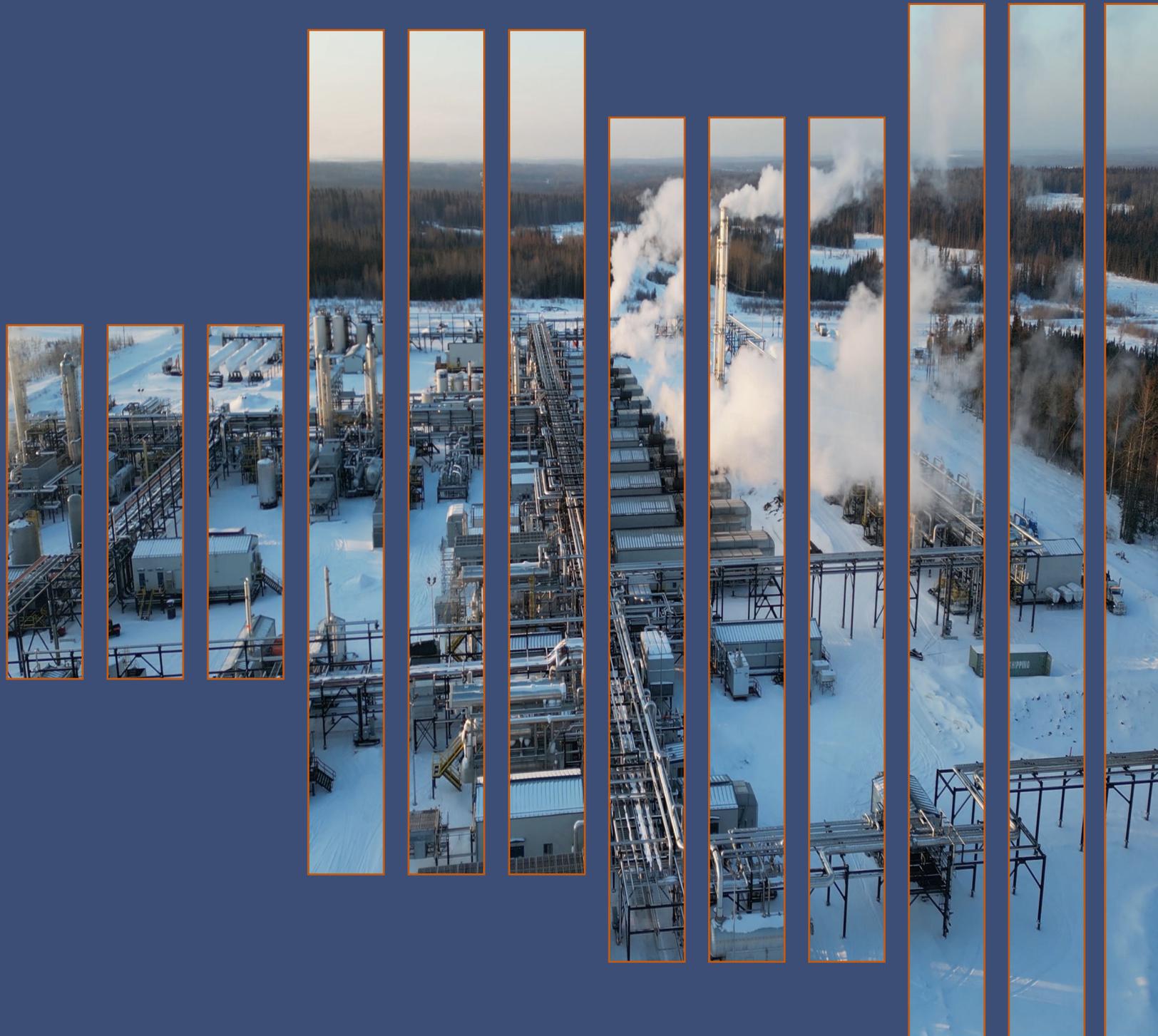




ADVANTAGE

ENERGY LTD. 

2025 ANNUAL REPORT



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MESSAGE TO SHAREHOLDERS

Advantage Energy Ltd. (“Advantage” or the “Corporation”) is pleased to report 2025 year-end financial and operating results. Advantage achieved exceptional results during the year, with record production, strong reserves metrics, compelling recycle ratios^(a) and significantly enhanced adjusted funds flow per share^(a).

Our core Glacier/Valhalla assets continue to demonstrate resilience in a volatile commodities environment, with highly efficient development drilling delivering the strongest operational outcomes in our 25-year history. Combined with strong free cash flow (“FCF”)^(a) profiles from our Wembley and Charlie Lake liquids assets, our portfolio simultaneously delivered disciplined production growth, debt reduction and enhanced operating netbacks.

Meanwhile, Advantage laid the foundation for several important milestones in 2026. A new 75 mmcf/d gas plant will be commissioned at Progress in Q2 2026, and corporate production is expected to surpass 90,000 boe/d during the second half of 2026. Production per share has nearly doubled in the last 4 years, while capital spending has remained relatively stable.

2025 Financial Highlights

- Cash provided by operating activities of \$357.5 million.
- Adjusted funds flow (“AFF”)^(a) of \$381.6 million or \$2.29/share for Advantage^(b).
- Cash used in investing activities of \$422.0 million, including both Advantage and Entropy.
- Net capital expenditures^(a) were \$287.7 million for Advantage^(b).
- Net debt^(a) of \$549.1 million for Advantage^(b), a reduction of \$76.5 million from year-end 2024.

2025 Operating Highlights

- Record annual average production of 78,267 boe/d (396.0 mmcf/d natural gas, 12,261 bbls/d liquids), an increase of 10% over 2024.
- Record liquids production of 12,261 bbls/d (7,991 bbls/d crude oil, 872 bbls/d condensate, and 3,398 bbls/d NGLs), an increase of 28% over 2024.
- Proactively curtailed approximately 2,600 boe/d of dry natural gas (annualized) during times of very low natural gas prices. These curtailments reduced depletion without impacting AFF^(a), allowing deferral of capital while supporting improved cash flow.
- Delivered the top 9 Alberta Montney gas wells in 2025, based on IP90 rates and publicly available information. This includes the most productive well ever drilled in the Alberta Montney^(c), with an IP30 rate of 4,567 boe/d (26.5 mmcf/d natural gas, 150 bbls/d NGLs).
- Recycle ratios^(a) were 1.7x, 2.1x and 1.9x for PDP, 1P and 2P, respectively, based on fourth quarter 2025 operating netback^(a) of \$15.99/boe.
- Succeeded in shedding certain inherited midstream processing contracts, reducing unit operating costs.
- Subsequent to year-end, closed a non-producing asset divestiture for cash proceeds of \$12 million.

2025 Reserves Highlights

- Proved Developed Producing (“PDP”) reserves increased 1%, with finding and development (“F&D”)^(a) costs of \$9.36/boe, reflecting temporarily elevated spending on construction of the Progress Gas Plant and pre-drilling wells in advance of the planned production increase in the second half of 2026.
- Net present value of PDP reserves of \$1.4 billion (before tax, 10% discount rate) or \$8.21/share^(a).
- Total Proved (“1P”) reserves increased 1%, with F&D^(a) costs of \$7.68/boe.
- Net present value of 1P reserves of \$2.8 billion (before tax, 10% discount rate) or \$16.85/share^(a).
- Proved plus Probable (“2P”) reserves increased 1%, with F&D^(a) costs of \$8.58/boe.
- Net present value of 2P reserves of \$4.1 billion (before tax, 10% discount rate) or \$24.83/share^(a).
- PDP reserve additions replaced^(a) 106% of production. Lower future development costs, combined with growing reserve volumes, demonstrate continued improvements in capital efficiency.

Marketing Update

Advantage has continued to advance our long-term strategy of minimizing exposure to AECO volatility. We have hedged approximately 34% of forecasted natural gas production in 2026, 20% in 2027 and 12% in 2028, and approximately 38% of forecasted crude oil and condensate production in 2026 and 5% in 2027.

Physical market diversification efforts have advanced as well, selling 22,500 GJ/d to the Ventura market under a seven-year term commencing April 1, 2029 and 10,000 mmbtu/d to the Dawn market under a ten-year term commencing April 1, 2027. Since the beginning of 2025, Advantage has added nearly 60,000 GJ/d of long-term physical transportation service to downstream markets, providing diversification away from volatile AECO markets.

Looking Forward

Advantage will continue to allocate substantially all FCF toward debt reduction until we achieve our target range, currently set at \$400 million to \$500 million (approximately 1x debt to AFF^(a)). We expect to achieve this target during the second half of 2026, at which point we will balance further debt reduction with opportunistic share buybacks, consistent with our capital allocation framework.

Advantage's 2026 drilling program is Glacier-focused, delivering production growth of approximately 6% and DCET^(d) capital efficiencies trending below \$8,000/boe/d. Thanks to continued strong well performance, the Corporation announced on February 12, 2026 a reduction of approximately \$20 million to its 2026 capital program (now \$280 million to \$310 million), with unchanged production guidance. Year-to-date production is ahead of budget, averaging approximately 81,000 boe/d (85% natural gas).

Following commissioning of the Progress gas plant and the turnaround at the Glacier gas plant in Q2 2026, Advantage expects to enter a period of highly efficient capital spending and escalating free cash flow. Operating costs per boe are expected to fall as production will increasingly be processed through owned and operated gas plant capacity. Beginning in Q3 2026, corporate production is expected to average approximately 90,000 boe/d and remain stable through the end of 2027.

Development programs beyond 2027 are expected to remain efficient, in part due to our expandable Progress gas plant and our idle Caribou/Conroy gas plant in northeast British Columbia. However, material investments in new infrastructure will only be considered if supported by future supply and demand fundamentals.

Construction of Entropy's Glacier CCS phase 2 project is expected to be completed in mid-2026, substantially decarbonizing the Glacier facility and driving a step change in Entropy's operating income from contractually guaranteed carbon pricing. The \$200 million project is funded entirely by Entropy's partners, Brookfield and Canada Growth Fund. Advantage congratulates the entire Entropy team on this significant advancement, the first of its kind in the world.

(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.*

(b) *"Advantage" refers to Advantage Energy Ltd. only and excludes its subsidiary Entropy Inc.*

(c) *Production information in this annual report is based on publicly available provincial production data reported to the Alberta Energy Regulator ("AER") through Petrinex.*

(d) *DCET is the net capital expenditures required to drill, complete, equip and tie-in a well.*

RESERVES

Advantage engaged its independent qualified reserves evaluator McDaniel & Associates Consultants Ltd. ("McDaniel") to evaluate its year-end reserves as of December 31, 2025, in accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"), and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook").

Reserves and production information included herein is stated on a gross working interest basis (before royalty burdens and excluding royalty interests) unless noted otherwise. Certain tables may not add due to rounding. In addition to the information disclosed in this annual report, more detailed information on Advantage's oil and gas reserves, including its reserves on a net interest basis (after royalty burdens and including royalty interests) is included in Advantage's Annual Information Form dated March 5, 2026 and is available at www.advantageog.com and www.sedarplus.ca.

Highlights – Gross Working Interest Reserves

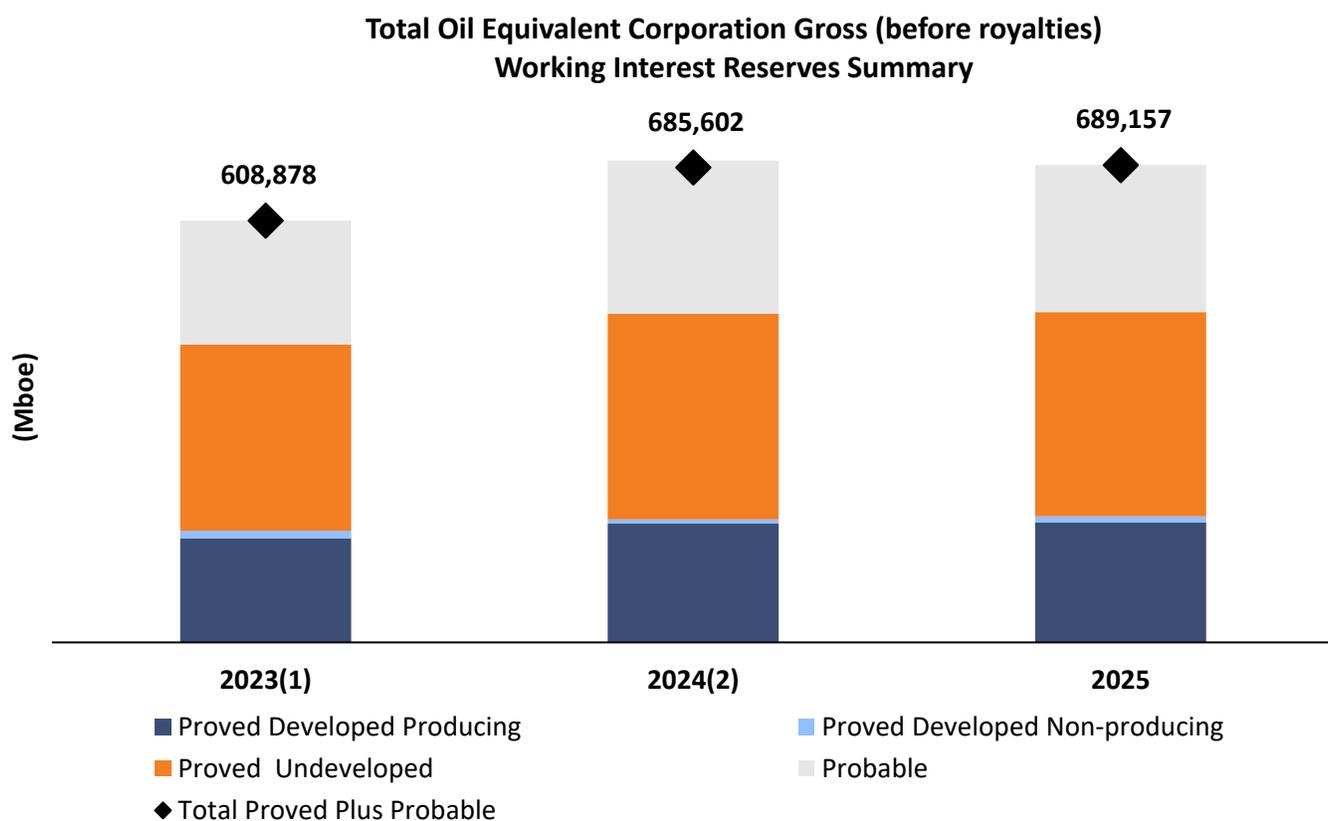
	December 31 2025	December 31 2024 ⁽¹⁾
Reserves (mboe)		
Proved Developed Producing	173,377	171,916
Proved	476,687	474,217
Proved Plus Probable	689,157	685,602
Net Present Value of Future Net Revenue discounted at 10%, before tax (\$000)		
Proved Developed Producing	1,370,848	1,439,823
Proved	2,813,282	3,000,942
Proved Plus Probable	4,144,784	4,422,721
Finding and Development Costs (\$ per boe, including FDC)⁽²⁾		
Proved Developed Producing	9.36	8.48
Proved	7.68	9.39
Proved Plus Probable	8.58	6.87
Reserve Life Index (years)⁽²⁾		
Proved Developed Producing	6.0	6.1
Proved	16.4	16.9
Proved Plus Probable	23.7	24.4

⁽¹⁾ Reserves and net present value of future net revenues are based upon an evaluation by McDaniel with an effective date of December 31, 2024 contained in a report from McDaniel dated February 13, 2025 using the IQRE (as defined herein) average product price forecast effective January 1, 2025.

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

Corporation Gross (before royalties) Working Interest Reserves Summary as at December 31, 2025

	Light & Medium Crude Oil (Mbbbls)	Conventional Natural Gas (MMcf)	Shale Gas (MMcf)	Natural Gas Liquids (Mbbbls)	Total Oil Equivalent (Mboe)
Proved					
Developed Producing	10,278	91,113	828,557	9,821	173,377
Developed Non-producing	249	1,043	45,207	387	8,344
Undeveloped	20,454	125,270	1,395,775	21,003	294,965
Total Proved	30,981	217,426	2,269,538	31,212	476,687
Probable	17,006	118,576	970,877	13,888	212,470
Total Proved Plus Probable	47,987	336,002	3,240,416	45,100	689,157



⁽¹⁾ Reserves based upon an evaluation by Sproule ERCE with an effective date of December 31, 2023 contained in a report from Sproule dated March 1, 2024 using the IQRE average product price forecast effective January 1, 2024.

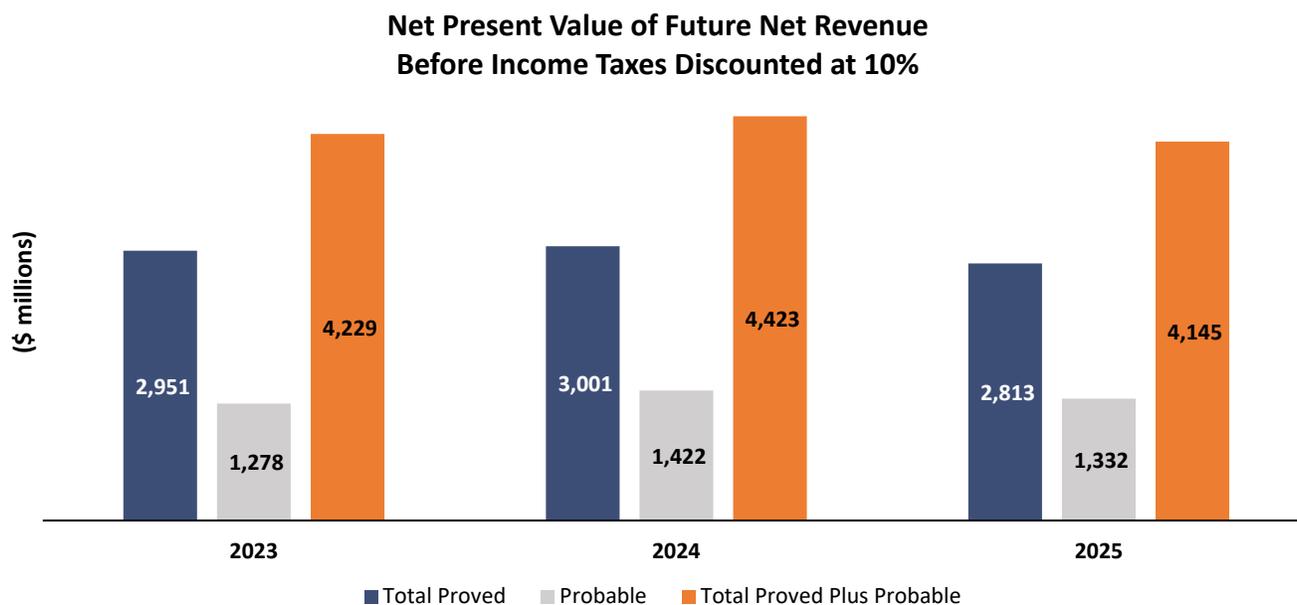
⁽²⁾ Reserves based upon an evaluation by McDaniel & Associates Consultants Ltd with an effective date of December 31, 2024 contained in a report from McDaniels dated February 13, 2025 using the IQRE average product price forecast effective January 1, 2025.

Corporation Net Present Value of Future Net Revenue using IQRE Average price and cost forecasts

(1)(2)(3)

(\$000)	Before Income Taxes Discounted at		
	0%	10%	15%
Proved			
Developed Producing	2,116,347	1,370,848	1,161,196
Developed Non-producing	135,585	65,083	51,323
Undeveloped	3,979,415	1,377,351	893,676
Total Proved	6,231,346	2,813,282	2,106,195
Probable	4,077,454	1,331,502	916,486
Total Proved Plus Probable	10,308,800	4,144,784	3,022,680

- (1) Advantage's light crude oil and medium crude oil, conventional natural gas, shale gas and natural gas liquid reserves were evaluated using the average of the forecasts ("IQRE Average Forecast") prepared by McDaniel & Associates Consultants Ltd., GLJ Petroleum Consultants and Sproule ERCE January 1, 2026, prior to the provision for income taxes, interests, debt services charges and general and administrative expenses. It should not be assumed that the discounted future net revenue estimated by McDaniel represents the fair market value of the reserves.
- (2) Assumes that development of reserves will occur, without regard to the likely availability to the Corporation of funding required for that development.
- (3) Future Net Revenue incorporates Managements' estimates of required abandonment and reclamation costs, including expected timing such costs will be incurred, associated with all wells, facilities and infrastructure.



IQRE Average Forecasts and Assumptions

The net present value of future net revenue at December 31, 2025 was based upon light and medium oil, conventional natural gas, shale gas and natural gas liquid pricing assumptions, which was computed by using the IQRE Average Forecast effective January 1, 2026. These forecasts are adjusted for reserves quality, transportation charges and the provision of any applicable sales contracts. The price assumptions used over the next seven years are summarized in the table below:

Year	Edmonton Light Sweet Crude Oil 40° API (\$Cdn/bbl)	AECO-C Spot (\$Cdn/MMbtu)	Edmonton Cond. & Natural Gasolines (\$Cdn/bbl)	Edmonton Butane (\$Cdn/bbl)	Edmonton Propane (\$Cdn/bbl)	Operating Cost Inflation Rate %/year	Capital Cost Inflation Rate %/year	Exchange Rate (\$US/\$Cdn)
2026	77.54	3.00	80.01	36.95	25.10	-	-	0.73
2027	83.60	3.30	86.19	39.79	27.28	2.00	2.00	0.74
2028	90.17	3.49	92.83	42.87	29.67	2.00	2.00	0.74
2029	92.32	3.58	95.04	43.89	30.37	2.00	2.00	0.74
2030	94.17	3.65	96.94	44.77	30.98	2.00	2.00	0.74
2031	96.06	3.72	98.89	45.66	31.60	2.00	2.00	0.74
2032	97.98	3.80	100.86	46.58	32.23	2.00	2.00	0.74
2033	99.93	3.88	102.88	47.51	32.87	2.00	2.00	0.74
2034	101.93	3.95	104.94	48.46	33.53	2.00	2.00	0.74
2035	103.97	4.03	107.04	49.43	34.20	2.00	2.00	0.74
2036	106.05	4.11	109.18	50.42	34.89	2.00	2.00	0.74
Thereafter	+2%/year	+2%/year	+2%/year	+2%/year	+2%/year	2.00	2.00	0.74

Company Gross (before royalties) Working Interest Reserves Reconciliation

FACTORS	Light Crude Oil and Medium Crude Oil (Mbbbls)	Conventional Natural Gas (MMcf)	Shale Gas (MMcf)	Natural Gas Liquids ⁽⁵⁾ (Mbbbls)	Total Oil Equivalent (Mboe)
GROSS TOTAL PROVED					
December 31, 2024	33,692	223,399	2,222,396	32,892	474,217
Extensions and improved recovery ⁽¹⁾	2,886	24,463	143,125	2,140	32,957
Technical revisions ⁽²⁾	(1,400)	(301)	30,551	(1,988)	1,653
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Dispositions ⁽³⁾	(109)	(1,219)	-	(70)	(382)
Economic factors ⁽⁴⁾	(1,171)	(7,232)	(3,663)	(203)	(3,191)
Production	(2,917)	(21,683)	(122,870)	(1,559)	(28,568)
December 31, 2025	30,981	217,426	2,269,538	31,212	476,687
GROSS TOTAL PROBABLE					
December 31, 2024	15,671	102,282	984,922	14,513	211,385
Extensions and improved recovery ⁽¹⁾	1,915	16,675	11,733	987	7,636
Technical revisions ⁽²⁾	(1,187)	(3,007)	(27,441)	(1,668)	(7,930)
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Dispositions ⁽³⁾	(22)	(297)	-	(16)	(88)
Economic factors ⁽⁴⁾	630	2,924	1,664	72	1,466
Production	-	-	-	-	-
December 31, 2025	17,006	118,576	970,877	13,888	212,470
GROSS TOTAL PROVED PLUS PROBABLE					
December 31, 2024	49,363	325,681	3,207,317	47,406	685,602
Extensions and improved recovery ⁽¹⁾	4,801	41,138	154,859	3,127	40,593
Technical revisions ⁽²⁾	(2,587)	(3,308)	3,110	(3,656)	(6,276)
Discoveries	-	-	-	-	-
Acquisitions	-	-	-	-	-
Dispositions ⁽³⁾	(131)	(1,517)	-	(86)	(470)
Economic factors ⁽⁴⁾	(542)	(4,309)	(2,000)	(131)	(1,725)
Production	(2,917)	(21,683)	(122,870)	(1,559)	(28,568)
December 31, 2025	47,987	336,002	3,240,416	45,100	689,157

⁽¹⁾ Extensions and improved recovery: Reserves were added from 25.5 net wells brought on production concurrent with Advantage's 2025 capital program.

⁽²⁾ Technical revisions: Total technical revisions are largely driven by adjustments to Glacier liquid yield recovery and shrinkage estimates and rescheduling of locations due to deferrals in the Wembley Montney area.

⁽³⁾ Minor reserves were removed related to the sale of non-core assets in 2025.

⁽⁴⁾ Economic factors: Changes in forecast pricing for both crude oil and natural gas resulted in minor, negative impact to total reserves. Less than one per cent of total proved and total proved plus probable reserves were removed due to changes in forecast pricing.

⁽⁵⁾ Natural gas liquids include condensate.

Company 2025 F&D Cost – Gross (before royalties) Working Interest Reserves Including Future Development Capital⁽¹⁾⁽²⁾⁽³⁾

	PDP	1P	2P
Advantage net capital expenditures (\$000) ⁽⁴⁾	287,698	287,698	287,698
Acquisitions & dispositions (\$000)	2,700	2,700	2,700
Net change in FDC (\$000)	(5,904)	(49,136)	(10,817)
Total capital (\$000)	284,494	241,262	279,581
Total Mboe, end of year	173,377	476,687	689,157
Total Mboe, beginning of year	171,916	474,217	685,602
Acquisitions & dispositions, Mboe	(382)	(382)	(469)
Production, Mboe	(28,568)	(28,568)	(28,568)
Reserve additions, Mboe	30,310	31,420	32,592
2025 F&D costs (\$/boe)⁽⁴⁾	\$ 9.36	\$ 7.68	\$ 8.58
2024 F&D costs (\$/boe) ⁽⁴⁾	\$ 8.48	\$ 9.39	\$ 6.87
Three-year average F&D costs (\$/boe) ⁽⁴⁾	\$ 8.44	\$ 8.51	\$ 7.82

Company 2025 FD&A Costs – Gross (before royalties) Working Interest Reserves including Future Development Capital⁽¹⁾⁽²⁾⁽³⁾

	PDP	1P	2P
Advantage net capital expenditures (\$000) ⁽⁴⁾	287,698	287,698	287,698
Net change in FDC (\$000)	(5,904)	(49,136)	(10,817)
Total capital (\$000)	281,794	238,562	276,881
Total Mboe, end of year	173,377	476,687	689,157
Total Mboe, beginning of year	171,916	474,217	685,602
Production, Mboe	(28,568)	(28,568)	(28,568)
Reserve additions, Mboe	30,029	31,038	32,123
2025 FD&A costs (\$/boe)⁽⁴⁾	\$ 9.38	\$ 7.69	\$ 8.62
2024 FD&A costs (\$/boe) ⁽⁴⁾	\$ 14.87	\$ 17.11	\$ 13.30
Three-year average FD&A costs (\$/boe) ⁽⁴⁾	\$ 11.39	\$ 12.80	\$ 11.23

⁽¹⁾ F&D and FD&A costs are calculated by dividing total capital by reserve additions during the applicable period. Total capital includes both capital expenditures incurred and changes in FDC required to bring the proved undeveloped and probable undeveloped reserves to production during the applicable period. Reserves additions are calculated as the change in reserves from the beginning to the ending of the applicable period excluding production. F&D excludes the impact of acquisitions and dispositions while FD&A includes the impact of acquisitions and dispositions.

