



ADVANTAGE

ENERGY LTD. 

Q3

2026 Third Quarter Report

For the three and nine months ended September 30, 2026 and 2025



MESSAGE TO SHAREHOLDERS

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

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

2026 Third Quarter Financial Highlights

- Cash provided by operating and investing activities was \$100.0 million and \$230.7 million, respectively.
- Adjusted funds flow^(a) of \$96.8 million or \$0.58/share.
- Closed the disposition of our assets in the Wembley area (the "**Wembley Assets**") for total cash proceeds of \$325.4 million after closing adjustments, including the reimbursement of certain capital expenditures, and recognized a gain on disposition of \$90.1 million.
- Exploration and development expenditures^(a) of \$60.9 million.
- Our cost structure improved significantly compared to the second quarter of 2026, reflecting a more focused asset base, increased utilization of owned infrastructure, and reduced leverage.
 - Operating expense per boe^(a) of \$4.86, a reduction of 16%.
 - Transportation expense per boe^(a) of \$3.71, a reduction of 10%.
 - General and administrative plus interest expense per boe^(a) of \$1.73, a reduction of 41%.
- Net debt^(a) of \$233.0 million, a decrease of \$327.2 million, or 58% from the second quarter of 2026, reflecting the application of proceeds from the disposition of the Wembley Assets.
- Generated free cash flow^(a) of \$35.9 million, which was dedicated to shareholder returns through share repurchases, consistent with Advantage's capital allocation strategy.

2026 Third Quarter Operating Highlights

- Average production of 86,964 boe/d (452.0 MMcf/d natural gas, 11,623 bbls/d liquids), a 23% increase from the second quarter of 2026, following commissioning of the Progress Gas Plant and completion of the 21-day planned turnaround at our Glacier Gas Plant in the second quarter.
- Liquids production of 11,623 bbls/d (6,293 bbls/d crude oil, 1,332 bbls/d condensate, and 3,998 bbls/d NGLs), an 8% decrease from the second quarter of 2026 due to the sale of the Wembley Assets and natural declines.
- Drilled 2 gross (2.0 net) Montney wells at Progress, offsetting our successful 16-36 well that was drilled in 2019. Both wells were completed and tested subsequent to the end of the third quarter.
- Completed 3 gross (2.9 net) wells at Glacier, with 4 gross (3.8 net) wells brought on production. Glacier continues to deliver strong results, with wells brought on production in 2026 achieving average IP30 rates of 16.0 MMcf/d raw natural gas.

Progress Montney Update

Our two-well 5-32 pad was completed in early October. Initial test rates over 48 hours and 62 hours, respectively, delivered encouraging results. Both wells demonstrated higher length-normalized productivity than our successful 16-36 well, which was drilled in 2019. The 16-36 well achieved an IP30 of over 1,100 bbl/d of oil and liquids and has produced approximately 265 Mbbbl of oil and liquids to date. The new wells at 5-32 were subsequently shut-in, equipped and brought on production on October 27. Advantage expects to provide IP30 results in early December.

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

Marketing Update

Advantage has hedged approximately 46% of forecasted natural gas production for the fourth quarter of 2026, 37% in 2027, 35% in 2028, and 15% in 2029. Direct AECO exposure has fallen to approximately 12% in the fourth quarter of 2026, 16% in 2027, and 8% in 2028 due to our hedging and market diversification initiatives.

Advantage has also hedged approximately 54% of forecasted crude oil and NGL production for the fourth quarter of 2026 and 34% in 2027.

Productivity Mega Deduction

On September 15, 2026, the Department of Finance announced the proposed Productivity Mega Deduction, which would allow companies to immediately deduct most new capital investment and development expenditures rather than deducting these costs over time. This is expected to defer Advantage becoming cash taxable to 2031 from its previous estimate of 2028, based on current plans and commodity prices.

Looking Forward

Advantage is focused on maximizing shareholder returns. Following the sale of the Wembley Assets and the substantial completion of our 2026 capital program, all free cash flow^(a) is being dedicated to share repurchases, allowing us to repurchase up to 5% of our common shares outstanding in the second half of 2026 and up to an additional 10% in 2027. Advantage has already repurchased approximately 6.0 million shares so far in 2026, representing 3.6% of our shares outstanding as of December 31, 2025.

Advantage expects to retain substantial financial flexibility even after fulfilling our share buyback commitment, allowing us to advance liquids-rich development in the Montney at Progress and Valhalla and in the Charlie Lake, all of which are supported by our new 75 mmcf/d owned and operated Progress Gas Plant.

In the Progress Montney, we plan to follow up our successful 5-32 pad by drilling two additional wells in the first quarter of 2027.

In the Valhalla Montney, Advantage's three-well pad, which came on-stream in the second quarter of 2026, delivered an average IP90 of 1,093 boe/d including 35% liquids (4.3 MMcf/d natural gas, 289 bbls/d condensate, and 94 bbls/d NGLs).

In the Charlie Lake, industry peers have been implementing open hole multi-lateral ("OHML") well designs that have delivered strong productivity with reduced capital costs. Given those encouraging results, Advantage has elected to drill its first Charlie Lake OHML in the fourth quarter of 2026, funded by the additional proceeds received from the Wembley disposition.

Advantage has identified over 1,000 drilling locations across our liquids-rich Progress, Valhalla and Charlie Lake assets, representing approximately half of our total drilling inventory, including over 300 currently identified Tier 1 locations. We expect to release our formal 2027 budget in early December, together with an updated three-year plan which will focus on developing this significant liquids-rich inventory.

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



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three and nine months ended September 30, 2026 and 2025

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**"), dated as of October 29, 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 nine months ended September 30, 2026 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and nine months ended September 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

	Three months ended September 30		Nine months ended September 30	
(\$000, except as otherwise indicated)	2026	2025	2026	2025
Consolidated Financial Statement Highlights				
Natural gas and liquids sales	190,168	130,805	593,054	517,188
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	56,431	(43)	131,073	43,435
per basic share ⁽²⁾	0.34	-	0.78	0.26
per diluted share ⁽²⁾	0.33	-	0.77	0.25
Basic weighted average shares (000)	166,846	166,968	167,144	166,990
Diluted weighted average shares (000)	179,458	166,968	179,794	170,405
Cash provided by operating activities	98,228	80,100	319,938	283,133
Cash provided by (used in) financing activities	(306,861)	(33,040)	(231,141)	20,676
Cash provided by (used in) investing activities	203,979	(102,338)	(61,163)	(305,487)
Segmented Financial Highlights ⁽¹⁾				
Advantage Energy Ltd.				
Adjusted funds flow	96,813	72,422	306,799	282,439
per basic share ⁽³⁾	0.58	0.43	1.84	1.69
per diluted share ⁽³⁾	0.57	0.42	1.81	1.66
Exploration and development expenditures	60,928	71,594	285,156	218,605
Net capital expenditures	(264,447)	71,594	(52,156)	214,605
Free cash flow	35,885	828	21,643	63,834
Bank indebtedness	112,985	411,895	112,985	411,895
Net debt	233,021	572,310	233,021	572,310
Entropy Inc.				
Adjusted funds flow	(1,784)	(3,244)	(11,057)	(9,372)
per basic share ⁽³⁾	(0.01)	(0.02)	(0.07)	(0.06)
per diluted share ⁽³⁾	(0.01)	(0.02)	(0.07)	(0.05)
Net capital expenditures	14,049	48,446	96,837	86,710
Free cash flow (deficit)	(15,833)	(26,521)	(107,894)	(70,913)
Net debt	394,705	203,413	394,705	203,413

⁽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 basic and adjusted diluted weighted average shares outstanding, as applicable.

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

Operating Highlights ⁽¹⁾

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Operating				
Production				
Crude oil (bbls/d)	6,293	8,483	7,154	8,199
Condensate (bbls/d)	1,332	684	1,409	850
NGLs (bbls/d)	3,998	2,972	3,567	3,377
Total liquids (bbls/d)	11,623	12,139	12,130	12,426
Natural gas (Mcf/d)	452,046	356,059	405,245	391,900
Total production (boe/d)	86,964	71,482	79,671	77,743
Average realized prices (including realized derivatives)				
Natural gas (\$/Mcf)	2.69	2.37	2.98	2.81
Liquids (\$/bbl)	86.29	78.13	88.04	81.67
Operating Netback (\$/boe) ⁽²⁾				
Natural gas and liquids sales	23.84	19.89	27.29	24.37
Realized gains on derivatives	1.63	5.19	1.28	2.84
Net sales of purchased natural gas	-	0.26	0.12	0.08
Royalty expense	(2.98)	(1.87)	(2.87)	(2.20)
Operating expense	(4.86)	(5.68)	(5.36)	(5.01)
Transportation expense	(3.71)	(4.21)	(3.91)	(4.10)
Operating netback	13.92	13.58	16.55	15.98

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

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

Corporate Update

Wembley Disposition

On September 11, 2026, Advantage closed the disposition of its assets in the Wembley area of Alberta (the "**Wembley Assets**") for cash proceeds of \$325.4 million, including positive closing adjustments, and recognized a gain on disposition of \$90.1 million (the "**Wembley Transaction**") (see press release dated August 26, 2026).

The Wembley Transaction delivered sale metrics that are accretive to Advantage while generating cash proceeds that unlock significant financial and strategic flexibility. Proceeds from the Wembley Transaction were applied to reduce bank indebtedness, bringing Advantage's net debt below its target range of \$400 million to \$500 million.

Advantage 2026 Guidance

In connection with the disposition of the Wembley Assets, Advantage updated its 2026 guidance. Advantage's cash costs are expected to fall following the closing of the Wembley Transaction as we further concentrate our operations and reduce our net debt. Fourth quarter 2026 operating costs per boe are now expected to be approximately \$4.70, general and administrative costs ("G&A") per boe approximately \$0.70, and finance costs per boe approximately \$0.85. Fourth quarter 2026 production is expected to average between 83,000 boe/d and 84,000 boe/d.

The table below summarizes Advantage's full-year 2026 guidance ⁽¹⁾:

	Original Guidance as at December 9, 2025	Revised Guidance as at February 12, 2026	Revised Guidance as at August 26, 2026
Forward Looking Information ⁽²⁾			
Exploration and Development Expenditures (\$ millions) ⁽³⁾	300 to 330	280 to 310	280 to 310
Production			
Total Production (boe/d)	81,000 to 85,000	81,000 to 85,000	80,000 to 82,000
Natural Gas (%)	84 to 86	84 to 86	85 to 87
Crude Oil and Condensate (%)	10 to 12	10 to 12	9 to 11
NGLs (%)	~4	~4	~4
Expenses			
Royalty Rate (%)	6 to 8	6 to 8	9 to 11
Operating Expense (\$/boe) ⁽³⁾	5.25 to 5.85	5.25 to 5.85	5.10 to 5.40
Transportation Expense (\$/boe) ⁽³⁾	3.95 to 4.45	3.95 to 4.45	3.85 to 4.10
G&A Expense (\$/boe) ⁽³⁾	0.70 to 0.90	0.70 to 0.90	0.90 to 0.95
Finance Expense (\$/boe) ⁽³⁾	1.15 to 1.35	1.15 to 1.35	1.15 to 1.35

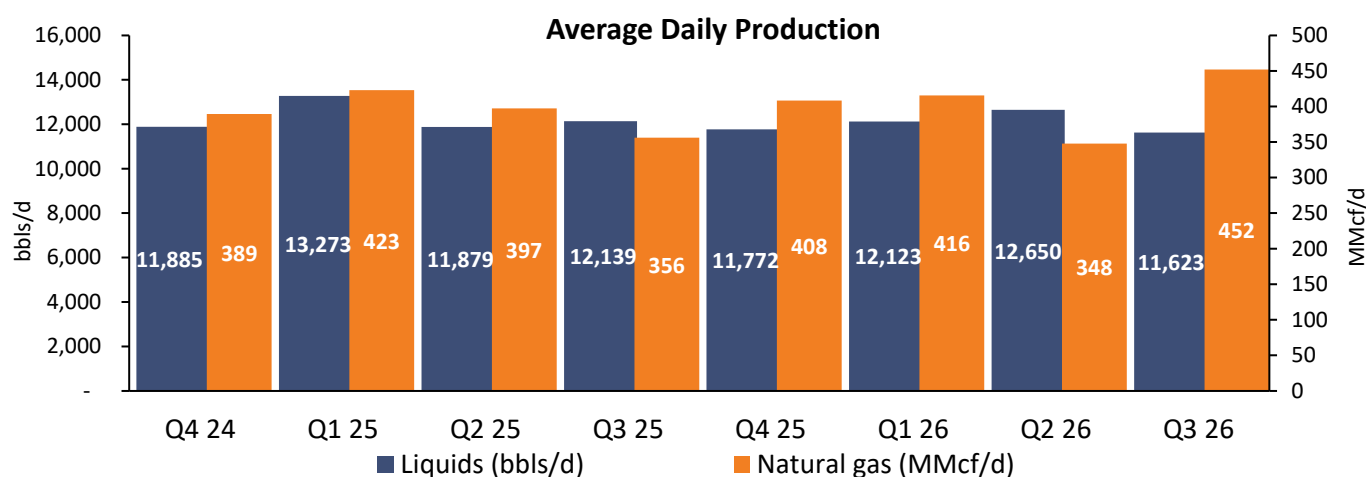
⁽¹⁾ Guidance numbers are for Advantage Energy Ltd. only and exclude its subsidiary, Entropy Inc.

