



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

For the three months and years ended December 31, 2024 and 2023

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The following Management's Discussion and Analysis ("MD&A"), dated as of March 4, 2025, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three months and year ended December 31, 2024, and should be read in conjunction with the December 31, 2024, audited consolidated financial statements. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards" or "IFRS"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. All references in the MD&A and consolidated financial statements are to Canadian dollars unless otherwise indicated. All dollar per boe figures herein forth only include the results of Advantage's natural gas and liquids operations and exclude the results of Entropy Inc. ("Entropy").

This MD&A contains specified financial measures such as non-GAAP financial measures, non-GAAP ratios, capital management measures and 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 December 31		Year ended December 31	
(\$000, except as otherwise indicated)	2024	2023	2024	2023
Financial Statement Highlights				
Natural gas and liquids sales	163,477	147,137	543,295	541,100
Net income and comprehensive income ⁽³⁾	17,130	41,026	21,719	101,597
per basic share ⁽²⁾	0.10	0.25	0.13	0.61
per diluted share ⁽²⁾	0.10	0.24	0.13	0.59
Basic weighted average shares (000)	166,974	163,939	163,955	166,553
Diluted weighted average shares (000)	169,785	168,441	166,821	171,833
Cash provided by operating activities	56,350	89,048	217,533	323,345
Cash provided by (used in) financing activities	22,789	(52,120)	481,077	(70,263)
Cash used in investing activities	(71,202)	(58,846)	(697,725)	(282,761)
Other Financial Highlights				
Adjusted funds flow ⁽¹⁾	81,389	82,494	241,396	313,570
per basic share ⁽¹⁾⁽²⁾	0.49	0.50	1.47	1.88
per diluted share ⁽¹⁾⁽²⁾	0.48	0.49	1.45	1.82
Net capital expenditures ⁽¹⁾	99,162	39,938	736,911	282,796
Free cash flow - surplus (deficit) ⁽¹⁾	(29,194)	42,680	(61,662)	40,933
Bank indebtedness	470,424	212,854	470,424	212,854
Net debt ⁽¹⁾⁽⁴⁾	718,449	235,010	718,449	235,010

⁽¹⁾ 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.

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

⁽³⁾ Net income and comprehensive income attributable to Advantage Shareholders.

⁽⁴⁾ As at December 31, 2024, net debt was \$718.4 million, consisting of \$625.6 million with Advantage and \$92.8 million with Entropy.

Operating Highlights⁽¹⁾

	Three months ended		Year ended	
	December 31		December 31	
	2024	2023	2024	2023
Operating				
Production				
Crude oil (bbls/d)	7,527	3,254	5,347	2,710
Condensate (bbls/d)	979	1,264	1,116	1,166
NGLs (bbls/d)	3,379	3,345	3,127	3,021
Total liquids production (bbls/d)	11,885	7,863	9,590	6,897
Natural gas (Mcf/d)	389,331	363,124	367,965	322,687
Total production (boe/d)	76,774	68,384	70,918	60,678
Average realized prices (including realized derivatives)				
Natural gas (\$/Mcf)	2.46	2.84	2.20	3.24
Liquids (\$/bbl)	87.84	81.55	85.02	78.35
Operating Netback (\$/boe)				
Natural gas and liquids sales	23.14	23.39	20.93	24.43
Realized gains on derivatives	2.91	0.98	1.97	1.59
Processing and other income	0.11	0.39	0.21	0.34
Net sales of purchased natural gas	-	-	-	(0.01)
Royalty expense	(2.40)	(1.64)	(2.02)	(1.92)
Operating expense	(5.19)	(3.55)	(4.75)	(3.78)
Transportation expense	(3.77)	(4.08)	(3.90)	(4.09)
Operating netback ⁽²⁾	14.80	15.49	12.44	16.56

⁽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

On June 24, 2024, the Corporation closed the acquisition of certain Charlie Lake and Montney assets (the “Acquisition” or the “Acquired Assets”) for cash consideration of \$445.3 million, including closing adjustments. The Acquisition capitalized on an opportunity to consolidate a high-quality, liquids-weighted asset that is contiguous with our existing core areas and complementary to our infrastructure platform.

The Acquisition was partially funded by the issuance of 5,910,000 common shares at a price of \$11.00 per share (see “Shareholders’ Equity”) and \$143.8 million aggregate principal amount of 5.0% convertible unsecured subordinated debentures at a price of \$1,000 per debenture (see “Convertible Debentures”) for aggregate gross proceeds of \$208.8 million. The remainder was funded from the Corporation’s credit facility which was increased to \$650 million (see “Bank Indebtedness, Credit Facilities and Working Capital”).

In the fourth quarter of 2024, the Corporation disposed of certain non-core assets for proceeds of \$11.4 million (see “Cash Used in Investing Activities and Net Capital Expenditures”).

Advantage 2025 Guidance

On December 10, 2024, the Corporation announced its 2025 budget (see News Release dated December 10, 2024).

Advantage's 2025 capital program continues our focus on growing adjusted funds flow per share via high rate-of-return development drilling. To maximize shareholder value, all free cash flow from operations will be allocated to debt reduction though a portion of the proceeds from non-core asset divestitures may be used to buy back shares, while achieving a net debt target of \$450 million towards the end of 2025. On March 4, 2025, the United States implemented a 25% across-the-board tariff, with a lower 10% tariff implemented on Canadian energy. The full impact of the implemented tariffs to supply chains is not determinable at this time.

The below table summarizes Advantage’s 2025 guidance:

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

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

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

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

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

Corporate Update (continued)

Advantage 2024 Guidance Comparison

The below table summarizes Advantage's 2024 guidance compared to actual 2024 financial and operational results:

	Original 2024 Guidance ⁽¹⁾⁽³⁾	Revised 2024 Guidance ⁽²⁾⁽³⁾	2024 Actual ⁽³⁾
Net capital expenditures (\$ millions)	260 to 290	245 to 275	266.7 ⁽⁴⁾
Total Production (boe/day)	65,000 to 68,000	70,000 to 73,000	70,918
Liquids Production (%)	~10%	~13%	14%
Royalty Rate (%)	7 to 9	9 to 10	9.7
Operating Expense (\$/boe) ⁽⁵⁾	3.85	5.00	4.75
Transportation Expense (\$/boe) ⁽⁵⁾	3.95	3.50	3.90
G&A/Finance Expense (\$/boe) ⁽⁵⁾	1.90	2.50	2.54

⁽¹⁾ See December 31, 2023 MD&A dated as of March 4, 2024 for original guidance.

⁽²⁾ See June 30, 2024 MD&A dated as of July 25, 2024 and September 30, 2024 MD&A dated as of October 24, 2024 for revised guidance.

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

⁽⁴⁾ Excluding acquisitions and dispositions.

⁽⁵⁾ \$/boe are specified financial measures which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

Advantage revised its guidance on successful closing of the Acquisition and actual results for 2024 were substantially within the revised guidance other than as follows:

Operating Expense

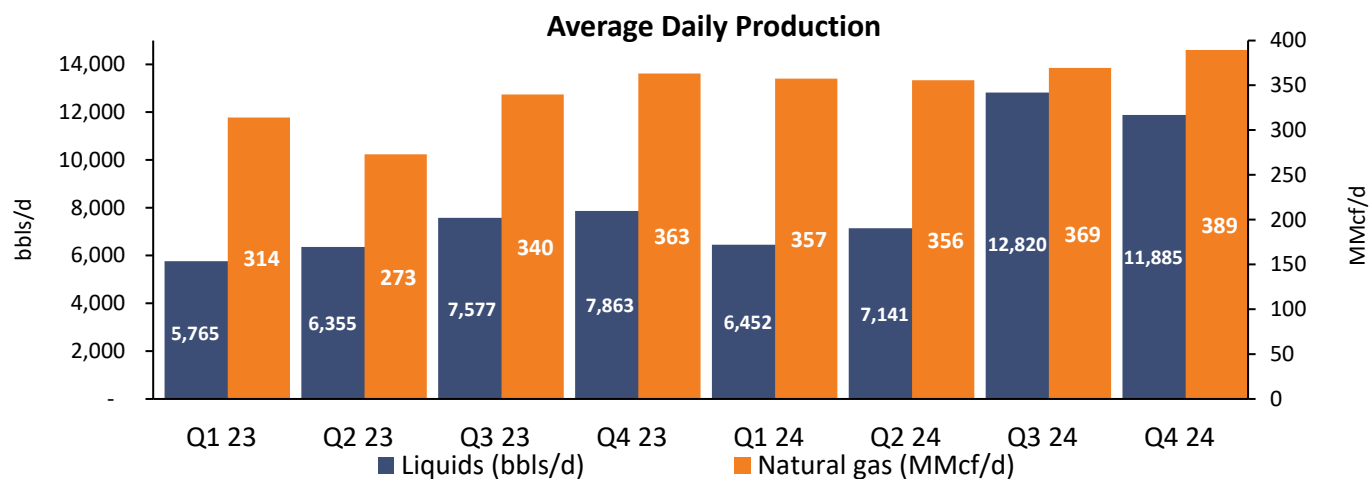
The Corporation achieved actual operating cost of \$4.75/boe and 5% below the revised guidance as a result of higher than anticipated operational synergies from the Acquisition, driving down operating costs on a per boe basis.

Transportation Expense

The Corporation's actual transportation expense was above its revised guidance at \$3.90/boe due to the classification of certain physical transportation agreements acquired from the Acquisition as an expense rather than a deduction from revenue.

Production

Average Daily Production	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Crude oil (bbls/d)	7,527	3,254	131	5,347	2,710	97
Condensate (bbls/d)	979	1,264	(23)	1,116	1,166	(4)
NGLs (bbls/d)	3,379	3,345	1	3,127	3,021	4
Total liquids production (bbls/d)	11,885	7,863	51	9,590	6,897	39
Natural gas (Mcf/d)	389,331	363,124	7	367,965	322,687	14
Total production (boe/d)	76,774	68,384	12	70,918	60,678	17
Liquids (% of total production)	15	11		14	11	
Natural gas (% of total production)	85	89		86	89	



For the three months and year ended December 31, 2024, Advantage delivered record total production averaging 76,774 boe/d and 70,918 boe/d, respectively, increases of 12% and 17% compared to the same periods of the prior year. All growth during the second half of 2024 has been directly attributable to the Acquired Assets.

Natural gas production for the three months and year ended December 31, 2024 averaged 389 MMcf/d and 368 MMcf/d, respectively, increases of 7% and 14% compared to the same periods of the prior year. The increase in natural gas production was due to continued development at Glacier, with 13.8 net wells brought on production (see "Cash Used in Investing Activities and Net Capital Expenditures"), accompanied with natural gas production from the Acquired Assets. Advantage has been responsibly managing our natural gas production during periods of unusually low Alberta natural gas prices during the second half of 2024. Production curtailment levels were determined on a continuous day-to-day basis to eliminate variable cash costs and defer development capital. The curtailments were primarily dry gas at Glacier, which is amongst the lowest-cost natural gas assets in North America and did not materially impact cash flow. The impact of curtailments on natural gas production for the year ended December 31, 2024 was approximately 11.2 MMcf/d.

