ANNUAL INFORMATION FORM

YEAR ENDED DECEMBER 31, 2024

MARCH 4, 2025

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GLOSSARY OF TERMS

Selected Defined Terms

"**ABCA**" means the *Business Corporations Act* (Alberta), together with any or all regulations promulgated thereunder, as amended from time to time;

"**Acquired Assets**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2024 – Charlie Lake and Montney Asset Acquisition*";

"**Acquisition**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2024 – Charlie Lake and Montney Asset Acquisition*";

"**Advantage**" or the "**Corporation**" means Advantage Energy Ltd., a corporation amalgamated under the ABCA. All references to "**Advantage**" or the "**Corporation**", unless the context otherwise requires, are references to Advantage Energy Ltd. and its predecessors and subsidiaries;

"**Board of Directors**" or "**Board**" means the board of directors of Advantage;

"**CCO**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2023 – Entropy Strategic Financing Agreement*";

"**CCS**" means carbon capture and storage;

"**CGF**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2023 – Entropy Strategic Financing Agreement*";

"**Common Shares**" means the common shares of Advantage;

"**Conroy Area**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2023 – Conroy Acquisition*";

"**Credit Facilities**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2024 – Increase in Credit Facility*";

"**Debentures**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2024 – Bought Deal Financing*";

"**Entropy**" means Entropy Inc., a corporation incorporated under the ABCA and a subsidiary of Advantage;

"**IFRS**" means International Financial Report Standards as issued by the International Accounting Standards Board;

"**Indenture**" has the meaning ascribed thereto under the heading "*Description of the Corporation's Securities – Debentures*";

"**MOU**" means memorandum of understanding;

"**NCIB**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2022 – Normal Course Issuer Bid*";

"**NDA**" means non-disclosure agreement;

"**NI 52-110**" means National Instrument 52-110 - *Audit Committees*;

"**NYMEX**" means New York Mercantile Exchange;

"**Offering**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2024 – Bought Deal Financing*";

"**OPEC**" means the Organization of Petroleum Exporting Countries;

"**Shareholders**" means the holders from time to time of one or more Common Shares, as shown on the register of such holders maintained by the Corporation or by the transfer agent of the Common Shares, on behalf of the Corporation;

"**Subscription Receipts**" has the meaning ascribed thereto under the heading "*General Development of the Business – Three Year History – 2024 – Bought Deal Financing*";

"**TSX**" means the Toronto Stock Exchange; and

"**U.S.**" means the United States of America.

Selected Defined Oil and Gas Terms

"**abandonment and reclamation costs**" means all costs associated with the process of restoring a property that has been disturbed by oil and gas activities to a standard imposed by applicable government or regulatory authorities;

"**API**" means the American Petroleum Institute;

"**API gravity**" means the API gravity expressed in degrees in relation to liquids, which is a measure of how heavy or light a petroleum liquid is compared to water. If a petroleum liquid's API gravity is greater than 10, it is lighter and floats on water; if less than 10, it is heavier than water and sinks. API gravity is thus a measure of the relative density of a petroleum liquid and the density of water and is used to compare the relative densities of petroleum liquids;

"**COGE Handbook**" means the "Canadian Oil and Gas Evaluation Handbook" maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter), as amended from time to time;

"**conventional natural gas**" means natural gas that has been generated elsewhere and has migrated as a result of hydrodynamic forces and is trapped in discrete accumulations by seals that may be formed by localized structural, depositional or erosional geological features;

"**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown;

"**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into developed producing reserves and developed non-producing reserves;

"**development costs**" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

(a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;

(b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and wellhead assembly;

(c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and

(d) provide improved recovery systems;

"**exploration costs**" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

(a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively referred to as "geological and geophysical costs");

(b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defence, and the maintenance of land and lease records;

(c) dry hole contributions and bottom hole contributions;

(d) costs of drilling and equipping exploratory wells; and

(e) costs of drilling exploratory type stratigraphic test wells;

"**forecast prices and costs**" means future prices and costs that are:

(a) generally accepted as being a reasonable outlook of the future; or

(b) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Corporation is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices and costs referred to in subparagraph (a);

"**future net revenue**" means a forecast of revenue, estimated using forecast prices and costs, arising from the anticipated development and production of resources, net of the associated royalties, operating costs, development costs, and abandonment and reclamation costs;

"**gross**" means:

(a) in relation to an entity's interest in production and reserves, its "company gross reserves", which are such entity's working interest (operating or non-operating) share before deduction of royalties and without including any royalty interest of such entity;

(b) in relation to wells, the total number of wells in which an entity has an interest; and

(c) in relation to properties, the total area of properties in which an entity has an interest;

"hydrocarbon" means a compound consisting of hydrogen and carbon, which, when naturally occurring, may also contain other elements such as sulphur;

"light crude oil" means crude oil with a relative density greater than 31.1 degrees API gravity;

"**LNG**" means liquefied natural gas;

"**McDaniel**" has the meaning ascribed thereto under the heading "*Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data*";

"**McDaniel Report**" has the meaning ascribed thereto under the heading "*Statement of Reserves Data and Other Oil and Gas Information – Disclosure of Reserves Data*";

"medium crude oil" means crude oil with a relative density greater than 22.3 degrees API gravity and less than or equal to 31.1 degrees API gravity;

"**natural gas**" means a naturally occurring mixture of hydrocarbon gases and other gases;

"**natural gas liquids**" **or** " **NGLs**" means those hydrocarbon components that can be recovered from natural gas as a liquid including, but not limited to, ethane, propane, butanes, pentanes plus, and condensates;

"**net**" means:

(a) in relation to an entity's interest in production and reserves, such entity's working interest (operating or non-operating) share after deduction of royalty obligations, plus the entity's royalty interests in production or reserves;

(b) in relation to an entity's interest in wells, the number of wells obtained by aggregating an entity's working interest in each of its gross wells; and

(c) in relation to an entity's interest in a property, the total area in which an entity has an interest multiplied by the working interest owned by it;

"**NGTL**" means the natural gas gathering and transportation system in Alberta and northeastern British Columbia, owned by Nova Gas Transmission Ltd., a subsidiary of TC Energy Corporation;

"**NI 51-101**" means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*;

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"**property**" includes: (a) fee ownership or a lease, concession, agreement, permit, licence or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of that interest; (b) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and (c) an agreement with a foreign government or authority under which a reporting issuer participates in the operation of properties or otherwise serves as "producer" of the underlying reserves (in contrast to being an independent purchaser, broker, dealer or importer). A property does not include supply agreements, or contracts that represent a right to purchase, rather than extract, oil or gas;

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: (a) analysis of drilling, geological, geophysical and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable. Reserves are classified according to the degree of certainty associated with the estimates;

"**resource play**" refers to drilling programs targeted at regionally distributed crude oil or natural gas accumulations; successful exploitation of these reservoirs is dependent upon technologies such as horizontal drilling and multi-stage fracture stimulation to access large rock volumes in order to produce economic quantities of oil or natural gas;

"shale gas" means natural gas: (a) contained in dense organic-rich rocks, including low-permeability shales, siltstones and carbonates, in which the natural gas is primarily adsorbed on the kerogen or clay minerals; and (b) that usually requires the use of hydraulic fracturing to achieve economic production rates; and

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable) to which they are assigned.

Words importing the singular number only include the plural, and *vice versa*, and words importing any gender include all genders. All dollar amounts set forth in this annual information form are in Canadian dollars, except where otherwise indicated.

ABBREVIATIONS AND OIL AND GAS ADVISORIES

Crude Oil and Natural Gas Liquids		Natural Gas	
bbl	barrel	Mcf	thousand cubic feet
bbls	barrels	MMcf	million cubic feet
Mbbls	thousand barrels	bcf/d	billion cubic feet per day
NGLs	natural gas liquids	Mcf/d	thousand cubic feet per day
BOE or boe	barrel of oil equivalent	MMcf/d	million cubic feet per day
Mboe	thousand barrels of oil equivalent	Mcfe	thousand cubic feet of natural gas equivalent
MMboe	million barrels of oil equivalent	MMcfe/d	million cubic feet of natural gas equivalent per day
boe/d	barrels of oil equivalent per day	MMbtu	million British Thermal Units
bbls/d	barrels of oil or liquids per day	GJ/d	Gigajoules per day

Other

AECO	a notional market point on the NGTL system, located at the AECO 'C' hub in Southeastern Alberta, where the purchase and sale of natural gas is transacted
APEGA	The Association of Professional Engineers and Geoscientists of Alberta
CCS	Carbon capture and storage
CCUS	Carbon capture, utilization and storage
Henry Hub	a central delivery location, located near Louisiana's Gulf Coast connecting several intrastate and interstate pipelines, that serves as the official delivery location for futures contracts on the NYMEX
WTI	means West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for the crude oil standard grade

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 to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

This annual information form contains certain oil and gas metrics, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon.

Certain other terms used herein but not defined herein are defined in NI 51101 and, unless the context otherwise requires, shall have the same meanings herein as in NI 51101.

CONVERSION

The following table sets forth certain conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.317
cubic metres	cubic feet	35.315
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471
gigajoules	MMbtu	0.950
MMbtu	gigajoules	1.0526

FORWARD-LOOKING STATEMENTS

Certain statements contained in this annual information form constitute forward looking statements. These 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" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. Advantage believes the expectations reflected in those forward looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward looking statements included in, or incorporated by reference into, this annual information form should not be unduly relied upon. These statements speak only as of the date of this annual information form.

In particular, this annual information form contains forward looking statements pertaining to, but not limited to, the following:

- the Corporation's strategy, focus and plans;
- the performance characteristics of the Corporation's assets;
- the anticipated benefits, including levels of production, to be derived from the Acquired Assets;
- crude oil, natural gas and NGL production levels;
- the anticipated timing of when Glacier Phase 2 will come onstream and the anticipated capture capacity thereof;
- the anticipated benefits to be derived from Entropy's existing MOUs and NDAs and the expectation that they will result in completed CCS projects;
- the Corporation's intended use of Entropy's technology and the anticipated benefits to be derived therefrom;
- the anticipated benefits to be derived from the Corporation's working interest land in the Conroy Area;
- the Corporation's 2025 capital budget and three-year strategic plan, including its anticipated production growth, targeted investment and the goals and focus thereof;
- the Corporation's development plan, including the expansion of its processing facilities at Progress and Valhalla and the anticipated benefits to be derived therefrom;

- the Corporation's expectations and anticipated benefits to be derived from the Corporation's transportation commitments;
- the anticipated means that Advantage will use to fulfill its commitments for future physical deliveries of crude oil and natural gas;
- the anticipated benefits to be derived from Advantage's long-term natural gas supply agreement for CPV Three Rivers Energy Center;
- the Corporation's anticipated processing capacity in 2025;
- projections of market prices and costs and supply and demand for crude oil, natural gas and NGLs;
- expectations regarding the ability to raise capital or access long-term debt to finance any acquisitions;
- expectations that interest or other funding costs would not make further development of the Corporation's assets uneconomic;
- drilling and future development plans for the Corporation's assets, including the anticipated timing thereof and estimated production therefrom and capital expenditures related thereto;
- expectations that the Corporation will maintain a safe and environmentally responsible workplace and that it will provide training, equipment and procedures to all individuals in adhering to its policies;
- timing of development of undeveloped reserves and associated future capital expenditures;
- the anticipated timing of the construction of the Progress Gas Plant and the anticipated benefits, including the additional natural gas processing capacity available to the Corporation, resulting therefrom;
- future abandonment and reclamation costs;
- the Corporation's hedging activities;
- tax horizons and treatment under governmental regulatory regimes and tax laws;
- Advantage's expectations that it will not be subject to cash income taxes until calendar year 2028;
- terms of the Credit Facilities, including the effect of revisions or changes in reserve estimates and commodity prices on the borrowing base of the Credit Facilities;
- the Corporation's dividend policy and timing of any future dividend;
- expected land expiries;
- the anticipated benefits to be derived from Entropy's strategic investment agreements with Brookfield and CGF;
- the anticipated benefits to be derived from Entropy's CCO with CGF;
- that no anticipated material changes in the Corporation's business will occur in 2025;
- the Corporation's financial risk management strategy;
- that the Corporation will continue using all financing alternatives available to it to continue pursuing its development strategy;
- that the Corporation does not anticipate that interest or other funding costs would make further development of any of the Corporation's assets uneconomic; and
- the anticipated growth in Entropy's business and in the CCS industry as a whole.

