ADVANTAGE
ENERGY LTD.

Q2

2026 Second Quarter Report

For the three and six months ended June 30, 2026 and 2025

MESSAGE TO SHAREHOLDERS

Advantage Energy Ltd. ("**Advantage**" or the "**Corporation**") is pleased to report 2026 second quarter financial and operating results.

The financial and operating highlights presented below are for Advantage only and exclude its subsidiary Entropy Inc.

2026 Second Quarter Financial Highlights

- Cash provided by operating activities of $107.3 million.
- Adjusted funds flow[(a)] of $88.8 million or $0.53/share.
- Cash used in investing activities of $91.0 million.
- Net capital expenditures[(a)] totaled $88.1 million. Advantage has now executed over 70% of its 2026 capital budget.
- Net debt[(a)] of $560.2 million, substantially flat from year-end 2025 despite weak natural gas prices and a capital-intensive first half of 2026.
- Liquids production generated 67% of total sales, with average realized liquids pricing of $113.37 per barrel.

2026 Second Quarter Operating Highlights

- Average production of 70,611 boe/d (347.8 MMcf/d natural gas, 12,650 bbls/d liquids), a 13% decrease from the first quarter of 2026 due to a planned 21-day turnaround at our Glacier Gas Plant.
- Liquids production of 12,650 bbls/d (7,495 bbls/d crude oil, 1,692 bbls/d condensate, and 3,463 bbls/d NGLs), a 4% increase from the first quarter of 2026 and represented 18% of total production.
- Our 75 mmcf/d Progress Gas Plant was completed on time and on budget. The facility was brought online prior to the Glacier Gas Plant turnaround to minimize impacts to corporate production while maximizing high-value liquids from Valhalla and Progress.
- Completed 3 gross (2.9 net) wells at Glacier, with 4 gross (4.0 net) wells brought on production. Glacier continues to deliver strong results, with wells brought on production in 2026 achieving average peak IP30 rates of 16.4 MMcf/d raw natural gas.
- Drilled 2 gross (2.0 net) wells at Wembley of a three-well pad. All three wells are expected to be completed and brought on production in the third quarter.
- Our three-well Valhalla Montney pad, drilled and completed in the first quarter of 2026, delivered a per-well average IP30 of 1,375 boe/d (sales), including 44% liquids (4.7 MMcf/d natural gas, 449 bbls/d condensate, 138 bbls/d NGLs).

Marketing Update

Advantage has hedged approximately 48% of forecasted natural gas production for the second half of 2026, 34% in 2027, and 24% in 2028. Direct AECO exposure has fallen to approximately 12% for the remainder of 2026 and 16% in 2027 due to our hedging and diversification efforts. Advantage has also hedged approximately 43% of forecasted crude oil and NGL production for the second half of 2026 and 26% in 2027.

Advantage continues to proactively layer in hedges, including positions extending through 2029, to reduce commodity price volatility.

(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.

New Covenant-Based Credit Facility

On June 30, 2026, Advantage transitioned to a covenant-based credit facility with its existing banking syndicate. Under the new credit facility, Advantage's borrowing capacity of $650 million remains unchanged, consisting of a $60 million operating facility with one financial institution and a $590 million facility with a syndicate of financial institutions, with a longer term of three years maturing in June 2029, and may be extended at Advantage's request, subject to lender approval. The transition to a covenant-based structure reflects Advantage's increased scale, financial strength and sustainability and provides a more flexible financing platform, including lower borrowing costs relative to the prior reserve-based facility.

Entropy Update

All major construction of Entropy's Glacier Carbon Capture and Storage ("**CCS**") phase 2 project is now complete and the facility has been commissioned, substantially decarbonizing the Glacier facility and driving a positive step change in Entropy's operating income from power sales and contractually guaranteed carbon pricing. The project includes repowering Glacier with a gas turbine combined with post-combustion carbon capture on all major sources of emissions; all funding is provided by Entropy's investment partners.

Looking Forward

Advantage is at the midpoint of our three-year plan, marking an important free cash flow inflection point. With the completion of our 75 mmcf/d Progress Gas Plant and the 21-day turnaround at our Glacier Gas Plant, all major infrastructure projects in our three-year plan are now complete. We would like to thank our employees and contractors for delivering these projects safely and on schedule, reflecting our strong execution and safety-first culture.

The Progress Gas Plant unlocks significant regional synergies through more efficient Montney and Charlie Lake operations, reduces reliance on third-party processing, and increases utilization of our owned infrastructure. These benefits are expected to reduce operating costs per boe to approximately $5.00 in the second half of 2026, approximately 13% lower than the second half of 2025, and position Advantage for the next phase of liquids-focused growth across our Valhalla and Progress properties. Our recent three-well Valhalla Montney pad delivered exceptional results, and we recently spud a two-well Montney pad at Progress offsetting our successful 16-36 oil well. We now expect 2026 operating costs per boe to be at the lower end of our annual guidance range.

Advantage exited the second quarter at approximately 90,000 boe/d and expects to maintain production at this level through to the end of 2027, supported by an efficient capital program designed to maximize free cash flow[a] and shareholder returns. Based on current commodity pricing, we expect to achieve our net debt target range of $400 million to $500 million in the second half of 2026 while also repurchasing up to 5% of our shares outstanding. Share buybacks are our main vehicle for shareholder returns while our shares are trading below intrinsic value.

Advantage has a deep portfolio of future growth options beyond those considered in our current three-year plan. However, additional capacity expansions and major infrastructure investments will only be considered if our returns thresholds are met.

Advantage wishes to thank our employees, board of directors, and shareholders for their ongoing support.

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and six months ended June 30, 2026 and 2025

CONSOLIDATED MANAGEMENT’S DISCUSSION & ANALYSIS

The following Management’s Discussion and Analysis ("**MD&A**"), dated as of July 30, 2026, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("**Advantage**", the "**Corporation**", "**us**", "**we**" or "**our**") for the three and six months ended June 30, 2026 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and six months ended June 30, 2026 and the audited consolidated financial statements for the year ended December 31, 2025 (together, the "**consolidated financial statements**"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**" or "**IFRS**"), representing generally accepted accounting principles ("**GAAP**") for publicly accountable enterprises in Canada. All references in the MD&A and consolidated financial statements are to Canadian dollars unless otherwise indicated. All dollar per boe figures include only the results of Advantage’s natural gas and liquids operations and exclude the results of Entropy Inc. ("**Entropy**").

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

Financial Highlights

($000, except as otherwise indicated)	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Consolidated Financial Statement Highlights				
Natural gas and liquids sales	**195,964**	164,593	**402,886**	386,383
Net income and comprehensive income [4]	**45,114**	72,502	**74,642**	43,478
per basic share [2]	**0.27**	0.43	**0.45**	0.26
per diluted share [2]	**0.26**	0.41	**0.44**	0.26
Basic weighted average shares (000)	**167,614**	167,179	**167,296**	167,001
Diluted weighted average shares (000)	**179,640**	180,785	**170,203**	170,233
Cash provided by operating activities	**104,632**	80,084	**221,710**	203,033
Cash provided by financing activities	**43,761**	42,046	**75,720**	53,716
Cash used in investing activities	**(130,903)**	(95,230)	**(265,142)**	(203,149)
Segmented Financial Highlights [1]				
Advantage Energy Ltd.				
Adjusted funds flow	**88,797**	88,892	**209,986**	210,019
per basic share [2]	**0.53**	0.53	**1.26**	1.26
per diluted share [3]	**0.52**	0.52	**1.23**	1.24
Net capital expenditures	**88,063**	48,840	**212,291**	143,011
Free cash flow - surplus (deficit)	**734**	40,052	**(14,242)**	63,008
Bank indebtedness	**397,896**	440,957	**397,896**	440,957
Net debt	**560,248**	569,859	**560,248**	569,859
Entropy Inc.				
Adjusted funds flow	**(5,837)**	(3,645)	**(9,273)**	(6,130)
per basic share [2]	**(0.03)**	(0.02)	**(0.06)**	(0.04)
per diluted share [3]	**(0.03)**	(0.02)	**(0.05)**	(0.04)
Net capital expenditures	**38,044**	18,448	**82,788**	38,264
Free cash flow - surplus (deficit)	**(43,881)**	(22,093)	**(92,061)**	(44,394)
Net debt	**368,664**	147,606	**368,664**	147,606

(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 June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Operating				
Production				
Crude oil (bbls/d)	**7,495**	7,627	**7,591**	8,055
Condensate (bbls/d)	**1,692**	848	**1,448**	935
NGLs (bbls/d)	**3,463**	3,404	**3,348**	3,583
Total liquids (bbls/d)	**12,650**	11,879	**12,387**	12,573
Natural gas (Mcf/d)	**347,770**	397,379	**381,456**	410,118
Total production (boe/d)	**70,611**	78,108	**75,964**	80,925
Average realized prices (including realized derivatives)				
Natural gas ($/Mcf)	**2.56**	2.70	**3.16**	3.00
Liquids ($/bbl)	**97.12**	79.96	**88.89**	83.41
Operating Netback ($/boe) [2]				
Natural gas and liquids sales	**30.50**	23.16	**29.30**	26.38
Realized gains (losses) on derivatives	**(0.51)**	2.77	**1.07**	1.79
Net sales of purchased natural gas	**0.40**	-	**0.19**	-
Royalty expense	**(3.72)**	(1.86)	**(2.81)**	(2.34)
Operating expense	**(5.78)**	(4.81)	**(5.65)**	(4.71)
Transportation expense	**(4.11)**	(4.03)	**(4.02)**	(4.04)
Operating netback	**16.78**	15.23	**18.08**	17.08

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

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

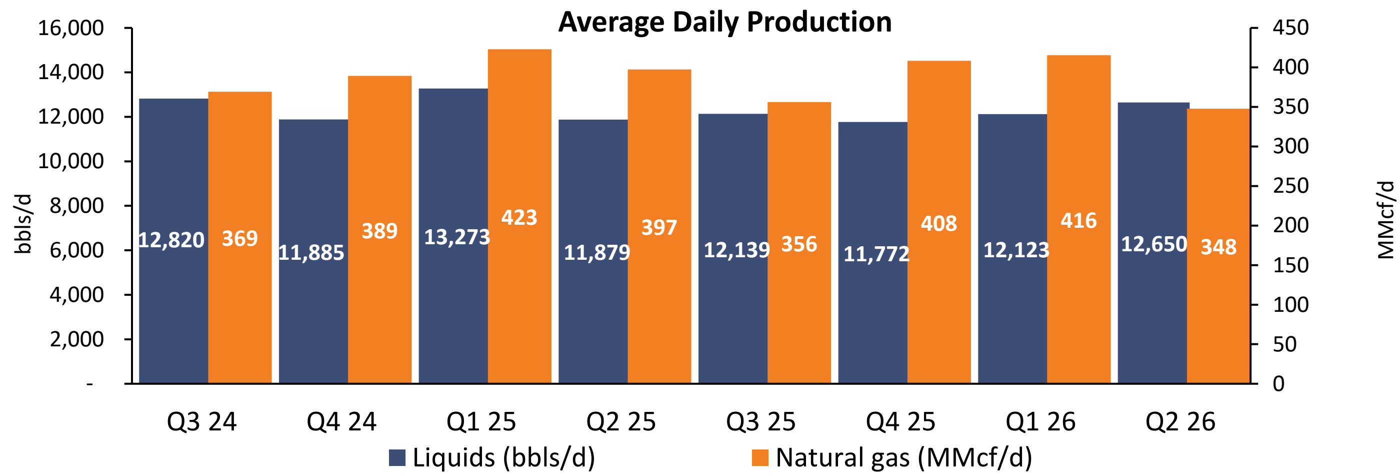
Advantage 2026 Guidance

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

The Corporation remains on track to achieve its full year total production and expense guidance. The planned 21-day turnaround at the Glacier Gas Plant was completed during the second quarter of 2026, temporarily reducing production and increasing per unit operating expense. Following the commissioning of the Progress Gas Plant and completion of the Glacier Gas Plant turnaround, production increased and exited the second quarter at approximately 90,000 boe/d. The Corporation's 2026 guidance remains unchanged, with production expected to average approximately 90,000 boe/d during the second half of 2026.

Production

Average Daily Production	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Crude oil (bbls/d)	7,495	7,627	(2)	7,591	8,055	(6)
Condensate (bbls/d)	1,692	848	100	1,448	935	55
NGLs (bbls/d)	3,463	3,404	2	3,348	3,583	(7)
Total liquids (bbls/d)	**12,650**	**11,879**	**6**	**12,387**	**12,573**	**(1)**
Natural gas (Mcf/d)	347,770	397,379	(12)	381,456	410,118	(7)
Total production (boe/d)	**70,611**	**78,108**	**(10)**	**75,964**	**80,925**	**(6)**
Liquids (% of total production)	18	15		16	16	
Natural gas (% of total production)	82	85		84	84	



For the three and six months ended June 30, 2026, Advantage's total production averaged 70,611 and 75,964 boe/d, respectively, decreases of 10% and 6% compared to the same periods of the prior year. Production decreased due to the planned 21-day turnaround at the Glacier Gas Plant during May and June. The turnaround was completed successfully and on schedule, with production exiting the second quarter at approximately 90,000 boe/d. Advantage expects total production to average approximately 90,000 boe/d for the second half of 2026.

Natural gas production for the three and six months ended June 30, 2026 averaged 347.8 and 381.5 MMcf/d, respectively, decreases of 12% and 7% compared to the same periods of the prior year. Advantage's natural gas production decreased primarily due to the planned 21-day turnaround at the Glacier Gas Plant during the second quarter of 2026. This impact was partially offset by strong first quarter production and continued development at Glacier/Valhalla, including the contribution from 11.6 net Montney wells brought on production during the first half of 2026 (see "Cash Used in Investing Activities and Net Capital Expenditures").

Liquids production for the three and six months ended June 30, 2026 averaged 12,650 bbls/d and 12,387 bbls/d, an increase of 6% in the three-month period and a decrease of 1% in the six-month period, respectively, compared to the prior year. Liquids production increased in the three-month period due to a full quarter of production from 5.0 net Charlie Lake wells placed on production (see "Cash Used in Investing Activities and Net Capital Expenditures").

The Corporation remains on track to achieve full-year 2026 production guidance of 81,000 to 85,000 boe/d (see "Advantage 2026 Guidance").

Commodity Prices and Marketing

Average Realized Prices [2]	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Natural gas						
Excluding derivatives ($/Mcf)	2.07	2.35	(12)	2.62	2.77	(5)
Including derivatives ($/Mcf)	2.56	2.70	(5)	3.16	3.00	5
Liquids						
Crude oil ($/bbl)	129.28	82.85	56	111.58	89.02	25
Condensate ($/bbl)	128.82	84.56	52	115.56	91.72	26
NGLs ($/bbl)	71.38	50.52	41	63.81	55.19	16
Total liquids excluding derivatives ($/bbl)	113.37	73.71	54	99.14	79.58	25
Total liquids including derivatives ($/bbl)	97.12	79.96	21	88.89	83.41	7
Average Benchmark Prices						
Natural gas [1]						
AECO daily ($/Mcf)	1.63	1.69	(4)	1.82	1.92	(5)
Empress daily ($/Mcf)	1.62	2.00	(19)	2.07	2.22	(7)
Henry Hub ($US/MMbtu)	2.89	3.44	(16)	3.92	3.55	10
Emerson daily ($US/MMbtu)	1.50	1.66	(10)	2.11	2.29	(8)
Dawn daily ($US/MMbtu)	2.55	2.88	(11)	3.48	3.37	3
Chicago Citygate ($US/MMbtu)	2.43	2.81	(14)	3.86	3.36	15
Liquids						
WTI ($US/bbl)	92.85	63.71	46	82.57	67.55	22
MSW Edmonton ($/bbl)	131.94	84.22	57	113.00	89.76	26
Average Exchange rate ($US/$CAD)	0.7228	0.7226	-	0.7259	0.7097	2

[1] GJ converted to Mcf on the basis of 1 Mcf = 1.055056 GJ and 1 Mcf = 1 MMbtu.

