

2023 First Quarter Report

Financial Highlights

Three months ended
March 31

(\$000, except as otherwise indicated)	2023	2022
Financial Statement Highlights		
Natural gas and liquids sales	145,999	177,569
Net income and comprehensive income	29,114	19,496
per basic share ⁽²⁾	0.18	0.10
Basic weighted average shares (000)	167,311	190,829
Cash provided by operating activities	105,955	109,157
Cash used in financing activities	(58,359)	(50,769)
Cash used in investing activities	(85,590)	(76,983)
Other Financial Highlights		
Adjusted funds flow ⁽¹⁾	96,833	108,878
per boe ⁽¹⁾	18.50	22.85
per basic share ⁽¹⁾⁽²⁾	0.58	0.57
Net capital expenditures ⁽¹⁾	116,700	86,014
Free cash flow ⁽¹⁾	(19,867)	22,864
Working capital deficit ⁽¹⁾	(12,449)	(19,115)
Bank indebtedness	167,260	117,558
Net debt ⁽¹⁾	195,523	136,673
Operating Highlights		
Production		
Crude oil (bbls/d)	1,731	997
Condensate (bbls/d)	1,157	1,057
NGLs (bbls/d)	2,877	2,854
Total liquids production (bbls/d)	5,765	4,908
Natural gas (Mcf/d)	314,273	288,226
Total production (boe/d)	58,144	52,946
Average realized prices (including realized derivatives)		
Natural gas (\$/Mcf)	4.42	5.04
Liquids (\$/bbl)	77.77	82.48
Operating Netback (\$/boe) ⁽¹⁾		
Natural gas and liquids sales	27.90	37.26
Realized gains (losses) on derivatives	3.44	(2.19)
Processing and other income	0.35	0.30
Net sales of purchased natural gas	-	0.01
Royalty expense	(3.19)	(3.42)
Operating expense	(3.44)	(2.79)
Transportation expense	(4.33)	(4.36)
Operating netback	20.73	24.81

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

⁽²⁾ Based on basic weighted average shares outstanding.

MESSAGE TO SHAREHOLDERS

Advantage Announces First Quarter 2023 Financial and Operating Results

Advantage Energy Ltd. (“Advantage” or the “Corporation”) is pleased to report its first quarter 2023 results, including 25% growth in production per share (year-over-year), while net debt(a) remained below our \$200 million target. Development operations continued at a steady pace with a focus on our liquids-weighted assets at Wembley, Valhalla and Progress.

Financial Highlights

- Cash provided by operating activities of \$106.0 million
- Adjusted funds flow (“AFF”)(a) of \$96.8 million. AFF per share(a) was \$0.58, an increase of 2% year-over-year, although gas prices have declined more than 30% since first quarter of 2022.
- Cash used in investing activities was \$85.6 million
- Net capital expenditures(a) were \$116.7 million
- Net income of \$29.1 million or \$0.18 per share
- Operating expenses remained low at \$3.44/boe (a)
- Share repurchases continued with \$47.3 million spent early in the first quarter for 5.4 million shares. In aggregate, Advantage repurchased 14.5% of our outstanding shares between April 2022 and January 2023.

Operational Highlights and Update

- Quarterly production of 58,144 boe/d (314.3 MMcf/d natural gas, 5,765 bbls/d liquids), a 5% increase compared to fourth quarter 2022, despite an unplanned outage on TC Energy’s NGTL system which limited production by more than 20% for 10 days
- Quarterly liquids production of 5,765 bbls/d (1,731 bbls/d oil, 1,157 bbls/d condensate, and 2,877 bbls/d NGLs), on-track to grow annually by more than 20% compared to 2022
- Well results at Glacier have delivered another step change in productivity, with average IP30 rates now approximately triple to the average rate of four years ago
- Carbon dioxide emissions at the Glacier Gas Plant have fallen approximately 15% as a result of the first phase of Entropy’s carbon capture and storage project. Execution of Phase 2 remains on hold pending functional Canadian carbon policy.

(a) Specified financial measure which is not a standardized measure under International Financial Reporting Standards (“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 where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

Marketing Update

Advantage has hedged approximately 24% of its forecast natural gas production for summer 2023 and 6% for winter 2023/24. As part of our ongoing efforts to expand our natural gas export capacity and reduce concentration risk, Advantage successfully acquired 13 MMcf/d of Alliance Pipeline capacity for winter 2023/24.

Looking Forward

To maximize shareholder value, Advantage remains focused on growing AFF per share^(a) through organic growth and share repurchases. Advantage's three-year plan is to deliver annual production growth of approximately 10% with annual spending between \$250 million and \$300 million. All free cash flow^(a) is planned to be returned to shareholders via share buybacks. In order to provide increased flexibility to this program, our net debt^(a) target has been restated as a range, currently between \$170 million and \$230 million. The normal course issuer bid has been renewed and there are currently 165.2 million shares outstanding.

Advantage's 2023 capital guidance remains between \$250 million and \$280 million. Development activities during the remainder of 2023 include expanded focus on liquids-weighted growth, including seven wells at Wembley, two at Progress and two at Valhalla, plus commissioning a new oil battery at the Progress production center.

Production guidance for 2023 remains between 59,000 boe/d and 62,500 boe/d, with recent well outperformance partially offset by unplanned third-party pipeline restrictions. A planned, major 14-day turnaround at the Glacier Gas Plant in May 2023 is expected to reduce second quarter average production by approximately 8%, quarter-over-quarter, before returning to growth in the second half of 2023.

With modern, low emissions-intensity assets and ownership of 85%^(b) of Entropy, the Corporation continues to proudly deliver clean, reliable, sustainable energy, contributing to a reduction in global emissions by displacing high-carbon fuels. Advantage wishes to thank our employees, Board of Directors and our shareholders for their ongoing support.

(b) Advantage currently owns 90% of Entropy's common shares. Assuming Brookfield's currently-held unsecured debentures are exchanged for commons shares according to the terms of the investment agreement, Advantage will own 85% of Entropy's common shares.



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months ended March 31, 2023 and 2022

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of April 27, 2023, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three months ended March 31, 2023 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three months ended March 31, 2023 and the audited consolidated financial statements for the year ended December 31, 2022 (together, the "consolidated financial statements"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("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.

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

Financial Highlights

(\$000, except as otherwise indicated)	Three months ended March 31	
	2023	2022
Financial Statement Highlights		
Natural gas and liquids sales	145,999	177,569
Net income and comprehensive income per basic share ⁽²⁾	29,114 0.18	19,496 0.10
Basic weighted average shares (000)	167,311	190,829
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Other Financial Highlights		
Adjusted funds flow ⁽¹⁾ per boe ⁽¹⁾ per basic share ⁽¹⁾⁽²⁾	96,833 18.50 0.58	108,878 22.85 0.57
Net capital expenditures ⁽¹⁾	116,700	86,014
Free cash flow ⁽¹⁾	(19,867)	22,864
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Net debt ⁽¹⁾	195,523	136,673

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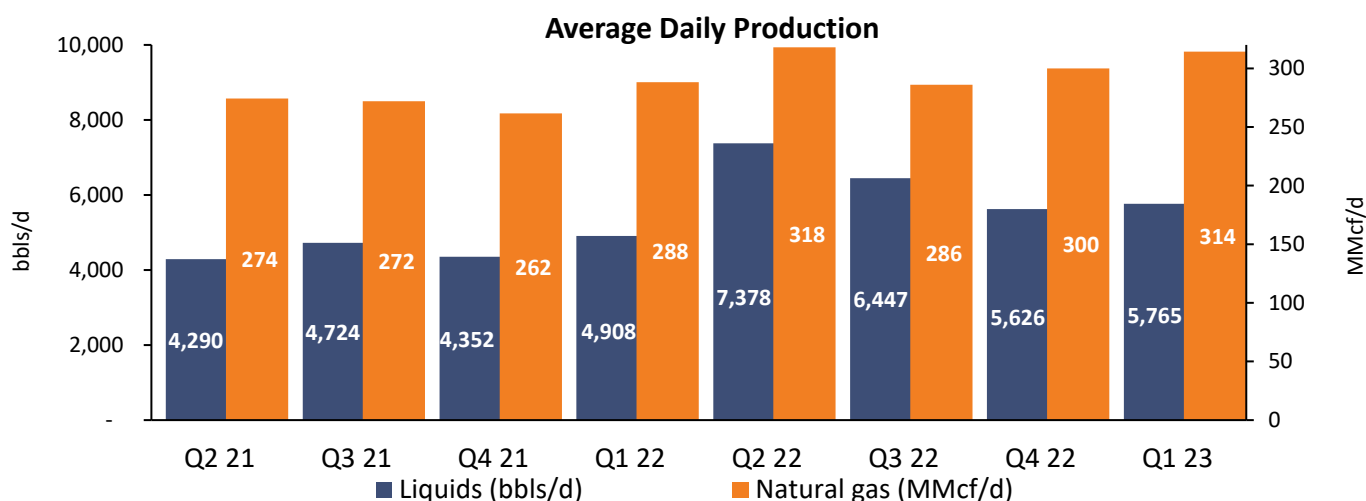
Operating Highlights

	Three months ended	
	March 31	
	2023	2022
Operating		
Production		
Crude oil (bbls/d)	1,731	997
Condensate (bbls/d)	1,157	1,057
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Production

Average Daily Production	Three months ended		% Change
	2023	2022	
Crude oil (bbls/d)	1,731	997	74
Condensate (bbls/d)	1,157	1,057	9
NGLs (bbls/d)	2,877	2,854	1
Total liquids production (bbls/d)	5,765	4,908	17
Natural gas (Mcf/d)	314,273	288,226	9
Total production (boe/d)	58,144	52,946	10
Liquids (% of total production)	10	9	
Natural gas (% of total production)	90	91	



For the three months ended March 31, 2023, Advantage realized total production averaging 58,144 boe/d, increasing 10% compared to the same period of the prior year. Advantage's production additions were gas focused in the first quarter, while continued development at Wembley is expected to drive increased liquids production in the second and third quarters of 2023 (see "Cash Used in Investing Activities and Net Capital Expenditures").

Natural gas production for the three months ended March 31, 2023, averaged 314 MMcf/d, an increase of 9% compared to the same period of the prior year. Advantage's natural gas production increased as a result of continued development at Glacier and Valhalla, with 2.0 net Glacier wells brought on production in the quarter (see "Cash Used in Investing Activities and Net Capital Expenditures"), while "firm service" restrictions on TC Energy's NGTL system impacted the industry and our ability to produce additional natural gas during the quarter.

Liquids production for the three months ended March 31, 2023, averaged 5,765 bbls/d, an increase of 17% compared to the same period of the prior year. Liquids production increased as a result of our liquids development focus whereby additional Wembley wells were brought onstream in the fourth quarter of 2022 (see "Cash Used in Investing Activities and Net Capital Expenditures").

Advantage has a planned major 14-day turnaround at the Glacier Gas Plant in May 2023 that was included in our guidance and is expected to decrease total average production by approximately 8% for the second quarter when compared to the first quarter of 2023. Total production for 2023 is expected to average between 59,000 and 62,500 boe/d, an increase of approximately 9% year-over-year to midpoint of 2023 guidance.

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended		% Change
	2023	March 31 2022	
Natural gas			
Excluding derivatives (\$/Mcf)	3.74	5.40	(31)
Including derivatives (\$/Mcf)	4.42	5.04	(12)
Liquids			
Crude oil (\$/bbl)	95.81	112.62	(15)
Condensate (\$/bbl)	102.55	114.02	(10)
NGLs (\$/bbl)	56.95	64.58	(12)
Total liquids excluding derivatives (\$/bbl)	77.77	84.98	(8)
Total liquids including derivatives (\$/bbl)	77.77	82.48	(6)
Average Benchmark Prices			
Natural gas ⁽¹⁾			
AECO daily (\$/Mcf)	3.23	4.74	(32)
AECO monthly (\$/Mcf)	4.35	4.61	(6)
Empress daily (\$/Mcf)	3.30	4.94	(33)
Henry Hub (\$US/MMbtu)	3.43	4.23	(19)
Emerson 2 daily (\$US/MMbtu)	2.67	4.30	(38)
Dawn daily (\$US/MMbtu)	2.73	4.42	(38)
Chicago Citygate (\$US/MMbtu)	2.64	4.42	(40)
Ventura (\$US/MMbtu)	2.78	4.47	(38)
Liquids			
WTI (\$US/bbl)	76.16	94.38	(19)
MSW Edmonton (\$/bbl)	99.09	115.71	(14)
Average Exchange rate (\$US/\$CDN)	0.7395	0.7897	(6)

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

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

Liquids

Advantage's realized liquids price excluding derivatives for the three months ended March 31, 2023, was \$77.77/bbl, a decrease of 8% compared to the same period of the prior year. Realized crude oil, condensate and NGL prices all decreased from their highs in 2022 due to economic global recession concerns that may impact demand. The price that Advantage receives for crude oil and condensate production is largely driven by global supply and demand and the Edmonton light sweet oil and condensate price differentials. Approximately 67% of our liquids production is comprised of crude oil, condensate and pentanes, which generally attracts higher market prices than other NGLs.