Statements relating to "reserves" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future. The forward-looking statements contained in this annual information form are expressly qualified by this cautionary statement.

The actual results could differ materially from those anticipated in these forward looking statements as a result of the risk factors set forth below and elsewhere in this annual information form. Such risks include, but are not limited to: risks related to changes in general economic conditions (including as a result of demand and supply effects resulting from the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Corporation's products, market and business conditions; continued volatility in market prices for crude oil, NGLs and natural gas; the impact of significant declines in market prices for crude oil, NGLs and natural gas; stock market volatility; changes to legislation and regulations, including environmental regulations, and how they are interpreted and enforced; the Corporation's ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, changes in investment or other regulations; changes

in tax laws, royalty regimes and incentive programs relating to the crude oil and natural gas industry; the effect of acquisitions; Advantage's success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; the potential for management and reserves evaluators' estimates and assumptions to be inaccurate; 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, crude oil and natural 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; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; the failure to extend the Credit Facilities at each annual review; competition from other producers for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; the lack of availability of qualified personnel or management; the lack of available capacity on pipelines; ability to access sufficient capital from internal and external sources; credit risk; 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; the risk that Entropy's existing MOUs and NDAs may not result in completed CCS projects; the risk that the price of and market for carbon credits and offsets may be different than anticipated; current and future carbon prices and royalty regimes; the risk that the global demand for oil may decrease; the risk that Entropy may not realize the anticipated benefits to be derived from Entropy's strategic investment agreements with Brookfield and CGF; the risk that Entropy's CCO with CGF may not lead to the benefits anticipated; the risk that the Corporation may not meet its 2025 capital budget or three-year strategic plan or realize the anticipated benefits thereof; the risk that the Corporation's processing capacity in 2025 may be less than anticipated; the risk that the Corporation may be subject to cash income tax prior to calendar year 2028; the risk that the Corporation may not have sufficient financial resources to buyback its shares; the risk that the construction at Progress may not be completed when anticipated, or at all; the risk that the operating results of the Acquired Assets may not be consistent with expectations; the risk that Glacier Phase 2 may not come onstream when anticipated, or at all; the risk that Advantage's long-term natural gas supply agreement for CPV Three Rivers Energy Center may not lead to the benefits anticipated; the other factors discussed under "*Risk Factors*"; and other factors, many of which are beyond the control of the Corporation. Readers are cautioned that the foregoing list of factors is not exhaustive.

Although the forward-looking statements contained in this annual information form are based upon assumptions which Advantage believes to be reasonable, Advantage cannot assure Shareholders that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this annual information form, Advantage has made assumptions regarding, but not limited to: that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; current and future commodity prices, carbon prices and royalty regimes; the price of and market for carbon credits and offsets; availability of skilled labour; timing and amount of capital expenditures; future exchange rates; availability of pipeline capacity; the impact of increasing competition; conditions in general economic and financial markets; availability of drilling and related equipment; effects of regulation by governmental agencies; royalty rates; future operating costs; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation’s conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation’s crude oil and natural gas properties in the manner currently contemplated; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; 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; that the estimates of the Corporation’s reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects; that the Corporation will have sufficient financial resources to buyback its shares; that Entropy's existing MOUs and NDAs will lead to completed CCS projects; that Entropy will benefit from the strategic investment agreements with Brookfield and CGF; the Corporation will achieve the anticipated operating results from the Acquired Assets; anticipated timing of when Glacier Phase 2 will come onstream; the Corporation will achieve the anticipated benefits from the long-term natural gas supply agreement for the CPV Three Rivers Energy Center; and other matters.

Advantage has included the above summary of assumptions and risks related to forward-looking information provided in this annual information form in order to provide Shareholders with a more complete perspective on the Corporation's current and future operations and such information may not be appropriate for other purposes. The Corporation'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 Advantage will derive therefrom.

These forward-looking statements are made as of the date of this annual information form and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

The future acquisition by the Corporation of Common Shares pursuant to its share buyback program (including through its NCIB), if any, and the level thereof is uncertain. Any decision to acquire Common Shares 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 that the Corporation will acquire pursuant to its share buyback program, if any, in the future.

This annual information form 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 2025 capital budget and three-year strategic plan, including its targeted investment; projections of market prices and costs and supply and demand for crude oil, natural gas and NGLs; future abandonment and reclamation costs; the Corporation's hedging activities; and Advantage's expectations that it will not be subject to cash income taxes until calendar year 2028, 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 annual information form 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 annual information form was made as of the date of this annual information form 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 annual information form is not conclusive and is subject to change.

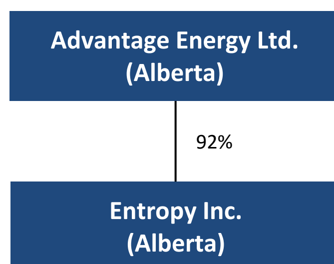
CORPORATE STRUCTURE

The Corporation was formed pursuant to the amalgamation of Advantage Oil & Gas Ltd., 1335703 Alberta Ltd., SET Resources Inc. and Sound ExchangeCo Ltd. under the ABCA on September 5, 2007. On July 9, 2009, the articles of the Corporation were amended to change the number of issued and outstanding Common Shares to equal the number of trust units of Advantage Energy Income Fund (the "**Trust**") outstanding immediately prior to the plan of arrangement pursuant to Section 193 of the ABCA, which closed on July 9, 2009 and pursuant to which, among other things, the Trust was dissolved and the Corporation became Advantage Oil & Gas Ltd. On May 18, 2021, the Corporation amended its articles to change its name from Advantage Oil & Gas Ltd. to Advantage Energy Ltd. Unless the context otherwise requires, references to "we", "us", "our" or similar terms refer to the Corporation. In 2021, the Advantage announced the creation of Entropy, a company incorporated under the ABCA, focused on commercializing energy-transition technologies.

The Corporation is a reporting issuer in each of the provinces of Canada and the Common Shares are listed on the TSX under the symbol "AAV". The Debentures are listed on the TSX under the symbol "AAV.DB".

The head office of the Corporation is located at Suite 2200, 440 – 2nd Avenue S.W., Calgary, Alberta T2P 5E9 and its registered office is located at 2400, 525 – 8th Avenue S.W., Calgary, Alberta T2P 1G1.

The following diagram illustrates material intercorporate relationship between the Corporation and its subsidiaries, the percentage of common shares owned of the subsidiaries, or controlled or directed, directly or indirectly, by the Corporation and the jurisdiction of incorporation of the subsidiaries.



GENERAL DEVELOPMENT OF THE BUSINESS

General

The Corporation is engaged in the business of natural gas, crude oil and NGLs exploitation, development, acquisition and production in the Province of Alberta, whereby the Corporation is focused on development and growth of its extensive Montney and Charlie Lake resources plays at Glacier, Valhalla, Progress, Wembley and Gordondale, while having multiple future Montney development plays in the Province of British Columbia at Conroy and Attachie. See "*Description of our Business and Operations*".

In 2024, the Corporation acquired Charlie Lake and Montney assets from a private seller. The Acquisition helped consolidate a high-quality, liquids-weighted asset that is contiguous with the Corporation's core areas and complementary to its existing infrastructure platform. See "*General Development of the Business – Three Year History – 2024 – Charlie Lake and Montney Asset Acquisition*".

The Corporation's subsidiary Entropy provides carbon capture and storage solutions to emitters of carbon dioxide and is pursuing a global business strategy. Entropy currently captures and sequesters carbon at Advantage's Glacier Gas Plant. Entropy is financed by two investors who have provided capital commitments of $300 million and $200 million in the form of unsecured debentures, which are non-recourse to Advantage. As at December 31, 2024, based on the outstanding balance of unsecured debentures, Advantage would own 68% of Entropy if the unsecured debentures where converted for common shares.

Three Year History

A detailed description of the historical development of the business of the Corporation for the years ended December 31, 2022, 2023 and 2024 is outlined below.

2022

Entropy Strategic Financing Agreement

On March 28, 2022, Entropy announced that it had entered into a strategic investment agreement with Brookfield Global Transition Fund ("**Brookfield**") to scale up deployment of Entropy's CCS technology globally. Under the terms of the strategic investment agreement, Brookfield provided a capital commitment of $300 million, and Entropy will issue a hybrid security in the form of unsecured debentures to fund CCS projects that reach final investment decision as certain predetermined return thresholds are met. On April 5, 2022, Entropy received an initial $25 million and issued an unsecured debenture to Brookfield.

Normal Course Issuer Bid

On April 7, 2022, Advantage announced that the TSX approved the Corporation commencing a normal course issuer bid ("**NCIB**"). Pursuant to the NCIB, Advantage purchased 18,704,019 Common Shares between April 13, 2022 and April 12, 2023. The Corporation also entered into an automatic share purchase plan with a broker in order to facilitate repurchases of Common Shares under the NCIB.

Board of Directors Changes

Mr. Ronald A. McIntosh, who did not stand for re-election at the May 5, 2022, annual general and special meeting of Shareholders, ceased to be a director.

In October 2022, Ms. Janine J. McArdle was appointed as a director of the Corporation.

Glacier Phase 1a CCS Project

The first deployment of Entropy's technology was at Advantage's Glacier Gas Plant. Glacier Phase 1a of the CCS project was commissioned in July 2022.

Substantial Issuer Bid

On November 10, 2022, the Corporation commenced a substantial issuer bid ("**SIB**") pursuant to which it offered to purchase for cancellation up to $100 million of its Common Shares through a modified Dutch auction. The SIB was completed on December 20, 2022, with the Corporation taking up 8,928,571 Common Shares at a price of $11.20 per Common Share, representing an aggregate purchase of $100 million and 4.9% of the total number of Advantage's issued and outstanding Common Shares as at the time the SIB was commenced on November 10, 2022.

2023 Capital Budget and Development Plan and Three-Year Strategic Plan

In December of 2022, Advantage announced its 2023 capital budget which targeted investment between $250 million and $280 million. The Corporation's 2023 capital budget was focused on high rate-of-return development drilling into existing infrastructure and achieving 11% top-line production growth. Concurrently, Advantage announced its three-year strategic plan. Under the Corporation's three-year strategic plan, annual production was expected to grow by at least 10% per year from 2023 to 2025, exceeding 75,000 boe/d by 2025, with targeted investment between $250 million and $300 million per year.

2023

Normal Course Issuer Bid Renewal

On April 6, 2023, Advantage announced that the TSX approved the Corporation renewing its NCIB. Pursuant to the NCIB, Advantage purchased 10,110,081 Common Shares between April 13, 2023 and April 12, 2024. The Corporation also entered into an automatic share purchase plan with a broker in order to facilitate repurchases of Common Shares under the NCIB.

Conroy Acquisition

In July of 2023, Advantage acquired equivalent to 53 net sections of contiguous 100% working interest land in the Northeast British Columbia (**"Conroy Area"**) liquids-rich Montney trend for $10 million. The acquired lands have a long tenure with no incremental drilling required until 2029, providing a possible development horizon post the commencement of LNG operations in Canada.

2024 Capital Budget and Development Plan

In November of 2023, Advantage announced its 2024 capital budget which targeted investment between $260 million and $290 million. The Corporation's 2024 capital budget was focused on high rate-of-return development drilling, whereby Advantage planned to drill approximately 25 net wells per year to achieve production growth targets of 10%.

Entropy Strategic Financing Agreement

On December 20, 2023, Entropy announced that it had entered into a strategic investment agreement with Canada Growth Fund Inc. (**"CGF"**) to scale up deployment of Entropy's CCS technology. Under the terms of the strategic investment agreement, CGF provided a capital commitment of $200 million, and Entropy will issue a hybrid security in the form of unsecured debentures to fund CCS projects in Canada that reach final investment decision as certain predetermined return thresholds are met.