⁽²⁾ Forward-looking statements and information representing Management estimates. Please see "Forward-Looking Information and Other Advisories".

⁽³⁾ \$/boe figures and exploration and development expenditures are specified financial measures which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

Production

Average Daily Production	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Crude oil (bbls/d)	6,293	8,483	(26)	7,154	8,199	(13)
Condensate (bbls/d)	1,332	684	95	1,409	850	66
NGLs (bbls/d)	3,998	2,972	35	3,567	3,377	6
Total liquids (bbls/d)	11,623	12,139	(4)	12,130	12,426	(2)
Natural gas (Mcf/d)	452,046	356,059	27	405,245	391,900	3
Total production (boe/d)	86,964	71,482	22	79,671	77,743	2
Liquids (% of total production)	13	17		15	16	
Natural gas (% of total production)	87	83		85	84	



For the three and nine months ended September 30, 2026, Advantage's total production averaged 86,964 and 79,671 boe/d, respectively, increases of 22% and 2% compared to the same periods of the prior year. Production increased due to continued development at Glacier and Valhalla and the commissioning of the Progress Gas Plant, a key component of Advantage's strategy to alleviate infrastructure constraints and support continued development of its liquids-rich Montney and Charlie Lake assets.

Natural gas production for the three and nine months ended September 30, 2026 averaged 452.0 and 405.2 MMcf/d, respectively, increases of 27% and 3% compared to the same periods of the prior year. The increase was driven by continued development at Glacier and Valhalla, where 15.4 net wells were brought on production during the first nine months of 2026, together with the commissioning of the 75 MMcf/d Progress Gas Plant during the second quarter. The three-month increase also reflects strategic production curtailments in the third quarter of 2025 that reduced natural gas production by approximately 60 MMcf/d, while the nine-month increase was partially offset by the planned 21-day turnaround at the Glacier Gas Plant in May and June 2026 (see "Cash Used in Investing Activities and Net Capital Expenditures").

Liquids production for the three and nine months ended September 30, 2026 averaged 11,623 bbls/d and 12,130 bbls/d, decreases of 4% and 2%, respectively, compared to the prior year. Liquids production decreased modestly due to the disposition of the Wembley Assets during the third quarter of 2026, partially offset by 5.5 net Charlie Lake wells placed on production (see "Cash Used in Investing Activities and Net Capital Expenditures").

As a result of the sale of the Wembley Assets, Advantage now expects 2026 production to average 80,000 to 82,000 boe/d (see "Advantage 2026 Guidance").

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Natural gas						
Excluding derivatives (\$/Mcf)	2.06	1.44	43	2.41	2.36	2
Including derivatives (\$/Mcf)	2.69	2.37	14	2.98	2.81	6
Liquids						
Crude oil (\$/bbl)	114.76	84.34	36	112.52	87.39	29
Condensate (\$/bbl)	113.32	84.76	34	114.84	89.88	28
NGLs (\$/bbl)	67.76	45.58	49	65.30	52.34	25
Total liquids excluding derivatives (\$/bbl)	98.43	74.87	31	98.90	78.04	27
Total liquids including derivatives (\$/bbl)	86.29	78.13	10	88.04	81.67	8
Average Benchmark Prices						
Natural gas ⁽¹⁾						
AECO daily (\$/Mcf)	1.57	0.63	149	1.74	1.49	17
Empress daily (\$/Mcf)	1.54	0.63	144	1.89	1.69	12
Henry Hub (\$US/MMbtu)	2.96	3.07	(4)	3.60	3.39	6
Emerson daily (\$US/MMbtu)	1.32	0.52	154	1.85	1.69	9
Dawn daily (\$US/MMbtu)	2.60	2.79	(7)	3.19	3.18	-
Chicago Citygate (\$US/MMbtu)	2.55	2.79	(9)	3.41	3.16	8
Liquids						
WTI (\$US/bbl)	85.68	64.95	32	83.62	66.67	25
MSW Edmonton (\$/bbl)	118.92	86.42	38	114.99	88.58	30
Average Exchange rate (\$US/\$CAD)	0.7149	0.7260	(2)	0.7222	0.7152	1

⁽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 nine months ended September 30, 2026, was \$2.06/Mcf and \$2.41/Mcf, respectively, increases of 43% and 2% compared to the same periods of the prior year. The increase in the three-month period primarily reflected higher Western Canadian benchmark prices compared to the exceptionally weak pricing environment experienced in the third quarter of 2025, when elevated production and inventory levels placed significant downward pressure on Alberta natural gas prices. Despite the year-over-year improvement, Western Canadian natural gas prices remained weak in 2026 due to robust supply and inventory levels following mild winter weather. Advantage has continued to benefit from its successful market diversification and financial risk management strategy, which limits direct exposure to AECO pricing, with approximately 12% and 16% of natural gas production exposed to AECO for the remainder of 2026 and 2027, respectively. In contrast, Eastern Canada and US natural gas benchmark prices remained stronger than AECO, 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 \$48 million of incremental revenue above AECO pricing, net of associated transportation costs (see "Transportation Expense"), for

Commodity Prices and Marketing (continued)

the nine months ended September 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 and into 2027.

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

Sales Markets	Nine months ended September 30, 2026		Forward-looking 2026 ⁽²⁾	
	Production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)
AECO	179.5	44%	183.6	44%
AECO Other ⁽⁴⁾	43.8	11%	58.9	14%
Empress	61.4	15%	55.0	13%
Emerson	26.8	7%	26.8	6%
Dawn	52.7	13%	52.7	13%
Chicago	16.0	4%	16.0	4%
PJM power price ⁽⁵⁾	25.0	6%	25.0	6%
Total	405.2	100%	418.0⁽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 September 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

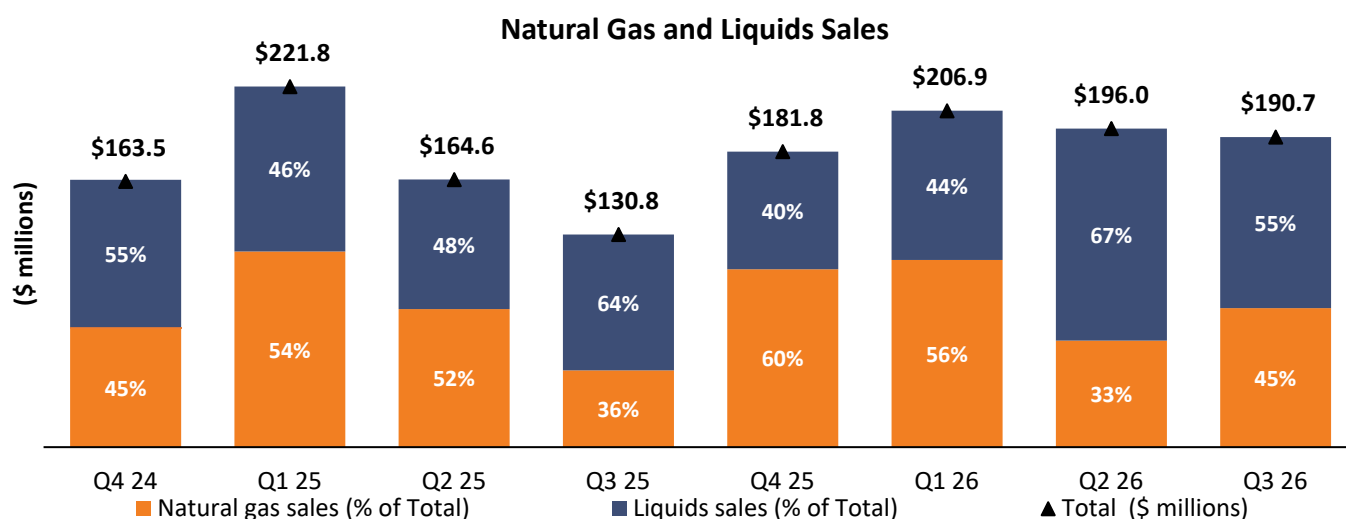
Advantage's realized liquids price excluding derivatives for the three and nine months ended September 30, 2026, was \$98.43/bbl and \$98.90/bbl, respectively, increases of 31% and 27% compared to the same periods of the prior year. The price that Advantage receives for crude oil and condensate production is largely driven by global supply and demand and the Edmonton light sweet oil and condensate price differentials. The increases primarily reflected higher crude oil benchmark prices driven by geopolitical conflict in the Middle East, which disrupted global energy flows and contributed to significantly higher global oil prices. Liquids pricing is expected to remain volatile while the conflict remains unresolved and global trade is disrupted.

Approximately 83% of Advantage's liquids production consists 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 September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Crude oil	66,442	65,819	1	219,754	195,607	12
Condensate	13,887	5,334	160	44,175	20,856	112
NGLs	24,922	12,463	100	63,591	48,255	32
Liquids	105,251	83,616	26	327,520	264,718	24
Natural gas	85,477	47,189	81	266,094	252,470	5
Natural gas and liquids sales⁽¹⁾	190,728	130,805	46	593,614	517,188	15
per boe	23.84	19.89	20	27.29	24.37	12

⁽¹⁾ Natural gas and liquids sales are presented for Advantage only and exclude inter-segment eliminations of sales to Entropy.



Natural gas and liquids sales for the three and nine months ended September 30, 2026, increased by \$59.9 million, or 46%, and \$76.4 million, or 15%, respectively, compared to the same periods of the prior year.

For the three and nine months ended September 30, 2026, natural gas sales increased by \$38.3 million, or 81%, and \$13.6 million, or 5%, respectively, compared to the same periods of the prior year. The increases were driven by a 43% and 2% increase in average realized natural gas prices (see "Commodity Prices and Marketing") for the three and nine-month periods, accompanied by an increase of 27% and 3% in natural gas production volumes for the same periods (see "Production").

For the three and nine months ended September 30, 2026, liquids sales increased by \$21.6 million, or 26%, and \$62.8 million, or 24%, respectively, compared to the same periods of the prior year. The increases in both periods were driven by a 31% and 27% increase in average realized liquids prices for the three- and nine-month periods (see "Commodity Prices and Marketing"), partially offset by modest decreases of 4% and 2% in liquids volumes for the same periods (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.

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 nine months ended September 30, 2026, and 2025 are as follows:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Realized gains (losses) on derivatives				
Natural gas	19,554	26,108	50,532	41,531
Crude oil	(12,982)	3,640	(35,960)	12,345
Foreign exchange	(201)	185	(208)	14
Natural gas embedded derivative	6,673	4,227	13,405	6,476
Total	13,044	34,160	27,769	60,366
Unrealized gains (losses) on derivatives				
Natural gas	(6,874)	(5,146)	19,302	(10,586)
Crude oil	(31,524)	(4,236)	(34,547)	(1,227)
Foreign exchange	313	(360)	(648)	877
Natural gas embedded derivative	6,219	3,621	8,387	(12,712)
Unsecured debentures	(4,040)	769	(3,453)	1,262
Total	(35,906)	(5,352)	(10,959)	(22,386)
Gains (losses) on derivatives				
Natural gas	12,680	20,962	69,834	30,945
Crude oil	(44,506)	(596)	(70,507)	11,118
Foreign exchange	112	(175)	(856)	891
Natural gas embedded derivative	12,892	7,848	21,792	(6,236)
Unsecured debentures	(4,040)	769	(3,453)	1,262
Total	(22,862)	28,808	16,810	37,980

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 October 1, 2026 and October 31, 2029, apart from the natural gas embedded derivative which is expected to be settled between the years 2026 and 2035. A detailed list of Advantage's outstanding derivative contracts as at September 30, 2026 is provided in note 7 of the Condensed Consolidated Financial Statements.

Financial Risk Management (continued)

Natural gas

For the three and nine months ended September 30, 2026, Advantage realized gains on natural gas derivatives of \$19.6 million and \$50.5 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 \$6.9 million and an unrealized gain of \$19.3 million, respectively, for the three and nine months ended September 30, 2026. Unrealized gains and losses are a result of changes in the fair value of the Corporation's outstanding natural gas derivative contracts combined 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 during the period. The change in the fair value of our outstanding natural gas derivative contracts for the nine-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 September 30, 2026.

Crude oil

For the three and nine months ended September 30, 2026 Advantage realized losses on crude oil derivatives of \$13.0 million and \$36.0 million, respectively, due to the settlement of contracts with average derivative contract prices that were below average market prices. The losses on crude oil derivative contracts were driven by the conflict in the Middle East which resulted in high benchmark oil prices (see "Commodity Prices and Marketing").

Advantage recognized unrealized losses on crude oil derivatives of \$31.5 million and \$34.5 million for the three and nine months ended September 30, 2026, respectively. The unrealized losses are due to an increase in forward strip prices of WTI during the first nine months of 2026.