Natural gas

Advantage's realized natural gas price excluding derivatives for the three months ended March 31, 2023, was \$3.74/Mcf, a 31% decrease compared to the same period of the prior year. This decrease was attributed to lower natural gas benchmark prices in all markets where Advantage physically delivers natural gas and has market diversification exposure. North American natural gas benchmark prices have decreased from their highs experienced in 2022 largely due to strong North American natural gas production accompanied by a mild winter resulting in increased gas inventories.

Commodity Prices and Marketing (continued)

Advantage's natural gas exposure consists of the AECO, Empress, Emerson, Dawn, Chicago and Ventura markets. Additionally, beginning in April 2023, the Corporation will begin deliveries of 25,000 MMBtu/d pursuant to a long-term supply agreement with Competitive Power Ventures ("CPV"), whereby Advantage will receive a PJM based spark-spread price, less Alliance tolls. Advantage holds physical transportation beyond AECO to Empress, Emerson and Dawn, incurring additional transportation expense to deliver production to these markets (see "Transportation Expense"). Our Chicago and Ventura contracts are netback arrangements where the Corporation incurs a fixed differential with the net amount recorded to revenue.

The following table outlines the Corporation's 2023 forward-looking natural gas market exposure, and three months ended March 31, 2023, actual natural gas market exposure, excluding hedging.

Sales Markets	Three months ended March 31, 2023		Forward-looking 2023 ⁽²⁾	
	Production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)
AECO	95.9	30	90.0	27
AECO Premium	40.9	13	11.7	4
Empress	68.0	22	89.2	28
Emerson	24.3	8	24.7	8
Dawn	47.7	15	51.5	16
Chicago	27.5	9	20.9	7
Ventura	10.0	3	13.8	4
PJM power price ⁽⁴⁾	-	-	18.8	6
Total	314.3	100	320.8⁽³⁾	100

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

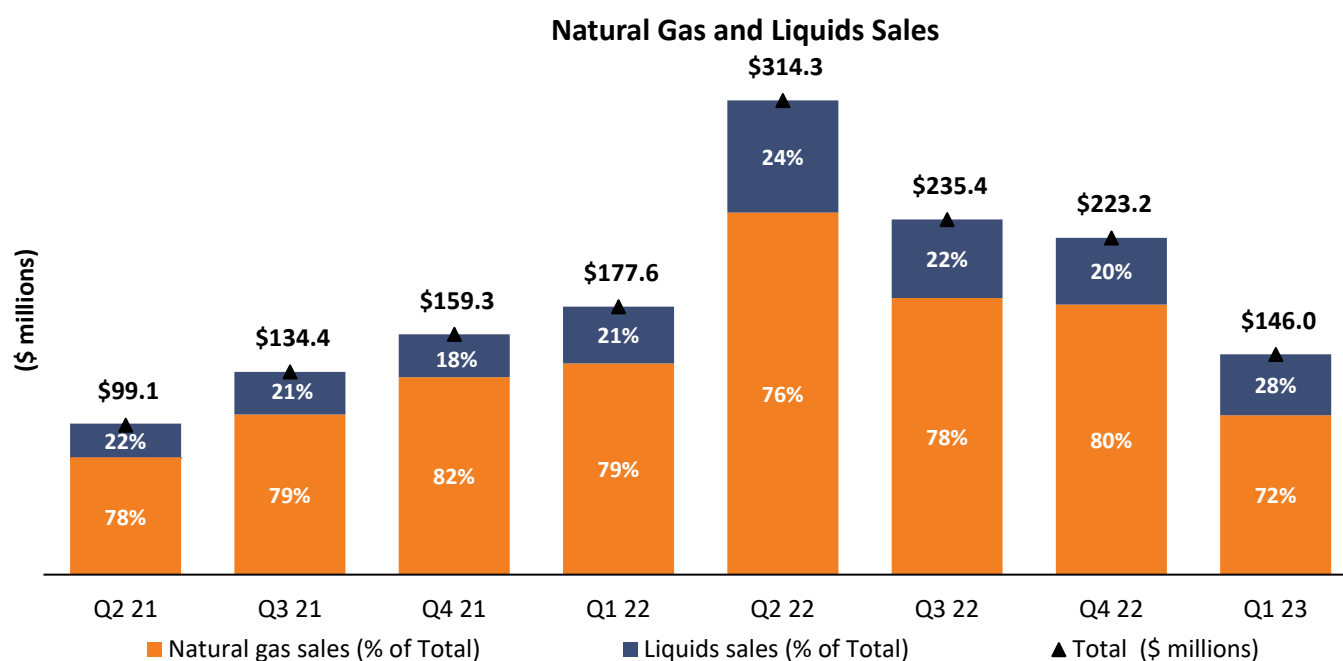
⁽²⁾ Natural gas market exposure based on contracts in-place at March 31, 2023.

⁽³⁾ Represents the midpoint of our 2023 guidance for natural gas production volumes (see New Release dated December 1, 2022).

⁽⁴⁾ Sales are based upon a spark-spread price, providing Advantage exposure to PJM power prices, back-stopped with a natural gas price collar.

Natural gas and liquids sales

(\$000, except as otherwise indicated)	Three months ended		% Change
	2023	2022	
Crude oil	14,927	10,105	48
Condensate	10,679	10,847	(2)
NGLs	14,745	16,587	(11)
Liquids	40,351	37,539	7
Natural gas	105,648	140,030	(25)
Natural gas and liquids sales	145,999	177,569	(18)
per boe	27.90	37.26	(25)



Natural gas and liquids sales for the three months ended March 31, 2023, decreased by \$31.6 million or 18% compared to the same period of 2022.

For the three months ended March 31, 2023, natural gas sales decreased by \$34.4 million or 25%, compared to the corresponding period in 2022, due to a 31% decrease in realized natural gas prices (see "Commodity Prices and Marketing"), partially offset by a 9% increase in natural gas production volumes (see "Production"). First quarter liquids sales increased by \$2.8 million or 7%, due to a 17% increase in liquids production volumes (see "Production"), partially offset by an 8% decrease in realized liquids prices (see "Commodity Prices and Marketing").

Financial Risk Management

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

The Corporation enters into financial risk management derivative contracts to manage the exposure to commodity price risk, foreign exchange risk and interest rate risk. A summary of realized and unrealized derivative gains and losses for the three months ended March 31, 2023, and 2022 are as follows:

	Three months ended	
	2023	2022
Realized gains (losses) on derivatives		
Natural gas	19,381	(9,349)
Crude oil	-	(1,105)
Foreign exchange	(1,356)	115
Interest rate	-	(104)
Total	18,025	(10,443)
Unrealized gains (losses) on derivatives		
Natural gas	(8,263)	(69,266)
Crude oil	-	(1,216)
Foreign exchange	1,529	1,252
Interest rate	-	136
Natural gas embedded derivative	(9,279)	18,121
Unsecured debentures	(4,582)	-
Total	(20,595)	(50,973)
Gains (losses) on derivatives		
Natural gas	11,118	(78,615)
Crude oil	-	(2,321)
Foreign exchange	173	1,367
Interest rate	-	32
Natural gas embedded derivative	(9,279)	18,121
Unsecured debentures	(4,582)	-
Total	(2,570)	(61,416)

Financial Risk Management (continued)

Natural gas

For the three months ended March 31, 2023, Advantage realized gains on natural gas derivatives of \$19.4 million due to the settlement of contracts with average derivative contract prices that were above average market prices.

For the three months ended March 31, 2023, Advantage recognized an unrealized loss on natural gas derivatives of \$8.3 million resulting from changes in the fair value of outstanding natural gas derivative contracts and the settlement of contracts. The change in the fair value of our outstanding natural gas derivative contracts was significantly impacted by the decreased asset valuation due to the tightening of the AECO/Henry Hub Basis differential.

Natural gas embedded derivative

Advantage has a long-term natural gas supply agreement under which Advantage will supply 25,000 MMBtu/d of natural gas for a 10-year period, that commenced in April 2023. Commercial terms of the agreement are based upon a spark-spread price, providing Advantage exposure to PJM power 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 originally defined the host contract as a natural gas sales arrangement with a fixed price of US\$2.50/MMBtu. The Corporation will have unrealized gains (losses) on the embedded derivative based on movements in the forward curve for PJM power prices. The Corporation will not have realized gains (losses) on the embedded derivative until the Corporation begins delivering natural gas. For the three months ended March 31, 2023, the Corporation recognized an unrealized loss on the natural gas embedded derivative of \$9.3 million as a result of weakening PJM power prices.

Foreign exchange

For the three months ended March 31, 2023, Advantage realized a loss on foreign exchange derivatives of \$1.4 million while recognizing an unrealized gain of \$1.5 million. The \$1.5 million unrealized gain is a result of the decreased liability valuation associated with a portion of the foreign exchange derivatives that concluded in the first quarter of 2023 with the realization of a \$1.4 million loss.

Unsecured debentures derivative

The Corporation's subsidiary, Entropy Inc. ("Entropy"), has issued unsecured debentures that have exchange features that meet the definition of a derivative liability, as the exchange features allow the unsecured debentures to be potentially exchanged for a variable number of Entropy common shares (see "Unsecured Debentures"). The Corporation will record unrealized gains (losses) as the valuation of the conversion option changes. For the three months ended March 31, 2023, the Entropy unsecured debentures derivative liability resulted in an unrealized loss of \$4.6 million due to the increased value of the conversion option.

Financial Risk Management (continued)

The fair value of derivative assets and liabilities is the estimated value to settle the outstanding contracts as at a point in time. As such, unrealized derivative gains and losses do not impact adjusted funds flow and the actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices, foreign exchange rates and interest rates as compared to the valuation assumptions. Remaining derivative contracts will settle between April 1, 2023 and December 31, 2024, apart from the natural gas embedded derivative which is expected to be settled between the years 2023 and 2033.

As at March 31, 2023 and April 27, 2023, the Corporation had the following commodity and foreign exchange derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - Henry Hub NYMEX			
Fixed price swap	April 2023 to October 2023	25,000 Mcf/d	US \$3.35/Mcf
Natural gas - AECO/Henry Hub Basis Differential			
Basis swap	April 2023 to December 2024	40,000 Mcf/d	Henry Hub less US \$1.19/Mcf
Natural gas - AECO			
Fixed price swap	April 2023 to March 2024	4,739 Mcf/d	CAD \$3.37/Mcf
Fixed price swap	April 2023 to October 2023	18,956 Mcf/d	CAD \$4.35/Mcf
Natural gas - Chicago			
Fixed price swap	November 2023 to March 2024	5,000 Mcf/d	US \$4.15/Mcf
Natural gas - Dawn			
Fixed price swap	April 2023 to October 2023	15,000 Mcf/d	US \$2.92/Mcf
Fixed price swap	April 2023 to March 2024	10,000 Mcf/d	US \$3.07/Mcf

Processing and other income

	Three months ended		% Change
	March 31		
	2023	2022	
Processing and other income (\$000)	1,820	1,438	27
per boe	0.35	0.30	17

Advantage earns processing income from contracts whereby the Corporation charges third-parties to utilize excess capacity at its Glacier Gas Plant and Progress battery. For the three months ended March 31, 2023, the Corporation generated \$1.8 million in processing and other income, an increase of 27%, due to higher volumes processed for third-parties compared to the prior year.

Net sales of purchased natural gas

	Three months ended		% Change
	March 31		
	2023	2022	
Sales of purchased natural gas (\$000)	-	4,826	nm
Natural gas purchases (\$000)	-	(4,756)	nm
Net sales of purchased natural gas (\$000)	-	70	nm
per boe	-	0.01	nm

The Corporation was not required to purchase natural gas to satisfy downstream commitments for the three months ended March 31, 2023.

Royalty Expense

	Three months ended		% Change
	March 31		
	2023	2022	
Royalty expense (\$000)	16,702	16,297	2
per boe	3.19	3.42	(7)
Royalty rate (%) ⁽¹⁾	11.4	9.2	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.

Royalty expense for the three months ended March 31, 2023, was comparable to the same period of the prior year. The Corporation's royalty rate increased 2.2% compared to the prior year due to the Corporation having more gas wells achieving payout on the initial capital invested thereby resulting in higher royalty rates. Royalties paid on new wells drilled in Alberta are typically low until the initial capital investment is recovered at which time the royalty rate will increase based on magnitude of production and commodity price.

Operating Expense

	Three months ended		
	March 31		%
	2023	2022	Change
Operating expense (\$000)	18,003	13,293	35
per boe	3.44	2.79	23

Operating expense for the three months ended March 31, 2023, increased by \$4.7 million or 35%. The higher operating expense was attributed to a 10% increase in total production, additional third-party processing fees associated with higher production at Wembley and inflation impacts. Operating expense per boe increased by 23% largely due to higher liquids production from our Wembley area.

