



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three and six months ended June 30, 2025 and 2024

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The following Management's Discussion and Analysis ("MD&A"), dated as of August 6, 2025, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three and six months ended June 30, 2025 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2025 and the audited consolidated financial statements for the year ended December 31, 2024 (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 herein forth only include the results of Advantage's natural gas and liquids operations and exclude the results of its subsidiary, 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		Six months ended	
	June 30		June 30	
(\$000, except as otherwise indicated)	2025	2024	2025	2024
Consolidated Financial Statement Highlights				
Natural gas and liquids sales	164,593	104,081	386,383	239,978
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	72,502	(12,084)	43,478	11,079
per basic share ⁽²⁾	0.43	(0.07)	0.26	0.07
per diluted share ⁽²⁾	0.41	(0.07)	0.26	0.07
Basic weighted average shares (000)	167,179	161,362	167,001	160,903
Diluted weighted average shares (000)	180,785	161,362	170,233	164,668
Cash provided by operating activities	80,084	47,090	203,033	114,464
Cash provided by financing activities	42,046	447,502	53,716	459,385
Cash used in investing activities	(95,230)	(494,331)	(203,149)	(573,758)
Segmented Financial Highlights⁽¹⁾				
<u>Advantage Energy Ltd.</u>				
Adjusted funds flow	88,892	44,031	210,019	111,062
per basic share ⁽¹⁾⁽²⁾	0.53	0.27	1.26	0.69
per diluted share ⁽¹⁾⁽³⁾	0.52	0.27	1.24	0.67
Net capital expenditures	48,840	485,198	143,011	561,374
Free cash flow - surplus (deficit)	40,052	4,308	63,008	(4,837)
Bank indebtedness	440,957	488,008	440,957	488,008
Net debt	569,859	619,391	569,859	619,391
<u>Entropy Inc.</u>				
Adjusted funds flow	(3,645)	(1,677)	(6,130)	(3,315)
per basic share ⁽¹⁾⁽²⁾	(0.02)	(0.01)	(0.04)	(0.02)
per diluted share ⁽¹⁾⁽³⁾	(0.02)	(0.01)	(0.04)	(0.02)
Net capital expenditures	18,448	5,690	38,264	9,648
Free cash flow - surplus (deficit)	(22,093)	(7,367)	(44,394)	(12,963)
Net debt	147,606	55,274	147,606	55,274

(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		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Operating				
Production				
Crude oil (bbls/d)	7,627	3,033	8,055	2,832
Condensate (bbls/d)	848	1,200	935	1,215
NGLs (bbls/d)	3,404	2,908	3,583	2,750
Total liquids (bbls/d)	11,879	7,141	12,573	6,797
Natural gas (Mcf/d)	397,379	355,563	410,118	356,487
Total production (boe/d)	78,108	66,401	80,925	66,211
Average realized prices (including realized derivatives)				
Natural gas (\$/Mcf)	2.70	1.82	3.00	2.34
Liquids (\$/bbl)	79.96	84.58	83.41	82.49
Operating Netback (\$/boe)⁽²⁾				
Natural gas and liquids sales	23.16	17.22	26.38	19.91
Realized gains on derivatives	2.77	1.59	1.79	1.15
Processing and other income	0.09	0.32	0.11	0.31
Royalty expense	(1.86)	(1.16)	(2.34)	(1.34)
Operating expense	(4.90)	(4.09)	(4.82)	(4.08)
Transportation expense	(4.03)	(3.73)	(4.04)	(3.98)
Operating netback	15.23	10.15	17.08	11.97

⁽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.

2025 Guidance

Advantage's corporate strategy continues to focus on maximizing adjusted funds flow per share without compromising our balance sheet. At current futures pricing, our optimized development drilling program maximizes adjusted funds flow per share with all free cash flow directed to deleveraging and share buybacks. We remain on track advancing toward our net debt target around the end of this year due to a combination of strong free cash flow generation and non-core dispositions. As we approach this milestone, we intend to establish a new, conservative debt target range and return to aggressive share buybacks.

Despite significant commodity price volatility and third-party facility delays in the first half of this year, Advantage's 2025 guidance remains firmly on track thanks to our exceptional operational performance and relentless cost focus. Operating costs have been significantly better than our expectations, primarily driven by a reduction of over 25% in operating costs per boe on the assets acquired in June 2024 and a deferral of third-party processing commitments. As a result of these persistent cost improvements, we are reducing our full-year guidance for operating costs to \$4.95 to \$5.30 per boe (from \$5.20 to \$5.90 per boe), which includes new third-party processing commitments during the second half of 2025.

The table below summarizes Advantage's 2025 guidance as at August 6, 2025:

Forward Looking Information ⁽¹⁾⁽²⁾	Original Guidance ⁽⁵⁾	Revised Guidance
Cash Used in Investing Activities (\$ millions) ⁽³⁾	270 to 300	270 to 300
Production		
Total Production (boe/d)	80,000 to 83,000	80,000 to 83,000
Natural Gas (%)	84 to 85	84 to 85
Crude Oil and Condensate (%)	11 to 12	11 to 12
NGLs (%)	~4	~4
Expenses		
Royalty Rate (%)	8 to 10	8 to 10
Operating Expense (\$/boe) ⁽⁴⁾	5.20 to 5.90	4.95 to 5.30
Transportation Expense (\$/boe) ⁽⁴⁾	3.95 to 4.25	3.95 to 4.25
G&A Expense (\$/boe) ⁽⁴⁾	0.75 to 0.85	0.75 to 0.85
Finance Expense (\$/boe) ⁽⁴⁾	1.50 to 1.95	1.50 to 1.95

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

⁽²⁾ Guidance numbers are for Advantage Energy Ltd. only and exclude its subsidiary, Entropy Inc.

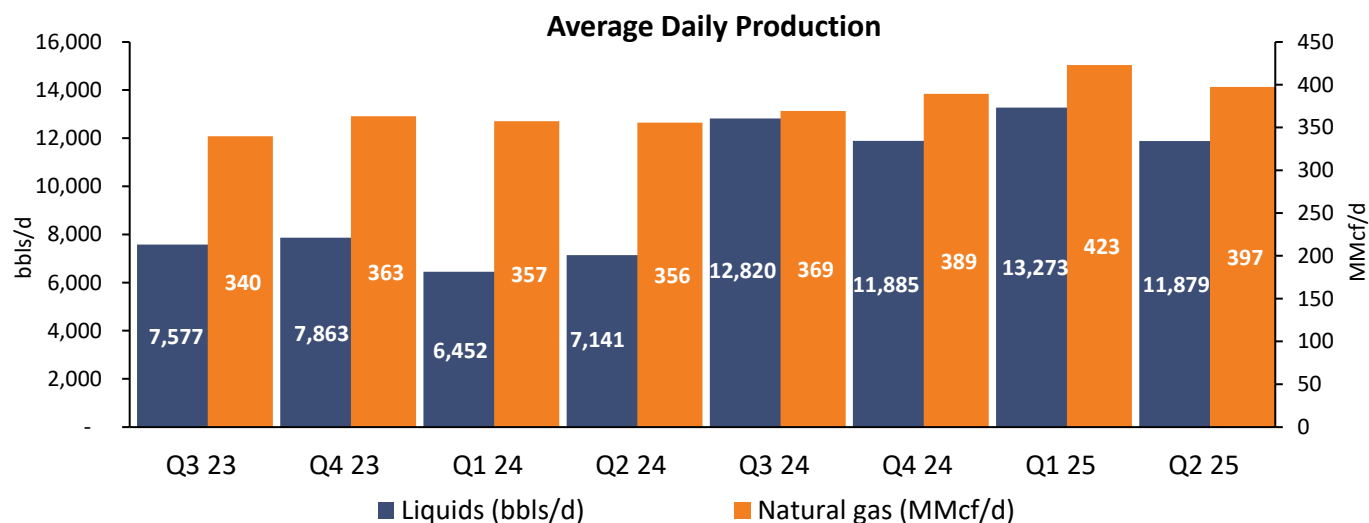
⁽³⁾ Cash Used in Investing Activities is the same as Net Capital Expenditures as no change in non-cash working capital is assumed between years and other differences are immaterial.

⁽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".

⁽⁵⁾ See December 31, 2024 MD&A dated March 4, 2025.

Production

Average Daily Production	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Crude oil (bbls/d)	7,627	3,033	151	8,055	2,832	184
Condensate (bbls/d)	848	1,200	(29)	935	1,215	(23)
NGLs (bbls/d)	3,404	2,908	17	3,583	2,750	30
Total liquids (bbls/d)	11,879	7,141	66	12,573	6,797	85
Natural gas (Mcf/d)	397,379	355,563	12	410,118	356,487	15
Total production (boe/d)	78,108	66,401	18	80,925	66,211	22
Liquids (% of total production)	15	11		16	10	
Natural gas (% of total production)	85	89		84	90	



For the three and six months ended June 30, 2025, Advantage's total production averaged 78,108 and 80,925 boe/d, respectively, increases of 18% and 22% compared to the same periods of the prior year. Production increased significantly relative to the prior year, primarily due to the June 2024 acquisition of high-quality Charlie Lake and Montney assets (the "Acquired Assets"). The Acquired Assets were successfully integrated into Advantage's operations and contributed meaningfully to both natural gas and liquids volumes and growth. Advantage optimized production during the first half of 2025 by overproducing while prices were strong during the first quarter, and restricting production in the second quarter while the NGTL system suffered from poor reliability and low pricing. As a result, production was slightly lower than in the first quarter but remains on track to meet our annual guidance.