⁽²⁾ The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated FDC generally will not reflect total finding and development costs related to reserves additions for that year. Changes in forecast FDC occur annually as a result of development activities, acquisition and disposition activities and capital cost estimates that reflect McDaniel's best estimate of what it will cost to bring the proved undeveloped and probable undeveloped reserves on production.

⁽³⁾ The change in FDC is primarily from incremental undeveloped locations.

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



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three months and years ended December 31, 2025 and 2024

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of March 5, 2026, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three months and year ended December 31, 2025 and should be read in conjunction with the December 31, 2025, audited consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "IFRS"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. All references in the MD&A and consolidated financial statements are to Canadian dollars unless otherwise indicated. All dollar per boe figures include the results of Advantage's natural gas and liquids operations and exclude the results of Entropy Inc. ("Entropy").

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

Financial Highlights (\$000, except as otherwise indicated)	Three months ended		Year ended	
	December 31		December 31	
	2025	2024	2025	2024
Consolidated Financial Statement Highlights				
Natural gas and liquids sales	181,796	163,477	698,984	543,295
Net income and comprehensive income ⁽⁴⁾	9,616	17,130	53,051	21,719
per basic share ⁽²⁾	0.06	0.10	0.32	0.13
per diluted share ⁽²⁾	0.06	0.10	0.31	0.13
Basic weighted average shares (000)	166,941	166,974	166,978	163,955
Diluted weighted average shares (000)	170,338	169,785	170,180	166,821
Cash provided by operating activities	74,357	56,350	357,490	217,533
Cash provided by financing activities	41,387	22,789	62,063	481,077
Cash used in investing activities	(116,477)	(71,202)	(421,964)	(697,725)
Segmented Financial Highlights ⁽¹⁾				
<u>Advantage Energy Ltd.</u>				
Adjusted funds flow	99,143	84,309	381,582	250,031
per basic share ⁽²⁾	0.59	0.51	2.29	1.53
per diluted share ⁽³⁾	0.57	0.50	2.24	1.50
Net capital expenditures	73,093	84,287	287,698	700,597
Free cash flow – surplus (deficit)	27,350	(11,399)	91,184	(16,713)
Bank indebtedness	412,993	470,424	412,993	470,424
Net debt	549,092	625,551	549,092	625,551
<u>Entropy Inc.</u>				
Adjusted funds flow	(2,971)	(2,920)	(12,343)	(8,635)
per basic share ⁽²⁾	(0.01)	(0.02)	(0.07)	(0.05)
per diluted share ⁽³⁾	(0.01)	(0.02)	(0.07)	(0.05)
Net capital expenditures	44,488	14,875	131,198	36,314
Free cash flow - deficit	(42,811)	(17,795)	(113,724)	(44,949)
Net debt	257,596	92,898	257,596	92,898

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

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

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

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

Operating Highlights ⁽¹⁾

	Three months ended		Year ended	
	December 31		December 31	
	2025	2024	2025	2024
Operating				
Production				
Crude oil (bbls/d)	7,372	7,527	7,991	5,347
Condensate (bbls/d)	938	979	872	1,116
NGLs (bbls/d)	3,462	3,379	3,398	3,127
Total liquids (bbls/d)	11,772	11,885	12,261	9,590
Natural gas (Mcf/d)	408,307	389,331	396,036	367,965
Total production (boe/d)	79,823	76,774	78,267	70,918
Average realized prices (including realized derivatives)				
Natural gas (\$/Mcf)	3.31	2.46	2.94	2.20
Liquids (\$/bbl)	72.82	87.84	79.53	85.02
Operating Netback (\$/boe) ⁽²⁾				
Natural gas and liquids sales	24.76	23.14	24.47	20.93
Realized gains on derivatives	2.92	2.91	2.86	1.97
Processing and other income	0.08	0.11	0.11	0.21
Net sales of purchased natural gas	-	-	0.06	-
Royalty expense	(1.83)	(2.40)	(2.10)	(2.02)
Operating expense	(5.93)	(5.19)	(5.34)	(4.75)
Transportation expense	(4.01)	(3.77)	(4.07)	(3.90)
Operating netback	15.99	14.80	15.99	12.44

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

⁽²⁾ Specified financial measure which is not a standardized measure under IFRS and may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures" for the composition of such specified financial measure, an explanation of how such specified financial measure provides useful information to a reader and the purposes for which Management of Advantage uses the specified financial measure, and/or where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

Corporate update

Advantage 2026 Guidance

On December 9, 2025, Advantage announced its 2026 budget (see news release dated December 9, 2025). Advantage's 2026 capital program continues our focus on growing adjusted funds flow per share via high rate-of-return development drilling. Our Glacier-focused program is expected to deliver production growth of approximately 6% (or 11% excluding the impact of a major turnaround at our Glacier Gas Plant) in 2026. Following the commissioning of the Progress Gas Plant and the Glacier Gas Plant turnaround in the second quarter of 2026, second-half production is expected to average 90,000 boe/d (86% gas).

On February 12, 2026, Advantage announced a reduction to its 2026 capital program of approximately \$20 million, primarily through the deferral of the lowest rate-of-return wells within its drilling program. As a result of the continued strong performance of recently drilled wells, the 2026 production guidance remains unchanged (see news release dated February 12, 2026).

Advantage's free cash flow profile is weighted to the second half of 2026, with a capital-intensive spending profile in the first quarter. As we approach our net debt target, debt reduction will remain our priority, while share repurchases are expected to be layered in opportunistically.

The below table summarizes Advantage's 2026 guidance as at February 12, 2026:

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

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

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

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

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

Corporate Update (continued)

Advantage 2025 Guidance Comparison

The table below summarizes Advantage's 2025 guidance as at October 28, 2025 and a comparison to 2025 actual financial and operating results:

	Original Guidance as at March 4, 2025 ⁽⁵⁾	Revised Guidance as at August 6, 2025 ⁽⁶⁾	Revised Guidance as at October 28, 2025 ⁽⁷⁾	2025 Actuals
Forward Looking Information ⁽¹⁾⁽²⁾				
Cash Used in Investing Activities (\$ millions)	270 to 300	270 to 300	270 to 300	287.7 ⁽³⁾
Production				
Total Production (boe/d)	80,000 to 83,000	80,000 to 83,000	78,100 to 79,100	78,267
Natural Gas (%)	84 to 85	84 to 85	84 to 85	84
Crude Oil and Condensate (%)	11 to 12	11 to 12	11 to 12	12
NGLs (%)	~4	~4	~4	4
Expenses				
Royalty Rate (%)	8 to 10	8 to 10	8 to 10	8.6
Operating Expense (\$/boe) ⁽⁴⁾	5.20 to 5.90	4.95 to 5.30	4.95 to 5.30	\$5.34
Transportation Expense (\$/boe) ⁽⁴⁾	3.95 to 4.25	3.95 to 4.25	3.95 to 4.25	\$4.07
G&A Expense (\$/boe) ⁽⁴⁾	0.75 to 0.85	0.75 to 0.85	0.75 to 0.85	\$0.81
Finance Expense (\$/boe) ⁽⁴⁾	1.50 to 1.95	1.50 to 1.95	1.50 to 1.95	\$1.68

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

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

⁽³⁾ Cash Used in Investing Activities is the same as Net Capital Expenditures for the purposes of guidance as no change in non-cash working capital is assumed between years and other differences are immaterial. The Corporation compares its guidance against Advantage's net capital expenditures for the year ended December 31, 2025.

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

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

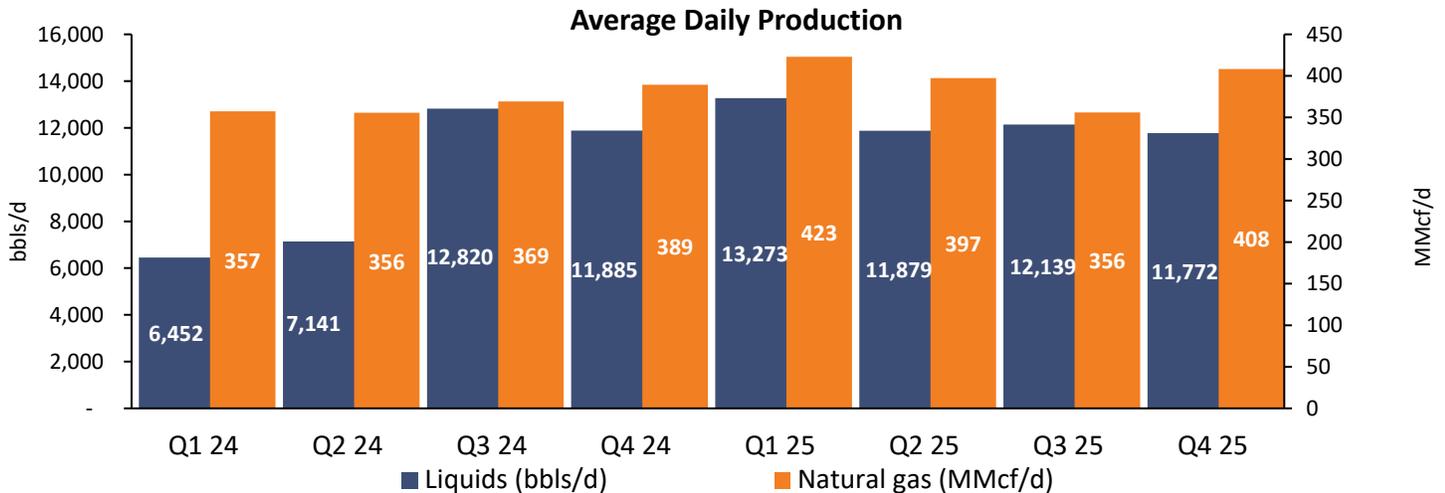
⁽⁶⁾ See June 30, 2025 MD&A dated August 6, 2025.

⁽⁷⁾ See September 30, 2025 MD&A dated October 28, 2025. The Corporation proactively curtailed dry natural gas production in response to low or negative AECO benchmark pricing which impacted annual production by 2,600 boe/d.

Our 2025 financial and operating results were substantially within guidance, reflecting the strength and predictability of our assets, and the consistent execution of our team. Operating costs were just slightly above the guidance range due to fixed operating expenses being absorbed over marginally lower volumes due to high line pressures on the NGTL system and temporary production curtailments. Minor workover activity and modestly higher costs from select non-operated assets also contributed to the increase.

Production

Average Daily Production	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Crude oil (bbls/d)	7,372	7,527	(2)	7,991	5,347	49
Condensate (bbls/d)	938	979	(4)	872	1,116	(22)
NGLs (bbls/d)	3,462	3,379	2	3,398	3,127	9
Total liquids (bbls/d)	11,772	11,885	(1)	12,261	9,590	28
Natural gas (Mcf/d)	408,307	389,331	5	396,036	367,965	8
Total production (boe/d)	79,823	76,774	4	78,267	70,918	10
Liquids (% of total production)	15	15		16	14	
Natural gas (% of total production)	85	85		84	86	



For the three months and year ended December 31, 2025, Advantage's total production averaged 79,823 and 78,267 boe/d, increases of 4% and 10%, respectively, compared to the same periods in 2024. Fourth quarter production growth reflected continued development across our Montney and Charlie Lake assets, with 9.5 net wells brought on production. For the full year, production growth was driven by the successful integration of the high-quality Charlie Lake and Montney assets acquired in June 2024 (the "Acquired Assets"), with 2025 representing the first full year of contribution and delivering a meaningful uplift to both natural gas and liquids production.

Natural gas production for the three months and year ended December 31, 2025 averaged 408.3 and 396.0 MMcf/d, respectively, increases of 5% and 8%, respectively, compared to the same periods in 2024. The quarterly increase was attributable to 6.0 net Montney wells brought on stream while the annual increase reflects contributions from the Acquired Assets and continued development at Glacier and Valhalla, including 13.0 net Montney wells brought onstream (see "Cash Used in Investing Activities and Net Capital Expenditures").

Liquids production for the three months and year ended December 31, 2025, averaged 11,772 bbls/d and 12,261 bbls/d, a decrease of 1% for the quarter and an increase of 28% for the full year. The increase for 2025 was primarily driven by a full-year of production from the Acquired Assets.

Advantage expects 2026 annual production to average between 81,000 and 85,000 boe/d based on our planned 2026 capital program and subject to natural gas pricing (see "Advantage 2026 Guidance").

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended			Year ended		
	December 31 2025	December 31 2024	% Change	December 31 2025	December 31 2024	% Change
Natural gas						
Excluding derivatives (\$/Mcf)	2.91	2.03	43	2.50	1.87	34
Including derivatives (\$/Mcf)	3.31	2.46	35	2.94	2.20	34
Liquids						
Crude oil (\$/bbl)	75.60	93.92	(20)	84.64	95.50	(11)
Condensate (\$/bbl)	78.20	95.02	(18)	86.73	97.25	(11)
NGLs (\$/bbl)	45.24	55.11	(18)	50.52	57.05	(11)
Total liquids excluding derivatives (\$/bbl)	66.88	82.98	(19)	75.34	83.17	(9)
Total liquids including derivatives (\$/bbl)	72.82	87.84	(17)	79.53	85.02	(6)
Average Benchmark Prices						
Natural gas ⁽¹⁾						
AECO daily (\$/Mcf)	2.23	1.48	51	1.68	1.46	15
Empress daily (\$/Mcf)	2.46	1.59	55	1.88	1.51	25
Henry Hub (\$US/MMbtu)	3.55	2.42	47	3.43	2.25	52
Emerson daily (\$US/MMbtu)	2.33	1.55	50	1.85	1.39	33
Dawn daily (\$US/MMbtu)	3.45	2.23	55	3.24	1.96	65
Chicago Citygate (\$US/MMbtu)	3.25	2.33	39	3.19	2.13	50
Liquids						
WTI (\$US/bbl)	59.14	70.26	(16)	64.77	75.71	(14)
MSW Edmonton (\$/bbl)	76.57	94.88	(19)	85.59	97.64	(12)
Average Exchange rate (\$US/\$CAD)	0.7170	0.7149	-	0.7157	0.7301	(2)

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

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

Natural gas

Advantage's realized natural gas prices excluding derivatives for the three months and year ended December 31, 2025, were \$2.91/Mcf and \$2.50/Mcf, respectively, representing increases of 43% and 34% compared to the same periods in 2024. These improvements primarily reflected stronger benchmark pricing in markets where Advantage has physical delivery and diversified market exposure. Eastern Canada and US natural gas benchmark prices increased in 2025, supported by higher liquefied natural gas demand and a colder winter. In contrast, Alberta markets remained weak throughout 2025 due to elevated production and inventory levels that built up ahead of anticipated LNG Canada demand. Alberta pricing improved in the fourth quarter of 2025 relative to the prior year quarter as market conditions became more balanced, whereas the fourth quarter of 2024 was characterized by elevated inventories resulting from mild winter weather and supply ramp-ups ahead of LNG Canada. During the third quarter of 2025, Advantage strategically curtailed production on days with particularly low or negative pricing, preserving volumes for sale at stronger prices. On an annual basis, the impact of these strategic curtailments was approximate 15.6 mmcf/d of natural gas production. On days with negative AECO pricing, Advantage also opportunistically purchased spot gas to fulfill physical commitments while preserving the value of its natural gas resource (see "Net Sales of Purchased Natural Gas").

Commodity Prices and Marketing (continued)

Advantage's natural gas exposure consists of the AECO, Empress, Emerson, Dawn, and Chicago markets. Additionally, the Corporation delivers 25,000 MMbtu/d under a long-term natural gas supply agreement and receives a PJM electricity-based spark-spread price, less Alliance tolls. Advantage incurs additional transportation expense to deliver production beyond AECO to the Empress, Emerson, Dawn and Chicago markets. Advantage continues to pursue opportunities to diversify sales beyond Alberta markets to reduce exposure to local commodity pricing and enhance operating netbacks, and such initiatives may impact transportation expense (see "Transportation Expense").

The following table outlines the Corporation's 2026 forward-looking natural gas market exposure, and actual natural gas market exposure, excluding hedging.

Sales Markets	Year ended December 31, 2025		Forward-looking 2026 ⁽²⁾	
	Production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)
AECO	133.2	34%	209.5	49%
AECO Other ⁽⁴⁾	48.7	13%	25.7	6%
Empress	88.4	22%	67.6	16%
Emerson	30.9	8%	26.8	6%
Dawn	52.7	13%	52.7	13%
Chicago	17.1	4%	16.0	4%
PJM electricity price ⁽⁵⁾	25.0	6%	25.0	6%
Total	396.0	100%	423.3⁽³⁾	100%

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

⁽²⁾ Natural gas market exposure based on contracts in-place at December 31, 2025.

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

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

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

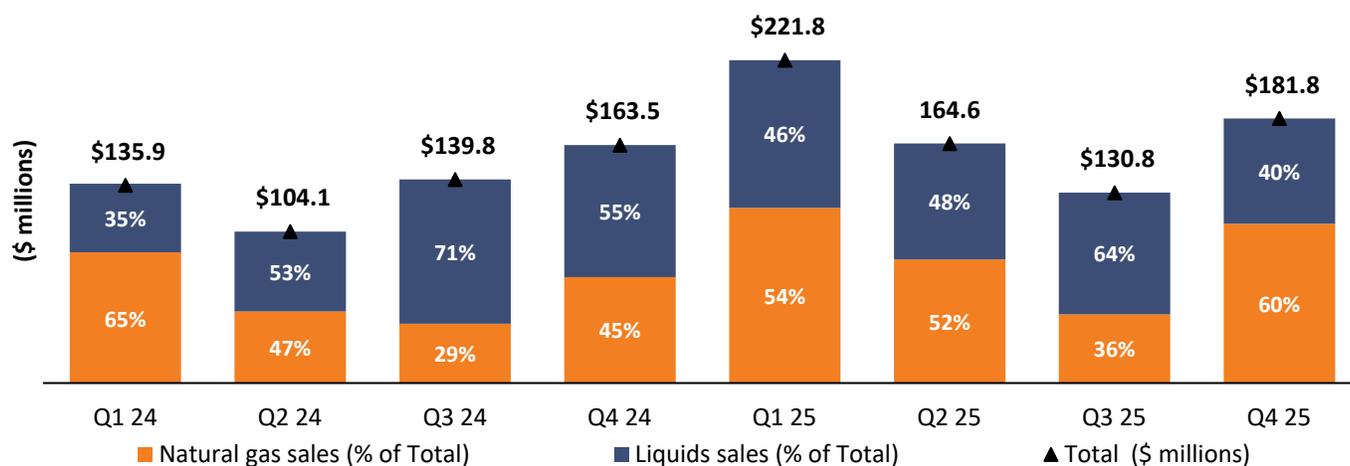
Liquids

Advantage's realized liquids prices excluding derivatives for the three months and year ended December 31, 2025, were \$66.88/bbl and \$75.34/bbl, respectively, declines of 19% and 9% compared to the same periods in 2024. The decrease in realized prices across crude oil, condensate, and NGLs was primarily driven by elevated global supply including increased OPEC+ production. Broader market dynamics also contributed to the pricing pressure, including softening demand and demand concerns in key regions, evolving trade policies and tariffs, and seasonal consumption shifts. The prices that Advantage receives for crude oil and condensate production are largely influenced by global supply and demand fundamentals and the Edmonton light sweet oil and condensate price differentials. Approximately 84% of our liquids production is comprised of crude oil, condensate and pentanes, which typically command higher market prices than other NGLs. The quality of our liquids production has increased significantly from the prior year due to the Acquired Assets.

Natural Gas and Liquids Sales

(\$'000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Crude oil	51,273	65,036	(21)	246,880	186,896	32
Condensate	6,748	8,558	(21)	27,604	39,723	(31)
NGLs	14,408	17,133	(16)	62,663	65,289	(4)
Liquids	72,429	90,727	(20)	337,147	291,908	15
Natural gas	109,367	72,750	50	361,837	251,387	44
Natural gas and liquids sales	181,796	163,477	11	698,984	543,295	29
per boe	24.76	23.14	7	24.47	20.93	17

Natural Gas and Liquids Sales



Natural gas and liquids sales for the three months ended December 31, 2025 totaled \$181.8 million, an increase of \$18.3 million or 11% compared to the same period in 2024. This increase was driven by a 50% increase in natural gas sales, which increased by \$36.6 million due to a combination of 43% higher realized natural gas prices and a 5% increase in production volumes (see "Commodity Prices and Marketing" and "Production"). In contrast, liquids sales decreased by \$18.3 million or 20%, due to a 19% reduction in realized liquids prices (see "Commodity Prices and Marketing").

Natural gas and liquids sales totaled \$699.0 million for the year ended December 31, 2025, representing an increase of \$155.7 million or 29%. Natural gas sales increased by \$110.5 million or 44%, while liquids sales grew by \$45.2 million or 15%. These gains were driven by an 8% increase in natural gas production and a 28% increase in liquids volumes, largely attributable to the successful integration of the Acquired Assets (see "Production"). Additionally, realized natural gas prices improved by 34%, while realized liquids prices declined by 9%, reflecting broader market dynamics and global supply trends (see "Commodity Prices and Marketing").

Financial Risk Management

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

The Corporation enters into financial risk management derivative contracts to manage its exposure to commodity price risk, foreign exchange risk and interest rate risk. A summary of realized and unrealized derivative gains and losses for the three months and years ended December 31, 2025, and 2024 are as follows:

	Three months ended		Year ended	
	December 31		December 31	
	2025	2024	2025	2024
Realized gains (losses) on derivatives				
Natural gas	12,228	16,169	53,759	47,642
Crude oil	6,435	5,318	18,780	6,493
Foreign exchange	112	(179)	126	(101)
Natural gas embedded derivative	2,656	(728)	9,132	(2,907)
Total	21,431	20,580	81,797	51,127
Unrealized gains (losses) on derivatives				
Natural gas	8,062	(14,278)	(2,524)	4,496
Crude oil	(3,466)	(10,505)	(4,693)	7,052
Foreign exchange	(136)	(1,461)	741	(1,634)
Natural gas embedded derivative	(23,491)	25,793	(36,203)	(4,733)
Unsecured debentures derivative	(927)	(68)	335	(866)
Total	(19,958)	(519)	(42,344)	4,315
Gains (losses) on derivatives				
Natural gas	20,290	1,891	51,235	52,138
Crude oil	2,969	(5,187)	14,087	13,545
Foreign exchange	(24)	(1,640)	867	(1,735)
Natural gas embedded derivative	(20,835)	25,065	(27,071)	(7,640)
Unsecured debentures derivative	(927)	(68)	335	(866)
Total	1,473	20,061	39,453	55,442

Financial Risk Management (continued)

Natural gas

For the three months and year ended December 31, 2025, Advantage realized gains on natural gas derivatives of \$12.2 million and \$53.8 million, respectively, due to the settlement of derivative contracts with average prices that were above average market prices.

Advantage recognized an unrealized gain on natural gas derivatives of \$8.1 million and an unrealized loss of \$2.5 million for the three months and year ended December 31, 2025, respectively. Unrealized gains and losses are a result of changes in the fair value of outstanding natural gas derivative contracts accompanied with the settlement of contracts in their respective periods. The change in the fair value of our outstanding natural gas derivative contracts for the three-month period was due to a reduction in the forward price curve partially offset by the settlement of contracts during the period. The unrealized loss for the year ended December 31, 2025 was primarily due to the settlement of contracts during the period offset by new contracts entered during the year that have a lower settlement price than the forward curve at December 31, 2025.

Crude oil

For the three months and year ended December 31, 2025, Advantage realized gains on crude oil derivatives of \$6.4 million and \$18.8 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices.

Advantage recognized unrealized losses on crude oil derivatives of \$3.5 million and \$4.7 million for the three months and year ended December 31, 2025, respectively. The change in the fair value of our outstanding crude oil derivative contracts was primarily due to the settlement of contracts during the period.

Foreign exchange

For the three months and year ended December 31, 2025, Advantage realized a gain on foreign exchange derivatives of \$0.1 million for both periods, while recognizing an unrealized loss of \$0.1 million and a gain of \$0.7 million for the three months and year ended December 31, 2025. The unrealized gains and losses are a result of the settlement of contracts and change in the fair value during the period.

Natural gas embedded derivative

Advantage sells natural gas under a long-term natural gas supply agreement, delivering 25,000 MMBtu/d of natural gas for a 10-year period ending in 2032. 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 price for the host contract of the initial agreement is US\$2.50 per MMBtu. In 2025, the Corporation extended the term of the natural gas supply agreement by an additional 2.5 years, ending in 2035. Volumes delivered under the additional term continue to be priced using the same spark-spread pricing formula, however, the natural gas price collar does not apply to volumes delivered during this period. The price for the host contract of the extension agreement is US\$3.73 per MMBtu. The Corporation will realize gains or losses on the embedded derivative when the realized settlement price differs from the host contract price, resulting in a realized gain of \$2.7 million and \$9.1 million for the three months and year ended December 31, 2025, respectively (three months and year ended December 31, 2024 – realized loss of \$0.7 million and \$2.9 million). For the three months and year ended December 31, 2025, the Corporation recognized unrealized losses on its natural gas embedded derivative of \$23.5 million and \$36.2 million, respectively. These losses were driven primarily by the extension of the natural gas supply agreement, which was determined to have a host contract price of US\$3.73 per MMBtu at the time the extension was executed. Subsequent to the signing date, forward electricity prices declined, resulting in a reduction in the fair value of the embedded derivative related to the extension period. The unrealized loss also reflects the decrease in the forward price curve for electricity prices relative to December 31, 2024, as well as the passage of time during the period, which resulted in a portion of the embedded derivative being realized through physical deliveries under the contract.

Financial Risk Management (continued)

Unsecured debentures derivative

Entropy has issued and outstanding 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 or losses as the valuation of the conversion option changes. For the three months and year ended December 31, 2025, the Entropy unsecured debentures derivative liability resulted in an unrealized loss of \$0.9 million and an unrealized gain of \$0.3 million, respectively, due to changes in the value of the conversion option.