Transportation Expense

	Three months ended		
	March 31		%
	2023	2022	Change
Natural gas (\$000)	20,472	19,122	7
Liquids (\$000)	2,175	1,631	33
Total transportation expense (\$000)	22,647	20,753	9
per boe	4.33	4.36	(1)

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 months ended March 31, 2023, increased by \$1.9 million or 9%, associated with the increase in total production. The Corporation's transportation expense per boe was comparable to the prior year.

Operating Netback

	Three months ended			
	March 31			
	2023		2022	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	145,999	27.90	177,569	37.26
Realized gains (losses) on derivatives	18,025	3.44	(10,443)	(2.19)
Processing and other income	1,820	0.35	1,438	0.30
Net sales of purchased natural gas	-	-	70	0.01
Royalty expense	(16,702)	(3.19)	(16,297)	(3.42)
Operating expense	(18,003)	(3.44)	(13,293)	(2.79)
Transportation expense	(22,647)	(4.33)	(20,753)	(4.36)
Operating netback ⁽¹⁾	108,492	20.73	118,291	24.81

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

For the three months ended March 31, 2023, Advantage's operating netback was \$20.73/boe, a decrease of \$4.08/boe or 16%. The decrease in operating netback per boe was primarily due to the decrease in natural gas and liquids sales as a result of lower natural gas and crude oil benchmark prices (see "Commodity Prices and Marketing"). This decrease was partially offset by a significant increase in realized gains on derivatives as compared to the prior year (see "Financial Risk Management").

General and Administrative Expense

	Three months ended		% Change
	March 31		
	2023	2022	
General and administrative expense (\$000)	5,299	5,254	1
per boe	1.01	1.10	(8)
Employees at March 31	55	42	31

General and administrative ("G&A") expense for the three months ended March 31, 2023, was comparable to the prior year. The Corporation's G&A expense has increased due to an increase in employees, including hires to resource the Entropy business. Total G&A expense incurred by Entropy for the three months ended March 31, 2023 was \$1.0 million (March 31, 2022 - \$0.8 million). The increased cost related to higher staffing was offset by the decreased valuation of the Deferred Share Units liability, which is revalued each reporting period, and accounted for a \$1.8 million decrease when comparing to the prior year.

Share-based Compensation

	Three months ended		% Change
	March 31		
	2023	2022	
Share-based compensation (\$000)	2,448	1,983	23
Capitalized (\$000)	(630)	(577)	9
Share-based compensation expense (\$000)	1,818	1,406	29
per boe	0.35	0.30	17

Advantage's long-term compensation plan for staff consists of a cash-based performance award incentive plan (see "General and Administrative Expense") and a share-based Restricted and Performance Award Incentive Plan. Under Advantage's Restricted and Performance Award Incentive Plan, service providers of Advantage are granted Performance Share Units that cliff vest after three years from grant date. Capitalized share-based compensation is attributable to staff involved with the development of capital projects. Advantage's share-based compensation for the three months ended March 31, 2023 increased \$0.5 million or 23%, as a result of an increase in grants in 2022 from additional staff, accompanied by increased weighting of Performance Share Units issued versus cash-based performance awards in 2022.

Finance Expense

	Three months ended		% Change
	March 31		
	2023	2022	
Cash finance expense (\$000)	6,073	3,986	52
per boe	1.16	0.84	38
Accretion expense (\$000)	431	376	15
Total finance expense (\$000)	6,504	4,362	49
per boe	1.24	0.92	35

Advantage realized higher cash finance expense during the three months ended March 31, 2023, as a result of increased average outstanding bank indebtedness and higher interest rates when compared to the same period in 2022 (see "Bank Indebtedness, Credit Facilities and Other Liabilities"). Advantage's bank indebtedness interest rates are primarily based on short-term bankers' acceptance rates plus a stamping fee and determined by net debt to the trailing four quarters Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio as calculated pursuant to our Credit Facilities.

On April 5, 2022, the Corporation's subsidiary Entropy issued a \$25 million unsecured debenture that is non-recourse to Advantage. The unsecured debenture bears an interest rate of 8% that Entropy can elect to pay in cash or pay-in-kind. Any paid-in-kind interest is added to the aggregate principal amount of the unsecured debenture. For the three months ended March 31, 2023, Entropy incurred interest of \$0.5 million that was paid in cash (see "Unsecured Debentures").

Depreciation

	Three months ended		% Change
	March 31		
	2023	2022	
Depreciation expense (\$000)	33,704	30,396	11
per boe	6.44	6.38	1

The increase in depreciation expense during the three months ended March 31, 2023 is due to the 10% increased total production when compared to the prior year (see "Production").

Taxes

	Three months ended		% Change
	2023	2022	
Deferred income tax expense (\$000)	11,171	6,231	79
Effective tax rate (%)	27.7	24.2	3.5

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three months ended March 31, 2023, the Corporation recognized a deferred income tax expense of \$11.2 million. The expense for the three months ended March 31, 2023, is a result of generating income before taxes and non-controlling interest of \$40.8 million. The increase in the effective tax rate is due to the Corporation's subsidiary Entropy initially incurring non-capital losses, associated with the early stage of its business development, that are not yet recognized for accounting purposes. As at March 31, 2023, the Corporation had a deferred income tax liability of \$212.6 million.

Net Income and Comprehensive Income attributable to Advantage shareholders

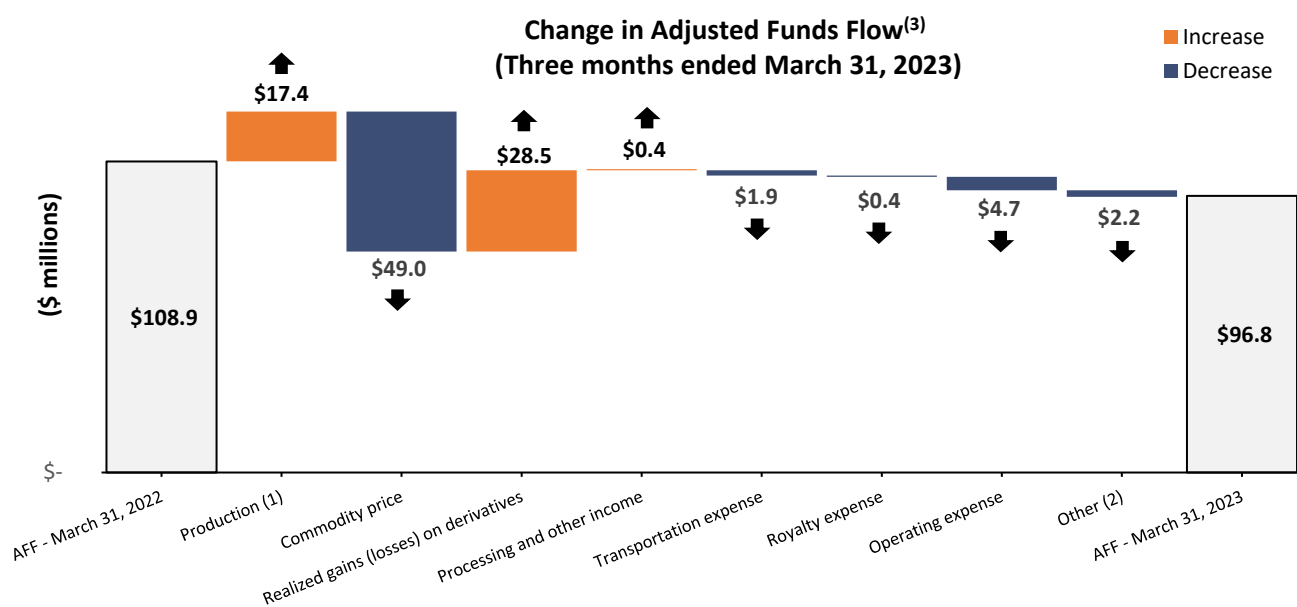
	Three months ended		% Change
	2023	2022	
Net income and comprehensive income attributable to Advantage shareholders (\$000)	29,719	19,579	52
per share - basic	0.18	0.10	80
per share - diluted	0.17	0.10	70

Advantage recognized net income attributable to Advantage shareholders of \$29.7 million for the three months ended March 31, 2023. Net income and comprehensive income attributable to Advantage shareholders was higher when compared to 2022 largely due to significantly lower losses on derivatives (see "Financial Risk Management"), partially offset by the decreased operating netback in 2023 driven by lower realized pricing (see "Operating Netback").

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

(\$000, except as otherwise indicated)	Three months ended March 31	
	2023	2022
Cash provided by operating activities	105,955	109,157
Expenditures on decommissioning liability	453	451
Changes in non-cash working capital	(9,575)	(730)
Adjusted funds flow ⁽¹⁾	96,833	108,878
Adjusted funds flow per boe ⁽¹⁾	18.50	22.85
Adjusted funds flow per share ⁽¹⁾	0.58	0.57

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



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

⁽²⁾ Other includes net sales of purchased natural gas, G&A expense, finance expense (excluding accretion of decommissioning liability and unsecured debentures) and foreign exchange gain.

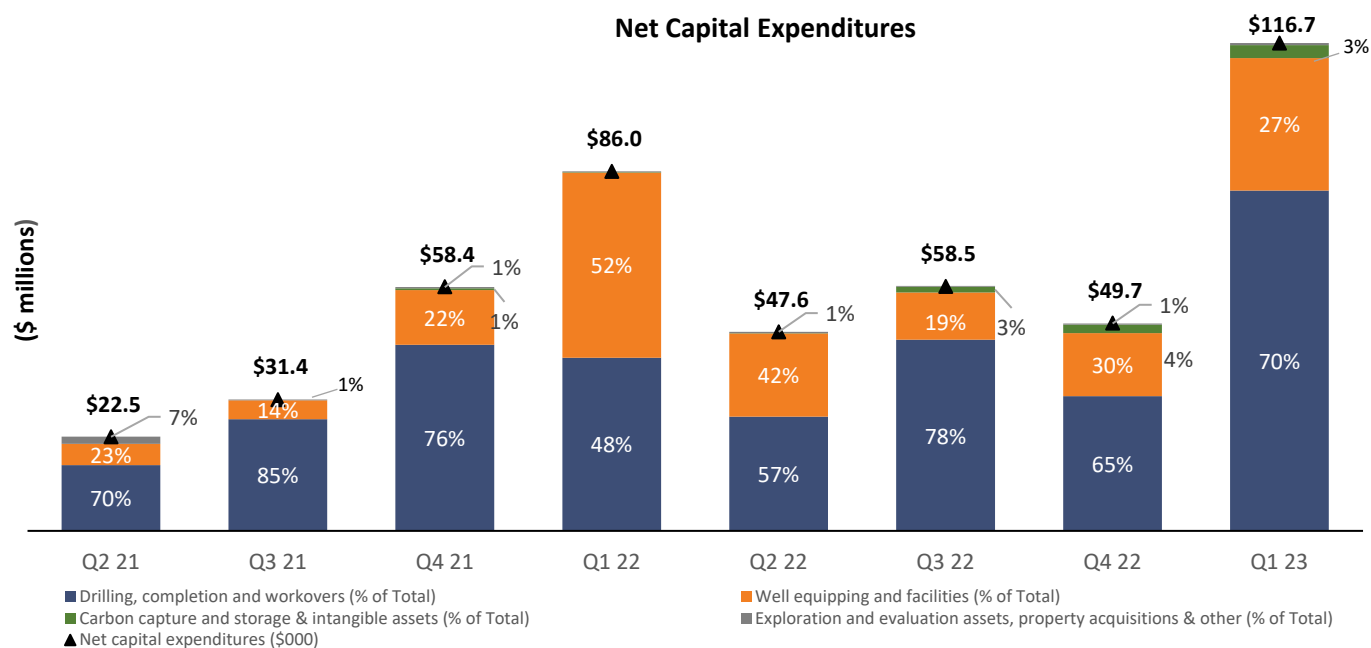
⁽³⁾ Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

For the three months ended March 31, 2023, Advantage realized cash provided by operating activities of \$106.0 million, a decrease of \$3.2 million when compared to the same period of 2022. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, the Corporation realized adjusted funds flow of \$96.8 million, a decrease of \$12.1 million when compared to the same period of 2022. The decrease in cash provided by operating activities and adjusted funds flow were largely due to the decrease in natural gas and liquids sales as a result of lower commodity prices, partially offset by higher total production (see "Commodity Prices and Marketing" and "Production") and realized gains on derivatives (see "Financial Risk Management").

Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended	
	March 31	
	2023	2022
Drilling, completion and workovers	81,393	41,416
Well equipping and facilities	31,767	44,262
Other	184	136
Net capital expenditures - Advantage	113,344	85,814
Carbon capture and storage facilities	2,874	-
Expenditures on intangible assets	482	200
Net capital expenditures - Entropy	3,356	200
Net capital expenditures ⁽¹⁾	116,700	86,014
Changes in non-cash working capital	(31,110)	(9,026)
Project funding received	-	(5)
Cash used in investing activities	85,590	76,983

⁽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)

The following table summarizes wells drilled, completed and on production for the three months ended March 31, 2023:

(# of wells)	Three months ended March 31, 2023		
	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)
Glacier	6 (4.0)	4 (4.0)	2 (2.0)
Valhalla	2 (2.0)	-	-
Wembley	5 (5.0)	-	-
Progress	-	2 (2.0)	-
	13 (11.0)	6 (6.0)	2 (2.0)

Advantage invested \$113.3 million and Entropy invested \$3.4 million on property, plant, and equipment and intangible assets during the three months ended March 31, 2023.