Natural gas production for the three and six months ended June 30, 2025 averaged 397.4 and 410.1 MMcf/d, respectively, increases of 12% and 15% compared to the same periods of the prior year. Advantage's natural gas production increased as a result of the Acquired Assets and continued development at Glacier/Valhalla, with 3.0 net Montney wells brought on production in the first half of 2025 (see "Cash Used in Investing Activities and Net Capital Expenditures"), partially offset by Advantage's policy of strategic production curtailments of dry gas in response to occasional low Alberta natural gas prices.

Liquids production increased to 11,879 and 12,573 bbls/d for the three and six months ended June 30, 2025, increases of 66% and 85% compared to the same periods of the prior year, primarily due to production from the Acquired Assets (see "Cash Used in Investing Activities and Net Capital Expenditures").

Advantage expects 2025 annual production to average between 80,000 and 83,000 boe/d based on the Corporation's planned 2025 capital program (see "2025 Guidance").

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended			Six months ended		
	June 30 2025	June 30 2024	% Change	June 30 2025	June 30 2024	% Change
Natural gas						
Excluding derivatives (\$/Mcf)	2.35	1.52	55	2.77	2.13	30
Including derivatives (\$/Mcf)	2.70	1.82	48	3.00	2.34	28
Liquids						
Crude oil (\$/bbl)	82.85	101.99	(19)	89.02	97.28	(8)
Condensate (\$/bbl)	84.56	103.89	(19)	91.72	99.03	(7)
NGLs (\$/bbl)	50.52	58.44	(14)	55.19	59.95	(8)
Total liquids excluding derivatives (\$/bbl)	73.71	84.58	(13)	79.58	82.49	(4)
Total liquids including derivatives (\$/bbl)	79.96	84.58	(5)	83.41	82.49	1
Average Benchmark Prices						
Natural gas ⁽¹⁾						
AECO daily (\$/Mcf)	1.69	1.18	43	1.92	1.84	4
Empress daily (\$/Mcf)	2.00	1.19	68	2.22	1.89	17
Henry Hub (\$US/MMbtu)	3.44	2.04	69	3.55	2.24	58
Emerson daily (\$US/MMbtu)	1.66	1.04	60	2.29	1.67	37
Dawn daily (\$US/MMbtu)	2.88	1.55	86	3.37	1.90	77
Chicago Citygate (\$US/MMbtu)	2.81	1.60	76	3.36	2.22	51
Liquids						
WTI (\$US/bbl)	63.71	80.54	(21)	67.55	78.75	(14)
MSW Edmonton (\$/bbl)	84.22	105.05	(20)	89.76	98.85	(9)
Average Exchange rate (\$US/\$CAD)	0.7226	0.7309	(1)	0.7097	0.7361	(4)

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

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

Natural gas

Advantage's realized natural gas price excluding derivatives for the three and six months ended June 30, 2025, was \$2.35/Mcf and \$2.77/Mcf, respectively, increases of 55% and 30% compared to the same periods of the prior year. This increase was attributed to higher natural gas benchmark prices in markets where Advantage physically delivers natural gas and has market diversification exposure. North American natural gas benchmark prices have increased in 2025 as compared to 2024, largely due to a more balanced market from higher liquified natural gas demand and a colder winter than the prior year, which contributed to lower inventory levels. The most pronounced pricing improvements occurred outside of Alberta, which continues to experience strong production levels and elevated inventory in advance of incremental demand expected from LNG Canada.

Advantage's 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 Alliance tolls. Advantage incurs additional transportation expense to deliver production beyond AECO to the Empress, Emerson, Dawn and Chicago markets (see "Transportation Expense").

Commodity Prices and Marketing (continued)

The following table outlines the Corporation's 2025 forward-looking natural gas market exposure, and the six months ended June 30, 2025, actual natural gas market exposure, excluding hedging.

Sales Markets	Six months ended June 30, 2025		Forward-looking 2025 ⁽²⁾	
	Production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)
AECO	139.6	34%	150.4	37%
AECO Other ⁽⁴⁾	51.4	13%	48.7	12%
Empress	88.3	21%	88.4	21%
Emerson	35.0	9%	30.9	7%
Dawn	52.7	13%	52.7	13%
Chicago	18.1	4%	17.1	4%
PJM power price ⁽⁵⁾	25.0	6%	25.0	6%
Total	410.1	100%	413.2⁽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 June 30, 2025.

⁽³⁾ Represents the midpoint of our 2025 guidance for natural gas production volumes (see "2025 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.

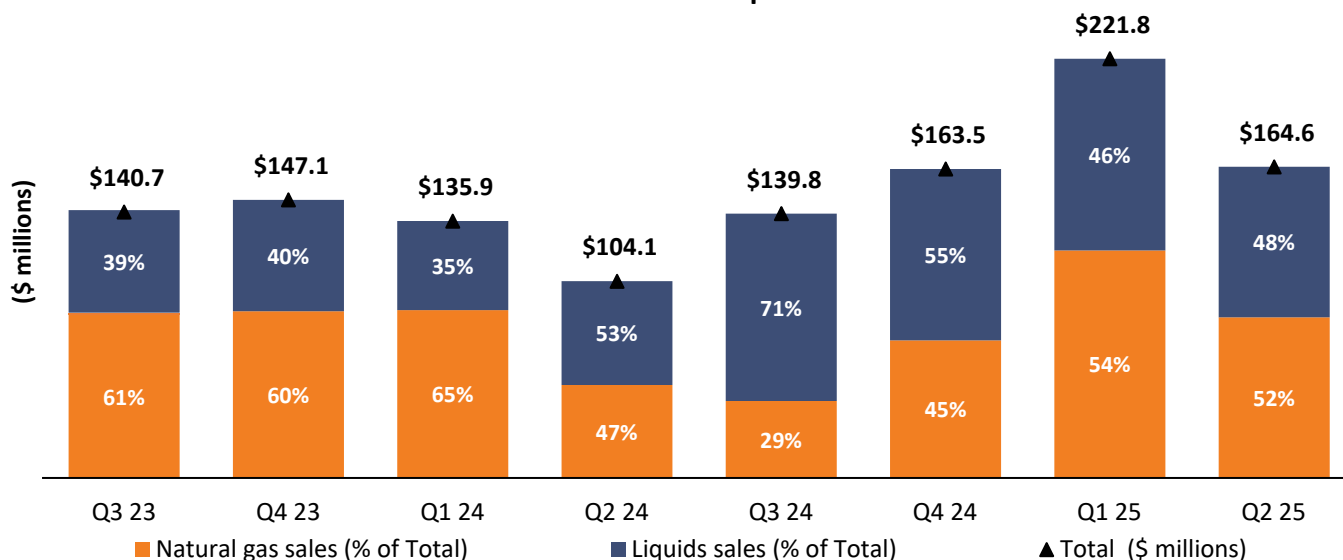
Liquids

Advantage's realized liquids price excluding derivatives for the three and six months ended June 30, 2025, was \$73.71/bbl and \$79.58/bbl, respectively, decreases of 13% and 4% compared to the same periods of the prior year. Realized crude oil, condensate and NGL prices have all decreased over the prior year, largely due to higher global supply. However, this decline also reflects broader market dynamics including softening demand in key regions, evolving trade policies and tariffs, and shifting seasonal consumption patterns. The price that Advantage receives for crude oil and condensate production is largely driven by global supply and demand and the Edmonton light sweet oil and condensate price differentials. Approximately 83% of our liquids production is comprised of crude oil, condensate and pentanes, which generally attracts higher market prices than other NGLs. The quality of our liquids production has increased significantly from the prior year due to the Acquired Assets.

Natural Gas and Liquids Sales

(\$000, except as otherwise indicated)	Three months ended June 30			Six months ended June 30		
	2025	2024	% Change	2025	2024	% Change
Crude oil	57,501	28,151	104	129,788	50,143	159
Condensate	6,525	11,342	(42)	15,522	21,906	(29)
NGLs	15,649	15,465	1	35,792	30,001	19
Liquids	79,675	54,958	45	181,102	102,050	77
Natural gas	84,918	49,123	73	205,281	137,928	49
Natural gas and liquids sales	164,593	104,081	58	386,383	239,978	61
per boe	23.16	17.22	34	26.38	19.91	32

Natural Gas and Liquids Sales



Natural gas and liquids sales for the three and six months ended June 30, 2025, increased by \$60.5 million or 58% and \$146.4 million or 61%, respectively, compared to the same corresponding periods of 2024.

For the three and six months ended June 30, 2025, natural gas sales increased by \$35.8 million, or 73%, and \$67.4 million, or 49%, respectively, compared to the corresponding periods of 2024. The increases are due to a 55% and 30% increase in average realized natural gas prices (see "Commodity Prices and Marketing") for the three and six month periods, accompanied by an increase of 12% and 15% in natural gas production volumes for the same periods (see "Production").