Additionally, CGF agreed to a fixed-price carbon credit purchase agreement ("**CCO**") of up to one million tonnes per annum ("**tpa"**). This CCO helps to de-risk and accelerate CCS investment by establishing carbon price certainty for Canadian projects.

Entropy had received an aggregate of $40 million from Brookfield as of December 31, 2023.

Glacier Phase 1b CCS Project

During the fourth quarter of 2023, Entropy completed construction and commissioning of the Glacier Phase 1b project, with first carbon injected into permanent geological storage during December 2023.

2024

Management Retirement and Appointment

Mr. David Sterna, Vice President, Marketing and Commercial retired from Advantage effective May 31, 2024 and Mr. Brian Bagnell was appointed to the position of Vice President, Commodities and Capital Markets effective June 1, 2024.

Board of Directors Changes

On March 12, 2024, Mr. John L. Festival, was appointed as a director of the Corporation and Mr. Paul G. Haggis retired from the Board of Directors.

On September 1, 2024, Mr. David G. Smith, was appointed as a director of the Corporation.

Normal Course Issuer Bid

On May 9, 2024, Advantage announced that the TSX approved the Corporation renewing its NCIB. Pursuant to the NCIB, Advantage is able to purchase for cancellation, from time to time, as it considers advisable, up to a maximum of 13,835,841 Common Shares between May 14, 2024 and May 13, 2025. The Corporation also entered into an automatic share purchase plan with a broker in order to facilitate repurchases of Common Shares under the NCIB.

Charlie Lake and Montney Asset Acquisition

On June 10, 2024, Advantage announced that it entered into a definitive asset purchase agreement to acquire high-quality, synergistic Charlie Lake and Montney assets (the "**Acquired Assets**") from a private seller for cash consideration of $445 million (the "**Acquisition**"). The Acquisition closed on June 24, 2024, and added approximately 14,100 boe/d (6,685 bbls/d light and medium crude oil, 810 bbls/d NGLs, and 39.7 mmcf/d conventional natural gas) of production in Valhalla, Progress, and Gordondale, enabling multi-zone development across portions of our existing land base. The

Acquired Assets included complementary infrastructure, with over 60 mmcf/d of gas handling capacity and 22,500 bbl/d of liquids handling capacity.

Bought Deal Financing

In connection with the financing for the Acquisition, on June 18, 2024 the Corporation announced that it had completed a bought deal financing (the "**Offering**") whereby Advantage, through a syndicate of underwriters co-led by TD Securities Inc. and Scotiabank, issued a total of 5,910,000 subscription receipts (the "**Subscription Receipts**") at a price of $11.00 per Subscription Receipt and $143,750,000 aggregate principal amount of 5.0% extendible convertible unsecured subordinated debentures (the "**Debentures**") at a price of $1,000 per Debenture for aggregate gross proceeds of the Offering of $208,760,000, which included the full exercise of the over-allotment option with respect to the Debentures on June 24, 2024. Upon the closing of the Acquisition, the Subscription Receipts were exchanged for an equivalent number of Common Shares.

Increase in Credit Facility

In connection with the financing of the Acquisition, on June 24, 2024, the Corporation amended and restated its credit agreement with a syndicate of financial institutions to increase the credit facilities available thereunder to $650 million (the "**Credit Facilities**").

Glacier Phase 2 Final Investment Decision (“**FID**”)

On July 9, 2024, Entropy announced FID at Glacier Phase 2, Entropy's first investment into the clean power generation market. Glacier Phase 2 is Entropy’s second post-combustion carbon capture and storage project, with an onstream date expected in the second quarter of 2026. Total CO_2 capture capacity is expected to be 160,000 tonnes per annum, from nine gas-fired engines plus one gas-fired power generation turbine.

2025 Capital Budget and Updated Three-Year Development Plan

In December of 2024, Advantage announced its 2025 capital budget which targets investment between $270 million and $300 million. The Corporation's 2025 capital program continues its focus on growing adjusted funds flow per share via high rate-of-return development drilling. Production is expected to increase by approximately 16% in 2025, reflecting an organic growth rate of 9% plus a full year of incremental production associated with the Acquired Assets. All free cash flow from operations will be allocated to debt reduction though a portion of the proceeds from potential non-core divestitures may be used to buy back shares under the NCIB. Advantage's updated three-year plan has production expecting to continue to grow at a long-term average rate of approximately 10% through 2028.

Recent Developments

2025

Board of Directors Changes

On February 25, 2025, Advantage announced that Mr. Stephen Balog, the current Chair of the Board and director of the Corporation will be retiring from the Board at the Corporation’s next annual general meeting of shareholders. Replacing Mr. Balog as Chair of the Board will be Mr. John Festival, who has been a director of Advantage since March 12, 2024.

Formation of Special Committee

On February 28, 2025, Advantage announced the formation of a special committee of independent directors to review strategic opportunities that are in the best interests of Advantage and its shareholders and that may become available to the Corporation in 2025. The Special Committee is comprised of Messrs. Norman MacDonald (Chair), John Festival and David Smith.

Anticipated Changes in the Business

As at the date hereof and other than as disclosed herein, the Corporation does not anticipate that any material change in its business will occur during the balance of the 2025 financial year.

Significant Acquisitions

Neither the Corporation nor any of its subsidiaries completed any acquisitions during the year ended December 31, 2024 for which disclosure is required under Part 8 of National Instrument 51-102 - *Continuous Disclosure Obligations*.

As part of its ongoing business, the Corporation evaluates potential acquisitions of all types of petroleum and natural gas assets. The Corporation is normally in the process of evaluating various potential acquisitions at any one time which individually or together could be material. As of the date hereof, the Corporation has not reached agreement on the price or terms of any potential material acquisitions. The Corporation cannot predict whether any current or future opportunities will result in one or more acquisitions for the Corporation.

DESCRIPTION OF OUR BUSINESS AND OPERATIONS

General

Advantage is engaged in the business of natural gas, crude oil, and NGLs exploitation, development, acquisition and production in the Provinces of Alberta and British Columbia.

Advantage's current exploitation and development program is focused on its liquids-rich natural gas, crude oil and NGLs Montney and Charlie Lake resources in the Glacier, Valhalla, Progress, Wembley and Gordondale areas of Alberta. Additionally, the Corporation holds Montney resources at Conroy and Attachie areas of British Columbia. As current and future practice, Advantage has established a financial risk management strategy and may manage the risk associated with changes in commodity prices by entering into derivatives. See "*Risk Factors*". Although Advantage has a significant capital development program, it also actively evaluates growth opportunities through crude oil and natural gas asset acquisitions, as well as through corporate acquisitions. Advantage targets acquisitions that support and augment its Montney development and long-term strategy. It is currently intended that Advantage will finance any acquisitions and investments through the Credit Facilities, the issuance of additional Common Shares from treasury, or accessing long-term debt instruments to maintain prudent leverage. In addition, Advantage may pursue other long-term financing mechanisms to finance oil and gas reserves development including its liquids development program.

Entropy is a privately-owned company, founded by Advantage to apply sophisticated science and engineering to commercialize CCS. The first deployment of Entropy's technology was at Advantage's Glacier Gas Plant. Glacier Phase 1a of the CCS project was commissioned in July 2022. Other than for a series of planned reconfigurations for research and development, this CCS project has been running steadily since the commissioning. During the fourth quarter of 2023, Entropy completed construction and commissioning of the Glacier Phase 1b project, with first carbon injected into permanent geological storage during December 2023. On July 9, 2024 Entropy announced FID on Glacier Phase 2, which is expected to have CO_2 capture capacity of 160,000 tonnes per annum, from nine gas-fired engines plus one gas-fired power generation turbine. See "*General Development of the Business – Three Year History – 2024 – Glacier Phase 2 Final Investment Decision ("**FID**")*".

Reorganizations

As at the date hereof, there have been no material reorganizations of Advantage and/or any of its subsidiaries within the three most recently completed financial years and there are currently no material reorganizations of Advantage proposed for the current financial year.

Bankruptcy and Similar Procedures

There have been no bankruptcy, receivership or similar proceedings against the Corporation or any of its subsidiaries or related entities, or any voluntary bankruptcy, receivership or similar proceeding by the Corporation or any of its subsidiaries or related entities since the inception of the Corporation or during or proposed for the current financial year.

Specialized Skill and Knowledge

Advantage and Entropy employ individuals with various professional skills in the course of pursuing its business plan. These professional skills include, but are not limited to, geology, geophysics, engineering, financial and business skills, which are widely available in the industry. Drawing on significant experience in the oil and gas business, Advantage believes its management team has a demonstrated track record of bringing together all of the key components to a successful exploration and production company, including: strong technical skills; expertise in planning and financial controls; ability to execute on business development opportunities; capital markets expertise; and an entrepreneurial spirit that allows Advantage to effectively identify, evaluate and execute on its business plan. Individuals that provide services to Entropy have a strong track record that lends to the development of CCS, through their experience with Advantage and other oil and gas production companies.

Intellectual Property, Patents and Trademarks

Entropy is the owner of all intellectual property rights related to: (i) clean technologies; recycling technologies related to carbon capture; and CCS inventions, technologies and processes designed by ABC; and (ii) the granted patent solvent class developed in conjunction with the University of Regina. Entropy has filed provisional patent applications for its CCS process and additional classes of solvents.

Human Resources

As at December 31, 2024, the Corporation employed 82 full-time employees, 70 of which are located in the head office and 12 of which are located in the field. The Corporation also retained 12 consultants in the head office. Certain employees of Advantage provide services to Entropy, for a fee, pursuant to a Management Services Agreement between Advantage and Entropy.

STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The statement of reserves data and other oil and gas information set forth below is dated February 13, 2025, with the effective date being December 31, 2024.

Disclosure of Reserves Data

The reserves data set forth below is based upon an evaluation by McDaniel & Associates Consultants Ltd. ("**McDaniel**") with an effective date of December 31, 2024 contained in a report of McDaniel dated February 13, 2025 (the "**McDaniel Report**"). The McDaniel Report evaluated, as at December 31, 2024, the crude oil, NGLs, shale gas and conventional natural gas reserves of Advantage. The reserves data summarizes Advantage's crude oil, NGLs and natural gas reserves and the net present values of future net revenue for these reserves using forecast prices and costs. All of the Corporation's reserves are in Canada and, specifically, in the Province of Alberta. The McDaniel Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contained in NI 51-101 and the COGE Handbook. Additional information not required by NI 51-101 has been presented to provide continuity and additional information which the Corporation believes is important to readers of this annual information form. McDaniel was engaged to provide evaluations of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. Reserves data prior to December 31, 2024 were based upon evaluations by Sproule Associates Limited ("Sproule"), the Corporation's previous independent qualified reserves evaluator.

The report of management and directors on oil and gas disclosure in Form 51-101F3 and the report on reserves data by McDaniel in Form 51-101F2 are attached as Appendix "A" and "B" to this annual information form, respectively, which forms are incorporated herein by reference.

There are numerous uncertainties inherent in estimating quantities of crude oil, NGLs, shale gas and conventional natural gas reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable crude oil, NGLs, shale gas and conventional natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable crude oil, NGL, shale gas and conventional natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

It should not be assumed that the estimates of future net revenues presented in the tables below represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. The recovery and reserve estimates of our crude oil, NGLs, shale gas and conventional natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual crude oil, NGLs, shale gas and conventional natural gas reserves may be greater than or less than the estimates provided herein.

The information relating to the Corporation's consolidated crude oil, NGLs, shale gas and conventional natural gas reserves contains forward-looking statements relating to future net revenues, forecast capital expenditures, future development plans and costs related thereto, forecast operating costs, anticipated production and abandonment costs. See "*Forward-Looking Statements*", "*Industry Conditions*" and "*Risk Factors – Reserves Estimates*".

In certain of the tables set forth below, the columns may not add due to rounding.

