX**").

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 Entropy common shares. The unsecured debentures have a term of 10 years, if not exchanged for Entropy common shares, which are to be repaid at the end of the term in the 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. In 2025, Entropy entered into non-convertible unsecured debenture financing arrangements for aggregate principal availability of up to \$10 million to fund certain other non-project expenditures. These non-convertible unsecured debentures bear interest at 15% per annum and provide for a payment-in-kind feature, and have a term of five years from the date of issuance including provisions permitting early repayment. As at March 31, 2026, Entropy's unsecured debentures have an outstanding aggregate principal balance of \$310.1 million (December 31, 2025 - \$254.4 million) consisting of \$305.9 million convertible unsecured debentures (December 31, 2025 - \$250.3 million) and \$4.2 million non-convertible unsecured debentures (December 31, 2025 - \$4.1 million).

During the three months ended March 31, 2026, Entropy issued convertible unsecured debentures for gross proceeds of \$50.0 million (March 31, 2025 - \$42.0 million) and incurred \$2.4 million of issuance costs (March 31, 2025 - \$1.9 million). For the three months ended March 31, 2026, Entropy incurred interest of \$5.7 million which was paid-in-kind (March 31, 2025 - \$2.7 million).

Other Liabilities

The Corporation has a take-or-pay volume commitment with a 12.5% working interest partner due to expire in 2035. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. For the three months ended March 31, 2026, the Corporation made cash payments of \$3.2 million (March 31, 2025 - \$3.2 million) under the take-or-pay volume commitment agreement.

As at March 31, 2026, the Corporation had a decommissioning liability of \$100.1 million (December 31, 2025 - \$100.5 million) for the future abandonment and reclamation of natural gas and liquids properties. 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 \$164.0 million (December 31, 2025 - \$163.4 million), with 54% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the three months ended March 31, 2026, was \$0.6 million (year ended December 31, 2025 - \$5.1 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. Assuming the outstanding Entropy unsecured debentures held by third-party investors as at March 31, 2026, are exchanged for Entropy common shares in accordance with the terms of the Investment Agreements, Advantage would own approximately 46% of Entropy's common shares on an as-converted basis (see "Unsecured Debentures").

As Entropy continues to issue unsecured debentures to fund carbon capture and storage projects, Advantage's ownership interest on an as-converted basis would decline. If the investors in Entropy were to invest their total \$500 million capital commitment for unsecured debentures and the Entropy unsecured debentures were subsequently exchanged for Entropy common shares, Advantage would own approximately 35% of the Entropy common shares. When Advantage no longer controls Entropy, the Corporation would cease consolidating Entropy and would account for its interest in Entropy under the applicable accounting guidance.

For the three months ended March 31, 2026, the net loss and comprehensive loss attributed to non-controlling interest was \$0.8 million (March 31, 2025 - \$0.3 million).

Shareholders' Equity

On May 8, 2025, the TSX approved the Corporation renewing its normal course issuer bid ("**NCIB**"). The NCIB commenced on May 14, 2025 and will terminate on May 13, 2026, or such earlier date as Advantage may complete its purchases under the NCIB. Pursuant to the NCIB, Advantage is authorized to purchase for cancellation, from time to time, as it considered advisable, up to a maximum of 14,415,014 Common Shares of the Corporation. Purchases pursuant to the NCIB will be made on the open market through the facilities of the TSX and/or Canadian alternative trading systems at the prevailing market price at the time of purchase. All Common Shares acquired under the NCIB will be cancelled. Securityholders may obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid, without charge, by contacting Advantage.

For the three months ended March 31, 2026, the Corporation issued 0.8 million common shares in connection with the Restricted and Performance Award Incentive Plan. As at March 31, 2026, a total of 2.7 million Performance Share Units were outstanding under the Restricted and Performance Award Incentive Plan, which represents 1.6% of Advantage's total outstanding Common Shares.

As at April 30, 2026, Advantage had 167.7 million Common Shares outstanding.