The fair value of derivative assets and liabilities is the estimated value to settle the outstanding contracts as at a point in time. As such, unrealized derivative gains and losses do not impact adjusted funds flow and the actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices, foreign exchange rates and interest rates as compared to the valuation assumptions. Remaining derivative contracts will settle between January 1, 2026 and March 31, 2029, apart from the natural gas embedded derivative, which is expected to be settled between 2026 and 2035.

As at December 31, 2025 and March 5, 2026, the Corporation had the following commodity and foreign exchange derivative contracts in place:

Description of derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	January 2026 to March 2026	142,173 Mcf/d	\$3.54/Mcf
Fixed price swap	April 2026 to June 2026	94,782 Mcf/d	\$3.09/Mcf ⁽¹⁾
Fixed price swap	July 2026 to October 2026	108,999 Mcf/d	\$3.01/Mcf ⁽¹⁾
Fixed price swap	November 2026 to March 2027	142,173 Mcf/d	\$3.29/Mcf ⁽¹⁾
Fixed price swap	April 2027 to October 2027	75,825 Mcf/d	\$2.73/Mcf ⁽¹⁾
Fixed price swap	November 2027 to March 2028	71,086 Mcf/d	\$2.87/Mcf ⁽¹⁾
Fixed price swap	April 2028 to October 2028	56,869 Mcf/d	\$2.73/Mcf ⁽¹⁾
Fixed price swap	November 2028 to March 2029	47,391 Mcf/d	\$2.66/Mcf ⁽¹⁾
Natural gas - Dawn			
Fixed price swap	January 2026 to March 2026	28,435 Mcf/d	\$4.65/Mcf
Fixed price swap	April 2026 to October 2026	28,435 Mcf/d	\$4.52/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	\$4.25/Mcf
Crude oil – WTI NYMEX			
Fixed price swap	January 2026	2,000 bbls/d	US \$62.67/bbl ⁽¹⁾
Fixed price swap	February 2026	3,000 bbls/d	US \$62.33/bbl ⁽¹⁾
Fixed price swap	March 2026	3,500 bbls/d	US \$62.56/bbl ⁽¹⁾
Fixed price swap	April 2026 to June 2026	4,500 bbls/d	US \$64.17/bbl ⁽¹⁾
Fixed price swap	July 2026 to December 2026	4,000 bbls/d	US \$63.62/bbl ⁽¹⁾
Fixed price swap	January 2027 to December 2027	500 bbls/d	US \$61.16/bbl ⁽¹⁾

(1) Contains contracts entered into subsequent to December 31, 2025.

Processing and Other Income

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Advantage processing and other income	599	746	(20)	3,114	5,557	(44)
per boe	0.08	0.11	(27)	0.11	0.21	(48)
Entropy engineering services	95	875	(89)	2,720	1,250	118
Total processing and other income	694	1,621	(57)	5,834	6,807	(14)

Advantage earns processing income from contracts whereby the Corporation charges third-parties to utilize excess capacity at its facilities. For the three months and year ended December 31, 2025, Advantage generated \$0.6 million and \$3.1 million, respectively, in processing and other income, a decrease of 20% and 44% compared to the same periods of the prior year. The decrease for the year is a result of less third-party throughput at the Glacier Gas Plant as Advantage acquired production in 2024 that was previously being charged natural gas processing fees.

Entropy generated \$2.7 million in other income for the year ended December 31, 2025, associated with front-end engineering and design studies for third-parties.

Net Sales of Purchased Natural Gas

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Sales of purchased natural gas	-	-	nm	1,121	-	nm
Natural gas purchases	-	-	nm	556	-	nm
Net sales of purchased natural gas	-	-	nm	1,677	-	nm
per boe	-	-	nm	0.06	-	nm

During the third quarter of 2025, Advantage proactively curtailed natural gas production amid weak AECO prices. On certain days, Advantage "purchased" spot gas at negative prices to meet physical commitments, effectively being paid to take volumes for \$0.6 million and selling into other markets for \$1.1 million. This strategic approach allowed Advantage to optimize its marketing portfolio to realize higher operating netbacks relative to AECO.

Royalty Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Royalty expense	13,461	16,983	(21)	60,105	52,471	15
per boe	1.83	2.40	(24)	2.10	2.02	4
Royalty rate (%) ⁽¹⁾	7.4	10.4	(3.0)	8.6	9.7	(1.1)

⁽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 (continued)

Royalty expense decreased for the three-month period ended December 31, 2025, by \$3.5 million, primarily due to lower liquids sales resulting from lower liquids prices (see "Commodity Prices and Marketing"). This decrease was partially offset by higher natural gas royalties associated with stronger natural gas prices and higher sales volumes; however, natural gas generally attracts lower royalty rates than liquids.

Royalty expense increased for the year ended December 31, 2025, by \$7.6 million due to higher natural gas and liquids sales from higher production and higher benchmark natural gas prices, partially offset by lower liquids benchmark prices (see "Production" and "Commodity Prices and Marketing").

Royalty rates for both the three months and year ended December 31, 2025, declined due to lower liquids benchmark prices (see "Commodity Prices and Marketing").

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

Operating Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Advantage operating expense	43,544	36,677	19	152,466	123,226	24
per boe	5.93	5.19	14	5.34	4.75	12
Entropy operating expense	397	859	(54)	2,079	2,521	(18)
Operating expense	43,941	37,536	17	154,545	125,747	23

Operating expense for Advantage during the three months and year ended December 31, 2025, increased by \$6.9 million and \$29.2 million, respectively, increases of 19% and 24%. Operating expense per boe was \$5.93/boe for the fourth quarter and \$5.34/boe for the year, both modestly higher than 2024 yet substantially close to our guidance expectations. The higher fourth quarter operating expense per boe was primarily driven by the commencement of third-party gas processing commitments and slightly lower production volumes caused by both high line pressures on the NGTL system and early-October residual production curtailments due to low natural gas prices.

On an annual basis, the increase in operating expense was largely attributable to additional production from the Acquired Assets, which are more liquids-weighted and generate stronger operating netbacks but also carry higher operating costs per boe. Importantly, operating costs on the Acquired Assets have continued to outperform expectations, supported by a reduction of more than 25% in operating costs per boe since Advantage assumed operatorship.

Advantage expects 2026 annual operating expense per boe to be approximately \$5.25 to 5.85 (see "Advantage 2026 Guidance").

Transportation Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Natural gas	24,123	22,064	9	94,539	84,264	12
Liquids	5,336	4,568	17	21,848	16,875	29
Transportation expense	29,459	26,632	11	116,387	101,139	15
per boe	4.01	3.77	6	4.07	3.90	4

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 and year ended December 31, 2025, increased by \$2.8 million and \$15.2 million, respectively, increases of 11% and 15%.

Transportation Expense (continued)

The increase in transportation expense for the quarter was due to higher fuel costs from higher benchmark prices and increased natural gas production (see "Commodity Prices and Marketing" and "Production"). Transportation increased for the year ended December 31, 2025, primarily due to a full year of production from the Acquired Assets (see "Production"). Transportation expense per boe for the three-month and year ended December 31, 2025, increased by 6% and 4%, respectively. The increase in transportation cost per boe was primarily due to higher toll rates ("Production").

Advantage expects 2026 annual transportation expense per boe to be approximately \$3.95 to \$4.45/boe (see "Advantage 2026 Guidance"). Advantage continues to pursue opportunities to diversify sales beyond Alberta markets to reduce exposure to local commodity pricing and enhance operating netbacks, and such initiatives may impact transportation expense.

Operating Income and Operating Netback

	Three months ended December 31			
	2025		2024	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	181,796	24.76	163,477	23.14
Realized gains on derivatives	21,431	2.92	20,580	2.91
Processing and other income	599	0.08	746	0.11
Royalty expense	(13,461)	(1.83)	(16,983)	(2.40)
Operating expense	(43,544)	(5.93)	(36,677)	(5.19)
Transportation expense	(29,459)	(4.01)	(26,632)	(3.77)
Operating income and operating netback⁽¹⁾	117,362	15.99	104,511	14.80

	Year ended December 31			
	2025		2024	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	698,984	24.47	543,295	20.93
Realized gains on derivatives	81,797	2.86	51,127	1.97
Processing and other income	3,114	0.11	5,557	0.21
Net sales of purchased natural gas	1,677	0.06	-	-
Royalty expense	(60,105)	(2.10)	(52,471)	(2.02)
Operating expense	(152,466)	(5.34)	(123,226)	(4.75)
Transportation expense	(116,387)	(4.07)	(101,139)	(3.90)
Operating income and operating netback⁽¹⁾	456,614	15.99	323,143	12.44

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

Operating Income and Operating Netback (continued)

For the three months and year ended December 31, 2025, Advantage's operating income increased by 12% and 41%, respectively, or \$1.19/boe and \$3.55/boe. The increase in operating netback per boe for the quarter was primarily due to higher natural gas prices and lower royalty expense (see "Commodity Prices and Market", and "Royalty Expense"), partially offset by higher operating expenses (see "Operating Expense") . The increase in operating netback per boe for the year was primarily driven by higher natural gas and liquids sales, particularly from increased liquids associated with the Acquired Assets (see "Production") and stronger natural gas prices (see "Commodity Prices and Marketing"). These increases were further supported by realized gains on derivatives, partially offset by higher operating expenses related to the Acquired Assets (see "Operating Expense").

During 2025, liquids production, while representing approximately 16% of total production volumes, contributed approximately half of total operating income. This disproportionate contribution reflects the higher realized pricing and operating netbacks associated with liquids production and highlights the importance of Advantage's strategy to increase liquids exposure, particularly during a period of weaker natural gas pricing.

General and Administrative Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Advantage G&A	8,336	7,224	15	29,075	28,881	1
Capitalized	(2,463)	(1,777)	39	(5,952)	(6,863)	(13)
Advantage G&A expense	5,873	5,447	8	23,123	22,018	5
per boe	0.80	0.77	4	0.81	0.85	(5)
Entropy G&A expense	3,746	3,968	(6)	17,228	11,066	56
General and administrative expense	9,619	9,415	2	40,351	33,084	22
Employees at December 31				99	82	21

Advantage general and administrative ("G&A") expense for the three months and year ended December 31, 2025, increased by \$0.4 million and \$1.1 million, respectively. G&A expense per boe, decreased for the year ended December 31, 2025, due to higher volumes from a full year of production from the Acquired Assets as efficiencies are realized (see "Production").

Entropy G&A expense incurred for the three months ended December 31, 2025, decreased by \$0.2 million, while for the year it increased by \$6.2 million. The increase for the year is primarily attributable to expenditures incurred for completing front-end engineering and design studies for emitters. These studies are undertaken with the expectation that either Entropy and the emitters will subsequently approve a final investment decision for the project, or Entropy will receive compensation for the studies (see "Processing and Other Income"). In addition, Entropy has expanded its staffing levels to support ongoing business growth and operational scalability.

Share-based Compensation Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Share-based compensation	1,527	252	nm	9,975	4,950	102
Capitalized	(272)	(41)	nm	(1,764)	(1,058)	67
Share-based compensation expense	1,255	211	nm	8,211	3,892	111
per boe	0.17	0.03	nm	0.29	0.15	93

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

Advantage's share-based compensation expense for the three months and year ended December 31, 2025, increased by \$1.0 million and \$4.3 million, respectively. This increase reflects the unusually modest expense levels in 2024, which were driven by a reduced performance multiplier, downward revisions to estimates for outstanding Performance Share Units, and forfeitures related to employee retirements.

Finance Expense - Net

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Advantage interest expense	11,325	14,041	(19)	48,072	43,925	9
per boe	1.54	1.99	(23)	1.68	1.69	(1)
Advantage accretion expense	1,438	1,216	18	5,443	4,130	32
Advantage finance expense	12,763	15,257	(16)	53,515	48,055	11
Entropy finance expense	2,344	1,446	62	7,546	4,365	73
Finance expense - net	15,107	16,703	(10)	61,061	52,420	16

Advantage realized lower interest expense during the three months ended December 31, 2025, primarily due to lower interest rates and decreased average outstanding bank indebtedness as compared to 2024. Advantage realized higher interest expense during the year ended December 31, 2025, primarily due to financing of the Acquired Assets in 2024 through a combination of bank indebtedness and convertible debentures. This increase was offset by decreasing interest rates throughout 2025 and the continued trend of Advantage dedicating free cash flow to reduce net debt. Interest on bank indebtedness is based on short-term loans plus fees and determined by net debt to the trailing four quarters earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio as calculated pursuant to our Credit Facilities (see "Bank Indebtedness, Credit Facilities and Working Capital"). Advantage recognized \$1.8 million and \$7.2 million of interest expense related to the convertible debentures and incurred incremental associated accretion expense for the three months and year ended December 31, 2025, due to the accounting treatment for convertible debentures (see "Convertible Debentures").

Entropy finance expense increased during the three months and year ended December 31, 2025, due to an increased average outstanding aggregate principal amount of unsecured debentures associated with investors continued financing of the ongoing Glacier Phase 2 CCS project and the acquisition of certain carbon hub assets in Saskatchewan (see "Cash Used in Investing Activities and Net Capital Expenditures"). Entropy funds its projects by issuing unsecured debentures to third-party investors with committed capital. The unsecured debentures are non-recourse to Advantage, which does not provide any financing to Entropy for capital projects (see "Unsecured Debentures").

Depreciation and Amortization Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Advantage depreciation	54,862	52,428	5	223,606	194,583	15
per boe	7.47	7.42	1	7.83	7.50	4
Entropy depreciation and amortization	1,390	884	57	4,435	4,906	(10)
Depreciation and amortization expense	56,252	53,312	6	228,041	199,489	14

Depreciation and amortization expense increased for the three months and year ended December 31, 2025, primarily due to higher production and a higher depreciation rate per boe (see "Production"). Depreciation and amortization expense per boe increased compared to the prior year, reflecting the Acquired Assets, which carry a higher depreciation rate per boe typical of liquids-weighted assets relative to the Corporation's pre-existing natural gas-weighted asset base.

Income Taxes

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Income tax expense	5,389	6,531	(17)	24,713	12,805	93
Effective tax rate (%)	37.5	28.1	9.4	32.6	38.9	(6.3)

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three months and year ended December 31, 2025, the Corporation recognized a deferred income tax expense of \$5.4 million and \$24.7 million, respectively. Income tax expense for three months and year ended December 31, 2025, is a result of net income before taxes and non-controlling interest of \$14.4 million and \$75.7 million, respectively, combined with non-deductible share-based compensation expense, and valuation allowances applied against Entropy's non-capital losses. These tax adjustments can significantly impact the effective tax rate, resulting in figures that may appear disproportionate relative to pre-tax income. As at December 31, 2025, the Corporation had a deferred income tax liability of \$277.9 million.

Advantage expects it will not be subject to cash taxes at current forward commodity prices until at least calendar 2029 due to over \$1.7 billion in tax pools. The estimated tax pools available at December 31, 2025 are as follows:

(\$ thousands)

Canadian development expenses	304,978
Canadian exploration expenses	76,350
Canadian oil and gas property expenses	280,196
Non-capital losses	309,493
Undepreciated capital cost	528,578
Capital losses	135,369
Scientific research and experimental development expenditures	32,506
Other	29,622
	1,697,091

Net Income and Comprehensive Income Attributable to Advantage Shareholders

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2025	2024	Change	2025	2024	Change
Net income and comprehensive income attributable to Advantage shareholders	9,616	17,130	(44)	53,051	21,719	144
per basic share	0.06	0.10	(40)	0.32	0.13	146
per diluted share	0.06	0.10	(40)	0.31	0.13	138

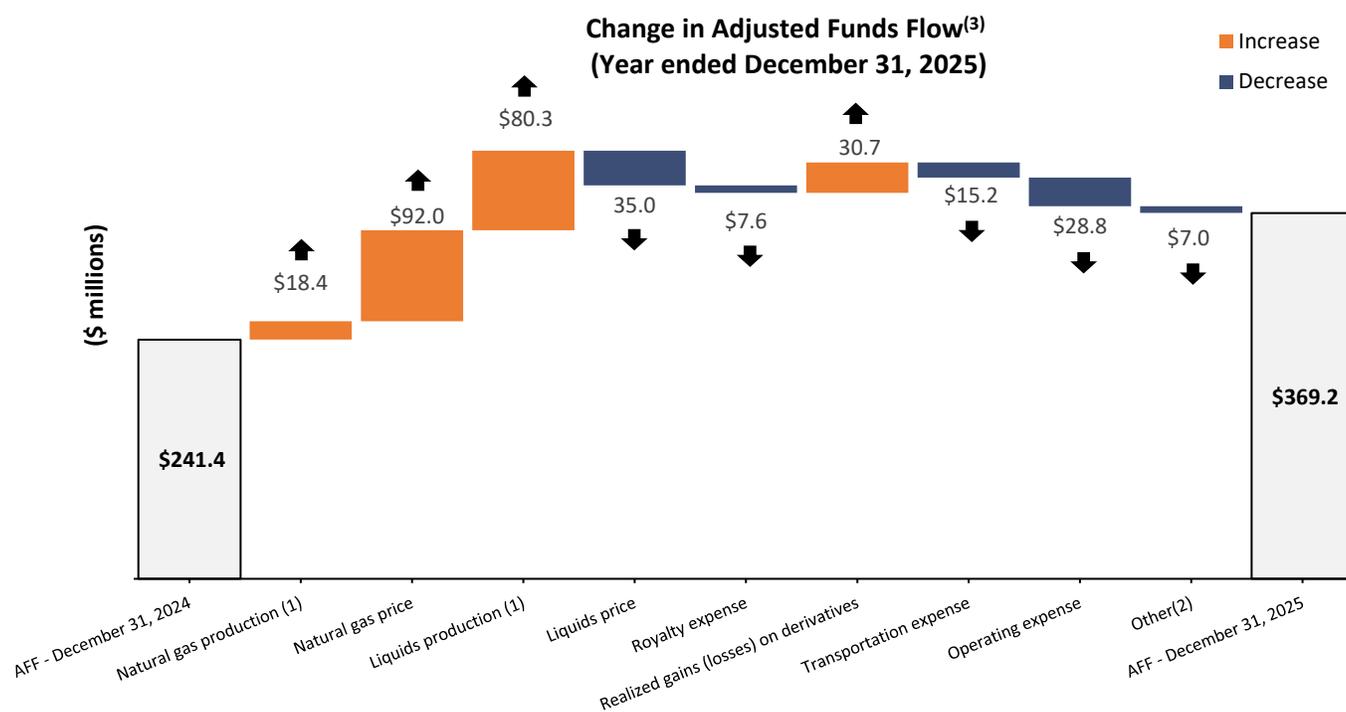
Advantage recognized net income attributable to shareholders for the three months ended December 31, 2025, of \$9.6 million as compared to \$17.1 million in the same period of 2024. For the year ended December 31, 2025, net income attributable to shareholders increased significantly to \$53.1 million from \$21.7 million in the prior year. The increase for the year ended was due to higher natural gas and liquids sales, reflecting increased production volumes (see "Production") and stronger natural gas prices (see "Natural Gas and Liquids Sales"). These gains were partially offset by costs typically associated with higher production, such as operating expense (see "Operating Expense") and transportation expense (see "Transportation Expense").

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

(\$000, except as otherwise indicated)	Three months ended		Year ended	
	December 31		December 31	
	2025	2024	2025	2024
Cash provided by operating activities	74,357	56,350	357,490	217,533
Expenditures on decommissioning liability	941	2,071	5,052	3,059
Changes in non-cash working capital	20,874	22,968	6,697	20,804
Adjusted funds flow ⁽¹⁾	96,172	81,389	369,239	241,396
Advantage adjusted funds flow ⁽¹⁾	99,143	84,309	381,582	250,031
per basic share ⁽¹⁾	0.59	0.51	2.29	1.53
per diluted share ⁽¹⁾	0.58	0.50	2.24	1.50
per boe ⁽¹⁾	13.50	11.94	13.36	9.63
Entropy adjusted funds flow ⁽¹⁾	(2,971)	(2,920)	(12,343)	(8,635)

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

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



- (1) The change in natural gas and liquids sales related to the change in production is determined by multiplying the prior period realized price by the change in current period production.
- (2) Other includes processing and other income, the net impact of net sales of purchased natural gas, G&A expense, transaction cost, finance expense (excluding accretion expense), foreign exchange gain and settlement of Performance Share Units in cash.
- (3) Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

For the three months and year ended December 31, 2025, the Corporation realized cash provided by operating activities of \$74.4 million and \$357.5 million, representing year-over-year improvements of \$18.0 million and \$140.0 million, respectively. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, adjusted funds flow was \$96.2 million and \$369.2 million for the respective periods, increases of \$14.8 million and \$127.8 million when compared to the same periods of 2024. The higher cash provided by operating activities and adjusted funds flow for the quarter were largely impacted by higher natural gas prices and realized gains on derivatives (see "Commodity Prices and Marketing" and "Financial Risk Management"), while the year was additionally influenced by an increase in natural gas and liquids sales as a result of higher total production due to the Acquired Assets (see "Production"), partially offset by higher costs associated with stronger commodity prices and a more liquids-weighted production mix.

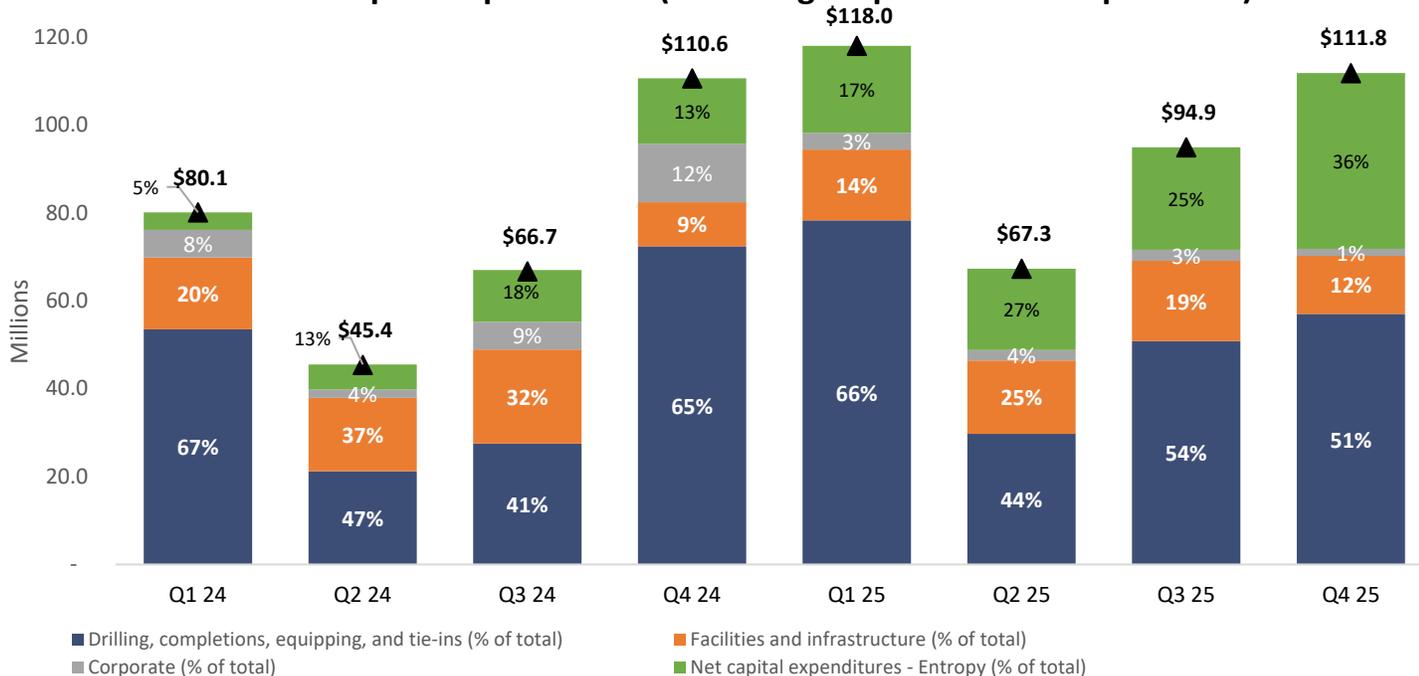
Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended		Year ended	
	December 31		December 31	
	2025	2024	2025	2024
Drilling, completions, equipping and tie-ins	57,045	72,366	215,819	174,559
Facilities and infrastructure	13,173	9,986	64,354	64,344
Corporate ⁽²⁾	1,575	13,356	10,225	27,841
Exploration and development expenditures	71,793	95,708	290,398	266,744
Asset acquisitions	1,300	-	1,300	445,274
Asset dispositions	-	(11,421)	(4,000)	(11,421)
Net capital expenditures - Advantage	73,093	84,287	287,698	700,597
Carbon capture and storage facilities	39,400	14,663	100,393	35,179
Intangible assets	440	212	988	1,135
Asset acquisition	4,648	-	29,817	-
Net capital expenditures - Entropy	44,488	14,875	131,198	36,314
Net capital expenditures ⁽¹⁾	117,581	99,162	418,896	736,911
Changes in non-cash working capital	(1,104)	(27,960)	3,068	(39,186)
Cash used in investing activities	116,477	71,202	421,964	697,725

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

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

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



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

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

Advantage

Advantage incurred \$71.8 million and \$290.4 million on exploration and development expenditures during the three months and year ended December 31, 2025, respectively. The following table summarizes wells drilled, completed and on production for the three months and year ended December 31, 2025:

(# of wells)	Three months ended December 31, 2025			Year ended December 31, 2025		
	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)
Glacier	6 (5.6)	3 (3.0)	6 (6.0)	13 (12.6)	10 (10.0)	11 (11.0)
Valhalla	2 (2.0)	- -	- -	2 (2.0)	2 (2.0)	2 (2.0)
Wembley	- -	- -	- -	3 (3.0)	3 (3.0)	3 (3.0)
Service wells	- -	1 (1.0)	- -	3 (3.0)	2 (2.0)	- -
Montney	8 (7.6)	4 (4.0)	6 (6.0)	21 (20.6)	17 (17.0)	16 (16.0)
Valhalla	4 (4.0)	2 (2.0)	2 (2.0)	11 (9.6)	8 (6.5)	10 (8.5)
Progress	3 (1.5)	3 (1.5)	3 (1.5)	7 (3.5)	7 (3.5)	7 (3.5)
Gordondale	- -	- -	- -	2 (2.0)	2 (2.0)	2 (2.0)
Charlie Lake	7 (5.5)	5 (3.5)	5 (3.5)	20 (15.1)	17 (12.0)	19 (14.0)
Total	15 (13.1)	9 (7.5)	11 (9.5)	41 (35.7)	34 (29.0)	35 (30.0)

Charlie Lake Assets

Valhalla/Progress/Gordondale

Activity on our Charlie Lake properties was steady during 2025, consisting of 20 gross (15.1 net) wells drilled, 17 gross (12.0 net) wells completed, and 19 gross (14.0 net) wells placed on production. Our Charlie Lake drilling program continues to outperform our acquisition type curve which exceeds historical results from the asset.