Summary of Oil and Gas Reserves as at December 31, 2024 – Forecast Prices and Costs

Reserves Category	Reserves: Light Crude Oil and Medium Crude Oil		Natural Gas Liquids	
	Gross (Mbbls)	Net (Mbbls)	Gross (Mbbls)	Net (Mbbls)
Proved				
Developed Producing	10,324.4	8,100.0	10,995.4	8,580.8
Developed Non-Producing	233.8	187.6	268.8	216.4
Undeveloped	23,134.2	18,440.6	21,628.1	17,189.5
Total Proved	33,692.3	26,728.2	32,892.3	25,986.7
Probable	15,670.9	11,471.4	14,513.2	10,537.8
Total Proved Plus Probable	49,363.1	38,199.6	47,405.5	36,524.5

Reserves Category	Reserves: Conventional Natural Gas		Shale Gas	
	Gross (MMcf)	Net (MMcf)	Gross (MMcf)	Net (MMcf)
Proved				
Developed Producing	78,240	72,681	825,339	758,229
Developed Non-Producing	948	877	29,095	27,008
Undeveloped	144,210	131,454	1,367,962	1,235,999
Total Proved	223,399	205,012	2,222,396	2,021,236
Probable	102,282	91,372	984,922	857,742
Total Proved Plus Probable	325,681	296,384	3,207,317	2,878,978

Reserves Category	Reserves: Total Oil Equivalent	
	Gross (Mboe)	Net (Mboe)
Proved		
Developed Producing	171,916.3	155,165.8
Developed Non-Producing	5,509.8	5,051.5
Undeveloped	296,790.9	263,539.1
Total Proved	474,217.0	423,756.3
Probable	211,384.6	180,194.8
Total Proved Plus Probable	685,601.6	603,951.1

Summary of Net Present Values of Future Net Revenue of Oil and Gas Reserves as at December 31, 2024 – Forecast Prices and Costs[(1)(2)(3)]

Reserves Category	Before Income Tax Discounted at (%/year) 0% ($000s)	5% ($000s)	10% ($000s)	15% ($000s)	20% ($000s)	Unit Value Before Income Tax Discounted at 10%/year[(4)] ($/Boe)
Proved						
Developed Producing	2,384,343	1,803,758	1,439,823	1,206,765	1,046,505	9.28
Developed Non-Producing	89,845	59,319	43,510	34,009	27,701	8.61
Undeveloped	4,399,312	2,449,871	1,517,609	998,537	678,252	5.76
Total Proved	6,873,499	4,312,947	3,000,942	2,239,311	1,752,458	7.08
Probable	4,432,482	2,294,833	1,421,778	981,161	726,680	7.89
Total Proved Plus Probable	11,305,982	6,607,780	4,422,721	3,220,472	2,479,138	7.32

Reserves Category	After Income Tax Discounted at (%/year)[(5)] 0% ($000s)	5% ($000s)	10% ($000s)	15% ($000s)	20% ($000s)
Proved					
Developed Producing	2,121,694	1,647,823	1,338,303	1,136,196	995,068
Developed Non-Producing	69,292	45,907	33,877	26,675	21,902
Undeveloped	3,380,983	1,842,107	1,101,732	690,501	438,563
Total Proved	5,571,969	3,535,837	2,473,912	1,853,372	1,455,534
Probable	3,411,063	1,757,376	1,082,770	743,899	549,351
Total Proved Plus Probable	8,983,032	5,293,212	3,556,682	2,597,270	2,004,885

(1) Advantage's light crude oil and medium crude oil, conventional natural gas, shale gas and NGL reserves were evaluated using an average evaluator price forecast effective as of December 31, 2024, which was derived as an average of the price forecasts published by three major oil and gas evaluation consultant companies, prior to interests, debt service charges and general and administrative expenses. It should not be assumed that the future net revenue estimated by McDaniel represents the fair market value of the reserves.

(2) Assumes that development of corporate reserves will occur, without regard to the likely availability to the Corporation of funding required for that development.

(3) Future net revenue incorporates management's estimates of required abandonment and reclamation costs, including expected timing such costs will be incurred, associated with all wells (including undrilled wells that have been attributed reserves), facilities and infrastructure. No abandonment and reclamation costs have been excluded.

(4) The unit values are based on net reserve volumes.

(5) Values are calculated by considering existing tax pools for Advantage in the evaluation of Advantage's oil and gas properties, and take into account current federal tax regulations. Values do not represent an estimate of the value at the business entity level, which may be significantly different. For information at the business entity level, please see Advantage's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca and the Corporation's website at www.advantageog.com.

Total Future Net Revenue (Undiscounted) as at December 31, 2024 – Forecast Prices and Costs[1][2]

Reserves Category	Revenue ($000s)	Royalties ($000)	Operating Cost ($000)	Development Cost ($000s)
Proved	16,321,102	2,128,671	4,664,782	2,291,536
Total Proved Plus Probable	24,310,903	3,539,549	6,178,703	2,896,378

Reserves Category	Abandonment and Reclamation Cost[3] ($000s)	Future Net Revenue Before Future Income Taxes ($000s)	Future Income Taxes ($000s)	Future Net Revenue After Future Income Taxes[4] ($000s)
Proved	362,615	6,873,499	1,301,530	5,571,969
Total Proved Plus Probable	390,291	11,305,982	2,322,950	8,983,032

(1) Advantage's light crude oil and medium crude oil, conventional natural gas, shale gas and NGL reserves were evaluated using an average evaluator price forecast effective as of December 31, 2024, which was derived as an average of the price forecasts published by three major oil and gas evaluation consultant companies, prior to interests, debt service charges and general and administrative expenses. It should not be assumed that the future net revenue estimated by McDaniel represents the fair market value of the reserves.

(2) Assumes that development of corporate reserves will occur, without regard to the likely availability to the Corporation of funding required for that development.

(3) Future net revenue incorporates management's estimates of required abandonment and reclamation costs, including expected timing such costs will be incurred, associated with all wells (including undrilled wells that have been attributed reserves), facilities and infrastructure. No abandonment and reclamation costs have been excluded.

(4) Values are calculated by considering existing tax pools for Advantage in the evaluation of Advantage's oil and gas properties, and take into account current federal tax regulations. Values do not represent an estimate of the value at the business entity level, which may be significantly different. For information at the business entity level, please see Advantage's Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca and the Corporation's website at www.advantageog.com.

Future Net Revenue by Product Type as at December 31, 2024 – Forecast Prices and Costs

	Net Present Value of Future Net Revenue (before deducting Future Income Taxes), Discounted at 10%/year ($000s)	Net Present Value of Future Net Revenue (before deducting Future Income Taxes), Discounted at 10%/year ($/Boe)[3]
Proved Reserves		
Light Crude Oil and Medium Crude Oil [1]	667,775	27.21
Conventional Natural Gas [2]	938	0.42
Shale Gas [2]	2,332,229	1.15
Total Proved Reserves	**3,000,942**	
Proved Plus Probable Reserves		
Light Crude Oil and Medium Crude Oil [1]	1,063,560	30.46
Conventional Natural Gas [2]	1,272	0.30
Shale Gas [2]	3,357,889	1.17
Proved Plus Probable Reserves	**4,422,721**	

(1) Including solution gas and other by-products.
(2) Including by-products but excluding solution gas and by-products from oil wells.
(3) Unit values are based on net reserve volumes.

Pricing Assumptions

The following tables set forth the benchmark reference prices, as at December 31, 2024, reflected in the reserves data. The forecast of prices, inflation and exchange rates provided in the table below were computed using the average of the forecasts ("**IQRE Average December 31, 2024**"). The inflation forecast was applied uniformly to prices beyond the forecast interval, and to all future costs.

Summary of Pricing and Inflation Rate Assumptions as at December 31, 2024 – Forecast Prices and Costs

Year	Edmonton Light Sweet Crude Oil 40° API ($Cdn/bbl)	AECO-C Spot ($Cdn/MMbtu)	Edmonton Pentanes Plus ($Cdn/bbl)	Edmonton Butane ($Cdn/bbl)	Edmonton Propane ($Cdn/bbl)	Operating Cost Inflation Rate %/year	Capital Cost Inflation Rate %/year	Exchange Rate ($US/$Cdn)[3]
2025	94.79	2.36	100.14	51.15	33.56	-	-	0.712
2026	97.04	3.33	100.72	49.99	32.78	2.0	2.0	0.728
2027	97.37	3.48	100.24	50.16	32.81	2.0	2.0	0.743
2028	99.80	3.69	102.73	51.41	33.63	2.0	2.0	0.743
2029	101.79	3.76	104.79	52.44	34.30	2.0	2.0	0.743
2030	103.83	3.83	106.86	53.49	34.99	2.0	2.0	0.743
2031	105.91	3.91	109.01	54.56	35.69	2.0	2.0	0.743
2032	108.03	3.99	111.19	55.65	36.40	2.0	2.0	0.743
2033	110.19	4.07	113.42	56.76	37.13	2.0	2.0	0.743
2034	112.39	4.15	115.69	57.90	37.87	2.0	2.0	0.743
2035	114.64	4.23	118.00	59.05	38.63	2.0	2.0	0.743
Thereafter	+2% per year	+2% per year	+2% per year	+2% per year	+2% per year	+2% per year	+2% per year	0.743

(1) This summary table identifies benchmark reference pricing schedules that might apply to a reporting issuer.

(2) Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

(3) Exchange rates used to generate the benchmark reference prices in this table.

Weighted average historical prices, excluding derivatives, realized by the Corporation for the year ended December 31, 2024, were $95.50/bbl for light crude oil and medium crude oil, $67.63/bbl for NGLs and $1.87/Mcf for conventional natural gas and shale gas.

Reconciliations of Changes in Reserves

Key highlights of the changes in reserves includes:

- **Extensions and improved recovery**: Reserves were added from 19.8 net wells brought on production concurrent with Advantage's 2024 capital program.
- **Technical revisions:** Total technical revisions are largely driven by positive revisions at existing wells and locations due to increased well performance. Additionally, technical revisions includes the reclassification of Montney gas from conventional natural gas to shale gas effective January 1, 2024, which resulted in a classification between the product types for 2,337,131 MMcf of gross total proved, 957,328 MMcf of gross total probable and 3,294,458 MMcf of gross total proved plus probable.
- **Acquisitions:** Changes were the result of Charlie Lake and Montney assets acquired in Valhalla, Progress, Gordondale and Attachie areas in 2024, including the disposal of certain reserves associated with these acquisitions within the same year. See "*General Development of the Business – Three Year History – 2024 – Charlie Lake and Montney Asset Acquisition*".
- **Economic factors:** Changes in forecast pricing for both crude oil and natural gas resulted in minor, negative impact to total reserves. Less than one per cent of total proved and total proved plus probable reserves were removed due to changes in forecast pricing.

Reconciliation of Company Gross Reserves by Product Type as at December 31, 2024 – Forecast Prices and Costs

The following table sets forth a reconciliation of the Corporation's total gross proved, total gross probable and total gross proved plus probable reserves as at December 31, 2024 against such reserves as at December 31, 2023 based on forecast prices and cost assumptions.

FACTORS	Light Crude Oil and Medium Crude Oil (Mbbls)	Conventional Natural Gas (MMcf)	Shale Gas (MMcf)	Natural Gas Liquids[2] (Mbbls)	Total Oil Equivalent (Mboe)
GROSS TOTAL PROVED					
December 31, 2023	12,621.7	2,337,131	-	28,051.1	430,194.5
Extensions and improved recovery [1]	4,447.7	23,401	65,483	1,512.7	20,774.4
Technical revisions[3]	(169.7)	(2,242,671)	2,292,413	2,890.1	11,010.9
Discoveries	-	-	-	-	-
Acquisitions	18,803.0	112,944	473	2,080.0	39,785.8
Dispositions	-	-	-	-	-
Economic factors	(53.5)	(489)	(8,214)	(88.8)	(1,592.7)
Production	(1,957.0)	(6,917)	(127,759)	(1,552.8)	(25,955.8)
December 31, 2024	33,692.3	223,399	2,222,396	32,892.3	474,217.0
GROSS TOTAL PROBABLE					
December 31, 2023	6,794.7	957,328	-	12,333.9	178,683.1
Extensions and improved recovery [1]	(72.3)	(2,014)	15,613	(49.0)	2,145.3
Technical revisions	(686.3)	(909,477)	969,221	1,270.2	10,541.2
Discoveries	-	-	-	-	-
Acquisitions	9,668.9	56,768	258	983.0	20,156.3
Dispositions	-	-	-	-	-
Economic factors	(34.1)	(323)	(171)	(24.9)	(141.3)
Production	-	-	-	-	-
December 31, 2024	15,670.9	102,282	984,922	14,513.2	211,384.6
GROSS TOTAL PROVED PLUS PROBABLE					
December 31, 2023	19,416.4	3,294,458	-	40,385.0	608,877.6
Extensions and improved recovery [1]	4,375.4	21,387	81,096	1,463.7	22,919.7
Technical revisions	(856.0)	(3,152,148)	3,261,634	4,160.3	21,552.1
Discoveries	-	-	-	-	-
Acquisitions	28,471.9	169,712	731	3,063.0	59,942.1
Dispositions	-	-	-	-	-
Economic factors	(87.6)	(812)	(8,385)	(113.7)	(1,734.0)
Production	(1,957.0)	(6,917)	(127,759)	(1,552.8)	(25,955.8)
December 31, 2024	49,363.1	325,681	3,207,317	47,405.5	685,601.6

(1) Reserve additions for Infill Drilling, Extensions and Improved Recovery are combined and reported as "Extensions and Improved Recovery".