Natural gas embedded derivative

Advantage sells natural gas under a long-term natural gas supply agreement, delivering 25,000 MMbtu/d of natural gas to 2035. Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage exposure to PJM electricity prices. The Corporation realizes gains or losses on the embedded derivative when the realized settlement price differs from the host contract price. For the three and nine months ended September 30, 2026, PJM electricity prices were stronger than the price assigned to the host contract, resulting in realized gains of \$6.7 million and \$13.4 million, respectively. For the three and nine months ended September 30, 2026, the Corporation recognized unrealized gains on its natural gas embedded derivative of \$6.2 million and \$8.4 million resulting from changes in the fair value, driven primarily by an increase in the forward electricity price curve as at September 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 nine months ended September 30, 2026, the Entropy unsecured debentures derivative liability resulted in an unrealized loss of \$4.0 million and \$3.5 million, respectively, due to changes in the value of the conversion option.

Net Sales of Purchased Natural Gas

(\$000, except as otherwise indicated)	Three months ended			Nine months ended		
	September 30 2026	September 30 2025	% Change	September 30 2026	September 30 2025	% Change
Sales of purchased natural gas	-	1,121	nm	8,409	1,121	650
Natural gas purchases	-	556	nm	(5,834)	556	nm
Net sales of purchased natural gas	-	1,677	nm	2,575	1,677	54
per boe	-	0.26	nm	0.12	0.08	50

During the second quarter of 2026, Advantage purchased natural gas at low and, at times, negative spot prices to satisfy physical sales commitments during the planned turnaround at the Glacier Gas Plant.

Royalty Expense

(\$000, except as otherwise indicated)	Three months ended			Nine months ended		
	September 30 2026	September 30 2025	% Change	September 30 2026	September 30 2025	% Change
Royalty expense	23,850	12,309	94	62,454	46,644	34
per boe	2.98	1.87	59	2.87	2.20	30
Royalty rate (%) ⁽¹⁾	12.5	9.4	3.1	10.5	9.0	1.5

⁽¹⁾ Percentage of natural gas and liquids sales.

For the three and nine months ended September 30, 2026, royalty expense increased primarily due to higher liquids royalties, which comprised the majority of total royalty expense as strong liquids prices contrasted with continued weak natural gas prices. Higher liquids prices, together with the greater contribution of liquids to total sales, increased both liquids royalties and the average royalty rate. Liquids generally attract higher royalty rates than natural gas, with higher average oil par prices further increasing liquids royalty rates (see "Natural Gas and Liquids Sales" and "Commodity Prices and Marketing").

Advantage expects royalty rates to range from 9% to 11% 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			Nine months ended		
	September 30		%	September 30		%
	2026	2025	Change	2026	2025	Change
Advantage operating expense	38,878	37,336	4	116,495	106,407	9
per boe	4.86	5.68	(14)	5.36	5.01	7
Entropy operating expense	2,084	332	528	3,238	1,682	93
Operating expense	40,962	37,668	9	119,733	108,089	11

Operating expense for Advantage's natural gas and liquids operations for the three and nine months ended September 30, 2026, increased by \$1.5 million and \$10.1 million, respectively, or 4% and 9%, primarily due to higher total production. Operating expense per boe for the three and nine months ended September 30, 2026 was \$4.86/boe and \$5.36/boe, respectively. Operating expense per boe decreased in the three-month period, reflecting greater utilization of Advantage's owned processing infrastructure following the commissioning of the Progress Gas Plant and the disposition of the higher-cost Wembley Assets, which relied on third-party processing. Operating expense per boe for the nine-month period increased primarily due to the planned 21-day turnaround at the Glacier Gas Plant (see "Production") and the commencement of new third-party natural gas processing commitments in the second half of 2025.

Advantage expects 2026 annual operating expense to be approximately \$5.10 to \$5.40 per boe, reflecting the disposition of the Wembley Assets, which relied on third-party processing (see "Advantage 2026 Guidance").

Operating expense for Entropy for the three and nine months ended September 30, 2026, increased substantially due to the commissioning of the Glacier Phase 2 CCS project in July 2026.

Transportation Expense

(\$000, except as otherwise indicated)	Three months ended			Nine months ended		
	September 30		%	September 30		%
	2026	2025	Change	2026	2025	Change
Natural gas	23,306	21,627	8	66,483	70,416	(6)
Liquids	6,399	6,075	5	18,496	16,512	12
Transportation expense	29,705	27,702	7	84,979	86,928	(2)
per boe	3.71	4.21	(12)	3.91	4.10	(5)

Transportation expense for the three months ended September 30, 2026, increased by \$2.0 million, or 7%, primarily due to higher production (see "Production") and higher fuel costs associated with stronger natural gas and oil prices.

Transportation expense for the nine months ended September 30, 2026, decreased by \$1.9 million, or 2%, as natural gas transportation optimization and mitigation efforts, including during the planned Glacier Gas Plant turnaround, more than offset higher liquids transportation costs from increased fuel surcharges and additional firm pipeline capacity commencing in April 2026 (see "Production"). Transportation expense per boe decreased in both periods, reflecting the benefit of transportation optimization and greater utilization of the Corporation's firm service capacity.

Advantage expects 2026 annual transportation expense to be approximately \$3.85 to \$4.10 per boe (see "Advantage 2026 Guidance").

Operating Income and Operating Netback⁽¹⁾

	Three months ended September 30			
	2026		2025	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	190,728	23.84	130,805	19.89
Realized gains on derivatives	13,044	1.63	34,160	5.19
Net sales of purchased natural gas	-	-	1,677	0.26
Royalty expense	(23,850)	(2.98)	(12,309)	(1.87)
Operating expense	(38,878)	(4.86)	(37,336)	(5.68)
Transportation expense	(29,705)	(3.71)	(27,702)	(4.21)
Operating income and operating netback ⁽²⁾	111,339	13.92	89,295	13.58

	Nine months ended September 30			
	2026		2025	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	593,614	27.29	517,188	24.37
Realized gains on derivatives	27,769	1.28	60,366	2.84
Net sales of purchased natural gas	2,575	0.12	1,677	0.08
Royalty expense	(62,454)	(2.87)	(46,644)	(2.20)
Operating expense	(116,495)	(5.36)	(106,407)	(5.01)
Transportation expense	(84,979)	(3.91)	(86,928)	(4.10)
Operating income and operating netback ⁽²⁾	360,030	16.55	339,252	15.98

⁽¹⁾ Operating income and operating netback are presented for Advantage's natural gas and liquids operations only and exclude Entropy and inter-segment eliminations with Entropy.

⁽²⁾ 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 nine months ended September 30, 2026, Advantage's operating netback was \$13.92/boe and \$16.55/boe, respectively, increases of \$0.34/boe and \$0.57/boe compared to the same periods of the prior year. The increases were primarily driven by higher natural gas and liquids sales, reflecting stronger commodity prices, partially offset by the associated increase in royalties and lower realized gains on derivatives (see "Commodity Prices and Marketing", "Royalty Expense" and "Financial Risk Management"). Third quarter operating and transportation costs per boe also benefited from increased utilization of Advantage's owned infrastructure, the disposition of the higher-cost Wembley Assets and transportation optimization.

General and Administrative Expense

(\$000, except as otherwise indicated)	Three months ended			Nine months ended		
	September 30		%	September 30		%
	2026	2025	Change	2026	2025	Change
Advantage G&A	6,545	4,956	32	27,331	20,739	32
Capitalized	(1,562)	(470)	232	(5,360)	(3,489)	54
Advantage G&A expense	4,983	4,486	11	21,971	17,250	27
per boe	0.62	0.68	(9)	1.01	0.81	25
Entropy G&A expense	3,083	3,786	(19)	15,098	13,482	12
General and administrative expense	8,066	8,272	(2)	37,069	30,732	21
Employees at September 30				98	98	-

Advantage general and administrative ("G&A") expense for the three and nine months ended September 30, 2026, increased compared to the prior year, primarily due to one-time costs related to the conclusion of the strategic review process and executive transition incurred during the first half of 2026, with G&A expense per boe for the nine-month period also impacted by the planned Glacier Gas Plant turnaround (see "Production"). With these first-half impacts behind the Corporation, G&A expense per boe decreased in the third quarter and is expected to remain lower through the remainder of 2026. Advantage remains on track to achieve its revised annual guidance range of \$0.90 to \$0.95 per boe (see "Advantage 2026 Guidance").

Entropy G&A expense increased in the nine-month period primarily due to higher staff levels required to support continued business development and the implementation of separate long-term incentive plans for Entropy employees, with the related costs borne by Entropy. Entropy G&A expense decreased for the three-month period due to recoveries from third-parties for project development costs.

Share-based Compensation Expense

(\$000, except as otherwise indicated)	Three months ended			Nine months ended		
	September 30		%	September 30		%
	2026	2025	Change	2026	2025	Change
Share-based compensation	2,082	3,231	(36)	6,576	8,448	(22)
Capitalized	(515)	(575)	(10)	(1,647)	(1,492)	10
Share-based compensation expense	1,567	2,656	(41)	4,929	6,956	(29)
per boe	0.20	0.40	(50)	0.23	0.33	(30)

Share-based compensation expense for the three and nine months ended September 30, 2026 was lower than the prior year periods primarily due to increased forfeitures. 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.

Finance Expense

(\$000, except as otherwise indicated)	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Advantage interest expense	8,911	11,864	(25)	29,675	37,170	(20)
per boe	1.11	1.80	(38)	1.36	1.75	(22)
Advantage accretion expense	1,487	1,402	6	4,355	4,005	9
Advantage finance expense	10,398	13,266	(22)	34,030	41,175	(17)
Entropy finance expense	3,241	1,905	70	8,871	5,263	69
Finance expense	13,639	15,171	(10)	42,901	46,438	(8)

Advantage incurred lower interest expense during the three and nine months ended September 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 the ratio of senior debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") for the trailing four quarters, 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 nine months ended September 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 September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Advantage depreciation	64,000	54,359	18	174,506	168,744	3
per boe	8.00	8.27	(3)	8.02	7.95	1
Entropy depreciation and amortization	1,156	1,112	4	4,247	3,045	39
Depreciation and amortization expense	65,156	55,471	17	178,753	171,789	4

The increase in depreciation expense during the three and nine months ended September 30, 2026 is attributable to higher production compared to the prior year periods (see "Production"). Depreciation expense per boe decreased slightly in the three-month period due to the disposition of the Wembley Assets, which had a higher depreciation rate.

Income Taxes

(\$000, except as otherwise indicated)	Three months ended September 30			Nine months ended September 30		
	2026	2025	% Change	2026	2025	% Change
Income tax expense	20,592	2,374	767	48,780	19,324	152
Effective tax rate (%)	27.1	128.2	nm	27.5	31.5	(4.0)

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and nine months ended September 30, 2026, the Corporation recognized a deferred income tax expense of \$20.6 million and \$48.8 million, respectively. The expense for the three and nine months ended September 30, 2026, is a result of income before taxes and non-controlling interest of \$76.0 million and \$177.4 million combined with non-deductible share-based compensation expense, and unrecognized deferred tax assets related to Entropy's non-capital losses. As at September 30, 2026, the Corporation had a deferred income tax liability of \$326.7 million.

Income Taxes (continued)

On September 15, 2026, the Department of Finance released draft legislative proposals to implement the Productivity Mega Deduction ("PMD"). The PMD allows immediate expensing of most depreciable property acquired and available for use after September 14, 2026. It also allows immediate expensing of Canadian development expenses ("CDE") incurred after that date, rather than deducting them over several years on a declining balance basis. The PMD replaces the temporary accelerated capital cost allowance and CDE measures available in recent years. As a result, Advantage now expects to become cash taxable in 2031, deferred from its previous estimate of 2028, based on the Corporation's current capital program and commodity price assumptions. The proposals have not been substantively enacted as at September 30, 2026 and are therefore not reflected in the Corporation's deferred income tax balances.