During the first half of 2025, Advantage physically connected our main 16-29 Valhalla battery to the NorthRiver Midstream Gordondale East plant. The plant expansion is now complete, and we are delivering up to 25 MMcf/d of raw gas to the facility. This connection, combined with our extensive owned gas processing and liquid handling infrastructure, provides sufficient processing capacity to ensure the efficient development of our Charlie Lake properties.

Montney Assets

Glacier

During 2025, activity at our Glacier property consisted of 13 gross (12.6 net) wells drilled, 10 gross (10.0 net) wells completed, and 11 gross (11.0 net) wells placed on production.

Well performance from the property continues to be strong and resilient. Of all Alberta Montney gas wells placed on production in 2025, Advantage had the top 9 wells with all 11 wells in the top 20, based on IP90 rates.

Our first quarter of 2026 at Glacier is focused on preparing to add 50 MMcf/d gas to the Glacier Gas Plant. This volume will replace gas from the Valhalla and Progress areas that are currently flowing to the Glacier Gas Plant and will be redirected to our new Progress 4-21 gas plant following commissioning in the second quarter of 2026.

A new water disposal well was added during 2025 which will help maintain our low-cost structure.

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

Valhalla

During 2025, activity at our Valhalla property consisted of 2 gross (2.0 net) wells drilled, 2 gross (2.0 net) wells completed, and 2 gross (2.0 net) wells placed on production.

The two new Montney wells were brought on production at restricted rates due to low gas prices and pipeline constraints. The constraints will be removed when Valhalla gas is redirected to our new Progress 4-21 gas plant in the second quarter of 2026. Well performance from the two wells was strong, achieving average production rates over 30 consecutive of 10.9 MMcf/d raw natural gas despite being choked back significantly. Continued strong well results support Management's view that our Valhalla Montney asset will continue to play a pivotal role in our liquids-rich gas development plan.

Three new wells from our 2026 program will be brought on production late in the first quarter of 2026.

Wembley

2025 activity at our Wembley property consisted of 3 gross (3.0 net) wells drilled, 3 gross (3.0 net) wells completed, and 3 gross (3.0 net) wells placed on production. Average production rates over 30 consecutive days for these wells were 1,074 boe/d (2.6 MMcf/d natural gas, 520 bbls/d crude oil and 123 bbls/d NGLs) resulting in a 60% liquid content.

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

Progress

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

Construction at the Progress 4-21 gas plant resumed in the fourth quarter of 2025 with commissioning taking place in the second quarter of 2026. The acid gas disposal well that services the plant was drilled and completed during the third quarter of 2025. All key regulatory components for the facility are in place.

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

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

Entropy

Net capital expenditures incurred by Entropy are funded through the issuance of unsecured debentures to investors that have provided Entropy access to \$500 million in committed capital, of which \$230.0 million has been drawn and \$20.3 million has been paid-in-kind and added to the aggregate balance of outstanding debentures as at December 31, 2025. Advantage does not provide any financing to Entropy for capital projects.

Entropy invested \$44.5 million and \$131.2 million in net capital expenditures during the three months and year ended December 31, 2025, respectively. Entropy's expenditures were primarily attributable to equipment and construction costs of the ongoing Glacier Phase 2 CCS project. Additional expenditures included front-end engineering and design studies for multiple prospective emitters and continued development of the Saskatchewan carbon hub that was acquired in the third quarter of 2025 for cash consideration of \$29.8 million comprised of a \$20.0 million purchase price and \$9.8 million of closing adjustments.

On June 20, 2024, the carbon capture, utilization, and storage investment tax credit ("CCUS ITC") included in Bill C-59 received royal assent. Advantage and Entropy have incurred eligible carbon capture expenditures dating back to January 1, 2022. The Corporation has received project approvals from Natural Resources Canada and is currently working with the Canada Revenue Agency to finalize the determination of tax credit amounts for its existing carbon capture projects at Glacier. These investment tax credits are not included in net capital expenditures and will be recognized once final determinations are made by the Canada Revenue Agency.

Commitments and Contractual Obligations

The Corporation has commitments and contractual obligations in the normal course of operations. Such commitments include operating costs for office leases, natural gas processing costs associated with third-party facilities, and transportation costs for delivery of our natural gas and liquids production to sales points (crude oil, condensate and NGLs). Transportation commitments are required to ensure our production is delivered to sales markets and Advantage actively manages our portfolio in conjunction with our future development plans ensuring we are properly diversified to multiple markets. Of our total transportation commitments, \$516.7 million or 54% is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$433.7 million in additional transportation to diversify natural gas production to the Dawn, Empress, Emerson, and Chicago markets, with the objective of reducing price volatility and achieving higher operating netbacks (see "Transportation Expense"). Contractual obligations comprise those liabilities to third-parties incurred for the purpose of financing Advantage's business and development, including our bank indebtedness.

Commitments and Contractual Obligations (continued)

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

(\$ millions)	Payments due by period						
	Total	2026	2027	2028	2029	2030	Beyond
Building operating cost ⁽¹⁾	1.4	0.8	0.6	-	-	-	-
Processing	130.5	22.4	20.3	18.8	16.2	10.9	41.9
Transportation	950.4	103.8	101.2	94.9	86.0	83.2	481.3
Total commitments	1,082.3	127.0	122.1	113.7	102.2	94.1	523.2
Performance Awards	5.6	1.9	2.8	0.9	-	-	-
Lease liability	3.2	1.5	1.1	0.5	0.1	-	-
Financing liability	123.9	13.0	13.0	13.1	13.0	13.0	58.8
Bank indebtedness ⁽²⁾							
- principal	415.0	-	415.0	-	-	-	-
- interest	35.0	23.3	11.7	-	-	-	-
Unsecured debentures ⁽³⁾							
- principal	254.4	-	-	-	-	4.1	250.3
- interest	173.9	20.6	20.6	20.6	20.6	20.5	71.0
Convertible debentures ⁽⁴⁾							
- principal	143.8	-	-	-	143.8	-	-
- interest	25.2	7.2	7.2	7.2	3.6	-	-
Total contractual obligations	1,180.0	67.5	471.4	42.3	181.1	37.6	380.1
Total future payments	2,262.3	194.5	593.5	156.0	283.3	131.7	903.3

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

⁽²⁾ As at December 31, 2025 the Corporation's bank indebtedness was governed by the Credit Facilities, which have a two-year term with a syndicate of financial institutions. The Credit Facilities are revolving and extendible for a further 364-day period upon an annual review and at the option of the syndicate. If not extended, the Credit Facilities will mature with any outstanding principal payable at the end of the two-year term (see "Bank Indebtedness, Credit Facilities and Working Capital").

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

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

Liquidity and Capital Resources

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

(\$000, except as otherwise indicated)	December 31 2025	December 31 2024
Bank indebtedness	412,993	470,424
Convertible debentures ⁽¹⁾	143,750	143,750
Working capital (surplus) deficit	(7,651)	11,377
Net debt attributable to Advantage	549,092	625,551
Unsecured debentures ⁽²⁾	254,421	101,000
Working capital (surplus) deficit	3,175	(8,102)
Net debt attributable to Entropy	257,596	92,898
Net debt⁽³⁾	806,688	718,449
Shares outstanding	166,941,610	166,931,440
Shares closing market price (\$/share)	11.74	9.86
Market capitalization	1,959,895	1,645,944
Total capitalization	2,766,583	2,364,393

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

⁽²⁾ Entropy funds its capital projects by issuing unsecured debentures to third-party investors with committed capital. The unsecured debentures are non-recourse to Advantage, which does not provide any financing to Entropy for capital projects. The aggregate principal balance of unsecured debenture bears an annual interest rate of 8%, which can be paid-in-kind (subject to certain limitations) or cash, at the discretion of Entropy (see "Unsecured Debentures"). Entropy may fund certain other non-project expenditures by issuing non-convertible unsecured debentures to third-party investors. The principal balance of the non-convertible unsecured debentures bears an interest rate of 15%, which can be paid-in-kind or cash, at the discretion of Entropy.

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

As at December 31, 2025, the Corporation had net debt of \$806.7 million, consisting of \$549.1 million with Advantage and \$257.6 million with Entropy. Advantage has generated \$91.2 million of free cash flow during the year ended December 31, 2025, allowing Advantage to reduce net debt by \$76.5 million. Advantage has a \$650 million Credit Facility of which \$226.6 million or 35% was available after deducting outstanding letters of credit of \$8.4 million (see "Bank Indebtedness, Credit Facilities and Working Capital"). Debt to adjusted funds flow ratio excluding Entropy was 1.4. Advantage remains committed to its strategy of debt reduction and continues to make meaningful progress. This trajectory reflects the Corporation's disciplined financial strategy, supported by strong free cash flow generation and selective non-core asset dispositions.

Entropy net debt increased \$164.7 million from December 31, 2024, due to drawing \$139.0 million of unsecured debentures (see "Unsecured Debentures") and adding paid-in-kind interest of \$14.4 million to the aggregate balance of the unsecured debentures, which were used to fund \$131.2 million of net capital expenditures for the year ended December 31, 2025 (see "Cash Used in Investing Activities and Net Capital Expenditures") accompanied with G&A expenses. Debentures issued by Entropy are funded by investors that have provided Entropy access to an aggregate of up to \$500 million in committed capital, of which \$250.3 million has been drawn as at December 31, 2025. Entropy funds its capital projects by issuing unsecured debentures that are non-recourse to Advantage, which does not provide any financing to Entropy for capital projects. Additionally, Entropy has access to a maximum of \$10 million of non-convertible unsecured debentures to fund certain other non-project expenditures, of which \$4.1 million has been drawn.

Liquidity and Capital Resources (continued)

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

Bank Indebtedness, Credit Facilities and Working Capital

As at December 31, 2025, Advantage had bank indebtedness outstanding of \$413.0 million, a decrease of \$57.4 million since December 31, 2024 due to adjusted funds flow in excess of net capital expenditures. Advantage's Credit Facility is collateralized by a \$2 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "Credit Facility"). The borrowing base for the Credit Facility is determined by the banking syndicate through an evaluation of our reserve estimates based on their independent commodity price assumptions. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base. On June 12, 2025, the Credit Facility was renewed with no changes to the borrowing base of \$650 million, comprised of a \$60 million extendible revolving operating loan facility from one financial institution and a \$590 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a term of two years with a maturity date in June 2027 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May 31 and semi-annually on or before November 30. During the term, no principal payments are required until the revolving period matures in June 2027 in the event of a reduction, or the Credit Facility not being renewed. The Corporation had letters of credit of \$8.4 million outstanding at December 31, 2025 (December 31, 2024 - \$5.5 million). The Credit Facility does not contain any financial covenants, but the Corporation is subject to various affirmative and negative covenants under its Credit Facilities. The Corporation was in compliance with all covenants as at December 31, 2025, and December 31, 2024.

The Corporation had a working capital surplus of \$4.5 million as at December 31, 2025, as compared to a working capital deficit at December 31, 2024 of \$3.3 million, largely due to a decrease in trade and other accrued liabilities due to timing of capital expenditures. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, and trade and other accrued liabilities. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with cash provided by operating activities and our available Credit Facilities.

Convertible Debentures

The Corporation has \$143.8 million principal amount of convertible unsecured subordinated debentures outstanding (the "Debentures") at a price of \$1,000 per debenture as at December 31, 2025. The Debentures will mature and be repayable on June 30, 2029 and will accrue interest at the rate of 5% per annum payable semi-annually in arrears on June 30 and December 31 of each year. The fair value of the Debentures at December 31, 2025, was \$160.6 million, using quoted market prices on the Toronto Stock Exchange ("TSX").

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

Unsecured Debentures

The Corporation's subsidiary Entropy has entered into two investment agreements with investors who provided capital commitments of \$300 million and \$200 million, respectively (the "Investment Agreements"). In connection with the Investment Agreements, Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the Investment Agreements, Entropy and the investors have options that provide for the unsecured debentures to be exchanged for common shares at an exchange price of \$10.00 per share and \$12.75 per share, respectively, subject to adjustment in certain circumstances. The investors have the option to exchange the outstanding unsecured debentures for common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for common shares in advance of an Initial Public Offering ("IPO"). The unsecured debentures have a term of 10 years, if not exchanged for common shares, which are to be repaid at the end of the term in the amount greater of the principal amount and the investor's pro rata share of the fair market value of Entropy. Each unsecured debenture issued by Entropy bears an interest rate of 8% per annum that Entropy can elect to pay in cash or pay-in-kind, due on a quarterly basis. Any paid-in-kind interest is added to the aggregate principal, subject to certain limitations. In 2025, Entropy entered into non-convertible unsecured debenture financing arrangements for aggregate principal availability of up to \$10 million to fund certain other non-project expenditures. These non-convertible unsecured debentures bear interest at 15% per annum and provide for a payment-in-kind feature under which interest may be capitalized to the principal balance, to a maximum of 30%. The debentures have a term of five years from the date of issuance and include provisions permitting early repayment. As at December 31, 2025, Entropy's unsecured debentures have an outstanding aggregate principal balance of \$250.3 million (December 31, 2024 - \$101.0 million) and an aggregate balance of non-convertible unsecured debentures of \$4.1 million (December 31, 2024 - \$0.0 million).

During 2025, Entropy issued unsecured debentures for gross proceeds of \$135.0 million (December 31, 2024 - \$55.0 million) and incurred \$6.5 million of issuance costs (December 31, 2024 - \$3.5 million). Entropy also issued non-convertible unsecured debentures of \$4.0 million and incurred interest of \$0.1 million which was paid-in-kind. Subsequent to year-end, Entropy issued unsecured debentures for gross proceeds of \$50.0 million.

For the year ended December 31, 2025, Entropy incurred interest on unsecured debentures of \$14.3 million which was paid-in-kind (December 31, 2024 - \$5.2 million).

Other Liabilities

The Corporation has a take-or-pay volume commitment with a 12.5% working interest partner due to expire in 2035. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. For the year ended December 31, 2025, the Corporation made cash payments of \$13.1 million (December 31, 2024 - \$13.1 million) under the take-or-pay volume commitment agreement.

As at December 31, 2025, the Corporation had a decommissioning liability of \$100.5 million (December 31, 2024 - \$126.8 million) for the future abandonment and reclamation of natural gas and liquids properties. The decommissioning liability has decreased \$26.3 million due to an increase in the risk-free rate, change in estimates and the settlement of liabilities through abandonment and reclamation activities. The decommissioning liability includes assumptions in respect of actual costs to abandon and reclaim wells and facilities, the time frame in which such costs will be incurred, annual inflation factors and discount rates. The total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$163.4 million (December 31, 2024 - \$168.7 million), with 54% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the year ended December 31, 2025, was \$5.1 million (year ended December 31, 2024 - \$3.1 million).

Non-controlling interest ("NCI")

Advantage owns 92% of the common shares of Entropy and therefore consolidates 100% of Entropy while recognizing a non-controlling interest in shareholders' equity that represents the carrying value of the 8% common shares held by outside interests. Assuming the outstanding unsecured debentures held by third-party investors as at December 31, 2025, are exchanged for common shares in accordance with the terms of the investment agreements, Advantage would own approximately 50% of Entropy's common shares on an as-converted basis (see "Unsecured Debentures").

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

For the year ended December 31, 2025, the net loss and comprehensive loss attributed to non-controlling interest was \$2.1 million (December 31, 2024 - \$1.6 million).

Shareholders' Equity

On May 8, 2025, the TSX approved the Corporation renewing its normal course issuer bid ("NCIB"). The NCIB commenced on May 14, 2025 and will terminate on May 13, 2026, or such earlier date as Advantage may complete its purchases under the NCIB. Pursuant to the NCIB, Advantage is authorized to purchase for cancellation, from time to time, as it considered advisable, up to a maximum of 14,415,014 Common Shares of the Corporation. Purchases pursuant to the NCIB will be made on the open market through the facilities of the TSX and/or Canadian alternative trading systems at the prevailing market price at the time of purchase. All Common Shares acquired under the NCIB will be cancelled. Securityholders may obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid, without charge, by contacting Advantage. For the year ended December 31, 2025, the Corporation used a portion of the proceeds from recent non-core asset dispositions and free cash flow to fund purchasing 0.7 million Common Shares for cancellation at an average price of \$10.16 per Common Share for a total of \$6.7 million.

As at December 31, 2025, a total of 2.9 million Performance Share Units were outstanding under the Corporation's Restricted and Performance Award Incentive Plan, which represents 1.8% of Advantage's total outstanding Common Shares.

As at March 5, 2026, Advantage had 166.9 million Common Shares outstanding.

Annual Financial Information

The following is a summary of select financial information of the Corporation for the years indicated.

(\$'000, except as otherwise indicated)	Year ended December 31, 2025	Year ended December 31, 2024	Year ended December 31, 2023
Total revenues	685,287	553,073	535,187
Net income attributable to Advantage shareholders	53,051	21,719	101,597
per share - basic	0.32	0.13	0.61
per share - diluted	0.31	0.13	0.59
Total assets	3,071,015	2,945,958	2,299,028
Total non-current liabilities	999,391	1,061,293	599,932

Quarterly Performance

(\$'000, except as otherwise indicated)	2025				2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Financial Statement Highlights								
Natural gas and liquids sales	181,796	130,805	164,593	221,790	163,477	139,840	104,081	135,897
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	9,616	(43)	72,502	(29,024)	17,130	(6,490)	(12,084)	23,163
per basic share ⁽²⁾	0.06	-	0.43	(0.17)	0.10	(0.04)	(0.07)	0.14
per diluted share ⁽²⁾	0.06	-	0.41	(0.17)	0.10	(0.04)	(0.07)	0.14
Basic weighted average shares (000)	166,941	166,968	167,179	166,821	166,974	166,972	161,362	160,444
Diluted weighted average shares (000)	170,338	166,968	180,785	166,821	169,785	166,972	161,362	164,129
Cash provided by operating activities	74,357	80,100	80,084	122,949	56,350	46,719	47,090	67,374
Cash provided by (used in) financing activities	41,387	(33,040)	42,046	11,670	22,789	(1,097)	447,502	11,883
Cash used in investing activities	(116,477)	(102,338)	(95,230)	(107,919)	(71,202)	(52,765)	(494,331)	(79,427)
Other Financial Highlights								
Adjusted funds flow ⁽¹⁾	96,172	69,178	85,247	118,642	81,389	52,260	42,354	65,393
per basic share ⁽¹⁾⁽²⁾	0.58	0.41	0.51	0.71	0.49	0.31	0.26	0.41
per diluted share ⁽¹⁾⁽³⁾	0.56	0.40	0.50	0.70	0.48	0.31	0.26	0.40
Net capital expenditures ⁽¹⁾	117,581	120,040	67,288	113,987	99,162	66,727	490,888	80,134
Free cash flow surplus (deficit) ⁽¹⁾	(15,461)	(25,693)	17,959	655	(29,194)	(14,668)	(3,059)	(14,741)
Bank indebtedness	412,993	411,895	440,957	446,333	470,424	469,551	488,008	238,578
Net debt ⁽¹⁾	806,688	775,723	717,465	723,247	718,449	693,959	674,665	279,963
Operating Highlights ⁽⁵⁾								
Production								
Crude oil (bbls/d)	7,372	8,483	7,627	8,487	7,527	8,144	3,033	2,630
Condensate (bbls/d)	938	684	848	1,023	979	1,055	1,200	1,231
NGLs (bbls/d)	3,462	2,972	3,404	3,763	3,379	3,621	2,908	2,591
Total liquids production (bbls/d)	11,772	12,139	11,879	13,273	11,885	12,820	7,141	6,452
Natural gas (mcf/d)	408,307	356,059	397,379	422,998	389,331	369,306	355,563	357,410
Total production (boe/d)	79,823	71,482	78,108	83,773	76,774	74,371	66,401	66,020
Average prices (including realized derivatives)								
Natural gas (\$/mcf)	3.31	2.37	2.70	3.29	2.46	1.65	1.82	2.86
Liquids (\$/bbl)	72.82	78.13	79.96	86.53	87.84	85.05	84.58	80.21
Operating Netback (\$/boe)								
Natural gas and liquids sales	24.76	19.89	23.16	29.42	23.14	20.44	17.22	22.62
Realized gains on derivatives	2.92	5.19	2.77	0.87	2.91	2.44	1.59	0.70
Processing and other income	0.08	0.14	0.09	0.13	0.11	0.15	0.32	0.30
Net sales of purchased natural gas	-	0.26	-	-	-	-	-	-
Royalty expense	(1.83)	(1.87)	(1.86)	(2.80)	(2.40)	(2.83)	(1.16)	(1.52)
Operating expense	(5.93)	(5.82)	(4.90)	(4.76)	(5.19)	(5.46)	(4.09)	(4.08)
Transportation expense	(4.01)	(4.21)	(4.03)	(4.06)	(3.77)	(3.88)	(3.73)	(4.23)
Operating netback ⁽¹⁾	15.99	13.58	15.23	18.80	14.80	10.86	10.15	13.79

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

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

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

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

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

Quarterly Performance (continued)

The table above highlights the Corporation's performance for the fourth quarter of 2025 and for the preceding seven quarters. In the first and second quarters of 2024, Advantage allowed production to decline slightly while natural gas and liquids sales and adjusted funds flow decreased with lower natural gas prices from an unseasonably mild winter, strong natural gas supply and resulting high North American storage levels. The Corporation increased its sales and adjusted funds flow in the third and fourth quarters of 2024 primarily due to increased production and cash flow provided from the Acquired Assets, although significantly weak natural gas prices persisted and had an adverse offsetting impact. The particularly low natural gas pricing environment during the second and third quarters resulted in the recognition of net losses.

In the first quarter of 2025 the Corporation generated higher natural gas and liquids sales and adjusted funds flow, primarily due to increased production and higher natural gas prices. Despite the improved operating and financial results, the Corporation recorded a net loss driven by a significant unrealized loss from changes in the fair value of outstanding derivative contracts. In the second quarter of 2025, natural gas and liquids sales and adjusted funds flow declined relative to the first quarter, reflecting lower production and weaker natural gas and liquids benchmark prices. This trend continued into the third quarter of 2025 where Alberta natural gas prices declined to historic low levels and the Corporation strategically curtailed dry gas production during days of exceptionally weak gas prices, contributing to the nominal net loss for the quarter. However, the lower commodity price environment in the second and third quarters of 2025 contributed to material unrealized gains on outstanding derivative contracts. In the fourth quarter of 2025, the Corporation improved its natural gas and liquids sales and adjusted funds flow from a combination of higher production and higher natural gas prices, partially offset by lower liquids prices, contributing to a return to net income for the quarter. Cash provided by operating activities experienced greater fluctuations than adjusted funds flow due to changes in non-cash working capital, which primarily resulted from the amount and timing of trade payable settlements and accounts receivable collections.

Critical Accounting Estimates

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

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

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

Critical Accounting Estimates (continued)

operations. The classification of assets and allocation of corporate assets into CGUs requires significant judgment and may impact the carrying value of the Corporation's assets in future periods.

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

In accordance with IFRS, derivative assets and liabilities are recorded at their fair values at the reporting date, with gains and losses recognized directly into comprehensive income. The fair value of derivatives outstanding is an estimate based on pricing models, estimates, assumptions and market data available at that time. As such, the recognized amounts are non-cash items and the actual gains or losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions. For embedded derivatives, Management assesses and determines the definition of the host contract and the separate embedded derivative. The judgements made in determining the host contract can influence the fair value of the embedded derivative. Determining the fair value of the embedded derivatives requires judgments related to the choice of a pricing model, estimates of volatility, and market data available at that time. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation's future operating results.

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

Changes in Accounting Policies

The Corporation has adopted the following accounting policies during the year ended December 31, 2025.

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On May 30, 2024, the IASB issued targeted amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments include new requirements not only for financial institutions but also for corporate entities which include clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These new requirements will apply at January 1, 2026, with early application permitted. The Corporation has early adopted the amendments of IFRS 9 and IFRS 7 on the Consolidated Financial Statements at December 31, 2025, with no material impact.

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 year ended December 31, 2025.

Environmental Reporting

Environmental regulations impacting climate-related matters continue to evolve and may have additional disclosure requirements in the future. The International Sustainability Standards Board published the new IFRS sustainability disclosure standards, IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, with the aim to develop an environment sustainability disclosure framework that is accepted globally. In December 2024, the Canadian Sustainability Standards Board (CSSB) published Canadian versions of the international standards (CSDS 1 and CSDS 2) and the Canadian Securities Administrators (CSA) previously announced that it intended to take the finalized CSSB standards into account and develop new Canadian climate-related disclosure requirements that would be mandatory for subject Canadian issuers. On April 23, 2025, the CSA issued a news release advising that it has paused the work it had previously undertaken to develop new climate and diversity-related disclosure requirements for Canadian issuers.

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

Evaluation of Disclosure Controls and Procedures

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

Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's DC&P as at December 31, 2025. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the DC&P are effective as of the end of the year, in all material respects.

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, has evaluated the effectiveness of the Corporation's ICFR as at December 31, 2025. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the ICFR are effective as of the end of the year, in all material respects.

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 either the quarter or year ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our ICFR.