Liquids production for the three months and year ended December 31, 2024 averaged 11,885 bbls/d and 9,590 bbls/d, respectively, increases of 51% and 39% compared to the same periods of the prior year, entirely due to liquids production from the Acquired Assets (see "Cash Used in Investing Activities and Net Capital Expenditures"). The increase in high-quality liquids production has had a dramatic impact on sales during the quarter (see "Natural Gas and Liquids Sales").

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

Commodity Prices and Marketing

Average Realized Prices ⁽²⁾	Three months ended			Year ended		
	December 31 2024	December 31 2023	% Change	December 31 2024	December 31 2023	% Change
Natural gas						
Excluding derivatives (\$/Mcf)	2.03	2.64	(23)	1.87	2.92	(36)
Including derivatives (\$/Mcf)	2.46	2.84	(13)	2.20	3.24	(32)
Liquids						
Crude oil (\$/bbl)	93.92	97.89	(4)	95.50	94.35	1
Condensate (\$/bbl)	95.02	97.88	(3)	97.25	98.80	(2)
NGLs (\$/bbl)	55.11	59.49	(7)	57.05	56.10	2
Total liquids excluding derivatives (\$/bbl)	82.98	81.55	2	83.17	78.35	6
Total liquids including derivatives (\$/bbl)	87.84	81.55	8	85.02	78.35	9
Average Benchmark Prices						
Natural gas⁽¹⁾						
AECO daily (\$/Mcf)	1.48	2.30	(36)	1.46	2.64	(45)
AECO monthly (\$/Mcf)	1.46	2.66	(45)	1.44	2.93	(51)
Empress daily (\$/Mcf)	1.59	2.32	(31)	1.51	2.65	(43)
Henry Hub (\$US/MMbtu)	2.42	2.74	(12)	2.25	2.53	(11)
Emerson daily (\$US/MMbtu)	1.55	1.99	(22)	1.39	2.20	(37)
Dawn daily (\$US/MMbtu)	2.23	2.28	(2)	1.96	2.33	(16)
Chicago Citygate (\$US/MMbtu)	2.33	2.29	2	2.13	2.30	(7)
Liquids						
WTI (\$US/bbl)	70.26	78.26	(10)	75.71	77.57	(2)
MSW Edmonton (\$/bbl)	94.88	99.56	(5)	97.64	100.60	(3)
Average Exchange rate (\$US/\$CAD)	0.7149	0.7346	(3)	0.7301	0.7409	(1)

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

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

Natural gas

Advantage's realized natural gas price excluding derivatives for the three months and year ended December 31, 2024 was \$2.03/Mcf and \$1.87/Mcf, respectively, decreases of 23% and 36% compared to the same periods of the prior year. This decrease was attributed to lower natural gas benchmark prices in markets where Advantage physically delivers natural gas and has market diversification exposure. North American natural gas benchmark prices have decreased substantially in 2024 largely due to strong North American natural gas production accompanied by a mild 2023/2024 winter resulting in elevated gas inventories. In particular, natural gas prices at AECO and Empress fell below Glacier's variable costs of production at various points in September through early November whereby Advantage proactively curtailed production determined on a continuous day-to-day basis (see "Production").

Advantage's natural gas exposure consists of the AECO, Empress, Emerson, Dawn, and Chicago markets. Additionally, the Corporation delivers 25,000 MMBtu/d under a long-term natural gas supply agreement whereby Advantage receives a PJM electricity-based spark-spread price, less Alliance tolls. Advantage incurs additional transportation expense to deliver production beyond AECO to the Empress, Emerson, Dawn and Chicago markets (see "Transportation Expense").

Commodity Prices and Marketing (continued)

The following table outlines the Corporation's 2025 forward-looking natural gas market exposure, and 2024 actual natural gas market exposure, excluding hedging.

Sales Markets	Forward-looking 2025 ⁽²⁾		2024	
	Effective production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)	Actual production (MMcf/d) ⁽¹⁾	Percentage of Natural Gas Production (%)
AECO	170.8	41%	90.7	25%
AECO Other ⁽⁴⁾	28.4	7%	36.8	10%
Empress	88.4	21%	80.1	22%
Emerson	30.9	7%	43.1	12%
Dawn	52.7	13%	52.7	14%
Chicago	17.1	4%	27.1	7%
Ventura	-	-	12.5	3%
PJM electricity price ⁽⁵⁾	25.0	6%	25.0	7%
Total	413.2⁽³⁾	100%	368.0	100%

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

⁽²⁾ Natural gas market exposure based on contracts in-place at December 31, 2024.

⁽³⁾ Represents the midpoint of our 2025 guidance for natural gas production volumes (see News Release dated December 10, 2024).

⁽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 pricing formula, providing Advantage exposure to PJM electricity prices, back-stopped with a natural gas price collar.

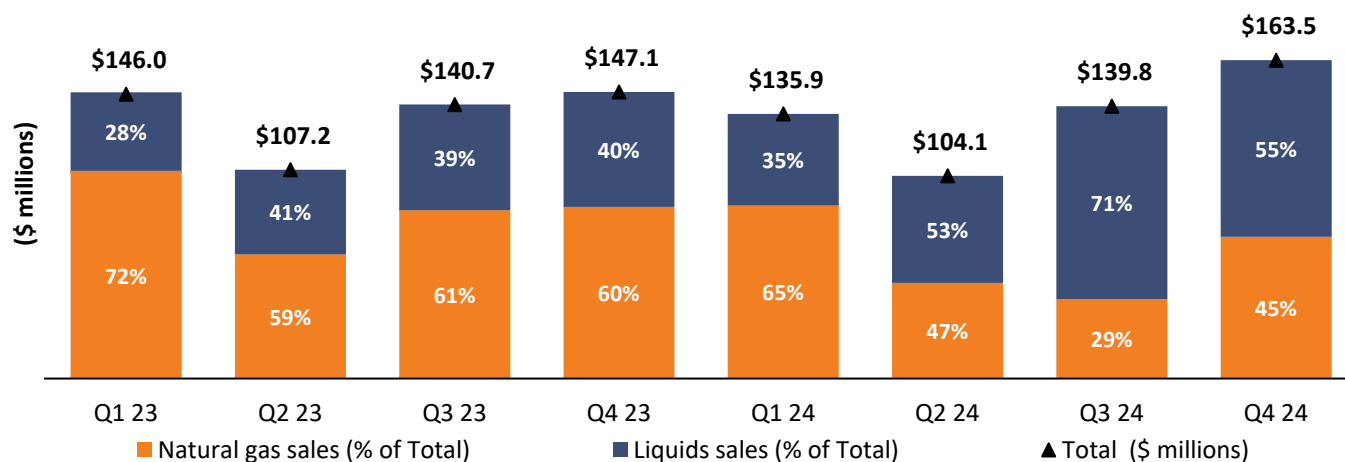
Liquids

Advantage's realized liquids price excluding derivatives for the three months and year ended December 31, 2024 was \$82.98/bbl and \$83.17/bbl, respectively, increases of 2% and 6% compared to the same periods of the prior year. Realized liquids price excluding derivatives increased slightly in 2024 when compared to 2023 due to a higher proportion of Advantage's liquids production being comprised of crude oil, condensate, and pentanes compared to the prior year due to the impact from the Acquired Assets. The price that Advantage receives for crude oil and condensate production is largely driven by global supply and demand and the Edmonton light sweet oil and condensate price differentials. Approximately 80% of our liquids production is comprised of crude oil, condensate and pentanes, which generally attracts higher market prices than other liquids. The quality of our liquids production has increased significantly from the prior year due to the Acquired Assets.

Natural gas and liquids sales

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Crude oil	65,036	29,304	122	186,896	93,330	100
Condensate	8,558	11,382	(25)	39,723	42,047	(6)
NGLs	17,133	18,306	(6)	65,289	61,856	6
Liquids	90,727	58,992	54	291,908	197,233	48
Natural gas	72,750	88,145	(17)	251,387	343,867	(27)
Natural gas and liquids sales	163,477	147,137	11	543,295	541,100	-
per boe	23.14	23.39	(1)	20.93	24.43	(14)

Natural Gas and Liquids Sales



Natural gas and liquids sales for the three months and year ended December 31, 2024, increased by \$16.3 million, or 11%, and \$2.2 million, or 0%, respectively, compared to the same corresponding periods of 2023.

For the year ended December 31, 2024, natural gas sales decreased by \$92.5 million or 27%, compared to 2023, due to a 36% decrease in realized gas prices (see "Commodity Prices and Marketing"), partially offset by a 14% increase in natural gas production volumes (see "Production"). Liquids sales increased by \$94.7 million, or 48%, due to a 39% increase in liquids production volumes (see "Production") and a 6% increase in realized liquids prices (see "Commodity Prices and Marketing"). The Acquired Assets contributed \$113.5 million of natural gas and liquids sales since closing the Acquisition on June 24, 2024, the majority of which attributed to liquids production (see "Corporate Update").

For the three months ended December 31, 2024, natural gas sales decreased by \$15.4 million or 17%, compared to the corresponding period in 2023, due to a 23% decrease in realized gas prices (see "Commodity Prices and Marketing"), partially offset by a 7% increase in natural gas production volumes (see "Production"). Fourth quarter liquids sales increased by \$31.7 million, or 54%, due to a 51% increase in liquids production volumes (see "Production") and a 2% increase in realized liquids prices (see "Commodity Prices and Marketing").

Financial Risk Management

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

The Corporation enters into financial risk management derivative contracts to manage the Corporation's exposure to commodity price risk, foreign exchange risk and interest rate risk. A summary of realized and unrealized derivative gains and losses for the three months and year ended December 31, 2024, and 2023 are as follows:

(\$000)	Three months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Realized gains (losses) on derivatives				
Natural gas	16,169	6,636	47,642	38,184
Crude oil	5,318	-	6,493	-
Foreign exchange	(179)	(27)	(101)	(2,033)
Natural gas embedded derivative	(728)	(469)	(2,907)	(908)
Total	20,580	6,140	51,127	35,243
Unrealized gains (losses) on derivatives				
Natural gas	(14,278)	17,264	4,496	6,233
Crude oil	(10,505)	-	7,052	-
Foreign exchange	(1,461)	682	(1,634)	3,090
Natural gas embedded derivative	25,793	12,777	(4,733)	(13,192)
Unsecured debenture derivative	(68)	365	(866)	(5,606)
Total	(519)	31,088	4,315	(9,475)
Gains (losses) on derivatives				
Natural gas	1,891	23,900	52,138	44,417
Crude oil	(5,187)	-	13,545	-
Foreign exchange	(1,640)	655	(1,735)	1,057
Natural gas embedded derivative	25,065	12,308	(7,640)	(14,100)
Unsecured debenture derivative	(68)	365	(866)	(5,606)
Total	20,061	37,228	55,442	25,768

Financial Risk Management (continued)

Natural gas

For the three months and year ended December 31, 2024, Advantage realized net gains on natural gas derivatives of \$16.2 million and \$47.6 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices, which declined significantly throughout 2024.