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

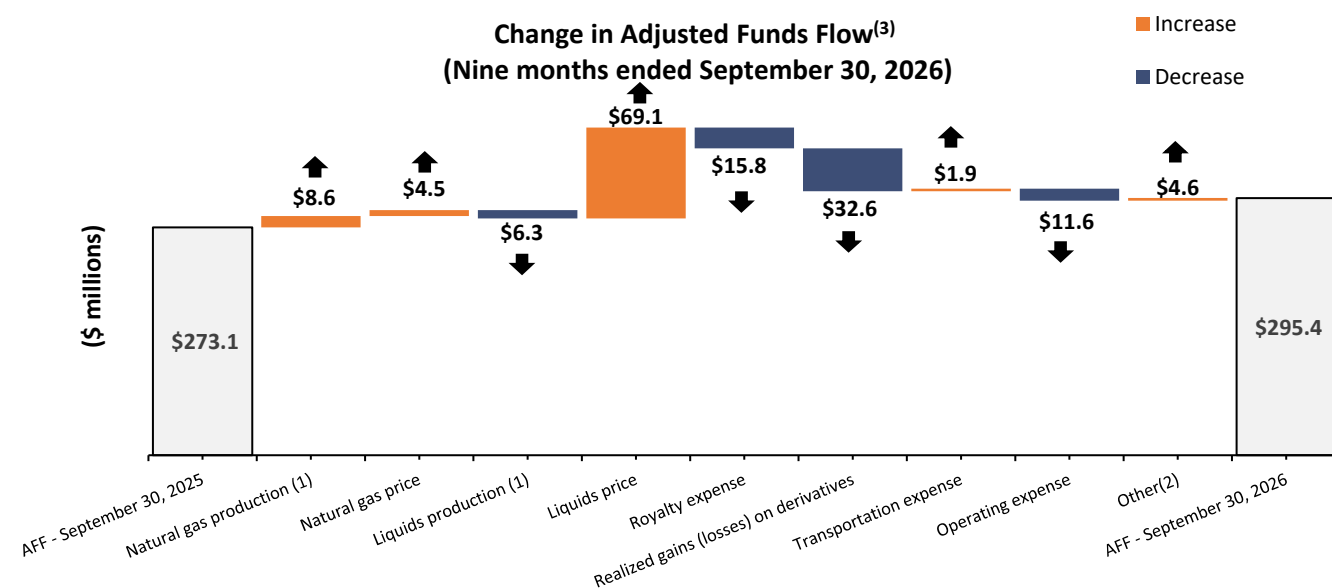
(\$000, except as otherwise indicated)	Three months ended September 30		% Change	Nine months ended September 30		% Change
	2026	2025		2026	2025	
Net income (loss) and comprehensive income (loss) attributable to Advantage shareholders	56,431	(43)	nm	131,073	43,435	202
per basic share (\$/share)	0.34	-	nm	0.78	0.26	200
per diluted share (\$/share)	0.33	-	nm	0.77	0.25	208

Advantage recognized net income attributable to Advantage shareholders of \$56.4 million and \$131.1 million for the three and nine months ended September 30, 2026, respectively. The increase in net income was primarily driven by significantly higher natural gas and liquids sales, partially offset by the associated increase in royalties and lower realized gains on derivatives (see "Natural Gas and Liquids Sales", "Royalty Expense" and "Financial Risk Management"). Net income further benefited from the \$90.1 million gain on disposition of the Wembley Assets (see "Cash Used in Investing Activities and Net Capital Expenditures").

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

(\$000, except as otherwise indicated)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Cash provided by operating activities	98,228	80,100	319,938	283,133
Expenditures on decommissioning liability	1,419	1,548	2,784	4,111
Changes in non-cash working capital	(4,948)	(12,470)	(27,310)	(14,177)
Adjusted funds flow ⁽¹⁾	94,699	69,178	295,412	273,067
Advantage adjusted funds flow ⁽¹⁾	96,813	72,422	306,799	282,439
per basic share ⁽¹⁾	0.58	0.43	1.84	1.69
per diluted share ⁽¹⁾	0.57	0.42	1.81	1.66
per boe ⁽¹⁾	12.10	11.01	14.11	13.31
Entropy adjusted funds flow ⁽¹⁾	(1,784)	(3,244)	(11,057)	(9,372)

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



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

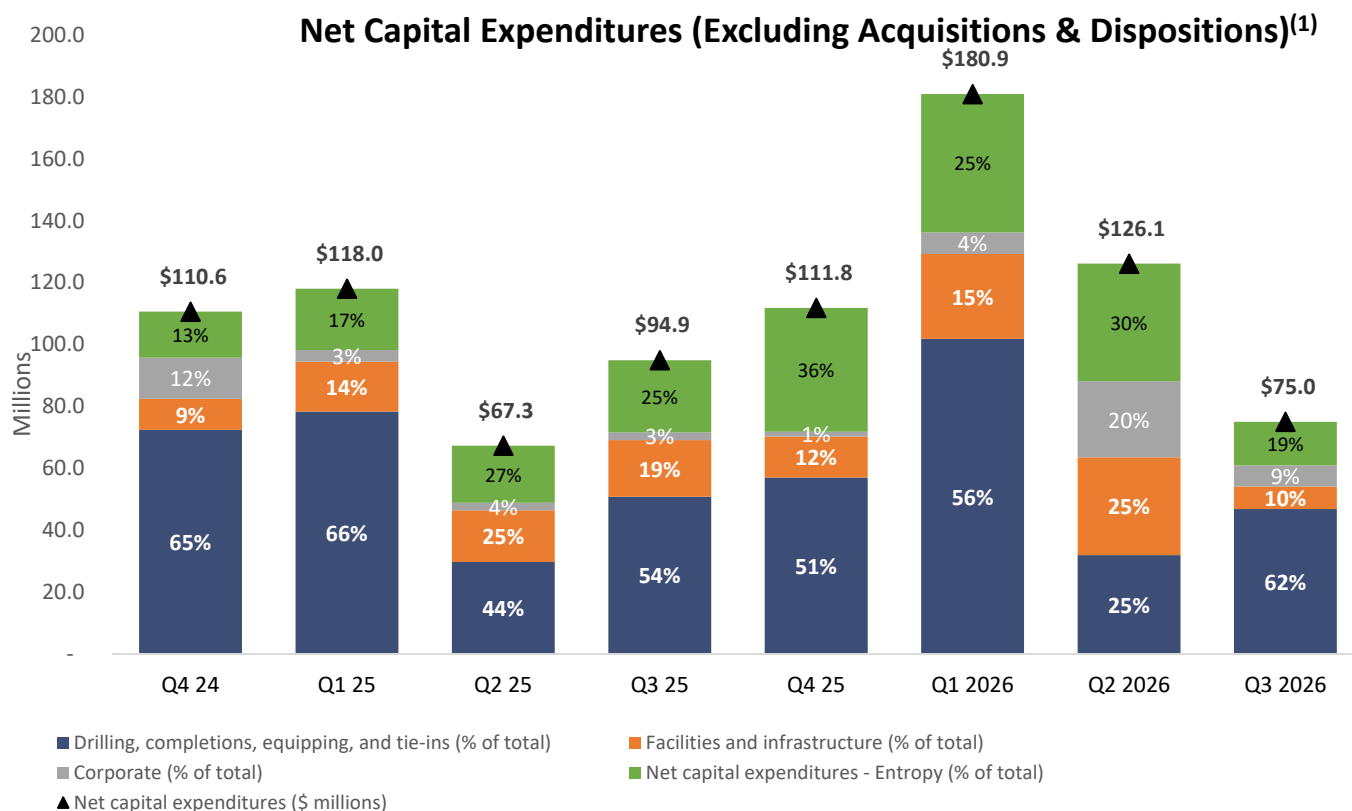
For the three and nine months ended September 30, 2026, cash provided by operating activities was \$98.2 million and \$319.9 million, increases of \$18.1 million and \$36.8 million, respectively, compared to the same periods of the prior year. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, adjusted funds flow was \$94.7 million and \$295.4 million, increases of \$25.5 million and \$22.3 million, respectively, from the same periods of the prior year. Advantage's adjusted funds flow increased by \$24.4 million for both the three and nine-month periods, primarily due to higher natural gas and liquids sales, reflecting stronger commodity prices and higher production, partially offset by the associated increase in royalty expense and lower realized gains on derivatives (see "Commodity Prices and Marketing", "Royalty Expense" and "Financial Risk Management").

Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Drilling, completions, equipping and tie-ins	46,770	50,775	180,439	158,774
Facilities and infrastructure	7,335	18,340	66,272	51,181
Corporate ⁽¹⁾	6,823	2,479	38,445	8,650
Exploration and development expenditures ⁽²⁾	60,928	71,594	285,156	218,605
Asset dispositions	(325,375)	-	(337,312)	(4,000)
Net capital expenditures - Advantage ⁽²⁾	(264,447)	71,594	(52,156)	214,605
Carbon capture and storage facilities	20,951	22,999	103,443	60,993
Government assistance	(6,940)	-	(6,940)	-
Intangible assets	38	278	334	548
Asset acquisition	-	25,169	-	25,169
Net capital expenditures - Entropy ⁽²⁾	14,049	48,446	96,837	86,710
Net capital expenditures ⁽²⁾	(250,398)	120,040	44,681	301,315
Changes in non-cash working capital	45,473	(17,702)	11,781	4,172
Investment in other assets	946	-	4,701	-
Cash (provided by) used in investing activities	(203,979)	102,338	61,163	305,487

⁽¹⁾ Corporate includes workovers, turnaround cost, seismic, capitalized G&A, and office furniture and equipment.

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



⁽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 \$60.9 million and \$285.2 million of exploration and development expenditures for the three and nine months ended September 30, 2026, representing a significant portion of its 2026 capital program. The following table summarizes wells drilled, completed and on production for the three and nine months ended September 30, 2026:

(# of wells)	Three months ended September 30, 2026			Nine months ended September 30, 2026		
	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)
Glacier	- -	3 (2.9)	4 (3.8)	11 (10.8)	13 (12.4)	13 (12.4)
Valhalla	- -	- -	- -	- -	3 (3.0)	3 (3.0)
Wembley	1 (1.0)	3 (3.0)	3 (3.0)	3 (3.0)	3 (3.0)	3 (3.0)
Progress	2 (2.0)	- -	- -	2 (2.0)	- -	- -
Service well	1 (1.0)	1 (1.0)	- -	1 (1.0)	1 (1.0)	- -
Montney	4 (4.0)	7 (6.9)	7 (6.8)	17 (16.8)	20 (19.4)	19 (18.4)
Valhalla	- -	- -	- -	1 (1.0)	5 (5.0)	5 (5.0)
Progress	4 (1.5)	4 (1.5)	2 (0.5)	4 (1.5)	4 (1.5)	2 (0.5)
Gordondale	- -	- -	- -	- -	- -	- -
Charlie Lake	4 (1.5)	4 (1.5)	2 (0.5)	5 (2.5)	9 (6.5)	7 (5.5)
Total	8 (5.5)	11 (8.4)	9 (7.3)	22 (19.3)	29 (25.9)	26 (23.9)

Montney Assets

Glacier

Advantage's 2026 capital program initially focused on drilling at our Glacier property, which consisted of 11 gross (10.8 net) wells drilled, 13 gross (12.4 net) wells completed, and 13 gross (12.4 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. The thirteen wells placed on production in 2026 demonstrated similarly strong performance, achieving average peak IP30 rates of 16.0 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 brought on production. These wells averaged IP90 rates of 1,093 boe/d including 35% liquids (4.3 MMcf/d natural gas, 289 bbls/d condensate and 94 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, Advantage drilled 2 gross (2.0 net) wells at our 5-32 pad which were completed in early October. During the initial testing phase, both wells demonstrated higher length-normalized productivity than our successful 16-36 well drilled in 2019. The new wells were subsequently shut-in, equipped and brought on production on October 27. Advantage expects to provide IP30 results from these wells in early December. Based on these encouraging results, Advantage is planning to drill two additional wells at Progress in the first quarter of 2027.

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.

Wembley

In response to increased oil prices, Advantage redirected capital to our Wembley asset which consisted of 3 gross (3.0 net) wells. The three Wembley wells were all completed and on production in the third quarter of 2026. Advantage subsequently disposed of the Wembley Assets in September 2026 (see "Corporate Update").

Charlie Lake Assets

Valhalla/Progress/Gordondale

Activity across our Charlie Lake properties consisted of 5 gross (2.5 net) wells drilled, 9 gross (6.5 net) wells completed, and 7 gross (5.5 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.

In the Charlie Lake, industry peers have been implementing open-hole multi-lateral ("**OHML**") well designs that have delivered strong productivity with reduced capital costs. Given those encouraging results, Advantage has elected to drill its first Charlie Lake OHML in the fourth quarter of 2026, funded by the additional proceeds received from the Wembley disposition.

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 \$7.0 million, and cash consideration of \$11.9 million.

On September 11, 2026, Advantage completed the disposition of the Wembley Assets for cash consideration of \$316.0 million before closing adjustments. Cash proceeds totaled \$325.4 million after closing adjustments, which included approximately \$13.6 million for the reimbursement of capital expenditures incurred on drilling and completion activity at Wembley prior to closing. Although reflected as disposition proceeds, this reimbursement effectively offsets a portion of Advantage's exploration and development expenditures incurred during 2026. Advantage recognized a gain on disposition of \$90.1 million (see "Corporate Update").

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

Entropy

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

Entropy invested \$14.0 million and \$96.8 million in net capital expenditures for the three and nine months ended September 30, 2026, primarily attributable to equipment and construction costs associated with the Glacier Phase 2 CCS project. During the third 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 CO₂ 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.

During the third quarter, Entropy received \$6.9 million under the Federal Carbon Capture, Utilization and Storage Investment Tax Credit ("**CCUS ITC**") program in respect of the Glacier Phase 1B carbon capture project, which was commissioned in the fourth quarter of 2023. The receipt of these proceeds represents an important milestone for the project and reinforces the role of timely government support programs in advancing the deployment of carbon capture and storage infrastructure in Canada. Timely receipt of CCUS ITC funding is critical to maintaining project economics, as delays in reimbursement reduce the overall value of these incentives to project developers.

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 to ensure we are properly diversified to multiple markets. Of our total transportation commitments, \$459.5 million or 53% is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$402.2 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.