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

Natural gas

Advantage's realized natural gas price excluding derivatives for the three and six months ended June 30, 2026, was $2.07/Mcf and $2.62/Mcf, respectively, decreases of 12% and 5% compared to the same periods of the prior year. This decrease was attributed to lower benchmark prices in most markets that Advantage physically delivers to, partially offset by modestly stronger benchmark prices at Dawn and Chicago during the six-month period. Western Canadian gas markets have remained weak in 2026 due to the mild prior winter weather and robust supply and inventory levels. AECO prices have remained weak into the third quarter of 2026, a situation we expect to persist through the remainder of the summer. Advantage has continued to benefit from its successful market diversification and financial risk management strategy, with direct AECO exposure accounting for approximately 12% and 16% of natural gas production for the remainder of 2026 and 2027, respectively. In contrast, Eastern Canada and US natural gas benchmark prices remained stronger than AECO despite declining relative to the prior year during the three-month period, supported by North American liquefied natural gas demand.

Advantage's physical natural gas exposure consists of the AECO, Empress, Emerson, Dawn, and Chicago markets. Additionally, the Corporation delivers 25,000 MMbtu/d under a long-term natural gas supply agreement and receives a PJM electricity-based spark-spread price, less tolls. Advantage's physical natural gas market diversification strategy has proven highly valuable, with deliveries to downstream markets generating approximately $36 million of incremental revenue above AECO pricing, net of associated transportation costs (see "Transportation Expense"), for the six months ended June 30, 2026. With Canadian natural gas prices remaining weak, Advantage expects to continue to realize significant benefit from its market diversification arrangements through the remainder of 2026.

Commodity Prices and Marketing (continued)

The following table summarizes the Corporation's physical natural gas market exposure, for both the six months ended June 30, 2026, and on a forward-looking basis for 2026, excluding hedging.

	Six months ended June 30, 2026		Forward-looking 2026 [2]	
Sales Markets	**Production (MMcf/d) [1]**	**Percentage of Natural Gas Production (%)**	**Effective production (MMcf/d) [1]**	**Percentage of Natural Gas Production (%)**
AECO	179.5	47%	185.8	44%
AECO Other [4]	32.5	9%	49.4	12%
Empress	49.0	13%	67.6	16%
Emerson	26.8	7%	26.8	6%
Dawn	52.7	14%	52.7	12%
Chicago	16.0	4%	16.0	4%
PJM power price [5]	25.0	6%	25.0	6%
Total	**381.5**	**100%**	**423.3** [3]	**100%**

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

(2) Natural gas market exposure based on contracts in-place at June 30, 2026.

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

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

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

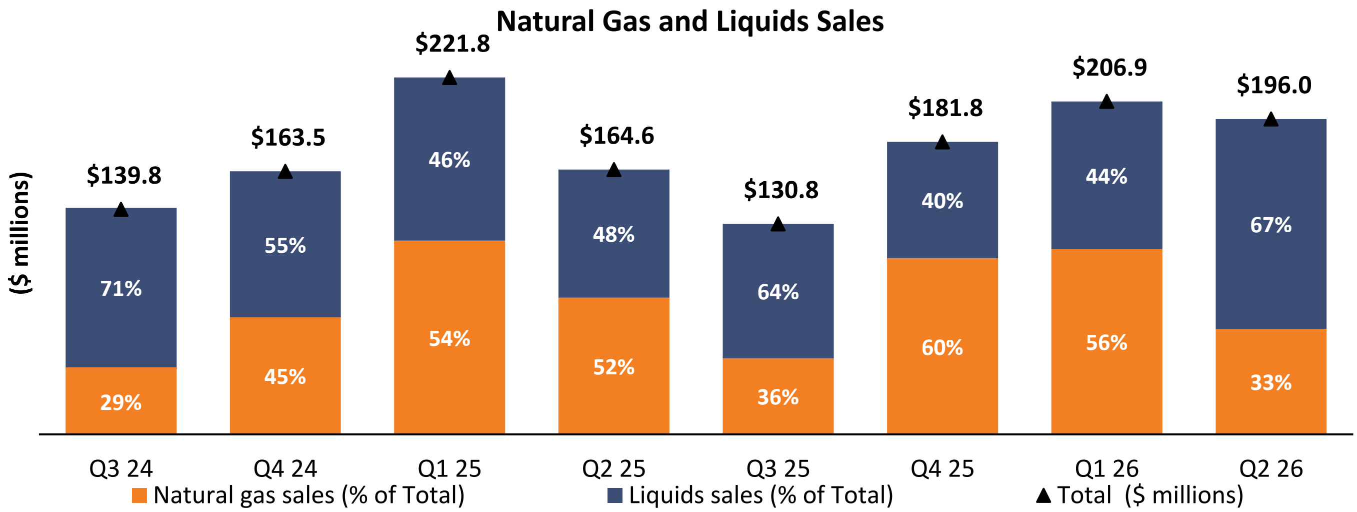
Liquids

Advantage’s realized liquids price excluding derivatives for the three and six months ended June 30, 2026, was \$113.37/bbl and \$99.14/bbl, respectively, increases of 54% and 25% compared to the same periods of the prior year. The price that Advantage receives for crude oil and condensate production is largely driven by global supply and demand and the Edmonton light sweet oil and condensate price differentials. The first half of 2026 saw increased volatility in liquids pricing due to the conflict in the Middle East, causing widespread disruption to energy flows, resulting in the price of global oil benchmarks to rise significantly. Liquids pricing is expected to experience higher volatility as long as the conflict remains unresolved and global trade is disrupted.

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

Natural Gas and Liquids Sales

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Crude oil	88,176	57,501	53	153,312	129,788	18
Condensate	19,835	6,525	204	30,288	15,522	95
NGLs	22,493	15,649	44	38,669	35,792	8
Liquids	**130,504**	**79,675**	**64**	**222,269**	**181,102**	**23**
Natural gas	65,460	84,918	(23)	180,617	205,281	(12)
Natural gas and liquids sales	**195,964**	**164,593**	**19**	**402,886**	**386,383**	**4**
per boe	30.50	23.16	32	29.30	26.38	11



Natural gas and liquids sales for the three and six months ended June 30, 2026, increased by $31.4 million, or 19%, and $16.5 million, or 4%, respectively, compared to the same periods of the prior year.

For the three and six months ended June 30, 2026, natural gas sales decreased by $19.5 million, or 23%, and $24.7 million, or 12%, respectively, compared to the same periods of the prior year. The decreases are due to a 12% and 5% decrease in average realized natural gas prices (see "Commodity Prices and Marketing") for the three and six-month periods, accompanied by a decrease of 12% and 7% in natural gas production volumes for the same periods (see "Production").

For the three and six months ended June 30, 2026, liquids sales increased by $50.8 million, or 64%, and $41.2 million, or 23%, respectively, compared to the same periods of the prior year. The increases in both periods were due to a 54% and 25% increase in average realized liquids prices for the three and six-month periods (see "Commodity Prices and Marketing"), and a 6% increase in liquids volumes for the three-month period (see "Production").

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. Under the Corporation's new covenant-based credit facility, Advantage is no longer subject to lender-imposed restrictions on the amount, duration or type of hedging activities it may undertake, provided such activities are conducted in accordance with the Corporation's Board-approved hedging policy and for risk management purposes (see "Bank Indebtedness, Credit Facilities and Working Capital").

The Corporation enters into financial risk management derivative contracts to manage its exposure to commodity price risk and foreign exchange risk. A summary of realized and unrealized derivative gains and losses for the three and six months ended June 30, 2026, and 2025 are as follows:

	Three months ended June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Realized gains (losses) on derivatives				
Natural gas	15,067	11,943	30,978	15,423
Crude oil	(18,700)	6,763	(22,978)	8,705
Foreign exchange	(7)	249	(7)	(171)
Natural gas embedded derivative	394	726	6,732	2,249
Total	**(3,246)**	**19,681**	**14,725**	**26,206**
Unrealized gains (losses) on derivatives				
Natural gas	(3,694)	52,608	26,176	(5,440)
Crude oil	31,503	5,005	(3,023)	3,009
Foreign exchange	(940)	891	(961)	1,237
Natural gas embedded derivative	6,489	15,090	2,168	(16,333)
Unsecured debentures	2,949	(718)	587	493
Total	**36,307**	**72,876**	**24,947**	**(17,034)**
Gains (losses) on derivatives				
Natural gas	11,373	64,551	57,154	9,983
Crude oil	12,803	11,768	(26,001)	11,714
Foreign exchange	(947)	1,140	(968)	1,066
Natural gas embedded derivative	6,883	15,816	8,900	(14,084)
Unsecured debentures	2,949	(718)	587	493
Total	**33,061**	**92,557**	**39,672**	**9,172**

Financial Risk Management (continued)

Natural gas

For the three and six months ended June 30, 2026, Advantage realized gains on natural gas derivatives of $15.1 million and $31.0 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices.

Advantage recognized an unrealized loss on natural gas derivatives of $3.7 million and an unrealized gain of $26.2 million, respectively, for the three and six months ended June 30, 2026. Unrealized gains and losses are a result of changes in the fair value of the Corporation's outstanding natural gas derivative contracts accompanied with the settlement of contracts in their respective periods. For the three-month period the change in the valuation of the Corporation's natural gas derivative contracts was impacted due to realized gains on settlements of the contracts, partially offset by new natural gas contracts entered into the period that are in an asset position as at June 30, 2026. The change in the fair value of our outstanding natural gas derivative contracts for the six-month period was significantly impacted by a decrease in forward strip prices at both AECO and Dawn resulting in a large asset position of the Corporation's natural gas derivative contracts at June 30, 2026.

Crude oil

For the three and six months ended June 30, 2026 Advantage realized losses on crude oil derivatives of $18.7 million and $23.0 million, respectively, due to the settlement of contracts with average derivative contract prices that were below average market prices. The losses on crude oil derivatives contracts was driven by the conflict in the Middle East which resulted in high benchmark oil prices (see "Commodity Prices and Marketing").

Advantage recognized unrealized gains on crude oil derivatives of $31.5 million and an unrealized loss of $3.0 million for the three and six-month periods ended June 30, 2026. The unrealized gain is due to the settlement of contracts during the period while the unrealized loss is due to an increase in forward strip prices of WTI during the first half of 2026, partially offset by the settlement of contracts 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 to 2035. Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage exposure to PJM electricity prices. The Corporation realizes gains or losses on the embedded derivative when the realized settlement price differs from the host contract price. For the three and six months ended June 30, 2026, PJM electricity prices were stronger than the price assigned to the host contract, resulting in a realized gain of $0.4 million and $6.7 million, respectively. For the three and six months ended June 30, 2026, the Corporation recognized unrealized gains on its natural gas embedded derivative of $6.5 million and $2.2 million resulting from changes in the fair value, driven primarily by an increase in the forward electricity price curve as at June 30, 2026.

Unsecured debentures derivative

Entropy has issued unsecured debentures that have exchange features that meet the definition of a derivative liability, as the exchange features allow the unsecured debentures to be potentially exchanged for a variable number of Entropy common shares (see "Unsecured Debentures"). The Corporation will record unrealized gains (losses) as the valuation of the conversion option changes. For the three and six months ended June 30, 2026, the Entropy unsecured debentures derivative liability resulted in an unrealized gain of $2.9 million and $0.6 million, respectively, due to changes in the value of the conversion option.

Financial Risk Management (continued)

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

As at June 30, 2026 and July 30, 2026, the Corporation had the following commodity and foreign exchange derivative contracts in place:

Description of derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	July 2026 to October 2026	225,107 Mcf/d	$2.44/Mcf
Fixed price swap	November 2026 to March 2027	184,824 Mcf/d	$3.10/Mcf
Fixed price swap	April 2027 to October 2027	142,173 Mcf/d	$2.60/Mcf
Fixed price swap	November 2027 to March 2028	118,477 Mcf/d	$2.80/Mcf
Fixed price swap	April 2028 to October 2028	113,738 Mcf/d	$2.68/Mcf
Fixed price swap	November 2028 to March 2029	94,782 Mcf/d	$2.69/Mcf
Natural gas - Dawn			
Fixed price swap	July 2026 to October 2026	9,478 Mcf/d	$4.53/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	$4.25/Mcf
Crude oil - WTI NYMEX			
Fixed price swap	July 2026 to December 2026	5,000 bbls/d	US $65.49/bbl
Fixed price swap	January 2027 to June 2027	3,500 bbls/d	US $68.53/bbl
Fixed price swap	July 2027 to December 2027	3,000 bbls/d	US $68.64/bbl

Description of derivative	Term	Notional Amount	Rate
Forward rate - CAD/USD			
Average rate currency swap	July 2026 to December 2026	US $ 3,000,000/month	1.382
Average rate currency swap	January 2027 to March 2027	US $ 2,000,000/month	1.381
Average rate currency swap	April 2027 to June 2027	US $ 1,000,000/month	1.380

Net Sales of Purchased Natural Gas

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Sales of purchased natural gas	8,409	-	nm	8,409	-	nm
Natural gas purchases	(5,834)	-	nm	(5,834)	-	nm
Net sales of purchased natural gas	**2,575**	**-**	**nm**	**2,575**	**-**	**nm**
per boe	0.40	-	nm	0.19	-	nm

During the second quarter of 2026, Advantage purchased natural gas volumes to satisfy physical sales commitments during the planned turnaround at the Glacier Gas Plant.

Royalty Expense

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Royalty expense	23,890	13,256	80	38,604	34,335	12
per boe	3.72	1.86	100	2.81	2.34	20
Royalty rate (%)(1)	12.2	8.1	4.1	9.6	8.9	0.7

(1) Percentage of natural gas and liquids sales.

For the three and six months ended June 30, 2026, royalty expense increased due to higher natural gas and liquids sales, with liquids royalties accounting for the majority of the increase (see "Natural Gas and Liquids Sales"). Liquids royalty expense increased primarily due to higher average oil par prices, which are a key determinant of royalty rates. As liquids production generally attracts higher royalty rates than natural gas, the Corporation's significantly increased liquids contribution to sales combined with the stronger oil prices has contributed to higher royalty expense and royalty rates.

Advantage expects royalty rates to range from 6% to 8% in 2026, with rates currently trending at the top of the range due to stronger liquids pricing (see "Advantage 2026 Guidance").