(2) Natural gas liquids include condensate.

(3) Technical revisions include product type transfers whereby Montney gas has been reclassified from Conventional Natural Gas to Shale Gas. Charlie Lake gas acquired in 2024 is included as Conventional Natural Gas.

Additional Information Relating to Reserves Data

Undeveloped Reserves

Undeveloped reserves are attributed by McDaniel in accordance with standards and procedures contained in the COGE Handbook. Proved undeveloped reserves are those reserves that can be estimated with a high degree of certainty and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Probable undeveloped reserves are those reserves that are less certain to be recovered than proved reserves and are expected to be recovered from known accumulations where a significant expenditure is required to render them capable of production. Proved and probable undeveloped reserves have been assigned in accordance with engineering and geological practices as defined under NI 51-101.

In general, undeveloped reserves are planned to be developed over the next ten years. There are a number of factors that could result in delayed or cancelled development, including the following: (i) changing economic conditions (due to pricing, operating and capital expenditure fluctuations); (ii) changing technical conditions (including production anomalies, such as water breakthrough or accelerated depletion); (iii) multi-zone developments (for instance, a prospective formation completion may be delayed until the initial completion is no longer economic); (iv) a larger development program may need to be spread out over several years to optimize capital allocation and facility utilization; and (v) surface access issues (including those relating to land owners, weather conditions and regulatory approvals). For more information, see *"Statement of Reserves Data and Other Oil and Gas Information – Additional Information Relating to Reserves Data – Proved Undeveloped Reserves" and " Statement of Reserves Data and Other Oil and Gas Information – Additional Information Relating to Reserves Data – Probable Undeveloped Reserves" below and "Risk Factors" herein.*

The following tables set forth the proved undeveloped reserves and the probable undeveloped reserves, each by product type, first attributed to us in each of the following financial years.

Proved Undeveloped Reserves

	Light Crude Oil and Medium Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)		Shale Gas (MMcf)		NGLs (Mbbl)	
Year	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**	**First Attributed**	**Cumulative at Year End**
2022	1,654.8	9,310.4	75,483	1,482,033	-	-	1,784.1	16,575.1
2023	2,311.9	8,343.3	482,024	1,455,505	-	-	7,326.6	18,210.0
2024	15,411.6	23,134.2	85,144	144,210	56,472	1,367,962	2,494.2	21,628.1

McDaniel has assigned 296.8 MMboe of gross proved undeveloped reserves in the McDaniel Report under forecast prices and costs, together with $2.2 billion of associated undiscounted future capital expenditures. Proved undeveloped capital spending in the first two forecast years of the McDaniel Report accounts for $830.6 million, or 37%, of the total forecast. These figures increase to $1,862.1 million or 83%, during the first five years of the McDaniel Report. These figures increase to $2,238.1 million or 99%, during the first seven years of the McDaniel Report.

For proved undeveloped reserves, McDaniel assigns reserves based on a 90% probability that the estimated reserves will be recovered. Advantage's expectation is to develop the reserves in a similar timeframe as forecasted by McDaniel, which approximates drilling over the next seven years. As at December 31, 2024, proved undeveloped reserves represented approximately 63% of the Corporation's total proved reserves.

The Corporation has a large inventory of development opportunities in its portfolio and its capital spending activities are prioritized to optimize development plans, achieve strategic goals and maximize shareholder value. Advantage is focused on developing the proved undeveloped reserves in all properties. The vast majority (93%) of the proved undeveloped reserves are in its Glacier/Valhalla/Progress/Gordondale areas where available processing capacity exists, and future processing capacity expansions are forecast to take place. Scheduling of the proved undeveloped locations takes place over seven years which is greater than the 5-year period normally expected for resource plays. In the development

forecast, McDaniel has included capital costs and scheduling that accommodates throughput capacity expansion of the Corporation's natural gas processing capacity from 425 MMcf/d of raw gas to 575 MMcf/d. The work required for the expansion of the Corporation's natural gas processing capacity includes the addition of the Progress Gas Plant which will accommodate 150 MMcf/d, accompanied with the Corporation's existing 425 MMcf/d Glacier Gas Plant. The work required for the construction of the Progress Gas Plant takes place over the first two years of the forecast with the additional natural gas processing capacity of 150 MMcf/d being available in 2027. All proved undeveloped locations are developed within 5 years of the newly constructed Progress Gas Plant as per the COGE Handbook. The construction of the Progress Gas Plant is required to support development of the significant inventory of drilling locations targeting multiple layers across the Corporation's extensive Montney resource play that has been under development for the last 14 years with multi-stage hydraulically fractured horizontal wells. The reserves are serviced by significant gathering and gas processing infrastructure, egress infrastructure and long-term transportation contracts. The Glacier Gas Plant services production, via an integrated design from the Glacier, Valhalla, and Progress properties. The addition of the Progress Gas Plant will provide the Corporation the ability to service production from the Valhalla and Progress areas, while freeing up capacity at the Glacier Gas Plant for continued development at our Glacier area. At our Wembley property, production is serviced by third-party processing plants with long term contracted processing capacity.

Probable Undeveloped Reserves

	Light Crude Oil and Medium Crude Oil (Mbbl)		Conventional Natural Gas (MMcf)		Shale Gas (MMcf)		NGLs (Mbbl)	
Year	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End	First Attributed	Cumulative at Year End
2022	406.1	6,246.2	28,228	711,292	-	-	761.0	8,518.2
2023	1,853.9	5,707.9	142,481	721,076	-	-	3,050.8	9,676.7
2024	7,550.3	12,674.6	40,038	78,925	13,626	756,347	629.7	11,486.6

McDaniel has assigned 163.4 MMboe of gross probable undeveloped reserves in the McDaniel Report under forecast prices and costs, together with $604.8 million of associated undiscounted future capital expenditures. Probable undeveloped capital spending in the first five forecast years of the McDaniel Report accounts for $165.7 million, or 27%, of the total forecast. These figures increase to $592.6 million, or 98%, during the first ten years of the McDaniel Report.

For proved plus probable reserves, McDaniel assigns reserves based on a 50% probability that at least the sum of the estimated proved reserves plus probable reserves will be recovered. Advantage's expectation is to develop the reserves in a similar timeframe as forecasted by McDaniel, which approximates drilling over the next ten years. As at December 31, 2024, probable undeveloped reserves represented approximately 24% of the Corporation's total proved plus probable reserves.

The Corporation has a large inventory of development opportunities in its portfolio and its capital spending activities are prioritized to optimize development plans, achieve strategic goals and maximize shareholder value. Advantage is focused on developing the probable undeveloped reserves in all properties. The vast majority (93%) of the probable undeveloped reserves are in its Glacier/Valhalla/Progress/Gordondale areas where available processing capacity exists, and future processing capacity expansions are forecast to take place. Scheduling of the probable undeveloped locations takes place over ten years which is within the 10-year expectation for resource plays.

In the development forecast, McDaniel has included capital costs and scheduling that accommodates a throughput capacity expansion of the Corporation's natural gas processing capacity from 425 MMcf/d of raw gas to 575 MMcf/d, with the construction of the Progress Gas Plant of 150 MMcf/d. The work required for the construction of the Progress Gas Plant takes place over the first two years of the forecast with the additional natural gas processing capacity of 150 MMcf/d being available in 2027. All probable undeveloped locations are developed within ten years. The construction of the Progress Gas Plant is required to support development of the significant inventory of drilling locations targeting multiple layers across the Corporation's extensive Montney resource play that has been under development for the last 14 years with multi-stage hydraulically fractured horizontal wells. The reserves are serviced by significant gathering and

gas processing infrastructure, egress infrastructure, long term transportation contracts, and ongoing long term emission reduction investments. The Glacier Gas Plant services production, via an integrated design from the Glacier, Valhalla, and Progress properties. The addition of the Progress Gas Plant will provide the Corporation the ability to service production from the Valhalla and Progress areas, while freeing up capacity at the Glacier Gas Plant for continued development at our Glacier area. At our Wembley property, production is serviced by third-party processing plants with long-term contracted processing capacity.

Approximately 35% of the proved undeveloped locations are forecast on production within the first two years of the forecast period. The remainder of the proved undeveloped locations are forecast to be on production within the five years following the start-up of the newly constructed Progress Gas Plant. All the proved undeveloped locations are developed within a seven-year time frame. Approximately 33% of the probable undeveloped locations are forecast to be drilled within the first five years of the forecast period. The remainder of the probable undeveloped locations are forecast to be drilled over the following five years.

Significant Factors or Uncertainties

General

The process of estimating reserves is complex. It 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 activities and production performance becomes available and as economic conditions impacting oil and gas prices and costs change. The reserve estimates contained herein are based on production forecasts, prices and economic conditions. The Corporation's reserves are evaluated by McDaniel.

As circumstances change and additional data become available, reserve estimates also change. Estimates made are reviewed and revised, either upward or downward, as warranted by the new information. Revisions are often required due to changes in well performance, commodity prices, economic conditions and governmental restrictions.

Although every reasonable effort is made to ensure that reserve estimates are accurate, reserve estimation is an inferential science. As a result, the subjective decisions, new geological or production information and a changing environment may impact these estimates. Revisions to reserve estimates can arise from changes in year-end oil and gas prices, and reservoir performance. Such revisions can be either positive or negative.

Abandonment and Reclamation Costs

Abandonment and reclamation costs are based on management’s estimate of costs to abandon, remediate and reclaim all of its surface leases, wells (including undrilled wells that have been attributed reserves), facilities, and pipelines based on its working interest, the current regulatory standards, actual abandonment cost history, estimated timing of such expenditures and excludes salvage values. These costs relate to wells and facilities in properties that may or may not have reserves attributed to them. Abandonment and reclamation costs include the Corporation’s existing crude oil and natural gas activities and costs associated with future development activities including all development drilling, and dedicated gathering and processing facility expansions or builds, required to enable production of the forecast development in the McDaniel Report. All existing and future abandonment and reclamation costs are reflected in McDaniel's estimate of future net revenue.

The approximate net cost to abandon and reclaim all wells and facilities, discounted at 10%, totals $52.8 million ($390.3 million undiscounted and inflated at 2.0% per annum), all of which are included in the estimate of future net revenue. Management has estimated the net cost to abandon and reclaim all existing wells and facilities totalling $168.7 million undiscounted and uninflated, along with the cost to abandon and reclaim all future facilities and undrilled wells that have been attributed reserves, which has been reviewed by McDaniel for reasonableness**.** Undiscounted, uninflated abandonment and reclamation costs expected to be paid over the next three years aggregate $16.5 million, while the majority of the remaining costs are expected to be incurred between 2040 and 2075.

Future Development Costs

The following table sets forth development costs deducted in the estimation of the Corporation's future net revenue attributable to the reserve categories noted below.