(\$ millions)	Payments due by period						
	Total	2026 (3 months)	2027	2028	2029	2030	Beyond
Building operating cost ⁽¹⁾	0.8	0.2	0.6	-	-	-	-
Processing	90.6	3.1	12.1	11.7	10.9	10.9	41.9
Transportation	861.6	25.0	105.8	95.0	87.7	85.3	462.8
Total commitments	953.0	28.3	118.5	106.7	98.6	96.2	504.7
Performance Awards	5.8	-	3.5	1.6	0.7	-	-
Lease liability	2.1	0.3	1.2	0.5	0.1	-	-
Financing liability	114.2	3.3	13.0	13.1	13.0	13.0	58.8
Bank indebtedness ⁽²⁾							
- principal	115.0	-	-	-	115.0	-	-
- interest	16.0	1.5	5.8	5.8	2.9	-	-
Unsecured debentures ⁽³⁾							
- principal	391.5	-	-	-	-	-	391.5
- interest	269.4	7.9	31.7	31.7	31.7	31.7	134.7
Convertible debentures ⁽⁴⁾							
- principal	143.8	-	-	-	143.8	-	-
- interest	19.8	1.8	7.2	7.2	3.6	-	-
Total contractual obligations	1,077.6	14.8	62.4	59.9	310.8	44.7	585.0
Total future payments	2,030.6	43.1	180.9	166.6	409.4	140.9	1,089.7

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

⁽²⁾ As at September 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)	September 30 2026	December 31 2025
Bank indebtedness	112,985	412,993
Convertible debentures ⁽¹⁾	143,750	143,750
Working capital surplus	(23,714)	(7,651)
Net debt attributable to Advantage	233,021	549,092
Unsecured debentures ⁽²⁾	391,517	254,421
Working capital deficit	3,188	3,175
Net debt attributable to Entropy	394,705	257,596
Net debt ⁽³⁾	627,726	806,688
Shares outstanding	164,162,470	166,941,610
Shares closing market price (\$/share)	9.85	11.74
Market capitalization	1,617,000	1,959,895
Total capitalization	2,244,726	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 September 30, 2026, net debt for Advantage was \$233.0 million and Entropy was \$394.7 million. Advantage's net debt decreased substantially in the third quarter of 2026 primarily reflecting the application of proceeds from the disposition of the Wembley Assets. Having achieved a net debt level substantially below the Corporation's target range of \$400 million to \$500 million, Advantage will continue to prioritize balance sheet strength, with debt to adjusted funds flow expected to remain below 1.0x even at bottom-decile commodity prices. As at September 30, 2026, net debt to adjusted funds flow ratio excluding Entropy was 0.6x. Advantage maintains significant financial flexibility through our \$650 million Credit Facility of which \$526.4 million, or 81% was available after deducting outstanding letters of credit of \$8.6 million (see "Bank Indebtedness, Credit Facilities and Working Capital").

Entropy net debt increased \$137.1 million from December 31, 2025, due to the issuance of \$117.0 million of unsecured debentures (see "Unsecured Debentures"), which were used to fund \$96.8 million of net capital expenditures in the nine-month period (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 \$347.0 million has been drawn and \$39.9 million of interest has been paid-in-kind and added to the aggregate balance of outstanding debentures as at September 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 \$0.6 million of interest has been paid-in-kind and added to the aggregate balance of outstanding debentures as at September 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 September 30, 2026, Advantage had bank indebtedness outstanding of \$113.0 million, a decrease of \$300.0 million since December 31, 2025. The Corporation has \$526.4 million, or 81%, 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 agent's 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 September 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	0.3:1
Senior debt to EBITDA	Not exceeding 3.5:1	0.3:1
Interest coverage ratio	Not less than 2.5:1	10.7:1

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 September 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 surplus of \$20.5 million as at September 30, 2026, as compared to a working capital surplus at December 31, 2025 of \$4.5 million, largely due to an increase in cash and cash equivalents held by Advantage. 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 September 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 September 30, 2026, was \$149.5 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 September 30, 2026, Entropy's unsecured debentures have an outstanding aggregate principal balance of \$391.5 million (December 31, 2025 - \$254.4 million) consisting of \$386.9 million convertible unsecured debentures (December 31, 2025 - \$250.3 million) and \$4.6 million non-convertible unsecured debentures (December 31, 2025 - \$4.1 million).

During the nine months ended September 30, 2026, Entropy issued convertible unsecured debentures for gross proceeds of \$117.0 million (September 30, 2025 - \$95.0 million) and incurred \$5.2 million of issuance costs (September 30, 2025 - \$4.5 million). For the nine months ended September 30, 2026, Entropy incurred interest of \$19.6 million which was paid-in-kind (September 30, 2025 - \$9.7 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 nine months ended September 30, 2026, the Corporation made cash payments of \$9.8 million (September 30, 2025 - \$9.8 million) under the take-or-pay volume commitment agreement.

As at September 30, 2026, the Corporation had a decommissioning liability of \$88.0 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 \$157.2 million (December 31, 2025 – \$163.4 million), with 56% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the nine months ended September 30, 2026, was \$2.8 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 nine months ended September 30, 2026, the net loss and comprehensive loss attributed to non-controlling interest was \$2.4 million (September 30, 2025 - \$1.4 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 considers 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.

During the third quarter of 2026, Advantage repurchased and cancelled 3.3 million Common Shares, representing approximately 2% of its Common Shares outstanding, for total consideration of \$35.0 million, reflecting a significant acceleration in share repurchases following the disposition of the Wembley Assets and the substantial completion of the Corporation's 2026 capital program. These factors, together with significant free cash flow generation, provide increased capacity to return capital to shareholders. Share buybacks remain the Corporation's primary vehicle for direct shareholder returns while its Common Shares trade below intrinsic value. During the nine months ended September 30, 2026, Advantage repurchased and cancelled 3.6 million Common Shares for total consideration of \$38.3 million at an average price of \$10.61 per share. The Corporation expects to continue executing on its NCIB and is targeting the repurchase of up to 5% of its Common Shares outstanding during the second half of 2026 and up to an additional 10% in 2027.

As at September 30, 2026, a total of 2.1 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 October 29, 2026, Advantage had 161.8 million Common Shares outstanding.

Quarterly Performance

	2026			2025				2024
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
(\$000, except as otherwise indicated)								
Financial Statement Highlights								
Natural gas and liquids sales	190,168	195,964	206,922	181,796	130,805	164,593	221,790	163,477
Net income (loss) and comprehensive income (loss) ⁽⁴⁾	56,431	45,114	29,528	9,616	(43)	72,502	(29,024)	17,130
per basic share ⁽²⁾	0.34	0.27	0.18	0.06	-	0.43	(0.17)	0.10
per diluted share ⁽²⁾	0.33	0.26	0.17	0.06	-	0.41	(0.17)	0.10
Basic weighted average shares (000)	166,846	167,614	166,975	166,941	166,968	167,179	166,821	166,974
Diluted weighted average shares (000)	179,458	179,640	170,368	170,338	166,968	180,785	166,821	169,785
Cash provided by operating activities	98,228	104,632	117,078	74,357	80,100	80,084	122,949	56,350
Cash provided by (used in) financing activities	(306,861)	43,761	31,959	41,387	(33,040)	42,046	11,670	22,789
Cash provided by (used in) investing activities	203,979	(130,903)	(134,239)	(116,477)	(102,338)	(95,230)	(107,919)	(71,202)
Other Financial Highlights								
Adjusted funds flow ⁽¹⁾	94,699	82,960	117,753	96,172	69,178	85,247	118,642	81,389
per basic share ⁽¹⁾⁽²⁾	0.57	0.50	0.71	0.58	0.41	0.51	0.71	0.49
per diluted share ⁽¹⁾⁽²⁾	0.56	0.49	0.69	0.56	0.40	0.50	0.70	0.48
Net capital expenditures ⁽¹⁾	(250,398)	126,107	168,972	117,581	120,040	67,288	113,987	99,162
Free cash flow surplus (deficit) ⁽¹⁾	19,722	(43,147)	(63,156)	(15,461)	(25,693)	17,959	655	(29,194)
Bank indebtedness	112,985	397,896	399,077	412,993	411,895	440,957	446,333	470,424
Net debt ⁽¹⁾	627,726	928,912	869,258	806,688	775,723	717,465	723,247	718,449
Operating Highlights ⁽⁵⁾								
Production								
Crude oil (bbls/d)	6,293	7,495	7,689	7,372	8,483	7,627	8,487	7,527
Condensate (bbls/d)	1,332	1,692	1,202	938	684	848	1,023	979
NGLs (bbls/d)	3,998	3,463	3,232	3,462	2,972	3,404	3,763	3,379
Total liquids production (bbls/d)	11,623	12,650	12,123	11,772	12,139	11,879	13,273	11,885
Natural gas (mcf/d)	452,046	347,770	415,517	408,307	356,059	397,379	422,998	389,331
Total production (boe/d)	86,964	70,611	81,375	79,823	71,482	78,108	83,773	76,774
Average prices (including realized derivatives)								
Natural gas (\$/mcf)	2.69	2.56	3.67	3.31	2.37	2.70	3.29	2.46
Liquids (\$/bbl)	86.29	97.12	80.18	72.82	78.13	79.96	86.53	87.84
Operating Netback (\$/boe)								
Natural gas and liquids sales	23.84	30.50	28.25	24.76	19.89	23.16	29.42	23.14
Realized (losses) gains on derivatives	1.63	(0.51)	2.45	2.92	5.19	2.77	0.87	2.91
Net sales of purchased natural gas	-	0.40	-	-	0.26	-	-	-
Royalty expense	(2.98)	(3.72)	(2.01)	(1.83)	(1.87)	(1.86)	(2.80)	(2.40)
Operating expense	(4.86)	(5.78)	(5.53)	(5.85)	(5.68)	(4.81)	(4.63)	(5.08)
Transportation expense	(3.71)	(4.11)	(3.94)	(4.01)	(4.21)	(4.03)	(4.06)	(3.77)
Operating netback ⁽¹⁾	13.92	16.78	19.22	15.99	13.58	15.23	18.80	14.80

(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 basic and adjusted diluted weighted average shares outstanding, as applicable.

(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 third quarter of 2026 and for the preceding seven quarters. The Corporation's sales and adjusted funds flow increased in the fourth quarter 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 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 quarter. 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. In the third quarter of 2026 the Corporation increased its adjusted funds flow slightly due to higher realized gains on derivatives and higher production, while the gain of \$90.1 million from the disposition of the Wembley Assets contributed to increased net income in the quarter. Cash provided by operating activities experienced greater fluctuations than adjusted funds flow due to changes in non-cash working capital, which primarily resulted from the amount and timing of trade payable settlements and accounts receivable collections.

Critical Accounting Estimates

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

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

Critical Accounting Estimates (continued)

commodity prices, future costs, future interest rates and other relevant assumptions. Revisions or changes in any of these estimates can have either a positive or a negative impact on asset and liability values, net income and comprehensive income.

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

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

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

Accounting Pronouncements not yet Adopted

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

Environmental Reporting (continued)

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

Evaluation of Disclosure Controls and Procedures

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

Evaluation of Internal Controls over Financial Reporting

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

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended September 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 given the Corporation's relatively low decommissioning liability. A reconciliation of the most directly comparable financial measure has been provided below:

Three months ended September 30 2026

(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	99,956	(1,398)	(330)	98,228
Expenditures on decommissioning liability	1,419	-	-	1,419
Changes in non-cash working capital	(4,562)	(386)	-	(4,948)
Adjusted funds flow	96,813	(1,784)	(330)	94,699

Three months ended September 30 2025

(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	82,877	(2,777)	-	80,100
Expenditures on decommissioning liability	1,548	-	-	1,548
Changes in non-cash working capital	(12,003)	(467)	-	(12,470)
Adjusted funds flow	72,422	(3,244)	-	69,178

Nine months ended September 30 2026

(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	324,774	(4,506)	(330)	319,938
Expenditures on decommissioning liability	2,784	-	-	2,784
Changes in non-cash working capital	(20,759)	(6,551)	-	(27,310)
Adjusted funds flow	306,799	(11,057)	(330)	295,412

Nine months ended September 30 2025

(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	289,293	(6,160)	-	283,133
Expenditures on decommissioning liability	4,111	-	-	4,111
Changes in non-cash working capital	(10,965)	(3,212)	-	(14,177)
Adjusted funds flow	282,439	(9,372)	-	273,067

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Net Capital Expenditures and Exploration and Development Expenditures

Net capital expenditures include total capital expenditures related to property, plant and equipment, exploration and evaluation assets and intangible assets, including the impacts of asset acquisitions and dispositions. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods and investment in other assets.

Additionally, the Corporation presents exploration and development expenditures, which exclude the impacts of asset acquisitions and dispositions. Management considers this a useful measure as it reflects capital invested in the organic growth and development of the Corporation's asset base.