Quarterly Performance

	2026	2025				2024	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3
(\$000, except as otherwise indicated)							
Financial Statement Highlights							
Natural gas and liquids sales	206,922	181,796	130,805	164,593	221,790	163,477	139,840
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	29,528	9,616	(43)	72,502	(29,024)	17,130	(6,490)
per basic share ⁽²⁾	0.18	0.06	-	0.43	(0.17)	0.10	(0.04)
per diluted share ⁽²⁾	0.17	0.06	-	0.41	(0.17)	0.10	(0.04)
Basic weighted average shares (000)	166,975	166,941	166,968	167,179	166,821	166,974	166,972
Diluted weighted average shares (000)	170,370	170,338	166,968	180,785	166,821	169,785	166,972
Cash provided by operating activities	117,078	74,357	80,100	80,084	122,949	56,350	46,719
Cash provided by (used in) financing activities	31,959	41,387	(33,040)	42,046	11,670	22,789	(1,097)
Cash used in investing activities	(146,176)	(116,477)	(102,338)	(95,230)	(107,919)	(71,202)	(52,765)
Other Financial Highlights							
Adjusted funds flow ⁽¹⁾	117,753	96,172	69,178	85,247	118,642	81,389	52,260
per basic share ⁽¹⁾⁽²⁾	0.71	0.58	0.41	0.51	0.71	0.49	0.31
per diluted share ⁽¹⁾⁽³⁾	0.69	0.56	0.40	0.50	0.70	0.48	0.31
Net capital expenditures ⁽¹⁾	168,972	117,581	120,040	67,288	113,987	99,162	66,727
Free cash flow surplus (deficit) ⁽¹⁾	(63,156)	(15,461)	(25,693)	17,959	655	(29,194)	(14,668)
Bank indebtedness	399,077	412,993	411,895	440,957	446,333	470,424	469,551
Net debt ⁽¹⁾	869,258	806,688	775,723	717,465	723,247	718,449	693,959
Operating Highlights⁽⁵⁾							
Production							
Crude oil (bbls/d)	7,689	7,372	8,483	7,627	8,487	7,527	8,144
Condensate (bbls/d)	1,202	938	684	848	1,023	979	1,055
NGLs (bbls/d)	3,232	3,462	2,972	3,404	3,763	3,379	3,621
Total liquids production (bbls/d)	12,123	11,772	12,139	11,879	13,273	11,885	12,820
Natural gas (mcf/d)	415,517	408,307	356,059	397,379	422,998	389,331	369,306
Total production (boe/d)	81,375	79,823	71,482	78,108	83,773	76,774	74,371
Average prices (including realized derivatives)							
Natural gas (\$/mcf)	3.67	3.31	2.37	2.70	3.29	2.46	1.65
Liquids (\$/bbl)	80.18	72.82	78.13	79.96	86.53	87.84	85.05
Operating Netback (\$/boe)							
Natural gas and liquids sales	28.25	24.76	19.89	23.16	29.42	23.14	20.44
Realized gains on derivatives	2.45	2.92	5.19	2.77	0.87	2.91	2.44
Net sales of purchased natural gas	-	-	0.26	-	-	-	-
Royalty expense	(2.01)	(1.83)	(1.87)	(1.86)	(2.80)	(2.40)	(2.83)
Operating expense	(5.53)	(5.85)	(5.68)	(4.81)	(4.63)	(5.08)	(5.31)
Transportation expense	(3.94)	(4.01)	(4.21)	(4.03)	(4.06)	(3.77)	(3.88)
Operating netback ⁽¹⁾	19.22	15.99	13.58	15.23	18.80	14.80	10.86

(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 and diluted weighted average shares outstanding, as applicable.

(3) Based on adjusted diluted weighted average shares outstanding.

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

(5) Operating highlights are for Advantage's natural gas and liquids operations.

The table above highlights the Corporation's performance for the first quarter of 2026 and for the preceding seven quarters. In the second quarter of 2024, Advantage allowed production to decline slightly while natural gas and liquids sales and adjusted funds flow decreased with lower natural gas prices from an unseasonably mild winter, strong natural gas supply and resulting high North American storage levels. The Corporation's sales and adjusted funds flow increased in the third and fourth quarters of 2024 primarily due to increased production and cash flow provided from acquired assets, although significantly weak natural gas prices persisted and had an adverse offsetting impact. The particularly low natural gas pricing environment resulted in the recognition of a net loss during third quarter of 2024.