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

Specified Financial Measures

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

Specified Financial Measures (continued)

Non-GAAP Financial Measures

Adjusted Funds Flow

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

(\$000)	Three months ended December 31					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	73,194	1,163	74,357	62,487	(6,137)	56,350
Expenditures on decommissioning liability	941	-	941	2,071	-	2,071
Changes in non-cash working capital	25,008	(4,134)	20,874	19,751	3,217	22,968
Adjusted funds flow	99,143	(2,971)	96,172	84,309	(2,920)	81,389

(\$000)	Year ended December 31					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	362,487	(4,997)	357,490	228,965	(11,432)	217,533
Expenditures on decommissioning liability	5,052	-	5,052	3,059	-	3,059
Changes in non-cash working capital	14,043	(7,346)	6,697	18,007	2,797	20,804
Adjusted funds flow	381,582	(12,343)	369,239	250,031	(8,635)	241,396

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 December 31					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	75,779	40,698	116,477	60,083	11,119	71,202
Changes in non-cash working capital	(2,686)	3,790	1,104	24,204	3,756	27,960
Net capital expenditures	73,093	44,488	117,581	84,287	14,875	99,162

(\$000)	Year ended December 31					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	296,653	125,311	421,964	667,101	30,624	697,725
Changes in non-cash working capital	(8,955)	5,887	(3,068)	33,496	5,690	39,186
Net capital expenditures	287,698	131,198	418,896	700,597	36,314	736,911

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

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

(\$000)	Three months ended December 31					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	73,194	1,163	74,357	62,487	(6,137)	56,350
Cash used in investing activities	(75,779)	(40,698)	(116,477)	(60,083)	(11,119)	(71,202)
Changes in non-cash working capital	27,694	(7,924)	19,770	(4,453)	(539)	(4,992)
Expenditures on decommissioning liability	941	-	941	2,071	-	2,071
Acquisitions	1,300	4,648	5,948	-	-	-
Dispositions	-	-	-	(11,421)	-	(11,421)
Free cash flow - surplus (deficit)	27,350	(42,811)	(15,461)	(11,399)	(17,795)	(29,194)

(\$000)	Year ended December 31					
	2025			2024		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	362,487	(4,997)	357,490	228,965	(11,432)	217,533
Cash used in investing activities	(296,653)	(125,311)	(421,964)	(667,101)	(30,624)	(697,725)
Changes in non-cash working capital	22,998	(13,233)	9,765	(15,489)	(2,893)	(18,382)
Expenditures on decommissioning liability	5,052	-	5,052	3,059	-	3,059
Acquisitions	1,300	29,817	31,117	445,274	-	445,274
Dispositions	(4,000)	-	(4,000)	(11,421)	-	(11,421)
Free cash flow - surplus (deficit)	91,184	(113,724)	(22,540)	(16,713)	(44,949)	(61,662)

Specified Financial Measures (continued)

Operating Income

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

(\$000)	Three months ended		Year ended	
	December 31		December 31	
	2025	2024	2025	2024
Natural gas and liquids sales	181,796	163,477	698,984	543,295
Realized gains on derivatives	21,431	20,580	81,797	51,127
Processing and other income	599	746	3,114	5,557
Net sales of purchased natural gas	-	-	1,677	-
Royalty expense	(13,461)	(16,983)	(60,105)	(52,471)
Operating expense	(43,544)	(36,677)	(152,466)	(123,226)
Transportation expense	(29,459)	(26,632)	(116,387)	(101,139)
Operating income	117,362	104,511	456,614	323,143

Non-GAAP Ratios

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

Adjusted funds flow per share is calculated by dividing adjusted funds flow, by segment, by the basic weighted average shares outstanding and the adjusted diluted weighted average shares outstanding. The Corporation adjusted diluted weighted average shares to be calculated based on adjusted funds flow and to include only dilutive instruments that Management considers likely to be dilutive as at the balance sheet date, based on the current economic situation. Performance Share Units are included in adjusted diluted shares as they are expected to be settled in Common Shares. Convertible debentures are excluded until such time that the share price of the Corporation is greater than the conversion price as it avoids overstating dilution in periods where instruments are out-of-the-money and not economically viable to convert. Management believes that adjusted funds flow per share and per diluted share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Adjusted Funds Flow per Basic Share & Adjusted Funds Flow per Diluted Share (continued)

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

(\$000, except as otherwise indicated)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Weighted average shares outstanding (000)	166,941	166,974	166,978	163,955
Diluted weighted average shares outstanding (000)	170,338	169,785	170,180	166,821
Common shares impact - Convertible debentures (000)	-	-	-	-
Adjusted diluted weighted average shares outstanding (000)	170,338	169,785	170,180	166,821
Advantage adjusted funds flow	99,143	84,309	381,582	250,031
Entropy adjusted funds flow	(2,971)	(2,920)	(12,343)	(8,635)
<u>Advantage</u>				
Adjusted funds flow per basic share (\$/share)	0.59	0.51	2.29	1.53
Adjusted funds flow per diluted share (\$/share)	0.57	0.50	2.24	1.50
<u>Entropy</u>				
Adjusted funds flow per basic share (\$/share)	(0.01)	(0.02)	(0.07)	(0.05)
Adjusted funds flow per diluted share (\$/share)	(0.01)	(0.02)	(0.07)	(0.05)

Adjusted Funds Flow per BOE

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

(\$000, except as otherwise indicated)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Advantage adjusted funds flow	99,143	84,309	381,582	250,031
Total production (boe/d)	79,823	76,774	78,267	70,918
Days in period	92	92	365	366
Total production (boe)	7,343,716	7,063,208	28,567,455	25,955,988
Adjusted funds flow per BOE (\$/boe)	13.50	11.94	13.36	9.63

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Operating Netback

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

(\$000, except as otherwise indicated)	Three months ended December 31		Year ended December 31	
	2025	2024	2025	2024
Operating income	117,362	104,511	456,614	323,143
Total production (boe/d)	79,823	76,774	78,267	70,918
Days in period	92	92	365	366
Total production (boe)	7,343,716	7,063,208	28,567,455	25,955,988
Operating netback (\$/boe)	15.99	14.80	15.99	12.44

Debt to Adjusted Funds Flow Ratio

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

(\$000, except as otherwise indicated)	December 31	December 31
	2025	2024
Bank indebtedness	412,993	470,424
Convertible debentures	143,750	143,750
Working capital (surplus) deficit	(7,651)	11,377
Debt	549,092	625,551
Adjusted funds flow (prior four quarters)	381,584	250,031
Debt to adjusted funds flow	1.4	2.5

Specified Financial Measures (continued)

Capital Management Measures

Working capital

Working capital is a capital management financial measure that provides Management and users with a measure of the Corporation's short-term operating liquidity. By excluding short-term derivatives and the current portion of provisions and other liabilities, Management and users can determine if the Corporation's 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 December 31, 2025 and December 31, 2024 is as follows:

	December 31 2025	December 31 2024
Cash and cash equivalents	17,735	20,146
Trade and other receivables	84,973	83,188
Prepaid expenses and deposits	11,016	10,000
Trade and other accrued liabilities	(109,248)	(116,609)
Working capital surplus (deficit)	4,476	(3,275)

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

	December 31 2025	December 31 2024
Bank indebtedness	412,993	470,424
Convertible debentures	143,750	143,750
Working capital (surplus) deficit	(7,651)	11,377
Net debt attributable to Advantage	549,092	625,551
Unsecured debentures	254,421	101,000
Working capital (surplus) deficit	3,175	(8,102)
Net debt attributable to Entropy	257,596	92,898
Net debt	806,688	718,449

Specified Financial Measures (continued)

Supplementary Financial Measures

Average Realized Prices

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

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

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

"*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.

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

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

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

Dollars per BOE figures

Throughout the MD&A, the Corporation presents certain financial figures, in accordance with IFRS, stated in dollars per boe. All dollar per boe figures herein forth only include the results of Advantage's natural gas and liquids operations and exclude the results of Entropy. These figures are determined by dividing the applicable financial figure as prescribed under IFRS by the Corporation's total production for the respective period. Below is a list of figures which have been presented in the MD&A in \$ per boe:

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

Conversion Ratio

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

Abbreviations

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

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

Forward-Looking Information and Other Advisories

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

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; Advantage's 2026 capital program, and our focus on growing adjusted funds flow per share via high rate-of-return development drilling; anticipated production growth; anticipated timing of the commissioning of our Progress Gas Plant and the turnaround at our Glacier Gas Plant and the anticipated benefits thereof; that as we approach our net debt target, debt reduction will remain a priority, while share repurchases are expected to be layered in opportunistically; Advantage's anticipated 2026 average production; the Corporation's 2026 guidance set forth under the heading "2026 Guidance", including Advantage's anticipated annual royalty rates, operating expense per boe, transportation expense per boe, G&A expense per boe and finance expense per boe in 2026; the Corporation's forecasted 2026 natural gas market exposure including the anticipated effective production rate; anticipated market dynamics including softening demand in key regions, evolving trade policies and tariffs, and shifting seasonal consumption patterns; that Advantage continues to pursue opportunities to diversify sales beyond Alberta markets to reduce exposure to local commodity pricing and enhance operating netbacks, and that such pursuit may impact Advantage's transportation expense; 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; that our Charlie Lake drilling program continues to outperform our acquisition type curve; that we have access to sufficient processing capacity to ensure the efficient development of our Charlie Lake properties; the focus of our drill program at Glacier; anticipated benefits of Advantage's completion of a new water disposal well at Glacier, including its ability to help maintain our low-cost structure; anticipated synergies and growth from completion and commissioning of the Progress facility, and that the Progress Gas Plant will provide incremental processing capacity for our next phase of low-cost production growth at Glacier; that Advantage remains committed to its strategy of debt reduction and continues to make meaningful progress; Advantage's disciplined financial strategy, supported by strong free cash flow generation and selective non-core asset dispositions; the Corporation's future commitments and contractual obligations and the anticipated payments in connection therewith and timing thereof; that 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 the industry in general; the Corporation's continual financial assessment process and the anticipated benefits in connection therewith; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the Corporation's strategy for managing its capital structure; the terms of the Corporation's Credit Facility, including the timing of the next review of the Credit Facility and the Corporation's expectations regarding the extension of the Credit Facility at each annual review; the terms of the Debentures; the terms of Entropy's unsecured debentures; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; the statements under "critical accounting estimates" in this MD&A; and other matters.

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to, risks related to changes in general economic conditions (including as a result of demand and supply effects resulting from the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Corporation's products, market and business

Forward-Looking Information and Other Advisories (continued)

conditions; continued volatility in market prices for oil and natural gas; the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; interest rates fluctuation; inflation rate fluctuation; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the risk that Advantage may not achieve its strategy of debt reduction or that Advantage will not be able to realize strong free cash flow generation or non-core asset dispositions; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; the risk that the Corporation may not be able to continue to realize anticipated cost improvements from acquisition synergies and exceptional operational performance; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the risk that Advantage may be negatively impacted by industry consolidation; the risk that wars and other armed conflicts adversely affect world economies and the demand for oil and natural gas, including the ongoing war between Russian and Ukraine and/or hostilities in the Middle East and Venezuela; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of facility installation; performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information; the failure to extend the Credit Facility at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; the risk that Advantage's average production in 2026 may be less than anticipated; the risk that Advantage does not achieve its anticipated guidance for 2026 as set forth in this MD&A under the heading "2026 Guidance"; the risk that the Corporation may not be properly diversified to multiple markets; the risk that Advantage may not have access to sufficient processing capacity to ensure the efficient development of our Charlie Lake properties; the risk that the Corporation may not satisfy all of its liabilities and commitments and meet future obligations as they become due; the risk that the undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability may be greater than expected; the risk that Advantage's annual royalty rates in 2026 may be greater than anticipated; the risk that Advantage's operating expense per boe and transportation expense per boe in 2026 may be greater than anticipated; the risk that additional natural gas processing will not occur in the second half of 2026 as anticipated; the risk that as Advantage approaches its net debt target, it will not prioritize debt reduction or layer in share repurchases opportunistically; the risk that the Corporation's water disposal well completed at Glacier may not lead to the benefits anticipated; the risk that the Progress gas plant will not be completed and commissioned when anticipated or result in the anticipated benefits thereof; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at

Forward-Looking Information and Other Advisories (continued)

www.sedarplus.ca and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this MD&A, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: current and future prices of oil and natural gas; the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the ability to efficiently integrate assets acquired through acquisitions; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the Corporation's cash provided by operating activities and available Credit Facilities will be able to satisfy all of the Corporation's liabilities, commitments and future obligations as they become due; and that the estimates of the Corporation's production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

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

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

Forward-Looking Information and Other Advisories (continued)

This MD&A contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to: the terms of the Corporation's derivative contracts; Advantage's anticipated annual royalty rates, operating expense per boe and transportation expense per boe in 2026; the Corporation's future commitments and contractual obligations; and the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability, all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this MD&A and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Corporation's potential future business operations. Readers are cautioned that the financial outlook contained in this MD&A is not conclusive and is subject to change.

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

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

Certain information in this MD&A may constitute "analogous information" as defined in National Instrument 51-101. Such information includes production estimates, well results and other financial and operational information obtained from publicly disclosed, internal, and other sources of data. This information may include total production and production-rates from wells drilled by the Company or other industry participants located in geographical proximity to lands held by the Company. Management believes the information is relevant as it may help to define the well results, reservoir characteristics and production profile of lands in which Advantage holds an interest and to compare the results of operations of such industry participants to that of Advantage. Such information is not an estimate of the production, reserves or resources attributable to lands held or to be held by Advantage and there is no certainty that the production, reserves or resources data and economic information for the lands held or to be held by Advantage will be similar to the information presented herein.

Certain market, independent third party, peer and industry data contained in this MD&A is based upon information from government or other independent industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but Advantage has not conducted its own independent verification of such information and does not assume any responsibility for the accuracy, completeness or reliability of such information.

Forward-Looking Information and Other Advisories (continued)

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

Additional Information

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

March 5, 2026



CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2025 and 2024



Independent auditor's report

To the Shareholders of Advantage Energy Ltd.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Advantage Energy Ltd. and its subsidiaries (together, the Corporation) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 2900
Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825
Fax to mail: ca_calgary_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>The impact of proved and probable reserves on natural gas and liquids assets within natural gas and liquids properties</p> <p>Refer to note 3(d) (iii) – Material accounting policies, note 4(a) – Material accounting judgments, estimates and assumptions, and note 10 – Natural gas and liquids properties to the consolidated financial statements.</p> <p>The Corporation had \$2,649 million of net natural gas and liquids assets within natural gas and liquids properties as at December 31, 2025. Depreciation expense related to natural gas and liquids assets was \$223 million for the year then ended. Natural gas and liquids assets are depreciated using the units-of-production method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. The proved and probable reserves are estimated by the Corporation's independent qualified reserve evaluator (management's expert).</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none">• Tested how management determined the proved and probable reserves used to determine the depreciation expense for certain properties, which included the following:<ul style="list-style-type: none">– The work of management's expert was used in performing the procedures to evaluate the reasonableness of the proved and probable reserves used to determine depreciation expense. As a basis for using this work, the competence, capabilities, and objectivity of management's expert were evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's expert, tests of the data used by management's expert and an evaluation of their findings.

Key audit matter	How our audit addressed the key audit matter
<p>Key assumptions developed by management used to determine proved and probable reserves include the estimated future development costs, expected future rates of production and future natural gas and liquids prices.</p> <p>We considered this a key audit matter due to (i) the judgments by management, including the use of management's expert, when estimating the proved and probable reserves and (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the key assumptions used by management.</p>	<ul style="list-style-type: none"> – Evaluated the reasonableness of estimated future development costs and expected future rates of production by considering the current and past performance of the Corporation and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable. – Evaluated the reasonableness of future natural gas and liquids prices by comparing them to third-party industry forecasts. • Recalculated the depreciation expense.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, which we obtained prior to the date of this auditor's report and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Simon Baker.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta

March 5, 2026

Advantage Energy Ltd.

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	Notes	December 31 2025	December 31 2024
ASSETS			
Current assets			
Cash and cash equivalents	6	17,735	20,146
Trade and other receivables	7	84,973	83,188
Prepaid expenses and deposits		11,016	10,000
Derivative asset	11	34,834	50,358
Total current assets		148,558	163,692
Non-current assets			
Derivative asset	11	39,400	78,631
Inventory	8	2,548	3,537
Intangible assets	9	22,776	5,246
Natural gas and liquids properties	10	2,857,733	2,694,852
Total non-current assets		2,922,457	2,782,266
Total assets		3,071,015	2,945,958
LIABILITIES			
Current liabilities			
Trade and other accrued liabilities		109,248	116,609
Derivative liability	11	402	8,900
Financing liability	14	5,754	5,256
Unsecured debentures	15	255,051	105,026
Provisions and other liabilities	16	12,767	14,724
Total current liabilities		383,222	250,515
Non-current liabilities			
Derivative liability	11	1,046	4,624
Bank indebtedness	12	412,993	470,424
Convertible debentures	13	126,583	122,583
Financing liability	14	77,074	82,827
Provisions and other liabilities	16	103,816	127,669
Deferred income tax liability	17	277,879	253,166
Total non-current liabilities		999,391	1,061,293
Total liabilities		1,382,613	1,311,808
SHAREHOLDERS' EQUITY			
Share capital	18	1,987,665	1,989,239
Convertible debentures	13	12,859	12,859
Contributed surplus		199,643	194,819
Deficit		(508,210)	(561,261)
Total shareholders' equity attributable to Advantage shareholders		1,691,957	1,635,656
Non-controlling interest	19	(3,555)	(1,506)
Total shareholders' equity		1,688,402	1,634,150
Total liabilities and shareholders' equity		3,071,015	2,945,958

Commitments and contingencies (note 27)

Subsequent events (note 28)

See accompanying Notes to the Consolidated Financial Statements

On behalf of the Board of Directors of Advantage Energy Ltd.:

Deirdre M. Choate, Director: (signed) "Deirdre M. Choate" Michael Belenkie, Director: (signed) "Michael Belenkie"

Advantage Energy Ltd.

Consolidated Statements of Comprehensive Income

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

		Year ended December 31	
	Notes	2025	2024
Revenues			
Natural gas and liquids sales	22	698,984	543,295
Sales of purchased natural gas	22	1,121	-
Processing and other income	22	5,834	6,807
Royalty expense		(60,105)	(52,471)
Natural gas and liquids revenue		645,834	497,631
Gains on derivatives	11	39,453	55,442
Total revenues		685,287	553,073
Expenses			
Operating expense		154,545	125,747
Transportation expense		116,387	101,139
Natural gas purchases	22	(556)	-
General and administrative expense	23	40,351	33,084
Transaction costs		-	3,276
Share-based compensation expense	20	8,211	3,892
Depreciation and amortization expense	9,10	228,041	199,489
Finance expense - net	24	61,061	52,420
Foreign exchange (gain) loss		588	(439)
Other expenses	8,10	944	1,548
Total expenses		609,572	520,156
Income before taxes and non-controlling interest		75,715	32,917
Income tax expense	17	(24,713)	(12,805)
Net income and comprehensive income before non-controlling interest		51,002	20,112
Net income (loss) and comprehensive income (loss) attributable to:			
Advantage shareholders		53,051	21,719
Non-controlling interest	19	(2,049)	(1,607)
		51,002	20,112
Net income per share attributable to Advantage shareholders			
Basic	21	0.32	0.13
Diluted	21	0.31	0.13

See accompanying Notes to the Consolidated Financial Statements

Advantage Energy Ltd.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of Canadian dollars)

	Share capital	Convertible debentures	Contributed surplus	Deficit	Non-controlling interest	Total shareholders' equity
Balance, December 31, 2024	1,989,239	12,859	194,819	(561,261)	(1,506)	1,634,150
Net income (loss) and comprehensive income (loss)	-	-	-	53,051	(2,049)	51,002
Share-based compensation (note 20(b))	-	-	9,975	-	-	9,975
Settlement of Performance Share Units (note 18)	6,308	-	(6,308)	-	-	-
Common shares repurchased (note 18)	(7,882)	-	1,157	-	-	(6,725)
Balance, December 31, 2025	1,987,665	12,859	199,643	(508,210)	(3,555)	1,688,402

	Share capital	Convertible debentures	Contributed surplus	Deficit	Non-controlling interest	Total shareholders' equity
Balance, December 31, 2023	1,952,241	-	187,034	(582,980)	101	1,556,396
Net income (loss) and comprehensive income (loss)	-	-	-	21,719	(1,607)	20,112
Share-based compensation (note 20(b))	-	-	4,950	-	-	4,950
Issuance of convertible debentures (note 13)	-	12,859	-	-	-	12,859
Settlement of Performance Share Units (note 18)	3,891	-	(4,962)	-	-	(1,071)
Common shares issued (note 18)	62,643	-	-	-	-	62,643
Common shares repurchased (note 18)	(29,536)	-	7,797	-	-	(21,739)
Balance, December 31, 2024	1,989,239	12,859	194,819	(561,261)	(1,506)	1,634,150

See accompanying Notes to the Consolidated Financial Statements

Advantage Energy Ltd.
Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

		Year ended December 31	
	Notes	2025	2024
Operating Activities			
Income before taxes and non-controlling interest		75,715	32,917
Add (deduct) items not requiring cash:			
Unrealized losses (gains) on derivatives	11	42,344	(4,315)
Share-based compensation expense	20	8,211	3,892
Depreciation and amortization expense	9,10	228,041	199,489
Accretion expense	13, 15, 16(c)	8,849	5,389
Interest paid-in-kind	15	5,135	3,547
Other expenses	8,10	944	1,548
Settlement of Performance Share Units		-	(1,071)
Expenditures on decommissioning liability	16(c)	(5,052)	(3,059)
Changes in non-cash working capital	26	(6,697)	(20,804)
Cash provided by operating activities		357,490	217,533
Financing Activities			
Common shares repurchased	18	(6,725)	(21,739)
Common shares issued	18	-	62,105
Increase (decrease) in bank indebtedness	12	(57,431)	257,570
Net proceeds from convertible debentures	13	-	137,268
Net proceeds from unsecured debentures	15	132,550	51,472
Principal repayment of lease liability	16(b)	(1,076)	(785)
Principal repayment of financing liability	14	(5,255)	(4,814)
Cash provided by financing activities		62,063	481,077
Investing Activities			
Natural gas and liquids assets additions	10	(290,398)	(266,744)
Carbon capture assets additions	10	(100,393)	(35,179)
Intangible assets additions	9	(988)	(1,135)
Business combinations and asset acquisitions	9,10	(31,117)	(445,274)
Asset dispositions	10	4,000	11,421
Changes in non-cash working capital	26	(3,068)	39,186
Cash used in investing activities		(421,964)	(697,725)
Increase (decrease) in cash and cash equivalents		(2,411)	885
Cash and cash equivalents, beginning of year		20,146	19,261
Cash and cash equivalents, end of year		17,735	20,146
Cash interest paid		47,077	43,484
Cash income taxes paid		-	-

See accompanying Notes to the Consolidated Financial Statements

Advantage Energy Ltd.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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 Western Canadian Sedimentary Basin. Additionally, the Corporation provides carbon capture and storage ("CCS") solutions to emitters of carbon dioxide through its subsidiary, Entropy Inc. ("Entropy"). 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 and convertible debentures are listed on the Toronto Stock Exchange under the symbols "AAV" and "AAV.DB", respectively.

2. Basis of preparation

(a) Statement of compliance

The Corporation prepares its consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "IFRS").

The accounting policies applied in these consolidated financial statements are based on IFRS issued and outstanding as of March 5, 2026, the date the Board of Directors approved the statements.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis, except as detailed in the Corporation's accounting policies in note 3.

The methods used to measure fair values of derivative instruments are discussed in note 11.

(c) Functional and presentation currency

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

3. Material accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements and notes.

(a) Cash and cash equivalents

Cash consists of balances held with banks, and other short-term highly liquid investments with original maturities of three months or less from inception.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Corporation. Control exists when the Corporation has power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

These consolidated financial statements include the accounts of the Corporation and all subsidiaries over which it has control, including Entropy, a private Canadian corporation of which Advantage owns 92% of the outstanding common shares (note 19). All inter-corporate balances, income and expenses resulting from inter-corporate transactions are eliminated.

(ii) Joint arrangements

A portion of the Corporation's natural gas and liquids activities involve joint operations. The consolidated financial statements include the Corporation's share of these joint operations and a proportionate share of the relevant revenue and expenses.

(c) Financial instruments

Financial instruments are classified as amortized cost, fair value through other comprehensive income or fair value through profit and loss. The Corporation's classification of each identified financial instrument is provided below:

Financial Instrument	Measurement Category
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Derivative assets and liabilities	Fair value through profit and loss
Trade and other accrued liabilities	Amortized cost
Bank indebtedness	Amortized cost
Lease liability	Amortized cost
Financing liability	Amortized cost
Convertible debentures	Amortized cost
Unsecured debentures	Amortized cost
Unsecured debentures – derivative liability	Fair value through profit and loss

3. Material accounting policies (continued)

(c) Financial instruments (continued)

Derivative assets and liabilities

Derivative instruments executed by the Corporation to manage risk are classified as fair value through profit and loss and are recorded in the Consolidated Statement of Financial Position as derivatives assets and liabilities measured at fair value. Gains and losses on derivative instruments are recorded as gains and losses on derivatives in the Consolidated Statement of Comprehensive Income in the period they occur. Gains and losses on derivative instruments are comprised of cash receipts and payments associated with periodic settlement that occurs over the life of the instrument, and non-cash gains and losses associated with changes in the fair values of the instruments, which are remeasured at each reporting date.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics, risks of the host contract and the embedded derivative are not closely related; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value through profit and loss.

Advantage is party to natural gas supply agreements under which pricing is determined using a spark-spread formula based on electricity prices, subject to a natural gas price collar in certain instances. As a result of the spark-spread pricing mechanism and the natural gas price collar, these contracts contain an embedded derivative. Advantage determined that the host contracts are natural gas sales arrangements with fixed prices of US\$2.50 and US\$3.73 per MMBtu. The embedded derivatives are separately valued with changes in fair value recognized through profit and loss.

Entropy's unsecured debentures include an embedded derivative due to the equity conversion features. The unsecured debentures are initially measured at fair value and are separated into their liability and derivative components. The unsecured debentures liability is recorded in the Statement of Financial Position at amortized cost. The unsecured debentures derivative liability, which represents the equity conversion feature, is separately valued with changes in fair value recognized through profit and loss.

Convertible debentures

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

3. Material accounting policies (continued)

(c) Financial instruments (continued)

Impairment of Financial Assets

For the Corporation's financial assets measured at amortized cost, loss allowances are determined based on the expected credit loss ("ECL") over the asset's lifetime. ECLs are a probability-weighted estimate of credit losses, considering possible default events over the expected life of a financial asset. ECLs are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive) over the life of the financial asset, discounted at the effective interest rate specific to the financial asset.

(d) Property, plant and equipment and exploration and evaluation assets

(i) Recognition and measurement

Exploration and evaluation costs

Pre-license costs are recognized in the Consolidated Statement of Comprehensive Income as incurred.

All exploration costs incurred subsequent to acquiring the right to explore for natural gas and liquids before technical feasibility and commercial viability of the area have been established are capitalized. Such costs can typically include costs to acquire land rights, geological and geophysical costs and exploration well costs.

Exploration and evaluation costs are not depreciated and are accumulated by well, field or exploration area and carried forward pending determination of technical feasibility and commercial viability.

The technical feasibility and commercial viability of extracting a mineral resource from exploration and evaluation assets is considered to be generally determinable when proved or probable reserves are determined to exist. Upon determination of proved or probable reserves, exploration and evaluation assets attributable to those reserves are first tested for impairment and then reclassified from exploration and evaluation assets to property, plant and equipment, net of any impairment loss.

Management reviews and assesses exploration and evaluation assets to determine if technical feasibility and commercial viability exist. If Management decides not to continue the exploration and evaluation activity, the unrecoverable costs are charged to exploration and evaluation expense in the period in which the determination occurs.

Property, plant and equipment: Natural gas and liquids assets & Carbon capture assets

Property, plant and equipment includes natural gas and liquids assets and carbon capture assets. Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Costs include lease acquisition, drilling and completion, production facilities, decommissioning costs, geological and geophysical costs and directly attributable general and administrative costs and share-based compensation related to development and production activities, net of any government incentive programs.