A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended September 30					
	2026			2025		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in (provided) investing activities	(230,707)	26,728	(203,979)	56,341	45,997	102,338
Changes in non-cash working capital	(33,740)	(11,733)	(45,473)	15,253	2,449	17,702
Investment in other assets	-	(946)	(946)	-	-	-
Net capital expenditures	(264,447)	14,049	(250,398)	71,594	48,446	120,040
Asset acquisitions	-	-	-	-	(25,169)	(25,169)
Asset dispositions	325,375	-	325,375	-	-	-
Exploration and development expenditures	60,928	14,049	74,977	71,594	23,277	94,871

(\$000)	Nine months ended September 30					
	2026			2025		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in (provided) investing activities	(44,333)	105,496	61,163	220,272	85,215	305,487
Changes in non-cash working capital	(7,823)	(3,958)	(11,781)	(5,667)	1,495	(4,172)
Investment in other assets	-	(4,701)	(4,701)	-	-	-
Net capital expenditures	(52,156)	96,837	44,681	214,605	86,710	301,315
Asset acquisitions	-	-	-	-	(25,169)	(25,169)
Asset dispositions	337,312	-	337,312	4,000	-	4,000
Exploration and development expenditures	285,156	96,837	381,993	218,605	61,541	280,146

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

The Corporation computes free cash flow as adjusted funds flow less net capital expenditures excluding the impact of asset acquisitions and dispositions, 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 September 30 2026				
(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	99,956	(1,398)	(330)	98,228
Cash used in investing activities	230,707	(26,728)	-	203,979
Changes in non-cash working capital	29,178	11,347	-	40,525
Expenditures on decommissioning liability	1,419	-	-	1,419
Investment in other assets	-	946	-	946
Asset dispositions	(325,375)	-	-	(325,375)
Free cash flow - surplus (deficit)	35,885	(15,833)	(330)	19,722

Three months ended September 30 2025				
(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	82,877	(2,777)	-	80,100
Cash used in investing activities	(56,341)	(45,997)	-	(102,338)
Changes in non-cash working capital	(27,256)	(2,916)	-	(30,172)
Expenditures on decommissioning liability	1,548	-	-	1,548
Asset acquisitions	-	25,169	-	25,169
Free cash flow - surplus (deficit)	828	(26,521)	-	(25,693)

Nine months ended September 30 2026				
(\$000)	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	324,774	(4,506)	(330)	319,938
Cash used in investing activities	44,333	(105,496)	-	(61,163)
Changes in non-cash working capital	(12,936)	(2,593)	-	(15,529)
Expenditures on decommissioning liability	2,784	-	-	2,784
Investment in other assets	-	4,701	-	4,701
Asset dispositions	(337,312)	-	-	(337,312)
Free cash flow - surplus (deficit)	21,643	(107,894)	(330)	(86,581)

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

(\$000)	Nine months ended September 30 2025			
	Advantage	Entropy	Inter-segment eliminations	Total
Cash provided by (used in) operating activities	289,293	(6,160)	-	283,133
Cash used in investing activities	(220,272)	(85,215)	-	(305,487)
Changes in non-cash working capital	(5,298)	(4,707)	-	(10,005)
Expenditures on decommissioning liability	4,111	-	-	4,111
Asset acquisitions	-	25,169	-	25,169
Asset dispositions	(4,000)	-	-	(4,000)
Free cash flow - surplus (deficit)	63,834	(70,913)	-	(7,079)

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:

(\$000)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Natural gas and liquids sales	190,728	130,805	593,614	517,188
Realized gains on derivatives	13,044	34,160	27,769	60,366
Net sales of purchased natural gas	-	1,677	2,575	1,677
Royalty expense	(23,850)	(12,309)	(62,454)	(46,644)
Operating expense	(38,878)	(37,336)	(116,495)	(106,407)
Transportation expense	(29,705)	(27,702)	(84,979)	(86,928)
Operating income	111,339	89,295	360,030	339,252

Non-GAAP Ratios

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

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

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

(\$000, except as otherwise indicated)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Weighted average shares outstanding (000)	166,846	166,968	167,144	166,990
Diluted weighted average shares outstanding (000)	179,458	166,968	179,794	170,405
Common shares impact - Convertible debentures (000)	(9,859)	-	(9,859)	-
Common shares impact - Performance Share Units (000)	-	3,760	-	-
Adjusted diluted weighted average shares outstanding (000)	169,599	170,728	169,935	170,405
Advantage adjusted funds flow	96,813	72,422	306,799	282,439
Entropy adjusted funds flow	(1,784)	(3,244)	(11,057)	(9,372)
<u>Advantage</u>				
Adjusted funds flow per share (\$/share)	0.58	0.43	1.84	1.69
Adjusted funds flow per diluted share (\$/share)	0.57	0.42	1.81	1.66
<u>Entropy</u>				
Adjusted funds flow per share (\$/share)	(0.01)	(0.02)	(0.07)	(0.06)
Adjusted funds flow per diluted share (\$/share)	(0.01)	(0.02)	(0.07)	(0.05)

Adjusted Funds Flow per BOE

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

(\$000, except as otherwise indicated)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Adjusted funds flow	96,813	72,422	306,799	282,439
Total production (boe/d)	86,964	71,482	79,671	77,743
Days in period	92	92	273	273
Total production (boe)	8,000,688	6,576,344	21,750,183	21,223,839
Adjusted funds flow per BOE (\$/boe)	12.10	11.01	14.11	13.31

Operating Netback

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

(\$000, except as otherwise indicated)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Operating income	111,339	89,295	360,030	339,252
Total production (boe/d)	86,964	71,482	79,671	77,743
Days in period	92	92	273	273
Total production (boe)	8,000,688	6,576,344	21,750,183	21,223,839
Operating netback (\$/boe)	13.92	13.58	16.55	15.98

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

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 funds 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.

	September 30 2026	December 31 2025
(\$000, except as otherwise indicated)		
Bank indebtedness	112,985	412,993
Convertible debentures	143,750	143,750
Working capital surplus	(23,714)	(7,651)
Debt	233,021	549,092
Adjusted funds flow (prior four quarters)	405,940	381,584
Debt to adjusted funds flow	0.6	1.4

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 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 September 30, 2026, December 31, 2025 and September 30, 2025 is as follows:

	September 30 2026	December 31 2025	September 30 2025
Cash and cash equivalents	45,369	17,735	18,468
Trade and other receivables	82,797	84,973	59,365
Prepaid expenses and deposits	14,254	11,016	13,196
Trade and other accrued liabilities	(121,894)	(109,248)	(105,367)
Working capital surplus (deficit)	20,526	4,476	(14,338)

Specified Financial Measures (continued)

Capital Management Measures (continued)

Net Debt

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

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

	September 30 2026	December 31 2025	September 30 2025
Bank indebtedness	112,985	412,993	411,895
Convertible debentures	143,750	143,750	143,750
Working capital (surplus) deficit	(23,714)	(7,651)	16,665
Net debt attributable to Advantage	233,021	549,092	572,310
Unsecured debentures	391,517	254,421	205,740
Working capital (surplus) deficit	3,188	3,175	(2,327)
Net debt attributable to Entropy	394,705	257,596	203,413
Net debt	627,726	806,688	775,723

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.

Specified Financial Measures (continued)

Supplementary Financial Measures

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 production rate over 30 consecutive days after a well is brought on production
IP90	- average initial 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 the Wembley Transaction delivered sale metrics that are accretive to Advantage while generating cash proceeds that unlock significant financial and strategic flexibility; Advantage's net debt target range; that Advantage's cash costs are expected to fall following the closing of the Wembley Transaction as we further consolidate our operations and reduce our net debt; Advantage's anticipated fourth quarter operating costs, general and administrative costs, and finance costs; Advantage's anticipated fourth quarter production; Advantage's revised full year guidance including Advantage's expected full year production; 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 and risk management strategy; expected liquids pricing volatility and the causes thereof; the proportion of Advantage's production that consists of crude oil, condensate and pentanes, and that such liquids generally attract higher market prices; 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; that liquids generally attract higher royalty rates than natural gas; expected royalty rates operating expense and transportation expenses for 2026; anticipated G&A expense and that Advantage remains on track to achieve its annual G&A expense guidance; that G&A expense is expected to remain lower through the remainder of 2026; Advantage's expectations with respect to the Productivity Mega Deduction and its impact on Advantage, including that Advantage expects to become cash taxable in 2031; Management's belief that the Valhalla Montney asset will continue to play a pivotal role in our liquids rich gas development plan; anticipated timing of permanent production from our new Progress wells and the timing of full IP30 rates from such wells; that Advantage is planning on drilling two additional wells at Progress and the timing thereof; 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 our Charlie Lake drilling program continues to outperform our acquisition type curve; that Advantage will drill its first Charlie Lake OHML well and the timing thereof; expected benefits of Glacier Phase 2, including expectation that it will materially reduce emissions from the Glacier Gas Plant while increasing total CO₂ 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; that Advantage will continue to prioritize balance sheet strength; Advantage's expected debt to adjusted funds flow ratio; that Advantage maintains significant financial flexibility through our \$650 Credit Facility; the Corporation's continual financial assessment process and the anticipated benefits in connection therewith; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the Corporation's strategy for managing its capital structure; the terms of the Corporation's Credit Facility, including the extension thereof and the benefits thereof; the terms of the Debentures; that Advantage has an increased capacity to return capital to shareholders; that share buybacks remain the Corporation's primary vehicle for direct shareholder returns while Advantage's Common Shares trade below intrinsic value; that the Corporation expects to

Forward-Looking Information and Other Advisories (continued)

continue executing on its NCIB and the targets and timing thereof; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; 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, (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 or that CUSMA is renegotiated and renewed on terms that are less favourable to Canada, either of 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

Forward-Looking Information and Other Advisories (continued)

that the Wembley Transaction does not result in the anticipated benefits; 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 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 remainder 2026 or will not achieve further debt reduction or share buybacks in that anticipated amounts or at all; 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 result in the anticipated benefits thereof; 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.

Forward-Looking Information and Other Advisories (continued)

Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this MD&A and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

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

This MD&A contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to: the terms of the Corporation's derivative contracts; Advantage's anticipated annual royalty rates, operating expense per boe, transportation expense per boe, G&A expense per boe and finance expense per boe in 2026 and in the fourth quarter of 2026; the Corporation's future commitments and contractual obligations; that the Corporation expects to be cash taxable in 2031; the Corporation's net debt target range; the anticipated amounts of the Corporation's buybacks under its NCIB in the second half of 2026 and 2027; the Corporation's expected debt to adjusted funds flow; 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.

Forward-Looking Information and Other Advisories (continued)

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.

October 29, 2026



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2026 and 2025

Advantage Energy Ltd.

Consolidated Statements of Financial Position

(unaudited, expressed in thousands of Canadian dollars)

	Notes	September 30 2026	December 31 2025
ASSETS			
Current assets			
Cash and cash equivalents		45,369	17,735
Trade and other receivables		82,797	84,973
Prepaid expenses and deposits		14,254	11,016
Derivative asset	7	54,711	34,834
Total current assets		197,131	148,558
Non-current assets			
Derivative asset	7	43,406	39,400
Intangible assets		22,189	22,776
Natural gas and liquids properties	4	2,819,692	2,857,733
Other assets		5,683	2,548
Total non-current assets		2,890,970	2,922,457
Total assets		3,088,101	3,071,015
LIABILITIES			
Current liabilities			
Trade and other accrued liabilities		121,894	109,248
Derivative liability	7	30,297	402
Financing liability		6,158	5,754
Unsecured debentures	6(d)	395,268	255,051
Provisions and other liabilities	5	13,856	12,767
Total current liabilities		567,473	383,222
Non-current liabilities			
Derivative liability	7	2,540	1,046
Bank indebtedness	6(b)	112,985	412,993
Convertible debentures	6(c)	129,817	126,583
Financing liability		72,415	77,074
Provisions and other liabilities	5	90,893	103,816
Deferred income tax liability		326,659	277,879
Total non-current liabilities		735,309	999,391
Total liabilities		1,302,782	1,382,613
SHAREHOLDERS' EQUITY			
Share capital	8	1,951,011	1,987,665
Convertible debentures		12,859	12,859
Contributed surplus		204,555	199,643
Deficit		(377,137)	(508,210)
Total shareholders' equity attributable to Advantage shareholders		1,791,288	1,691,957
Non-controlling interest		(5,969)	(3,555)
Total shareholders' equity		1,785,319	1,688,402
Total liabilities and shareholders' equity		3,088,101	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)

		Three months ended September 30		Nine months ended September 30	
	Notes	2026	2025	2026	2025
Revenues					
Natural gas and liquids sales	11	190,168	130,805	593,054	517,188
Sales of purchased natural gas		-	1,121	8,409	1,121
Royalty expense		(23,850)	(12,309)	(62,454)	(46,644)
Natural gas and liquids revenue		166,318	119,617	539,009	471,665
Gains (losses) on derivatives	7	(22,862)	28,808	16,810	37,980
Other income		1,767	-	4,283	2,625
Total revenues		145,223	148,425	560,102	512,270
Expenses					
Operating expense		40,962	37,668	119,733	108,089
Transportation expense		29,705	27,702	84,979	86,928
Natural gas purchases		-	(556)	5,834	(556)
General and administrative expense		8,066	8,272	37,069	30,732
Share-based compensation expense		1,567	2,656	4,929	6,956
Depreciation and amortization expense		65,156	55,471	178,753	171,789
Finance expense		13,639	15,171	42,901	46,438
Gain on asset disposition		(90,093)	-	(90,093)	-
Other (gains) losses		187	189	(1,442)	553
Total expenses		69,189	146,573	382,663	450,929
Income before taxes and non-controlling interest		76,034	1,852	177,439	61,341
Income tax expense		(20,592)	(2,374)	(48,780)	(19,324)
Net income (loss) and comprehensive income (loss) before non-controlling interest		55,442	(522)	128,659	42,017
Net income (loss) and comprehensive income (loss) attributable to:					
Advantage shareholders		56,431	(43)	131,073	43,435
Non-controlling interest		(989)	(479)	(2,414)	(1,418)
		55,442	(522)	128,659	42,017
Net income (loss) per share attributable to Advantage shareholders					
Basic	10	0.34	-	0.78	0.26
Diluted	10	0.33	-	0.77	0.25