For the three months and year ended December 31, 2024, Advantage recognized a net unrealized loss on natural gas derivatives of \$14.3 million and an unrealized gain of \$4.5 million, respectively. Unrealized gains and losses are a result of changes in the fair value of the Corporation's outstanding natural gas derivative contracts accompanied with the settlement of contracts. For the three months December 31, 2024, the change in the fair value of natural gas derivative contracts was primarily impacted by realizing gains on outstanding contracts accompanied with new contracts having a decreased net asset valuation. The unrealized gain for the year ended December 31, 2024, is primarily due to new natural gas derivative contracts entered into during the year that are in an asset position as at December 31, 2024.

Crude oil

In conjunction with the Acquisition in the second quarter of 2024, Advantage initiated a disciplined crude oil hedging program by entering into an increased volume of crude oil derivative contracts. For the three months and year ended December 31, 2024, Advantage realized gains on crude oil derivatives of \$5.3 million and \$6.5 million, respectively, due to the settlement of contracts with average derivative contract prices that were above average market prices, which declined during the second half of 2024.

Advantage recognized an unrealized loss on crude oil derivatives of \$10.5 million and an unrealized gain of \$7.1 million for the three months and year ended December 31, 2024, respectively. The unrealized loss is due to rising forward oil prices and realizing gains on outstanding contracts during the fourth quarter of 2024 while the unrealized gain is due to the crude oil derivative contracts being in an asset position at year end December 31, 2024.

Foreign exchange

For the three months and year ended December 31, 2024, Advantage realized a loss on foreign exchange derivatives of \$0.2 million and \$0.1 million, respectively, while recognizing an unrealized loss of \$1.5 million and \$1.6 million, respectively. The unrealized loss for the three months and year ended December 31, 2024 is due to the weakening of the Canadian dollar versus the US dollar.

Natural gas embedded derivative

Advantage has a long-term natural gas supply agreement under which Advantage will supply 25,000 MMbtu/d of natural gas for a 10-year period, that commenced in April 2023. Commercial terms of the agreement are based upon a spark-spread price, providing Advantage exposure to PJM electricity prices, back-stopped with a natural gas price collar. The contract contains an embedded derivative as a result of the spark-spread price and the natural gas price collar. The Corporation defined the host contract as a natural gas sales arrangement with a fixed price of US\$2.50/MMbtu. The Corporation will have realized gains (losses) on the embedded derivative when the realized settlement price differs from US\$2.50/MMbtu, resulting in a realized loss of \$2.9 million for the year ended December 31, 2024 (year ended December 31, 2023 – \$0.9 million). The Corporation will have unrealized gains (losses) on the embedded derivative based on movements in the forward curve for PJM electricity prices. For the three months and year ended December 31, 2024 the Corporation recognized an unrealized gain on the natural gas embedded derivative of \$25.8 million and an unrealized loss of \$4.7 million, respectively. The unrealized gain for the three months ended is due to strengthening PJM electricity prices resulting in an increased asset position of the derivative compared to the third quarter of 2024. The unrealized loss for the year ended December 31, 2024 is due to weakening of PJM electricity prices compared with the year end of December 31, 2023 resulting in a lower asset position of the derivative.

Financial Risk Management (continued)

Unsecured debentures derivative

The Corporation's subsidiary Entropy has unsecured debentures outstanding 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 year ended December 31, 2024, the Entropy unsecured debentures derivative liability resulted in an unrealized loss of \$0.1 million and \$0.9 million due to the increased value of the conversion option.

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

As at December 31, 2024 and March 4, 2025, the Corporation had the following commodity and foreign exchange derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas - AECO			
Fixed price swap	January 2025 to March 2025	113,738 Mcf/d	\$3.13/Mcf
Fixed price swap	April 2025 to October 2025	120,847 Mcf/d	\$2.66/Mcf ⁽¹⁾
Fixed price swap	November 2025 to March 2026	123,216 Mcf/d	\$3.58/Mcf
Fixed price swap	April 2026 to October 2026	66,347 Mcf/d	\$3.17/Mcf ⁽¹⁾
Fixed price swap	November 2026 to March 2027	71,086 Mcf/d	\$3.27/Mcf
Fixed price swap	April 2027 to March 2028	14,217 Mcf/d	\$3.23/Mcf
Natural gas - Chicago			
Fixed price swap	April 2025 to October 2025	4,739 Mcf/d	\$5.10/Mcf ⁽¹⁾
Natural gas - Dawn			
Fixed price swap	January 2025 to October 2025	47,391 Mcf/d	\$4.04/Mcf
Fixed price swap	November 2025 to March 2026	28,435 Mcf/d	\$4.65/Mcf
Fixed price swap	April 2026 to October 2026	28,435 Mcf/d	\$4.52/Mcf
Fixed price swap	November 2026 to March 2027	9,478 Mcf/d	\$4.25/Mcf
Crude oil - WTI NYMEX			
Fixed price swap	January 2025 to June 2025	5,000 bbls/d	US \$74.43/bbl
Fixed price swap	July 2025 to December 2025	4,000 bbls/d	US \$71.24/bbl ⁽¹⁾

(1) Contains contracts entered into subsequent to December 31, 2024.

Financial Risk Management (continued)

Description of Derivative	Term	Notional Amount	Rate
Forward rate - CAD/USD			
Average rate currency swap	January 2025	US \$ 5,000,000/month	1.3996
Average rate currency swap	February 2025 to June 2025	US \$ 4,000,000/month	1.4048
Average rate currency swap	July 2025	US \$ 3,000,000/month	1.3969
Average rate currency swap	August 2025 to December 2025	US \$ 1,000,000/month	1.4320

Processing and Other Income

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Advantage processing and other income	746	2,484	(70)	5,557	7,627	(27)
per boe	0.11	0.39	(72)	0.21	0.34	(38)
Entropy engineering services	875	-	nm	1,250	-	nm
Processing and other income	1,621	2,484	(35)	6,807	7,627	(11)

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

For the three months and year ended December 31, 2024, Advantage generated processing and other income of \$0.7 million and \$5.6 million, respectively, decreases of 70% and 27% compared to the same periods of the prior year. The decreases were due to the Acquisition whereby Advantage acquired and now owns the production for which Advantage was previously charging natural gas processing fees at the Glacier Gas Plant.

Net Sales of Purchased Natural Gas

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Sales of purchased natural gas	-	-	nm	-	3,124	nm
Natural gas purchases	-	-	nm	-	(3,371)	nm
Net sales of purchased natural gas	-	-	nm	-	(247)	nm
per boe	-	-	nm	-	(0.01)	nm

During the year ended December 31, 2023, the Corporation purchased natural gas volumes to satisfy physical sales commitments during a planned turnaround at the Glacier Gas Plant.

Royalty Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Royalty expense	16,983	10,302	65	52,471	42,432	24
per boe	2.40	1.64	46	2.02	1.92	5
Royalty rate (%) ⁽¹⁾	10.4	7.0	3.4	9.7	7.8	1.9

⁽¹⁾ Percentage of natural gas and liquids sales.

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

The increase in royalty expense was due to significantly higher liquids production from the Acquired Assets (see "Production"), partially offset by lower natural gas royalties due to decreased natural gas prices. The average royalty rate for both the three months and year ended December 31, 2024 is higher due to a higher proportion of sales being liquids which generally attract higher royalty rates (see "Natural gas and liquids sales").

Advantage expects royalty rates to range from 8% to 10% in 2025.

Operating Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Advantage operating expense	36,677	22,345	64	123,226	83,762	47
per boe	5.19	3.55	46	4.75	3.78	26
Entropy operating expense	859	379	127	2,521	691	265
Operating expense	37,536	22,724	65	125,747	84,453	49

Operating expense for Advantage's natural gas and liquids operations for the three months and year ended December 31, 2024, increased by \$14.3 million and \$39.5 million, increases of 64% and 47%, respectively, compared to the same periods of the prior year. Operating expense per boe for the three months and year ended December 31, 2024 was \$5.19/boe and \$4.75/boe, respectively. Higher operating expense as compared to the prior year was attributed to higher production from the Acquired Assets. The Acquired Assets are liquids-weighted and therefore have higher operating costs per boe as well as higher operating netbacks. Operating costs per boe for the Acquired Assets are now approximately 25% lower than expected due to greater-than-anticipated operational synergies achieved to date. As a result, operating costs per boe are 11% below guidance for the second half of 2024.

Operating expense for Entropy for the three months and year ended December 31, 2024, increased as compared to the same periods of the prior year due to Glacier Phase 1B being brought online in 2024.

Advantage expects 2025 annual operating expense per boe to be at approximately \$5.20 to \$5.90/boe (see "Corporate Update").

Transportation Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Natural gas transportation expense	22,064	21,337	3	84,264	77,364	9
Liquids transportation expense	4,568	4,327	6	16,875	13,239	27
Transportation expense	26,632	25,664	4	101,139	90,603	12
per boe	3.77	4.08	(8)	3.90	4.09	(5)

Transportation expense represents the cost of transporting our natural gas and liquids production to the sales points, including associated fuel costs. Transportation expense for the three months and year ended December 31, 2024, increased by \$1.0 million and \$10.5 million, respectively, increases of 4% and 12% compared to the corresponding periods in 2023. The increases in transportation expense are a result of additional physical natural gas transportation to Chicago, additional liquids transportation associated with the new Key Access Pipeline System ("KAPS"), and higher production primarily attributable to the Acquired Assets (see "Production"). Transportation expense per boe fell for both the three months and year ended December 31, 2024 as a result of lower fuel costs when compared to 2023.

Advantage expects 2025 annual transportation expense per boe to be comparable to 2024 and average approximately \$3.95 to \$4.25/boe (see "Corporate Update").

Operating Income and Operating Netback

	Three months ended			
	December 31			
	2024		2023	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	163,477	23.14	147,137	23.39
Realized gains on derivatives	20,580	2.91	6,140	0.98
Processing and other income	746	0.11	2,484	0.39
Royalty expense	(16,983)	(2.40)	(10,302)	(1.64)
Operating expense	(36,677)	(5.19)	(22,345)	(3.55)
Transportation expense	(26,632)	(3.77)	(25,664)	(4.08)
Operating income and operating netback ⁽¹⁾	104,511	14.80	97,450	15.49

	Year ended			
	December 31			
	2024		2023	
	\$000	per boe	\$000	per boe
Natural gas and liquids sales	543,295	20.93	541,100	24.43
Realized gains on derivatives	51,127	1.97	35,243	1.59
Processing and other income	5,557	0.21	7,627	0.34
Net sales of purchased natural gas	-	-	(247)	(0.01)
Royalty expense	(52,471)	(2.02)	(42,432)	(1.92)
Operating expense	(123,226)	(4.75)	(83,762)	(3.78)
Transportation expense	(101,139)	(3.90)	(90,603)	(4.09)
Operating income and operating netback ⁽¹⁾	323,143	12.44	366,926	16.56

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

Operating Income and Operating Netback (continued)

Operating income and operating netback only include the results of Advantage's natural gas and liquids operations and exclude the results of Entropy. For the three months and year ended December 31, 2024, Advantage's operating income increased 7% and decreased 12%, respectively. Operating income in 2024 was negatively impacted by lower natural gas benchmark prices, leading to reduced operating netbacks. However, this decline was partially offset by increased higher-quality liquids production, particularly from the Acquired Assets, which generate significantly higher operating netbacks (see "Production" and "Commodity Prices and Marketing"). Additionally, lower natural gas prices resulted in higher realized gains on derivatives, further mitigating the negative impact (see "Financial Risk Management"). Liquids production has played a vital role in our business, contributing more than 60% of Advantage's operating income in 2024.