For the three and six months ended June 30, 2025, liquids sales increased by \$24.7 million, or 45%, and \$79.1 million, or 77%, respectively, compared to the corresponding periods of 2024. The increases in both periods were due to a 66% and 85% increase in liquids production volumes for the three and six month periods (see "Production"), partially offset by lower average realized liquids prices of 13%, and 4%, for the three and six month period ended June 30, 2025 (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 and six months ended June 30, 2025, and 2024 are as follows:

	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Realized gains (losses) on derivatives				
Natural gas	11,943	10,465	15,423	15,128
Crude oil	6,763	-	8,705	-
Foreign exchange	249	(86)	(171)	4
Natural gas embedded derivative	726	(743)	2,249	(1,290)
Total	19,681	9,636	26,206	13,842
Unrealized gains (losses) on derivatives				
Natural gas	52,608	22,401	(5,440)	13,240
Crude oil	5,005	(4,911)	3,009	(4,911)
Foreign exchange	891	(92)	1,237	(939)
Natural gas embedded derivative	15,090	(25,294)	(16,333)	(8,880)
Unsecured debentures	(718)	(86)	493	(268)
Total	72,876	(7,982)	(17,034)	(1,758)
Gains (losses) on derivatives				
Natural gas	64,551	32,866	9,983	28,368
Crude oil	11,768	(4,911)	11,714	(4,911)
Foreign exchange	1,140	(178)	1,066	(935)
Natural gas embedded derivative	15,816	(26,037)	(14,084)	(10,170)
Unsecured debentures	(718)	(86)	493	(268)
Total	92,557	1,654	9,172	12,084

Financial Risk Management (continued)

Natural gas

For the three and six months ended June 30, 2025, Advantage realized gains on natural gas derivatives of \$11.9 million and \$15.4 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices.

Advantage recognized an unrealized gain on natural gas derivatives of \$52.6 million and an unrealized loss of \$5.4 million, respectively, for the three and six months ended June 30, 2025. Unrealized gains and losses are a result of changes in the fair value of the Corporation's outstanding natural gas derivative contracts accompanied with the settlement of contracts in their respective periods. The change in the fair value of our outstanding natural gas derivative contracts was significantly impacted by a decrease in forward strip prices at both AECO and Dawn resulting in an asset position of the Corporation's natural gas derivative contracts at June 30, 2025.

Crude oil

In conjunction with acquiring liquids assets in June 2024, Advantage initiated a disciplined crude oil hedging program by entering into an increased volume of crude oil derivative contracts. For the three and six months ended June 30, 2025 Advantage realized gains on crude oil derivatives of \$6.8 million and \$8.7 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices.

Advantage recognized unrealized gains on crude oil derivatives of \$5.0 million and \$3.0 million for the three and six month periods ended June 30, 2025. The unrealized gains are due to a weakening of forward crude oil prices during 2025.

Foreign exchange

For the three and six months ended June 30, 2025, Advantage realized a gain on foreign exchange derivatives of \$0.2 million and a loss of \$0.2 million, respectively, while recognizing an unrealized gain of \$0.9 million and \$1.2 million for the three and six months ended June 30, 2025. The unrealized gains are a result of an increased asset valuation of the foreign exchange derivatives contracts due to the strengthening of the Canadian dollar.

Natural gas embedded derivative

Advantage has a long-term natural gas supply agreement under which Advantage will supply 25,000 MMBtu/d of natural gas for a 10-year period. Commercial terms of the agreement are based upon a spark-spread price, providing Advantage exposure to PJM electricity prices, back-stopped with a natural gas price collar. The contract contains an embedded derivative as a result of the spark-spread price and the natural gas price collar. The Corporation defined the host contract as a natural gas sales arrangement with a fixed price of US\$2.50/MMBtu. The Corporation will have realized gains (losses) on the embedded derivative when the realized settlement price differs from US\$2.50/MMBtu, resulting in a realized gain of \$0.7 million and \$2.2 million for the three and six months ended June 30, 2025, respectively (three and six months ended June 30, 2024 – realized loss of \$0.7 million and \$1.3 million). The Corporation will have unrealized gains (losses) on the embedded derivative based on movements in the forward curve for PJM electricity prices. For the three and six months ended June 30, 2025 the Corporation recognized an unrealized gain on the natural gas embedded derivative of \$15.1 million and an unrealized loss of \$16.3 million, respectively, as a result of changes in the forward curve for PJM electricity prices.

Financial Risk Management (continued)

Unsecured debentures derivative

Entropy issued unsecured debentures that have exchange features that meet the definition of a derivative liability, as the exchange features allow the unsecured debentures to be potentially exchanged for a variable number of Entropy common shares (see "Unsecured Debentures"). The Corporation will record unrealized gains (losses) as the valuation of the conversion option changes. For the three and six months ended June 30, 2025, the Entropy unsecured debentures derivative liability resulted in an unrealized loss of \$0.7 million and an unrealized gain of \$0.5 million, respectively, due to changes in the value of the conversion option.

The fair value of derivative assets and liabilities is the estimated value to settle the outstanding contracts as at a point in time. As such, unrealized derivative gains and losses do not impact adjusted funds flow and the actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices, foreign exchange rates and interest rates as compared to the valuation assumptions. Remaining derivative contracts will settle between July 1, 2025 and March 31, 2028, apart from the natural gas embedded derivative which is expected to be settled between the years 2025 and 2033.

As at June 30, 2025 and August 6, 2025, 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	July 2025 to October 2025	135,064 Mcf/d	\$2.62/Mcf
Fixed price swap	November 2025 to March 2026	132,694 Mcf/d	\$3.58/Mcf
Fixed price swap	April 2026 to October 2026	66,347 Mcf/d	\$3.17/Mcf
Fixed price swap	November 2026 to March 2027	71,086 Mcf/d	\$3.27/Mcf
Fixed price swap	April 2027 to March 2028	14,217 Mcf/d	\$3.23/Mcf
Natural gas - Chicago			
Fixed price swap	July 2025 to October 2025	4,739 Mcf/d	\$5.10/Mcf
Natural gas - Dawn			
Fixed price swap	July 2025 to October 2025	47,391 Mcf/d	\$4.04/Mcf
Fixed price swap	November 2025 to March 2026	28,435 Mcf/d	\$4.65/Mcf
Fixed price swap	April 2026 to October 2026	28,435 Mcf/d	\$4.52/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	\$4.25/Mcf
Crude oil – WTI NYMEX			
Fixed price swap	July 2025 to December 2025	4,000 bbls/d	US \$72.36/bbl
Fixed price swap	January 2026 to June 2026	1,000 bbls/d	US \$63.08/bbl

Description of derivative	Term	Notional Amount	Rate
Forward rate - CAD/USD			
Average rate currency swap	July 2025	US \$ 3,000,000/month	1.3969
Average rate currency swap	August 2025 to December 2025	US \$ 1,000,000/month	1.4320

Processing and Other Income

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Advantage processing and other income	615	1,942	(68)	1,593	3,751	(58)
per boe	0.09	0.32	(72)	0.11	0.31	(65)
Entropy engineering services	1,312	-	nm	2,625	375	nm
Total processing and other income	1,927	1,942	(1)	4,218	4,126	2

Advantage earns processing income from contracts whereby the Corporation charges third-parties to utilize excess capacity at its facilities.

For the three and six months ended June 30, 2025, the Corporation generated \$0.6 million and \$1.6 million, respectively, in processing and other income, a decrease of 68% and 58% compared to the same periods of the prior year. The decrease is a result of less third-party throughput at the Glacier Gas Plant as Advantage acquired production in 2024 that was previously being charged natural gas processing fees.

For the three and six months ended June 30, 2025, Entropy generated \$1.3 million and \$2.6 million in other income for front-end engineering and design studies for third-parties.

Royalty Expense

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Royalty expense	13,256	7,015	89	34,335	16,150	113
per boe	1.86	1.16	60	2.34	1.34	75
Royalty rate (%) ⁽¹⁾	8.1	6.7	1.4	8.9	6.7	2.2

⁽¹⁾ Percentage of natural gas and liquids sales.

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

The increase in royalty expense was due to significantly higher natural gas and liquids sales, particularly from liquids production (see "Production") and natural gas prices (see "Commodity Prices and Marketing"). The average royalty rate was similarly higher than the comparative period due to an increased proportion of sales being liquids, which generally attract higher royalty rates and netbacks (see "Natural Gas and Liquids Sales") due to elevated liquids pricing.

Advantage expects royalty rates to range from 8% to 10% in 2025 (see "2025 Guidance").

Operating Expense

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Advantage operating expense	34,806	24,717	41	70,664	49,214	44
per boe	4.90	4.09	20	4.82	4.08	18
Entropy operating expense	727	433	68	1,350	1,018	33
Operating expense	35,533	25,150	41	72,014	50,232	43

Operating expense for the three and six months ended June 30, 2025, increased by \$10.1 million and \$21.5 million, respectively, increases of 41% and 44%. Operating expense per boe for the three and six months ended June 30, 2025 was \$4.90/boe and \$4.82/boe, respectively. The higher operating expense was primarily due to higher production volumes associated with the Acquired Assets, which are more liquids-weighted and therefore carry higher operating costs per boe, while also generating stronger operating netbacks. Operating costs have been significantly better than our expectations, primarily driven by a reduction of over 25% in operating costs per boe on the Acquired Assets and a deferral of third-party processing commitments.

Advantage expects 2025 annual operating expense per boe to be approximately \$4.95 to 5.30 (see "2025 Guidance"), which includes new third-party processing commitments during the second half of 2025.