Asset acquisitions

Where the Corporation acquires a group of assets that does not constitute a business under IFRS 3, the transaction is accounted for as an asset acquisition. The purchase price and any directly attributable transaction costs are allocated to the identifiable assets and liabilities acquired based on their relative fair values at the date of acquisition. No goodwill is recognized in an asset acquisition.

3. Material accounting policies (continued)

(d) Property, plant and equipment and exploration and evaluation assets (continued)

(ii) Subsequent costs

Costs incurred subsequent to development and production that are significant are recognized as natural gas and liquids properties only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures are recognized in comprehensive income as incurred. Such capitalized natural gas and liquids costs generally represent costs incurred in developing proved and probable reserves and producing or enhancing production from such reserves, and are accumulated on a field or area basis. The carrying amount of any replaced or sold component is derecognized in accordance with our policies. The costs of the day-to-day servicing of property, plant and equipment are recognized in comprehensive income as incurred.

(iii) Depreciation

A portion of the Corporation's net carrying value of property, plant, and equipment is depreciated using the units-of-production ("UOP") method by reference to the ratio of production in the period to the related proved and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves.

Significant natural gas processing plants and carbon capture equipment included in property, plant, and equipment are depreciated using the straight-line method over the expected useful life. The estimated useful lives for such depreciable assets are as follows:

Natural gas processing plants	50 years
Carbon capture equipment	20 - 50 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date by Management.

(iv) Dispositions

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposition with the carrying amount of property, plant and equipment and are recognized net within processing and other income (expenses) in the Consolidated Statement of Comprehensive Income.

(v) Impairment

The carrying amounts of the Corporation's property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For the purpose of impairment testing of property, plant and equipment, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability, or facts and circumstances suggest that the carrying amount exceeds the recoverable amount. Exploration and evaluation assets are allocated to CGUs or groups of CGUs for the purposes of assessing such assets for impairment.

3. Material accounting policies (continued)

(d) Property, plant and equipment and exploration and evaluation assets (continued)

The recoverable amount of an asset or a CGU is the greater of its "value-in-use" and its "fair value less costs of disposition". In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Value-in-use is generally computed by reference to the present value of the future cash flows expected to be derived from production of proved and probable reserves. Fair value less costs of disposition is assessed utilizing market valuation based on an arm's length transaction between active participants. In the absence of any such transactions, fair value less costs of disposition is estimated by discounting the expected after-tax cash flows of the CGUs at an after-tax discount rate that reflects the risk of the properties in the CGUs. The discounted cash flow calculation is then increased by a tax-shield calculation, which is an estimate of the amount that a

prospective buyer of the CGU would be entitled. The carrying value of the CGUs is reduced by the deferred tax liability associated with its property, plant and equipment.

Impairment losses on property, plant and equipment are recognized in Comprehensive Income as an impairment expense and are separately disclosed. An impairment of exploration and evaluation assets is recognized as exploration and evaluation expense in Comprehensive Income.

(e) Intangible assets

Intangible assets consist of intellectual property, trade secrets and relevant knowledge of CCS technologies, solvent and process development cost, internally developed software, customer contracts, and patents.

The Corporation incurs costs associated with research and development. Expenditures during the research phase are expensed, while expenditures during the development phase are capitalized only if certain criteria, including technical feasibility and the intent to develop and use the technology, are met. If these criteria are not met, the costs are expensed as incurred.

Intangible assets acquired separately are initially measured at cost. Following initial recognition, intangible assets are recognized at cost less any accumulated amortization and accumulated impairment losses. Intangible assets are amortized over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization expense on intangible assets is recognized in the statements of comprehensive income. Amortization for intangible assets is recorded on a straight-line basis, once available for use, based on the following useful lives:

Intellectual property	10 - 20 years
Development cost	10 - 20 years
Customer contracts	Over the life of the specific contract
Computer software	5 years
Patents	Over the life of the specific patent

3. Material accounting policies (continued)

(f) Business combinations

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

(g) Decommissioning liability

A decommissioning liability is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Decommissioning liabilities are determined by discounting the expected future cash flows at a risk-free rate.

(h) Long-term compensation

(i) Share-based compensation

The Corporation accounts for share-based compensation based on the fair value of rights granted under its share-based compensation plans.

Advantage's Restricted and Performance Award Incentive Plan provides share-based compensation to service providers. Awards granted under this plan, Performance Share Units, may be settled in cash or in shares. As the Corporation generally intends to settle the awards in shares, the plan is considered and accounted for as "equity-settled". Compensation costs related to Performance Share Units are recognized as share-based compensation expense over the vesting period at fair value.

Entropy's Stock Option Plan ("Stock Option Plan") authorizes the Board of Directors of Entropy to grant Stock Options to service providers, including directors, officers, employees and consultants of Advantage. Compensation costs related to the Stock Options are recognized as share-based compensation expense over the vesting period at fair value.

As compensation expense is recognized, contributed surplus is recorded until the Performance Share Units vest or Stock Options are exercised, at which time the appropriate common shares are then issued to the service providers and the contributed surplus is transferred to share capital.

(ii) Performance Awards

Advantage's Performance Award Incentive Plan allows the Corporation to grant cash Performance Awards to service providers. The present value of payments to be made under the Performance Award Incentive Plan are recognized as general and administrative expense as the corresponding service is provided by the service provider. A liability is recognized for the amount expected to be paid if the Corporation has a present legal or constructive obligation to pay this amount, as a result of past service provided by the service provider, and the obligation can be estimated reliably.

3. Material accounting policies (continued)

(h) Long-term compensation (continued)

(iii) Deferred Share Units ("DSU")

DSUs are issued to Directors of Advantage. Each DSU entitles participants to receive cash equal to the price of the Corporation's common shares, multiplied by the number of DSUs held. All DSUs vest immediately upon grant and become payable upon retirement of the Director from the Board. A liability for the expected cash payments is accrued over the life of the DSU using the fair value method based on the Corporation's share market price at the end of each reporting period, with the associated expense charged to general and administrative expense.

(i) Revenue

The Corporation's revenue is comprised of natural gas and liquids sales to customers under fixed and variable volume contracts, sales of purchased natural gas, and processing income earned under fixed fee contracts.

Natural gas and liquids sales and sales of purchased natural gas are recognized at a point in time when the Corporation has satisfied its performance obligations which occurs upon the delivery of production to the customer. The transaction price used to determine revenue from natural gas and liquids sales is the market price, net of any marketing, transportation and fractionation fees for sales as specified in the contract. For fixed basis physical delivery contracts, the Corporation records revenue net of the fixed basis differential.

Processing income is recognized when the Corporation has satisfied its performance obligation which occurs as each unit of raw gas is handled and processed by Advantage. The transaction price Advantage charges third-parties is a fixed charge per unit processed, as negotiated with the counterparty and set out pursuant to the applicable agreement.

Payments are normally received from customers within 30 days following the end of the production month. The Corporation does not have any long-term contracts with unfulfilled performance obligations and does not disclose information about remaining performance obligations with an original expected duration of 12 months or less.

(j) Income tax

Income tax expense or recovery comprises current and deferred income tax and is recognized in income or loss except to the extent that it relates to items recognized directly in shareholders' equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred income tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting income nor taxable income and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3. Material accounting policies (continued)

(j) Income Tax (continued)

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Deferred income tax assets and liabilities are only offset when they are within the same legal entity and same tax jurisdiction. Deferred income tax assets and liabilities are presented as non-current.

(k) Net income per share attributable to Advantage shareholders

Net income per basic share is calculated by dividing the net income attributable to common shareholders of Advantage by the weighted average number of common shares outstanding during the period. Net income per diluted share is determined by adjusting the net income attributable to common shareholders and the weighted average number of common shares outstanding for the effects of potential dilutive instruments such as Performance Share Units and convertible debentures.

(l) Share capital

Financial instruments issued by the Corporation are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. Incremental costs directly attributable to the issue of shares and share options are recognized as a deduction from equity. Common shares repurchased by the Corporation are treated as a reduction of share capital based on the average carrying value of the common shares, with the difference between the repurchase price and average carrying value recognized as contributed surplus.

(m) Government grants and investment tax credits

The Corporation may receive government grants which provide financial assistance for capital expenditures or expenses to be incurred. Government grants are recognized when there is reasonable assurance that the Corporation will comply with conditions attached to them and the grants will be received. The Corporation recognizes government grants in the Consolidated Statement of Comprehensive Income or the Consolidated Statement of Financial Position on a systematic basis and in line with recognition of the expenditure that the grants are intended to compensate.

Investment tax credits relating to Scientific Research and Experimental Development claims are considered an income tax credit and are offset against our income tax expense when they become probable of realization.

Under the Government of Canada's refundable investment tax credit for Carbon Capture, Utilization and Storage ("CCUS") program, the Corporation is eligible to recover a portion of its capital expenditures on qualified CCUS projects. Investment tax credits under this program are recorded as a reduction to property, plant, and equipment. Claims for investment tax credits are accrued upon the Corporation attaining reasonable assurance of collections from the Canada Revenue Agency.

(n) Contingent Liabilities

Contingent liabilities are not recognized in the financial statements, if not estimable and probable, and are disclosed in the notes to the financial statements unless their occurrence is remote. Contingent assets are not recognized in the financial statements, but are disclosed in the notes to the financial statements if their recovery is deemed probable.

3. Material accounting policies (continued)

(o) Segment reporting

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Corporation's other operating segments. All operating segment's operating results are reviewed regularly by the management teams of Advantage and Entropy, including the Chief Executive Officers ("CEOs"), Chief Financial Officers ("CFOs") and other Vice Presidents ("VPs") to make decisions and assess its performance for which discrete financial information is available.

(p) Newly adopted accounting policies

Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures

On May 30, 2024, the IASB issued targeted amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments include new requirements not only for financial institutions but also for corporate entities which include clarifying the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. These new requirements will apply at January 1, 2026, with early application permitted.

The Corporation early adopted the amendments of IFRS 9 and IFRS 7 on the Consolidated Financial Statements at December 31, 2025, with no material impact.

(q) Future accounting pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the International Accounting Standards Board ("IASB") issued IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18"), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a revised structure for the statement of profit or loss, including defined categories for operating, investing and financing activities, as well as enhanced principles for aggregation and disaggregation. The change in the statement of profit or loss will impact the statement of cash flows by revising the determination of cash flows from operating activities, financing activities and investing activities. The standard also introduces new disclosure requirements related to management-defined performance measures ("MPMs"), with the objective of improving the comparability and transparency of financial performance across entities and reporting periods. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with early adoption permitted. The standard is required to be applied retrospectively, subject to certain transition provisions.

The Corporation has commenced its implementation planning for IFRS 18. As part of this process, the Corporation has performed a preliminary assessment of changes to the presentation of its Consolidated Statements of Income, including mapping existing income and expense line items to the new operating, investing and financing categories required under IFRS 18. In addition, the Corporation is in the process of identifying performance measures used in external communications that may meet the definition of MPMs and assessing the related disclosure requirements. The Corporation continues to evaluate the impact of adopting IFRS 18 and expects to provide enhanced disclosures, including updates related to financial statement presentation and MPMs in 2026.

4. Material accounting judgments, estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates, and differences could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Material estimates and judgments made in the preparation of the consolidated financial statements are outlined below.

(a) Reserves base

A portion of the Corporation's property, plant, and equipment is depreciated on a UOP basis at a rate calculated by reference to proved and probable reserves determined in accordance with National Instrument 51-101 "Standards of Disclosure for Oil and Gas Activities" and incorporating the estimated future cost of developing and extracting those reserves. Proved and probable reserves are estimated by an independent qualified reserve evaluator and determined using estimated future development costs, expected future rates of production and future natural gas and liquids prices. Future development costs are estimated using assumptions as to the number of wells required to produce the reserves, the cost of such wells and associated production facilities and other capital costs.

(b) Determination of cash generating unit

The Corporation's assets are required to be aggregated into 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 infrastructure, the existence of common sales points, geography and geologic structure. 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.

(c) Indicators of impairment and calculation of impairment

At each reporting date, Advantage assesses whether there are circumstances that indicate a possibility that the carrying values of exploration and evaluation assets and property, plant and equipment are not recoverable, or impaired. Such circumstances include, but are not limited to, incidents of physical damage, deterioration of commodity prices, changes in the regulatory environment, a reduction in estimates of proved and probable reserves, or significant increases to expected costs to produce and transport reserves.

When Management judges that circumstances indicate potential impairment, property, plant, and equipment are tested for impairment by comparing the carrying values to their recoverable amounts. The recoverable amounts of CGUs are determined based on the higher of value-in-use calculations and fair values less costs of disposition. These calculations require the use of estimates and assumptions, that are subject to change as new information becomes available including information on future commodity prices, expected production volumes, quantities of reserves, discount rates, future development costs and operating costs.

4. Material accounting judgements, estimates and assumptions (continued)

(d) Derivative assets and liabilities

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 market prices as compared to the valuation assumptions.

For embedded derivatives, Management determines the definition of the host contract and the separate embedded derivative. The judgments made in determining the host contract can influence the fair value of the embedded derivative. Determining the fair value of the embedded derivatives requires judgments related to the choice of a pricing model, estimates of volatility, and market data available at that time. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation's future operating results.

(e) Unsecured debentures

Determining the fair value of unsecured debentures requires judgments related to the choice of a pricing model, the estimation of share price, timing and probability of an Initial Public Offering ("IPO"), credit spread, volatility, interest rates, and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Corporation's future operating results.

(f) Share-based compensation

The Corporation's share-based compensation expense is subject to measurement uncertainty as a result of estimates and assumptions related to the expected performance multiplier, forfeiture rates, expected life, market-based vesting conditions and underlying volatility of the price of the Corporation's common shares.

(g) Decommissioning liability

Decommissioning costs will be incurred by the Corporation at the end of the operating life of the Corporation's facilities and properties. The ultimate decommissioning liability is uncertain and can vary in response to many factors including changes to relevant legal requirements, the emergence of new restoration techniques, experience at other production sites, or changes in the risk-free discount rate. The expected timing and amount of expenditure can also change in response to changes in reserves or changes in laws and regulations or their interpretation. As a result, there could be significant adjustments to the provisions established which would affect future financial results.

(h) Income taxes

Income tax laws and regulations are subject to change. Deferred tax liabilities that arise from temporary differences between recorded amounts on the statement of financial position and their respective tax bases will be payable in future periods. Deferred tax assets that arise from temporary differences between recorded amounts on the statement of financial position and their respective tax bases are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carryforward of unused tax losses can be utilized. The amount of a deferred tax asset or liability is subject to Management's best estimate of when a temporary difference will reverse and expected changes in income tax rates. These estimates by nature involve significant measurement uncertainty.

4. Material accounting judgements, estimates and assumptions (continued)

(i) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The determination of fair value often requires management to make assumptions and estimates about future events. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their acquisition date fair values. The fair value of the property, plant and equipment and exploration and evaluation assets were based on a discounted cash flow model, calculating the present value of the expected future after-tax cash flows derived from the acquired oil and gas reserves as prepared by our internal qualified reserve engineers. The assumptions and estimates with respect to determining the fair value of property, plant and equipment and exploration and evaluation assets acquired generally require the most judgment and include estimates of oil and gas reserves acquired, production forecasts, timing and amounts of future development costs, production costs, forecast benchmark commodity prices and discount rate. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amounts assigned to assets, liabilities and goodwill. Future net earnings can be affected as a result of changes in future depreciation, asset impairment or goodwill impairment.

(j) Contingent liabilities

The Corporation may be subject to contingent liabilities that arise from contractual arrangements or other events, the existence and amount of which depend on the occurrence of future events that are not wholly within the Corporation's control. Management exercises judgment in assessing the likelihood of these contingent obligations arising and in determining whether a provision should be recognized or disclosure provided.

5. Segmented reporting

The Corporation has the following two key reportable operating segments, being Advantage and Entropy, based on the nature of each entity's business activities.

Advantage (natural gas and liquids producer)

Advantage is engaged in the business of natural gas, crude oil and liquids production from its Montney and Charlie Lake resource plays in Alberta and B.C.

Entropy (carbon capture and storage)

Entropy provides carbon capture and storage solutions to emitters of carbon dioxide and is pursuing a global business strategy. Entropy currently captures and sequesters carbon at Advantage's Glacier Gas Plant.

The segments were identified by the differences in products and services that each entity creates and sells to customers. Additionally, Advantage and Entropy are separately financed segments, with the unsecured debentures issued by Entropy being non-recourse to Advantage. Inter-segment sales and expenses are recorded at prevailing market prices at the date of transaction and are eliminated on consolidation in order to arrive at net income and comprehensive income in accordance with IFRS.

Adjusted funds flow

The Corporation considers adjusted funds flow to be a useful measure of the Corporation's ability to generate cash from its operations, 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. Adjusted funds flow does not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Year ended December 31	
	2025	2024
Cash provided by operating activities	357,490	217,533
Expenditures on decommissioning liability	5,052	3,059
Changes in non-cash working capital	6,697	20,804
Adjusted funds flow	369,239	241,396

The Corporation's chief operating decision makers regularly reviews adjusted funds flow generated by each of the Corporation's operating segments. Adjusted funds flow is a measure of profit or loss that provides the chief operating decision makers with the ability to assess the profitability of each operating segment.

5. Segmented reporting (continued)

The following table is a summary of the segmented results:

As at December 31, 2025	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Total assets	2,866,734	252,630	(48,349)	3,071,015
Total liabilities	(1,113,011)	(277,895)	8,293	(1,382,613)
Net debt	549,092	257,596	-	806,688
For the year ended December 31, 2025				
Cash provided by (used in) operating activities	362,487	(4,997)	-	357,490
Cash provided by (used in) financing activities	(70,305)	132,368	-	62,063
Cash used in investing activities	296,653	125,311	-	421,964
Net capital expenditures	287,698	131,198	-	418,896
Adjusted funds flow for the year ended December 31, 2025				
Natural gas and liquids sales	698,984	-	-	698,984
Sales of purchased natural gas	1,121	-	-	1,121
Processing and other income	3,114	6,035	(3,315)	5,834
Royalty expense	(60,105)	-	-	(60,105)
Realized gains on derivatives	81,797	-	-	81,797
Total revenues (excluding unrealized gains and losses)	724,911	6,035	(3,315)	727,631
Operating expense	(152,466)	(2,079)	-	(154,545)
Transportation expense	(116,387)	-	-	(116,387)
Natural gas purchases	556	-	-	556
General and administrative expense	(23,123)	(17,228)	-	(40,351)
Interest (expense) income	(48,072)	995	-	(47,077)
Other (expenses) income	(3,837)	(66)	3,315	(588)
Adjusted funds flow	381,582	(12,343)	-	369,239
Reconciliation to net income (loss) for the year ended December 31, 2025				
Adjusted funds flow	381,582	(12,343)	-	369,239
Unrealized gains (losses) on derivatives	(42,679)	335	-	(42,344)
Share-based compensation expense	(8,145)	(66)	-	(8,211)
Depreciation and amortization expense	(223,606)	(5,608)	1,173	(228,041)
Interest paid-in-kind	-	(5,135)	-	(5,135)
Accretion expense	(5,443)	(3,406)	-	(8,849)
Other expenses	(944)	-	-	(944)
Income tax expense	(24,713)	-	-	(24,713)
Net income (loss)	76,052	(26,223)	1,173	51,002

5. Segmented reporting (continued)

As at December 31, 2024	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Total assets	2,872,532	117,724	(44,298)	2,945,958
Total liabilities	1,198,052	116,825	(3,069)	1,311,808
Net debt	625,551	92,898	-	718,449
For the year ended December 31, 2024				
Cash provided by (used in) operating activities	228,965	(11,432)	-	217,533
Cash provided by financing activities	429,764	51,313	-	481,077
Cash used in investing activities	667,101	30,624	-	697,725
Net capital expenditures	700,597	36,314	-	736,911
Adjusted funds flow for the year ended December 31, 2024				
Natural gas and liquids sales	543,295	-	-	543,295
Processing and other income	5,557	4,467	(3,217)	6,807
Royalty expense	(52,471)	-	-	(52,471)
Realized gains on derivatives	51,127	-	-	51,127
Total revenues (excluding unrealized gains and losses)	547,508	4,467	(3,217)	548,758
Operating expense	(123,226)	(2,521)	-	(125,747)
Transportation expense	(101,139)	-	-	(101,139)
General and administrative expense	(22,018)	(11,066)	-	(33,084)
Transaction costs	(3,276)	-	-	(3,276)
Interest (expense) income	(43,925)	441	-	(43,484)
Other (expenses) income	(3,893)	44	3,217	(632)
Adjusted funds flow	250,031	(8,635)	-	241,396
Reconciliation to net income (loss) for the year ended December 31, 2024				
Adjusted funds flow	250,031	(8,635)	-	241,396
Unrealized gains (losses) on derivatives	5,181	(866)	-	4,315
Share-based compensation expense	(3,665)	(227)	-	(3,892)
Depreciation and amortization expense	(194,583)	(6,031)	1,125	(199,489)
Interest paid-in-kind	-	(3,547)	-	(3,547)
Accretion expense	(4,130)	(1,259)	-	(5,389)
Settlement of performance share units in cash	1,071	-	-	1,071
Other expenses	(1,548)	-	-	(1,548)
Income tax expense	(12,805)	-	-	(12,805)
Net income (loss)	39,552	(20,565)	1,125	20,112

6. Cash and cash equivalents

	December 31 2025	December 31 2024
Cash at financial institutions	17,735	20,146

Cash at financial institutions earn interest at floating rates based on daily deposit rates. As at December 31, 2025 cash at financial institutions included US\$0.5 million (December 31, 2024 – US\$0.2 million). The Corporation only deposits cash with major financial institutions of high-quality credit ratings. Included in cash and cash equivalents as at December 31, 2025 is \$16.6 million held by Entropy (December 31, 2024 - \$14.5 million).

7. Trade and other receivables

	December 31 2025	December 31 2024
Trade receivables	81,870	79,561
Receivables from joint venture partners	3,103	3,627
	84,973	83,188

8. Inventory

Balance at December 31, 2023	3,958
Revaluation	199
Sale of linefill	(620)
Balance at December 31, 2024	3,537
Revaluation	(944)
Additions	465
Sale of linefill	(510)
Balance at December 31, 2025	2,548

9. Intangible assets

Cost

Balance at December 31, 2023	5,476
Additions	1,135
Balance at December 31, 2024	6,611
Asset acquisition	17,200
Additions	988
Balance at December 31, 2025	24,799

Accumulated amortization

Balance at December 31, 2023	113
Amortization	1,252
Balance at December 31, 2024	1,365
Amortization	658
Balance at December 31, 2025	2,023

Net book value

At December 31, 2024	5,246
At December 31, 2025	22,776

During the year ended December 31, 2025, Entropy acquired certain carbon hub assets in Saskatchewan for cash consideration of \$29.8 million, consisting of \$17.2 million in intangible assets and \$12.6 million in carbon capture assets (Note 10).

10. Natural gas and liquids properties

Cost	Right -of-use assets	Exploration and evaluation assets	Natural gas and liquids assets	Carbon capture assets	Total
Balance at December 31, 2023	3,253	15,961	3,456,026	39,609	3,514,849
Additions	1,366	-	266,744	35,179	303,289
Business combination	272	6,838	466,705	-	473,815
Asset dispositions ⁽¹⁾	-	-	(11,421)	-	(11,421)
Capitalized share-based compensation (note 20)	-	-	1,058	-	1,058
Capitalized interest paid-in-kind (note 15)	-	-	-	1,646	1,646
Changes in decommissioning liability (note 16)	-	-	37,373	(126)	37,247
Transfers	-	(5,879)	5,879	-	-
Lease expiries	-	(1,747)	-	-	(1,747)
Expired right-of-use assets	(73)	-	-	-	(73)
Balance at December 31, 2024	4,818	15,173	4,222,364	76,308	4,318,663
Additions	1,163	-	290,398	100,393	391,954
Asset acquisition	-	-	1,300	12,617	13,917
Asset dispositions ⁽¹⁾	-	-	(4,000)	-	(4,000)
Capitalized share-based compensation (note 20)	-	-	1,764	-	1,764
Capitalized interest paid-in-kind (note 15)	-	-	-	9,286	9,286
Changes in decommissioning liability (note 16)	-	-	(22,211)	(446)	(22,657)
Transfers	-	(318)	318	-	-
Expired right-of-use assets	(329)	-	-	-	(329)
Balance at December 31, 2025	5,652	14,855	4,489,933	198,158	4,708,598
Accumulated depreciation					
Balance at December 31, 2023	1,523	-	1,423,881	243	1,425,647
Depreciation	823	-	193,918	3,496	198,237
Expired right-of-use assets	(73)	-	-	-	(73)
Balance at December 31, 2024	2,273	-	1,617,799	3,739	1,623,811
Depreciation	1,073	-	222,724	3,586	227,383
Expired right-of-use assets	(329)	-	-	-	(329)
Balance at December 31, 2025	3,017	-	1,840,523	7,325	1,850,865
Net book value					
At December 31, 2024	2,545	15,173	2,604,565	72,569	2,694,852
At December 31, 2025	2,635	14,855	2,649,410	190,833	2,857,733

⁽¹⁾ Advantage disposed of non-core assets in 2025 and 2024 that were acquired through the business combination in 2024. These assets were removed from property, plant and equipment with no gain or loss recognized.

During the year ended December 31, 2025, the Corporation capitalized general and administrative expenditures directly related to natural gas and liquids assets and carbon capture assets of \$6.0 million and \$1.0 million, respectively, included in additions (year ended December 31, 2024 - \$6.9 million and \$0.8 million).

Advantage included future development costs of \$2.7 billion (December 31, 2024 - \$2.8 billion) in natural gas and liquids properties costs subject to depreciation.

10. Natural gas and liquids properties (continued)

As at December 31, 2025, the Corporation had \$61.7 million of natural gas and liquids assets and \$147.5 million of carbon capture assets classified as assets under development, which are not yet available for use and therefore not subject to depreciation.

For the year ended December 31, 2025, the Corporation evaluated its property, plant and equipment and exploration and evaluation assets for indicators of any potential impairment. As a result of this assessment, no indicators were identified, and no impairment test was performed.

11. 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.

Natural gas embedded derivatives are categorized as Level 3 in the fair value hierarchy as the volatility derived from historic PJM electricity prices and the long-term portion of the PJM electricity forward price are unobservable inputs.

Entropy'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.

The Corporation's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production, and financing activities such as:

- credit risk;
- liquidity risk;
- commodity price risk;
- interest rate risk; and
- foreign exchange risk.