Glacier

The first quarter of 2023 was active at Glacier with 6 gross (4.0 net) wells drilled, 4 gross (4.0 net) completed and 2 gross (2.0 net) placed on production. Subsequent to March 31, 2023, an additional 4 gross (2.0 net) wells were completed, and 6 gross (4.0 net) wells were tied-in. Peak production from the property is expected to grow in the second quarter of 2023 when raw gas processing capacity expansion to 425 MMcf/d is completed at the Glacier Gas Plant, and wells tied-in are brought on production. Offsetting this production growth is a planned 14-day turnaround at the Glacier Gas Plant in May.

The last 10 wells drilled in 2022 and placed on production in the fourth quarter of 2022 yielded exceptional well performance driving average peak IP30 rates from the wells to 13.2 MMcf/d raw natural gas, despite the wells being choked back to minimize erosional risks and impacts on existing nearby wells.

Operation of the Glacier Gas Plant Phase 1 carbon capture and storage ("CCS") and waste heat recovery project designed to reduce emissions by 47,000 tonnes per annum of CO₂e, continued as expected during the quarter. Phase 1 is an important step for Advantage and Entropy in developing modular CCS technology and continuing to lower corporate emissions. Under the Government of Canada's proposed refundable investment tax credit ("ITC") for CCUS projects, the Corporation expects it is entitled to recover approximately \$15 million to \$20 million of its incurred net capital expenditures from the year 2022. As the ITC has yet to receive royal assent in the House of Commons, the Corporation is unable to recognize this benefit as at March 31, 2023.

Valhalla

Advantage drilled 2.0 gross (2.0 net) wells at Valhalla during the first quarter of 2023, which will be completed in the second quarter. The last 4 wells placed on production in Valhalla during 2022 averaged IP30 production rates of 1,179 boe/d (4.8 MMcf/d natural gas, 282 bbls/d condensate and 92 bbls/d NGLs) despite the wells being choked back to minimize erosional risks. All Valhalla production flows through Advantage-owned infrastructure to our Glacier Gas Plant. Strong well results support Management's view that our Valhalla asset will continue to play a pivotal role in the Corporation's liquids-rich gas development plan.

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

Wembley

At Wembley, development of this oil-weighted property focused on drilling 5 gross (5.0 net) wells during the first quarter of 2023, including 2-mile-long laterals, with 2 gross (2.0 net) additional wells being drilled subsequent to March 31, 2023. Completion activity on all seven wells will be finished in the second quarter and as the wells are placed on production the property is expected to achieve record production. 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.

One of the wells drilled after March 31 2023, targeted a new development layer that has been evaluated by Advantage for the first time in Wembley to further evaluate this multi-layer oil-weighted property. Advantage has now successfully drilled in 3 different layers within the Wembley asset.

Progress

Construction of Phase 2 at our 100% owned Progress compressor and liquids handling hub, which adds emulsion handling and water disposal, began in the first quarter of 2023 and is expected to be complete in late April. Two wells previously drilled in the fourth quarter of 2022 were completed in the first quarter of 2023 and will be placed on production following commissioning of Phase 2 and the conclusion of the Glacier Gas Plant turnaround in May.

Entropy Inc.

Entropy incurred \$2.9 million in property, plant and equipment expenditures for the three months ended March 31, 2023, related to testing and the optimization of the Glacier Phase 1 CCS project and initial spending incurred on Entropy's Glacier Phase 1b project, whereby Entropy will be installing its patent-pending integrated carbon capture and storage equipment. During the three months ended March 31, 2023, Entropy also incurred \$0.5 million in intangible assets expenditures associated with ongoing research and development projects and EntropyIQ™, a proprietary emissions tracking, processing and reporting software platform that is a complete solution for all CCS measurement, monitoring and verification data.

Commitments and Contractual Obligations

The Corporation has commitments and contractual obligations in the normal course of operations. Such commitments include operating costs for our head office lease, natural gas processing costs associated with third-party facilities, and transportation costs for delivery of our natural gas and liquids (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, \$234 million is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$204 million in additional transportation to diversify natural gas production to the Dawn, Empress and Emerson 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	2023 (9 months)	2024	2025	2026	2027	Beyond
Building operating cost ⁽¹⁾	1.8	0.3	0.4	0.4	0.4	0.3	-
Processing	51.7	5.9	10.0	9.5	7.0	7.0	12.3
Transportation	437.8	55.2	75.3	73.6	61.5	49.6	122.6
Total commitments	491.3	61.4	85.7	83.5	68.9	56.9	134.9
Performance Awards	13.6	6.0	5.9	1.7	-	-	-
Lease liability	2.2	0.4	0.5	0.5	0.4	0.3	0.1
Financing liability	155.7	9.6	12.7	12.7	12.7	12.7	95.3
Bank indebtedness ⁽²⁾							
- principal	170.0	-	170.0	-	-	-	-
- interest	14.3	9.6	4.8	-	-	-	-
Unsecured debentures ⁽³⁾	25.0	-	-	-	-	-	25.0
Total contractual obligations	380.8	25.6	193.9	14.9	13.1	13.0	120.4
Total future payments	872.1	87.0	279.6	98.4	82.0	69.9	255.3

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

⁽²⁾ As at March 31, 2023 the Corporation's bank indebtedness was governed by a credit facility agreement with a syndicate of financial institutions. The Credit Facility has a tenor of two years with a maturity date in June 2024 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May and semi-annually on or before November. There can be no assurance that the Credit Facilities will be renewed at the current borrowing base level at that time. During the term, no principal payments are required until the revolving period matures in June 2024 in the event of a reduction, or the Credit Facility not being renewed. Management fully expects that the facilities will be extended at each annual review.

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

Liquidity and Capital Resources

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

(\$000, except as otherwise indicated)	March 31 2023	December 31 2022
Bank indebtedness (non-current)	167,260	177,200
Unsecured debentures ⁽²⁾	15,814	15,700
Working capital (surplus) deficit ⁽¹⁾	12,449	(71,564)
Net debt ⁽¹⁾	195,523	121,336
Shares outstanding	166,258,389	171,652,768
Shares closing market price (\$/share)	7.81	9.47
Market capitalization	1,298,478	1,625,552
Total capitalization	1,494,001	1,746,888
Net debt to adjusted funds flow ratio ⁽¹⁾	0.4	0.2

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

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

As at March 31, 2023, Advantage had net debt of \$195.5 million, consisting of \$186.6 million with Advantage and \$8.9 million with Entropy. Advantage has a \$350 million Credit Facility of which \$167.9 million or 48% was available after deducting letters of credit of US\$9 million outstanding (see "Bank Indebtedness, Credit Facilities and Other Liabilities"). The Corporation's cash on hand and adjusted funds flow was utilized to fund our capital expenditure program of \$116.7 million and repurchase and cancel 5.4 million common shares for \$47.3 million (see "Shareholders' Equity"). The Corporation had net debt of \$195.5 million as at March 31, 2023, below our net debt target, with a net debt to adjusted funds flow ratio of 0.4 times.

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

Bank Indebtedness, Credit Facilities and Other Liabilities

As at March 31, 2023, Advantage had bank indebtedness outstanding of \$167.3 million, a decrease of \$9.9 million since December 31, 2022. Advantage's Credit Facilities have a borrowing base of \$350 million that is collateralized by a \$1 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "Credit Facilities"). Under the Credit Facilities, the Corporation must ensure at all times that its Liability Management Rating ("LMR") as determined by the Alberta Energy Regulator ("AER") is not less than 2.0. The borrowing base for the Credit Facilities is determined by the banking syndicate through an evaluation of our reserve estimates based upon their independent commodity price assumptions. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base. The Credit Facilities are comprised of a \$30 million extendible revolving operating loan facility from one financial institution and a \$320 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a tenor of two years with a maturity date in June 2024 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 2024 in the event of a reduction, or the Credit Facility not being renewed. The Corporation had letters of credit of US\$9 million outstanding at March 31, 2023 (December 31, 2022 - US\$9 million). The Credit Facilities do not contain any financial covenants, but the Corporation is subject to various affirmative and negative covenants under its Credit Facilities. The Corporation was in compliance with all covenants as at March 31, 2023 and December 31, 2022.

Advantage had a working capital deficit of \$12.4 million as at March 31, 2023, as compared to a working capital surplus at December 31, 2022 of \$71.6 million, largely due the decrease in trade and other receivables related to lower commodity prices, and the timing of net capital expenditures and related payments. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, trade and other accrued liabilities. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with cash provided by operating activities and our available Credit Facilities.

Unsecured Debentures

On March 25, 2022, the Corporation's subsidiary Entropy entered into an investment agreement with Brookfield Global Transition Fund ("Brookfield") who provided a capital commitment of \$300 million. Entropy will issue unsecured debentures to fund CCS projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the unsecured debentures, Entropy and the respective investor have options that provide for the unsecured debentures to be exchanged for Entropy common shares at an exchange price of \$10 per share, subject to adjustment in certain circumstances. The investor has the option to exchange the outstanding unsecured debentures to Entropy for Entropy common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for Entropy common shares in advance of an initial public offering. The unsecured debentures have a term of 10 years, if not exchanged prior thereto, which are to be repaid at the end of the term in an amount equal to or greater of the principal amount and the investor's pro rata share of the fair market value of Entropy and are non-recourse to Advantage. Each 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.

On April 5, 2022, Entropy issued unsecured debentures and received an initial \$25.0 million in gross proceeds and incurred \$3.8 million of issuance cost. For the three months ended March 31, 2023, Entropy incurred interest of \$0.5 million (March 31, 2022 - \$nil) that was paid in cash.

Other Liabilities

Advantage has a 15-year take-or-pay volume commitment agreement for 50 MMcf/d of capacity at a fee of \$0.696/Mcf at the Glacier Gas Plant. The volume commitment agreement is treated as a financing transaction with an effective interest rate associated with the financing transaction of 9.1%. For the three months ended March 31, 2023, the Corporation made cash payments of \$3.1 million (March 31, 2022 - \$2.9 million) under the take-or-pay volume commitment agreement.

As at March 31, 2023, Advantage had a decommissioning liability of \$45.8 million (December 31, 2022 – \$41.9 million) for the future abandonment and reclamation of the Corporation's natural gas and liquids properties. The decommissioning liability includes assumptions in respect of actual costs to abandon and reclaim wells and facilities, the time frame in which such costs will be incurred, annual inflation factors and discount rates. The total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$63.6 million (December 31, 2022 – \$62.8 million), with 56% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the three months ended March 31, 2023, was \$0.5 million (year ended December 31, 2022 – \$2.2 million). Advantage continues to maintain an industry leading LMR of 28.4, demonstrating that the Corporation has no issues addressing its abandonment, remediation, and reclamation obligations.

Non-controlling interest ("NCI")

On May 5, 2021, Entropy issued common shares to Advantage and Allardyce Bower Holdings Inc. ("ABC") in exchange for intangibles and intellectual property, resulting in Advantage and ABC owning 90% and 10% of Entropy's outstanding common shares, respectively. Advantage consolidates 100% of Entropy and has recognized a non-controlling interest in shareholders' equity, representing the carrying value of the 10% common shares of Entropy held by outside interests.

For the three months ended March 31, 2023, the net loss and comprehensive loss attributed to non-controlling interest was \$0.6 million (March 31, 2022 - \$0.1 million).

Shareholders' Equity

On April 6, 2023, the TSX approved the Corporation renewing its normal course issuer bid ("NCIB"). Pursuant to the NCIB, Advantage will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 16,201,997 common shares of the Corporation. The NCIB commenced on April 13, 2023 and will terminate on April 12, 2024 or such earlier time as the NCIB is completed or terminated at the option of Advantage. Purchases pursuant to the NCIB will be made on the open market through the facilities of the TSX and/or Canadian alternative trading systems. The price that Advantage will pay for any common shares under the NCIB will be the prevailing market price on the TSX at the time of such purchase. Common shares acquired under the NCIB will be cancelled.

For the three months ended March 31, 2023, the Corporation purchased 5.4 million common shares for cancellation under its previous NCIB at an average price of \$8.76 per common share for a total of \$47.3 million. Under the Corporation's previous NCIB, Advantage purchased for cancellation a total of 18,704,019 common shares, the maximum number of common shares that could be purchased thereunder prior to renewal.

As at March 31, 2023, a total of 4.0 million Performance Share Units were outstanding under the Corporation's Restricted and Performance Award Incentive Plan, which represents 2.4% of Advantage's total outstanding common shares.

As at April 27, 2023, Advantage had 165.2 million common shares outstanding.