Transportation Expense

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Natural gas	23,706	19,190	24	48,789	41,222	18
Liquids	4,947	3,344	48	10,437	6,709	56
Transportation expense	28,653	22,534	27	59,226	47,931	24
per boe	4.03	3.73	8	4.04	3.98	2

Transportation expense represents the cost of transporting our natural gas and liquids production to the sales points, including associated fuel costs. Transportation expense for the three and six months ended June 30, 2025, increased by \$6.1 million and \$11.3 million, respectively, increases of 27% and 24%. The increase in transportation expense is a result of additional production from the Acquired Assets and additional physical natural gas transportation to downstream markets (see "Commodity Prices and Marketing"). Transportation cost per boe was substantially comparable to the prior year periods.

Advantage expects 2025 annual transportation expense per boe to be approximately \$3.95 to \$4.25/boe (see "2025 Guidance").

Operating Income and Operating Netback

	Three months ended June 30			
	2025		2024	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	164,593	23.16	104,081	17.22
Realized gains on derivatives	19,681	2.77	9,636	1.59
Processing and other income	615	0.09	1,942	0.32
Royalty expense	(13,256)	(1.86)	(7,015)	(1.16)
Operating expense	(34,806)	(4.90)	(24,717)	(4.09)
Transportation expense	(28,653)	(4.03)	(22,534)	(3.73)
Operating income and operating netback ⁽¹⁾	108,174	15.23	61,393	10.15

	Six months ended June 30			
	2025		2024	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	386,383	26.38	239,978	19.91
Realized gains on derivatives	26,206	1.79	13,842	1.15
Processing and other income	1,593	0.11	3,751	0.31
Royalty expense	(34,335)	(2.34)	(16,150)	(1.34)
Operating expense	(70,664)	(4.82)	(49,214)	(4.08)
Transportation expense	(59,226)	(4.04)	(47,931)	(3.98)
Operating income and operating netback ⁽¹⁾	249,957	17.08	144,276	11.97

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

For the three and six months ended June 30, 2025, Advantage's operating income increased by 76% and 73%, respectively, or \$5.08/boe and \$5.11/boe. The increase in operating netback per boe was primarily due to the increase in natural gas and liquids sales, particularly from higher liquids production from the Acquired Assets (see "Production") and natural gas prices (see "Commodity Prices and Marketing"), increased realized gains on derivatives, partially offset by higher royalty expense associated with higher commodity prices (see "Royalty Expense"), and operating expenses (see "Operating Expense").

General and Administrative Expense

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Advantage G&A	6,932	6,690	4	15,783	15,679	1
Capitalized	(1,473)	(1,143)	29	(3,019)	(3,079)	(2)
Advantage G&A expense	5,459	5,547	(2)	12,764	12,600	1
per boe	0.77	0.92	(16)	0.87	1.05	(17)
Entropy G&A expense	5,378	2,072	160	9,696	4,373	122
General and administrative expense	10,837	7,619	42	22,460	16,973	32
Employees at June 30				93	83	12

Advantage general and administrative ("G&A") expense for the three and six months ended June 30, 2025, remained consistent with the same periods of the prior year. On a per boe basis, G&A expense decreased reflecting the efficiencies gained through increased scale.

Entropy G&A expense incurred for the three and six months ended June 30, 2025, increased by \$3.3 million and \$5.3 million, respectively. The increase is primarily attributable to expenditures incurred for completing front-end engineering and design studies for emitters. These studies are undertaken with the expectation that either Entropy and the emitters will subsequently approve a final investment decision for the project, or Entropy will receive compensation for the studies (see "Processing and Other Income"). In addition, Entropy has expanded its staffing levels to support ongoing business growth and operational scalability.

Share-based Compensation Expense

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Share-based compensation	3,182	1,570	103	5,217	1,665	213
Capitalized	(564)	(331)	70	(917)	(331)	177
Share-based compensation expense	2,618	1,239	111	4,300	1,334	222
per boe	0.37	0.21	76	0.29	0.11	164

Advantage's long-term compensation plan for staff consists of a cash-based performance award incentive plan (see "General and Administrative Expense") and a share-based Restricted and Performance Award Incentive Plan. Under the Restricted and Performance Award Incentive Plan, service providers of Advantage are granted Performance Share Units that vest over three years from grant date. Capitalized share-based compensation is attributable to staff involved with the development of capital projects.

Advantage's share-based compensation expense for the three and six months ended June 30, 2025, increased by \$1.4 million and \$3.0 million, or 111% and 222%, respectively. This change was primarily due to unusually low expense levels in 2024, which reflected a lower-than-expected performance multiplier, lower revised performance multiplier estimates for outstanding Performance Share Units, and forfeitures related to employee retirements.

Finance Expense

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Advantage interest expense	12,241	7,954	54	24,783	15,127	64
per boe	1.72	1.32	30	1.69	1.26	34
Advantage accretion expense	1,313	612	115	2,603	1,125	131
Advantage finance expense	13,554	8,566	58	27,386	16,252	69
Entropy finance expense	1,948	913	113	3,302	1,684	96
Finance expense	15,502	9,479	64	30,688	17,936	71

Advantage realized higher interest expense during the three and six months ended June 30, 2025, primarily due to the financing of the Acquired Assets through a combination of bank indebtedness and convertible debentures. 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"). Advantage recognized \$1.8 million and \$3.6 million of interest expense related to the convertible debentures and incurred incremental associated accretion expense for the three and six months ended June 30, 2025 due to the accounting treatment for convertible debentures (see "Convertible Debentures").

Entropy finance expense increased during the three and six months ended June 30, 2025, due to an increased average outstanding aggregate principal amount of unsecured debentures associated with investors continued financing of the ongoing Glacier Phase 2 CCS project. 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			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Advantage depreciation	55,104	42,369	30	114,385	83,286	37
per boe	7.75	7.01	11	7.81	6.91	13
Entropy depreciation and amortization	973	2,958	(67)	1,933	3,170	(39)
Depreciation and amortization expense	56,077	45,327	24	116,318	86,456	35

The increase in depreciation and amortization expense for the three and six months ended June 30, 2025, was attributable to an increased net book value associated with the Corporation's property, plant, and equipment accompanied by increased production (see "Production"). Depreciation and amortization expense per boe increased compared to prior periods due to the Acquired Assets having a higher depletion rate per boe typical for liquids-weighted assets as compared to the Corporation's pre-existing natural gas-weighted assets.

Taxes

(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Income tax expense (recovery)	23,962	(1,569)	nm	16,950	6,178	174
Effective tax rate (%)	25.0	nm		28.5	37.4	

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and six months ended June 30, 2025, the Corporation recognized a deferred income tax expense of \$24.0 million and \$17.0 million, respectively. Income tax expense for three and six months ended June 30, 2025 is a result of net income before taxes and non-controlling interest of \$95.9 million and \$59.5 million, respectively, combined with non-deductible share-based compensation expense, and valuation allowances applied against Entropy's non-capital losses. As at June 30, 2025, the Corporation had a deferred income tax liability of \$270.1 million.

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

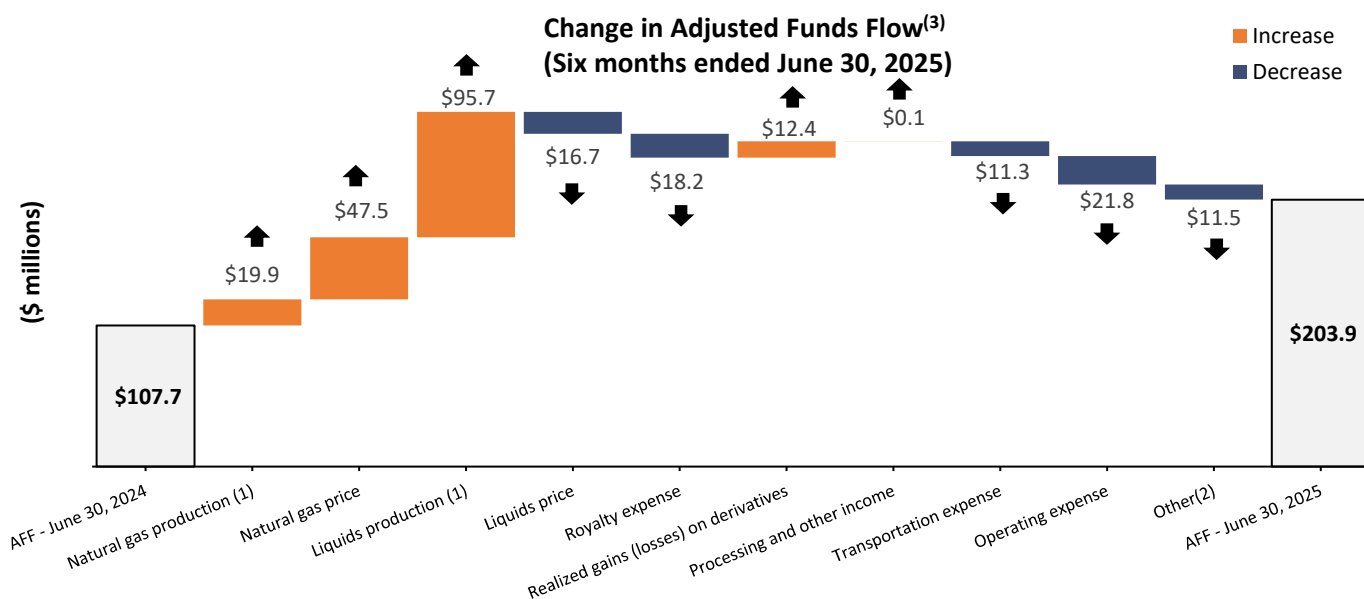
(\$000, except as otherwise indicated)	Three months ended			Six months ended		
	June 30		%	June 30		%
	2025	2024	Change	2025	2024	Change
Net income (loss) and comprehensive income (loss) attributable to Advantage shareholders	72,502	(12,084)	nm	43,478	11,079	292
per basic share	0.43	(0.07)	nm	0.26	0.07	271
per diluted share	0.41	(0.07)	nm	0.26	0.07	271

Advantage recognized net income attributable to Advantage shareholders of \$72.5 million and \$43.5 million for the three and six months ended June 30, 2025, respectively. Significantly increased gains on derivatives (see "Financial Risk Management") contributed to the increase for the three months ended June 30, 2025, while both the three and six month periods ended June 30, 2025 saw higher natural gas and liquids sales attributable to higher production (see "Production") and higher natural gas prices (see "Natural Gas and Liquids Sales"), partially offset by higher royalty expense associated with higher commodity prices (see "Royalty Expense"), and operating expenses (see "Operating Expense").