In the first quarter of 2025 the Corporation generated higher natural gas and liquids sales and adjusted funds flow, primarily due to increased production and higher natural gas prices. Despite the improved operating and financial results, the Corporation recorded a net loss driven by a significant unrealized loss from changes in the fair value of outstanding derivative contracts. In the second quarter of 2025, natural gas and liquids sales and adjusted funds flow declined relative to the first quarter, reflecting lower production and weaker natural gas and liquids benchmark prices. This trend continued into the third quarter of 2025 where Alberta natural gas prices declined to historic low

Quarterly Performance (continued)

levels and the Corporation strategically curtailed dry gas production during days of exceptionally weak gas prices, contributing to the nominal net loss for the quarter. However, the lower commodity price environment in the second and third quarters of 2025 contributed to material unrealized gains on outstanding derivative contracts. In the fourth quarter of 2025, the Corporation improved its natural gas and liquids sales and adjusted funds flow from a combination of higher production and higher natural gas prices, partially offset by lower liquids prices, contributing to a return to net income for the quarter. In the first quarter of 2026 the Corporation's natural gas and liquids sales and adjusted funds flow continued to increase from higher natural gas and liquids prices and higher production contributing to increased net income. 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 Accounting Standards 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 and comprehensive income through depreciation, impairment and impairment reversals of natural gas and liquids properties. After tax discounted cash flows 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, comprehensive income 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.

Critical Accounting Estimates (continued)

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 and comprehensive income.

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. 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. Determining the fair value of the embedded derivatives requires judgments related to the choice of a pricing model, estimates of volatility, and market data available at that time.

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 initial public offering, 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.

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 Condensed Consolidated Financial Statements for the three months ended March 31, 2026.

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 December 2024, the Canadian Sustainability Standards Board (CSSB) published Canadian versions of the international standards (CSDS 1 and CSDS 2) and the Canadian Securities Administrators (CSA) previously announced that it intended to take the finalized CSSB standards into account and develop new Canadian climate-related disclosure requirements that would be mandatory for subject Canadian issuers. On April 23, 2025, the CSA issued a news release advising that it has paused the work it had previously undertaken to develop new climate and diversity-related disclosure requirements for Canadian issuers.

Environmental Reporting (continued)

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 March 31, 2026, 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 March 31					
	2026			2025		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	118,287	(1,209)	117,078	123,814	(865)	122,949
Expenditures on decommissioning liability	621	-	621	1,393	-	1,393
Changes in non-cash working capital	2,279	(2,225)	54	(4,080)	(1,620)	(5,700)
Adjusted funds flow	121,187	(3,434)	117,753	121,127	(2,485)	118,642

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 March 31					
	2026			2025		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	95,385	38,854	134,239	87,901	20,018	107,919
Changes in non-cash working capital	28,843	5,890	34,733	6,270	(202)	6,068
Net capital expenditures	124,228	44,744	168,972	94,171	19,816	113,987

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

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

(\$000)	Three months ended March 31					
	2026			2025		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	118,287	(1,209)	117,078	123,814	(865)	122,949
Cash used in investing activities	(95,385)	(38,854)	(134,239)	(87,901)	(20,018)	(107,919)
Changes in non-cash working capital	(26,564)	(8,115)	(34,679)	(10,350)	(1,418)	(11,768)
Expenditures on decommissioning liability	621	-	621	1,393	-	1,393
Dispositions	(11,937)	-	(11,937)	(4,000)	-	(4,000)
Free cash flow - surplus (deficit)	(14,978)	(48,178)	(63,156)	22,956	(22,301)	655

Operating Income

Operating income for Advantage's natural gas and liquids operations is comprised of natural gas and liquids sales, realized gains on derivatives, 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 Advantage's field operations across companies, development areas and specific wells. The composition of operating income is as follows:

(\$000)	Three months ended March 31	
	2026	2025
Natural gas and liquids sales	206,922	221,790
Realized gains on derivatives	17,971	6,525
Royalty expense	(14,714)	(21,079)
Operating expense	(40,484)	(34,880)
Transportation expense	(28,875)	(30,573)
Operating income	140,820	141,783

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per Basic Share & Adjusted Funds Flow per Diluted Share