Quarterly Performance

	2023	2022				2021		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(\$000, except as otherwise indicated)								
Financial Statement Highlights								
Natural gas and liquids sales	145,999	223,200	235,392	314,297	177,569	159,255	134,354	99,053
Net income and comprehensive income	29,114	113,463	40,568	164,234	19,496	359,956	43,098	8,725
per basic share ⁽²⁾	0.18	0.63	0.22	0.86	0.10	1.90	0.23	0.04
Basic weighted average shares (000)	167,311	180,248	186,717	190,415	190,829	190,829	190,829	190,501
Cash provided by operating activities	105,955	112,558	123,224	157,439	109,157	67,464	46,988	57,134
Cash used in financing activities	(58,359)	(49,718)	(71,048)	(37,556)	(50,769)	(27,423)	(26,960)	(21,480)
Cash used in investing activities	(85,590)	(69,060)	(42,822)	(80,720)	(76,983)	(44,939)	(36,940)	(20,834)
Other Financial Highlights								
Adjusted funds flow ⁽¹⁾	96,833	124,205	96,651	187,056	108,878	71,227	63,353	46,266
per boe ⁽¹⁾	18.50	24.29	19.39	34.05	22.85	16.15	13.77	10.17
per basic share ⁽¹⁾⁽²⁾	0.58	0.69	0.52	0.98	0.57	0.37	0.33	0.24
Net capital expenditures ⁽¹⁾	116,700	46,838	58,519	47,570	86,014	58,384	31,352	22,482
Free cash flow ⁽¹⁾	(19,867)	77,367	38,132	139,486	22,864	12,843	32,001	23,784
Working capital surplus (deficit) ⁽¹⁾	(12,449)	71,564	46,960	77,858	(19,115)	6,865	29,914	27,595
Bank indebtedness	167,260	177,200	113,804	106,776	117,558	167,345	193,828	219,856
Net debt ⁽¹⁾	195,523	121,336	82,432	44,301	136,673	160,480	163,914	192,261
Operating Highlights								
Production								
Crude oil (bbls/d)	1,731	1,854	2,168	2,858	997	816	1,038	1,163
Condensate (bbls/d)	1,157	1,092	1,049	1,128	1,057	1,012	1,002	637
NGLs (bbls/d)	2,877	2,680	3,230	3,392	2,854	2,524	2,684	2,490
Total liquids production (bbls/d)	5,765	5,626	6,447	7,378	4,908	4,352	4,724	4,290
Natural gas (mcf/d)	314,273	299,684	286,328	317,976	288,226	261,530	271,804	274,328
Total production (boe/d)	58,144	55,573	54,168	60,374	52,946	47,940	50,025	50,011
Average prices (including realized derivatives)								
Natural gas (\$/mcf)	4.42	5.65	4.61	6.75	5.04	4.17	3.48	2.81
Liquids (\$/bbl)	77.77	86.39	87.89	107.83	82.48	50.92	49.68	47.21
Operating Netback (\$/boe)								
Natural gas and liquids sales	27.90	43.66	47.23	57.21	37.26	36.11	29.19	21.76
Realized gains (losses) on derivatives	3.44	(4.76)	(12.58)	(8.50)	(2.19)	(8.41)	(5.21)	(2.12)
Processing and other income	0.35	0.60	0.46	0.41	0.30	-	-	-
Net sales of purchased natural gas	-	-	-	-	0.01	-	-	-
Royalty expense	(3.19)	(5.31)	(5.80)	(6.17)	(3.42)	(2.02)	(1.75)	(1.20)
Operating expense	(3.44)	(3.39)	(3.72)	(2.75)	(2.79)	(2.92)	(2.38)	(2.21)
Transportation expense	(4.33)	(4.43)	(4.48)	(4.44)	(4.36)	(4.48)	(3.86)	(3.72)
Operating netback ⁽¹⁾	20.73	26.37	21.11	35.76	24.81	18.28	15.99	12.51

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

(2) Based on basic weighted average shares outstanding.

The table above highlights the Corporation's performance for the first quarter of 2023 and for the preceding seven quarters. Production was steady in 2021 before decreasing in the fourth quarter due to unplanned "firm service" restrictions on TC Energy's NGTL system and then subsequently increasing during 2022 and 2023 with a return to normal production levels and bringing onstream newly drilled wells.

Quarterly Performance (continued)

Natural gas and liquids sales and adjusted funds flow increased significantly in the first quarter of 2022 through the fourth quarter of 2022 due to increased production accompanied with strong natural gas and liquids benchmark prices. Natural gas and liquids sales and adjusted funds flow decreased into the first quarter of 2023 largely due to lower commodity prices, partially offset by higher total production and realized gains on derivatives. 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. The Corporation incurred a large net loss in the first quarter of 2020 due to an impairment charge which was triggered by the COVID-19 pandemic impact on anticipated future commodity prices due to supply and demand outlooks. This impairment charge was recovered in the fourth quarter of 2021, attributed to the significant improvement in commodity prices, resulting in a significant increase to net income. As a result of strong commodity prices in 2022, the Corporation generated significant net income and cash provided by operating activities, which has decreased slightly in 2023 with lower commodity prices.

Critical Accounting Estimates

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

Management relies on the estimate of reserves as prepared by the Corporation's independent qualified reserves evaluator. The process of estimating reserves is critical to several accounting estimates. The process of estimating reserves is complex and requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development and production activities becomes available and as economic conditions impact natural gas and liquids prices, operating expense, royalty burden changes, and future development costs. Reserve estimates impact net income 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 natural gas and liquids properties. The reserve estimates are also used to assess the borrowing base for the Credit Facilities. Revision or changes in the reserve estimates can have either a positive or a negative impact on asset values, net income, comprehensive income and the borrowing base of the Corporation.

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

Critical Accounting Estimates (continued)

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

In accordance with IFRS, derivative assets and liabilities are recorded at their fair values at the reporting date, with gains and losses recognized directly into comprehensive income in the same period. 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 lease term for leases, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Changes in Accounting Policies

The Corporation has adopted the following accounting policy during the three months ended March 31, 2023:

Inventory

Inventory consists of linefill, the Corporation's share of purchased condensate and NGL barrels used to fill a pipeline. Inventory is recorded at historical cost and is subsequently valued at the lower of weighted average cost or net realizable value. Carrying amounts of inventory that are not expected to be recoverable through future cash flows are written down to net realizable value.

Accounting Pronouncements not yet Adopted

A description of additional accounting standards and interpretations that will be adopted in future periods can be found in the notes to the Consolidated Financial Statements for the three months ended March 31, 2023.

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. Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's DC&P annually.

Evaluation of Internal Controls over Financial Reporting

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

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended March 31, 2023, that have materially affected, or are reasonably likely to materially affect, our ICFR.

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

Specified Financial Measures

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

Non-GAAP Financial Measures

Adjusted Funds Flow

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

(\$000)	Three months ended March 31	
	2023	2022
Cash provided by operating activities	105,955	109,157
Expenditures on decommissioning liability	453	451
Changes in non-cash working capital	(9,575)	(730)
Adjusted funds flow	96,833	108,878

Net Capital Expenditures

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

(\$000)	Three months ended March 31	
	2023	2022
Cash used in investing activities	85,590	76,983
Changes in non-cash working capital	31,110	9,026
Project funding received	-	5
Net capital expenditures	116,700	86,014

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

Advantage computes free cash flow as adjusted funds flow less net capital expenditures. Advantage uses free cash flow as an indicator of the efficiency and liquidity of Advantage's business by measuring its cash available after net capital expenditures to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended March 31	
	2023	2022
Cash provided by operating activities	105,955	109,157
Cash used in investing activities	(85,590)	(76,983)
Changes in non-cash working capital	(40,685)	(9,756)
Expenditures on decommissioning liability	453	451
Project funding received	-	(5)
Free cash flow	(19,867)	22,864

Operating Netback

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

(\$000)	Three months ended March 31	
	2023	2022
Natural gas and liquids sales	145,999	177,569
Realized gains (losses) on derivatives	18,025	(10,443)
Processing and other income	1,820	1,438
Net sales of purchased natural gas	-	70
Royalty expense	(16,702)	(16,297)
Operating expense	(18,003)	(13,293)
Transportation expense	(22,647)	(20,753)
Operating netback	108,492	118,291

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per Share

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

(\$000, except as otherwise indicated)	Three months ended March 31	
	2023	2022
Adjusted funds flow	96,833	108,878
Weighted average shares outstanding (000)	167,311	190,829
Adjusted funds flow per share (\$/share)	0.58	0.57

Adjusted Funds Flow per BOE

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

(\$000, except as otherwise indicated)	Three months ended March 31	
	2023	2022
Adjusted funds flow	96,833	108,878
Total production (boe/d)	58,144	52,946
Days in period	90	90
Total production (000 boe)	5,233	4,765
Adjusted funds flow per BOE (\$/boe)	18.50	22.85

Operating netback per BOE

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

(\$000, except as otherwise indicated)	Three months ended March 31	
	2023	2022
Operating netback	108,492	118,291
Total production (boe/d)	58,144	52,946
Days in period	90	90
Total production (000 boe)	5,233	4,765
Operating netback per BOE (\$/boe)	20.73	24.81

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Payout Ratio

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

(\$000, except as otherwise indicated)	Three months ended March 31	
	2023	2022
Net capital expenditures	116,700	86,014
Adjusted funds flow	96,833	108,878
Payout ratio	1.2	0.8

Net Debt to Adjusted Funds Flow Ratio

Net debt to adjusted funds flow is calculated by dividing net debt by adjusted fund flow for the previous four quarters. Net debt to adjusted funds flow 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 if it devoted all its adjusted funds flow to debt repayment.

(\$000, except as otherwise indicated)	March 31	March 31
	2023	2022
Net Debt	195,523	136,673
Adjusted funds flow (prior four quarters)	504,745	289,724
Net debt to adjusted funds flow ratio	0.4	0.5

Capital Management Measures

Working capital

Working capital is a capital management financial measure that provides Management and users with a measure of the Corporation's short-term operating liquidity. By excluding short term derivatives, Management and users can determine if the Corporation's energy operations are sufficient to cover the short-term operating requirements. Working capital is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. Effective March 31, 2022, the Corporation reclassified deferred share units which were previously included in trade and other accrued liabilities, to provisions and other liabilities. Management determined that by reclassifying the deferred share units to provisions and other liabilities, users can better assess the Corporation's short-term operating requirements. Comparative figures have been restated to reflect the reclassification.

A summary of working capital as at March 31, 2023 and December 31, 2022 is as follows:

	March 31	December 31
	2023	2022
Cash and cash equivalents	10,946	48,940
Trade and other receivables	56,739	92,816
Prepaid expenses and deposits	7,929	14,613
Trade and other accrued liabilities	(88,063)	(84,805)
Working capital surplus (deficit)	(12,449)	71,564

Specified Financial Measures (continued)

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. Comparative figures have been restated to reflect the reclassification of deferred share units in trade and other accrued liabilities which affects net debt.

A summary of the reconciliation of net debt as at March 31, 2023 and December 31, 2022 is as follows:

	March 31 2023	December 31 2022
Bank indebtedness (non-current)	167,260	177,200
Unsecured debentures	15,814	15,700
Working capital (surplus) deficit	12,449	(71,564)
Net debt	195,523	121,336

Supplementary Financial Measures

Average Realized Prices

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

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

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

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

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

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

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

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

Specified Financial Measures (continued)

Dollars per BOE figures

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

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

Sustaining Capital

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

Conversion Ratio

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

Abbreviations

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

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 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 production rate over 30 consecutive days
nm	- not meaningful information

Forward-Looking Information and Other Advisories

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

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; the Corporation's planned 14-day turnaround at the Glacier Gas Plant and the anticipated timing and effects thereof; the anticipated number of common shares that Advantage will purchase for cancellation pursuant to its NCIB; Advantage's anticipated 2023 average production; the Corporation's forecasted 2023 natural gas market exposure including the anticipated effective production rate; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; the anticipated growth in production at Glacier resulting from the expansion of the Corporation's raw gas processing capacity and certain wells being brought on production; the anticipated benefits to be derived from the Glacier Phase 1 CCS project; that Advantage will be "net zero" Scope 1 and 2 emissions within 3 years of the establishment of a working carbon market in Canada and certainty on long term carbon pricing; the incurred net capital expenditures that the Corporation estimates that it will recover under the ITC for CCUS projects on the Glacier Gas Plant Phase 1 CCS project; that Entropy will be installing its patent-pending integrated carbon capture and storage equipment in connection with the Glacier Phase 1b project; the anticipated timing of when the Corporation's two wells at Valhalla will be completed; Management's expectations that the Corporation's Valhalla asset will play a pivotal role in the Corporation's liquids-rich gas development plan; the Corporation's expectations that the seven wells drilled at Wembley will achieve record production and the anticipated timing of when they will be completed and placed on production; the anticipated completion date of the construction of the Corporation's Progress compressor site and liquids handling hub and the anticipated benefits to be derived therefrom; the anticipated timing of when two previously drilled wells at Progress will be placed on production; the Corporation's future commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; the Corporation's ability to ensure that it is properly diversified to multiple markets; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; Advantage's net debt target; the Corporation's strategy for managing its capital structure, including by issuing new common shares, repurchasing outstanding common shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend or adjusting capital spending; the terms of the Corporation's Credit Facilities, including the timing of the next review of the Credit Facilities and the Corporation's expectations regarding the extension of the Credit Facilities at each annual review; 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 COVID-19 pandemic and the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Corporation's products, market and business conditions; continued volatility in market prices for oil and natural gas; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and