Operating Expense

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Advantage operating expense	37,133	34,191	9	77,617	69,071	12
per boe	5.78	4.81	20	5.65	4.71	20
Entropy operating expense	579	727	(20)	1,154	1,350	(15)
Operating expense	**37,712**	**34,918**	**8**	**78,771**	**70,421**	**12**

Operating expense for Advantage’s natural gas and liquids operations for the three and six months ended June 30, 2026, increased by $2.9 million and $8.5 million, respectively, increases of 9% and 12%. Operating expense per boe for the three and six months ended June 30, 2026 was $5.78/boe and $5.65/boe, respectively. Operating costs per boe increased from both the prior year and the first quarter of 2026, primarily due to the planned Glacier Gas Plant turnaround, which reduced production substantially for 21 days (see "Production"). Compared to the prior year, operating costs were also impacted by the commencement of new third-party natural gas processing commitments in the second half of 2025 and non-operated Charlie Lake production coming on stream during the period. Processing income is included within operating expense as such activity has become insignificant given the efficient utilization of Advantage's facilities for its own production.

Operating Expense (continued)

The Corporation remains on track to meet its full year operating expense guidance of $5.25 to $5.85 per boe, with anticipated production of approximately 90,000 boe/d in the second half of 2026 supporting lower unit operating costs to approximately $5.00 per boe in the second half of 2026.

Operating expense for Entropy for the three and six months ended June 30, 2026, was comparable to the prior periods.

Transportation Expense

	Three months ended June 30		%	Six months ended June 30		%
($000, except as otherwise indicated)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Natural gas	20,233	23,706	(15)	43,177	48,789	(12)
Liquids	6,166	4,947	25	12,097	10,437	16
Transportation expense	**26,399**	**28,653**	**(8)**	**55,274**	**59,226**	**(7)**
per boe	4.11	4.03	2	4.02	4.04	-

Transportation expense for the three and six months ended June 30, 2026, decreased by $2.3 million and $4.0 million, or 8% and 7 %, respectively. The decrease in transportation expense is due to lower natural gas transportation cost due to lower production from the planned Glacier Gas Plant turnaround, partially offset from higher liquids transportation cost from increased fuel surcharges due to significantly higher oil prices and additional firm service liquids pipeline capacity which started in April 2026 (see "Production "). Transportation cost per boe was comparable to the prior periods.

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

Operating Income and Operating Netback

	Three months ended June 30			
	2026		**2025**	
	$000	**per boe**	**$000**	**per boe**
Natural gas and liquids sales	195,964	30.50	164,593	23.16
Realized gains (losses) on derivatives	(3,246)	(0.51)	19,681	2.77
Net sales of purchased natural gas	2,575	0.40	-	-
Royalty expense	(23,890)	(3.72)	(13,256)	(1.86)
Operating expense	(37,133)	(5.78)	(34,191)	(4.81)
Transportation expense	(26,399)	(4.11)	(28,653)	(4.03)
Operating income and operating netback [1]	**107,871**	**16.78**	**108,174**	**15.23**

Operating Income and Operating Netback (continued)

	Six months ended June 30			
	2026		2025	
	$000	per boe	$000	per boe
Natural gas and liquids sales	402,886	29.30	386,383	26.38
Realized gains on derivatives	14,725	1.07	26,206	1.79
Net sales of purchased natural gas	2,575	0.19	-	-
Royalty expense	(38,604)	(2.81)	(34,335)	(2.34)
Operating expense	(77,617)	(5.65)	(69,071)	(4.71)
Transportation expense	(55,274)	(4.02)	(59,226)	(4.04)
Operating income and operating netback [(1)]	**248,691**	**18.08**	**249,957**	**17.08**

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

For the three and six months ended June 30, 2026, Advantage's operating netback was $16.78/boe and $18.08/boe, respectively, an increase of $1.55/boe for the three-month period and an increase of $1.00/boe for the six-month period. The increase was primarily driven by natural gas and liquids sales, particularly from stronger liquids prices (see "Commodity Prices and Marketing"), partially offset by higher royalty expense associated with the higher liquids prices (see "Royalty Expense"), realized losses or lower realized gains on derivatives (see "Financial Risk Management"), and temporarily higher operating expenses per boe due to lower production during the planned 21-day turnaround at the Glacier Gas Plant (see "Operating Expense").

General and Administrative Expense

	Three months ended June 30		%	Six months ended June 30		%
($000, except as otherwise indicated)	**2026**	**2025**	**Change**	**2026**	**2025**	**Change**
Advantage G&A	9,998	6,932	44	20,786	15,783	32
Capitalized	(1,410)	(1,473)	(4)	(3,798)	(3,019)	26
Advantage G&A expense	8,588	5,459	57	16,988	12,764	33
per boe	1.34	0.77	74	1.24	0.87	43
Entropy G&A expense	7,351	5,378	37	12,015	9,696	24
General and administrative expense	**15,939**	**10,837**	**47**	**29,003**	**22,460**	**29**
Employees at June 30				99	93	6

Advantage general and administrative ("**G&A**") expense for the three and six months ended June 30, 2026, increased compared to the prior year, driven by a modestly higher staff count consistent with business growth and one-time costs related to the conclusion of the strategic review process and executive transition. The increase in G&A expense per boe reflects the impact of these one-time costs and lower production resulting from the planned Glacier Gas Plant turnaround (see "Production"). G&A expense per boe is expected to trend lower in the second half of 2026 due to higher production levels following completion of the turnaround and commissioning of the Progress Gas Plant. Advantage remains on track to achieve its annual guidance range of $0.70 to $0.90 per boe, currently toward the upper end of the range (see "Advantage 2026 Guidance").

Entropy G&A expense increased primarily due to higher staff levels required to support continued business development and the implementation of separate long-term incentive plans for Entropy employees, which are non-recourse to Advantage.

Share-based Compensation Expense

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Share-based compensation	360	3,182	(89)	4,494	5,217	(14)
Capitalized	(125)	(564)	(78)	(1,132)	(917)	23
Share-based compensation expense	**235**	**2,618**	**(91)**	**3,362**	**4,300**	**(22)**
per boe	0.04	0.37	(89)	0.24	0.29	(17)

The Corporation recognized $0.4 million and $4.5 million of share-based compensation during the three and six months ended June 30, 2026, and capitalized $0.1 million and $1.1 million, respectively. Share-based compensation can vary materially as performance multiplier estimates for outstanding Performance Share Units are revised and actual performance multipliers are realized upon vesting. Share-based compensation expense for the three and six months ended June 30, 2026 was lower than the prior year primarily due to increased forfeitures.

Finance Expense

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Advantage interest expense	10,154	12,745	(20)	20,764	25,304	(18)
per boe	1.58	1.79	(12)	1.51	1.73	(13)
Advantage accretion expense	1,454	1,313	11	2,868	2,603	10
Advantage finance expense	11,608	14,058	(17)	23,632	27,907	(15)
Entropy finance expense	2,953	2,041	45	5,630	3,360	68
Finance expense	**14,561**	**16,099**	**(10)**	**29,262**	**31,267**	**(6)**

Advantage realized lower interest expense during the three and six months ended June 30, 2026, primarily due to lower interest rates and decreased average outstanding bank indebtedness as compared to 2025. Interest on bank indebtedness is based on short-term loans plus fees and determined by senior debt to the trailing four quarters earnings before interest, taxes, depreciation and amortization ("**EBITDA**") ratio as calculated pursuant to our Credit Facilities (see "Bank Indebtedness, Credit Facilities and Working Capital"). Interest on convertible debentures is fixed at 5% and paid semi-annually (see "Convertible Debentures").

Entropy finance expense increased during the three and six months ended June 30, 2026, due to an increased average outstanding aggregate principal amount of unsecured debentures associated with investors financing of the Glacier Phase 2 CCS project, and other carbon capture related projects. Entropy funds its projects by issuing unsecured debentures to third-party investors with committed capital. The unsecured debentures are non-recourse to Advantage, which does not provide any financing to Entropy (see "Unsecured Debentures").

Depreciation and Amortization Expense

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Advantage depreciation	52,719	55,104	(4)	110,507	114,385	(3)
per boe	8.20	7.75	6	8.04	7.81	3
Entropy depreciation and amortization	1,577	973	62	3,090	1,933	60
Depreciation and amortization expense	**54,296**	**56,077**	**(3)**	**113,597**	**116,318**	**(2)**

The decrease in depreciation expense during the three and six months ended June 30, 2026 is attributable to lower production compared to the prior year (see "Production"). Depreciation expense per boe increased slightly due to the impact from lower production as Advantage's natural gas plants are depreciated on a straight-line basis.

Income Taxes

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Income tax expense	15,642	23,962	(35)	28,188	16,950	66
Effective tax rate (%)	26.0	25.0	1.0	27.8	28.5	(0.7)

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and six months ended June 30, 2026, the Corporation recognized a deferred income tax expense of $15.6 million and $28.2 million, respectively. The expense for the three and six months ended June 30, 2026, is a result of income before taxes and non-controlling interest of $60.1 million and $101.4 million combined with non-deductible share-based compensation expense, and valuation allowances currently applied against Entropy's non-capital losses. As at June 30, 2026, the Corporation had a deferred income tax liability of $306.1 million.

Net Income and Comprehensive Income Attributable to Advantage Shareholders

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	% Change	Six months ended June 30 2026	2025	% Change
Net income and comprehensive income attributable to Advantage shareholders	45,114	72,502	(38)	74,642	43,478	72
per basic share ($/share)	0.27	0.43	(37)	0.45	0.26	73
per diluted share ($/share)	0.26	0.41	(37)	0.44	0.26	69

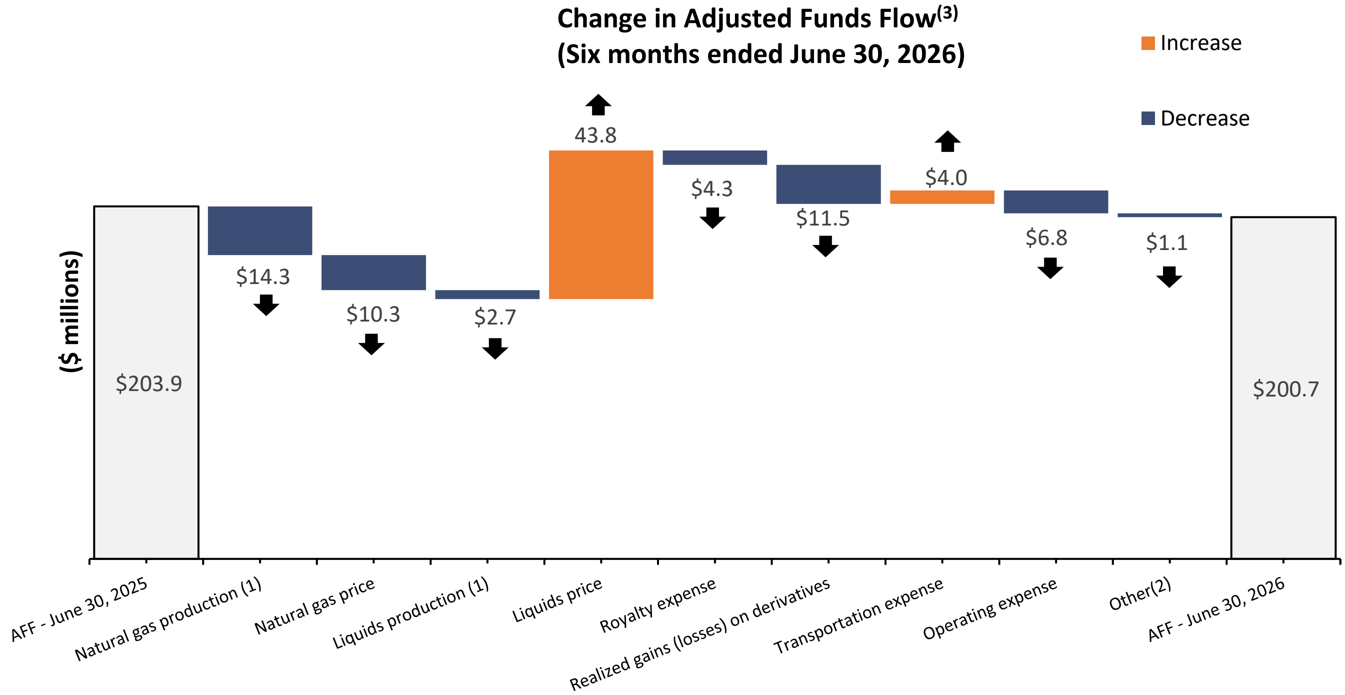
Advantage recognized net income attributable to Advantage shareholders of $45.1 million and $74.6 million for the three and six months ended June 30, 2026, respectively. For the three-month period, net income decreased primarily due to significantly lower gains on derivatives as compared to 2025 (see "Financial Risk Management"), partially offset by higher natural gas and liquids sales resulting from stronger liquids prices (see "Natural Gas and Liquids Sales"), net of the associated increase in royalty expense (see "Royalty Expense"). For the six-month period, net income increased due to higher natural gas and liquids sales driven by stronger liquids prices, partially offset by higher royalty and operating expenses (see "Royalty Expense" and "Operating Expense"), and further supported by higher gains on derivatives (see "Financial Risk Management").

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

($000, except as otherwise indicated)	Three months ended June 30 2026	2025	Six months ended June 30 2026	2025
Cash provided by operating activities	104,632	80,084	221,710	203,033
Expenditures on decommissioning liability	744	1,170	1,365	2,563
Changes in non-cash working capital	(22,416)	3,993	(22,362)	(1,707)
Adjusted funds flow [(1)]	**82,960**	**85,247**	**200,713**	**203,889**
Advantage adjusted funds flow [(1)]	88,797	88,892	209,986	210,019
per basic share [(1)]	0.53	0.53	1.26	1.26
per diluted share [(1)]	0.52	0.52	1.23	1.24
per boe [(1)]	13.82	12.51	15.27	14.34
Entropy adjusted funds flow [(1)]	(5,837)	(3,645)	(9,273)	(6,130)

(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 current period change in production.