Adjusted funds flow per share is calculated by dividing adjusted funds flow, by segment, by the basic weighted average shares outstanding and the adjusted diluted weighted average shares outstanding. The Corporation adjusted diluted weighted average shares to be calculated based on adjusted funds flow and to include only dilutive instruments that Management considers likely to be dilutive as at the balance sheet date, based on the current economic situation. Performance Share Units are included in adjusted diluted shares as they are expected to be settled in Common Shares. Convertible debentures are excluded until such time that the share price of the Corporation is greater than the conversion price as it avoids overstating dilution in periods where instruments are out-of-the-money and not economically viable to convert. Management believes that adjusted funds flow per share and per diluted 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 March 31	
	2026	2025
Weighted average shares outstanding (000)	166,975	166,821
Diluted weighted average shares outstanding (000)	170,368	169,632
Common shares impact - Convertible debentures (000)	-	-
Adjusted diluted weighted average shares outstanding (000)	170,368	169,632
Advantage adjusted funds flow	121,187	121,127
Entropy adjusted funds flow	(3,434)	(2,485)
<u>Advantage</u>		
Adjusted funds flow per basic share (\$/share)	0.73	0.72
Adjusted funds flow per diluted share (\$/share)	0.71	0.71
<u>Entropy</u>		
Adjusted funds flow per basic share (\$/share)	(0.02)	(0.01)
Adjusted funds flow per diluted share (\$/share)	(0.02)	(0.01)

Adjusted Funds Flow per BOE

Adjusted funds flow per boe is derived by dividing adjusted funds flow attributable to Advantage 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 corporations with different rates of production.

(\$000, except as otherwise indicated)	Three months ended March 31	
	2026	2025
Advantage adjusted funds flow	121,187	121,127
Total production (boe/d)	81,375	83,773
Days in period	90	90
Total production (boe)	7,323,750	7,539,570
Adjusted funds flow per BOE (\$/boe)	16.55	16.07

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Operating Netback

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

(\$000, except as otherwise indicated)	Three months ended March 31	
	2026	2025
Operating income	140,820	141,783
Total production (boe/d)	81,375	83,773
Days in period	90	90
Total production (boe)	7,323,750	7,539,570
Operating netback (\$/boe)	19.22	18.80

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 Convertible Debentures if Advantage devoted all its adjusted funds flow to debt repayment. Debt to adjusted funds flow is calculated by taking the total of bank indebtedness, working capital, and 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, and adjusted funds flow attributed to Entropy are excluded from the calculation as they are a liability of Entropy and are non-recourse to Advantage.

(\$000, except as otherwise indicated)	March 31	December 31
	2026	2025
Bank indebtedness	399,077	412,993
Convertible debentures	143,750	143,750
Working capital (surplus) deficit	13,042	(7,651)
Debt	555,869	549,092
Adjusted funds flow (prior four quarters)	381,642	381,584
Debt to adjusted funds flow	1.5	1.4

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, financing liability, provisions and other liabilities and unsecured debentures, Management and users can determine if the Corporation's 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 March 31, 2026, December 31, 2025 and March 31, 2025 is as follows:

(\$000, except as otherwise indicated)	March 31 2026	December 31 2025	March 31 2025
Cash and cash equivalents	32,533	17,735	46,846
Trade and other receivables	93,982	84,973	90,050
Prepaid expenses and deposits	10,094	11,016	9,608
Trade and other accrued liabilities	(152,891)	(109,248)	(133,936)
Working capital (deficit) surplus	(16,282)	4,476	12,568

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.

A summary of the reconciliation of net debt as at March 31, 2026, December 31, 2025 and March 31, 2025 is as follows:

	March 31 2026	December 31 2025	March 31 2025
Bank indebtedness	399,077	412,993	446,333
Convertible debentures	143,750	143,750	143,750
Working capital deficit (surplus)	13,042	(7,651)	13,224
Net debt attributable to Advantage	555,869	549,092	603,307
Unsecured debentures	310,149	254,421	145,732
Working capital deficit (surplus)	3,240	3,175	(25,792)
Net debt attributable to Entropy	313,389	257,596	119,940
Net debt	869,258	806,688	723,247

Specified Financial Measures (continued)

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 and natural gas embedded derivative, 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.

Dollars per BOE figures

Throughout the MD&A, the Corporation presents certain financial figures, in accordance with IFRS, stated in dollars per boe. All dollar per boe figures include only the results of Advantage's natural gas and liquids operations and exclude the results of Entropy. 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:

- Natural gas and liquids sales per boe
- Realized gains (losses) on derivatives per boe
- Royalty expense per boe
- Operating expense per boe
- Transportation expense per boe
- General and administrative expense per boe
- Share-based compensation expense per boe
- Finance expense per boe
- Depreciation and amortization expense per boe