Forward-Looking Information and Other Advisories (continued)

regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of facility installation; potential disruption of the Corporation's operations as a result of the COVID-19 pandemic through potential loss of manpower and labour pools resulting from quarantines in the Corporation's operating areas, risk on the financial capacity of the Corporation's contract counterparties and potentially their ability to perform contractual obligations, delays in obtaining stakeholder and regulatory approvals; performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information; the failure to extend the credit facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; the risk that the Corporation's planned turnaround at the Glacier Gas Plant may last longer and have a greater impact on production than anticipated; the risk that Advantage's average production in 2023 may be less than anticipated; the risk that number of common shares that Advantage purchases for cancellation pursuant to its NCIB may be less than anticipated; the risk that the Corporation's Valhalla asset may not play a pivotal role in the Corporation's liquids-rich gas development plan; the risk that the ITC may not receive royal ascent; the risk that the construction of the Corporation's Progress compressor site and liquids handling hub may not be completed when anticipated, or at all; the risk that the Corporation may not be properly diversified to multiple markets; the risk that Advantage may not be "net zero" Scope 1 and 2 emissions when anticipated, or at all; 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; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedar.com and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

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 impact (and the duration thereof) that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) the supply chain, including the Corporation's ability to obtain the equipment and services it requires, and (iii) the Corporation's ability to produce, transport and/or sell its crude oil, NGLs 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

Forward-Looking Information and Other Advisories (continued)

capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the Corporation's cash provided by operating activities and available Credit Facilities will be able to satisfy all of the Corporation's liabilities, commitments and future obligations as they become due; that the ITC will receive royal ascent; that the Corporation will have sufficient financial resources to purchase its shares under NCIBs in the future; and that the estimates of the Corporation's production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this MD&A and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The future acquisition by the Corporation of the Corporation's common shares pursuant to its NCIB, if any, and the level thereof is uncertain. Any decision to acquire common shares of the Corporation pursuant to the NCIB will be subject to the discretion of the board of directors of the Corporation and may depend on a variety of factors, including, without limitation, the Corporation's business performance, financial condition, financial requirements, growth plans, expected capital requirements and other conditions existing at such future time including, without limitation, contractual restrictions and satisfaction of the solvency tests imposed on the Corporation under applicable corporate law. There can be no assurance of the number of common shares of the Corporation that the Corporation will acquire pursuant to its NCIB, 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; the incurred net capital expenditures that the Corporation estimates that it will recover under the ITC for CCUS projects on the Glacier Gas Plant Phase 1 CCS project; 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

Forward-Looking Information and Other Advisories (continued)

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, 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.sedar.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.

April 27, 2023



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023 and 2022

Advantage Energy Ltd.

Consolidated Statements of Financial Position

(unaudited, expressed in thousands of Canadian dollars)

	Notes	March 31 2023	December 31 2022
ASSETS			
Current assets			
Cash and cash equivalents		10,946	48,940
Trade and other receivables		56,739	92,816
Prepaid expenses and deposits		7,929	14,613
Derivative asset	8	20,118	22,357
Total current assets		95,732	178,726
Non-current assets			
Derivative asset	8	88,484	93,993
Inventory	3	3,844	-
Exploration and evaluation assets	4	15,791	15,791
Right-of-use assets	5	1,734	1,844
Intangible assets	6	4,493	4,011
Property, plant and equipment	7	2,009,843	1,922,593
Total non-current assets		2,124,189	2,038,232
Total assets		2,219,921	2,216,958
LIABILITIES			
Current liabilities			
Trade and other accrued liabilities		88,063	84,805
Derivative liability	8	5,967	2,197
Current portion of provisions and other liabilities	10,12	23,424	25,387
Total current liabilities		117,454	112,389
Non-current liabilities			
Derivative liability	8	4,495	-
Bank indebtedness	9	167,260	177,200
Financing Liability	10	89,310	90,436
Unsecured debentures	11	30,140	25,444
Provisions and other liabilities	12	49,712	45,389
Deferred income tax liability		212,593	201,422
Total non-current liabilities		553,510	539,891
Total liabilities		670,964	652,280
SHAREHOLDERS' EQUITY			
Share capital	13	2,038,810	2,105,013
Contributed surplus		164,185	142,817
Deficit		(654,858)	(684,577)
Total shareholders' equity attributable to Advantage shareholders		1,548,137	1,563,253
Non-controlling interest	14	820	1,425
Total shareholders' equity		1,548,957	1,564,678
Total liabilities and shareholders' equity		2,219,921	2,216,958

Commitments (note 19)

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Consolidated Statements of Comprehensive Income (Loss)

(unaudited, expressed in thousands of Canadian dollars, except per share amounts)

	Notes	Three months ended March 31	
		2023	2022
Revenues			
Natural gas and liquids sales	17(a)	145,999	177,569
Sales of purchased natural gas	17(b)	-	4,826
Processing and other income	17 (c)	1,820	1,438
Royalty expense		(16,702)	(16,297)
Natural gas and liquids revenue		131,117	167,536
Losses on derivatives	8	(2,570)	(61,416)
Total revenues		128,547	106,120
Expenses			
Operating expense		18,003	13,293
Transportation expense		22,647	20,753
Natural gas purchases	17(b)	-	4,756
General and administrative expense		5,299	5,254
Share-based compensation expense	15(b)	1,818	1,406
Depreciation expense	5,7	33,704	30,396
Finance expense		6,504	4,362
Foreign exchange loss		287	173
Total expenses		88,262	80,393
Income before taxes and non-controlling interest		40,285	25,727
Deferred income tax expense		(11,171)	(6,231)
Net income and comprehensive income before non-controlling interest		29,114	19,496
Net income (loss) and comprehensive income (loss) attributable to:			
Advantage shareholders		29,719	19,579
Non-controlling interest	14	(605)	(83)
		29,114	19,496
Net income per share attributable to Advantage shareholders			
Basic	16	\$ 0.18	\$ 0.10
Diluted	16	\$ 0.17	\$ 0.10

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(unaudited, expressed in thousands of Canadian dollars)

	Share capital	Contributed surplus	Deficit	Non- controlling interest	Total shareholders' equity
Balance, December 31, 2022	2,105,013	142,817	(684,577)	1,425	1,564,678
Net income (loss) and comprehensive income (loss)	-	-	29,719	(605)	29,114
Share-based compensation (note 15(b))	-	2,448	-	-	2,448
Settlement of Performance Share Units (note 15(a))	10	(10)	-	-	-
Common shares repurchased (note 13 (b))	(66,213)	18,930	-	-	(47,283)
Balance, March 31, 2023	2,038,810	164,185	(654,858)	820	1,548,957

	Share capital	Contributed surplus	Deficit	Non- controlling interest	Total shareholders' equity
Balance, December 31, 2021	2,370,716	110,315	(1,023,244)	2,331	1,460,118
Net income (loss) and comprehensive income (loss)	-	-	19,579	(83)	19,496
Share-based compensation (note 15(b))	-	1,983	-	-	1,983
Balance, March 31, 2022	2,370,716	112,298	(1,003,665)	2,248	1,481,597

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Consolidated Statements of Cash Flows

(unaudited, expressed in thousands of Canadian dollars)

		Three months ended	
		March 31	
	Notes	2023	2022
Operating Activities			
Income before taxes and non-controlling interest		40,285	25,727
Add items not requiring cash:			
Unrealized losses on derivatives	8	20,595	50,973
Share-based compensation expense	15(b)	1,818	1,406
Depreciation expense	5,7	33,704	30,396
Accretion of decommissioning liability	12	317	376
Accretion of unsecured debentures	11	114	-
Expenditures on decommissioning liability	12	(453)	(451)
Changes in non-cash working capital	18	9,575	730
Cash provided by operating activities		105,955	109,157
Financing Activities			
Common shares repurchased	13	(47,283)	-
Decrease in bank indebtedness	9	(9,940)	(49,787)
Principal repayment of lease liability	12	(119)	(101)
Principal repayment of financing liability	10	(1,017)	(881)
Cash used in financing activities		(58,359)	(50,769)
Investing Activities			
Property, plant and equipment additions	7	(116,218)	(85,814)
Intangible assets additions	6	(482)	(200)
Project funding received		-	5
Changes in non-cash working capital	18	31,110	9,026
Cash used in investing activities		(85,590)	(76,983)
Decrease in cash and cash equivalents		(37,994)	(18,595)
Cash and cash equivalents, beginning of year		48,940	25,238
Cash and cash equivalents, end of period		10,946	6,643

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Notes to the Condensed Consolidated Financial Statements

March 31, 2023 (unaudited)

All tabular amounts expressed in thousands of Canadian dollars, except as otherwise indicated.

1. Business and structure of Advantage Energy Ltd.

Advantage Energy Ltd. and its subsidiaries (together "Advantage" or the "Corporation") is an energy producer with a significant position in the Montney resource play located in Western Canada. Advantage is domiciled and incorporated in Canada under the Business Corporations Act (Alberta). Advantage's head office address is 2200, 440 – 2nd Avenue SW, Calgary, Alberta, Canada. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "AAV".

2. Basis of preparation

(a) Statement of compliance

The Corporation prepares its condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as defined in the Chartered Professional Accountants Canada Handbook (the "CPA Canada Handbook"). The CPA Canada Handbook incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), including IAS 34, Interim Financial Reporting. The Corporation has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2022, except as noted below. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. Certain information provided for the prior period has been reclassified to conform to the presentation adopted for the period ended March 31, 2023.

The accounting policies applied in these condensed consolidated financial statements are based on IFRS issued and outstanding as of April 27, 2023, the date the Board of Directors approved the statements.

(b) Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis, except as detailed in the Corporation's accounting policies in the audited consolidated financial statements for the year ended December 31, 2022.

The methods used to measure fair values of derivative instruments are discussed in note 8. The methods used to measure the fair value of the Corporation's natural gas and liquids properties are discussed in note 8.

(c) Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2. Basis of preparation (continued)

(d) Basis of consolidation

These condensed consolidated financial statements include the accounts of the Corporation and all subsidiaries over which it has control, including Entropy Inc. ("Entropy"), a private Canadian corporation of which Advantage owns 90% of the outstanding common shares (note 14). All inter-corporate balances, income and expenses resulting from inter-corporate transactions are eliminated.

(e) New significant accounting policy

Inventory

Inventory consists of linefill, the Corporation's share of purchased condensate and NGL barrels used to fill a pipeline. Inventory is recorded at historical cost and is subsequently valued at the lower of weighted average cost or net realizable value. Carrying amounts of inventory that are not expected to be recoverable through future cash flows are written down to net realizable value.

3. Inventory

	March 31	December 31
	2023	2022
Condensate Linefill	3,844	-

4. Exploration and evaluation assets

Balance at December 31, 2021	20,713
Transferred to property, plant and equipment (note 7)	(4,922)
Balance at December 31, 2022 and March 31, 2023	15,791

5. Right-of-use assets

Cost	Total
Balance at December 31, 2021	2,638
Additions	339
Balance at December 31, 2022 and March 31, 2023	2,977
Accumulated depreciation	
Balance at December 31, 2021	759
Depreciation	374
Balance at December 31, 2022	1,133
Depreciation	110
Balance at March 31, 2023	1,243
Net book value	
At December 31, 2022	1,844
At March 31, 2023	1,734

6. Intangible assets

Cost	
Balance at December 31, 2021	2,991
Additions	1,020
Balance at December 31, 2022	4,011
Additions	482
Balance at March 31, 2023	4,493
Accumulated amortization	
Balance at December 31, 2022 and March 31, 2023	-
Net book value	
At December 31, 2022	4,011
At March 31, 2023	4,493

The Corporation has not incurred amortization on its intangible assets as the assets were not available for use. Amortization will be recognized once commercial operations officially commence.

7. Property, plant and equipment

Cost	Natural Gas and Liquids Properties	Furniture & Equipment	Total
Balance at December 31, 2021	2,963,486	6,773	2,970,259
Additions	239,943	827	240,770
Capitalized share-based compensation (note 15(b))	2,242	-	2,242
Changes in decommissioning liability (note 12(c))	(19,734)	-	(19,734)
Transferred from exploration and evaluation assets (note 4)	4,922	-	4,922
Balance at December 31, 2022	3,190,859	7,600	3,198,459
Additions	116,034	184	116,218
Capitalized share-based compensation (note 15(b))	630	-	630
Changes in decommissioning liability (note 12(c))	3,996	-	3,996
Balance at March 31, 2023	3,311,519	7,784	3,319,303
Accumulated depreciation			
Balance at December 31, 2021	1,136,812	5,511	1,142,323
Depreciation	133,224	319	133,543
Balance at December 31, 2022	1,270,036	5,830	1,275,866
Depreciation	33,493	101	33,594
Balance at March 31, 2023	1,303,529	5,931	1,309,460
Net book value			
At December 31, 2022	1,920,823	1,770	1,922,593
At March 31, 2023	2,007,990	1,853	2,009,843

During the three months ended March 31, 2023, Advantage capitalized general and administrative expenditures directly related to development activities of \$1.5 million, included in additions (year ended December 31, 2022 - \$6.8 million).