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

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

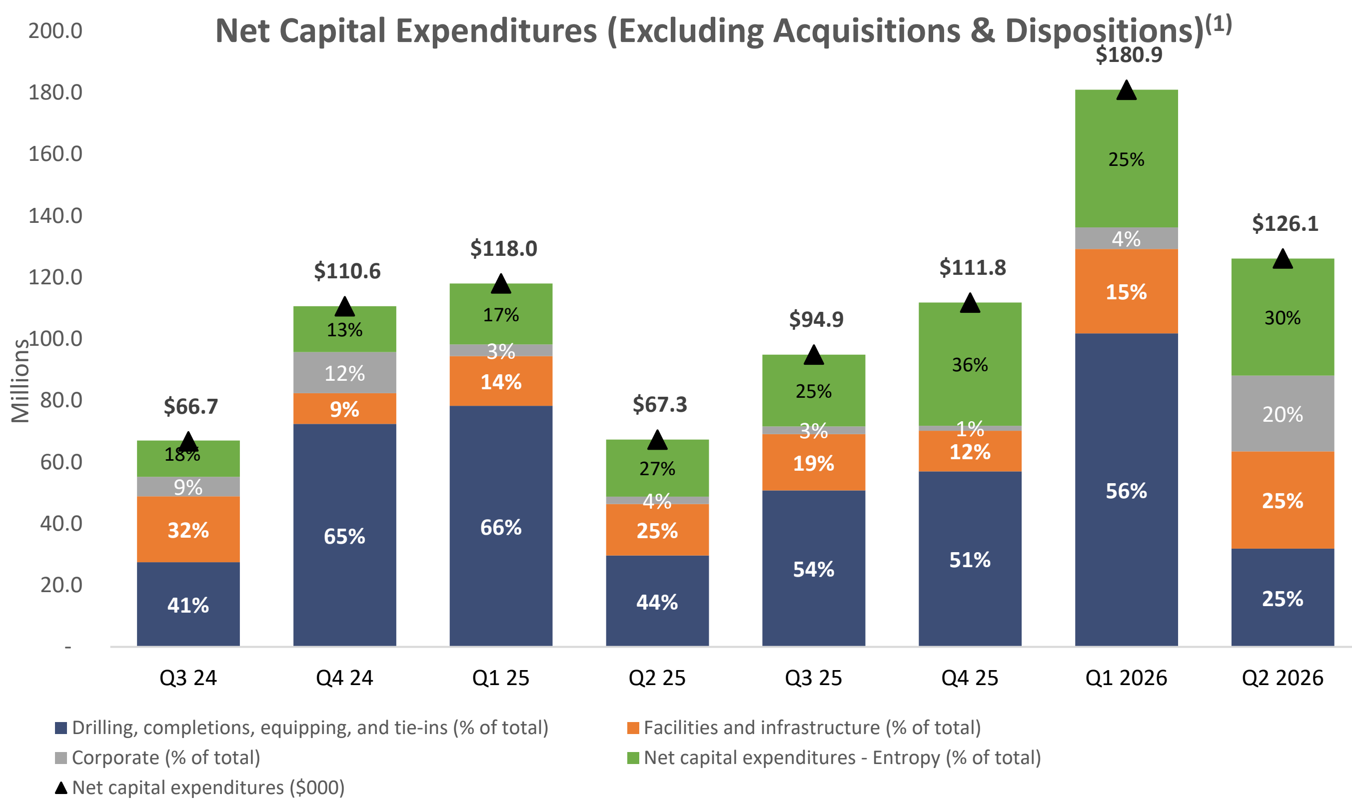
For the three and six months ended June 30, 2026, cash provided by operating activities was $104.6 million and $221.7 million, increases of $24.5 million and $18.7 million, respectively, compared to the same periods of the prior year. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, adjusted funds flow was $83.0 million and $200.7 million, decreases of $2.3 million and $3.2 million, respectively, from the same periods of the prior year. Advantage's adjusted funds flow was largely unchanged from the comparable 2025 periods, as lower production associated with the planned Glacier Gas Plant turnaround, lower natural gas prices and lower realized gains on derivatives (see "Production" and "Financial Risk Management") were substantially offset by stronger liquids pricing, net of the associated increase in royalty expense (see "Commodity Prices and Marketing" and "Royalty Expense").

Cash Used in Investing Activities and Net Capital Expenditures

($000)	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Drilling, completions, equipping and tie-ins	31,889	29,727	133,669	107,999
Facilities and infrastructure	31,564	16,697	58,937	32,841
Corporate [(2)]	24,610	2,416	31,622	6,171
Exploration and development expenditures	**88,063**	**48,840**	**224,228**	**147,011**
Asset dispositions	-	-	(11,937)	(4,000)
Net capital expenditures – Advantage [(1)]	**88,063**	**48,840**	**212,291**	**143,011**
Carbon capture and storage facilities	37,895	18,280	82,492	37,994
Intangible assets	149	168	296	270
Net capital expenditures - Entropy [(1)]	**38,044**	**18,448**	**82,788**	**38,264**
Net capital expenditures [(1)]	**126,107**	**67,288**	**295,079**	**181,275**
Changes in non-cash working capital	1,041	27,942	(33,692)	21,874
Investment in other assets	3,755	-	3,755	-
Cash used in investing activities	**130,903**	**95,230**	**265,142**	**203,149**

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

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



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

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

Advantage

Advantage incurred $88.1 million and $224.2 million of exploration and development expenditures for the three and six months ended June 30, 2026, representing over 70% of its 2026 capital budget (based on guidance) reflecting a capital budget that was significantly weighted to the first half of 2026. The following table summarizes wells drilled, completed and on production for the three and six months ended June 30, 2026:

	Three months ended June 30, 2026						Six months ended June 30, 2026					
	Drilled		Completed		On production		Drilled		Completed		On production	
(# of wells)	**Gross**	**(Net)**	**Gross**	**(Net)**	**Gross**	**(Net)**	**Gross**	**(Net)**	**Gross**	**(Net)**	**Gross**	**(Net)**
Glacier	-	-	3	(2.9)	4	(4.0)	11	(10.8)	10	(9.5)	9	(8.6)
Valhalla	-	-	-	-	-	-	-	-	3	(3.0)	3	(3.0)
Wembley	2	(2.0)	-	-	-	-	2	(2.0)	-	-	-	-
Progress	-	-	-	-	-	-	-	-	-	-	-	-
Montney	**2**	**(2.0)**	**3**	**(2.9)**	**4**	**(4.0)**	**13**	**(12.8)**	**13**	**(12.5)**	**12**	**(11.6)**
Valhalla	-	-	-	-	-	-	1	(1.0)	5	(5.0)	5	(5.0)
Progress	-	-	-	-	-	-	-	-	-	-	-	-
Gordondale	-	-	-	-	-	-	-	-	-	-	-	-
Charlie Lake	-	-	-	-	-	-	1	(1.0)	5	(5.0)	5	(5.0)
Total	**2**	**(2.0)**	**3**	**(2.9)**	**4**	**(4.0)**	**14**	**(13.8)**	**18**	**(17.5)**	**17**	**(16.6)**

Montney Assets

Glacier

Advantage's 2026 capital program has initially been focused on drilling at our Glacier property, which consisted of 11 gross (10.8 net) wells drilled, 10 gross (9.5 net) wells completed, and 9 gross (8.6 net) wells brought on production. Production from this activity at Glacier is now replacing volumes previously flowing from the Valhalla and Progress areas to the Glacier Gas Plant, with those volumes having been successfully redirected to the Corporation's new Progress Gas Plant following its commissioning in the second quarter of 2026.

Well performance from the property continues to be strong and resilient. Of all Alberta Montney gas wells placed on production in 2025, Advantage had the top 9 wells with all 12 wells in the top 20, based on IP90 rates. Nine wells placed on production in the first half of 2026 demonstrated similarly strong performance, achieving average peak IP30 rates of 16.4 MMcf/d raw natural gas.

During the second quarter of 2026, the Corporation successfully completed a planned turnaround at the Glacier Gas Plant which lasted for 21 days. The Corporation also constructed a 12-inch pipeline loop of our gathering system in the SW portion of the field, which was commissioned in the first half of 2026, increasing capacity in this area to 100 MMcf/d and supporting further well development. A strategic 8-inch pipeline acquired in the first quarter of 2026, running from the Glacier plant gate to the NW portion of the field, was also placed in service in April, increasing capacity and reducing operating pressure across our entire gathering system connected to the plant.

Valhalla

During the first half of 2026, activity at our Valhalla property consisted of 3 gross (3.0 net) wells completed, and 3 gross (3.0 net) wells brought on production. These wells averaged peak IP30 rates of 1,375 boe/d sales and 44% overall liquid content (4.7 MMcf/d natural gas, 449 bbls/d condensate and 138 bbls/d NGLs). Continued positive well results support Management's view that our Valhalla Montney asset will continue to play a pivotal role in our liquids rich gas development plan.

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

Progress

At Progress, construction of the 75 MMcf/d Progress Gas Plant was successfully completed and commissioned in the second quarter of 2026. The facility was strategically brought online prior to the Glacier Gas Plant turnaround to minimize impacts to corporate production while maximizing high-value liquids from Valhalla and Progress. The Progress Gas Plant is expected to unlock significant synergies and growth through regional infrastructure integration and production optimization, resulting in lower operating costs and stronger operating netbacks. The Progress Gas Plant also provides incremental processing capacity to support the next phase of low-cost production growth at Glacier.

Following the successful completion of the Glacier Gas Plant turnaround and the commissioning of the Progress Gas Plant in the first half of 2026, production exited the second quarter at approximately 90,000 boe/d. Advantage expects second half 2026 production to average approximately 90,000 boe/d (86% natural gas), as volumes are increasingly processed through owned and operated facilities.

Wembley

In response to increased oil prices, Advantage redirected capital to our Wembley asset which consisted of 2 gross (2.0 net) wells drilled during the second quarter, with a third well drilled after June 30, 2026. Production from this drilling activity is expected to be online in the third quarter of 2026.

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 is a key contributor to our liquid-rich portfolio of Montney assets.

Charlie Lake Assets

Valhalla/Progress/Gordondale

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

Asset Dispositions

During the first quarter of 2026, Advantage closed an asset exchange agreement with a third party whereby it disposed of an interest in non-core Charlie Lake infrastructure in exchange for a strategic pipeline asset at Glacier, valued at $7 million, and cash consideration of $11.9 million. Over the last 24 months, Advantage has realized $27.4 million in total proceeds through the disposition of non-core assets acquired as part of its 2024 asset acquisition.

Entropy

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

Entropy invested $38.0 million and $82.8 million in net capital expenditures for the three and six months ended June 30, 2026, primarily attributable to equipment and construction costs associated with the Glacier Phase 2 CCS project. During the second quarter, Entropy successfully completed construction and commissioning of Glacier Phase 2, a first-of-a-kind project that integrates carbon capture, transportation and permanent storage across both power generation and compression facilities at Advantage's Glacier Gas Plant. Glacier Phase 2 is expected to materially reduce emissions from the Glacier Gas Plant while increasing total CO_2 capture and sequestration capacity to approximately 192,000 tonnes per annum.

Additional expenditures included front-end engineering and design studies for multiple prospective emitters in the United States and continued development of the Saskatchewan carbon hub that was brought on-line in the quarter.

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, $531.5 million or 56% is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to $412.8 million in additional transportation to diversify natural gas production to the Dawn, Empress, Emerson, and Chicago markets, with the objective of reducing price volatility and achieving higher operating netbacks (see "Transportation Expense"). Contractual obligations comprise those liabilities to third-parties incurred primarily for the purpose of financing Advantage's business and development, including our bank indebtedness.

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.

	Payments due by period						
($ millions)	**Total**	**2026 (6 months)**	**2027**	**2028**	**2029**	**2030**	**Beyond**
Building operating cost [1]	1.0	0.4	0.6	-	-	-	-
Processing	119.4	11.3	20.3	18.8	16.2	10.9	41.9
Transportation	944.2	55.0	112.1	103.2	94.5	91.7	487.7
Total commitments	**1,064.6**	**66.7**	**133.0**	**122.0**	**110.7**	**102.6**	**529.6**
Performance Awards	5.8	-	3.5	1.6	0.7	-	-
Lease liability	2.1	0.7	1.1	0.2	0.1	-	-
Financing liability	117.4	6.5	13.0	13.1	13.0	13.0	58.8
Bank indebtedness [2]							
- principal	400.0	-	-	-	400.0	-	-
- interest	61.2	10.2	20.4	20.4	10.2	-	-
Unsecured debentures [3]							
- principal	368.9	-	-	-	-	-	368.9
- interest	259.9	14.9	29.9	29.9	29.9	29.9	125.4
Convertible debentures [4]							
- principal	143.8	-	-	-	143.8	-	-
- interest	21.6	3.6	7.2	7.2	3.6	-	-
Total contractual obligations	**1,380.7**	**35.9**	**75.1**	**72.4**	**601.3**	**42.9**	**553.1**
Total future payments	**2,445.3**	**102.6**	**208.1**	**194.4**	**712.0**	**145.5**	**1,082.7**

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

(2) As at June 30, 2026 the Corporation's bank indebtedness was governed by the Credit Facilities, which have a three-year term maturing in June 2029 (see "Bank Indebtedness, Credit Facilities and Working Capital").

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

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

Liquidity and Capital Resources

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

($000, except as otherwise indicated)	June 30 2026	December 31 2025
Bank indebtedness	397,896	412,993
Convertible debentures (1)	143,750	143,750
Working capital deficit (surplus)	18,602	(7,651)
Net debt attributable to Advantage	**560,248**	**549,092**
Unsecured debentures (2)	368,906	254,421
Working capital deficit (surplus)	(242)	3,175
Net debt attributable to Entropy	**368,664**	**257,596**
Net debt (3)	**928,912**	**806,688**
Shares outstanding	167,435,718	166,941,610
Shares closing market price ($/share)	10.31	11.74
Market capitalization	**1,726,262**	**1,959,895**
Total capitalization	**2,655,174**	**2,766,583**

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

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

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

As at June 30, 2026, net debt for Advantage was $560.2 million and Entropy was $368.7 million. The first half of 2026 was capital intensive for Advantage, deploying over 72% of its 2026 capital budget (based on guidance), resulting in a marginal increase in net debt compared to December 31, 2025. The Corporation expects relatively low spending in the second half of 2026, which will support both debt reduction and share buybacks. Advantage has a $650 million Credit Facility of which $241.4 million, or 37% was available after deducting outstanding letters of credit of $8.6 million (see "Bank Indebtedness, Credit Facilities and Working Capital"). Debt to adjusted funds flow ratio excluding Entropy was 1.5. Advantage remains committed to its strategy of debt reduction and expects to make meaningful progress in the second half of 2026. 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 $111.1 million from December 31, 2025, due to drawing $102.0 million of unsecured debentures (see "Unsecured Debentures"), which were used to fund $82.8 million of net capital expenditures in the first half of 2026 (see "Cash Used in Investing Activities and Net Capital Expenditures"). Debentures issued by Entropy are funded by investors that have provided Entropy access to an aggregate of up to $500 million in committed capital, of which $332.0 million has been drawn and $32.5 million has been paid-in-kind and added to the aggregate balance of outstanding debentures as at June 30, 2026. Entropy funds its projects by issuing unsecured debentures that are non-recourse to Advantage, which does not provide any financing to Entropy. Additionally, Entropy has access to a maximum of $10 million of non-convertible unsecured debentures to fund certain other non-project expenditures, of which $4.0 million has been drawn and $0.4 million has been paid-in-kind and added to the aggregate balance of outstanding debentures as at June 30, 2026.

Liquidity and Capital Resources (continued)

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

Bank Indebtedness, Credit Facilities and Working Capital

As at June 30, 2026, Advantage had bank indebtedness outstanding of $397.9 million, a decrease of $15.1 million since December 31, 2025. The Corporation has $241.4 million, or 37%, of the credit facility available after deducting outstanding letters of credit of $8.6 million (December 31, 2025 - $8.4 million).

On June 30, 2026, Advantage transitioned to a covenant-based credit facility with its existing banking syndicate. Under the new credit facility, Advantage‘s borrowing capacity of $650 million remains unchanged, consisting of a $60 million operating facility with one financial institution and a $590 million facility with a syndicate of financial institutions, with a longer term of three years maturing in June 2029, and may be extended at Advantage’s request, subject to lender approval. The transition to a covenant-based structure reflects Advantage's increased scale, financial strength and sustainability and provides a more flexible financing platform, including lower borrowing costs relative to the prior reserve-based facility. The Credit Facility is secured by a $2.0 billion demand debenture.

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.