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)	-	-	-	43,435	(1,418)	42,017
Share-based compensation	-	-	8,448	-	-	8,448
Settlement of Performance Share Units	6,298	-	(6,298)	-	-	-
Common shares repurchased	(7,882)	-	1,157	-	-	(6,725)
Balance, September 30, 2025	1,987,655	12,859	198,126	(517,826)	(2,924)	1,677,890
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)	-	-	-	131,073	(2,414)	128,659
Share-based compensation	-	-	6,576	-	-	6,576
Settlement of Performance Share Units (note 8(a))	6,286	-	(6,286)	-	-	-
Common shares repurchased (note 8(c))	(42,940)	-	4,622	-	-	(38,318)
Balance, September 30, 2026	1,951,011	12,859	204,555	(377,137)	(5,969)	1,785,319

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Consolidated Statements of Cash Flows

(unaudited, expressed in thousands of Canadian dollars)

		Three months ended September 30		Nine months ended September 30	
	Notes	2026	2025	2026	2025
Operating Activities					
Income before taxes and non-controlling interest		76,034	1,852	177,439	61,341
Add (deduct) items not requiring cash:					
Unrealized losses on derivatives	7	35,906	5,352	10,959	22,386
Gain on asset disposition		(90,093)	-	(90,093)	-
Share-based compensation expense		1,567	2,656	4,929	6,956
Depreciation and amortization expense		65,156	55,471	178,753	171,789
Accretion expense		3,333	2,360	9,188	6,304
Interest paid-in-kind		2,609	1,298	5,679	3,738
Other (gains) losses		187	189	(1,442)	553
Expenditures on decommissioning liability	5(a)	(1,419)	(1,548)	(2,784)	(4,111)
Changes in non-cash working capital	12(a)	4,948	12,470	27,310	14,177
Cash provided by operating activities		98,228	80,100	319,938	283,133
Financing Activities					
Common shares repurchased	8	(35,008)	(860)	(38,318)	(6,725)
Decrease in bank indebtedness	12(b)	(284,911)	(29,062)	(300,008)	(58,529)
Net proceeds from unsecured debentures	12(b)	14,252	(4)	111,846	90,547
Principal repayment of lease liability	12(b)	(284)	(251)	(963)	(731)
Principal repayment of financing liability	12(b)	(1,467)	(1,339)	(4,255)	(3,886)
Changes in non-cash working capital	12(a)	557	(1,524)	557	-
Cash provided by (used in) financing activities		(306,861)	(33,040)	(231,141)	20,676
Investing Activities					
Natural gas and liquids assets additions	4	(60,928)	(71,594)	(285,156)	(218,605)
Carbon capture assets additions	4	(20,951)	(22,999)	(103,443)	(60,993)
Intangible asset additions		(38)	(278)	(334)	(548)
Business combinations and asset acquisitions		-	(25,169)	-	(25,169)
Asset dispositions	4	325,375	-	337,312	4,000
Government assistance	4	6,940	-	6,940	-
Investment in other assets		(946)	-	(4,701)	-
Changes in non-cash working capital	12(a)	(45,473)	17,702	(11,781)	(4,172)
Cash provided by (used in) investing activities		203,979	(102,338)	(61,163)	(305,487)
Increase (decrease) in cash and cash equivalents		(4,654)	(55,278)	27,634	(1,678)
Cash and cash equivalents, beginning of period		50,023	73,746	17,735	20,146
Cash and cash equivalents, end of period		45,369	18,468	45,369	18,468
Cash interest paid		7,697	11,513	28,034	36,396
Cash income taxes paid		-	-	-	-

See accompanying Notes to the Condensed Consolidated Financial Statements

Advantage Energy Ltd.

Notes to the Condensed Consolidated Financial Statements

September 30, 2026 (unaudited)

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

1. Business and structure of Advantage Energy Ltd.

Advantage Energy Ltd. and its subsidiaries (together "**Advantage**" or the "**Corporation**") is an energy producer with a significant position in the 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. 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 September 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 October 29, 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 (loss), 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 the low liability. Adjusted funds flow does not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. A reconciliation of the most directly comparable financial measure has been provided below:

(\$000)	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Cash provided by operating activities	98,228	80,100	319,938	283,133
Expenditures on decommissioning liability	1,419	1,548	2,784	4,111
Changes in non-cash working capital	(4,948)	(12,470)	(27,310)	(14,177)
Adjusted funds flow	94,699	69,178	295,412	273,067

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 September 30, 2026	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Total assets	2,818,378	368,269	(98,546)	3,088,101
Total liabilities	937,963	424,610	(59,791)	1,302,782
Net debt	233,021	394,705	-	627,726

For the three months ended September 30, 2026

Cash provided by (used in) operating activities	99,956	(1,398)	(330)	98,228
Cash provided by (used in) financing activities	(357,177)	49,986	330	(306,861)
Cash provided by (used in) investing activities	230,707	(26,728)	-	203,979
Net capital expenditures	(264,447)	14,049	-	(250,398)

Adjusted funds flow for the three months ended September 30, 2026

Natural gas and liquids sales	190,728	-	(560)	190,168
Other income	-	3,300	(1,533)	1,767
Royalty expense	(23,850)	-	-	(23,850)
Realized gains on derivatives	13,044	-	-	13,044
Total revenues (excluding unrealized gains and losses)	179,922	3,300	(2,093)	181,129
Operating expense	(38,878)	(2,644)	560	(40,962)
Transportation expense	(29,705)	-	-	(29,705)
General and administrative expense	(4,983)	(3,083)	-	(8,066)
Interest (expense) income	(8,911)	643	571	(7,697)
Other (expenses) income	(632)	-	632	-
Adjusted funds flow	96,813	(1,784)	(330)	94,699

Reconciliation to net income (loss) for the three months ended September 30, 2026

Adjusted funds flow	96,813	(1,784)	(330)	94,699
Unrealized losses on derivatives	(31,866)	(4,040)	-	(35,906)
Share-based compensation (expense) recovery	(1,597)	30	-	(1,567)
Depreciation and amortization expense	(64,000)	(2,225)	1,069	(65,156)
Interest paid-in-kind	-	(2,609)	-	(2,609)
Accretion expense	(1,487)	(1,846)	-	(3,333)
Gain on asset disposition	90,093	-	-	90,093
Other expenses	-	(187)	-	(187)
Income tax expense	(20,592)	-	-	(20,592)
Net income (loss)	67,364	(12,661)	739	55,442

3. Segmented reporting (continued)

For the nine months ended September 30, 2026	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Cash provided by (used in) operating activities	324,774	(4,506)	(330)	319,938
Cash provided by (used in) financing activities	(328,968)	97,497	330	(231,141)
Cash provided by (used in) investing activities	44,333	(105,496)	-	(61,163)
Net capital expenditures	(52,156)	96,837	-	44,681

Adjusted funds flow for the nine months ended September 30, 2026

Natural gas and liquids sales	593,614	-	(560)	593,054
Sales of purchased natural gas	8,409	-	-	8,409
Royalty expense	(62,454)	-	-	(62,454)
Realized gains on derivatives	27,769	-	-	27,769
Other income	25	6,769	(2,511)	4,283
Total revenues (excluding unrealized gains and losses)	567,363	6,769	(3,071)	571,061
Operating expense	(116,495)	(3,798)	560	(119,733)
Transportation expense	(84,979)	-	-	(84,979)
Natural gas purchases	(5,834)	-	-	(5,834)
General and administrative expense	(21,971)	(15,098)	-	(37,069)
Interest (expense) income	(29,675)	1,070	571	(28,034)
Other expenses	(1,610)	-	1,610	-
Adjusted funds flow	306,799	(11,057)	(330)	295,412

Reconciliation to net income (loss) for the nine months ended September 30, 2026

Adjusted funds flow	306,799	(11,057)	(330)	295,412
Unrealized losses on derivatives	(7,506)	(3,453)	-	(10,959)
Share-based compensation expense (recovery)	(5,114)	185	-	(4,929)
Depreciation and amortization expense	(174,506)	(5,877)	1,630	(178,753)
Interest paid-in-kind	-	(5,679)	-	(5,679)
Accretion expense	(4,355)	(4,833)	-	(9,188)
Gain on asset disposition	90,093	-	-	90,093
Other income (expenses)	1,629	(187)	-	1,442
Income tax expense	(48,780)	-	-	(48,780)
Net income (loss)	158,260	(30,901)	1,300	128,659

3. Segmented reporting (continued)

As at December 31, 2025	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Total assets	2,866,734	252,630	(48,349)	3,071,015
Total liabilities	1,113,011	277,895	(8,293)	1,382,613
Net debt	549,092	257,596	-	806,688

For the three months ended September 30, 2025

Cash provided by (used in) operating activities	82,877	(2,777)	-	80,100
Cash used in financing activities	(31,467)	(1,573)	-	(33,040)
Cash used in investing activities	(56,341)	(45,997)	-	(102,338)
Net capital expenditures	71,594	48,446	-	120,040

Adjusted funds flow for the three months ended September 30, 2025

Natural gas and liquids sales	130,805	-	-	130,805
Sales of purchased natural gas	1,121	-	-	1,121
Other income	-	523	(523)	-
Royalty expense	(12,309)	-	-	(12,309)
Realized gains on derivatives	34,160	-	-	34,160
Total revenues (excluding unrealized gains and losses)	153,777	523	(523)	153,777
Operating expense	(37,336)	(332)	-	(37,668)
Transportation expense	(27,702)	-	-	(27,702)
Natural gas purchases	556	-	-	556
General and administrative expense	(4,486)	(3,786)	-	(8,272)
Interest (expense) income	(11,864)	351	-	(11,513)
Other expenses	(523)	-	523	-
Adjusted funds flow	72,422	(3,244)	-	69,178

Reconciliation to net income (loss) for the three months ended September 30, 2025

Adjusted funds flow	72,422	(3,244)	-	69,178
Unrealized gains (losses) on derivatives	(6,121)	769	-	(5,352)
Share-based compensation expense	(2,656)	-	-	(2,656)
Depreciation and amortization expense	(54,359)	(1,394)	282	(55,471)
Interest paid-in-kind	-	(1,298)	-	(1,298)
Accretion expense	(1,402)	(958)	-	(2,360)
Other expenses	(189)	-	-	(189)
Income tax expense	(2,374)	-	-	(2,374)
Net income (loss)	5,321	(6,125)	282	(522)

3. Segmented reporting (continued)

For the nine months ended September 30, 2025	Advantage	Entropy	Inter-Segment Eliminations	Consolidated
Cash provided by (used in) operating activities	289,293	(6,160)	-	283,133
Cash provided by (used in) financing activities	(69,737)	90,413	-	20,676
Cash used in investing activities	(220,272)	(85,215)	-	(305,487)
Net capital expenditures	214,605	86,710	-	301,315

Adjusted funds flow for the nine months ended September 30, 2025

Natural gas and liquids sales	517,188	-	-	517,188
Sales of purchased natural gas	1,121	-	-	1,121
Other income	-	5,018	(2,393)	2,625
Royalty expense	(46,644)	-	-	(46,644)
Realized gains on derivatives	60,366	-	-	60,366
Total revenues (excluding unrealized gains and losses)	532,031	5,018	(2,393)	534,656
Operating expense	(106,407)	(1,682)	-	(108,089)
Transportation expense	(86,928)	-	-	(86,928)
Natural gas purchases	556	-	-	556
General and administrative expense	(17,250)	(13,482)	-	(30,732)
Interest (expense) income	(37,170)	774	-	(36,396)
Other expenses	(2,393)	-	2,393	-
Adjusted funds flow	282,439	(9,372)	-	273,067

Reconciliation to net income (loss) for the nine months ended September 30, 2025

Adjusted funds flow	282,439	(9,372)	-	273,067
Unrealized gains (losses) on derivatives	(23,648)	1,262	-	(22,386)
Share-based compensation expense	(6,890)	(66)	-	(6,956)
Depreciation and amortization expense	(168,744)	(3,937)	892	(171,789)
Interest paid-in-kind	-	(3,738)	-	(3,738)
Accretion expense	(4,005)	(2,299)	-	(6,304)
Other expenses	(553)	-	-	(553)
Income tax expense	(19,324)	-	-	(19,324)
Net income (loss)	59,275	(18,150)	892	42,017

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	-	285,156	103,443	388,698
Asset dispositions	-	(216)	(376,126)	-	(376,342)
Capitalized share-based compensation	-	-	1,647	-	1,647
Capitalized interest paid-in-kind	-	-	-	14,417	14,417
Government assistance	-	-	-	(6,940)	(6,940)
Changes in decommissioning liability	-	-	(7,874)	8	(7,866)
Expired right-of-use assets	(188)	-	-	-	(188)
Balance at September 30, 2026	5,563	14,639	4,392,736	309,086	4,722,024

Accumulated depreciation

Balance at December 31, 2025	3,017	-	1,840,523	7,325	1,850,865
Depreciation	942	-	172,920	3,970	177,832
Asset dispositions	-	-	(126,177)	-	(126,177)
Expired right-of-use assets	(188)	-	-	-	(188)
Balance at September 30, 2026	3,771	-	1,887,266	11,295	1,902,332

Net book value

At December 31, 2025	2,635	14,855	2,649,410	190,833	2,857,733
At September 30, 2026	1,792	14,639	2,505,470	297,791	2,819,692

Wembley Disposition

On August 26, 2026, Advantage entered into a purchase and sale agreement to divest its assets in the Wembley area of Alberta (the "**Wembley Assets**"). The transaction closed on September 11, 2026, for total proceeds of \$325.4 million, comprised of a base purchase price of \$316.0 million and \$9.4 million of closing adjustments relating to the period between the effective date of July 1, 2026 and the closing date. In connection with the disposition, Advantage derecognized \$3.9 million of other assets, \$2.9 million of decommissioning liabilities (note 5), and recorded a gain of \$90.1 million.