Included in additions to natural gas and liquids properties is \$2.9 million in expenditures incurred by the Corporation's subsidiary, Entropy (year ended December 31, 2022 - \$2.8 million)

Advantage included future development costs of \$2.1 billion (December 31, 2022 - \$2.1 billion) in natural gas and liquids properties costs subject to depreciation.

Impairment assessment

For the three months ended March 31, 2023, the Corporation evaluated its natural gas & liquids properties for indicators of any potential impairment. As a result of this assessment, no indicators were identified, and no impairment was recorded for the three months ended March 31, 2023.

8. Financial risk management

Financial assets and liabilities recorded or disclosed at fair value in the statements of financial position are categorized based on the level associated with the inputs used to measure their fair value.

Fair value is determined following a three-level hierarchy:

Level 1: Quoted prices in active markets for identical assets and liabilities. The Corporation does not have any financial assets or liabilities that require level 1 inputs.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Such inputs can be corroborated with other observable inputs for substantially the complete term of the contract.

Derivative assets and liabilities are categorized as level 2 in the fair value hierarchy and measured at fair value on a recurring basis. For derivative assets and liabilities, pricing inputs include quoted forward prices for commodities, foreign exchange rates, interest rates, volatility, and risk-free rate discounting, all of which can be observed or corroborated in the marketplace. The actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations as compared to the valuation assumptions.

Level 3: Fair value is determined using inputs that are not observable.

The Corporation's natural gas embedded derivative is categorized as level 3 in the fair value hierarchy as the volatility derived from historic PJM prices and the long-term portion of the PJM forward price are unobservable inputs.

The Corporation's unsecured debentures – derivative liability is categorized as level 3 in the fair value hierarchy as multiple inputs such as volatility, probability of a future change of control event and share price are unobservable inputs.

Fair value less costs of disposition used to determine the recoverable amounts of Advantage's Greater Glacier CGU at December 31, 2022 were classified as Level 3 in the fair value hierarchy as certain key assumptions were not based on observable market data, but rather, Management's best estimates.

8. Financial risk management (continued)

The Corporation enters into financial risk management derivative contracts to manage the Corporation's exposure to commodity price risk, foreign exchange risk and interest rate risk. The table below summarizes the realized gains (losses) and unrealized gains (losses) on derivatives recognized in net income (loss).

	Three months ended	
	March 31	
	2023	2022
Realized gains (losses) on derivatives		
Natural gas	19,381	(9,349)
Crude oil	-	(1,105)
Foreign exchange	(1,356)	115
Interest rate	-	(104)
Total	18,025	(10,443)
Unrealized gains (losses) on derivatives		
Natural gas	(8,263)	(69,266)
Crude oil	-	(1,216)
Foreign exchange	1,529	1,252
Interest rate	-	136
Natural gas embedded derivative	(9,279)	18,121
Unsecured debenture derivative	(4,582)	-
Total	(20,595)	(50,973)
Gains (losses) on derivatives		
Natural gas	11,118	(78,615)
Crude oil	-	(2,321)
Foreign exchange	173	1,367
Interest rate	-	32
Natural gas embedded derivative	(9,279)	18,121
Unsecured debenture derivative	(4,582)	-
Total	(2,570)	(61,416)

8. Financial risk management (continued)

The fair value of financial risk management derivatives has been allocated to current and non-current assets and liabilities based on the expected timing of cash settlements. The following table summarizes the estimated fair market value of the Corporation's outstanding financial risk management derivative contracts.

	March 31 2023	December 31 2022
Derivative type		
Natural gas derivative asset	8,212	16,475
Foreign exchange derivative liability	(668)	(2,197)
Natural gas embedded derivative asset	90,596	99,875
Unsecured debentures derivative liability (Note 11)	(14,326)	(9,744)
Net derivative asset	83,814	104,409
Consolidated statement of financial position classification		
Current derivative asset	20,118	22,357
Non-current derivative asset	88,484	93,993
Current derivative liability	(5,967)	(2,197)
Non-current derivative liability	(4,495)	-
Unsecured debentures derivative liability (Note 11)	(14,326)	(9,744)
Net derivative asset	83,814	104,409

8. Financial risk management (continued)

(a) Commodity price risk

The Corporation's commodity derivative contracts are classified as Level 2 within the fair value hierarchy. As at March 31, 2023, the Corporation had the following commodity derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - Henry Hub NYMEX			
Fixed price swap	April 2023 to October 2023	25,000 Mcf/d	US \$3.35/Mcf
Natural gas - AECO/Henry Hub Basis Differential			
Basis swap	April 2023 to December 2024	40,000 Mcf/d	Henry Hub less US \$1.19/Mcf
Natural gas - AECO			
Fixed price swap	April 2023 to March 2024	4,739 Mcf/d	CAD \$3.37/Mcf
Fixed price swap	April 2023 to October 2023	18,956 Mcf/d	CAD \$4.35/Mcf
Natural gas - Chicago City			
Fixed price swap	November 2023 to March 2024	5,000 Mcf/d	US \$4.15/Mcf
Natural gas - Dawn			
Fixed price swap	April 2023 to October 2023	15,000 Mcf/d	US \$2.92/Mcf
Fixed price swap	April 2023 to March 2024	10,000 Mcf/d	US \$3.07/Mcf

8. Financial risk management (continued)

(a) Commodity price risk (continued)

Natural Gas - Embedded Derivative

Advantage entered into a long-term natural gas supply agreement under which Advantage will supply 25,000 MMbtu/d of natural gas for a 10-year period, commencing in April 2023. Commercial terms of the agreement are based upon a spark-spread pricing formula, 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 pricing formula 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 realize gains or losses when the price received under the contract deviates from US \$2.50/MMbtu. As at March 31, 2023 the fair value of the natural gas embedded derivative resulted in an asset of \$90.6 million (December 31, 2022 – \$99.9 million asset).

The below table provides the impact to the valuation of the natural gas embedded derivative by adjusting the inputs below:

\$ millions	Increase	(Decrease)
10% change in PJM electricity price	13.3	(17.9)
1% change in implied inflation rate	1.3	(1.5)

(b) Foreign exchange risk

The Corporation's foreign exchange derivative contracts are classified as Level 2 within the fair value hierarchy. As at March 31, 2023, the Corporation had the following foreign exchange derivative contracts in place:

Description of Derivative	Term	Notional Amount	Rate
Forward rate - CAD/USD			
Average rate currency swap	June 2021 to May 2023	US \$ 2,000,000/month	1.2025

8. Financial risk management (continued)

(c) Capital management

Working capital

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

A summary of working capital as at March 31, 2023 and December 31, 2022 is as follows:

	March 31 2023	December 31 2022
Cash and cash equivalents	10,946	48,940
Trade and other receivables	56,739	92,816
Prepaid expenses and deposits	7,929	14,613
Trade and other accrued liabilities	(88,063)	(84,805)
Working capital surplus (deficit)	(12,449)	71,564

Net Debt

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

A summary of the reconciliation of net debt as at March 31, 2023 and December 31, 2022 is as follows:

	March 31 2023	December 31 2022
Bank indebtedness (non-current) (note 9)	167,260	177,200
Unsecured debentures (note 11)	15,814	15,700
Working capital (surplus) deficit	12,449	(71,564)
Net debt	195,523	121,336

Advantage's capital structure as at March 31, 2023 and December 31, 2022 is as follows:

	March 31 2023	December 31 2022
Net debt	195,523	121,336
Shares outstanding (note 13)	166,258,389	171,652,768
Share closing market price (\$/share)	7.81	9.47
Market Capitalization	1,298,478	1,625,552
Total Capitalization	1,494,001	1,746,888

9. Bank indebtedness

	March 31 2023	December 31 2022
Revolving credit facility	170,000	180,000
Discount on bankers' acceptance and other fees	(2,740)	(2,800)
Balance, end of period	167,260	177,200

The Credit Facilities have a borrowing base of \$350 million, comprised of a \$30 million extendible revolving operating loan facility from one financial institution and a \$320 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a tenor of two years with a maturity date in June 2024 and is subject to an annual review and extension by the lenders. The Corporation had letters of credit of US\$9.0 million outstanding at March 31, 2023 (December 31, 2022 – US\$9.0 million). The Corporation did not have any financial covenants at March 31, 2023 and December 31, 2022.

10. Financing Liability

Advantage has a 15-year take-or-pay volume commitment agreement for 50 MMcf/d of capacity at a fee of \$0.696/Mcf at the Glacier Gas Plant. The volume commitment agreement is treated as a financing transaction with an effective interest rate associated with the financing transaction of 9.1%.

A reconciliation of the financing liability is provided below:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	94,705	93,488
Additions	-	5,000
Interest expense	2,115	8,537
Financing payments	(3,132)	(12,320)
Balance, end of period	93,688	94,705
Current financing liability	4,378	4,269
Non-current financing liability	89,310	90,436

11. Unsecured debentures

On March 25, 2022, the Corporation's subsidiary, Entropy, entered into an Investment Agreement with Brookfield Renewable, who provided a capital commitment of \$300 million. 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 agreement, Entropy and the investor have options that provide for the unsecured debentures to be exchanged for commons shares at an exchange price of \$10 per share, subject to adjustment in certain circumstances. The investor has 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 and are non-recourse to Advantage. Each 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.

On April 5, 2022, Entropy issued unsecured debentures and received an initial \$25.0 million gross proceeds and incurred \$3.8 million of issuance costs. For the three months ended March 31, 2023, Entropy incurred interest of \$0.5 million that was paid in cash (March 31, 2022 - \$nil) and recognized \$0.1 million of accretion expense (March 31, 2022 - \$nil).

The exchange features of the unsecured debentures meet the definition of a derivative liability, as the exchange features allow the unsecured debentures to be potentially exchanged for a variable amount of common shares in certain situations, and as such does not meet the fixed-for-fixed criteria for equity classification. The unsecured debenture - derivative liability is classified as Level 3 within the fair value hierarchy.

The following tables disclose the components associated with the unsecured debentures at initial recognition.

The changes in the unsecured debentures are as follows:

	Three months ended March 31, 2023	Year ended December 31, 2022
Aggregate principal balance, beginning of the year	25,000	-
Unsecured debentures issued	-	25,000
Aggregate principal balance, end of period	25,000	25,000

The following tables disclose the components associated with the unsecured debentures at initial recognition. The changes in the unsecured debentures are as follows:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	15,700	-
Initial recognition	-	19,221
Issuance costs	-	(3,838)
Accretion expense	114	317
Balance, end of period	15,814	15,700

11. Unsecured debentures (continued)

The changes in the unsecured debentures - derivative liability related to the exchange features are as follows:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	9,744	-
Initial recognition	-	5,779
Revaluation	4,582	3,965
Balance, end of period	14,326	9,744

The Corporation determined the value of the conversion feature using a probability weighted Black-Scholes calculation. Unobservable inputs used to determine the valuation at March 31, 2023 includes estimated share price, estimated timing of an IPO, share price volatility and credit spread. The below table provides the impact to the valuation of the derivative liability by adjusting the inputs below:

\$ millions	Increase	(Decrease)
\$1 change in estimated share price	1.5	(1.5)
10% change in volatility	1.0	(1.0)
1% change in credit spread	0.4	(0.4)
1 year change in estimated timing of an IPO	1.8	(2.5)

12. Provisions and other liabilities

	Three months ended March 31, 2023	Year ended December 31, 2022
Performance Awards (note 15(c))	10,422	9,277
Deferred Share Units (note 15(d))	3,893	6,528
Deferred revenue (a)	6,603	6,603
Lease liability (b)	2,035	2,154
Decommissioning liability (c)	45,805	41,945
Balance, end of period	68,758	66,507
Current provisions and other liabilities	19,046	21,118
Non-current provisions and other liabilities	49,712	45,389

(a) Deferred revenue

Deferred revenue represents an advance payment received by Advantage in consideration for the future sales of natural gas.

12. Provisions and other liabilities (continued)

(b) Lease liability

The Corporation incurs lease payments related to its head office and other miscellaneous equipment. The Corporation has recognized a lease liability in relation to all lease arrangements measured at the present value of the remaining lease payments using the Corporation's weighted-average incremental borrowing rate of 4.3%.

A reconciliation of the lease liability is provided below:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	2,154	2,173
Additions	-	339
Interest expense	23	93
Lease payments	(142)	(451)
Balance, end of period	2,035	2,154
Current lease liability	442	434
Non-current lease liability	1,593	1,720

(c) Decommissioning liability

The Corporation's decommissioning liability results from net ownership interests in natural gas and liquids assets including well sites, gathering systems and facilities, all of which will require future costs of decommissioning under environmental legislation. These costs are expected to be incurred between 2023 and 2078. A risk-free rate of 3.02% (December 31, 2022 – 3.28%) and an inflation factor of 2.0% (December 31, 2022 – 2.0%) were used to calculate the fair value of the decommissioning liability at March 31, 2023. As at March 31, 2023, the total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$63.6 million (December 31, 2022 – \$62.8 million).