General and Administrative Expense ("G&A")

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Advantage G&A	7,172	6,605	9	28,498	23,972	19
Capitalized	(1,725)	(1,486)	16	(6,480)	(5,325)	22
Advantage G&A expense	5,447	5,119	6	22,018	18,647	18
per boe	0.77	0.81	(5)	0.85	0.84	1
Entropy G&A expense	3,968	2,082	91	11,066	5,990	85
General and administrative expense	9,415	7,201	31	33,084	24,637	34
Employees at December 31				82	61	34

General and administrative expense for the three months and year ended December 31, 2024, increased by \$2.2 million and \$8.4 million, respectively, increases of 31% and 34% compared to the same periods of the prior year. G&A expense increased primarily due to higher staff levels, including additional Advantage employees associated with the Acquired Assets, although G&A expense per boe remained consistent to the prior year, and new hires to support the continued growth of the Entropy business and team.

Share-based Compensation

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Share-based compensation	252	2,281	(89)	4,950	8,788	(44)
Capitalized	(41)	(573)	(93)	(1,058)	(2,242)	(53)
Share-based compensation expense	211	1,708	(88)	3,892	6,546	(41)
per boe	0.03	0.27	(89)	0.15	0.30	(50)

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

The Corporation recognized \$0.2 million and \$3.9 million of share-based compensation expense during the three months and year ended December 31, 2024, respectively, and capitalized \$0.0 million and \$1.1 million. For the three months and year ended December 31, 2024, total share-based compensation decreased by 88% and 41%, respectively, compared to the same periods of the prior year, as a result of updating the expected performance multiplier for outstanding awards.

Finance Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Advantage interest expense	14,041	7,134	97	43,925	26,576	65
per boe	1.99	1.13	76	1.69	1.20	41
Advantage accretion expense	1,216	346	251	4,130	1,444	186
Advantage finance expense	15,257	7,480	104	48,055	28,020	72
Entropy finance expense	1,446	550	163	4,365	2,070	111
Finance expense	16,703	8,030	108	52,420	30,090	74

Advantage realized higher interest expense during the three months and year ended December 31, 2024, primarily as a result of increased average outstanding bank indebtedness compared to the same periods in 2023 (see "Bank Indebtedness, Credit Facilities and Working Capital"). Advantage's bank indebtedness interest rates are primarily based on short-term loans plus fees and determined by net debt to the trailing four quarters earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio as calculated pursuant to our Credit Facilities. Additionally, Advantage incurred \$1.8 million and \$3.9 million, respectively, of interest expense for the three months and year ended December 31, 2024 in connection with the convertible debentures which were issued to finance the Acquisition (see "Convertible Debentures"). Accretion expense increased during the three months and year ended December 31, 2024, largely attributed to additional accretion expense associated with the convertible debentures issued in the second quarter of 2024.

Entropy finance expense increased during the three months and year ended December 31, 2024, due to an increased average outstanding aggregate principal amount of unsecured debentures associated with investors financing of the Glacier Phase 2 project (see "Unsecured Debentures").

Depreciation and Amortization Expense

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Advantage depreciation	52,428	43,543	20	194,583	148,542	31
per boe	7.42	6.92	7	7.50	6.71	12
Entropy depreciation and amortization	884	198	nm	4,906	355	nm
Depreciation and amortization expense	53,312	43,741	22	199,489	148,897	34

The increase in depreciation and amortization expense during the three months and year ended December 31, 2024, was attributable to increased production (see "Production") accompanied by increased net book value associated with property, plant, and equipment. Depreciation and amortization expense per boe increased compared to the prior periods due to the Acquired Assets having a higher depletion rate per boe typical for liquids-weighted assets as compared to the Corporation's pre-existing natural gas-weighted assets.

Income Taxes

(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31		%	December 31		%
	2024	2023	Change	2024	2023	Change
Income tax expense	6,531	16,124	(59)	12,805	35,635	(64)
Effective tax rate (%)	28.1	23.9	4.2	38.9	23.7	15.2

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three months and year ended December 31, 2024, the Corporation recognized a deferred income tax expense of \$6.5 million and \$12.8 million, respectively. Income tax expense for the year ended December 31, 2024 is a result of net income before taxes and non-controlling interest of \$32.9 million, combined with non-deductible share-based compensation expense, and valuation allowances applied against Entropy's non-capital losses. As at December 31, 2024, the Corporation had a deferred income tax liability of \$253.2 million.

Advantage expects it will not be subject to cash taxes at current forward commodity prices until at least calendar 2028 due to over \$1.6 billion in tax pools. The estimated tax pools available at December 31, 2024 are as follows:

(\$ thousands)

Canadian development expenses	262,386
Canadian exploration expenses	76,156
Canadian oil and gas property expenses	307,697
Non-capital losses	396,312
Undepreciated capital cost	405,841
Capital losses	135,369
Scientific research and experimental development expenditures	32,506
Other	6,421
	1,622,688

Net Income and Comprehensive Income attributable to Advantage shareholders

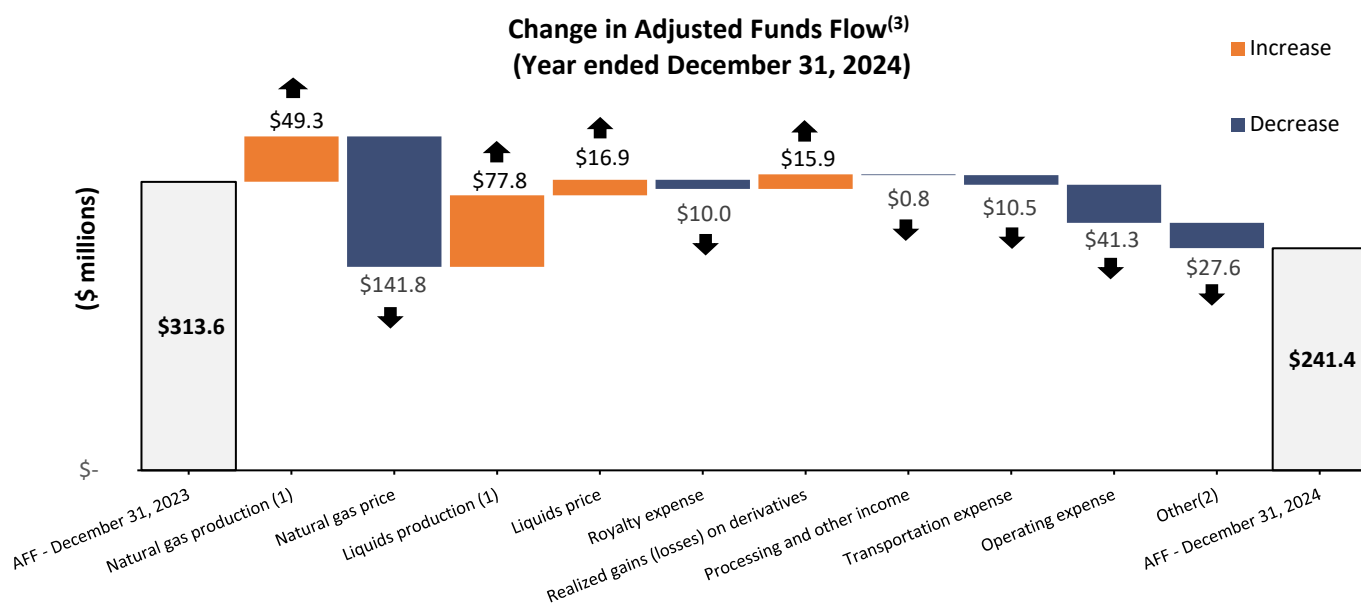
(\$000, except as otherwise indicated)	Three months ended			Year ended		
	December 31 2024	December 31 2023	% Change	December 31 2024	December 31 2023	% Change
Net income and comprehensive income attributable to Advantage shareholders	17,130	41,026	(58)	21,719	101,597	(79)
per share - basic	0.10	0.25	(60)	0.13	0.61	(78)
per share - diluted	0.10	0.24	(59)	0.13	0.59	(78)

Advantage recognized net income attributable to Advantage shareholders of \$17.1 million and \$21.7 million for the three months and year ended December 31, 2024, respectively. For the three months and year ended December 31, 2024, net income and comprehensive income attributable to Advantage shareholders was lower when compared to 2023 due to the lower natural gas benchmark prices (see "Commodity Prices and Marketing"). However, this decline was partially offset by increased high-quality liquids production, particularly from the Acquired Assets, which generate significantly higher operating netbacks (see "Production" and "Commodity Prices and Marketing"). Additionally, lower natural gas prices resulted in higher gains on derivatives, further mitigating the negative impact (see "Financial Risk Management").

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

(\$000, except as otherwise indicated)	Three months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Cash provided by operating activities	56,350	89,048	217,533	323,345
Expenditures on decommissioning liability	2,071	2,124	3,059	4,043
Changes in non-cash working capital	22,968	(8,678)	20,804	(13,818)
Adjusted funds flow⁽¹⁾	81,389	82,494	241,396	313,570
per basic share ⁽¹⁾	0.49	0.50	1.47	1.88
per diluted share ⁽¹⁾	0.48	0.49	1.45	1.82
Advantage adjusted funds flow ⁽¹⁾	84,309	84,291	250,031	320,169
per boe ⁽¹⁾	11.94	13.40	9.63	14.46
Entropy adjusted funds flow ⁽¹⁾	(2,920)	(1,797)	(8,635)	(6,599)

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



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

⁽²⁾ Other includes net sales of purchased natural gas, G&A expense, interest expense and foreign exchange gain (loss).