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

(\$000, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Cash provided by operating activities	80,084	47,090	203,033	114,464
Expenditures on decommissioning liability	1,170	42	2,563	109
Changes in non-cash working capital	3,993	(4,778)	(1,707)	(6,826)
Adjusted funds flow ⁽¹⁾	85,247	42,354	203,889	107,747
Advantage adjusted funds flow ⁽¹⁾	88,892	44,031	210,019	111,062
per basic share ⁽¹⁾	0.53	0.27	1.26	0.69
per diluted share ⁽¹⁾	0.52	0.27	1.24	0.67
per boe ⁽¹⁾	12.51	7.29	14.34	9.22
Entropy adjusted funds flow ⁽¹⁾	(3,645)	(1,677)	(6,130)	(3,315)

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



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

⁽²⁾ Other includes the net impact of G&A expense, transaction cost, finance expense (excluding accretion expense), foreign exchange gain and settlement of Performance Share Units in cash.

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

For the three and six months ended June 30, 2025, Advantage realized cash provided by operating activities of \$80.1 million and \$203.0 million, an increase of \$33.0 million and \$88.6 million, respectively, when compared to the same periods of 2024. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, the Corporation realized adjusted funds flow of \$85.2 million and \$203.9 million, increases of \$42.9 million and \$96.1 million, respectively, when compared to the same periods of 2024. The increases in cash provided by operating activities and adjusted funds flow were largely due to the increase in natural gas and liquids sales as a result of higher total production and higher natural gas prices (see "Production" and "Commodity Prices and Marketing"), partially offset by higher costs associated with the increased commodity prices and liquids-weighted production.

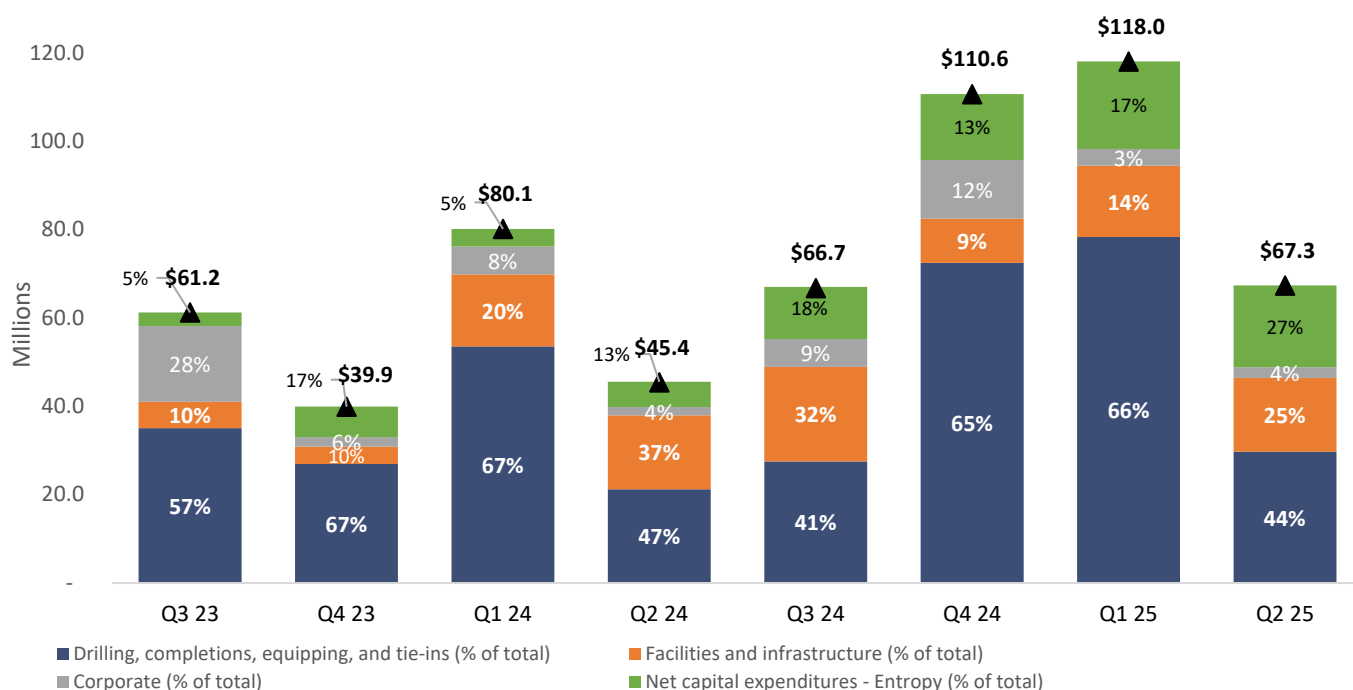
Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Drilling, completions, equipping and tie-ins	29,727	21,178	107,999	74,724
Facilities and infrastructure	16,697	16,660	32,841	32,956
Corporate ⁽²⁾	2,416	1,885	6,171	8,219
Exploration and development expenditures	48,840	39,723	147,011	115,899
Asset acquisitions	-	445,475	-	445,475
Asset dispositions	-	-	(4,000)	-
Net capital expenditures – Advantage	48,840	485,198	143,011	561,374
Carbon capture and storage facilities	18,280	5,426	37,994	8,844
Intangible assets	168	264	270	804
Net capital expenditures - Entropy	18,448	5,690	38,264	9,648
Net capital expenditures ⁽¹⁾	67,288	490,888	181,275	571,022
Changes in non-cash working capital	27,942	3,443	21,874	2,736
Cash used in investing activities	95,230	494,331	203,149	573,758

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

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

Net Capital Expenditures (Excluding Acquisitions & Dispositions)⁽¹⁾



(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 \$48.8 million and \$147.0 million on property, plant, and equipment assets during the three and six months ended June 30, 2025, respectively. The following table summarizes wells drilled, completed and on production for the three and six months ended June 30, 2025:

(# of wells)	Three months ended June 30, 2025						Six months ended June 30, 2025					
	Drilled		Completed		On production		Drilled		Completed		On production	
	Gross (Net)		Gross (Net)		Gross (Net)		Gross (Net)		Gross (Net)		Gross (Net)	
Glacier	1	(1.0)	-	-	-	-	3	(3.0)	5	(5.0)	2	(2.0)
Valhalla	-	-	-	-	1	(1.0)	-	-	2	(2.0)	1	(1.0)
Wembley	-	-	3	(3.0)	3	(3.0)	3	(3.0)	3	(3.0)	3	(3.0)
Montney	1	(1.0)	3	(3.0)	4	(4.0)	6	(6.0)	10	(10.0)	6	(6.0)
Valhalla	-	-	2	(2.0)	4	(3.7)	5	(3.6)	6	(4.5)	8	(6.5)
Progress	1	(0.5)	4	(2.0)	4	(2.0)	4	(2.0)	4	(2.0)	4	(2.0)
Gordondale	-	-	-	-	-	-	2	(2.0)	2	(2.0)	2	(2.0)
Charlie Lake	1	(0.5)	6	(4.0)	8	(5.7)	11	(7.6)	12	(8.5)	14	(10.5)
Total	2	(1.5)	9	(7.0)	12	(9.7)	17	(13.6)	22	(18.5)	20	(16.5)

Charlie Lake Assets

Valhalla/Progress/Gordondale

Activity on our Charlie Lake properties continued to accelerate following the closing of the acquisition on June 24, 2024. Activity of 11 gross (7.6 net) wells drilled, 12 gross (8.5 net) wells completed, and 14 gross (10.5 net) wells placed on production. Our Charlie Lake drilling program continues to outperform our acquisition type curve with particularly strong oil and liquids rates.

During the first half of 2025, Advantage physically connected our main 16-29 Valhalla Battery to both the North River Midstream Gordondale East plant and the CSV Albright plant gas gathering systems. The plants are undergoing expansion or new construction respectively and, along with our own extensive gas processing and liquid handling infrastructure, will be available in 2025 and beyond to facilitate continued development of our Charlie Lake properties.

Montney Assets

Glacier

During the first half of 2025 at our Glacier property 3 gross (3.0 net) wells drilled, 5 gross (5.0 net) wells completed, and 2 gross (2.0 net) wells were placed on production.

Well performance from the property continues to be strong and resilient. Of all Alberta Montney gas wells placed on production in 2024, Advantage had 7 of the top 10 gas producing wells, based on IP90 rates.