5. Provisions and other liabilities

	September 30 2026	December 31 2025
Performance Awards	3,341	3,210
Deferred Share Units (note 9(b))	5,089	5,175
Entropy incentive awards	1,944	-
Deferred revenue	4,292	4,787
Lease liability	2,043	2,907
Decommissioning liability (a)	88,040	100,504
Balance, end of period	104,749	116,583
Current provisions and other liabilities	13,856	12,767
Non-current provisions and other liabilities	90,893	103,816

5. Provisions and other liabilities (continued)

(a) Decommissioning liability

A risk-free rate of 4.30% (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 September 30, 2026. As at September 30, 2026, the total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$157.2 million (December 31, 2025 - \$163.4 million).

A reconciliation of the decommissioning liability is provided below:

	Nine months ended September 30, 2026	Year ended December 31, 2025
Balance, beginning of the year	100,504	126,753
Accretion expense	1,132	1,460
Liabilities incurred	1,247	1,999
Liabilities disposed	(3,171)	(2,339)
Change in estimates	582	(9,235)
Effect of change in risk-free rate	(9,470)	(13,082)
Liabilities settled	(2,784)	(5,052)
Balance, end of period	88,040	100,504
Current decommissioning liability	4,216	4,000
Non-current decommissioning liability	83,824	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 September 30, 2026 and December 31, 2025 is as follows:

	September 30 2026	December 31 2025
Bank indebtedness	112,985	412,993
Convertible debentures aggregate principal balance	143,750	143,750
Unsecured debentures aggregate principal balance	391,517	254,421
Working capital surplus	(20,526)	(4,476)
Net debt	627,726	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 (the "**Credit Facilities**"), with a term of three years maturing in June 2029, and may be extended at Advantage's request, subject to lender approval. The Credit Facilities are 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 agent's 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 September 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	0.3:1	Met
Senior debt to EBITDA	Not exceeding 3.5:1	0.3:1	Met
Interest coverage ratio	Not less than 2.5:1	10.7:1	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 September 30, 2026. Interest coverage ratio is defined as EBITDA to interest expense, calculated on a trailing twelve-month basis.

At September 30, 2026, the Corporation has \$526.4 million, or 81%, 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 September 30, 2026 was \$149.5 million, based on quoted market prices on the TSX.

(d) Unsecured Debentures

As at September 30, 2026, Entropy had \$391.5 million aggregate principal amount of unsecured debentures outstanding, inclusive of paid-in-kind interest. During the nine months ended September 30, 2026, Entropy issued \$117.0 million of unsecured debentures and paid-in-kind interest of \$20.1 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 September 30, 2026 and December 31, 2025 is as follows:

	September 30 2026	December 31 2025
Cash and cash equivalents	45,369	17,735
Trade and other receivables	82,797	84,973
Prepaid expenses and deposits	14,254	11,016
Trade and other accrued liabilities	(121,894)	(109,248)
Working capital surplus	20,526	4,476

(f) Capital Structure

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

	September 30 2026	December 31 2025
Shares outstanding (note 8)	164,162,470	166,941,610
Share closing market price (\$/share)	9.85	11.74
Market capitalization	1,617,000	1,959,895
Net debt	627,726	806,688
Total capitalization	2,244,726	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 September 30		Nine months ended September 30	
	2026	2025	2026	2025
Realized gains (losses) on derivatives				
Natural gas	19,554	26,108	50,532	41,531
Crude oil	(12,982)	3,640	(35,960)	12,345
Foreign exchange	(201)	185	(208)	14
Natural gas embedded derivative	6,673	4,227	13,405	6,476
Total	13,044	34,160	27,769	60,366
Unrealized gains (losses) on derivatives				
Natural gas	(6,874)	(5,146)	19,302	(10,586)
Crude oil	(31,524)	(4,236)	(34,547)	(1,227)
Foreign exchange	313	(360)	(648)	877
Natural gas embedded derivative	6,219	3,621	8,387	(12,712)
Unsecured debenture derivative	(4,040)	769	(3,453)	1,262
Total	(35,906)	(5,352)	(10,959)	(22,386)
Gains (losses) on derivatives				
Natural gas	12,680	20,962	69,834	30,945
Crude oil	(44,506)	(596)	(70,507)	11,118
Foreign exchange	112	(175)	(856)	891
Natural gas embedded derivative	12,892	7,848	21,792	(6,236)
Unsecured debenture derivative	(4,040)	769	(3,453)	1,262
Total	(22,862)	28,808	16,810	37,980

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.

	September 30 2026	December 31 2025
Derivative type		
Natural gas derivative asset	43,982	24,680
Crude oil derivative asset (liability)	(32,188)	2,359
Foreign exchange derivative liability	(648)	-
Natural gas embedded derivative asset	54,134	45,747
Unsecured debentures derivative liability	(140,269)	(91,684)
Net derivative liability	(74,989)	(18,898)
Consolidated statement of financial position classification		
Current derivative asset	54,711	34,834
Non-current derivative asset	43,406	39,400
Current derivative liability	(30,297)	(402)
Non-current derivative liability	(2,540)	(1,046)
Unsecured debentures derivative liability	(140,269)	(91,684)
Net derivative liability	(74,989)	(18,898)

7. Financial risk management (continued)

(a) Commodity price risk

As at September 30, 2026 and October 29, 2026, the Corporation had the following commodity derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	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	151,651 Mcf/d	\$2.57/Mcf
Fixed price swap	November 2027 to March 2028	137,433 Mcf/d	\$2.80/Mcf
Fixed price swap	April 2028 to October 2028	156,390 Mcf/d	\$2.63/Mcf
Fixed price swap	November 2028 to March 2029	123,216 Mcf/d	\$2.68/Mcf
Fixed price swap	April 2029 to October 2029	37,913 Mcf/d	\$2.41/Mcf
Natural gas - Dawn			
Fixed price swap	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	October 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 September 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	October 2026 to December 2026	US \$ 4,000,000/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)	833,947	-
Contributed surplus transferred on Performance Share Unit settlements	-	6,286
Shares purchased and cancelled under NCIB	(3,613,087)	(42,940)
Balance at September 30, 2026	164,162,470	1,951,011

(b) Issued

For the nine months ended September 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 nine months ended September 30, 2026 the Corporation purchased and cancelled 3,613,087 common shares under its NCIB programs, at an average price of \$10.61 per common share, for a total repurchase cost of \$38.3 million, including \$0.6 million of federal share buyback tax. Share capital was reduced by \$42.9 million while contributed surplus was increased by \$4.6 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 September 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.

During the nine months ended September 30, 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	698,370
Settled	(914,745)
Forfeited	(591,564)
Balance at September 30, 2026	2,129,552

(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 market price of 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	75,920
Balance at September 30, 2026	516,679

10. Net income (loss) 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 September 30		Nine months ended September 30	
	2026	2025	2026	2025
Net income (loss) attributable to Advantage shareholders				
Basic	56,431	(43)	131,073	43,435
Diluted	58,684	(43)	137,725	43,435
Weighted average shares outstanding				
Basic	166,845,578	166,968,084	167,144,415	166,990,081
Convertible debentures	9,859,396	-	9,859,396	-
Performance Share Units ⁽¹⁾	2,752,762	-	2,790,591	3,414,670
Diluted	179,457,736	166,968,084	179,794,402	170,404,751
Net income (loss) per share attributable to Advantage shareholders				
Basic (\$/share)	0.34	-	0.78	0.26
Diluted (\$/share)	0.33	-	0.77	0.25

⁽¹⁾ The diluted weighted average shares attributable to outstanding Performance Share Units are calculated based on the number of units expected to be settled, incorporating estimated performance multipliers as at September 30, 2026.

In computing diluted earnings per share for the three and nine months ended September 30, 2026, the common shares potentially issuable on conversion of the convertible debentures were included as their effect was dilutive.

In computing diluted per share amounts at September 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 September 30, 2026, Advantage's ownership in Entropy would have been 41% (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 nine months ended September 30, 2026, and 2025, natural gas and liquids sales was as follows:

	Three months ended September 30		Nine months ended September 30	
	2026	2025	2026	2025
Crude oil	66,442	65,819	219,754	195,607
Condensate	13,887	5,334	44,175	20,856
NGLs	24,922	12,463	63,591	48,255
Liquids	105,251	83,616	327,520	264,718
Natural Gas	84,917	47,189	265,534	252,470
Natural gas and liquids sales	190,168	130,805	593,054	517,188

At September 30, 2026, receivables from contracts with customers, which are included in trade and other receivables, were \$63.7 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 September 30		Nine months ended September 30	
	2026	2025	2026	2025
Source (use) of cash:				
Trade and other receivables	(6,230)	17,391	2,176	23,823
Prepaid expense and deposits	(3,293)	(3,446)	(3,238)	(3,196)
Other assets	2,711	-	3,008	(101)
Trade and other accrued liabilities	(34,017)	14,031	12,646	(11,242)
Other liabilities (note 5)	861	672	1,494	721
	(39,968)	28,648	16,086	10,005
Related to operating activities	4,948	12,470	27,310	14,177
Related to financing activities	557	(1,524)	557	-
Related to investing activities	(45,473)	17,702	(11,781)	(4,172)
	(39,968)	28,648	16,086	10,005

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
<i>Changes from financing cash flows:</i>					
Draws on credit facilities	50,000	-	-	-	-
Repayments on credit facilities	(110,000)	-	-	-	-
Financing fees	(1,573)	-	-	-	-
Issuances	-	-	-	95,000	-
Issuance costs	-	-	-	(4,453)	-
Repayments	-	(859)	-	-	(9,761)
<i>Non-cash changes:</i>					
Accretion expense	-	-	2,958	2,282	-
Interest expense	-	128	-	-	5,875
Interest paid-in-kind	-	-	-	9,740	-
Lease additions	-	184	-	-	-
Amortization of finance fees	3,044	-	-	-	-
Allocated to derivative liability	-	-	-	(34,176)	-
Balance at September 30, 2025	411,895	2,273	125,541	133,075	84,197
Balance at December 31, 2025	412,993	2,907	126,583	163,367	82,828
<i>Changes from financing cash flows:</i>					
Draws on credit facilities	133,606	-	-	-	-
Repayments on credit facilities	(433,606)	-	-	-	-
Financing fees	(2,254)	-	-	-	-
Issuances	-	-	-	117,000	-
Issuance costs	-	-	-	(5,154)	-
Repayments	-	(1,080)	-	-	(9,761)
<i>Non-cash changes:</i>					
Accretion expense	-	-	3,234	4,822	-
Interest expense	-	117	-	-	5,506
Interest paid-in-kind	-	-	-	20,096	-
Lease additions	-	99	-	-	-
Amortization of finance fees	2,246	-	-	-	-
Allocated to derivative liability	-	-	-	(45,132)	-
Balance at September 30, 2026	112,985	2,043	129,817	254,999	78,573

⁽¹⁾ Excludes the unsecured debentures derivative liability of \$140.3 million and \$73.3 million as at September 30, 2026 and 2025, respectively.

13. Commitments and contingencies

(a) Commitments

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

(\$ millions)	Payments due by period						
	Total	2026 3 months	2027	2028	2029	2030	Beyond
Building operating costs ⁽¹⁾	0.8	0.2	0.6	-	-	-	-
Processing	90.6	3.1	12.1	11.7	10.9	10.9	41.9
Transportation	861.6	25.0	105.8	95.0	87.7	85.3	462.8
Total commitments	953.0	28.3	118.5	106.7	98.6	96.2	504.7

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

In connection with the disposition of the Wembley Assets, the Corporation was released from certain processing and transportation commitments and, as a result, derecognized commitments of \$25.6 million and \$44.9 million, respectively.

(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 September 30, 2026.

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

Jill Angevine⁽²⁾⁽³⁾
Deirdre Choate⁽¹⁾⁽⁴⁾
Donald Clague⁽¹⁾⁽²⁾
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

Toll free: 1-866-393-0393

Email: ir@advantageog.com

Visit our website at www.advantageog.com

Toronto Stock Exchange Trading Symbols

AAV: Common Shares

AAV.DB: Debentures



Corporate Office

2200, 440 – 2nd Avenue SW
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Contact Us

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