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

For the three months and year ended December 31, 2024, Advantage realized cash provided by operating activities of \$56.4 million and \$217.5 million, respectively, decreases of \$32.7 million and \$105.8 million when compared to the same periods of 2023. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, the Corporation realized adjusted funds flow of \$81.4 million and \$241.4 million, decreases of \$1.1 million and \$72.2 million when compared to the same periods of 2023. Adjusted funds flow of \$241.4 million for the year ended December 31, 2024 includes \$250.0 million or \$1.52 per share attributable to Advantage and \$8.6 million of net expenses attributable to Entropy. The decrease in cash provided by operating activities and adjusted funds flow for the three months and year ended December 31, 2024 was largely due to lower natural gas benchmark prices (see "Commodity Prices and Marketing"). However, this decline was partially offset by increased high-quality liquids production, particularly from the Acquired Assets, which generate significantly higher operating netbacks (see

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

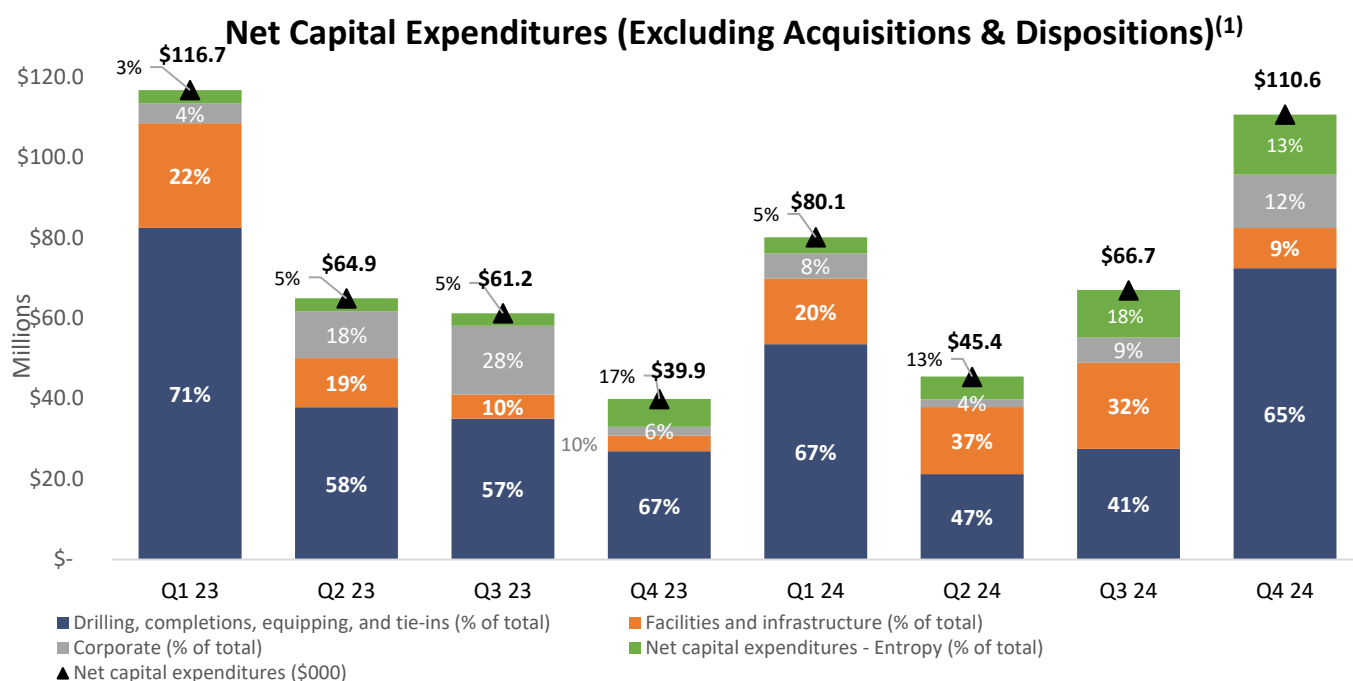
"Production" and "Commodity Prices and Marketing"). Additionally, lower natural gas prices resulted in higher realized gains on derivatives, further mitigating the negative impact (see "Financial Risk Management"). Adjusted funds flow for the three months ended December 31, 2024 has increased significantly as compared to the prior three quarters of 2024 due to the high liquids production from the Acquired Assets as well as improved natural gas benchmark prices.

Cash Used in Investing Activities and Net Capital Expenditures

(\$000)	Three months ended December 31		Year ended December 31	
	2024	2023	2024	2023
Drilling, completions, equipping, and tie-ins	72,366	26,931	174,559	182,157
Facilities and infrastructure	9,986	3,882	64,344	48,175
Corporate ⁽²⁾	13,356	2,138	27,841	25,696
Exploration and development expenditures	95,708	32,951	266,744	256,028
Asset acquisitions	-	124	445,274	10,159
Asset dispositions	(11,421)	-	(11,421)	-
Net capital expenditures - Advantage⁽¹⁾	84,287	33,075	700,597	266,187
Carbon capture and storage facilities	14,663	6,397	35,179	15,144
Intangible assets	212	466	1,135	1,465
Net capital expenditures - Entropy⁽¹⁾	14,875	6,863	36,314	16,609
Net capital expenditures⁽¹⁾	99,162	39,938	736,911	282,796
Changes in non-cash working capital	(27,960)	18,908	(39,186)	(35)
Cash used in investing activities	71,202	58,846	697,725	282,761

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

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



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

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

Asset acquisition

On June 24, 2024, Advantage closed the Acquisition of the Acquired Assets for cash consideration of \$445.3 million, including closing adjustments. The Acquisition capitalized on a rare opportunity to consolidate a high-quality, liquids-weighted asset that is contiguous with Advantage's existing core areas and complementary to its infrastructure platform.

Following a comprehensive review of the Acquired Assets, we initiated our Charlie Lake drilling program in mid-September. Our preliminary development plan for the Acquired Assets for 2025 and beyond focuses on holding production levels steady at approximately 14,000 boe/d.

Asset dispositions

In the fourth quarter of 2024, Advantage disposed of select non-core assets, that were purchased through the Acquisition, for net proceeds of \$11.4 million. Subsequent to December 31, 2024, Advantage disposed of non-core assets for net proceeds of \$4.0 million.

Exploration and development expenditures

Advantage incurred \$95.7 million and \$266.7 million of exploration and development expenditures for the three months and year ended December 31, 2024.

The following table summarizes wells drilled, completed and on production for the year ended December 31, 2024:

	Three months ended December 31, 2024			Year ended December 31, 2024		
	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)	Drilled Gross (Net)	Completed Gross (Net)	On production Gross (Net)
(# of wells)						
Glacier	5 (5.0)	4 (4.0)	6 (5.9)	12 (11.8)	16 (15.8)	14 (13.8)
Valhalla	7 (6.9)	4 (4.0)	2 (2.0)	7 (6.9)	4 (4.0)	2 (2.0)
Progress	2 (0.5)	4 (1.0)	4 (1.0)	4 (1.0)	4 (1.0)	4 (1.0)
Wembley	-	-	-	3 (3.0)	3 (3.0)	3 (3.0)
	14 (12.4)	12 (9.0)	12 (8.9)	26 (22.7)	27 (23.8)	23 (19.8)

Glacier

2024 was an active year at our Glacier property with 12 gross (11.8 net) wells drilled, 16 gross (15.8 net) wells completed, and 14 gross (13.8 net) wells placed on production. Raw gas handling capacity at the Glacier Gas Plant remained at a maximum of 425 MMcf/d with a number of optimization projects completed during the year to enhance our low operating cost structure.

Well performance continues to be strong with the wells placed on production during the year achieving average well peak IP30 rates of 14.1 MMcf/d raw natural gas despite being choked back to minimize erosional risks and impacts on existing nearby wells. Of all Alberta Montney gas wells placed on production in 2024, Advantage had 7 of the top 10 gas producing wells, based on IP90 rates.

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

Valhalla

Activity in Valhalla accelerated following the closing of the acquisition of Charlie Lake assets on June 24, 2024. Activity consisted of 7 gross (6.9 net) wells drilled, 4 gross (4.0 net) wells completed, and 2 gross (2.0 net) wells placed on production. Five of the seven wells drilled were Charlie Lake wells with the remaining two being Montney wells. Subsequent to year end, our first four operated Charlie Lake wells have now been producing beyond thirty days, with liquids rates that exceed historical type curves by over 65%. Average peak IP30 rates for these wells were 1,004 boe/d (1.4 MMcf/d natural gas, 737 bbls/d crude oil and 29 bbls/d NGLs) confirming the high quality and production potential of the acquired Charlie Lake assets.

No new Montney wells were placed on production at Valhalla in 2024 due to the raw gas transportation line to the Glacier Gas Plant being utilized at capacity. However, the two wells drilled in 2023, achieved significant average well IP30 production rates of 1,936 boe/d (7.5 MMcf/d natural gas, 499 bbls/d condensate and 180 bbls/d NGLs). The last six wells placed on production in Valhalla have averaged IP30 production rates of 1,431 boe/d (5.7 MMcf/d natural gas, 354 bbls/d condensate and 121 bbls/d NGLs) despite the wells being choked back to minimize erosional risks. Strong well results support Management's view that our Valhalla Montney asset will continue to play a pivotal role in the Corporation's liquids-rich gas development plan.

Progress

At Progress, site clearing work and pile installation work was completed on our 75 MMcf/d Progress 4-21 gas plant with the remaining construction deferred to 2026, with no impact to forecasted production. Excess processing capacity acquired in 2024 will be utilized instead, while reducing 2025 capital and increasing free cash flow by approximately \$35 million.

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

Wembley

At Wembley, completion activity on a three well pad took place during the second quarter of 2024 with the wells placed on production in the third quarter of 2024. The Wembley asset is connected to two major third-party gas processing facilities and utilizes existing capacity in our 100% owned Wembley compressor site and liquids handling hub. Advantage plans to resume drilling in Wembley with a 3 well pad spudding in the first quarter of 2025 with production expected later in the second quarter of 2025.

Conroy

In the fourth quarter of 2024, Advantage acquired an idled 100 MMcf/d sour gas plant and pipeline network in close proximity to the Corporation's existing Conroy asset, establishing a direct path to highly efficient future development. The asset was acquired in exchange for the assumption of the associated decommissioning liability.

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

Entropy net capital expenditures

Net capital expenditures incurred by Entropy are funded through the issuance of unsecured debentures to investors that have provided Entropy access to \$500 million in committed capital, of which \$95 million has been drawn as at December 31, 2024.

Entropy invested \$14.9 million and \$36.3 million in net capital expenditures during the three months and year ended December 31, 2024, respectively. Entropy's expenditures were mainly attributable to front-end engineering and design cost and procurement of equipment required for construction of the Glacier Phase 2 project.

On June 21, 2024, the CCUS ITC which was included in Bill C-59 received royal assent. Advantage and Entropy have incurred carbon capture expenditures dating back to January 1, 2022, which once approved by the federal government, should be eligible expenditures under the CCUS ITC program. The Corporation has completed the application process for our existing carbon capture projects Glacier Phase 1A and Glacier Phase 1B, including submission to Natural Resources Canada and is pending approval.

Commitments and Contractual Obligations

The Corporation has commitments and contractual obligations in the normal course of operations. Such commitments include operating costs for office leases, natural gas processing costs associated with third-party facilities, and transportation costs for delivery of our natural gas and liquids (crude oil, condensate and NGLs) production to sales points. Transportation commitments are required to ensure our production is delivered to sales markets and Advantage actively manages our portfolio in conjunction with our future development plans ensuring we are properly diversified to multiple markets. Of our total transportation commitments, \$276 million, or 41% is required for delivery of natural gas and liquids production to Alberta markets. Advantage has proactively committed to \$396 million in additional transportation to diversify natural gas production to the Dawn, Empress, Emerson and Chicago markets, with the objective of reducing price volatility and achieving higher operating netbacks (see "Transportation Expense"). Contractual obligations comprise those liabilities to third-parties incurred for the purpose of financing Advantage's business and development.