Under the terms of the Credit Facilities, Advantage is subject to the following financial covenants, which are tested at the end of each financial quarter. All financial covenants exclude amounts related to Entropy. At June 30, 2026, the Corporation was in compliance with all financial covenants as reported below:

Financial covenants	**Threshold**	**Reported**
Total debt to EBITDA	Not exceeding 4.0:1	**0.99:1**
Senior debt to EBITDA	Not exceeding 3.5:1	**0.99:1**
Interest coverage ratio	Not less than 2.5:1	**8.62:1**

EBITDA is defined as net income before interest expense, income taxes, depreciation and amortization expense, and other non-cash items, and is calculated on a trailing twelve-month basis. Total debt is inclusive of working capital (deficit) surplus, bank indebtedness, letters of credit and certain lease liabilities. Senior debt is defined as total debt less junior debt. Advantage had no junior debt outstanding as at June 30, 2026. Interest coverage ratio is defined as EBITDA to interest expense, calculated on a trailing twelve-month basis.

Bank Indebtedness, Credit Facilities and Working Capital (continued)

The Corporation had a working capital deficit of $18.4 million as at June 30, 2026, as compared to a working capital surplus at December 31, 2025 of $4.5 million, largely due to an increase in trade and other accrued liabilities connected to the timing of net capital expenditures, partially offset by an increase in cash and cash equivalents held by Entropy. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, and trade and other accrued liabilities. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with cash provided by operating activities and our available Credit Facilities.

Convertible Debentures

The Corporation has $143.8 million principal amount of convertible unsecured subordinated debentures outstanding (the "Debentures") at a price of $1,000 per debenture as at June 30, 2026. The Debentures will mature and be repayable on June 30, 2029 and will accrue interest at the rate of 5% per annum payable semi-annually in arrears on June 30 and December 31 of each year. The fair value of the Debentures at June 30, 2026, was $153.7 million, using quoted market prices on the Toronto Stock Exchange ("**TSX**").

Unsecured Debentures

The Corporation's subsidiary Entropy has entered into two investment agreements with investors who provided capital commitments of $300 million and $200 million, respectively (the "**Investment Agreements**"). In connection with the Investment Agreements, Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the Investment Agreements, Entropy and the investors have options that provide for the unsecured debentures to be exchanged for Entropy common shares. The unsecured debentures have a term of 10 years, if not exchanged for Entropy common shares, which are to be repaid at the end of the term in the greater of the principal amount and the investor's pro rata share of the fair market value of Entropy. Each unsecured debenture issued by Entropy bears an interest rate of 8% per annum that Entropy can elect to pay in cash or pay-in-kind. In 2025, Entropy entered into non-convertible unsecured debenture financing arrangements for aggregate principal availability of up to $10 million to fund certain other non-project expenditures. These non-convertible unsecured debentures bear interest at 15% per annum and provide for a payment-in-kind feature, and have a term of five years from the date of issuance including provisions permitting early repayment. As at June 30, 2026, Entropy's unsecured debentures have an outstanding aggregate principal balance of $368.9 million (December 31, 2025 - $254.4 million) consisting of $364.5 million convertible unsecured debentures (December 31, 2025 - $250.3 million) and $4.4 million non-convertible unsecured debentures (December 31, 2025 - $4.1 million).

During the six months ended June 30, 2026, Entropy issued convertible unsecured debentures for gross proceeds of $102.0 million (June 30, 2025 - $95.0 million) and incurred $4.4 million of issuance costs (June 30, 2025 - $4.4 million). For the six months ended June 30, 2026, Entropy incurred interest of $12.5 million which was paid-in-kind (June 30, 2025 - $5.7 million).

Other Liabilities

The Corporation has a take-or-pay volume commitment with a 12.5% working interest partner due to expire in 2035. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. For the six months ended June 30, 2026, the Corporation made cash payments of $6.5 million (June 30, 2025 - $6.5 million) under the take-or-pay volume commitment agreement.

As at June 30, 2026, the Corporation had a decommissioning liability of $102.7 million (December 31, 2025 – $100.5 million) for the future abandonment and reclamation of natural gas and liquids properties. The decommissioning liability includes assumptions in respect of actual costs to abandon and reclaim wells and facilities, the time frame in which such costs will be incurred, annual inflation factors and discount rates. The total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was $164.4 million (December 31, 2025 – $163.4 million), with 54% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the six months ended June 30, 2026, was $1.4 million (year ended December 31, 2025 - $5.1 million).

Non-controlling interest ("NCI")

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

For the six months ended June 30, 2026, the net loss and comprehensive loss attributed to non-controlling interest was $1.4 million (June 30, 2025 - $0.9 million).

Shareholders' Equity

On May 8, 2026, the TSX approved the Corporation renewing its normal course issuer bid ("**NCIB**"). The NCIB commenced on May 14, 2026 and will terminate on May 13, 2027, 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 14,492,909 Common Shares of the Corporation. Purchases pursuant to the NCIB will be made on the open market through the facilities of the TSX and/or Canadian alternative trading systems at the prevailing market price at the time of purchase. All Common Shares acquired under the NCIB will be cancelled. Securityholders may obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid, without charge, by contacting Advantage. For the six months ended June 30, 2026, the Corporation purchased 0.3 million Common Shares for cancellation at an average price of $9.87 per Common Share for a total of $3.3 million.

As at June 30, 2026, a total of 2.2 million Performance Share Units were outstanding under the Corporation's Restricted and Performance Award Incentive Plan, which represents 1.3% of Advantage's total outstanding Common Shares.

As at July 30, 2026, Advantage had 167.3 million Common Shares outstanding.

Quarterly Performance

($000, except as otherwise indicated)	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Financial Statement Highlights								
Natural gas and liquids sales	195,964	206,922	181,796	130,805	164,593	221,790	163,477	139,840
Net income (loss) and comprehensive income (loss) [4]	45,114	29,528	9,616	(43)	72,502	(29,024)	17,130	(6,490)
per basic share [2]	0.27	0.18	0.06	-	0.43	(0.17)	0.10	(0.04)
per diluted share [2]	0.26	0.17	0.06	-	0.41	(0.17)	0.10	(0.04)
Basic weighted average shares (000)	167,615	166,975	166,941	166,968	167,179	166,821	166,974	166,972
Diluted weighted average shares (000)	179,640	170,368	170,338	166,968	180,785	166,821	169,785	166,972
Cash provided by operating activities	104,632	117,078	74,357	80,100	80,084	122,949	56,350	46,719
Cash provided by (used in) financing activities	43,761	31,959	41,387	(33,040)	42,046	11,670	22,789	(1,097)
Cash used in investing activities	(130,903)	(134,239)	(116,477)	(102,338)	(95,230)	(107,919)	(71,202)	(52,765)
Other Financial Highlights								
Adjusted funds flow [1]	82,960	117,753	96,172	69,178	85,247	118,642	81,389	52,260
per basic share [1][2]	0.50	0.71	0.58	0.41	0.51	0.71	0.49	0.31
per diluted share [1][3]	0.49	0.69	0.56	0.40	0.50	0.70	0.48	0.31
Net capital expenditures [1]	126,107	168,972	117,581	120,040	67,288	113,987	99,162	66,727
Free cash flow surplus (deficit) [1]	(43,147)	(63,156)	(15,461)	(25,693)	17,959	655	(29,194)	(14,668)
Bank indebtedness	397,896	399,077	412,993	411,895	440,957	446,333	470,424	469,551
Net debt [1]	928,912	869,258	806,688	775,723	717,465	723,247	718,449	693,959
Operating Highlights [5]								
Production								
Crude oil (bbls/d)	7,495	7,689	7,372	8,483	7,627	8,487	7,527	8,144
Condensate (bbls/d)	1,692	1,202	938	684	848	1,023	979	1,055
NGLs (bbls/d)	3,463	3,232	3,462	2,972	3,404	3,763	3,379	3,621
Total liquids production (bbls/d)	12,650	12,123	11,772	12,139	11,879	13,273	11,885	12,820
Natural gas (mcf/d)	347,770	415,517	408,307	356,059	397,379	422,998	389,331	369,306
Total production (boe/d)	70,611	81,375	79,823	71,482	78,108	83,773	76,774	74,371
Average prices (including realized derivatives)								
Natural gas ($/mcf)	2.56	3.67	3.31	2.37	2.70	3.29	2.46	1.65
Liquids ($/bbl)	97.12	80.18	72.82	78.13	79.96	86.53	87.84	85.05
Operating Netback ($/boe)								
Natural gas and liquids sales	30.50	28.25	24.76	19.89	23.16	29.42	23.14	20.44
Realized (losses) gains on derivatives	(0.51)	2.45	2.92	5.19	2.77	0.87	2.91	2.44
Net sales of purchased natural gas	0.40	-	-	0.26	-	-	-	-
Royalty expense	(3.72)	(2.01)	(1.83)	(1.87)	(1.86)	(2.80)	(2.40)	(2.83)
Operating expense	(5.78)	(5.53)	(5.85)	(5.68)	(4.81)	(4.63)	(5.08)	(5.31)
Transportation expense	(4.11)	(3.94)	(4.01)	(4.21)	(4.03)	(4.06)	(3.77)	(3.88)
Operating netback [1]	16.78	19.22	15.99	13.58	15.23	18.80	14.80	10.86

(1) Specified financial measure which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".
(2) Based on basic and diluted weighted average shares outstanding, as applicable.
(3) Based on adjusted diluted weighted average shares outstanding.
(4) Net income (loss) and comprehensive income (loss) attributable to Advantage Shareholders.
(5) Operating highlights are for Advantage's natural gas and liquids operations.

The table above highlights the Corporation's performance for the second quarter of 2026 and for the preceding seven quarters. The Corporation's sales and adjusted funds flow increased in the third and fourth quarters of 2024 primarily due to increased production and cash flow provided from assets acquired in the second quarter of 2024, although significantly weak natural gas prices persisted and had an adverse offsetting impact. The particularly low natural gas pricing environment resulted in the recognition of a net loss during third quarter of 2024. The fourth quarter recognized net income due to higher average realized natural gas prices and higher production.

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 compared to the prior two quarters. 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

Quarterly Performance (continued)

exceptionally weak gas prices, contributing to the nominal net loss for the quarter. However, the lower commodity price environment in the second and third quarters of 2025 contributed to material unrealized gains on outstanding derivative contracts. In the fourth quarter of 2025, the Corporation improved its natural gas and liquids sales and adjusted funds flow from a combination of higher production and higher natural gas prices, partially offset by lower liquids prices, contributing to a return to net income for the quarter. In the first quarter of 2026 the Corporation's natural gas and liquids sales and adjusted funds flow continued to increase from higher natural gas and liquids prices and higher production contributing to increased net income. In the second quarter of 2026 the conflict in the Middle East led to significantly higher liquids prices which was partially offset by lower natural gas prices. Production was lower in the second quarter of 2026 due to the planned Glacier Gas Plant turnaround resulting in lower adjusted funds flow. 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. Revision or changes in the reserve estimates can have either a positive or a negative impact on asset values, net income, and comprehensive income.

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

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

Critical Accounting Estimates (continued)

have either a positive or a negative impact on asset and liability values, net income and comprehensive income.

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

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

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

Accounting Pronouncements not yet Adopted

A description of additional accounting standards and interpretations that will be adopted in future periods can be found in the notes to the Condensed Consolidated Financial Statements for the three and six months ended June 30, 2026.

Environmental Reporting

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

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

Environmental Reporting (continued)

may be adversely affected. The cost to comply with these standards, and others that may be developed or evolved over time, has not yet been quantified.

Evaluation of Disclosure Controls and Procedures

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

Evaluation of Internal Controls over Financial Reporting

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

Advantage’s Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation’s ICFR. No material changes in the ICFR were identified during the interim period ended June 30, 2026, that have materially affected, or are reasonably likely to materially affect, our ICFR.

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

Specified Financial Measures

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

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:

	Three months ended June 30					
	2026			2025		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	107,327	(2,695)	104,632	82,501	(2,417)	80,084
Expenditures on decommissioning liability	744	-	744	1,170	-	1,170
Changes in non-cash working capital	(19,274)	(3,142)	(22,416)	5,221	(1,228)	3,993
Adjusted funds flow	88,797	(5,837)	82,960	88,892	(3,645)	85,247

	Six months ended June 30					
	2026			2025		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash provided by (used in) operating activities	224,818	(3,108)	221,710	206,416	(3,383)	203,033
Expenditures on decommissioning liability	1,365	-	1,365	2,563	-	2,563
Changes in non-cash working capital	(16,197)	(6,165)	(22,362)	1,040	(2,747)	(1,707)
Adjusted funds flow	209,986	(9,273)	200,713	210,019	(6,130)	203,889

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, investment in associates, and excludes cash receipts on government grants. A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended June 30					
	2026			2025		
($000)	**Advantage**	**Entropy**	**Total**	**Advantage**	**Entropy**	**Total**
Cash used in investing activities	90,989	39,914	130,903	76,032	19,198	95,230
Changes in non-cash working capital	(2,926)	1,885	(1,041)	(27,192)	(750)	(27,942)
Investment in other assets	-	(3,755)	(3,755)	-	-	-
Net capital expenditures	88,063	38,044	126,107	48,840	18,448	67,288

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Net Capital Expenditures (continued)

	Six months ended June 30					
		2026			2025	
($000)	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	186,374	78,768	265,142	163,931	39,218	203,149
Changes in non-cash working capital	25,917	7,775	33,692	(20,920)	(954)	(21,874)
Investment in other assets	-	(3,755)	(3,755)	-	-	-
Net capital expenditures	212,291	82,788	295,079	143,011	38,264	181,275

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, and investments in other assets. 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, and investments in other assets 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:

	Three months ended June 30					
		2026			2025	
($000)	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	107,327	(2,695)	104,632	82,501	(2,417)	80,084
Cash used in investing activities	(90,989)	(39,914)	(130,903)	(76,032)	(19,198)	(95,230)
Changes in non-cash working capital	(16,348)	(5,027)	(21,375)	32,413	(478)	31,935
Expenditures on decommissioning liability	744	-	744	1,170	-	1,170
Investment in other assets	-	3,755	3,755	-	-	-
Free cash flow - surplus (deficit)	734	(43,881)	(43,147)	40,052	(22,093)	17,959

	Six months ended June 30					
		2026			2025	
($000)	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by (used in) operating activities	224,818	(3,108)	221,710	206,416	(3,383)	203,033
Cash used in investing activities	(186,374)	(78,768)	(265,142)	(163,931)	(39,218)	(203,149)
Changes in non-cash working capital	(42,114)	(13,940)	(56,054)	21,960	(1,793)	20,167
Expenditures on decommissioning liability	1,365	-	1,365	2,563	-	2,563
Investment in other assets	-	3,755	3,755	-	-	-
Dispositions	(11,937)	-	(11,937)	(4,000)	-	(4,000)
Free cash flow - surplus (deficit)	(14,242)	(92,061)	(106,303)	63,008	(44,394)	18,614

Specified Financial Measures (continued)

Non-GAAP 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 (losses) on derivatives, net sales of purchased natural gas, less expenses resulting from field operations including royalty expense, operating expense and transportation expense. Operating income provides Management and users with a measure to compare the profitability of Advantage's field operations across companies, development areas and specific wells. The composition of operating income is as follows:

	Three months ended June 30		Six months ended June 30	
($000)	**2026**	**2025**	**2026**	**2025**
Natural gas and liquids sales	195,964	164,593	402,886	386,383
Realized gains (losses) on derivatives	(3,246)	19,681	14,725	26,206
Net sales of purchased natural gas	2,575	-	2,575	-
Royalty expense	(23,890)	(13,256)	(38,604)	(34,335)
Operating expense	(37,133)	(34,191)	(77,617)	(69,071)
Transportation expense	(26,399)	(28,653)	(55,274)	(59,226)
Operating income	107,871	108,174	248,691	249,957

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.