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:

bbl(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 Gas" and "Shale 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
CCUS	- Carbon Capture Utilization and Storage
IP30	- average initial peak production rate over 30 consecutive days after a well is brought on production
IP90	- average initial peak production rate over 90 consecutive days after a well is brought on production
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", "target", "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; that oil prices remain sensitive to developments related to the geopolitical tensions in the Middle East and that the duration and ultimate impact of such tension may continue to influence commodity prices and anticipated volatility in commodity prices; that Advantage remains on track to achieve its full-year total production and expense guidance; the anticipated timing of the turnaround of the Glacier Gas Plant and the effects thereof on both short and longer term production; the anticipated benefits of the commissioning of the Progress Gas Plant; Advantage's anticipated 2026 average production; Advantage's expectations regarding AECO pricing and Advantage's anticipated exposure to AECO pricing; that Advantage expects to realize significant benefit from its market diversification arrangements; the Corporation's 2026 guidance set forth under the heading "Advantage 2026 Guidance", including Advantage's anticipated annual royalty rates, operating expense per boe, transportation expense per boe, G&A expense per boe, and finance expense per boe in 2026; that following the commissioning of the Progress Gas Plant and the completion of the Glacier Gas Plant turnaround, production is expected to increase with a reduction in operating expense per boe for the second half of 2026; the proportion of capital spending in 2026 to be completed by June 30, 2026 and that Advantage will have relatively low spending in the second half of 2026; 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; anticipated synergies and growth from completion and commissioning of the Progress Gas Plant; that well performance from the Glacier property continues to be strong and resilient; that the construction of the Corporation's 12-inch pipeline loop of its gathering system in Glacier will support further well development; that the Wembley property remains a key contributor to the Corporation's liquid-rich portfolio of Montney assets; that our Charlie Lake drilling program continues to outperform our acquisition type curve; the anticipated timing of Entropy's integration of its proprietary CCS equipment and the anticipated benefits thereof; the Corporation's future commitments and contractual obligations and the anticipated payments in connection therewith and timing thereof; that Advantage remains committed to its strategy of debt reduction and expects to make meaningful progress in 2026 with a return to opportunistic share buybacks; the Corporation's continual financial assessment process and the anticipated benefits in connection therewith; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the Corporation's strategy for managing its capital structure; the terms of the Corporation's Credit Facilities, including the timing of the next review of the Credit Facility and the Corporation's expectations regarding the extension of the Credit Facility at each annual review; the terms of the Debentures; the terms of Entropy's unsecured 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 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 risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; risks associated with the mandatory joint review of the Canada-United States-Mexico Agreement ("**CUSMA**") on July 1, 2026, including the risk that the members ultimately withdrawing from CUSMA, which could result in a significant increase in trade barriers, which could in turn have a material adverse effect on the Canadian and U.S. economies, and by extension the Canadian oil and natural gas industry and Advantage; 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 Facility 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 Advantage's average production in 2026 may be less than anticipated; the risk that Advantage does not achieve its anticipated guidance for 2026 as set forth in this MD&A under the heading "2026 Guidance"; 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 2026 may be greater than anticipated; the risk that Advantage's operating expense per boe, transportation expense per boe, G&A expense per boe, and finance expense per boe in 2026 may be greater than anticipated; the risk that additional natural gas processing will not occur in the second half of 2026 as anticipated; the risk that the commissioning of the Progress gas plant may not result in the anticipated benefits thereof; the risk that Advantage's net debt in 2026 may be greater than anticipated; the risk that Entropy's integration of its proprietary CCS equipment may not be completed on the anticipated timeline or that it may not result in the anticipated benefits thereof; the risk that that the construction of the Corporation's

Forward Looking Information and Other Advisories (continued)

12-inch pipeline loop of its gathering system in Glacier may not support further well development; the risk that that Advantage may not remain committed to its strategy of debt reduction or make meaningful progress in 2026 with a return to opportunistic share buybacks; the risk that that Advantage may not have relatively low spending in the second half of 2026; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedarplus.ca and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

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; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on 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; 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.

Forward Looking Information and Other Advisories (continued)

The future acquisition by the Corporation of 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.

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 anticipated annual royalty rates, operating expense per boe, transportation expense per boe G&A expense per boe, and finance expense per boe in 2026; the Corporation's future commitments and contractual obligations; the proportion of our capital budget expected to be spent during the first half of the year; that Advantage may opportunistically allocate free cash flow to share buybacks; 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.ca 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.

April 30, 2026