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

(\$ millions)	Payments due by period						
	Total	2025	2026	2027	2028	2029	Beyond
Building operating cost ⁽¹⁾	2.2	0.8	0.8	0.6	-	-	-
Processing	188.5	24.8	28.1	28.1	28.2	26.4	52.9
Transportation	671.8	102.3	87.0	76.6	47.7	38.5	319.7
Total commitments	862.5	127.9	115.9	105.3	75.9	64.9	372.6
Performance Awards	5.0	1.2	1.4	2.4	-	-	-
Lease liability	3.2	1.2	1.1	0.7	0.1	0.1	-
Financing liability	137.0	13.0	13.0	13.0	13.1	13.0	71.9
Bank indebtedness ⁽²⁾							
- principal	475.0	-	475.0	-	-	-	-
- interest	47.0	31.3	15.7	-	-	-	-
Unsecured debentures ⁽³⁾							
- principal	101.0	-	-	-	-	-	101.0
- interest	71.0	8.1	8.1	8.1	8.1	8.1	30.5
Convertible debentures ⁽⁴⁾							
- principal	143.8	-	-	-	-	143.8	-
- interest	32.4	7.2	7.2	7.2	7.2	3.6	-
Total contractual obligations	1,015.3	62.0	521.4	31.4	28.5	168.6	203.4
Total future payments	1,877.8	189.9	637.3	136.7	104.4	233.5	576.0

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

⁽²⁾ As at December 31, 2024 the Corporation's bank indebtedness was governed by the Credit Facilities, which have a two-year term with a syndicate of financial institutions. The Credit Facilities are revolving and extendible for a further 364-day period upon an annual review and at the option of the syndicate. If not extended, the Credit Facilities will mature with any outstanding principal payable at the end of the two-year term (see "Bank Indebtedness, Credit Facilities and Working Capital").

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

⁽⁴⁾ The convertible debentures have a maturity date of June 30, 2029 and a coupon rate of 5.0% payable semi-annually.

Liquidity and Capital Resources

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

(\$000, except as otherwise indicated)	Year ended December 31, 2024	Year ended December 31, 2023
Bank indebtedness	470,424	212,854
Aggregate principal balance of convertible debentures ⁽¹⁾	143,750	-
Aggregate principal balance of unsecured debentures ⁽²⁾	101,000	40,807
Working capital deficit (surplus) ⁽³⁾	3,275	(18,651)
Net debt⁽³⁾	718,449	235,010
Shares outstanding	166,931,440	162,225,180
Shares closing market price (\$/share)	9.86	8.53
Market capitalization	1,645,944	1,383,781
Total capitalization	2,364,393	1,618,791

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

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

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

As at December 31, 2024, net debt for Advantage was \$625.6 million and Entropy was \$92.8 million. Advantage's net debt increased in 2024 due to the funding of the Acquisition completed in the second quarter with a combination of bank indebtedness from the upsized Credit Facilities and the issuance of the convertible debentures. Advantage has a \$650 million Credit Facility of which \$169.5 million or 26% was available after deducting outstanding letters of credit of \$5.5 million (see "Bank Indebtedness, Credit Facilities and Working Capital"). Debt to adjusted funds flow ratio excluding Entropy was 2.5, and if the Corporation included \$71.7 million of adjusted funds flow from the Acquired Assets for the prior six months, the ratio would have been 1.9. Advantage has set a net debt target of \$450 million towards the end of 2025 which would equate to a debt to adjusted funds flow ratio of approximately 1.0. The Corporation's Credit Facilities and adjusted funds flow were utilized to fund Advantage's exploration and development expenditures of \$266.7 million and repurchase and cancel 2.5 million common shares for \$21.7 million (see "Shareholders' Equity"). Entropy's net capital expenditures of \$36.3 million were separately funded through the issuance of unsecured debentures to investors that have provided Entropy access to an aggregate of up to \$500 million in committed capital, of which \$95.0 million has been drawn as at December 31, 2024. Unsecured debentures issued by Entropy are non-recourse to Advantage.

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

Bank Indebtedness, Credit Facilities and Working Capital

As at December 31, 2024, Advantage had bank indebtedness outstanding of \$470.4 million, an increase of \$257.6 million since December 31, 2023. On June 24, 2024, the borrowing base of the Credit Facilities was increased to \$650 million from \$350 million. The increased borrowing base was partially used to finance the acquisition of certain Charlie Lake and Montney assets (see "Corporate Update"). Since completing the Acquisition at the end of the second quarter, Advantage's bank indebtedness has decreased \$17.6 million, with a continued focus on debt reduction into 2025. Advantage's Credit Facilities are collateralized by a \$2 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "Credit Facilities"). Under the Credit Facilities, the Corporation must ensure at all times that its Liability Management Rating ("LMR") as determined by the Alberta Energy Regulator ("AER") is not less than 2.0 which was met at December 31, 2024. The borrowing base for the Credit Facilities is determined by the banking syndicate through an evaluation of our reserve estimates based on their independent commodity price assumptions. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base. The Credit Facilities comprise a \$60 million extendible revolving operating loan facility from one financial institution and a \$590 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a term of two years with a maturity date in June 2026 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May 31 and semi-annually on or before November 30. During the term, no principal payments are required until the revolving period matures in June 2026 in the event of a reduction, or the Credit Facility not being renewed. The Corporation had letters of credit of \$5.5 million outstanding at December 31, 2024 (December 31, 2023 - \$12.9 million). The Credit Facilities do not contain any financial covenants, but the Corporation is subject to various affirmative and negative covenants under its Credit Facilities. The Corporation was in compliance with all covenants as at December 31, 2024 and December 31, 2023.

The Corporation had a working capital deficit of \$3.3 million as at December 31, 2024, a reduction as compared to a surplus of \$18.7 million at December 31, 2023, largely due to the increased in trade and other accrued liabilities connected to the timing of net capital expenditures and related payments, offset by increased trade and other receivables related to higher liquids sales volumes. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, trade and other accrued liabilities. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with cash provided by operating activities and our available Credit Facilities.

Convertible Debentures

In June 2024, the Corporation issued \$143.8 million principal amount of convertible unsecured subordinated debentures (the "Debentures") at a price of \$1,000 per debenture.

The Debentures will mature and be repayable on June 30, 2029 and will accrue interest at the rate of 5.0% per annum payable semi-annually in arrears on June 30 and December 31 of each year, commencing December 31, 2024.

Convertible Debentures (continued)

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

The fair value of the Debentures at December 31, 2024 was \$147.3 million using quoted market prices on the Toronto Stock Exchange ("TSX").

Unsecured Debentures

The Corporation's subsidiary Entropy is a party to two investment agreements with investors who provided capital commitments of \$300 million and \$200 million, respectively (the "Investment Agreements"). In connection with the Investment Agreements, Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the Investment Agreements, Entropy and the investors have options that provide for the unsecured debentures to be exchanged for common shares at an exchange price of \$10.00 per share and \$12.75 per share, respectively, subject to adjustment in certain circumstances. The investors have the option to exchange the outstanding unsecured debentures for common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for common shares in advance of an Initial Public Offering ("IPO"). The unsecured debentures have a term of 10 years, if not exchanged for common shares, which are to be repaid at the end of the term in the amount greater of the principal amount and the investor's pro rata share of the fair market value of Entropy. Each unsecured debenture issued by Entropy bears an interest rate of 8% per annum that Entropy can elect to pay in cash or pay-in-kind, due on a quarterly basis. As at December 31, 2024, Entropy's unsecured debentures have an outstanding aggregate principal balance of \$101.0 million (including paid-in-kind interest) (December 31, 2023 - \$40.8 million).

During 2024, Entropy issued unsecured debentures for gross proceeds of \$55.0 million (December 31, 2023 - \$15.0 million) and incurred \$3.5 million of issuance costs (December 31, 2023 - \$1.2 million) associated with investors financing of the Glacier Phase 2 project. Subsequent to year-end, Entropy issued unsecured debentures for gross proceeds of \$42.0 million.

For the year ended December 31, 2024, Entropy incurred interest of \$5.2 million (December 31, 2023 - \$2.5 million), of which none was paid in cash (December 31, 2023 - \$1.7 million), and \$5.2 million was paid-in-kind (December 31, 2023 - \$0.8 million).

Other Liabilities

The Corporation has a 15-year take-or-pay volume commitment with a 12.5% working interest partner in the Corporation's Glacier Gas Plant, with a term due to expire in 2035. The volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. As at December 31, 2024, the financing liability was \$88.1 million (December 31, 2023 - \$92.9 million) and for the year ended December 31, 2024, the Corporation made cash payments of \$13.1 million (December 31, 2023 - \$12.8 million) under the agreement.

As at December 31, 2024, Advantage had a decommissioning liability of \$126.8 million (December 31, 2023 – \$62.2 million) for the future abandonment and reclamation of the Corporation's natural gas and liquids properties. The decommissioning liability includes assumptions in respect of actual costs to abandon and reclaim wells and facilities, the time frame in which such costs will be incurred, annual inflation factors and discount rates. The total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$168.7 million (December 31, 2023 – \$82.6 million), with 37% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the year ended December 31, 2024, was \$3.1 million (year ended December 31, 2023 – \$4.0 million). Advantage continues to maintain an industry leading LMR of 20.0, demonstrating that the Corporation has no issues addressing its abandonment, remediation, and reclamation obligations.

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. If the investors in Entropy were to invest their total \$500 million capital commitment for unsecured debentures and the unsecured debentures were subsequently exchanged for common shares, Advantage would own approximately 35% of the common shares (see "Unsecured Debentures").

For the year ended December 31, 2024, the net loss and comprehensive loss attributed to non-controlling interest was \$1.6 million (December 31, 2023 - \$1.3 million).

Shareholders' Equity

On June 24, 2024, the Corporation closed the Acquisition and issued 5.9 million common shares at \$11.00 per share for gross proceeds of \$65.0 million. The Corporation incurred issuance costs of \$2.9 million which was charged to share capital.

On May 9, 2024, the TSX approved the Corporation renewing its normal course issuer bid ("NCIB"). Pursuant to the NCIB, Advantage may purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 13,835,841 common shares of the Corporation. The NCIB commenced on May 14, 2024 and will terminate on May 13, 2025. For the year ended December 31, 2024, the Corporation purchased 2.5 million common shares for cancellation at an average price of \$8.86 per common share for a total of \$21.7 million. Since initiating our buyback program in April 2022, Advantage has repurchased 37.8 million common shares for a total of \$379.9 million to December 31, 2024. On June 21, 2024, Bill C-59 received royal assent, which, among other things, provides for a 2% tax on the net value of equity repurchased by certain public corporations and other publicly listed entities. At December 31, 2024, the Corporation had no liability with respect to the new 2% tax, as the value of the Corporation's equity issuances exceeded the value of the equity that has been repurchased.

As at December 31, 2024, a total of 2.3 million Performance Share Units were outstanding under the Corporation's Restricted and Performance Award Incentive Plan, which represents 1.4% of Advantage's total outstanding common shares.

As at March 4, 2025, Advantage had 166.7 million common shares outstanding.