Year	Forecast Prices and Cost	
	Proved Reserves ($ millions)	**Proved Plus Probable Reserves ($ millions)**
2025	274.6	280.9
2026	582.4	595.1
2027	316.6	348.2
2028	403.9	438.2
2029	324.3	405.2
Total: Undiscounted for all years	389.6	828.8

To fund Advantage's capital program, including future development costs, the Corporation has many financing alternatives available, including partial retention of cash provided by operating activities, bank debt financing, issuance of additional Common Shares and other financial instruments. Advantage evaluates the appropriate financing alternatives closely and has made use of all these options dependent on the given investment situation and the capital markets. The Corporation maintains a capital structure that is intended to maximize the investment return to Shareholders as compared to the cost of financing. Advantage expects to continue using all financing alternatives available to continue pursuing its development strategy. The assorted financing instruments have certain inherent costs which are considered in the economic evaluation of pursuing any development opportunity.

There can be no guarantee that funds will be available or that we will allocate funding to develop all of the reserves attributed in the McDaniel Report. Failure to develop those reserves would have a negative impact on future production and cash flow and could result in negative revisions to reserves. The interest or other costs of external funding are not included in the reserves and future net revenue estimates set forth above and would reduce the reserves and future net revenue to some degree depending upon the funding sources utilized. The Corporation does not anticipate that interest or other funding costs would make further development of any of the Corporation's assets uneconomic.

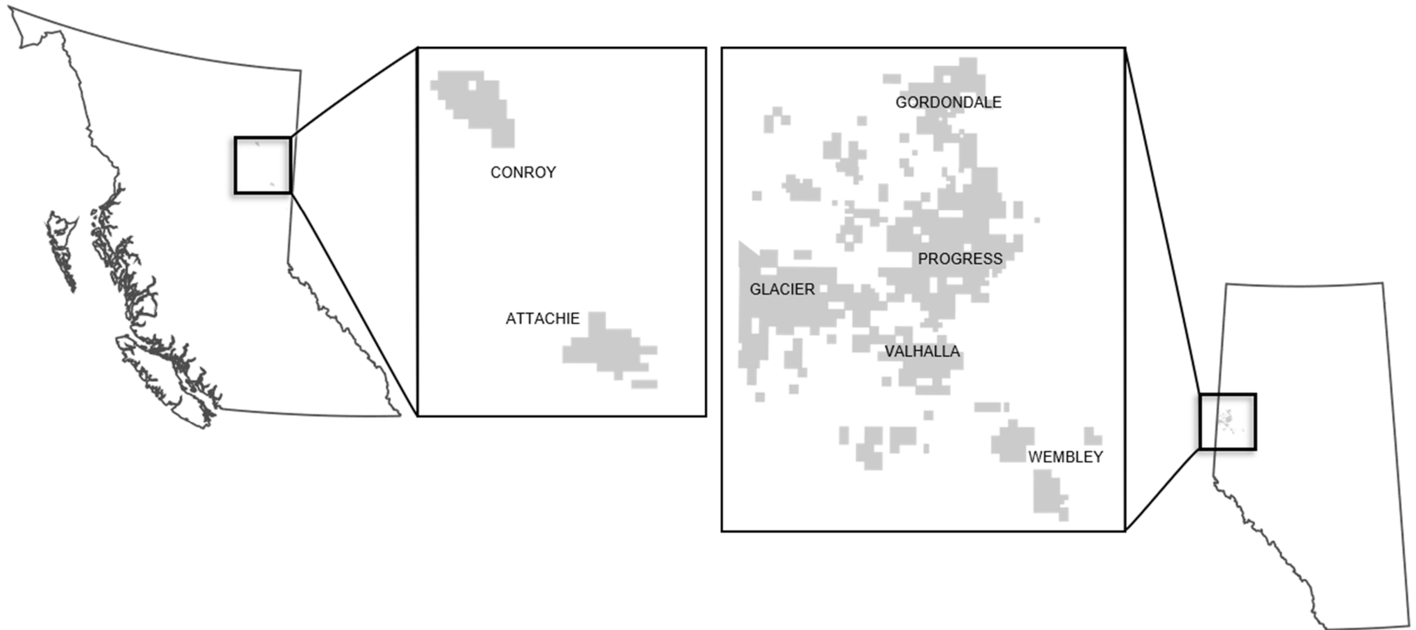
Other Oil and Gas Information

Advantage is a natural gas, crude oil and NGLs growth-oriented Corporation with a significant position in the Montney resource play at Glacier, Valhalla, Progress, Wembley and Gordondale, Alberta. The Corporation operates the majority of its assets, which allows the Corporation to control the nature and timing of the capital investments necessary to maximize the potential in developing this asset.

Property Descriptions

The following property descriptions are as of December 31, 2024, unless otherwise noted and reserves quoted are as reported in the McDaniel Report.

The below map outlines the Corporation's properties:



Alberta, Canada - Glacier, Valhalla, Progress, Wembley, and Gordondale Areas

The Corporation's Alberta properties lie along the Alberta side of the border with British Columbia between Grande Prairie, Alberta and Dawson Creek, British Columbia. The primary zones of interest are within the Triassic Charlie Lake, Doig and Montney formation. All of the Corporation's properties are onshore properties. Advantage holds a total of 230 net sections (147,200 net acres) of Doig/Montney rights. Advantage also holds 258 net sections (165,000 net acres) of Charlie Lake rights at Gordondale, Progress, and Valhalla. At Valhalla, Wembley and Progress, ongoing industry drilling and production activity has demonstrated attractive liquid yields and gas rates. Drilling on and adjacent to our lands have targeted multiple Montney layers with results demonstrating liquids-rich gas accumulations in all layers to date.

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.

Activity in Valhalla accelerated following the closing of the acquisition of the acquired 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 achieved peak IP30 rates that exceed historical type curves by 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.

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.

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 owns and operates the following major facilities in Alberta:

- Glacier: 87.5% working interest gas plant with 425 MMcf/d raw gas and 6,800 bbls/d hydrocarbon liquid capacity
- Valhalla: 100% working interest liquid hub with 45 MMcf/d raw gas and 2,000 bbls/d hydrocarbon liquid capacity
- Wembley: 100% working interest liquid hub with 38 MMcf/d raw gas and 5,000 bbls/d hydrocarbon liquid capacity
- Progress: 100% working interest liquid hub with 25 MMcf/d raw gas and 5,000 bbls/d hydrocarbon liquid capacity

Advantage's strategy of owning and operating the majority of its infrastructure has helped us achieve a low-cost structure and provides opportunities to diversify revenue streams for the Corporation. The operating cost structure of the Corporation is very favorable with operating costs averaging $4.75/boe in 2024.

Gas is sold through Advantage's sales pipeline system into the NGTL system and the Alliance pipeline system.

British Columbia, Canada – Conroy and Attachie Areas

In 2023, Advantage acquired equivalent to 53 net sections (33,643 acres) of contiguous 100% working interest land at Conroy in the Northeast British Columbia liquids-rich Montney trend for $10 million. The acquired lands have a long tenure with no incremental drilling required until 2029, providing a possible development horizon post the commencement of LNG operations in Canada. In December of 2024, the Corporation acquired an idled 100 MMcf/d sour gas plant in close proximity to the Corporation's existing Conroy land position. See "*General Development of the Business – Three Year History – 2023 – Conroy Acquisition*".

As part of the Acquisition on June 24, 2024, Advantage acquired equivalent to 37.5 net sections (24,273 acres) of contiguous working interest land at Attachie in Northeast British Columbia liquids-rich Montney trend. See "*General Development of the Business – Three Year History – 2024 – Charlie Lake and Montney Asset Acquisition*".

Oil and Gas Wells

The following table sets forth the number and status of wells as at December 31, 2024 in which the Corporation has a working interest.

	Oil Wells				Natural Gas Wells			
	Producing		Non-Producing[3]		Producing		Non-Producing[3]	
	Gross[1]	Net[2]	Gross	Net	Gross[1]	Net[2]	Gross	Net
Alberta	209.0	167.4	93.0	59.0	329.0	289.4	219.0	154.6
British Columbia	2.0	2.0	5.0	5.0	5.0	4.5	15.0	13.3
Total	211.0	169.4	98.0	64.0	334.0	293.9	234.0	167.9

(1) "Gross" wells means the number of wells in which the Corporation has a working interest.
(2) "Net" wells means the aggregate number of wells obtained by multiplying each gross well by the Corporation's percentage working interest therein.
(3) Non-producing includes wellbores shut-in for economic reasons, wellbores not capable of production and wellbores used for disposal.

Properties with no Attributed Reserves

The following table sets out our unproved properties (undeveloped) as at December 31, 2024.

	Gross Acres	Net Acres
Alberta	166,001	133,348
British Columbia	61,611	57,414
Total	227,612	190,762

There are 18 sections (11,300 net acres) of our undeveloped land holdings that are scheduled to expire by December 31, 2025. However, the land expiries do not take into account the Corporation's 2025 exploitation and development program that should result in 15 sections (9,300 net acres) being continued. This will be accomplished by validation of lands using banked earned sections or continuations based on prior drillings or new drills that will eliminate such potential expirations. We closely monitor land expiries and plan our development program with the strategy of minimizing expiries of undeveloped lands. Development of the Corporation's properties with no attributed reserves are subject to current industry conditions and uncertainties as indicated under "*Industry Conditions*" and *"Risk Factors"* herein.

Forward Contracts

The Corporation's financial results and condition are impacted primarily by the prices received for natural gas, crude oil and NGLs production. Natural gas, crude oil and NGLs prices have fluctuated widely and are determined by supply and demand factors, including available access to pipelines and markets, weather, general economic conditions in natural gas consuming and producing regions throughout North America and political factors. Any upward or downward movement in crude oil, NGLs and natural gas prices could have an effect on our financial condition and capital development. Additionally, the Corporation is exposed to fluctuations in foreign exchange rates as a portion of the Corporation's revenues are earned in United States Dollars ("**USD**"). Finally, the Corporation's Credit Facilities are exposed to fluctuations in interest rates posted by the lenders thereunder, which impacts the amount of finance expense charged to the Corporation.

Advantage has an approved hedging policy that utilizes, amongst others, floors, puts, swaps, swaptions, calls, costless collars and fixed price swaps to hedge up to 50% of its gross crude oil, NGLs and natural gas production for a period of one year, up to 40% over the second year and 30% over the third year period. In addition, Advantage is able to enter into basis swap arrangements to any natural gas price point in North America for up to 100,000 MMbtu/day with a maximum term of five years. Basis swap arrangements do not count against the limitations on hedged production. The Corporation will limit the total corporate interest amounts hedged to no more than 25% of such interest for a term not to exceed two years, along with limiting the total corporate foreign exchange amounts hedged to no more than 50% of such foreign exchange, unless prior Board approval to exceed these limits is received.

These commodity, foreign exchange and interest rate risk management activities could expose the Corporation to losses or gains. To the extent that the Corporation engages in risk management activities related to commodity prices, foreign exchange and interest rates, it will be subject to credit risk associated with the parties with which it contracts. This credit risk will be mitigated by entering into contracts with only stable and creditworthy parties and through the frequent review of the Corporation's exposure to these entities. See "*Risk Factors*".

For further information regarding forward contracts in place, see *"Financial risk management"* of our audited annual consolidated financial statements for the year ended December 31, 2024.

Marketing and Transportation Commitments

As part of normal business operations, the Corporation enters into firm service arrangements for the transportation of its natural gas, crude oil and NGLs production volumes. 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. Advantage has proactively committed to additional natural gas transportation to diversify natural gas production to the Dawn, Empress and Emerson markets, with the objective of reducing price volatility.

Advantage's commitments for future physical deliveries of crude oil and natural gas are not expected to vary materially from Advantage's future forecasted production. Advantage continually monitors its transportation requirements on an ongoing basis and actively manages its commitments to ensure that costs associated with any excess transportation is mitigated as best as possible. Additionally, Advantage expects to fulfill these commitments through ongoing exploration and development activities, subject to our development plans, well performance, and disruptions or constraints at facilities and pipelines.

For further information regarding transportation commitments, see *"Commitments"* of our audited annual consolidated financial statements for the year ended December 31, 2024.