	Three months ended June 30		Six months ended June 30	
($000, except as otherwise indicated)	**2026**	**2025**	**2026**	**2025**
Weighted average shares outstanding (000)	167,614	167,179	167,296	167,001
Diluted weighted average shares outstanding (000)	179,640	180,785	170,203	170,233
Common shares impact - Convertible debentures (000)	(9,859)	(9,859)	-	-
Common shares impact - Performance Share Units (000)	-	-	-	-
Adjusted diluted weighted average shares outstanding (000)	169,781	170,926	170,203	170,233
Advantage adjusted funds flow	88,797	88,892	209,986	210,019
Entropy adjusted funds flow	(5,837)	(3,645)	(9,273)	(6,130)
<u>Advantage</u>				
Adjusted funds flow per share ($/share)	0.53	0.53	1.26	1.26
Adjusted funds flow per diluted share ($/share)	0.52	0.52	1.23	1.24
<u>Entropy</u>				
Adjusted funds flow per share ($/share)	(0.03)	(0.02)	(0.06)	(0.04)
Adjusted funds flow per diluted share ($/share)	(0.03)	(0.02)	(0.05)	(0.04)

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Adjusted Funds Flow per BOE

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

	Three months ended June 30		Six months ended June 30	
($000, except as otherwise indicated)	**2026**	**2025**	**2026**	**2025**
Adjusted funds flow	88,797	88,892	209,986	210,019
Total production (boe/d)	70,611	78,108	75,964	80,925
Days in period	91	91	181	181
Total production (boe)	6,425,601	7,107,828	13,749,484	14,647,425
Adjusted funds flow per BOE ($/boe)	13.82	12.51	15.27	14.34

Operating Netback

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

	Three months ended June 30		Six months ended June 30	
($000, except as otherwise indicated)	**2026**	**2025**	**2026**	**2025**
Operating income	107,871	108,174	248,691	249,957
Total production (boe/d)	70,611	78,108	75,964	80,925
Days in period	91	91	181	181
Total production (boe)	6,425,601	7,107,828	13,749,484	14,647,425
Operating netback ($/boe)	16.78	15.23	18.08	17.08

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)	**June 30 2026**	**December 31 2025**
Bank indebtedness	397,896	412,993
Convertible debentures	143,750	143,750
Working capital (surplus) deficit	18,602	(7,651)
Debt	560,248	549,092
Adjusted funds flow (prior four quarters)	381,549	381,584
Debt to adjusted funds flow	1.5	1.4

Specified Financial Measures (continued)

Capital Management Measures

Working capital

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

A summary of working capital as at June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:

	June 30 2026	**December 31 2025**	**June 30 2025**
Cash and cash equivalents	50,023	17,735	73,746
Trade and other receivables	76,567	84,973	76,756
Prepaid expenses and deposits	10,961	11,016	9,750
Trade and other accrued liabilities	(155,911)	(109,248)	(91,336)
Working capital surplus (deficit)	(18,360)	4,476	68,916

Net Debt

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

A summary of the reconciliation of net debt as at June 30, 2026, December 31, 2025 and June 30, 2025 is as follows:

	June 30 2026	**December 31 2025**	**June 30 2025**
Bank indebtedness	397,896	412,993	440,957
Convertible debentures	143,750	143,750	143,750
Working capital (surplus) deficit	18,602	(7,651)	(14,848)
Net debt attributable to Advantage	560,248	549,092	569,859
Unsecured debentures	368,906	254,421	201,674
Working capital (surplus) deficit	(242)	3,175	(54,068)
Net debt attributable to Entropy	368,664	257,596	147,606
Net debt	928,912	806,688	717,465

Specified Financial Measures (continued)

Supplementary Financial Measures

Average Realized Prices

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

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

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

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

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

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

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

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

Dollars per BOE figures

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

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

Conversion Ratio

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

Abbreviations

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

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

Forward-Looking Information and Other Advisories

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

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; that oil prices remain sensitive to developments related to the conflict in the Middle East; that Advantage remains on track to achieve its full year total production and expense guidance; Advantage's anticipated production during the second half of 2026; the proportion of natural gas production that has direct AECO exposure for the remainder of 2026 and 2027; the markets in which Advantage has physical natural gas exposure; Advantage's expected benefits from its market diversification arrangements; expected liquids pricing volatility and the causes thereof; Advantage's hedging program and the anticipated benefits thereof; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; terms of the Entropy unsecured debentures; expected royalty rates and transportation expenses for 2026; that Advantage remains on track to meet its full year operating expense guidance and lower unit operating costs in the second half of 2026; anticipated G&A expense and that Advantage expects to achieve its annual G&A expense guidance; that G&A expense is expected to trend lower in the second half of 2026; Management's belief that the Valhalla Montney asset will continue to play a pivotal role in our liquids rich gas development plan; anticipated synergies and growth from completion and commissioning of the Progress Gas Plant; that the Progress Gas Plant provides incremental processing capacity to support the next phase of low-cost production growth at Glacier; that production volumes will be increasingly processed through owned and operated facilities; that our Charlie Lake drilling program continues to outperform our acquisition type curve; expected benefits of Glacier Phase 2, including expectation that it will materially reduce emissions from the Glacier Gas Plant while increasing total CO_2 capture and sequestration capacity and the amounts thereof; the Corporation's future commitments and contractual obligations and the anticipated payments in connection therewith and timing thereof; Advantage's expectation of low spending in the second half of 2026, which is expected to support both debt reduction and share buybacks; the Corporation's continual financial assessment process and the anticipated benefits in connection therewith; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the Corporation's strategy for managing its capital structure; the terms of the Corporation's Credit Facilities, including the extension thereof and the benefits thereof; the terms of the 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; that environmental regulations impacting climate-related matters continue to evolve and the potential effects thereof including anticipated costs of compliance; and other matters.

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to, risks related to changes in general economic conditions (including as a result of demand and supply effects resulting from the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Corporation’s products, market and business conditions; continued volatility in market prices for oil and natural gas; the risk that (i) the tariffs that are currently in effect on goods exported from or imported into Canada continue in effect for an extended period of time, the tariffs 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,

Forward-Looking Information and Other Advisories (continued)

(ii) the U.S. and/or Canada imposes any other form of tax, restriction or prohibition on the import or export of products from one country to the other, including on oil and natural gas, and (iii) the tariffs imposed or threatened to be imposed by the U.S. on other countries and retaliatory tariffs imposed or threatened to be imposed by other countries on the U.S., will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation, including by decreasing demand for (and the price of) oil and natural gas, disrupting supply chains, increasing costs, causing volatility in global financial markets, and limiting access to financing; risks associated with the refusal of the U.S. to renew the Canada-United States-Mexico Agreement ("CUSMA") by the July 1, 2026 deadline, including the risk that the U.S. ultimately withdraws from CUSMA, which could result in a significant increase in trade barriers, which could in turn have a material adverse effect on the Canadian and U.S. economies, and by extension the Canadian oil and natural gas industry and Advantage; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the risk that Advantage may not achieve its strategy of maximizing its free cash flow without compromising its balance sheet; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; the risk that the Corporation may not be able to continue to realize anticipated cost improvements from acquisition synergies and exceptional operational performance; the risk that Advantage may not be able to realize the anticipated benefits from LNG Canada; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the risk that Advantage may be negatively impacted by industry consolidation; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of facility installation; performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information; the failure to extend the Credit Facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; the risk that Advantage's average production in 2026 may be less than anticipated; the risk that Advantage does not achieve its anticipated guidance for 2026; the risk that production volumes are not increasingly processed through owned and operated facilities; the risk that the Corporation's Valhalla asset may not play a pivotal role in the Corporation's liquids-rich gas development plan; the risk that the Corporation may not be properly diversified to multiple markets; the risk that the Corporation may not satisfy all of its liabilities and commitments and meet future obligations as they become due; the risk that the Corporation will have higher expected spending in the second half of 2026 or will not achieve debt reduction or share buybacks; the risk that Glacier Phase 2 will not result in the anticipated benefits; the risk that the Progress Gas Plant does not result in the anticipated synergies, growth or reduction in operating costs; the risk that the undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability may be greater than expected; the risk that Advantage's annual royalty rates in 2026 may be greater than anticipated; the risk that Advantage's operating expense per boe transportation expense per boe, G&A expense per boe and finance expense per boe in 2026 may be greater than anticipated; the risk that the Progress gas plant will not be completed and commissioned when anticipated or result in the anticipated benefits thereof; the risk that Advantage may achieve

Forward-Looking Information and Other Advisories (continued)

its net debt target range when anticipated, or at all; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedarplus.ca and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

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

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

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

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

Additional Information

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

July 30, 2026

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2026 and 2025

Advantage Energy Ltd.
Consolidated Statements of Financial Position

(unaudited, expressed in thousands of Canadian dollars)	Notes	June 30 2026	December 31 2025
ASSETS			
Current assets			
Cash and cash equivalents		50,023	17,735
Trade and other receivables		76,567	84,973
Prepaid expenses and deposits		10,961	11,016
Derivative asset	7	48,563	34,834
Total current assets		**186,114**	**148,558**
Non-current assets			
Derivative asset	7	52,317	39,400
Intangible assets		22,439	22,776
Natural gas and liquids properties	4	3,052,966	2,857,733
Other assets		7,635	2,548
Total non-current assets		**3,135,357**	**2,922,457**
Total assets		**3,321,471**	**3,071,015**
LIABILITIES			
Current liabilities			
Trade and other accrued liabilities		155,911	109,248
Derivative liability	7	3,734	402
Financing liability		6,019	5,754
Unsecured debentures	6(d)	367,523	255,051
Provisions and other liabilities	5	13,814	12,767
Total current liabilities		**547,001**	**383,222**
Non-current liabilities			
Derivative liability	7	-	1,046
Bank indebtedness	6(b)	397,896	412,993
Convertible debentures	6(c)	128,703	126,583
Financing liability		74,021	77,074
Provisions and other liabilities	5	104,980	103,816
Deferred income tax liability		306,067	277,879
Total non-current liabilities		**1,011,667**	**999,391**
Total liabilities		**1,558,668**	**1,382,613**
SHAREHOLDERS’ EQUITY			
Share capital	8	1,989,921	1,987,665
Convertible debentures		12,859	12,859
Contributed surplus		198,571	199,643
Deficit		(433,568)	(508,210)
Total shareholders’ equity attributable to Advantage shareholders		**1,767,783**	**1,691,957**
Non-controlling interest		(4,980)	(3,555)
Total shareholders’ equity		**1,762,803**	**1,688,402**
Total liabilities and shareholders’ equity		**3,321,471**	**3,071,015**

Commitments and contingencies (note 13)

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Consolidated Statements of Comprehensive Income (Loss)

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

	Notes	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Revenues					
Natural gas and liquids sales	11	195,964	164,593	402,886	386,383
Sales of purchased natural gas		8,409	-	8,409	-
Royalty expense		(23,890)	(13,256)	(38,604)	(34,335)
Natural gas and liquids revenue		180,483	151,337	372,691	352,048
Gains on derivatives	7	33,061	92,557	39,672	9,172
Other income		1,521	1,312	2,516	2,625
Total revenues		**215,065**	**245,206**	**414,879**	**363,845**
Expenses					
Operating expense		37,712	34,918	78,771	70,421
Transportation expense		26,399	28,653	55,274	59,226
Natural gas purchases		5,834	-	5,834	-
General and administrative expense		15,939	10,837	29,003	22,460
Share-based compensation expense		235	2,618	3,362	4,300
Depreciation and amortization expense		54,296	56,077	113,597	116,318
Finance expense		14,561	16,099	29,262	31,267
Other (gains) losses		(59)	144	(1,629)	364
Total expenses		**154,917**	**149,346**	**313,474**	**304,356**
Income before taxes and non-controlling interest		**60,148**	**95,860**	**101,405**	**59,489**
Income tax expense		(15,642)	(23,962)	(28,188)	(16,950)
Net income and comprehensive income before non-controlling interest		**44,506**	**71,898**	**73,217**	**42,539**
Net income (loss) and comprehensive income (loss) attributable to:					
Advantage shareholders		45,114	72,502	74,642	43,478
Non-controlling interest		(608)	(604)	(1,425)	(939)
		44,506	**71,898**	**73,217**	**42,539**
Net income per share attributable to Advantage shareholders					
Basic	10	0.27	0.43	0.45	0.26
Diluted	10	0.26	0.41	0.44	0.26

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.
Consolidated Statements of Changes in Shareholders' Equity
(unaudited, expressed in thousands of Canadian dollars)

	Share capital	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)	-	-	-	43,478	(939)	**42,539**
Share-based compensation	-	-	5,217	-	-	**5,217**
Settlement of Performance Share Units	6,298	-	(6,298)	-	-	**-**
Common shares repurchased	(6,966)	-	1,101	-	-	**(5,865)**
Balance, June 30, 2025	**1,988,571**	**12,859**	**194,839**	**(517,783)**	**(2,445)**	**1,676,041**
Balance, December 31, 2025	1,987,665	12,859	199,643	(508,210)	(3,555)	**1,688,402**
Net income (loss) and comprehensive income (loss)	-	-	-	74,642	(1,425)	**73,217**
Share-based compensation	-	-	4,494	-	-	**4,494**
Settlement of Performance Share Units (note 8(a))	6,243	-	(6,243)	-	-	**-**
Common shares repurchased (note 8(c))	(3,987)	-	677	-	-	**(3,310)**
Balance, June 30, 2026	**1,989,921**	**12,859**	**198,571**	**(433,568)**	**(4,980)**	**1,762,803**

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.
Consolidated Statements of Cash Flows

(unaudited, expressed in thousands of Canadian dollars)

	Notes	Three months ended June 30 2026	Three months ended June 30 2025	Six months ended June 30 2026	Six months ended June 30 2025
Operating Activities					
Income before taxes and non-controlling interest		60,148	95,860	101,405	59,489
Add (deduct) items not requiring cash:					
Unrealized (gains) losses on derivatives	7	(36,307)	(72,876)	(24,947)	17,034
Share-based compensation expense		235	2,618	3,362	4,300
Depreciation and amortization expense		54,296	56,077	113,597	116,318
Accretion expense		3,066	2,163	5,855	3,944
Interest paid-in-kind		1,581	1,261	3,070	2,440
Other (gains) losses		(59)	144	(1,629)	364
Expenditures on decommissioning liability	5(a)	(744)	(1,170)	(1,365)	(2,563)
Changes in non-cash working capital	12(a)	22,416	(3,993)	22,362	1,707
Cash provided by operating activities		**104,632**	**80,084**	**221,710**	**203,033**
Financing Activities					
Common shares repurchased	8	(3,310)	(2,971)	(3,310)	(5,865)
Decrease in bank indebtedness	12(b)	(1,181)	(5,376)	(15,097)	(29,467)
Net proceeds from unsecured debentures	12(b)	50,035	50,413	97,594	90,551
Principal repayment of lease liability	12(b)	(366)	(248)	(679)	(480)
Principal repayment of financing liability	12(b)	(1,417)	(1,296)	(2,788)	(2,547)
Changes in non-cash working capital	12(a)	-	1,524	-	1,524
Cash provided by financing activities		**43,761**	**42,046**	**75,720**	**53,716**
Investing Activities					
Natural gas and liquids assets additions	4	(88,063)	(48,840)	(224,228)	(147,011)
Carbon capture assets additions	4	(37,895)	(18,280)	(82,492)	(37,994)
Intangible asset additions		(149)	(168)	(296)	(270)
Asset dispositions	4	-	-	11,937	4,000
Investment in other assets		(3,755)	-	(3,755)	-
Changes in non-cash working capital	12(a)	(1,041)	(27,942)	33,692	(21,874)
Cash used in investing activities		**(130,903)**	**(95,230)**	**(265,142)**	**(203,149)**
Increase in cash and cash equivalents		17,490	26,900	32,288	53,600
Cash and cash equivalents, beginning of period		32,533	46,846	17,735	20,146
Cash and cash equivalents, end of period		**50,023**	**73,746**	**50,023**	**73,746**
Cash interest paid		9,914	12,078	20,337	24,304
Cash income taxes paid		-	-	-	-

See accompanying Notes to the Condensed Consolidated Financial Statements

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 ("**TSX**") under the symbols "**AAV**" and "**AAV.DB**", respectively.