Annual Financial Information

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

(\$000, except as otherwise indicated)	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Total revenues	553,073	535,187	781,262
Net income attributable to Advantage shareholders	21,719	101,597	338,667
per share - basic	0.13	0.61	1.81
per share - diluted	0.13	0.59	1.75
Total assets	2,945,958	2,299,028	2,216,958
Total non-current liabilities	1,061,293	599,932	514,447

Quarterly Performance

	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(\$000, except as otherwise indicated)								
Financial Statement Highlights								
Natural gas and liquids sales	163,477	139,840	104,081	135,897	147,137	140,724	107,240	145,999
Net income and comprehensive income ⁽³⁾	17,130	(6,490)	(12,084)	23,163	41,026	28,314	2,538	29,719
per basic share ⁽²⁾	0.10	(0.04)	(0.07)	0.14	0.25	0.17	0.02	0.18
per diluted share ⁽³⁾	0.10	(0.04)	(0.07)	0.14	0.24	0.16	0.01	0.17
Basic weighted average shares (000)	166,974	166,972	161,362	160,444	163,939	167,702	167,268	167,311
Diluted weighted average shares (000)	169,785	166,972	161,362	164,129	168,441	172,182	171,815	174,328
Cash provided by operating activities	56,350	46,719	47,090	67,374	89,048	90,376	37,966	105,955
Cash provided by (used in) financing activities	22,789	(1,097)	447,502	11,883	(52,120)	(3,562)	43,778	(58,359)
Cash used in investing activities	(71,202)	(52,765)	(494,331)	(79,427)	(58,846)	(49,886)	(88,439)	(85,590)
Other Financial Highlights								
Adjusted funds flow ⁽¹⁾	81,389	52,260	42,354	65,393	82,494	81,862	52,381	96,833
per basic share ⁽¹⁾⁽²⁾	0.49	0.31	0.26	0.41	0.50	0.49	0.31	0.58
per diluted share ⁽¹⁾⁽²⁾⁽³⁾	0.48	0.31	0.26	0.40	0.49	0.48	0.30	0.56
Net capital expenditures ⁽¹⁾	99,162	66,727	490,888	80,134	39,938	61,234	64,924	116,700
Free cash flow ⁽¹⁾	(29,194)	(14,668)	(3,059)	(14,741)	42,680	30,663	(12,543)	(19,867)
Bank indebtedness	470,424	469,551	488,008	238,578	212,854	226,127	226,442	167,260
Net debt ⁽¹⁾	718,449	693,959	674,665	279,963	235,010	236,311	238,493	204,709
Operating Highlights								
Production								
Crude oil (bbls/d)	7,527	8,144	3,033	2,630	3,254	3,035	2,801	1,731
Condensate (bbls/d)	979	1,055	1,200	1,231	1,264	1,368	871	1,157
NGLs (bbls/d)	3,379	3,621	2,908	2,591	3,345	3,174	2,683	2,877
Total liquids production (bbls/d)	11,885	12,820	7,141	6,452	7,863	7,577	6,355	5,765
Natural gas (mcf/d)	389,331	369,306	355,563	357,410	363,124	339,709	272,919	314,273
Total production (boe/d)	76,774	74,371	66,401	66,020	68,384	64,195	51,842	58,144
Average prices (including realized derivatives)								
Natural gas (\$/mcf)	2.46	1.65	1.82	2.86	2.84	2.96	2.81	4.42
Liquids (\$/bbl)	87.84	85.05	84.58	80.21	81.55	77.91	75.36	77.77
Operating Netback (\$/boe)								
Natural gas and liquids sales	23.14	20.44	17.22	22.62	23.39	23.83	22.73	27.90
Realized gains (losses) on derivatives	2.91	2.44	1.59	0.70	0.98	1.02	1.07	3.44
Processing and other income	0.11	0.15	0.32	0.30	0.39	0.39	0.22	0.35
Net sales of purchased natural gas	-	-	-	-	-	-	(0.05)	-
Royalty expense	(2.40)	(2.83)	(1.16)	(1.52)	(1.64)	(1.55)	(1.33)	(3.19)
Operating expense	(5.19)	(5.46)	(4.09)	(4.08)	(3.55)	(3.80)	(4.44)	(3.44)
Transportation expense	(3.77)	(3.88)	(3.73)	(4.23)	(4.08)	(3.70)	(4.34)	(4.33)
Operating netback ⁽¹⁾	14.80	10.86	10.15	13.79	15.49	16.19	13.86	20.73

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

⁽²⁾ Based on basic weighted average shares outstanding.

⁽³⁾ Net income and comprehensive income attributable to Advantage Shareholders.

The table above highlights the Corporation's performance for the fourth quarter of 2024 and for the preceding seven quarters. In 2023 the Corporation achieved a steady increase in production over the year rising from 58,144 boe/d in the first quarter to 68,384 boe/d in the fourth quarter. Sales and adjusted funds flow were lower in the second quarter of 2023 due to lower natural gas and liquids benchmark prices and a 17-day turnaround at the Glacier Gas Plant in May 2023. Sales and adjusted funds improved for the remainder of 2023 with increased production although natural gas benchmark prices remained weak.

Quarterly Performance (continued)

In the first and second quarter of 2024 natural gas and liquids sales and adjusted funds flow declined with lower natural gas prices from an unseasonably mild winter, strong natural gas supply and resulting high North American storage levels. The Corporation increased its sales and adjusted funds flow in the third and fourth quarter of 2024 primarily due to increased production and cash flow provided from the Acquired Assets, although significantly weak natural gas prices persisted and had an adverse offsetting impact. The particularly low natural gas pricing environment during the second and third quarter resulted in the recognition of net losses. 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 cashflows are used to ensure the carrying amount of the Corporation's natural gas and liquids properties are recoverable. The discount rate used is subject to judgement and may impact the carrying value of the Corporation's property, plant and equipment. The reserve estimates are also used to assess the borrowing base for the Credit Facilities. Revision or changes in the reserve estimates can have either a positive or a negative impact on asset values, net income, comprehensive income and the borrowing base of the Corporation.

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

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

Critical Accounting Estimates (continued)

In accordance with IFRS Accounting Standards, 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.

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

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.

Changes in Accounting Policies

The Corporation has adopted the following accounting policies during the year ended December 31, 2024.

Amendments to IAS 1, Presentation of Financial Statements

On January 1, 2024, the Corporation adopted the amendments to IAS 1 Presentation of Financial Statements, which addresses the classification of liabilities with covenants as current or non-current in the Statements of Financial Position. As a result of the amendment, the Unsecured Debentures, which were previously reported as non-current liabilities, have been reclassified to current liabilities.

Accounting Pronouncements not yet Adopted

A description of additional accounting standards and interpretations that will be adopted in future periods can be found in the notes to the Consolidated Financial Statements for the year ended December 31, 2024.

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 addition, the Canadian Securities Administrators have proposed National Instrument 51-107 – Disclosure of *Climate-related Matters*, with additional climate-related disclosure requirements for certain reporting issuers in Canada. If the Corporation is unable to meet future sustainability reporting requirements of regulators or current and future expectations of stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licenses, registrations, approvals and authorizations from various government authorities, and raise capital may be adversely affected. The cost to comply with these standards, and others that may be developed or evolved over time, has not yet been quantified.

Evaluation of Disclosure Controls and Procedures

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

Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's DC&P as at December 31, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the DC&P are effective as of the end of the year, in all material respects.

Evaluation of Internal Controls over Financial Reporting

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

Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Corporation's ICFR as at December 31, 2024. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the ICFR are effective as of the end of the year, in all material respects.

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during either the quarter or year ended December 31, 2024 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 the Corporation's performance.

Previously, the Corporation's calculations for operating income, operating netback and adjusted funds flow per boe included the results of Entropy. Effective December 31, 2024, the Corporation revised the composition of operating income, operating netback and adjusted funds flow per boe to exclude the results of Entropy, to allow users to assess the performance of the Corporation's natural gas and liquids operations. Comparative figures have been restated to reflect these classifications.

Non-GAAP Financial Measures

Adjusted Funds Flow

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

(\$000)	Three months ended December 31					
	2024			2023		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by operating activities	62,487	(6,137)	56,350	91,239	(2,191)	89,048
Expenditures on decommissioning liability	2,071	-	2,071	2,124	-	2,124
Changes in non-cash working capital	19,751	3,217	22,968	(9,072)	394	(8,678)
Adjusted funds flow	84,309	(2,920)	81,389	84,291	(1,797)	82,494

(\$000)	Year ended December 31					
	2024			2023		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by operating activities	228,965	(11,432)	217,533	331,064	(7,719)	323,345
Expenditures on decommissioning liability	3,059	-	3,059	4,043	-	4,043
Changes in non-cash working capital	18,007	2,797	20,804	(14,938)	1,120	(13,818)
Adjusted funds flow	250,031	(8,635)	241,396	320,169	(6,599)	313,570

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Net Capital Expenditures

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

(\$000)	Three months ended December 31					
	2024			2023		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	60,083	11,119	71,202	52,684	6,162	58,846
Changes in non-cash working capital	24,204	3,756	27,960	(19,609)	701	(18,908)
Net capital expenditures	84,287	14,875	99,162	33,075	6,863	39,938

(\$000)	Year ended December 31					
	2024			2023		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash used in investing activities	667,101	30,624	697,725	268,872	13,889	282,761
Changes in non-cash working capital	33,496	5,690	39,186	(2,685)	2,720	35
Net capital expenditures	700,597	36,314	736,911	266,187	16,609	282,796

Free Cash Flow

Previously, the Corporation's calculations for free cash flow included the impacts of acquisitions and dispositions. Effective December 31, 2024, the Corporation revised the composition of free cash flow to exclude the impacts of acquisitions and dispositions. Comparative figures have been restated to reflect these classifications.