A new water disposal well was also drilled and completed during the first quarter and will help maintain our low-cost structure at Glacier.

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

Valhalla

Two new Montney wells were completed at Valhalla during the first quarter of 2025. These wells will be brought on production at full capacity through the Glacier Gas Plant coinciding with the start-up of new processing capacity at the North River Midstream Gordondale East plant and the CSV Albright plant. No new wells were brought on production in 2024 due to the raw gas transportation line to the Glacier Gas Plant being utilized at capacity. Continued strong well results support Management's view that our Valhalla Montney asset will continue to play a pivotal role in the Corporation's liquids-rich gas development plan.

Wembley

At Wembley, drilling activity resumed on a three-well pad during the first quarter of 2025 with completion operations taking place during the second quarter of 2025. The Wembley asset is connected to two major third-party gas processing facilities and utilizes existing capacity in our 100% owned Wembley compressor site and liquids handling hub. Well results are solid and the property remains a key contributor to our liquid rich portfolio of Montney assets.

Progress

At Progress, as outlined in our 2025 capital budget, construction on the Phase 1 75 MMcf/d Progress 4-21 gas plant was deferred to early 2026, with no impact on 2025 production. Instead, excess processing capacity strategically acquired in 2024 will be utilized, reducing 2025 capital expenditures and increasing free cash flow by approximately \$35 million.

The completion and commissioning of the Progress facility in the second quarter of 2026 will unlock significant synergies and growth from our assets through regional infrastructure and production optimization, resulting in lower operating costs and stronger operating netbacks. The Progress gas plant will also provide incremental processing capacity for our next phase of low-cost production growth at Glacier.

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, of which \$201.7 million has been drawn as at June 30, 2025. Advantage does not provide any financing to Entropy.

Entropy invested \$18.4 million and \$38.3 million, respectively, in net capital expenditures during the three and six months ended June 30, 2025. Entropy's expenditures were mainly attributable to procurement of equipment required for construction of the ongoing Glacier Phase 2 CCS project and front-end engineering and design studies for emitters. Subsequent to quarter end, Entropy began on-site construction of the Glacier Phase 2 CCS project, on schedule to be completed in the second quarter of 2026.

On June 21, 2024, the CCUS ITC which was included in Bill C-59 received royal assent. Advantage and Entropy have incurred carbon capture expenditures dating back to January 1, 2022, which once approved by the federal government, should be eligible expenditures under the CCUS ITC program. The Corporation is working with Natural Resources Canada and the Canada Revenue Agency to finalize approval for our existing carbon capture projects at Glacier.

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 (crude oil, condensate and NGLs) production to sales points. Transportation commitments are required to ensure our production is delivered to sales markets and Advantage actively manages our portfolio in conjunction with our future development plans ensuring we are properly diversified to multiple markets. Of our total transportation commitments, \$306.9 million or 45% is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$375.5 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 for the purpose of financing Advantage's business and development, including our bank indebtedness.

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	2025 (6 months)	2026	2027	2028	2029	Beyond
Building operating cost ⁽¹⁾	1.8	0.4	0.8	0.6	-	-	-
Processing	178.0	14.3	28.1	28.1	28.2	26.4	52.9
Transportation	682.4	50.4	96.4	88.8	60.0	50.7	336.1
Total commitments	862.2	65.1	125.3	117.5	88.2	77.1	389.0
Performance Awards	6.6	-	2.4	3.3	0.9	-	-
Lease liability	2.7	0.7	1.1	0.7	0.1	0.1	-
Financing liability	130.6	6.6	13.0	13.0	13.1	13.0	71.9
Bank indebtedness ⁽²⁾		-					
- principal	445.0	-	-	445.0	-	-	-
- interest	53.9	13.5	26.9	13.5	-	-	-
Unsecured debentures ⁽³⁾		-					
- principal	201.7	-	-	-	-	-	201.7
- interest	145.0	8.1	16.1	16.1	16.1	16.1	72.5
Convertible debentures ⁽⁴⁾							
- principal	143.8	-	-	-	-	143.8	-
- interest	28.8	3.6	7.2	7.2	7.2	3.6	-
Total contractual obligations	1,158.1	32.5	66.7	498.8	37.4	176.6	346.1
Total future payments	2,020.3	97.6	192.0	616.3	125.6	253.7	735.1

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

⁽²⁾ As at June 30, 2025 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 debenture bears an interest rate of 8%, which can be paid-in-kind (subject to certain limitations) or cash, at the discretion of Entropy (see "Unsecured Debentures").

⁽⁴⁾ The convertible debentures have a maturity date of June 30, 2029 and a coupon rate of 5% payable semi-annually.

Liquidity and Capital Resources

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

(\$000, except as otherwise indicated)	June 30 2025	December 31 2024
Bank indebtedness	440,957	470,424
Aggregate principal balance of convertible debentures ⁽¹⁾	143,750	143,750
Aggregate principal balance of unsecured debentures ⁽²⁾	201,674	101,000
Working capital (surplus) deficit ⁽³⁾	(68,916)	3,275
Net debt⁽³⁾	717,465	718,449
Shares outstanding	167,015,022	166,931,440
Shares closing market price (\$/share)	11.83	9.86
Market capitalization	1,975,788	1,645,944
Total capitalization	2,693,253	2,364,393

⁽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 (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 June 30, 2025, the Corporation had net debt of \$717.5 million, consisting of \$569.9 million with Advantage and \$147.6 million with Entropy. Advantage generated \$63.0 million of free cash flow during the six months ended June 30, 2025, allowing Advantage to reduce net debt by \$55.7 million, when compared to December 31, 2024. Advantage has a \$650 million Credit Facility of which \$196.6 million or 30% 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 1.6. Advantage remains on track advancing toward our net debt target around the end of this year, which would represent a debt to adjusted funds flow ratio of approximately 1.0. The Corporation remains well-positioned to achieve this objective given a combination of strong free cash flow generation and non-core dispositions.

Entropy net debt increased \$54.8 million from December 31, 2024, due to drawing \$95.0 million of unsecured debentures (see "Unsecured Debentures"), which were used to fund \$38.3 million of net capital expenditures in the six month period ended June 30, 2025 (see "Cash Used in Investing Activities and Net Capital Expenditures"). Entropy has a working capital surplus of \$54.1 million at June 30, 2025, due to drawing unsecured debentures prior to June 30, 2025 to fund ongoing cost of construction for the Glacier Phase 2 CCS project. 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 \$201.7 million has been drawn as at June 30, 2025. Entropy funds its projects by issuing unsecured debentures that are non-recourse to Advantage, which does not provide any financing to Entropy.

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 June 30, 2025, Advantage had bank indebtedness outstanding of \$441.0 million, a decrease of \$29.5 million since December 31, 2024 due to adjusted funds flow in excess of net capital expenditures. 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 June 30, 2025 (December 31, 2024 - \$5.5 million). The Credit Facility does not contain any financial covenants, but the Corporation is subject to various affirmative and negative covenants under its Credit Facilities. The Corporation was in compliance with all covenants as at June 30, 2025, and December 31, 2024.

The Corporation had a working capital surplus of \$68.9 million as at June 30, 2025, as compared to a working capital deficit at December 31, 2024 of \$3.3 million, largely due to an increase in cash and cash equivalents from cash held by Entropy, accompanied with decreased trade and other accrued liabilities associated with lower net capital expenditures in the second quarter of 2025. 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 June 30, 2025. 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 June 30, 2025, was \$155.5 million, using quoted market prices on the Toronto Stock Exchange ("TSX").

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

Unsecured Debentures

The Corporation's subsidiary Entropy has entered into two investment agreements with investors who provided capital commitments of \$300 million and \$200 million, respectively (the "Investment Agreements"). In connection with the Investment Agreements, Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the Investment Agreements, Entropy and the investors have options that provide for the unsecured debentures to be exchanged for common shares at an exchange price of \$10.00 per share and \$12.75 per share, respectively, subject to adjustment in certain circumstances. The investors have the option to exchange the outstanding unsecured debentures for common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for common shares in advance of an Initial Public Offering ("IPO"). The unsecured debentures have a term of 10 years, if not exchanged for common shares, which are to be repaid at the end of the term in the amount greater of the principal amount and the investor's pro rata share of the fair market value of Entropy. Each unsecured debenture issued by Entropy bears an interest rate of 8% per annum that Entropy can elect to pay in cash or pay-in-kind, due on a quarterly basis. Any paid-in-kind interest is added to the aggregate principal, subject to certain limitations. As at June 30, 2025, Entropy's unsecured debentures have an outstanding aggregate principal balance of \$201.7 million (December 31, 2024 - \$101.0 million).

During the six months ended June 30, 2025, Entropy issued unsecured debentures for gross proceeds of \$95.0 million (June 30, 2024 - \$10.0 million) and incurred \$4.4 million of issuance costs (June 30, 2024 - \$1.2 million).

For the six months ended June 30, 2025, Entropy incurred interest of \$5.7 million which was paid-in-kind (June 30, 2024 - \$2.0 million).

Other Liabilities

The Corporation has a 15-year take-or-pay volume commitment with a 12.5% working interest partner due to expire in 2035. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. For the six months ended June 30, 2025, the Corporation made cash payments of \$6.5 million (June 30, 2024 - \$6.5 million) under the take-or-pay volume commitment agreement.