2. Basis of preparation

(a) Statement of compliance

The Corporation prepares its condensed consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**" or "**IFRS**") applicable to the preparation of interim financial statements, under International Accounting Standard 34, Interim Financial Reporting. The Corporation has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2025, except as noted below. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2025, which have been prepared in accordance with IFRS Accounting Standards. Certain comparative period balances have been reclassified to conform with the presentation adopted in the condensed consolidated financial statements as at June 30, 2026. These reclassifications had no impact on net income (loss), comprehensive income (loss), or cash flows for the comparative period.

The accounting policies applied in these condensed consolidated financial statements are based on IFRS issued and outstanding as of July 30, 2026, the date the Board of Directors approved the statements.

(b) Basis of measurement

The condensed consolidated financial statements have been prepared on the historical cost basis, except as detailed in the Corporation's accounting policies in the audited consolidated financial statements for the year ended December 31, 2025.

(c) Functional and presentation currency

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

(d) Basis of consolidation

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

2. Basis of preparation (continued)

(e) Future accounting pronouncements

IFRS 18 Presentation and Disclosure in Financial Statements

The Corporation has commenced its implementation plan 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. The primary impact on the Consolidated Statements of Cash Flows will be the movement of finance expenses from operating activities to financing activities. In addition, the Corporation has identified metrics used in external communications that are anticipated to be defined as Management-defined Performance Measures ("**MPMs**"). The Corporation will continue to evaluate the impacts of IFRS 18 until adoption on January 1, 2027. The standard will be applied retrospectively, with certain transition provisions.

3. 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.

(a) 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:

	Three months ended June 30		Six months ended June 30	
($000)	**2026**	**2025**	**2026**	**2025**
Cash provided by operating activities	104,632	80,084	221,710	203,033
Expenditures on decommissioning liability	744	1,170	1,365	2,563
Changes in non-cash working capital	(22,416)	3,993	(22,362)	(1,707)
Adjusted funds flow	**82,960**	**85,247**	**200,713**	**203,889**

The Corporation's chief operating decision makers regularly review 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.

3. Segmented reporting (continued)

As at June 30, 2026	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Total assets	3,007,478	364,323	(50,330)	3,321,471
Total liabilities	1,161,526	407,979	(10,837)	1,558,668
Net debt	560,248	368,664	-	928,912
For the three months ended June 30, 2026				
Cash provided by (used in) operating activities	107,327	(2,695)	-	104,632
Cash provided by (used in) financing activities	(6,225)	49,986	-	43,761
Cash used in investing activities	90,989	39,914	-	130,903
Net capital expenditures	88,063	38,044	-	126,107
Adjusted funds flow for the three months ended June 30, 2026				
Natural gas and liquids sales	195,964	-	-	195,964
Sales of purchased natural gas	8,409	-	-	8,409
Other income	25	1,853	(357)	1,521
Royalty expense	(23,890)	-	-	(23,890)
Realized losses on derivatives	(3,246)	-	-	(3,246)
Total revenues (excluding unrealized gains and losses)	177,262	1,853	(357)	178,758
Operating expense	(37,133)	(579)	-	(37,712)
Transportation expense	(26,399)	-	-	(26,399)
Natural gas purchases	(5,834)	-	-	(5,834)
General and administrative expense	(8,588)	(7,351)	-	(15,939)
Interest (expense) income	(10,154)	240	-	(9,914)
Other (expenses) income	(357)	-	357	-
Adjusted funds flow	**88,797**	**(5,837)**	**-**	**82,960**
Reconciliation to net income (loss) for the three months ended June 30, 2026				
Adjusted funds flow	88,797	(5,837)	-	82,960
Unrealized gains on derivatives	33,358	2,949	-	36,307
Share-based compensation (expense) recovery	(390)	155	-	(235)
Depreciation and amortization expense	(52,719)	(1,859)	282	(54,296)
Interest paid-in-kind	-	(1,581)	-	(1,581)
Accretion expense	(1,454)	(1,612)	-	(3,066)
Other income	59	-	-	59
Income tax expense	(15,642)	-	-	(15,642)
Net income (loss)	**52,009**	**(7,785)**	**282**	**44,506**

3. Segmented reporting (continued)

For the six months ended June 30, 2026	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Cash provided by (used in) operating activities	224,818	(3,108)	-	221,710
Cash provided by (used in) financing activities	(21,777)	97,497	-	75,720
Cash used in investing activities	186,374	78,768	-	265,142
Net capital expenditures	212,291	82,788	-	295,079

Adjusted funds flow for the six months ended June 30, 2026				
Natural gas and liquids sales	402,886	-	-	402,886
Sales of purchased natural gas	8,409	-	-	8,409
Royalty expense	(38,604)	-	-	(38,604)
Realized gains on derivatives	14,725	-	-	14,725
Other income	25	3,469	(978)	2,516
Total revenues (excluding unrealized gains and losses)	387,441	3,469	(978)	389,932
Operating expense	(77,617)	(1,154)	-	(78,771)
Transportation expense	(55,274)	-	-	(55,274)
Natural gas purchases	(5,834)	-	-	(5,834)
General and administrative expense	(16,988)	(12,015)	-	(29,003)
Interest (expense) income	(20,764)	427	-	(20,337)
Other (expenses) income	(978)	-	978	-
Adjusted funds flow	**209,986**	**(9,273)**	**-**	**200,713**

Reconciliation to net income (loss) for the six months ended June 30, 2026				
Adjusted funds flow	209,986	(9,273)	-	200,713
Unrealized gains on derivatives	24,360	587	-	24,947
Share-based compensation expense (recovery)	(3,517)	155	-	(3,362)
Depreciation and amortization expense	(110,507)	(3,653)	563	(113,597)
Interest paid-in-kind	-	(3,070)	-	(3,070)
Accretion expense	(2,868)	(2,987)	-	(5,855)
Other income	1,629	-	-	1,629
Income tax expense	(28,188)	-	-	(28,188)
Net income (loss)	**90,895**	**(18,241)**	**563**	**73,217**

3. Segmented reporting (continued)

As at June 30, 2025	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Total assets	2,869,867	204,572	(43,869)	3,030,570
Total liabilities	1,142,148	215,632	(3,251)	1,354,529
Net debt	569,859	147,606	-	717,465
For the three months ended June 30, 2025				
Cash provided by (used in) operating activities	82,501	(2,417)	-	80,084
Cash provided by (used in) financing activities	(9,846)	51,892	-	42,046
Cash used in investing activities	76,032	19,198	-	95,230
Net capital expenditures	48,840	18,448	-	67,288
Adjusted funds flow for the three months ended June 30, 2025				
Natural gas and liquids sales	164,593	-	-	164,593
Royalty expense	(13,256)	-	-	(13,256)
Realized gains on derivatives	19,681	-	-	19,681
Other income	-	2,390	(1,078)	1,312
Total revenues (excluding unrealized gains and losses)	171,018	2,390	(1,078)	172,330
Operating expense	(34,191)	(727)	-	(34,918)
Transportation expense	(28,653)	-	-	(28,653)
General and administrative expense	(5,459)	(5,378)	-	(10,837)
Interest (expense) income	(12,241)	163	-	(12,078)
Other (expenses) income	(1,582)	(93)	1,078	(597)
Adjusted funds flow	**88,892**	**(3,645)**	**-**	**85,247**
Reconciliation to net income (loss) for the three months ended June 30, 2025				
Adjusted funds flow	88,892	(3,645)	-	85,247
Unrealized gains (losses) on derivatives	73,594	(718)	-	72,876
Share-based compensation expense	(2,603)	(15)	-	(2,618)
Depreciation and amortization expense	(55,104)	(1,255)	282	(56,077)
Interest paid-in-kind	-	(1,261)	-	(1,261)
Accretion expense	(1,313)	(850)	-	(2,163)
Other expenses	(144)	-	-	(144)
Income tax expense	(23,962)	-	-	(23,962)
Net income (loss)	**79,360**	**(7,744)**	**282**	**71,898**

3. Segmented reporting (continued)

For the six months ended June 30, 2025	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Cash provided by (used in) operating activities	206,416	(3,383)	-	203,033
Cash provided by (used in) financing activities	(38,270)	91,986	-	53,716
Cash used in investing activities	163,931	39,218	-	203,149
Net capital expenditures	143,011	38,264	-	181,275

Adjusted funds flow for the six months ended June 30, 2025				
Natural gas and liquids sales	386,383	-	-	386,383
Royalty expense	(34,335)	-	-	(34,335)
Realized gains on derivatives	26,206	-		26,206
Other income	-	4,495	(1,870)	2,625
Total revenues (excluding unrealized gains and losses)	378,254	4,495	(1,870)	380,879
Operating expense	(69,071)	(1,350)	-	(70,421)
Transportation expense	(59,226)	-	-	(59,226)
General and administrative expense	(12,764)	(9,696)	-	(22,460)
Interest (expense) income	(24,783)	479	-	(24,304)
Other (expenses) income	(2,391)	(58)	1,870	(579)
Adjusted funds flow	**210,019**	**(6,130)**	**-**	**203,889**

Reconciliation to net income (loss) for the six months ended June 30, 2025				
Adjusted funds flow	210,019	(6,130)	-	203,889
Unrealized (losses) gains on derivatives	(17,527)	493	-	(17,034)
Share-based compensation expense	(4,234)	(66)	-	(4,300)
Depreciation and amortization expense	(114,385)	(2,543)	610	(116,318)
Interest paid-in-kind	-	(2,440)	-	(2,440)
Accretion expense	(2,603)	(1,341)	-	(3,944)
Other expenses	(364)	-	-	(364)
Income tax expense	(16,950)	-	-	(16,950)
Net income (loss)	**53,956**	**(12,027)**	**610**	**42,539**

4. 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, 2025	**5,652**	**14,855**	**4,489,933**	**198,158**	**4,708,598**
Additions	99	-	224,228	82,492	306,819
Asset dispositions	-	-	(14,309)	-	(14,309)
Capitalized share-based compensation	-	-	1,132	-	1,132
Capitalized interest paid-in-kind	-	-	-	9,415	9,415
Changes in decommissioning liability	-	-	2,725	43	2,768
Expired right-of-use assets	(103)	-	-	-	(103)
Balance at June 30, 2026	**5,648**	**14,855**	**4,703,709**	**290,108**	**5,014,320**

Accumulated depreciation					
Balance at December 31, 2025	**3,017**	**-**	**1,840,523**	**7,325**	**1,850,865**
Depreciation	643	-	109,959	2,362	112,964
Asset dispositions	-	-	(2,372)	-	(2,372)
Expired right-of-use assets	(103)	-	-	-	(103)
Balance at June 30, 2026	**3,557**	**-**	**1,948,110**	**9,687**	**1,961,354**

Net book value					
At December 31, 2025	2,635	14,855	2,649,410	190,833	2,857,733
At June 30, 2026	**2,091**	**14,855**	**2,755,599**	**280,421**	**3,052,966**

5. Provisions and other liabilities

	June 30 2026	December 31 2025
Performance Awards	2,646	3,210
Deferred Share Units (note 9b)	5,069	5,175
Entropy incentive awards	1,633	-
Deferred revenue	4,457	4,787
Lease liability	2,327	2,907
Decommissioning liability (a)	102,662	100,504
Balance, end of period	**118,794**	**116,583**
Current provisions and other liabilities	13,814	12,767
Non-current provisions and other liabilities	104,980	103,816

5. Provisions and other liabilities (continued)

(a) Decommissioning liability

A risk-free rate of 3.77% (December 31, 2025 - 3.85%) and an inflation factor of 2.0% (December 31, 2025 - 2.0%) were used to calculate the present value of the decommissioning liability at June 30, 2026. As at June 30, 2026, the total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was $164.4 million (December 31, 2025 - $163.4 million).

A reconciliation of the decommissioning liability is provided below:

	Six months ended June 30, 2026	**Year ended December 31, 2025**
Balance, beginning of the year	100,504	126,753
Accretion expense	755	1,460
Liabilities incurred	1,081	1,999
Liabilities disposed	(225)	(2,339)
Change in estimates	64	(9,235)
Effect of change in risk-free rate	1,848	(13,082)
Liabilities settled	(1,365)	(5,052)
Balance, end of period	**102,662**	**100,504**
Current decommissioning liability	4,636	4,000
Non-current decommissioning liability	98,026	96,504

6. Capital management

(a) 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 net debt as at June 30, 2026 and December 31, 2025 is as follows:

	June 30 2026	**December 31 2025**
Bank indebtedness	397,896	412,993
Convertible debentures aggregate principal balance	143,750	143,750
Unsecured debentures aggregate principal balance	368,906	254,421
Working capital deficit (surplus)	18,360	(4,476)
Net debt	**928,912**	**806,688**

6. Capital management (continued)

(b) Bank indebtedness

On June 30, 2026, Advantage transitioned its reserves-based credit facility with its existing banking syndicate to a covenant-based credit facility. Under the new credit facility, Advantage's borrowing capacity of $650 million remains unchanged, consisting of a $60 million operating facility with one financial institution and a $590 million facility with a syndicate of financial institutions, with a term of three years maturing in June 2029, and may be extended at Advantage's request, subject to lender approval. The Credit Facility is secured by a $2.0 billion demand debenture.

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.

Under the terms of the Credit Facilities, Advantage is subject to the following financial covenants, which are tested at the end of each financial quarter. All financial covenants exclude amounts related to Entropy. At June 30, 2026, the Corporation was in compliance with all financial covenants as reported below:

Financial covenants	Threshold	Reported	Compliance
Total debt to EBITDA	Not exceeding 4.0:1	**0.99:1**	Met
Senior debt to EBITDA	Not exceeding 3.5:1	**0.99:1**	Met
Interest coverage ratio	Not less than 2.5:1	**8.62:1**	Met

EBITDA is defined as net income before interest expense, income taxes, depreciation and amortization expense, and other non-cash items, and is calculated on a trailing twelve-month basis. Total debt is inclusive of working capital (deficit) surplus, bank indebtedness, letters of credit and certain lease liabilities. Senior debt is defined as total debt less junior debt. Advantage had no junior debt outstanding as at June 30, 2026. Interest coverage ratio is defined as EBITDA to interest expense, calculated on a trailing twelve-month basis.

At June 30, 2026, the Corporation has $241.4 million, or 37%, of the borrowing capacity available after deducting outstanding letters of credit of $8.6 million (December 31, 2025 - $8.4 million).