Our natural gas, crude oil and NGL production is primarily sold through marketing companies at current market prices. Risk management price hedging is done outside of our marketing contracts. Advantage has a portfolio of natural gas contracts with various terms and delivery locations. As at December 31, 2024, the Corporation has the following physical natural gas contracts in place for the purpose of diversifying a portion of its natural gas sales portfolio with incremental production sold into the AECO market:

Physical Market Diversification	Remaining Term[(1)]	Volume	Price
Dawn, Ontario	January 2025 to October 2027	52,706 Mcf/d	Dawn
Emerson, Manitoba	January 2025 to March 2025	43,090 Mcf/d	Emerson
Emerson, Manitoba	April 2025 to October 2032	26,823 Mcf/d	Emerson
Empress, Alberta	January 2025 to March 2025	82,234 Mcf/d	Empress
Empress, Alberta	April 2025 to October 2025	98,501 Mcf/d	Empress
Empress, Alberta	November 2025 to March 2026	19,991 Mcf/d	Empress
Empress, Alberta	April 2026 to March 2027	33,470 Mcf/d	Empress
Empress, Alberta	April 2027 to October 2027	40,720 Mcf/d	Empress
Empress, Alberta	November 2027 to March 2032	93,426 Mcf/d	Empress
Empress, Alberta	April 2032 to October 2032	86,176 Mcf/d	Empress
Empress, Alberta	November 2032 to March 2046	113,000 Mcf/d	Empress
Empress, Alberta	April 2046 to March 2052	60,870 Mcf/d	Empress
Empress, Alberta	April 2052 to March 2056	33,174 Mcf/d	Empress
Chicago, Illinois	January 2025 to October 2025	16,448 Mcf/d	Chicago Citygate less CAD $1.04/Mcf
Chicago, Illinois	January 2025 to March 2025	4,239 Mcf/d	Chicago Citygate less US $1.39/Mcf
Chicago, Illinois[(2)]	January 2025 to March 2033	25,000 Mcf/d	PJM electricity price

(1) The above sales hub diversification contracts do not include term extensions from future potential renewals.

(2) Advantage has a long-term natural gas supply agreement for CPV Three Rivers Energy Center in Grundy County, Illinois. Advantage will supply 25,000 MMbtu per day of natural gas for a 10-year period. Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage revenue diversification through exposure to PJM electricity prices, back-stopped with a natural gas price collar.

Incremental physical natural gas is sold at AECO, where the Corporation enters marketing contracts for one year or less. Crude oil and NGL contracts are typically renegotiated annually and run for one-year terms.

Tax Horizon

In 2024, Advantage did not pay any income related taxes and it is expected, based on current legislation, that no cash income taxes are to be paid by Advantage prior to 2028. See "*Risk Factors*".

Capital Expenditures

The following tables summarize capital expenditures (including capitalized general and administrative expenses) related to our activities for the year ended December 31, 2024:

($000s)	**Year ended December 31, 2024**
Property Acquisition Cost	
Proved Properties	438,436
Unproved Properties	6,838
Property Dispositions Cost	(11,421)
Exploration Cost	-
Development Cost	238,903
Corporate Capital Expenditures [(1)]	27,841
Entropy Capital Expenditures	36,314
Total	**736,911**

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

Exploration and Development Activities

The following table sets forth the gross and net wells in which we participated during the year ended December 31, 2024:

By Well Type	**Development Wells**	
	Gross	**Net**
Crude oil wells	12	8.8
Natural gas wells	14	13.8
Stratigraphic test wells	-	-
Service wells	-	-
Dry holes	-	-
Total	26	22.6

(1) Number of wells based on rig release dates.

(2) The Corporation did not participate in any exploratory wells during the year ended December 31, 2024.

See *"Other Oil and Gas Information – Property Descriptions"* for a description of the Corporation's exploration and development activities.

Production Estimates

The following table sets out the volume of our production estimated for the year ended December 31, 2025 reflected in the estimate of future net revenue disclosed in the tables contained under "*Disclosure of Reserves Data*".

	Light Crude Oil and Medium Crude Oil		Natural Gas Liquids	
Reserves Category	**Gross (bbls/d)**	**Net (bbls/d)**	**Gross (bbls/d)**	**Net (bbls/d)**
Proved Developed Producing	5,416.4	4,181.1	4,020.1	3,124.7
Proved Developed Non-Producing	56.2	42.7	31.2	21.9
Proved Undeveloped	2,529.0	2,288.5	606.8	567.9
Total Proved	8,001.6	6,512.3	4,658.2	3,714.5
Total Probable	1,025.8	763.0	427.4	336.7
Total Proved Plus Probable	9,027.4	7,275.3	5,085.6	4,051.2

	Conventional Natural Gas		Shale Gas	
Reserves Category	**Gross (Mcf/d)**	**Net (Mcf/d)**	**Gross (Mcf/d)**	**Net (Mcf/d)**
Proved Developed Producing	39,499	37,285	282,278	265,975
Proved Developed Non-Producing	269	255	3,421	3,193
Proved Undeveloped	10,589	10,030	33,519	31,843
Total Proved	50,357	47,570	319,218	301,012
Total Probable	5,918	5,578	28,161	26,549
Total Proved Plus Probable	56,275	53,149	347,379	327,561

	Total Oil Equivalent	
Reserves Category	**Gross (boe/d)**	**Net (boe/d)**
Proved Developed Producing	63,066.0	57,849.2
Proved Developed Non-Producing	702.5	639.4
Proved Undeveloped	10,487.3	9,835.3
Total Proved	74,255.8	68,323.9
Total Probable	7,132.9	6,454.2
Total Proved Plus Probable	81,388.7	74,778.2

The following table includes fields that account for more than 20% of our total proved plus probable production estimates for the year ended December 31, 2025:

	Shale Gas (Mcf/d)		Natural Gas Liquids (bbls/d)		Total (Boe/d)	
Property	**Gross**	**Net**	**Gross**	**Net**	**Gross**	**Net**
Glacier (Alberta)	311,095	293,103	2,442.6	1,936.2	52,291.8	50,786.6

Production History

The following table summarizes certain information in respect of production, prices received, royalties paid, operating expenses and resulting netback for the periods indicated below:

	Quarter Ended				Year Ended
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Dec. 31, 2024
Average Daily Production [(1)]					
Light Crude Oil and Medium Crude Oil (bbls/d)	2,630	3,033	8,144	7,527	5,347
NGLs (bbls/d)	3,822	4,108	4,676	4,358	4,243
Conventional Natural Gas (Mcf/d)	-	3,314	31,664	40,242	18,899
Shale Gas (Mcf/d)	357,410	352,249	337,642	349,089	349,066
Combined (boe/d)	66,020	66,401	74,371	76,774	70,918
Average Prices Received					
Light Crude Oil and Medium Crude Oil ($/bbl)	91.89	101.99	95.72	93.93	95.50
NGLs ($/bbl)	72.15	71.72	63.72	64.08	67.63
Conventional Natural Gas ($/Mcf)	-	0.98	1.20	2.03	1.59
Shale Gas ($/Mcf)	2.73	1.52	1.20	2.03	1.87
Combined ($/boe)	22.62	17.22	20.44	23.14	20.93
Royalties Paid [(2)]					
Light Crude Oil and Medium Crude Oil ($/bbl)	13.06	16.83	22.22	22.39	20.40
NGLs ($/bbl)	10.73	6.34	6.26	3.70	6.62
Conventional Natural Gas ($/Mcf)	-	-	-	-	-
Shale Gas ($/Mcf)	0.07	-	-	-	0.02
Combined ($/boe)	1.52	1.16	2.83	2.40	2.02
Production Costs [(3)(4)]					
Light Crude Oil and Medium Crude Oil ($/bbl)	4.08	4.09	5.46	5.19	5.00
NGLs ($/bbl)	4.08	4.09	5.46	5.19	4.75
Conventional Natural Gas ($/Mcf)	-	0.68	0.91	0.87	0.82
Shale Gas ($/Mcf)	0.68	0.68	0.91	0.87	0.79
Combined ($/boe)	4.08	4.09	5.46	5.19	4.75
Transportation Costs					
Light Crude Oil and Medium Crude Oil ($/bbl)	5.73	5.15	4.75	4.18	4.72
NGLs ($/bbl)	5.73	5.15	4.75	4.18	4.92
Conventional Natural Gas ($/Mcf)	-	0.59	0.62	0.62	0.61
Shale Gas ($/Mcf)	0.68	0.59	0.62	0.62	0.63
Combined ($/boe)	4.23	3.73	3.88	3.77	3.90

Production History (continued)

	Quarter Ended				Year Ended
	Mar. 31	Jun. 30	Sep. 30	Dec. 31	Dec. 31, 2024
Netback Received [5][6]					
Light Crude Oil and Medium Crude Oil ($/bbl)	69.02	75.92	63.29	62.17	65.38
NGLs ($/bbl)	51.61	56.14	47.25	51.01	51.34
Conventional Natural Gas ($/Mcf)	-	(0.29)	(0.33)	0.54	0.16
Shale Gas ($/Mcf)	1.30	0.25	(0.33)	0.54	0.43
Combined ($/boe)	12.79	8.24	8.27	11.79	10.26

(1) Before deduction of royalties.

(2) Gas cost allowance credits are initially applied against conventional natural gas and shale gas. If the gas cost allowance credits exceeds conventional natural gas and shale gas royalties paid, the remaining credits are applied against natural gas liquids.

(3) This figure includes all field production costs.

(4) The Corporation does not record production costs on a commodity basis. Information in respect of operating expenses for crude oil and NGLs ($/bbl) and shale gas and conventional natural gas ($/Mcf) has been determined by allocating expenses on a relative volume of crude oil, NGLs, shale gas and conventional natural gas production basis.

(5) Information in respect of netbacks received for crude oil and NGLs ($/bbl) and shale gas and conventional natural gas ($/Mcf) is calculated using production cost figures for crude oil and NGLs ($/bbl) and shale gas and conventional natural gas ($/Mcf), which figures have been estimated. See note (4) above.

(6) Netbacks are calculated by subtracting royalties, production costs and transportation costs from revenues.

The following table indicates our approximate average daily production from our fields that account for more than 20% of our total production for the year ended December 31, 2024:

Property	Shale Gas (Mcf/d)	Natural Gas Liquids (bbls/d)	Total (Boe/d)
Glacier (Alberta)	297,862	1,879	51,522

Cyclical and Seasonal Impact of Industry

Our operational results and financial condition will be dependent on the prices received for oil, NGLs and natural gas production. Oil, NGLs and natural gas prices have fluctuated widely during recent years and are determined by supply and demand factors, including available access to transportation, weather, general economic conditions in consuming and producing regions throughout North America and political factors. Any decline in oil, NGL and natural gas prices could have an adverse effect on our financial condition. We mitigate such price risk through closely monitoring the various commodity markets, diversifying our sales portfolio and establishing hedging programs, as deemed necessary, to improve netbacks on production volumes. See "*Statement of Reserves Data and Other Oil and Gas Information – Forward Contracts*" for our current hedging program.

Environmental Considerations

Advantage is pro-active in its approach to environmental concerns. Procedures are in place to ensure that significant care is taken in the day-to-day management of its oil and gas properties. Government regulations and procedures are followed in strict adherence to the law. We believe in well abandonment and site restoration in a timely manner and this practice also lowers overall costs to us. Our Environmental Management System is continuously updated and meets or exceeds the Canadian Association of Petroleum Producers Environmental Management Guidelines.

Health, Safety and Environmental

Advantage is committed to a comprehensive and effective health, safety and environmental program that meets or exceeds regulatory and corporate requirements.

The Reserves and Health, Safety, Environmental Committee (the "Reserves Committee") is responsible for developing the Corporation's approach to, among others, matters concerning health, safety and the environment, and, from time-to-time, to review and make recommendations to the Board as to such matters. With respect to health, safety and environmental matters, the Reserves Committee reviews the Corporation's policies, programs and internal control systems regarding health, workforce safety, asset integrity, process safety and environmental protection and monitors the Corporation's performance relative to internal improvement objectives and industry practices. Further, the Reserves Committee reviews the Corporation's policies, programs and internal control systems with respect to field operations and monitors the Corporation's field operating capabilities, field operating practices and process safety practices.