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

(\$000)	Three months ended December 31					
	2024			2023		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by operating activities	62,487	(6,137)	56,350	91,239	(2,191)	89,048
Cash used in investing activities	(60,083)	(11,119)	(71,202)	(52,684)	(6,162)	(58,846)
Changes in non-cash working capital	(4,453)	(539)	(4,992)	10,537	(307)	10,230
Expenditures on decommissioning liability	2,071	-	2,071	2,124	-	2,124
Acquisitions	-	-	-	124	-	124
Dispositions	(11,421)	-	(11,421)	-	-	-
Free cash flow - surplus (deficit)	(11,399)	(17,795)	(29,194)	51,340	(8,660)	42,680

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

(\$000)	Year ended December 31					
	2024			2023		
	Advantage	Entropy	Total	Advantage	Entropy	Total
Cash provided by operating activities	228,965	(11,432)	217,533	331,064	(7,719)	323,345
Cash used in investing activities	(667,101)	(30,624)	(697,725)	(268,872)	(13,889)	(282,761)
Changes in non-cash working capital	(15,489)	(2,893)	(18,382)	(12,253)	(1,600)	(13,853)
Expenditures on decommissioning liability	3,059	-	3,059	4,043	-	4,043
Acquisitions	445,274	-	445,274	10,159	-	10,159
Dispositions	(11,421)	-	(11,421)	-	-	-
Free cash flow - surplus (deficit)	(16,713)	(44,949)	(61,662)	64,141	(23,208)	40,933

Operating Income

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

(\$000)	Three months ended		Year ended	
	December 31		December 31	
	2024	2023	2024	2023
Natural gas and liquids sales	163,477	147,137	543,295	541,100
Realized gains on derivatives	20,580	6,140	51,127	35,243
Processing and other income	746	2,484	5,557	7,627
Net sales of purchased natural gas	-	-	-	(247)
Royalty expense	(16,983)	(10,302)	(52,471)	(42,432)
Operating expense	(36,677)	(22,345)	(123,226)	(83,762)
Transportation expense	(26,632)	(25,664)	(101,139)	(90,603)
Operating Income	104,511	97,450	323,143	366,926

Non-GAAP Ratios

Adjusted Funds Flow per Share

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

(\$000, except as otherwise indicated)	Three months ended		Year ended	
	December 31		December 31	
	2024	2023	2024	2023
Adjusted funds flow	81,389	82,494	241,396	313,570
Basic weighted average shares outstanding (000)	166,974	163,939	163,955	166,553
Diluted weighted average shares outstanding (000)	169,785	168,441	166,821	171,833
Adjusted funds flow per basic share (\$/share)	0.49	0.50	1.47	1.88
Adjusted funds flow per diluted share (\$/share)	0.48	0.49	1.45	1.82

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per BOE

Adjusted funds flow per boe is derived by dividing adjusted funds flow attributed 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		Year ended	
	December 31		December 31	
	2024	2023	2024	2023
Advantage adjusted funds flow	84,309	84,291	250,031	320,169
Total production (boe/d)	76,774	68,384	70,918	60,678
Days in period	92	92	366	365
Total production (boe)	7,063,208	6,291,328	25,955,805	22,147,470
Adjusted funds flow per BOE (\$/boe)	11.94	13.40	9.63	14.46

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		Year ended	
	December 31		December 31	
	2024	2023	2024	2023
Operating income	104,511	97,450	323,143	366,926
Total production (boe/d)	76,774	68,384	70,918	60,678
Days in period	92	92	366	365
Total production (boe)	7,063,208	6,291,328	25,955,805	22,147,470
Operating netback (\$/boe)	14.80	15.49	12.44	16.56

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 aggregate Convertible Debentures if Advantage devoted all its adjusted funds flow to debt repayment. Debt to adjusted funds flow is calculated by taking bank indebtedness, inclusive of working capital, plus Convertible Debentures, and dividing it by adjusted fund flow (for the trailing four quarters) that can be used to satisfy such borrowings. The Unsecured Debentures, and adjusted funds flow attributed to Entropy are excluded from the calculation as they are a liability of Entropy and are non-recourse to Advantage.

(\$000, except as otherwise indicated)	Year ended December 31	
	2024	2023
Bank indebtedness	470,424	212,854
Convertible debentures	143,750	-
Advantage working capital deficit (surplus)	11,377	(16,912)
Advantage net debt	625,551	195,942
Advantage adjusted funds flow	250,031	320,169
Debt to adjusted funds flow	2.5	0.6

Capital Management Measures

Working capital

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

A summary of working capital as at December 31, 2024 and December 31, 2023 is as follows:

(\$000, except as otherwise indicated)	December 31	December 31
	2024	2023
Cash and cash equivalents	20,146	19,261
Trade and other receivables	83,188	53,378
Prepaid expenses and deposits	10,000	16,618
Trade and other accrued liabilities	(116,609)	(70,606)
Working capital (deficit) surplus	(3,275)	18,651

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 December 31, 2024 and December 31, 2023 is as follows:

(\$000, except as otherwise indicated)	December 31 2024	December 31 2023
Bank indebtedness	470,424	212,854
Convertible debentures	143,750	-
Unsecured debentures	101,000	40,807
Working capital deficit (surplus)	3,275	(18,651)
Net debt	718,449	235,010

Supplementary Financial Measures

Average Realized Prices

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

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

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

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

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

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

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

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

Specified Financial Measures (continued)

Supplementary Financial Measures (continued)

Dollars per BOE figures

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

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

Finding and Development Costs ("F&D")

F&D cost is calculated based on adding net capital expenditures excluding acquisitions and dispositions, and the net change in future development capital ("FDC"), divided by the change in reserves within the applicable reserves category for the year from the McDaniel 2024 Reserves Report and Sproule 2023 Reserves Report.

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

FD&A cost is calculated based on adding net capital and the net change in future development capital ("FDC"), divided by the change in reserves within the applicable reserves category for the year from the McDaniel 2024 Reserves Report and Sproule 2023 Reserves Report.

Recycle Ratio

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

Oil and Gas information

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.

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

Production estimates contained herein are expressed as anticipated average production over the calendar year. In determining anticipated production for the year 2024 Advantage considered historical drilling, completion and production results for prior years and took into account the estimated impact on production of the Corporation's 2024 expected drilling and completion activities.

References to natural gas, crude oil and condensate and NGLs production in the MD&A refer to conventional natural gas and shale gas, light crude oil and medium crude oil and natural gas liquids, respectively, product types as defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101").

Abbreviations

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

bbbl(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 NI 51-101
"NGLs" & "condensate"	- Natural Gas Liquids as defined in NI 51-101
Natural gas	- Conventional Natural Gas and Shale Gas as defined in NI 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
nm	- not meaningful information

Forward-Looking Information and Other Advisories

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

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; the focus of the Corporation's 2025 capital program; the Corporation's expectations that all free cash flow from operations will be allocated to debt reduction and that a portion of the proceeds from potential non-core asset divestitures may be used to buy back shares; the Corporation's net debt target; Advantage's focus on growing adjusted funds flow per share; the Corporation's 2025 capital guidance including its anticipated cash used in investing activities, total average production, liquids production (% of total average production), royalty rate, operating expense per boe, transportation expense per boe and G&A/finance expense per boe; the anticipated costs of the Glacier Phase 2 capture equipment, compression, transportation and storage wells and the installation of the modular power plant providing power and heat for the Glacier Gas Plant and Entropy's CCS equipment; the Corporation's anticipated total annual production in 2025; the incurred net capital expenditures that the Corporation estimates that it will recover under the ITC for CCUS projects on the Glacier Gas Plant Phase 1 CCS project; the Corporation's forecasted 2025 natural gas market exposure including the anticipated effective production rate; the anticipated timing of when the construction of the Corporation's gas plant at Progress will resume and the expectation that it will not impact forecasted production; the Corporation's development plan for the Acquired Assets in 2025 and the anticipated average daily production rate thereof; the Corporation's commodity risk management program and financial risk management program and the anticipated benefits to be derived therefrom; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; the Corporation's estimated tax pools and its expectations that it will not be subject to cash taxes until calendar 2028; the Corporation's expectations that its Valhalla asset will continue to play a pivotal role in the Corporation's liquids-rich gas development plan; the Corporation's commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; Advantage's ability to actively manage its portfolio in conjunction with its future development plans and its ability to ensure that the Corporation is properly diversified into multiple markets; that the Corporation will monitor its capital structure and make adjustments according to market conditions; the Corporation's strategy for managing its capital structure, including by issuing new common shares, repurchasing outstanding common shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend or adjusting capital spending; the terms of the Corporation's Credit Facilities, including the timing of the next review of the Credit Facilities and the Corporation's expectations regarding the extension of the Credit Facilities at each annual review; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the terms of Entropy's unsecured debentures; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; Entropy's business plan and the anticipated benefits to be derived therefrom; the statements under "critical accounting estimates" in this MD&A; and other matters.

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to: the risk that (i) negotiations between the U.S. and Canadian governments are not successful and one or both of such governments implements announced tariffs, increases the

rate or scope of announced tariffs, or imposes new tariffs on the import of goods from one country to the other, 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 by the U.S. on other countries and responses thereto 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; 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 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 effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; delays in timing of facility installation; risk on the financial capacity of the Corporation's contract counterparties and potentially their ability to perform contractual obligations; delays in obtaining stakeholder and regulatory approvals; performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information; the risk that the Credit Facilities may not be renewed at each annual review; competition from other producers; the risk that the Corporation's actual 2025 financial and operating results may not be consistent with its 2025 guidance; the risk that the Corporation's 2025 annual average production may be less than anticipated the risk that the Corporation may not have sufficient financial resources to acquire its common shares pursuant to an NCIB in the future; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; that Entropy's existing planned capital projects may not result in completed CCS projects; the price of and market for carbon credits and offsets; current and future carbon prices and royalty regimes; the risk that the Corporation's commodity risk management program and financial risk management program may not achieve the results anticipated; the risk that the Corporation may be subject to cash taxes prior to calendar 2028; the risk that the costs of the Glacier Phase 2 capture equipment, compression, transportation and storage wells and the installation of the modular power plant providing power and heat for the Glacier Gas Plant and Entropy's CCS equipment may be greater than anticipated; the risk that the construction of the Corporation's gas plant at Progress may not resume when anticipated, or at all, and that it may have a greater impact on production than anticipated; the risk that the operating results of the Acquired Assets in 2025 may not meet expectations; 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 Advantage may not actively manage its portfolio in conjunction with its future development plans or ensure that the Corporation is properly diversified into multiple markets; the risk that the Corporation may not allocate all of its free cash flow in 2025 towards the Corporation's share buyback program; the risk that the Corporation may not satisfy all of its liabilities and commitments and meet its future obligations as they become due; the risk that the undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability may be greater than anticipated; the risk that Entropy's future projects may have a greater capital cost than anticipated; and the risks and uncertainties described in the Corporation's Annual

Information Form which is available at www.sedarplus.com and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this MD&A, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: that the tariffs that have been publicly announced by the U.S. and Canadian governments (but which are not yet in effect) do not come into effect, but that if such tariffs do come into effect, the potential impact of such tariffs, and that other than the tariffs that have been announced, neither the U.S. nor Canada (i) increases the rate or scope of such tariffs, 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 current and future prices of oil and natural gas; that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the ability to efficiently integrate assets acquired through acquisitions; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Entropy's planned capital projects will lead to completed CCS projects; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop its crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the Corporation will have sufficient financial resources to purchase its shares under NCIBs in the future; and that the estimates of the Corporation's production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

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

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

This 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 Corporation's expectations that all

free cash flow will be allocated to its share buyback program; the Corporation's net debt target; the Corporation's 2025 capital guidance including its anticipated cash used in investing activities, royalty rate, operating expense per boe, transportation expense per boe and G&A/finance expense per boe; the anticipated costs of the Glacier Phase 2 capture equipment, compression, transportation and storage wells and the installation of the modular power plant providing power and heat for the Glacier Gas Plant and Entropy's CCS equipment; the incurred net capital expenditures that the Corporation estimates that it will recover under the ITC for CCUS projects on the Glacier Gas Plant Phase 1 CCS project; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; the Corporation's estimated tax pools and its expectations that it will not be subject to cash taxes until calendar 2028; the Corporation's commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this 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.

Additional Information

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

March 4, 2025