As at June 30, 2025, Advantage had a decommissioning liability of \$117.2 million (December 31, 2024 – \$126.8 million) for the future abandonment and reclamation of the Corporation's natural gas and liquids properties. The decommissioning liability has decreased \$9.6 million due to an increase in the risk-free rate, accompanied by decommissioning liabilities associated with non-core asset dispositions. 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 \$163.9 million (December 31, 2024 – \$168.7 million), with 37% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the six months ended June 30, 2025, was \$2.6 million (year ended December 31, 2024 – \$3.1 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.

For the six months ended June 30, 2025, the net loss and comprehensive loss attributed to non-controlling interest was \$0.9 million (June 30, 2024 - \$0.7 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 six months ended June 30, 2025, the Corporation used a portion of the proceeds from recent non-core asset dispositions and free cash flow to fund purchasing 0.6 million Common Shares for cancellation at an average price of \$10.03 per Common Share for a total of \$5.9 million.

As at June 30, 2025, a total of 2.9 million Performance Share Units were outstanding under the Corporation's Restricted and Performance Award Incentive Plan, which represents 1.8% of Advantage's total outstanding Common Shares.

As at August 6, 2025, Advantage had 167.0 million Common Shares outstanding.

Quarterly Performance

	2025		2024				2023	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
(\$000, except as otherwise indicated)								
Financial Statement Highlights								
Natural gas and liquids sales	164,593	221,790	163,477	139,840	104,081	135,897	147,137	140,724
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	72,502	(29,024)	17,130	(6,490)	(12,084)	23,163	41,026	28,314
per basic share ⁽²⁾	0.43	(0.17)	0.10	(0.04)	(0.07)	0.14	0.25	0.17
per diluted share ⁽²⁾	0.41	(0.17)	0.10	(0.04)	(0.07)	0.14	0.24	0.16
Basic weighted average shares (000)	167,179	166,821	166,974	166,972	161,362	160,444	163,939	167,702
Diluted weighted average shares (000)	180,785	166,821	169,785	166,972	161,362	164,129	168,441	172,182
Cash provided by operating activities	80,084	122,949	56,350	46,719	47,090	67,374	89,048	90,376
Cash provided by (used in) financing activities	42,046	11,670	22,789	(1,097)	447,502	11,883	(52,120)	(3,562)
Cash used in investing activities	(95,230)	(107,919)	(71,202)	(52,765)	(494,331)	(79,427)	(58,846)	(49,886)
Other Financial Highlights								
Adjusted funds flow ⁽¹⁾	85,247	118,642	81,389	52,260	42,354	65,393	82,494	81,862
per basic share ⁽¹⁾⁽²⁾	0.51	0.71	0.49	0.31	0.26	0.41	0.50	0.49
per diluted share ⁽¹⁾⁽³⁾	0.50	0.70	0.48	0.31	0.26	0.40	0.49	0.48
Net capital expenditures ⁽¹⁾	67,288	113,987	99,162	66,727	490,888	80,134	39,938	61,234
Free cash flow ⁽¹⁾	17,959	655	(29,194)	(14,668)	(3,059)	(14,741)	42,556	20,628
Bank indebtedness	440,957	446,333	470,424	469,551	488,008	238,578	212,854	226,127
Net debt ⁽¹⁾	717,465	723,247	718,449	693,959	674,665	279,963	235,010	236,311
Operating Highlights⁽⁵⁾								
Production								
Crude oil (bbls/d)	7,627	8,487	7,527	8,144	3,033	2,630	3,254	3,035
Condensate (bbls/d)	848	1,023	979	1,055	1,200	1,231	1,264	1,368
NGLs (bbls/d)	3,404	3,763	3,379	3,621	2,908	2,591	3,345	3,174
Total liquids production (bbls/d)	11,879	13,273	11,885	12,820	7,141	6,452	7,863	7,577
Natural gas (mcf/d)	397,379	422,998	389,331	369,306	355,563	357,410	363,124	339,709
Total production (boe/d)	78,108	83,773	76,774	74,371	66,401	66,020	68,384	64,195
Average prices (including realized derivatives)								
Natural gas (\$/mcf)	2.70	3.29	2.46	1.65	1.82	2.86	2.84	2.95
Liquids (\$/bbl)	79.96	86.53	87.84	85.05	84.58	80.21	81.55	77.91
Operating Netback (\$/boe)								
Natural gas and liquids sales	23.16	29.42	23.14	20.44	17.22	22.62	23.39	23.83
Realized gains on derivatives	2.77	0.87	2.91	2.44	1.59	0.70	0.98	1.02
Processing and other income	0.09	0.13	0.11	0.15	0.32	0.30	0.39	0.39
Royalty expense	(1.86)	(2.80)	(2.40)	(2.83)	(1.16)	(1.52)	(1.64)	(1.55)
Operating expense	(4.90)	(4.76)	(5.19)	(5.46)	(4.09)	(4.08)	(3.61)	(3.85)
Transportation expense	(4.03)	(4.06)	(3.77)	(3.88)	(3.73)	(4.23)	(4.08)	(3.70)
Operating netback ⁽¹⁾	15.23	18.80	14.80	10.86	10.15	13.79	15.43	16.14

(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 second quarter of 2025 and for the preceding seven quarters. During 2023 the Corporation achieved a steady increase in production over the year rising to 68,384 boe/d in the fourth quarter. Sales and adjusted funds flow were steady in the third and fourth quarter of 2023 before falling in the first half of 2024 due to low natural gas and liquids benchmark prices.

In the first and 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 increased its sales and adjusted funds flow in the third and fourth quarter of 2024 primarily due to increased production and cash flow provided from the Acquired Assets, although significantly weak natural gas prices persisted and had an adverse offsetting impact. The particularly low natural gas pricing environment during the second and third quarter resulted in the recognition of net losses.

Quarterly Performance (continued)

In the first quarter of 2025 the Corporation generated higher natural gas and liquids sales and adjusted funds flow compared to the fourth quarter of 2024, 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 resulting 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 slightly lower production and weaker natural gas and liquids benchmark prices. However, the lower commodity price environment contributed to a material unrealized gain on outstanding derivative contracts, resulting in net income for the quarter. 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.

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

Critical Accounting Estimates (continued)

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

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

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 and six months ended June 30, 2025.

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.

If the Corporation is unable to meet future sustainability reporting requirements of regulators or current and future expectations of stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals and authorizations from various government authorities, and raise capital may be adversely affected. The cost to comply with these standards, and others that may be developed or evolved over time, has not yet been quantified.

Evaluation of Disclosure Controls and Procedures

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

Evaluation of Internal Controls over Financial Reporting

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

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended June 30, 2025, 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.

Specified Financial Measures (continued)

Non-GAAP Financial Measures

Adjusted Funds Flow

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

(\$000)	Three months ended June 30					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	82,501	(2,417)	80,084	47,958	(868)	47,090
Expenditures on decommissioning liability	1,170	-	1,170	42	-	42
Changes in non-cash working capital	5,221	(1,228)	3,993	(3,969)	(809)	(4,778)
Adjusted funds flow	88,892	(3,645)	85,247	44,031	(1,677)	42,354

(\$000)	Six months ended June 30					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by operating activities	206,416	(3,383)	203,033	117,242	(2,778)	114,464
Expenditures on decommissioning liability	2,563	-	2,563	109	-	109
Changes in non-cash working capital	1,040	(2,747)	(1,707)	(6,289)	(537)	(6,826)
Adjusted funds flow	210,019	(6,130)	203,889	111,062	(3,315)	107,747

Net Capital Expenditures

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

(\$000)	Three months ended June 30					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	76,032	19,198	95,230	487,654	6,677	494,331
Changes in non-cash working capital	(27,192)	(750)	(27,942)	(2,456)	(987)	(3,443)
Net capital expenditures	48,840	18,448	67,288	485,198	5,690	490,888

(\$000)	Six months ended June 30					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	163,931	39,218	203,149	563,135	10,623	573,758
Changes in non-cash working capital	(20,920)	(954)	(21,874)	(1,761)	(975)	(2,736)
Net capital expenditures	143,011	38,264	181,275	561,374	9,648	571,022

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 used in the Corporation's natural gas and liquids and carbon capture operations and are financed by means other than adjusted funds flow. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended June 30					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	82,501	(2,417)	80,084	47,958	(868)	47,090
Cash used in investing activities	(76,032)	(19,198)	(95,230)	(487,654)	(6,677)	(494,331)
Changes in non-cash working capital	32,413	(478)	31,935	(1,513)	178	(1,335)
Expenditures on decommissioning liability	1,170	-	1,170	42	-	42
Acquisitions	-	-	-	445,475	-	445,475
Free cash flow - surplus (deficit)	40,052	(22,093)	17,959	4,308	(7,367)	(3,059)

(\$000)	Six months ended June 30					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	206,416	(3,383)	203,033	117,242	(2,778)	114,464
Cash used in investing activities	(163,931)	(39,218)	(203,149)	(563,135)	(10,623)	(573,758)
Changes in non-cash working capital	21,960	(1,793)	20,167	(4,528)	438	(4,090)
Expenditures on decommissioning liability	2,563	-	2,563	109	-	109
Acquisitions	-	-	-	445,475	-	445,475
Dispositions	(4,000)	-	(4,000)	-	-	-
Free cash flow - surplus (deficit)	63,008	(44,394)	18,614	(4,837)	(12,963)	(17,800)

Operating Income

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

(\$000)	Three months ended		Six months ended	
	June 30		June 30	
	2025	2024	2025	2024
Natural gas and liquids sales	164,593	104,081	386,383	239,978
Realized gains on derivatives	19,681	9,636	26,206	13,842
Processing and other income	615	1,942	1,593	3,751
Royalty expense	(13,256)	(7,015)	(34,335)	(16,150)
Operating expense	(34,806)	(24,717)	(70,664)	(49,214)
Transportation expense	(28,653)	(22,534)	(59,226)	(47,931)
Operating income	108,174	61,393	249,957	144,276

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per 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.