11. Financial risk management (continued)

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

	Year ended December 31	
	2025	2024
Realized gains (losses) on derivatives		
Natural gas	53,759	47,642
Crude oil	18,780	6,493
Foreign exchange	126	(101)
Natural gas embedded derivative	9,132	(2,907)
Total	81,797	51,127
Unrealized gains (losses) on derivatives		
Natural gas	(2,524)	4,496
Crude oil	(4,693)	7,052
Foreign exchange	741	(1,634)
Natural gas embedded derivative	(36,203)	(4,733)
Unsecured debentures – derivative liability	335	(866)
Total	(42,344)	4,315
Gains (losses) on derivatives		
Natural gas	51,235	52,138
Crude oil	14,087	13,545
Foreign exchange	867	(1,735)
Natural gas embedded derivative	(27,071)	(7,640)
Unsecured debentures – derivative liability	335	(866)
Total	39,453	55,442

11. 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 outstanding financial risk management derivative contracts.

	December 31 2025	December 31 2024
Derivative type		
Natural gas derivative asset	24,680	27,204
Crude oil derivative asset	2,359	7,052
Foreign exchange derivative liability	-	(741)
Natural gas embedded derivative asset	45,747	81,950
Unsecured debentures (note 15)	(91,684)	(40,344)
Net derivative asset (liability)	(18,898)	75,121
Consolidated statement of financial position classification		
Current derivative asset	34,834	50,358
Non-current derivative asset	39,400	78,631
Current derivative liability	(402)	(8,900)
Non-current derivative liability	(1,046)	(4,624)
Unsecured debentures (note 15)	(91,684)	(40,344)
Net derivative asset (liability)	(18,898)	75,121

(a) Credit risk

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Corporation's receivables from natural gas and liquids marketers and companies with whom we enter into derivative contracts. The maximum exposure to credit risk is as follows:

	December 31 2025	December 31 2024
Trade and other receivables	84,973	83,188
Deposits	4,995	5,713
Derivative assets	74,234	128,989
	164,202	217,890

Trade and other receivables, deposits, and derivative assets are subject to credit risk exposure and the carrying values reflect Management's assessment of the associated maximum exposure to such credit risk. Advantage mitigates such credit risk by closely monitoring significant counterparties and dealing with a broad selection of counterparties that diversify risk within the sector. The majority of the Corporation's deposits are due from the Alberta Provincial government and are viewed by Management as having minimal associated credit risk. To the extent that Advantage enters derivatives to manage commodity price risk and foreign exchange risk, it may be subject to credit risk associated with counterparties with which it contracts. Credit risk is mitigated by entering contracts with only stable, creditworthy parties and through frequent reviews of exposures to individual entities. The Corporation only enters derivative contracts with major banks and international energy firms to further mitigate associated credit risk. In addition, the Corporation has an embedded derivative with a US power company with a remaining term of 10 years (note 11(c)).

11. Financial risk management (continued)

(a) Credit risk (continued)

Substantially all of the Corporation's trade and other receivables are due from customers concentrated in the North American oil and gas industry. As such, trade and other receivables are subject to normal industry credit risks. As at December 31, 2025, \$1.7 million of trade and other receivables are outstanding for 90 days or more (December 31, 2024 – \$1.2 million). The Corporation believes the entire balance is collectible, and in some instances can mitigate risk through withholding production or offsetting payables with the same parties. At December 31, 2025, the average expected credit loss for trade and other receivables was 0.51% (December 31, 2024 – 1.09%).

(b) Liquidity risk

The Corporation is subject to liquidity risk attributed from trade and other accrued liabilities, derivative liabilities, lease liabilities, performance awards, deferred share units, financing liabilities, convertible debentures, unsecured debentures and bank indebtedness. Trade and other accrued liabilities are all due within one year of the Consolidated Statement of Financial Position date. The Corporation's Performance Awards are all payable within one to three years of the Consolidated Statement of Financial Position date. The Corporation's deferred share units become payable on retirement of a director from the Board. The Corporation's lease liability and financing liability are settled in a systematic basis over their respective terms and will be settled over the next five and ten years, respectively. Advantage does not anticipate any problems in satisfying these obligations from cash provided by operating activities and the existing credit facilities.

The Corporation's convertible debentures have an aggregate principal amount of \$143.8 million and will mature and be repayable on June 30, 2029. The convertible debentures will accrue interest at the rate of 5.0% per annum payable semi-annually in arrears on June 30 and December 31 of each year. Advantage does not anticipate any liquidity issues with regards to settling the semi-annual interest payments, and the principal balance of the convertible debentures at time of maturity. Advantage also has the option to settle the principal and interest of the convertible debentures in shares subject to the terms of the convertible debenture indenture.

The Corporation's bank indebtedness is subject to \$650 million of credit facility agreements. Although the credit facilities are a source of liquidity risk, the facilities also mitigate liquidity risk by enabling Advantage to manage interim cash flow fluctuations. The terms of the credit facilities are such that they provide Advantage adequate flexibility to evaluate and assess liquidity issues if and when they arise. Additionally, the Corporation regularly monitors liquidity related to obligations by evaluating forecasted cash flows, optimal debt levels, capital spending activity, working capital requirements, and other potential cash expenditures. This continual financial assessment process further enables the Corporation to mitigate liquidity risk.

The unsecured convertible debentures held by Entropy are non-recourse to Advantage and are to be repaid by Entropy at the end of the 10-year terms, if not exchanged for common shares. The unsecured non-convertible debentures are non-recourse to Advantage and have a term of five years from the date of issuance, including provisions permitting early repayment. Both the convertible and non-convertible unsecured debentures held by Entropy bear interest that can be paid-in-kind at the discretion of Entropy.

11. Financial risk management (continued)

(b) Liquidity risk (continued)

To the extent that Advantage enters derivatives to manage commodity price risk, it may be subject to liquidity risk as derivative liabilities become due. While the Corporation has elected not to follow hedge accounting, derivative instruments are not entered for speculative purposes and Management closely monitors existing commodity risk exposures. As such, liquidity risk is mitigated since any losses realized are offset by increased cash flows realized from the higher commodity price environment.

The timing of undiscounted cash outflows and contractual maturities relating to financial liabilities as at December 31, 2025 and 2024 are as follows:

December 31, 2025	Undiscounted cash flows ⁽³⁾	2026	2027 to 2029	2030 and beyond
Trade and other accrued liabilities	109,248	109,248	-	-
Deferred Share Units	5,175	5,175	-	-
Derivative liability	1,448	402	1,046	-
Performance Awards	5,621	1,948	3,673	-
Lease liability	3,195	1,473	1,722	-
Financing liability	123,992	13,050	39,185	71,757
Convertible debentures - principal	143,750	-	143,750	-
- interest	25,146	7,188	17,958	-
Bank indebtedness - principal	415,000	-	415,000	-
- interest ⁽¹⁾	34,976	23,319	11,657	-
Unsecured debentures - principal ⁽²⁾	254,421	-	-	254,421
- interest ⁽²⁾	173,717	20,640	61,919	91,158
	1,295,689	182,443	695,910	417,336

⁽¹⁾ Interest on bank indebtedness was calculated assuming conversion of the revolving credit facility to a one-year term facility at the next annual facility review.

⁽²⁾ The unsecured debentures and non-convertible unsecured debentures are liabilities of Entropy and are non-recourse to Advantage. Interest can be paid-in-kind, or cash, at the discretion of Entropy.

⁽³⁾ The undiscounted cash flows equal the carrying value, with the exception of performance awards, lease liability, financing liability, convertible debentures, and unsecured debentures.

11. Financial risk management (continued)

(b) Liquidity risk (continued)

December 31, 2024	Undiscounted cash flows ⁽³⁾	2026	2027 to 2029	2030 and beyond
Trade and other accrued liabilities	116,609	116,609	-	-
Deferred Share Units	4,869	4,869	-	-
Derivative liability	13,524	8,900	4,624	-
Performance Awards	4,995	1,187	3,808	-
Lease liability	3,252	1,195	1,946	111
Financing liability	137,041	13,050	39,185	84,806
Convertible debentures - principal	143,750	-	-	143,750
- interest	32,334	7,188	21,582	3,564
Bank indebtedness - principal	475,000	-	475,000	-
- interest ⁽¹⁾	46,955	31,303	15,652	-
Unsecured debentures - principal ⁽²⁾	101,000	-	-	101,000
- interest ⁽²⁾	70,974	8,080	24,240	38,654
	1,150,303	192,381	586,037	371,885

⁽¹⁾ Interest on bank indebtedness was calculated assuming conversion of the revolving credit facility to a one-year term facility at the next annual facility review.

⁽²⁾ The unsecured debentures are a liability of Entropy and are non-recourse to Advantage. Interest can be paid-in-kind, or cash, at the discretion of Entropy.

⁽³⁾ The undiscounted cash flows equal the carrying value, with the exception of performance awards, lease liability, financing liability, convertible debentures, and unsecured debentures.

The Corporation's bank indebtedness is governed by credit facility agreements with a syndicate of financial institutions (note 12). The Credit Facility has a tenor of two years with a maturity date in June 2027 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May 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 2027 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.

11. Financial risk management (continued)

(c) Commodity price risk

Advantage's derivative assets and liabilities are subject to price risk as their fair values are based on assumptions regarding forward market prices. The Corporation enters into non-financial derivatives to manage price risk exposure relative to actual commodity production and does not utilize derivative instruments for speculative purposes. Changes to price assumptions can have a significant effect on the fair value of the derivative assets and liabilities and thereby impact earnings. The estimated impact to net income for the year ended December 31, 2025 resulting from a 10% change to significant price assumptions is as follows:

Price Assumptions	Net Income Impact (\$ millions)	
	+10%	(10)%
Forward AECO natural gas price	(14.3)	14.3
Forward Dawn natural gas price	(4.2)	4.2
Forward PJM electricity price	14.3	(15.6)
Forward WTI price	(1.8)	1.8

As at December 31, 2025 and March 5, 2026, the Corporation had the following commodity derivative contracts in place:

Description of derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	January 2026 to March 2026	142,173 Mcf/d	\$3.54/Mcf
Fixed price swap	April 2026 to June 2026	94,782 Mcf/d	\$3.09/Mcf ⁽¹⁾
Fixed price swap	July 2026 to October 2026	108,999 Mcf/d	\$3.01/Mcf ⁽¹⁾
Fixed price swap	November 2026 to March 2027	142,173 Mcf/d	\$3.29/Mcf ⁽¹⁾
Fixed price swap	April 2027 to October 2027	75,825 Mcf/d	\$2.73/Mcf ⁽¹⁾
Fixed price swap	November 2027 to March 2028	71,086 Mcf/d	\$2.87/Mcf ⁽¹⁾
Fixed price swap	April 2028 to October 2028	56,869 Mcf/d	\$2.73/Mcf ⁽¹⁾
Fixed price swap	November 2028 to March 2029	47,391 Mcf/d	\$2.66/Mcf ⁽¹⁾
Natural gas - Dawn			
Fixed price swap	January 2026 to March 2026	28,435 Mcf/d	\$4.65/Mcf
Fixed price swap	April 2026 to October 2026	28,435 Mcf/d	\$4.52/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	\$4.25/Mcf
Crude oil - WTI NYMEX			
Fixed price swap	January 2026	2,000 bbls/d	US \$62.67/bbl ⁽¹⁾
Fixed price swap	February 2026	3,000 bbls/d	US \$62.33/bbl ⁽¹⁾
Fixed price swap	March 2026	3,500 bbls/d	US \$62.56/bbl ⁽¹⁾
Fixed price swap	April 2026 to June 2026	4,500 bbls/d	US \$64.17/bbl ⁽¹⁾
Fixed price swap	July 2026 to December 2026	4,000 bbls/d	US \$63.62/bbl ⁽¹⁾
Fixed price swap	January 2027 to December 2027	500 bbls/d	US \$61.16/bbl ⁽¹⁾

(1) Contains contracts entered into subsequent to December 31, 2025

11. Financial risk management (continued)

(c) Commodity price risk (continued)

Natural Gas - Embedded Derivatives

Advantage sells natural gas under a long-term natural gas supply agreement, delivering 25,000 MMbtu/d of natural gas ending in 2035. Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage exposure to PJM electricity prices. The price for the host contract of the initial agreement ending in 2032 is US\$2.50 per MMbtu, back-stopped with a natural gas price collar. In 2025, the Corporation extended the term of the natural gas supply agreement by an additional 2.5 years, ending in 2035. Volumes delivered under the additional term continue to be priced using the same spark-spread pricing formula, however, the natural gas price collar does not apply to volumes delivered during this period. The price for the host contract of the extension agreement is US\$3.73 per MMbtu. As at December 31, 2025 the fair value of the natural gas embedded derivative resulted in an asset of \$45.7 million (December 31, 2024 – \$82.0 million).

(d) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The interest charged on the outstanding bank indebtedness fluctuates with the interest rates posted by the lenders. The Corporation is exposed to interest rate risk and may enter into fixed interest rate swaps to mitigate interest rate risk. As at December 31, 2025, the Corporation had no outstanding interest rate hedges in place. Had the borrowing rate been different by 100 basis points throughout the year ended December 31, 2025, net income and comprehensive income would have changed by \$3.3 million (December 31, 2024 – \$2.8 million) based on the average debt balance outstanding during the year.

(e) Foreign exchange risk

Foreign exchange risk is the risk that future cash flows will fluctuate as a result of changes in the CAD/USD exchange rate. While the majority of the Corporation's natural gas and liquids sales are settled in Canadian dollars, certain natural gas and oil prices where the Corporation markets its natural gas and liquids production are denominated in US dollars. Additionally, the Corporation may enter derivative contracts to manage the commodity risk associated with such sales and which may also settle in US dollars. The Corporation has entered into average rate currency swaps to mitigate the Corporation's exposure to foreign exchange risk, which concluded in 2025. Had the CAD/USD foreign exchange rate been different by \$0.02 throughout the year ended December 31, 2025, net income and comprehensive income would have changed by \$9.5 million (December 31, 2024 – \$8.5 million).

11. Financial risk management (continued)

(f) Capital management

The Corporation manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including replacement of production, funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder returns through enhancing the share value.

The Corporation 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 (cash and cash equivalents, trade and other receivables, prepaid expenses and deposits and trade and other accrued payables), financing liabilities, bank indebtedness, unsecured debentures, convertible debentures and share capital. The Corporation may manage its capital structure by issuing new shares, repurchasing outstanding shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

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

	December 31 2025	December 31 2024
Cash and cash equivalents	17,735	20,146
Trade and other receivables	84,973	83,188
Prepaid expenses and deposits	11,016	10,000
Trade and other accrued liabilities	(109,248)	(116,609)
Working capital surplus (deficit)	4,476	(3,275)

11. Financial risk management (continued)

(f) Capital management (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.

A summary of the reconciliation of net debt as at December 31, 2025 and December 31, 2024 is as follows:

	December 31 2025	December 31 2024
Bank indebtedness (note 12)	412,993	470,424
Convertible debentures (note 13)	143,750	143,750
Unsecured debentures (note 15)	254,421	101,000
Working capital (surplus) deficit	(4,476)	3,275
Net debt	806,688	718,449

Advantage's capital structure as at December 31, 2025 and December 31, 2024 is as follows:

	December 31 2025	December 31 2024
Shares outstanding (note 18)	166,941,610	166,931,440
Share closing market price (\$/share)	11.74	9.86
Market capitalization	1,959,895	1,645,944
Net debt	806,688	718,449
Total capitalization	2,766,583	2,364,393

12. Bank indebtedness

	December 31 2025	December 31 2024
Revolving credit facility	415,000	475,000
Unamortized financing fees	(2,007)	(4,576)
Balance, end of year	412,993	470,424

As at December 31, 2025, the Corporation had credit facilities with a borrowing base of \$650 million. In June 2025, the Credit Facility was renewed with no changes to the borrowing base of \$650 million, comprised of a \$60 million extendible revolving operating loan facility from one financial institution and a \$590 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a term of two years with a maturity date in June 2027 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually in May and semi-annually in November. During the term, no principal payments are required until the revolving period matures in June 2027 in the event of a reduction, or the Credit Facilities not being renewed. The borrowing base is determined based on, among other things, a thorough evaluation of Advantage's reserve estimates based upon the lender's 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. In the event that the lenders reduce the borrowing base below the amount drawn at the time of redetermination, the Corporation has 60 days to eliminate any shortfall by repaying amounts in excess of the new re-determined borrowing base.

The Credit Facilities permit borrowings in Canadian or U.S. dollars at variable interest rates based on the agents Canadian Overnight Repo Rate Average ("CORRA"), Secured Overnight Financing Rate ("SOFR"), prime rate or U.S. base rate, plus applicable pricing margins. Applicable pricing margins range from 2.5% to 6.0% for CORRA and SOFR borrowings and 1.5% to 5.0% for prime rate and U.S. base rate borrowings, with margins determined by the Corporation's consolidated debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio.

Undrawn amounts under the Credit Facilities bear a standby fee ranging from 0.625% to 1.500% per annum, dependent on the Corporation's debt to EBITDA ratio. Repayments of principal are not required prior to maturity provided that the borrowings under the Credit Facilities do not exceed the authorized borrowing base and the Corporation is in compliance with all covenants, representations and warranties.

The Credit Facilities prohibit the Corporation from entering into any derivative contract, excluding basis swaps, where the term of such contract exceeds five years. Further, the aggregate of such contracts cannot hedge greater than 75% of total estimated natural gas and liquids production over the first three years and 50% over the fourth and fifth years. In addition, the Credit Facilities allow us to enter into basis swap arrangements to any natural gas price point in North America for up to 100,000 MMbtu/day with a maximum term of seven years. Basis swap arrangements and the Corporation's embedded derivative do not count against the limitations on hedged production.

12. Bank indebtedness (continued)

The Credit Facilities contain standard commercial covenants for credit facilities of this nature. The Corporation did not have any financial covenants at December 31, 2025 and 2024, 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 December 31, 2025 and 2024. Breach of any covenant will result in an event of default in which case the Corporation has 30 days to remedy such default. If the default is not remedied or waived, and if required by the lenders, the administrative agent of the lenders has the option to declare all obligations under the credit facilities to be immediately due and payable without further demand, presentation, protest, days of grace, or notice of any kind. The Credit Facilities are collateralized by a \$2 billion floating charge demand debenture covering all assets. For the year ended December 31, 2025, the average effective interest rate on the outstanding amounts under the facilities was approximately 5.5% (December 31, 2024 – 6.6%). The Corporation had letters of credit of \$8.4 million outstanding at December 31, 2025 (December 31, 2024 – \$5.5 million).

13. Convertible debentures

	Convertible Debentures (# of Debentures)	Liability Component	Equity Component
Balance, December 31, 2023	-	-	-
Issuance of convertible debentures	143,750	126,261	17,489
Issuance costs	-	(5,694)	(788)
Deferred income tax liability	-	-	(3,842)
Accretion expense	-	2,016	-
Balance at December 31, 2024	143,750	122,583	12,859
Accretion expense	-	4,000	-
Balance at December 31, 2025	143,750	126,583	12,859

The Corporation has \$143.8 million aggregate principal amount of convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per debenture outstanding as at December 31, 2025. The Debentures will mature and be repayable on June 30, 2029 and accrue interest at the rate of 5.0% per annum.

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

13. Convertible debentures (continued)

The Debentures may not be redeemed by the Corporation prior to June 30, 2027, except in certain limited circumstances following a change of control. On or after June 30, 2027 and prior to June 30, 2028, the Debentures may be redeemed by the Corporation, in whole or in part, from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the current market price of the Common Shares on the Toronto Stock Exchange (the "TSX") is not less than 130% of the Conversion Price. If the Debentures are redeemed by the Corporation prior to June 30, 2028, a holder of Debentures who elects to convert such Debentures into Common Shares during the period from, and including, the date on which the Corporation sends notice of such redemption to, and including, the last business day immediately preceding the date of redemption will, subject to TSX approval, be entitled to receive additional Common Shares on such conversion as a make-whole premium. On or after June 30, 2028 and prior to the final maturity date, the Debentures may be redeemed by Advantage, in whole or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a redemption price equal to the principal amount thereof plus accrued and unpaid interest thereon.

The fair value of the Debentures at December 31, 2025 was \$160.6 million (December 31, 2024 - \$147.3 million) using quoted market prices on the TSX.

14. Financing liability

The Corporation has a take-or-pay volume commitment with a 12.5% working interest partner in the Corporation's Glacier Gas Plant, with a term due to expire in 2035. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%.

A reconciliation of the financing liability is provided below:

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	88,083	92,897
Interest expense	7,795	8,272
Financing payments	(13,050)	(13,086)
Balance, end of year	82,828	88,083
Current financing liability	5,754	5,256
Non-current financing liability	77,074	82,827

15. Unsecured debentures

a) Unsecured debentures - convertible

The Corporation's subsidiary, Entropy, is a party to two Investment Agreements with investors who provided capital commitments of \$300 million and \$200 million. In connection with the Investment Agreements, Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met.

Under the terms of the agreements, Entropy and the investors have options that provide for the unsecured debentures to be exchanged for common shares at an exchange price of \$10.00 per share and \$12.75 per share, respectively, subject to adjustment in certain circumstances. The investors have the option to exchange the outstanding unsecured debentures for common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for common shares in advance of an IPO. The unsecured debentures have a term of 10 years, if not exchanged for common shares, which are to be repaid at the end of the term in the amount greater of the principal amount and the investor's pro rata share of the fair market value of Entropy. Each 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. The unsecured debentures are non-recourse to Advantage.

During 2025, Entropy issued unsecured debentures for gross proceeds of \$135.0 million (December 31, 2024 - \$55.0 million) and incurred \$6.5 million of issuance costs (December 31, 2024 - \$3.5 million). Subsequent to December 31, 2025, Entropy issued unsecured debentures for gross proceeds of \$50.0 million.

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 table provides a summary of the outstanding aggregate principal balance of unsecured debentures:

	Year ended December 31, 2025	Year ended December 31, 2024
Aggregate principal balance, beginning of the year	101,000	40,807
Unsecured debentures issued	135,000	55,000
Interest paid-in-kind	14,334	5,193
Aggregate principal balance, end of year	250,334	101,000

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

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	64,682	27,819
Issuances	97,659	39,159
Issuance costs	(6,450)	(3,528)
Accretion expense	3,389	1,232
Balance, end of year	159,280	64,682

15. Unsecured debentures (continued)

a) Unsecured debentures - convertible (continued)

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

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	40,344	18,444
Initial recognition	51,675	21,034
Revaluation	(335)	866
Balance, end of year	91,684	40,344

The Corporation determined the value of the conversion feature using a probability weighted Black-Scholes calculation. Unobservable inputs used to determine the valuation at December 31, 2025 includes estimated share price, estimated timing and probability 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	21.7	(21.7)
1% change in credit spread	5.4	(5.6)
1 year change in estimated timing of an IPO	9.9	(9.3)

b) Unsecured debentures - non-convertible

In 2025, Entropy entered into non-convertible unsecured debenture financing arrangements for aggregate principal availability of up to \$10.0 million. The unsecured debentures bear interest at 15% per annum and provide for a payment-in-kind feature under which interest may be capitalized to the principal balance, to a maximum of 30%. The debentures have a term of five years from the date of issuance and include provisions permitting early repayment. During 2025, Entropy issued non-convertible unsecured debentures for gross proceeds of \$4.0 million (December 31, 2024 - nil).

The following table provides a summary of the outstanding aggregate principal balance of the Corporation's non-convertible unsecured debentures:

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	-	-
Non-convertible unsecured debentures issued	4,000	-
Interest paid-in-kind	87	-
Balance, end of year	4,087	-

16. Provisions and other liabilities

	Year ended December 31, 2025	Year ended December 31, 2024
Performance Awards (note 20(c))	3,210	2,312
Deferred Share Units (note 20(d))	5,175	4,869
Deferred revenue (a)	4,787	5,639
Lease liability (b)	2,907	2,820
Decommissioning liability (c)	100,504	126,753
Balance, end of year	116,583	142,393
Current provisions and other liabilities	12,767	14,724
Non-current provisions and other liabilities	103,816	127,669

(a) Deferred revenue

Deferred revenue represents an advance payment received by Advantage in consideration for the future sales of natural gas. Deferred revenue is recognized over the course of the term of the agreements (note 11 (c)).

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	5,639	6,603
Additions	-	240
Recognized in natural gas and liquids sales	(852)	(1,204)
Balance, end of year	4,787	5,639
Current deferred revenue	660	852
Non-current deferred revenue	4,127	4,787

(b) Lease liability

The Corporation incurs lease payments related to office space 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.

A reconciliation of the lease liability is provided below:

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	2,820	1,967
Additions	1,163	1,366
Leases acquired	-	272
Interest expense	172	160
Lease payments	(1,248)	(945)
Balance, end of year	2,907	2,820
Current lease liability	1,325	929
Non-current lease liability	1,582	1,891

16. Provisions and other liabilities (continued)

(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 2026 and 2075. A risk-free rate of 3.85% (December 31, 2024 - 3.30%) and an inflation factor of 2.0% (December 31, 2024 - 2.0%) were used to calculate the fair value of the decommissioning liability at December 31, 2025. As at December 31, 2025, the total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$163.4 million (December 31, 2024 – \$168.7 million).

A reconciliation of the decommissioning liability is provided below:

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	126,753	62,155
Accretion expense	1,460	2,141
Liabilities incurred	1,999	12,229
Liabilities acquired	-	28,269
Revaluation of liabilities acquired	-	24,694
Liabilities disposed	(2,339)	(1,990)
Change in estimates	(9,235)	4,647
Effect of change in risk-free rate	(13,082)	(2,333)
Liabilities settled	(5,052)	(3,059)
Balance, end of year	100,504	126,753
Current decommissioning liability	4,000	7,000
Non-current decommissioning liability	96,504	119,753

17. Income taxes

The provision for income taxes is as follows:

	Year ended December 31, 2025	Year ended December 31, 2024
Current income tax expense	-	-
Deferred income tax expense	24,713	12,805
Income tax expense	24,713	12,805

The provision for income taxes varies from the amount that would be computed by applying the combined federal and provincial income tax rates for the following reasons:

	Year ended December 31, 2025	Year ended December 31, 2024
Income before taxes and non-controlling interest	75,715	32,917
Combined federal and provincial income tax rates	23.0%	23.0%
Expected income tax expense	17,414	7,571
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	1,909	895
Valuation allowance	4,246	4,678
Other	1,144	(340)
Income tax expense	24,713	12,805
Effective tax rate	32.6%	38.9%

The movement in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	At December 31 2024	Credited (charged) to income	Credited (charged) to equity	At December 31 2025
Deferred income tax assets:				
Decommissioning liability	29,153	(6,037)	-	23,116
Non-capital losses	84,037	(19,731)	-	64,306
Financing liability	20,259	(1,131)	-	19,128
Other	21,097	163	-	21,260
	154,546	(26,736)	-	127,810
Deferred income tax liabilities:				
Property, plant and equipment	(377,343)	(7,575)	-	(384,918)
Derivative asset/liability	(26,557)	9,816	-	(16,741)
Other	(3,812)	(218)	-	(4,030)
	(407,712)	2,023	-	(405,689)
Deferred income tax liability	(253,166)	(24,713)	-	(277,879)

17. Income taxes (continued)

	At December 31 2023	Credited (charged) to income	Credited (charged) to equity	At December 31 2024
Deferred income tax assets:				
Decommissioning liability	14,293	14,860	-	29,153
Non-capital losses	74,639	9,398	-	84,037
Financing liability	20,791	(532)	-	20,259
Other	21,175	(616)	538	21,097
	130,898	23,110	538	154,546
Deferred income tax liabilities:				
Property, plant and equipment	(342,176)	(35,167)	-	(377,343)
Derivative asset/liability	(25,365)	(1,192)	-	(26,557)
Other	(414)	444	(3,842)	(3,812)
	(367,955)	(35,915)	(3,842)	(407,712)
Deferred income tax liability	(237,057)	(12,805)	(3,304)	(253,166)

The estimated tax pools available at December 31, 2025 are as follows:

Canadian development expenses	304,978
Canadian exploration expenses	76,350
Canadian oil and gas property expenses	280,196
Non-capital losses	309,493
Undepreciated capital cost	528,578
Capital losses	135,369
Scientific research and experimental development expenditures	32,506
Other	29,622
	1,697,091

The non-capital loss carry forward balances expire no earlier than 2029.