A reconciliation of the decommissioning liability is provided below:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	41,945	62,474
Accretion expense	317	1,420
Liabilities incurred	751	2,003
Change in estimates	(615)	(1,189)
Effect of change in risk-free rate and inflation rate factor	3,860	(20,548)
Liabilities settled	(453)	(2,215)
Balance, end of period	45,805	41,945
Current decommissioning liability	2,048	2,000
Non-current decommissioning liability	43,757	39,945

13. Share capital

(a) Authorized

The Corporation is authorized to issue an unlimited number of shares without nominal or par value.

(b) Issued

	Common Shares (# of shares)	Share capital (\$000)
Balance at December 31, 2021	190,828,976	2,370,716
Shares issued on Performance Share Unit settlements (note 15 (a))	3,056,992	-
Contributed surplus transferred on Performance Share Unit settlements	-	6,948
Shares purchased and cancelled under NCIB	(13,304,629)	(163,157)
Shares purchased and cancelled under SIB	(8,928,571)	(109,494)
Balance at December 31, 2022	171,652,768	2,105,013
Shares issued on Performance Share Unit settlements (note 15 (a))	5,011	-
Contributed surplus transferred on Performance Share Unit settlements	-	10
Shares purchased and cancelled under NCIB	(5,399,390)	(66,213)
Balance at March 31, 2023	166,258,389	2,038,810

For the three months ended March 31, 2023, the Corporation purchased 5.4 million common shares for cancellation for a total of \$47.3 million. Share capital was reduced by \$66.2 million while contributed surplus was increased by \$18.9 million, representing the excess average carrying value of the common shares over the purchase price.

(c) Normal Course Issuer Bid ("NCIB")

On April 7, 2022, the Toronto Stock Exchange (the "TSX") approved the Corporation commencing a NCIB. Pursuant to the NCIB, Advantage will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 18,704,019 common shares of the Corporation. The NCIB commenced on April 13, 2022 and terminated on April 12, 2023.

Purchases pursuant to the NCIB were made on the open market through the facilities of the TSX or alternative trading systems. The price that Advantage paid for its common shares under the NCIB was the prevailing market price on the TSX at the time of such purchase. All Common shares acquired under the NCIB were cancelled. For the three months ended March 31, 2023, the Corporation purchased 5.4 million common shares for cancellation under its previous NCIB at an average price of \$8.76 per common share for a total of \$47.3 million. Under the Corporation's previous NCIB, Advantage purchased for cancellation a total of 18,704,019 common shares, the maximum number of common shares that could be purchased thereunder prior to renewal.

On April 6, 2023, the TSX approved the renewal of the NCIB. Pursuant to the NCIB, Advantage will purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 16,201,997 common shares of the Corporation. The NCIB commenced on April 13, 2023 and will terminate on April 12, 2024 or such earlier time as the NCIB is completed or terminated at the option of Advantage.

14. Non-controlling interest ("NCI")

The Corporation has recognized a non-controlling interest in shareholders' equity, representing the carrying value of the 10% outstanding common shares of Entropy held by outside interests. A reconciliation of the non-controlling interest is provided below:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	1,425	2,331
Net loss and comprehensive loss attributable to NCI	(605)	(906)
Balance, end of period	820	1,425

15. Long-term compensation plans

(a) Restricted and Performance Award Incentive Plan – Performance Share Units

Under the Restricted and Performance Award Incentive Plan, service providers can be granted two types of equity incentive awards: Restricted Share Units and Performance Share Units. As at March 31, 2023, no Restricted Share Units have been granted. Performance Share Units vest on the third anniversary of the grant date and are subject to a Payout Multiplier that is determined based on the achievement of corporate performance measures during that three-year period, as approved by the Board of Directors.

The following table is a continuity of Performance Share Units:

	Performance Share Units
Balance at December 31, 2021	4,880,684
Granted	720,641
Settled	(1,585,888)
Forfeited	(32,491)
Balance at December 31, 2022	3,982,946
Granted	1,467
Settled	(4,859)
Balance at March 31, 2023	3,979,554

(b) Share-based compensation expense

Share-based compensation expense after capitalization for the three months ended March 31, 2023, and 2022 are as follows:

	Three months ended March 31	
	2023	2022
Total share-based compensation	2,448	1,983
Capitalized	(630)	(577)
Share-based compensation expense	1,818	1,406

15. Long-term compensation plans (continued)

(c) Performance Award Incentive Plan - Performance Awards

Under the Performance Award Incentive Plan, service providers can be granted cash Performance Awards. Such grants vest on the third anniversary of the grant date and are subject to a Payout Multiplier that is determined based on the achievement of corporate performance measures during that three-year period, as approved by the Board of Directors. Performance Awards are expensed to general and administrative expense with the recording of a current and non-current liability (note 12) until eventually settled in cash.

The following table is a continuity of the Corporation's liability related to outstanding Performance Awards:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	9,277	9,970
Performance Award expense	1,134	5,902
Interest expense	11	46
Performance Awards settled	-	(6,641)
Balance, end of period	10,422	9,277
Current	6,060	5,553
Non-current	4,362	3,724

(d) Deferred Share Units

Deferred Share Units are issued to Directors of the Corporation. Each Deferred Share Unit entitles participants to receive cash equal to the Corporation's common shares, multiplied by the number of DSUs held. All Deferred Share Units vest immediately upon grant and become payable upon retirement of the Director from the Board.

The following table is a continuity of Deferred Share Units:

	Deferred Share Units
Balance at December 31, 2021	644,093
Granted	45,217
Balance at December 31, 2022	689,310
Granted	13,981
Settled	(204,848)
Balance at March 31, 2022	498,443

The expense related to Deferred Share Units is calculated using the fair value method based on the Corporation's share price at the end of each reporting period and is charged to general and administrative expense. All Deferred Share Units are classified as short-term. The following table is a continuity of the Corporation's liability related to outstanding Deferred Share Units:

	Three months ended March 31, 2023	Year ended December 31, 2022
Balance, beginning of the year	6,528	4,773
Granted	112	425
Revaluation of outstanding Deferred Share Units	(1,012)	1,330
Settled	(1,735)	-
Balance, end of period	3,893	6,528

16. Net income per share attributable to Advantage shareholders

The calculations of basic and diluted net income per share are derived from both net income attributable to Advantage shareholders and weighted average shares outstanding, calculated as follows:

	Three months ended March 31	
	2023	2022
Net income attributable to Advantage shareholders		
Basic and diluted	29,719	19,579
Weighted average shares outstanding		
Basic	167,310,896	190,828,976
Performance Share Units	7,017,505	8,526,599
Diluted	174,328,401	199,355,575
Net income per share attributable to Advantage shareholders		
Basic (\$/share)	0.18	0.10
Diluted (\$/share)	0.17	0.10

17. Revenues

(a) Natural gas and liquids sales

Advantage's revenue is comprised of natural gas, crude oil, condensate and NGLs sales to multiple customers. For the three months ended March 31, 2023, and 2022, natural gas and liquids sales was as follows:

	Three months ended March 31	
	2023	2022
Crude oil	14,927	10,105
Condensate	10,679	10,847
NGLs	14,745	16,587
Liquids	40,351	37,539
Natural Gas	105,648	140,030
Natural gas and liquids sales	145,999	177,569

At March 31, 2023, receivables from contracts with customers, which are included in trade and other receivables, were \$45.5 million (December 31, 2022 - \$84.6 million).

(b) Sales of purchased natural gas

During the three months ended March 31 2022, the Corporation purchased natural gas volumes to satisfy physical sales commitments. Purchases and sales of natural gas from third-parties was as follows:

	Three months ended March 31	
	2023	2022
Sales of purchased natural gas	-	4,826
Natural gas purchases	-	(4,756)
Net sales of purchased natural gas	-	70

17. Revenues (continued)

(c) Processing and other income

During the three months ended March 31, 2023, and 2022, the Corporation earned income from the processing of third-party natural gas at the Corporation's gas plant. Processing and other income was as follows:

	Three months ended March 31	
	2023	2022
Processing income	1,812	1,438
Other	8	-
Total processing and other income	1,820	1,438

18. Supplementary cash flow information

Changes in non-cash working capital is comprised of:

	Three months ended March 31	
	2023	2022
Source (use) of cash:		
Trade and other receivables	36,077	(3,528)
Prepaid expense and deposits	6,684	(660)
Trade and other accrued liabilities	3,258	11,573
Inventory	(3,844)	-
Performance Awards	1,145	1,468
Deferred Share Units	(2,635)	965
Project funding grant	-	(62)
	40,685	9,756
Related to operating activities	9,575	730
Related to financing activities	-	-
Related to investing activities	31,110	9,026
	40,685	9,756

18. Supplemental cash flow information (continued)

The following table provides a detailed breakdown of the cash and non-cash changes in financing liabilities arising from financing activities:

	Three months ended	
	March 31	
	2023	2022
Cash flows		
Common shares repurchased	(47,283)	-
Draws on credit facility	20,000	-
Repayment of credit facility	(30,000)	(50,000)
Bankers' acceptance and other fees	(3,446)	(1,326)
Lease payments	(142)	(124)
Financing payments	(3,132)	(2,970)
Total cash flows	(64,003)	(54,420)
Non-cash changes		
Amortization of bankers' acceptance and other fees	3,506	1,539
Lease liability interest expense	23	23
Financing liability interest expense	2,115	2,089
Total non-cash changes	5,644	3,651
Cash used in financing activities	(58,359)	(50,769)

19. Commitments

At March 31, 2023, Advantage had commitments relating to building operating cost, processing commitments, and transportation commitments. The estimated remaining payments are as follows:

	Payments due by period						
	2023						
(\$ millions)	Total	9 months	2024	2025	2026	2027	Beyond
Building operating cost ⁽¹⁾	1.8	0.3	0.4	0.4	0.4	0.3	-
Processing	51.7	5.9	10.0	9.5	7.0	7.0	12.3
Transportation	437.8	55.2	75.3	73.6	61.5	49.6	122.6
Total commitments	491.3	61.4	85.7	83.5	68.9	56.9	134.9

⁽⁴⁾ Excludes fixed lease payments which are included in the Corporation's lease liability.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids

bbl	barrel
bbls	barrels
Mbbls	thousand barrels
NGLs	natural gas liquids
BOE or boe	barrel of oil equivalent
Mboe	thousand barrels of oil equivalent
MMboe	million barrels of oil equivalent
boe/d	barrels of oil equivalent per day
bbls/d	barrels of oil per day

Natural Gas

Mcf	thousand cubic feet
MMcf	million cubic feet
bcf/d	billion cubic feet per day
Mcf/d	thousand cubic feet per day
MMcf/d	million cubic feet per day
Mcfe	thousand cubic feet of natural gas equivalent, using the ratio of 6 Mcf of natural gas being equivalent to one bbl of oil
MMcfe/d	million cubic feet of natural gas equivalent per day
MMbtu	million British Thermal Units
MMbtu/d	million British Thermal Units per day
GJ/d	Gigajoules per day

Other

AECO	a notional market point on the NGTL system, located at the AECO 'C' hub in Southeastern Alberta, where the purchase and sale of natural gas is transacted
CCS	means "Carbon Capture and Storage"
CDOR	means "Canadian Dollar Offered Rate"
Henry Hub	a central delivery location, located near Louisiana's Gulf Coast connecting several intrastate and interstate pipelines, that serves as the official delivery location for futures contracts on the NYMEX
MSW	means "Mixed Sweet Blend", the reference price paid for conventionally produced light sweet crude oil at Edmonton, Alberta
NCIB	means "Normal course issuer bid"
PJM	a regional transmission organization that coordinates the movement of wholesale electricity in the Mid Atlantic region of the US
SIB	means "Substantial issuer bid"
WTI	means "West Texas Intermediate", the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade
Crude oil	Light Crude Oil and Medium Crude Oil as defined in National Instrument 51-101
Natural gas	Conventional Natural Gas as defined in National Instrument 51-101
"NGLs" & "condensate"	Natural Gas Liquids as defined in National Instrument 51-101
Liquids	Total of crude oil, condensate and NGLs

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⁽²⁾ Member of Reserves and Health, Safety, Environment Committee

⁽³⁾ Member of Compensation Committee

⁽⁴⁾ Member of Governance and Sustainability Committee

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Craig Blackwood, CFO
Neil Bokenfohr, Senior Vice President
David Sterna, Vice President, Marketing and Commercial
John Quaipe, Vice President, Finance
Darren Tisdale, Vice President, Geosciences
Geoff Keyser, Vice President, Corporate Development

Corporate Secretary

Jay P. Reid, Partner
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PricewaterhouseCoopers LLP

Bankers

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Royal Bank of Canada
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