Effective June 30, 2025, the Corporation revised its methodology for calculating adjusted funds flow per diluted share to use adjusted diluted weighted average shares outstanding, to include only instruments likely to be economically dilutive, as Management believes this approach provides a more accurate measure of adjusted funds flow per diluted share by better reflecting the economic reality of our capital structure. Comparative figures have been restated accordingly.

(\$000, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Weighted average shares outstanding (000)	167,179	161,362	167,001	160,903
Diluted weighted average shares outstanding (000)	180,785	161,362	170,233	164,668
Common shares impact - Convertible debentures (000)	(9,859)	-	-	-
Common shares impact - Performance Share Units (000)	-	3,765	-	-
Adjusted diluted weighted average shares outstanding (000)	170,926	165,127	170,233	164,668
Advantage adjusted funds flow	88,892	44,031	210,019	111,062
Entropy adjusted funds flow	(3,645)	(1,677)	(6,130)	(3,315)
<u>Advantage</u>				
Adjusted funds flow per share (\$/share)	0.53	0.27	1.26	0.69
Adjusted funds flow per diluted share (\$/share)	0.52	0.27	1.24	0.67
<u>Entropy</u>				
Adjusted funds flow per share (\$/share)	(0.02)	(0.01)	(0.04)	(0.02)
Adjusted funds flow per diluted share (\$/share)	(0.02)	(0.01)	(0.04)	(0.02)

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 competitor corporations with different rates of production.

(\$000, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Adjusted funds flow	88,892	44,031	210,019	111,062
Total production (boe/d)	78,108	66,401	80,925	66,211
Days in period	91	91	181	182
Total production (boe)	7,107,828	6,042,491	14,647,425	12,050,402
Adjusted funds flow per BOE (\$/boe)	12.51	7.29	14.34	9.22

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 between companies, development areas and specific wells against other competitor corporations with different rates of production.

(\$000, except as otherwise indicated)	Three months ended June 30		Six months ended June 30	
	2025	2024	2025	2024
Operating income	108,174	61,393	249,957	144,276
Total production (boe/d)	78,108	66,401	80,925	66,211
Days in period	91	91	181	182
Total production (boe)	7,107,828	6,042,491	14,647,425	12,050,402
Operating netback (\$/boe)	15.23	10.15	17.08	11.97

Debt to Adjusted Funds Flow Ratio

Debt to adjusted funds flow ratio is a coverage ratio that provides Management and users the ability to determine how long it would take the Corporation to repay its bank indebtedness, including working capital, and its outstanding aggregate Convertible Debentures if Advantage devoted all its adjusted funds flow to debt repayment. Debt to adjusted funds flow is calculated by taking bank indebtedness, inclusive of working capital, plus Convertible Debentures, and dividing it by adjusted fund flow (for the trailing four quarters) that can be used to satisfy such borrowings. The Unsecured Debentures, 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)	June 30 2025	December 31 2024
Bank indebtedness	440,957	470,424
Convertible debentures	143,750	143,750
Working capital (surplus) deficit pertaining to the Credit Facility	(14,848)	11,377
Debt	569,859	625,551
Adjusted funds flow pertaining to the Credit Facility (prior four quarters)	348,988	250,031
Debt to adjusted funds flow	1.6	2.5

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 and the current portion of provisions and other liabilities, Management and users can determine if the Corporation's energy operations are sufficient to cover the short-term operating requirements. Working capital is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

A summary of working capital as at June 30, 2025, December 31, 2024 and June 30, 2024 is as follows:

	June 30 2025	December 31 2024	June 30 2024
Cash and cash equivalents	73,746	20,146	19,352
Trade and other receivables	76,756	83,188	41,220
Prepaid expenses and deposits	9,750	10,000	12,044
Trade and other accrued liabilities	(91,336)	(116,609)	(62,700)
Working capital surplus (deficit)	68,916	(3,275)	9,916

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 June 30, 2025, December 31, 2024 and June 30, 2024 is as follows:

	June 30 2025	December 31 2024	June 30 2024
Bank indebtedness	440,957	470,424	488,008
Convertible debentures	143,750	143,750	143,750
Working capital (surplus) deficit	(14,848)	11,377	(12,367)
Net debt attributable to Advantage	569,859	625,551	619,391
Unsecured debentures	201,674	101,000	52,823
Working capital (surplus) deficit	(54,068)	(8,102)	2,451
Net debt attributable to Entropy	147,606	92,898	55,274
Net debt	717,465	718,449	674,665

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, 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 herein forth only include 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:

- Cash finance expense per boe
- Depreciation and amortization expense per boe
- Finance expense per boe
- General and administrative expense per boe
- Natural gas and liquids sales per boe
- Operating expense per boe
- Realized gains on derivatives per boe
- Royalty expense per boe
- Processing and other income per boe
- Share-based compensation expense per boe
- Transportation 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 Natural 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", "targeting", "intend", "could", "might", "should", "believe", "would" and similar or related expressions. These statements are not guarantees of future performance.

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; the Corporation's corporate strategy to focus on maximizing adjusted funds flow per share without compromising our balance sheet; that our optimized development drilling program maximizes adjusted funds flow per share with all free cash flow directed to deleveraging and share buybacks; that Advantage remains on track advancing toward its net debt target around the end of this year due to a combination of strong free cash flow generation and non-core dispositions; that as Advantage approaches its net debt target it intends to establish a new, conservative net debt range and return to increased share buybacks; Advantage's anticipated 2025 average production; the Corporation's 2025 guidance set forth under the heading "2025 Guidance", including Advantage's anticipated annual royalty rates, operating expense per boe and transportation expense per boe in 2025; the anticipated effects of LNG Canada, including incremental natural gas demand; the Corporation's forecasted 2025 natural gas market exposure including the anticipated effective production rate; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; terms of the Entropy unsecured debentures; anticipated market dynamics including softening demand in key regions, evolving trade policies and tariffs, and shifting seasonal consumption patterns; the anticipated benefits to be derived from the Corporation's optimization projects completed during the first quarter of 2025 at Glacier, including its anticipated effect on free cash flow; anticipated synergies and growth from completion and commissioning of the Progress facility; the anticipated timing of the completion and commissioning of the Progress gas plant, and the anticipated incremental processing capacity thereof; the anticipated timing of completion of Entropy's Glacier Phase 2 CCS project; management's expectations that the Corporation's Valhalla asset will play a pivotal role in the Corporation's liquids-rich gas development plan; that Advantage will continue to utilize excess processing capacity acquired in 2024 and the anticipated benefits thereof; the Corporation's future commitments and contractual obligations and the anticipated payments in connection therewith and timing thereof; 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 Facilities and the Corporation's expectations regarding the extension of the Credit Facilities 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.

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

Forward-Looking Information and Other Advisories (continued)

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; 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 risk that Advantage may not achieve its strategy of maximizing its free cash flow without compromising its balance sheet; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; the risk that the Corporation may not be able to continue to realize anticipated cost improvements from acquisition synergies and exceptional operational performance; the risk that Advantage may not be able to realize the anticipated benefits from LNG Canada; 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 risk that Advantage may be negatively impacted by industry consolidation; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of facility installation; performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information; the failure to extend the Credit Facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; the risk that Advantage's average production in 2025 may be less than anticipated; the risk that Advantage does not achieve its anticipated guidance for 2025 as set forth in this MD&A under the heading "2025 Guidance"; the risk that the Corporation's Valhalla asset may not play a pivotal role in the Corporation's liquids-rich gas development plan; the risk that the 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 2025 may be greater than anticipated; the risk that Advantage's operating expense per boe and transportation expense per boe in 2025 may be greater than anticipated; the risk that additional natural gas processing will not occur in the second half of 2025 as anticipated; the risk that Advantage will not be able to utilize excess capacity acquired in 2024 or realize the anticipated benefits thereof; the risk that the Corporation's optimization projects completed during the first quarter of 2025 at Glacier may not lead to the benefits anticipated; the risk that the Progress gas plant will not be completed and commissioned when anticipated or result in the anticipated benefits thereof; the risk that Advantage may achieve its net debt when anticipated, or at all; 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.

Forward-Looking Information and Other Advisories (continued)

With respect to forward-looking statements contained in this MD&A, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: current and future prices of oil and natural gas; 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.

The future acquisition by the Corporation of Common Shares pursuant to a share buyback program, including its NCIB and future NCIBs, if any, and the level thereof is uncertain. Any decision to implement a share buyback program, including 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 a share buyback program, including 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 and transportation expense per

Forward-Looking Information and Other Advisories (continued)

boe in 2025; the Corporation's future commitments and contractual obligations; Advantage's net debt target; and the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability, all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this MD&A and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Corporation's potential future business operations. Readers are cautioned that the financial outlook contained in this MD&A is not conclusive and is subject to change.

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

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

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

Additional Information

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

August 6, 2025