No deferred tax asset has been recognized for capital losses of \$135 million (December 31, 2024 – \$135 million). Recognition is dependent on the realization of future taxable capital gains.

18. Share capital

(a) Authorized

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

	Common Shares (# of shares)	Share capital (\$000)
Balance at December 31, 2023	162,225,180	1,952,241
Issuance of common shares	5,910,000	62,643
Shares issued on Performance Share Unit settlements (note 20 (a))	1,251,060	-
Contributed surplus transferred on Performance Share Unit settlements	-	3,891
Shares purchased and cancelled under NCIB	(2,454,800)	(29,536)
Balance at December 31, 2024	166,931,440	1,989,239
Shares issued on Performance Share Unit settlements (note 20 (a))	671,870	-
Contributed surplus transferred on Performance Share Unit settlements	-	6,308
Shares purchased and cancelled under NCIB	(661,700)	(7,882)
Balance at December 31, 2025	166,941,610	1,987,665

(b) Issued

For the year ended December 31, 2025, the Corporation issued 0.7 million common shares in connection with the Restricted and Performance Award Incentive Plan (note 20(a)).

In 2024, the Corporation issued 5.9 million common shares at \$11.00 per share for gross proceeds of \$65.0 million. The Corporation incurred issuance costs of \$2.4 million, net of deferred taxes, which was charged to share capital.

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

On May 8, 2025, the TSX approved the renewal of the NCIB. The NCIB commenced on May 14, 2025 and will terminate on May 13, 2026. Pursuant to the NCIB, Advantage was approved to purchase for cancellation, from time to time, as it considered advisable, up to a maximum of 14,415,014 common shares of the Corporation.

Purchases pursuant to the NCIB are 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, including commissions. All common shares acquired under the NCIB were cancelled.

For the year ended December 31, 2025, the Corporation purchased 0.7 million common shares for cancellation for a total of \$6.7 million. Share capital was reduced by \$7.9 million while contributed surplus was increased by \$1.2 million, representing the excess average carrying value of the common shares over the purchase price.

19. Non-controlling interest ("NCI")

A reconciliation of the NCI, representing the carrying value of the 8% shareholding of Entropy (note 5) held by third-parties is provided below:

	Year ended December 31	
	2025	2024
Balance, beginning of the year	(1,506)	101
Net loss and comprehensive loss attributable to NCI	(2,049)	(1,607)
Balance, end of year	(3,555)	(1,506)

20. 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 December 31, 2025, no equity Restricted Share Units have been granted. Performance Share Units vest over three years from 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, 2023	2,819,414
Granted	882,858
Settled	(1,191,708)
Forfeited	(178,864)
Balance at December 31, 2024	2,331,700
Granted	1,233,959
Settled	(621,668)
Forfeited	(6,500)
Balance at December 31, 2025	2,937,491

During 2025, 0.6 million Performance Share Units vested and were settled with the issuance of 0.7 million common shares (note 18).

(b) Share-based compensation expense

Share-based compensation expense for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31	
	2025	2024
Total share-based compensation	9,975	4,950
Capitalized (note 10)	(1,764)	(1,058)
Share-based compensation expense	8,211	3,892

20. 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 over three years from 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 16) until eventually settled in cash.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	2,312	6,687
Performance Award expense	1,723	543
Interest expense	78	61
Performance Awards settled	(903)	(4,979)
Balance, end of year	3,210	2,312
Current	1,607	1,074
Non-current	1,603	1,238

(d) Deferred Share Units ("DSU")

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

The following table is a continuity of Deferred Share Units:

	Deferred Share Units
Balance at December 31, 2023	536,680
Granted	69,653
Settled	(112,498)
Balance at December 31, 2024	493,835
Granted	99,358
Settled	(152,434)
Balance at December 31, 2025	440,759

20. Long-term compensation plans (continued)

(d) Deferred Share Units (continued)

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. The following table is a continuity of the Corporation's liability related to outstanding Deferred Share Units:

	Year ended December 31, 2025	Year ended December 31, 2024
Balance, beginning of the year	4,869	4,579
Granted	1,085	672
Revaluation of outstanding Deferred Share Units	981	576
Settled	(1,760)	(958)
Balance, end of year	5,175	4,869

21. 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:

	Year ended December 31	
	2025	2024
Net income attributable to Advantage shareholders		
Basic and diluted	53,051	21,719
Weighted average shares outstanding		
Basic	166,977,807	163,954,619
Performance Share Units	3,202,198	2,866,217
Diluted	170,180,005	166,820,836
Net income per share attributable to Advantage shareholders		
Basic (\$/share)	0.32	0.13
Diluted (\$/share)	0.31	0.13

In computing diluted per share amounts at December 31, 2025, the common shares potentially issuable on the conversion of the convertible debentures (note 13) were excluded as they were determined to be anti-dilutive.

In computing diluted per share amounts at December 31, 2025, the Entropy common shares potentially issuable on the conversion of the unsecured debentures were excluded as they were determined to be anti-dilutive. If the aggregate principal balance of unsecured debentures were converted at December 31, 2025, Advantage's ownership in Entropy would have been 50% (December 31, 2024 – 68%).

22.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 years ended December 31, 2025 and 2024, natural gas and liquids sales were as follows:

	Year ended December 31	
	2025	2024
Crude oil	246,880	186,896
Condensate	27,604	39,723
NGLs	62,663	65,289
Liquids	337,147	291,908
Natural Gas	361,837	251,387
Natural gas and liquids sales	698,984	543,295

At December 31, 2025, receivables from contracts with customers, which are included in trade and other receivables, were \$70.8 million (December 31, 2024 - \$63.2 million).

Advantage markets its natural gas and liquids production to major North American marketers, three of which each account for greater than 10% of natural gas and liquids sales. These customers account for 29%, 29%, and 16%, respectively, of the Corporation's total natural gas and liquids sales.

(b) Sales of purchased natural gas

	Year ended December 31	
	2025	2024
Sales of purchased natural gas	1,121	-
Natural gas purchases	556	-
Net sales of purchased natural gas	1,677	-

(c) Processing and other income

	Year ended December 31	
	2025	2024
Processing income	3,114	5,467
Other	2,720	1,340
Total processing and other income	5,834	6,807

23. General and administrative expense

	Year ended	
	December 31	
	2025	2024
Personnel	35,822	31,027
Revaluation of outstanding Deferred Share Units (note 20(d))	981	576
Professional fees	2,976	1,895
Information technology cost	4,053	3,023
Office rent and administration cost	3,444	3,837
Total general and administrative	47,276	40,358
Capitalized (note 10)	(6,925)	(7,274)
General and administrative expense	40,351	33,084

24. Finance expense - net

	Year ended	
	December 31	
	2025	2024
Interest on bank indebtedness (note 12)	33,130	32,329
Interest income	(1,286)	(1,198)
Interest on financing liability (note 14)	7,795	8,272
Interest on provisions and other liabilities (note 16(b), 20(c))	250	221
Interest paid-in-kind on unsecured debentures (note 15)	14,421	5,193
Interest on convertible debentures (note 13)	7,188	3,860
Accretion on convertible debentures (note 13)	4,000	2,016
Accretion on decommissioning liability (note 16(c))	1,460	2,141
Accretion on unsecured debentures (note 15)	3,389	1,232
Capitalized interest paid-in-kind (note 10)	(9,286)	(1,646)
Total finance expense - net	61,061	52,420

25. Related party transactions

(a) Key management compensation

The compensation paid or payable to officers and directors is as follows:

	Year ended	
	December 31	
	2025	2024
Salaries, director fees and short-term benefits	7,647	8,428
Share-based compensation and Performance Awards ⁽¹⁾	4,413	3,481
	12,060	11,909

⁽¹⁾ Represents that total share-based compensation expense, before capitalization, for key management personnel.

As at December 31, 2025, there is a commitment of \$28.9 million (December 31, 2024 – \$8.5 million) related to change of control or termination of employment of officers.

26. Supplementary cash flow information

(a) Changes in non-cash working capital

	Year ended December 31	
	2025	2024
Source (use) of cash:		
Trade and other receivables	(1,785)	(29,810)
Prepaid expense and deposits	(1,016)	6,618
Trade and other accrued liabilities	(7,361)	46,003
Inventory	45	620
Deferred revenue	(852)	(964)
Performance Awards	898	(4,375)
Deferred Share Units	306	290
	(9,765)	18,382
Related to operating activities	(6,697)	(20,804)
Related to investing activities	(3,068)	39,186
	(9,765)	18,382

26. Supplementary cash flow information (continued)

(b) Reconciliation of liabilities

The following table provides a reconciliation of liabilities to cash flows arising from financing activities:

	Bank Indebtedness (Note 12)	Lease Liability Note 16 (b)	Convertible Debentures (note 13)	Unsecured Debentures Note 15 (a)	Financing Liability (Note 14)
Balance at December 31, 2023	212,854	1,967	-	27,819	92,897
Changes from financing cash flows:	-	-	-	-	-
Draws on credit facilities	735,000	-	-	-	-
Repayments on credit facilities	(475,000)	-	-	-	-
Financing fees	(15,128)	-	-	-	-
Issuances	-	-	143,750	55,000	-
Issuance costs	-	-	(6,482)	(3,528)	-
Principal repayments	-	(945)	-	-	(13,086)
Non-cash changes:	-	-	-	-	-
Accretion expense	-	-	2,016	1,232	-
Interest expense	-	160	-	-	8,272
Interest paid-in-kind	-	-	-	5,193	-
Lease additions	-	1,638	-	-	-
Amortization of finance fees	12,698	-	-	-	-
Allocated to equity component	-	-	(16,701)	-	-
Allocated to derivative liability	-	-	-	(21,034)	-
Balance at December 31, 2024	470,424	2,820	122,583	64,682	88,083
Changes from financing cash flows:	-	-	-	-	-
Draws on credit facilities	95,000	-	-	-	-
Repayments on credit facilities	(155,000)	-	-	-	-
Financing fees	(1,583)	-	-	-	-
Issuances	-	-	-	139,000	-
Issuance costs	-	-	-	(6,450)	-
Principal repayments	-	(1,248)	-	-	(13,050)
Non-cash changes:	-	-	-	-	-
Accretion expense	-	-	4,000	3,389	-
Interest expense	-	172	-	-	7,795
Interest paid-in-kind	-	-	-	14,421	-
Lease additions	-	1,163	-	-	-
Amortization of finance fees	4,152	-	-	-	-
Allocated to derivative liability	-	-	-	(51,675)	-
Balance at December 31, 2025	412,993	2,907	126,583	163,367	82,828

27. Commitments and contingencies

(a) Commitments

At December 31, 2025 Advantage had commitments relating to building operating costs of \$1.4 million, processing commitments of \$130.5 million and transportation commitments of \$950.4 million. The estimated remaining payments are as follows:

(\$ millions)	Payments due by period						
	Total	2026	2027	2028	2029	2030	Beyond
Building operating cost ⁽¹⁾	1.4	0.8	0.6	-	-	-	-
Processing	130.5	22.4	20.3	18.8	16.2	10.9	41.9
Transportation	950.4	103.8	101.2	94.9	86.0	83.2	481.3
Total commitments	1,082.3	127.0	122.1	113.7	102.2	94.1	523.2

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

(b) Contingencies

In 2025, Entropy purchased an interest in three carbon hubs for \$29.8 million which includes contingent consideration of up to \$15 million based on commercial milestones achieved by various projects. As the likelihood and timing of these milestones remain uncertain, no liability has been recognized for the contingent consideration at December 31, 2025.

28. Subsequent events

- a) Subsequent to December 31, 2025, the Corporation closed an asset exchange agreement with a third party whereby it disposed of an interest in non-core infrastructure in exchange for a pipeline asset and cash consideration of \$12.0 million.
- b) Subsequent to December 31, 2025, Entropy issued unsecured debentures for gross proceeds of \$50.0 million.

Advantage Energy Ltd.
Supplemental Financial Information (unaudited)
Exhibit to the December 31, 2025 Consolidated Financial Statements

The following ratio has been calculated on a consolidated basis for the twelve-month period ended December 31, 2025. This ratio is based on Advantage Energy Ltd.'s Consolidated Financial Statements that are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

	Twelve months ended December 31, 2025
Earnings Coverage Ratio ⁽¹⁾	2.0x

⁽¹⁾ Calculated as net income (loss) and comprehensive income (loss) attributed to Advantage shareholders, before finance expense and income tax expense divided by finance expense (including capitalized interest).

ADVISORY

Forward-Looking Information and Other Advisories

This document 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 document include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; the focus of the Corporation's 2026 capital program; that Advantage has the foundation for several important milestones in 2026; the expected timing of Advantage's gas plant at Progress and the anticipated benefits thereof, including the expected increase to corporate production; Advantage's long-term strategy of minimizing exposure to AECO volatility; Advantage's hedging program and its hedges going forward including the proportion of expected production hedged; the anticipated terms of Advantage's Ventura market and Dawn market contracts and the anticipated benefits thereof; that Advantage expects to continue to allocate substantially all FCF towards debt reduction until it achieves its net debt target; Advantage's net debt target range, the anticipated timing of reaching such target, and that once Advantage reaches its net debt target it expects to balance further debt reduction with opportunistic share buybacks; Advantage's 2026 drilling program, including its anticipated production growth and capital efficiencies; that year-to-date production is ahead of budget; Advantage's expectations regarding the timing of the turnaround of the Glacier gas plant and the anticipated benefits thereof; that operating costs per boe is expected to fall as production is expected to be increasingly processed through owned and operated gas plant capacity; that corporate production is expected to remain stable through the end of 2027; that development programs beyond 2027 are expected to remain efficient; that Advantage will only consider material investments in new infrastructure if supported by future supply and demand fundamentals; the anticipated completion of Entropy's Glacier facility and the anticipated benefits thereof; Advantage's disciplined financial strategy, supported by strong free cash flow generation and selective non-core asset dispositions; the Corporation's 2026 capital guidance including its anticipated cash used in investing activities, total average production, liquids production (% of total average production), royalty rate, operating expense per boe, transportation expense per boe and G&A/finance expense per boe; the anticipated costs of the Glacier Phase 2 capture equipment, compression, transportation and storage wells and the installation of the modular power plant providing power and heat for the Glacier Gas Plant and Entropy's CCS equipment; the Corporation's anticipated total annual production in 2026; the Corporation's forecasted 2026 natural gas market exposure including the anticipated effective production rate; the Corporation's commodity risk management program and financial risk management program and the anticipated benefits to be derived therefrom; 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 Corporation's estimated tax pools and its expectations that it will not be subject to cash taxes until calendar 2028; that Advantage's Valhalla assets continue to demonstrate resilience in a volatile commodities environment; the Corporation's commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; Advantage's ability to actively manage its portfolio in conjunction with its future development plans and its ability to ensure that the Corporation is properly diversified into multiple markets; that the Corporation will monitor its capital structure and make adjustments according to market conditions; 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 Facility, including the timing of the next review of the Credit Facility and the Corporation's expectations regarding the extension of the Credit Facility at each annual review; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the 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; Entropy's business plan and the anticipated benefits to be derived therefrom; statements related to reserves; the statements under "critical accounting estimates" in the 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: the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs that have been threatened are implemented, that tariffs that are currently suspended are reactivated, the rate or scope of tariffs are increased, or new tariffs are imposed, including on oil and natural gas, (ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the risk that wars and other armed conflicts adversely affect world economies and the demand for oil and natural gas, including the ongoing war between Russian and Ukraine and/or hostilities in the Middle East and Venezuela; 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; delays in timing of facility installation; 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 risk that the Credit Facility may not be renewed at each annual review; competition from other producers; the risk that the Corporation may not minimize its exposure to AECO volatility; the risk that the Corporation's actual 2026 financial and operating results may not be consistent with its 2026 guidance; the risk that the Corporation may not achieve its net debt target in 2026, or at all; the risk that the Corporation's 2026 annual average production may be less than anticipated; the risk that the Corporation may not have sufficient financial resources to acquire its common shares pursuant to an NCIB in the future; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; that Entropy's existing planned capital projects may not result in completed CCS projects; the price of and market for carbon credits and offsets; current and future carbon prices and royalty regimes; the risk that the Corporation's

commodity risk management program and financial risk management program may not achieve the results anticipated; the risk that the Corporation may be subject to cash taxes prior to calendar 2028; the risk that the costs of the Glacier Phase 2 capture equipment, compression, transportation and storage wells and the installation of the modular power plant providing power and heat for the Glacier Gas Plant and Entropy's CCS equipment may be greater than anticipated; the risk that the construction of the Corporation's gas plant at Progress may not resume when anticipated, or at all, and that it may have a greater impact on production than anticipated; the risk that the Corporation's Valhalla assets may not continue to demonstrate resilience in a volatile commodities environment; the risk that Advantage may not actively manage its portfolio in conjunction with its future development plans or ensure that the Corporation is properly diversified into multiple markets; the risk that the Corporation may not allocate substantially all of its free cash flow towards debt reduction until it reaches its target range, or that the Corporation may not reach its net debt target range on the anticipated timeline or at all; the risk that the Corporation may not balance further debt reduction with opportunistic share buybacks; the risk that the completion of the Progress gas plant and the turnaround at the Glacier gas plant will not result in the benefits anticipated; the risk that operating costs per boe will not fall as anticipated; the risk that development programs beyond 2027 may not remain efficient; the risk that Entropy's Glacier CCS Phase 2 project may not be completed on the timeline anticipated or at all, or that it may not result in the anticipated benefits; the risk that the Corporation may not satisfy all of its liabilities and commitments and meet its 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 anticipated; the risk that Entropy's future projects may have a greater capital cost than anticipated; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedarplus.ca and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this document, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: the duration and impact of tariffs that are currently in effect on goods exported from or imported into Canada, and that other than the tariffs that are currently in effect, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, reenacts tariffs that are currently suspended, or imposes new tariffs, on the import of goods from one country to the other, including on oil and natural gas, and/or (ii) imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas; that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the ability to efficiently integrate assets acquired through acquisitions; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Entropy's planned capital projects will lead to completed CCS projects; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop its crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the Corporation 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 and that such reserves exist in the quantities predicted or estimated and can be profitably produce in the future.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this document 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 document 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 share buyback program (including through an NCIB), if any, and the level thereof is uncertain. Any decision to acquire common shares of the Corporation pursuant to the share buyback program 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 share buyback program, if any, in the future.

This document 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 Corporation's expectations that substantially all free cash flow will be allocated to debt reduction until we reach our target range; the Corporation's net debt target range and the expectation that the Corporation will achieve its net debt target in the second half of 2026; Advantage's expectation that it will balance further debt reduction with opportunistic share buybacks once reaching its net debt target range; the Corporation's 2026 capital guidance including its anticipated cash used in investing activities, royalty rate, operating expense per boe, transportation expense per boe and G&A/finance expense per boe; the anticipated costs of the Glacier Phase 2 capture equipment, compression, transportation and storage wells and the installation of the modular power plant providing power and heat for the Glacier Gas Plant and Entropy's CCS equipment; 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 Corporation's estimated tax pools and its expectations that it will not be subject to cash taxes until calendar 2028; the Corporation's commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; 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 document 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 document was made as of the date of this document 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 document is not conclusive and is subject to change.

Oil and Gas Information

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.

This document contains metrics commonly used in the oil and natural gas industry which have been prepared by management such as "operating income", "operating netback", "reserve additions", "reserves per share", "reserve life index", "recycle ratio", "capital efficiency" "FD&A " and "F&D" which are described herein and below under "Specified Financial Measures" and under "Specified Financial Measures" in the MD&A (the MD&A forms part of this document). These terms do not have standard meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons. Management uses these oil and natural gas metrics for its own performance measurements, and to provide shareholders with measures to compare Advantage's operations overtime. Readers are cautioned that the information provided by these metrics, or that can be derived from metrics presented in this document, should not be relied upon for investment or other purposes.

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

Production estimates contained herein are expressed as anticipated average production over the calendar year. In determining anticipated production for the year 2025 Advantage considered historical drilling, completion and production results for prior years and took into account the estimated impact on production of the Corporation's 2025 expected drilling and completion activities.

McDaniel was engaged as an independent qualified reserve evaluator to evaluate Advantage's year-end reserves as of December 31, 2025 and December 31, 2024 in accordance with NI 51-101 and the COGE Handbook. Reserves are stated on a gross (before royalties) working interest basis unless otherwise indicated. Additional reserve information as required under NI 51-101 are included in our Annual Information Form which is available at www.sedarplus.ca and www.advantageog.com. Advantage's year-end reserves as of December 31, 2023 disclosed in this document were evaluated by Sproule ERCE in accordance with NI 51-101 and the COGE Handbook and using the IQRE average product price forecast effective December 31, 2023. The recovery and reserve estimates of reserves provided in this document are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein. It should not be assumed that the discounted future net revenue estimated by Sproule and disclosed herein represents the fair market value of the reserves.

References to natural gas, crude oil and condensate and NGLs production in this document refer to conventional natural gas, shale gas, light crude oil and medium crude oil and natural gas liquids, respectively, product types as defined in NI 51-101.

Specified Financial Measures

Throughout this document and in other documents disclosed by the Corporation, Advantage discloses certain measures to analyze financial performance, financial position, and cash flow. These specified 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 specified 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. Refer to "Specified Financial Measures" in the MD&A for additional information about certain financial measures, including reconciliations to the nearest GAAP measures, as applicable.

The Corporation has additional specified financial measures, not included in the Corporation's MD&A that have been disclosed in this document, as follows:

Non-GAAP Ratios

Finding and Development Costs ("F&D")

F&D cost is calculated based on adding net capital expenditures excluding acquisitions and dispositions, and the net change in future development capital ("FDC"), divided by the change in reserves within the applicable reserves category for the year. Additionally, the Corporation discloses three-year average F&D cost, which is calculated based on adding net capital expenditures excluding acquisitions and dispositions from 2025, 2024 and 2023, and the net change in FDC from 2025, 2024 and 2023, divided by reserve additions from 2025, 2024 and 2023. Management uses F&D costs as a measure of capital efficiency for organic reserves development.

Finding, Development & Acquisition Costs ("FD&A")

FD&A cost is calculated based on adding net capital and the net change in future development capital ("FDC"), divided by the change in reserves within the applicable reserves category for the year. Additionally, the Corporation discloses three-year average FD&A cost, which is calculated based on adding net capital expenditures from 2025, 2024 and 2023, and the net change in FDC from 2025, 2024 and 2023, divided by reserve additions from 2025, 2024 and 2023. Management uses FD&A costs as a measure of capital efficiency for organic and acquired reserves development.

Recycle Ratio

Recycle ratio is calculated by dividing Advantage's fourth quarter operating netback by the calculated F&D cost or FD&A cost of the applicable year and expressed as a ratio. Management uses recycle ratio to relate the cost of adding reserves to a recent operating netback.

Capital Efficiency

Capital efficiency is calculated by dividing net capital expenditures, or a subset such as drill, complete, equipping and tie-in ("DCET") spending, by the average production additions to replace the corporate decline rate and deliver production growth, expressed in \$/boe/d. Capital efficiency is considered by Management to be a useful performance measure as a common metric used to evaluate the efficiency with which capital activity is allocated to achieve production additions.

Supplementary Financial Measures

Reserve Additions Replaced

Reserve additions replaced is a supplementary financial measure that is calculated by dividing reserves net volume additions by the current annual production and expressed as a percentage. Management uses this measure to determine the relative change of its reserves base over a period of time.

Reserves Life Index

Reserves life index is a supplementary financial measure that is calculated by dividing the total volume of reserves by the fourth quarter production rate and expressed in years.

Additional Information

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

March 23, 2026

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 Alberta, where the purchase and sale of natural gas is transacted
CCS	carbon capture and storage
DCET	net capital expenditures required to drill, complete, equip and tie-in a well
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	Mixed Sweet Blend, the reference price paid for conventionally produced light sweet crude oil at Edmonton, Alberta
NCIB	normal course issuer bid
PJM	a regional transmission organization that coordinates the movement of wholesale electricity in the Mid Atlantic region of the US
TSX	Toronto Stock Exchange
WTI	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 Gas" and "Shale 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
IP30	Average initial peak production rate over 30 consecutive days after a well is brought on production
IP90	Average initial peak production rate over 90 consecutive days after a well is brought on production

Directors

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Donald M. Clague ⁽¹⁾⁽²⁾
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Larry S. Massaro ⁽²⁾⁽⁵⁾
Katherine L. Minyard ⁽¹⁾⁽³⁾
David G. Smith ⁽¹⁾⁽⁴⁾⁽⁵⁾

⁽¹⁾ Member of Audit Committee

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

⁽³⁾ Member of Compensation Committee

⁽⁴⁾ Member of Governance & Sustainability Committee

⁽⁵⁾ Member of Special Committee

Officers

Michael Belenkie, President and CEO
Craig Blackwood, CFO
Neil Bokenfohr, Senior Vice President
John Quaife, Vice President, Finance
Darren Tisdale, Vice President, Geosciences
Geoff Keyser, Vice President, Development
Brian Bagnell, Vice President, Commodities and Capital Markets

Corporate Secretary

Jay P. Reid, Partner
Burnet, Duckworth and Palmer LLP

Auditors

PricewaterhouseCoopers LLP

Bankers

The Bank of Nova Scotia
National Bank of Canada
Royal Bank of Canada
Canadian Imperial Bank of Commerce
ATB Financial
The Toronto – Dominion Bank
Business Development Bank of Canada
Wells Fargo Bank N.A., Canadian Branch

Independent Reserve Evaluators

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Toronto Stock Exchange Trading Symbols

AAV: Common Shares

AAV.DB: Debentures



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