(c) Convertible debentures

Advantage'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 accrue interest at the rate of 5.0% per annum payable semi-annually in arrears on June 30 and December 31 of each year. The fair value of the Debentures as at June 30, 2026 was $153.7 million, based on quoted market prices on the TSX.

(d) Unsecured Debentures

As at June 30, 2026, Entropy had $368.9 million aggregate principal amount of unsecured debentures outstanding, inclusive of paid-in-kind interest. During the six months ended June 30, 2026, Entropy issued $102.0 million of unsecured debentures and paid-in-kind interest of $12.5 million, both of which increased the aggregate principal amount outstanding. The unsecured debentures bear interest at 8% per annum, payable in cash or paid-in-kind at Entropy's election, are non-recourse to Advantage, and are exchangeable for common shares of Entropy in accordance with the terms of the applicable investment agreements.

6. Capital management (continued)

(e) 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 current derivatives, financing liability, provisions and other liabilities and unsecured debentures, Management and users can determine if the Corporation’s operations are sufficient to cover the short-term operating requirements. Working capital is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

A summary of working capital as at June 30, 2026 and December 31, 2025 is as follows:

	June 30 2026	December 31 2025
Cash and cash equivalents	50,023	17,735
Trade and other receivables	76,567	84,973
Prepaid expenses and deposits	10,961	11,016
Trade and other accrued liabilities	(155,911)	(109,248)
Working capital (deficit) surplus	**(18,360)**	**4,476**

(f) Capital Structure

Advantage’s capital structure as at June 30, 2026 and December 31, 2025 is as follows:

	June 30 2026	December 31 2025
Shares outstanding (note 8)	167,435,718	166,941,610
Share closing market price ($/share)	10.31	11.74
Market capitalization	**1,726,262**	**1,959,895**
Net debt	928,912	806,688
Total capitalization	**2,655,174**	**2,766,583**

7. Financial risk management

The Corporation enters into financial risk management derivative contracts to manage the Corporation's 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 (loss).

	Three months ended June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Realized gains (losses) on derivatives				
Natural gas	15,067	11,943	30,978	15,423
Crude oil	(18,700)	6,763	(22,978)	8,705
Foreign exchange	(7)	249	(7)	(171)
Natural gas embedded derivative	394	726	6,732	2,249
Total	**(3,246)**	**19,681**	**14,725**	**26,206**
Unrealized gains (losses) on derivatives				
Natural gas	(3,694)	52,608	26,176	(5,440)
Crude oil	31,503	5,005	(3,023)	3,009
Foreign exchange	(940)	891	(961)	1,237
Natural gas embedded derivative	6,489	15,090	2,168	(16,333)
Unsecured debenture derivative	2,949	(718)	587	493
Total	**36,307**	**72,876**	**24,947**	**(17,034)**
Gains (losses) on derivatives				
Natural gas	11,373	64,551	57,154	9,983
Crude oil	12,803	11,768	(26,001)	11,714
Foreign exchange	(947)	1,140	(968)	1,066
Natural gas embedded derivative	6,883	15,816	8,900	(14,084)
Unsecured debenture derivative	2,949	(718)	587	493
Total	**33,061**	**92,557**	**39,672**	**9,172**

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

	June 30 2026	**December 31 2025**
Derivative type		
Natural gas derivative asset	50,856	24,680
Crude oil derivative asset (liability)	(664)	2,359
Foreign exchange derivative liability	(961)	-
Natural gas embedded derivative asset	47,915	45,747
Unsecured debentures derivative liability	(128,303)	(91,684)
Net derivative liability	**(31,157)**	**(18,898)**
Consolidated statement of financial position classification		
Current derivative asset	48,563	34,834
Non-current derivative asset	52,317	39,400
Current derivative liability	(3,734)	(402)
Non-current derivative liability	-	(1,046)
Unsecured debentures derivative liability	(128,303)	(91,684)
Net derivative liability	**(31,157)**	**(18,898)**

7. Financial risk management (continued)

(a) Commodity price risk

As at June 30, 2026 and July 30, 2026, the Corporation had the following commodity derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	July 2026 to October 2026	225,107 Mcf/d	$2.44/Mcf
Fixed price swap	November 2026 to March 2027	184,824 Mcf/d	$3.10/Mcf
Fixed price swap	April 2027 to October 2027	142,173 Mcf/d	$2.60/Mcf
Fixed price swap	November 2027 to March 2028	118,477 Mcf/d	$2.80/Mcf
Fixed price swap	April 2028 to October 2028	113,738 Mcf/d	$2.68/Mcf
Fixed price swap	November 2028 to March 2029	94,782 Mcf/d	$2.69/Mcf
Natural gas - Dawn			
Fixed price swap	April 2026 to October 2026	9,478 Mcf/d	$4.53/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	$4.25/Mcf
Crude oil - WTI NYMEX			
Fixed price swap	July 2026 to December 2026	5,000 bbls/d	US $65.49/bbl
Fixed price swap	January 2027 to June 2027	3,500 bbls/d	US $68.53/bbl
Fixed price swap	July 2027 to December 2027	3,000 bbls/d	US $68.64/bbl

(b) Foreign exchange risk

As at June 30, 2026, the Corporation had the following foreign exchange derivative contracts in place:

Description of Derivative	Term	Notional Amount	Rate
Forward rate - CAD/USD			
Average rate currency swap	July 2026 to December 2026	US $ 3,000,000/month	1.382
Average rate currency swap	January 2027 to March 2027	US $ 2,000,000/month	1.381
Average rate currency swap	April 2027 to June 2027	US $ 1,000,000/month	1.380

8. 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, 2025	**166,941,610**	**1,987,665**
Shares issued on Performance Share Unit settlements (note 9)	829,608	-
Contributed surplus transferred on Performance Share Unit settlements	-	6,243
Shares purchased and cancelled under NCIB	(335,500)	(3,987)
Balance at June 30, 2026	**167,435,718**	**1,989,921**

(b) Issued

For the six months ended June 30, 2026, the Corporation issued 0.8 million common shares in connection with the Restricted and Performance Award Incentive Plan.

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

On May 8, 2026, the TSX approved the renewal of the NCIB. The NCIB commenced on May 14, 2026 and will terminate on May 13, 2027. Pursuant to the NCIB, Advantage was approved to purchase for cancellation, from time to time, as it considered advisable, up to a maximum of 14,492,909 common shares of the Corporation.

During the six months ended June 30, 2026 the Corporation purchased 0.3 million common shares for cancellation for a total of $3.3 million. Share capital was reduced by $4.0 million while contributed surplus was increased by $0.7 million, representing the excess carrying value of the common shares over the purchase price.

9. Long-term compensation plans

(a) Restricted and Performance Award Incentive Plan

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 June 30, 2026, no Restricted Share Units have been granted. Performance Share Units vest over three years on the anniversary dates of the grant date and are subject to a Payout Multiplier that is determined based on the achievement of corporate performance measures during the vesting periods, as approved by the Board of Directors.

On March 25, 2026, 0.9 million Performance Share Units vested and were settled with the issuance of 0.8 million common shares.

The following table is a continuity of Performance Share Units:

	Performance Share Units
Balance at December 31, 2025	**2,937,491**
Granted	698,767
Settled	(910,406)
Forfeited	(514,218)
Balance at June 30, 2026	**2,211,634**

(b) Deferred Share Units

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

The following table is a continuity of Deferred Share Units:

	Deferred Share Units
Balance at December 31, 2025	**440,759**
Granted	50,842
Balance at June 30, 2026	**491,601**

10. Net income per share attributable to Advantage shareholders

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

	Three months ended June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Net income attributable to Advantage shareholders				
Basic	45,114	72,502	74,642	43,478
Diluted	47,346	74,663	74,642	43,478
Weighted average shares outstanding				
Basic	167,614,429	167,179,498	167,296,311	167,001,262
Convertible debentures	9,859,396	9,859,396	-	-
Performance Share Units	2,166,019	3,746,409	2,906,321	3,231,784
Diluted	179,639,844	180,785,303	170,202,632	170,233,046
Net income per share attributable to Advantage shareholders				
Basic ($/share)	0.27	0.43	0.45	0.26
Diluted ($/share)	0.26	0.41	0.44	0.26

In computing diluted earnings per share for the three months ended June 30, 2026, the common shares potentially issuable on conversion of the convertible debentures were included as their effect was dilutive. For the six months ended June 30, 2026, these potential common shares were excluded as they were determined to be anti-dilutive.

In computing diluted per share amounts at June 30, 2026, 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 June 30, 2026, Advantage's ownership in Entropy would have been 42% (December 31, 2025 - 50%).

11. Revenues

Advantage's revenue is comprised of natural gas, crude oil, condensate and NGLs sales to multiple customers. For the three and six months ended June 30, 2026, and 2025, natural gas and liquids sales was as follows:

	Three months ended June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Crude oil	88,176	57,501	153,312	129,788
Condensate	19,835	6,525	30,288	15,522
NGLs	22,493	15,649	38,669	35,792
Liquids	**130,504**	**79,675**	**222,269**	**181,102**
Natural Gas	65,460	84,918	180,617	205,281
Natural gas and liquids sales	**195,964**	**164,593**	**402,886**	**386,383**

At June 30, 2026, receivables from contracts with customers, which are included in trade and other receivables, were $56.6 million (December 31, 2025 - $70.8 million).

12. Supplementary cash flow information

(a) Changes in non-cash working capital

Changes in non-cash working capital is comprised of:

	Three months ended June 30		Six months ended June 30	
	2026	**2025**	**2026**	**2025**
Source (use) of cash:				
Trade and other receivables	17,415	13,294	8,406	6,432
Prepaid expense and deposits	(867)	(142)	55	250
Trade and other accrued liabilities	3,020	(42,600)	46,663	(25,273)
Inventory	297	(101)	297	(101)
Deferred revenue	(668)	(200)	(330)	(522)
Performance Awards	701	(213)	(564)	(19)
Deferred Share Units	(156)	(449)	(106)	590
Entropy incentive awards	1,633	-	1,633	-
	21,375	**(30,411)**	**56,054**	**(18,643)**
Related to operating activities	22,416	(3,993)	22,362	1,707
Related to financing activities	-	1,524	-	1,524
Related to investing activities	(1,041)	(27,942)	33,692	(21,874)
	21,375	**(30,411)**	**56,054**	**(18,643)**

12. 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	Lease liability	Convertible debentures	Unsecured debentures[1]	Financing liability
Balance at December 31, 2024	**470,424**	**2,820**	**122,583**	**64,682**	**88,083**
Changes from financing cash flows:					
Draws on credit facilities	50,000	-	-	-	-
Repayments on credit facilities	(80,000)	-	-	-	-
Financing fees	(1,410)	-	-	-	-
Issuances	-	-	-	95,000	-
Issuance costs	-	-	-	(4,449)	-
Repayments	-	(568)	-	-	(6,471)
Non-cash changes:					
Accretion expense	-	-	1,939	1,327	-
Interest expense	-	88	-	-	3,924
Interest paid-in-kind	-	-	-	5,674	-
Lease additions	-	184	-	-	-
Amortization of finance fees	1,943	-	-	-	-
Allocated to derivative liability	-	-	-	(32,728)	-
Balance at June 30, 2025	**440,957**	**2,524**	**124,522**	**129,506**	**85,536**
Balance at December 31, 2025	**412,993**	**2,907**	**126,583**	**163,367**	**82,828**
Changes from financing cash flows:					
Draws on credit facilities	61,016	-	-	-	-
Repayments on credit facilities	(76,016)	-	-	-	-
Financing fees	(2,056)	-	-	-	-
Issuances	-	-	-	102,000	-
Issuance costs	-	-	-	(4,406)	-
Repayments	-	(762)	-	-	(6,471)
Non-cash changes:					
Accretion expense	-	-	2,120	2,980	-
Interest expense	-	83	-	-	3,683
Interest paid-in-kind	-	-	-	12,485	-
Lease additions	-	99	-	-	-
Amortization of finance fees	1,959	-	-	-	-
Allocated to derivative liability	-	-	-	(37,206)	-
Balance at June 30, 2026	**397,896**	**2,327**	**128,703**	**239,220**	**80,040**

(1) Excludes the unsecured debentures derivative liability of $128.3 million and $72.6 million as at June 30, 2026 and 2025, respectively.

13. Commitments and contingencies

(a) Commitments

At June 30, 2026, Advantage had commitments relating to building operating costs, processing commitments, and transportation commitments. The estimated remaining payments are as follows:

	Payments due by period						
($ millions)	Total	2026 6 months	2027	2028	2029	2030	Beyond
Building operating costs [1]	1.0	0.4	0.6	-	-	-	-
Processing	119.4	11.3	20.3	18.8	16.2	10.9	41.9
Transportation	944.2	55.0	112.1	103.2	94.5	91.7	487.7
Total commitments	**1,064.6**	**66.7**	**133.0**	**122.0**	**110.7**	**102.6**	**529.6**

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

(b) Contingencies

Entropy is subject to contingent consideration of up to $15.0 million in connection with a previous acquisition of carbon hubs, payable upon the achievement of specified commercial milestones across various projects. As the likelihood and timing of these milestones remain uncertain, no liability has been recognized for the contingent consideration as at June 30, 2026.

Advantage Energy Ltd.
Supplemental Financial Information (unaudited)
Exhibit to the June 30, 2026 Condensed Consolidated Financial Statements

The following ratio has been calculated on a consolidated basis for the twelve-month period ended June 30, 2026. This ratio is based on Advantage Energy Ltd.'s Condensed Consolidated Financial Statements that are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

	Twelve months ended June 30, 2026
Earnings Coverage Ratio[1]	2.4x

(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).

ABBREVIATIONS

Crude Oil and Natural Gas Liquids		Natural Gas	
bbl	barrel	Mcf	thousand cubic feet
bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	bcf/d	billion cubic feet per day
NGLs	natural gas liquids	Mcf/d	thousand cubic feet per day
BOE or boe	barrel of oil equivalent	MMcf/d	million cubic feet per day
Mboe	thousand barrels of oil equivalent	Mcfe	thousand cubic feet of natural gas equivalent, using the ratio of 6 Mcf of natural gas being equivalent to one bbl of oil
MMboe	million barrels of oil equivalent	MMcfe/d	million cubic feet of natural gas equivalent per day
boe/d	barrels of oil equivalent per day	MMbtu	million British Thermal Units
bbls/d	barrels of oil per day	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
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
EBITDA	Earnings before interest, taxes, depreciation and amortization
MSW	Mixed Sweet Blend, the reference price paid for conventionally produced light sweet crude oil at Edmonton, Alberta
NCIB	normal course issuer bid
PJM	Pennsylvania–New Jersey–Maryland Interconnection, 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

Directors

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Daniel Farb[3][4]
John Festival[3]
Norman MacDonald[2][4]
Larry Massaro[2]
Katherine Minyard[1][3]
David Smith[1][4]

[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

Officers

John Festival, Interim 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

McDaniels & Associates Consultants Ltd.

Legal Counsel

Burnet, Duckworth and Palmer LLP

Transfer Agent

Computershare Trust Company of Canada

Corporate Office

2200, 440 – 2nd Avenue SW
Calgary, Alberta T2P 5E9
(403) 718-8000

Contact Us

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Toronto Stock Exchange Trading Symbols

AAV: Common Shares
AAV.DB: Debentures

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