The Reserves Committee also reviews and reports to the Board:

- on the Corporation's performance in the areas of health, workforce safety, process safety, environmental protection, field operations and compliance with codes, standards, regulations and applicable laws;
- on emerging trends, issues and regulations related to health, workforce safety, process safety, environmental protection and field operations;
- the findings of any significant report by regulatory agencies, external health, safety and environmental consultants or auditors concerning the Corporation's performance in health, safety and environment and any necessary corrective measures taken to address issues and risks with regards to the Corporation's performance in the areas of health, safety and environment that have been identified by the Corporation, external auditors or by regulatory agencies;
- the results of any review with management, outside accountants and legal advisors of the implications of major corporate undertakings such as the acquisition or expansion of facilities or decommission of facilities;
- a framework for management's decisions on abandonment and reclamation, including appropriate decommissioning liability determination; and
- policies and other directives of the Corporation relating to security and the safeguarding of the Corporation's premises, installations, assets and personnel.

Advantage participates in the Certificate of Recognition ("**COR**") Safety Program and has received certification for the last nine years, achieving first-quartile results in each year. The COR Health and Safety Auditing and the COR Safety Program require commitment to continuous improvement in environment, health and safety management practices, including sound planning and implementation. The program is externally audited every three years and internally audited every other year. The program ensures open communication and measured performance to maintain such program.

Management, employees and all contractors are responsible and accountable for the overall health, safety and environmental program. Advantage operates in compliance with all applicable regulations and ensures all staff and contractors employ sound practices to protect the environment and to ensure employee and public health and safety.

In 2024, the Corporation participated in multiple enhanced production audits, all of which it passed. Advantage's incident ratings in 2024 were below industry averages. In addition, a total of 5 reclamation certificates were received by Advantage in 2024. Over the last nine years, Advantage's spill volume was negligible, contained on lease and cleaned up.

The Corporation maintains and will continue to maintain a safe and environmentally responsible workplace, and will continue to provide training, equipment and procedures to all individuals in adhering to our policies. The Corporation will also solicit and take into consideration input from our neighbours, communities and other stakeholders in regard to protecting people and the environment.

Competitive Conditions

There is considerable competition in the worldwide oil and natural gas industry, including the Province of Alberta where the Corporation's assets, activities, and employees are located. We are a member of the petroleum industry, which is highly competitive at all levels. We compete with other companies for all of our business inputs, including exploitation and development prospects, access to commodity markets, acquisition opportunities, available capital and staffing. We strive to be competitive by maintaining a strong financial condition and by utilizing current technologies to enhance exploitation, development and operational activities. See "*Risk Factors*".

DIRECTORS AND OFFICERS

The following table sets forth the name, place of residence, date first elected as a director of Advantage and positions for each of the directors and officers of Advantage as at the date hereof, together with their principal occupations during the last five years.

Name, Province and Country of Residence	Position Held and Period Served as a Director or Officer[5][6]	Principal Occupations During Past Five Years
Michael Belenkie Alberta, Canada	Director since January 1, 2022, President since November 11, 2019 and Chief Executive Officer since January 1, 2022	Mr. Belenkie joined Advantage in October 2018 as Chief Operating Officer and was promoted to President and Chief Operating Officer in November 2019 and then to President and Chief Executive Officer in January 2022. From 2012 to 2018, Mr. Belenkie was founder and Vice President of Engineering of Modern Resources Inc., a successful private oil and gas company in Alberta's Deep Basin. Between 2008 and 2011, Mr. Belenkie held various roles at Painted Pony Energy Ltd. ("**Painted Pony**"), including Vice President of Reservoir Engineering and Corporate Development. Prior thereto, he held various roles at Talisman Energy (1995 to 2008) within their North American assets, including Team Lead of Montney and northeastern British Columbia. During 2006 and 2007, Mr. Belenkie also developed and implemented strategic realignment and operational excellence strategies with leadership teams in two major producers in Alaska and Canada while working with the management consulting firm, RLG International, during his tenure at Talisman. Received his BSc. in Mechanical Engineering from University of Calgary in 1997 and is a registered professional engineer with the Association of Professional Engineers and Geoscientists of Alberta.
Stephen E. Balog[3][4] Alberta, Canada	Director since August 16, 2007, Chairman since May 5, 2022	Mr. Balog has fifty years of diversified oil and gas experience in the management and operation of exploration & production companies in Western Canada. His experience includes a broad range of technical, operations and executive leadership roles in junior and senior companies including Wascana Energy Inc. and Alberta Energy Company where he led large scale exploitation and development projects. Mr. Balog is President of West Butte Management Inc., a private consulting company that provides business and technical advisory services to oil and gas operators. He was formerly Principal of Alconsult International Ltd. and prior thereto, President & Chief Operating Officer and a Director of Tasman Exploration Ltd. from 2001 to 2007. Mr. Balog graduated from the University of Calgary in 1972 with a B.Sc. in Chemical Engineering and is a registered Professional Engineer with the Association of Professional Engineers and Geoscientists of Alberta. He is a member of the Society of Petroleum Evaluation Engineers (SPEE) and the Society of Petroleum Engineers. He previously served as SPEE Reserves Committee Deputy Chairman and participated in the initial drafting and industry implementation of the Canadian Oil & Gas Evaluation Handbook-Volumes 1&2 as an industry standard for reserves evaluation.

Name, Province and Country of Residence	Position Held and Period Served as a Director or Officer[5][6]	Principal Occupations During Past Five Years
Andy J. Mah[3] Alberta, Canada	Director since June 23, 2006	Mr. Mah is a corporate director with over 40 years of experience in the oil and gas industry. Mr. Mah was the Chief Executive Officer of Advantage from January 27, 2009 to December 31, 2021. Mr. Mah remains active with larger energy industry initiatives, advocacy and serves as a director of other issuers. Mr. Mah's significant C-suite experience included all facets of the Canadian upstream oil and gas industry including U.S. and international assignments. Mr. Mah has transformed Corporations, led large successful capital investment programs including acquisitions & divestitures, equity financing and advanced innovation in many aspects of the industry with large multinational and junior oil and gas companies. In addition to Advantage, his career included leadership at Ketch Resources Trust, Unocal Corporation, Northrock Resources Ltd., and BP Canada. Mr. Mah is a graduate of the University of Saskatchewan, B. Sc. Chemistry in 1980 and B. Sc. Chemical Engineering in 1982. He is a member of APEGA and has served on the Board of Governors of the Canadian Association of Petroleum Producers (CAPP) and numerous volunteer associations including being a representative on the Canada Olympic Committee.
Jill T. Angevine[1][2][4] Alberta, Canada	Director since May 27, 2015	President of Brownstone Asset Management since August 2021. Prior thereto Managing Director, Palisade Capital Management Ltd. and prior thereto Vice President and Portfolio Manager, Matco Financial Inc. Director of Tourmaline Oil Corp. since November 2015. Director of Grey Wolf Animal Health Corp. since November 2022. Director of Ero Copper Corp. since August 2022. Director of Chinook Energy Inc. from November 2014 to April 2020. Ms. Angevine holds a Bachelor of Commerce degree from the University of Calgary and has earned the Chartered Professional Accountant, the Chartered Financial Analyst, and the Institute of Corporate Directors designations.

Name, Province and Country of Residence	Position Held and Period Served as a Director or Officer[5][6]	Principal Occupations During Past Five Years
John L. Festival[1][2][3]	Director since March 12, 2024	Mr. Festival has over 40 years of experience in the energy industry and has held multiple senior executive positions. Mr. Festival graduated from the University of Saskatchewan with a Bachelor of Science in Chemical Engineering. He spent the next 38 years in the oil industry of western Canada. He worked mainly in the areas of primary heavy oil and thermal oil production with a focus on creating shareholder value. Mr. Festival held the position of President & CEO of BlackRock Ventures Inc. from 1999 to 2006 and President & CEO of BlackPearl Resources Inc. from 2009 to 2019. Mr. Festival is currently the President & CEO of Broadview Energy Ltd., a private oil and gas company focused on heavy oil development. He also serves on the board of directors of each of Athabasca Oil Corporation and Cardinal Energy Ltd.
Donald M. Clague[1][2][3][4] Alberta, Canada	Director since June 16, 2020	Mr. Clague is a corporate director and has had an extensive 35 year working career in oil and gas, including diverse experience in North American domestic and frontier areas, as well as internationally in North Africa, Norway and the United Kingdom. His experience includes a broad range of technical and leadership roles with Dome Petroleum, Amoco Canada, Alberta Energy, Amerada Hess Canada, Hardy Oil and Gas Canada, Petro-Canada and Suncor Energy. In 2002, he became VP, Production (North American Natural Gas) at Petro-Canada, responsible for the safe, efficient operations in all field locations across Alberta and British Columbia, including all engineering functions supporting those areas. He spent 3 years in Denver as President, Petro-Canada Resources (USA) focused on tight oil and coalbed methane assets. Upon returning to Canada, he became VP, In Situ Development and Operations, and after the merger with Suncor was appointed VP, Firebag Operations. In 2012, Mr. Clague became the Senior VP, In Situ Business Unit. He moved to the role of Senior VP, Oil Sands Technical and Upstream Services in 2015. In 2018, he retired as the Senior VP, Exploration and Production Business Unit, with personnel in Calgary, St. John's, Aberdeen, Tripoli, and Stavanger. Mr. Clague graduated from the University of Calgary in 1983 with a BSc. in Geophysics. He remains active at the University, sitting on the Dean of Engineering's Schulich Industry Advisory Council. He is a registered Professional Geophysicist with APEGA, obtained the Institute of Corporate Directors ICD.D designation in 2022, and has served on executive policy groups with the Canadian Association of Petroleum Producers (CAPP) and the Colorado Oil and Gas Association (COGA).

Name, Province and Country of Residence	Position Held and Period Served as a Director or Officer[5][6]	Principal Occupations During Past Five Years
Deirdre M. Choate[1][2][3][4] Alberta , Canada	Director since May 6, 2021	Ms. Choate is a corporate director with over 30 years of experience in international tax, treasury, insurance, governance and risk management. From 2007 to March 2021, Ms. Choate was General Manager, Vice President Tax, and subsequently Vice President Tax & Treasurer at Husky Energy Inc. Prior thereto, Ms. Choate was an Associate Partner in International Tax Services at PricewaterhouseCoopers LLP. Earlier in her career, Ms. Choate was Managing Director of Nowsco Well Service (Ireland) Limited. Ms. Choate is a Chartered Professional Accountant in Alberta and Fellow Chartered Accountant in Ireland and obtained the Institute of Corporate Directors ICD.D designation in 2020. Ms. Choate holds a Bachelor of Civil Law degree from the University College Dublin.
Norman W. MacDonald[2][3][4] Ontario, Canada	Director since May 6, 2021	Mr. MacDonald's experience in asset management spans over 25 years in various roles with the sole focus on the natural resource sector. Mr. MacDonald was a Senior Portfolio Manager at Invesco from 2008 to 2020. Mr. MacDonald began his investment career at Ontario Teachers Pension Plan Board, where he worked for three years in progressive roles from Research Assistant to Portfolio Manager. His next role was as a VP and Partner at Beutel, Goodman & Co. Ltd. Prior to joining Invesco, Mr. MacDonald was a VP and Portfolio Manager at Salida Capital. Mr. MacDonald earned a Bachelor of Commerce Degree from the University of Windsor and is a Chartered Financial Analyst Charter holder. Mr. MacDonald sits on the board of G Mining Ventures, Premium Resources and is the Chairman of Osisko Gold Royalties. Mr. MacDonald earned a Bachelor of Commerce Degree from the University of Windsor and is a Chartered Financial Analyst Charter holder.
Janine J. McArdle[1][4] Texas, United States	Director since October 14, 2022	Janine J. McArdle has been an executive in the oil and gas industry for over 30 years with extensive experience in engineering, marketing, business development, finance and risk management. Ms. McArdle is founder and CEO of Apex Strategies LLC, which is a global consultancy company providing advisory services to companies engaged in the midstream and downstream sectors of the energy industry. Prior to forming her own company in 2016, Ms. McArdle was an executive officer at Apache Corporation from 2002 to 2015, serving in senior leadership positions across LNG and Global Oil and Gas Marketing. Prior to Apache, Ms. McArdle served as President and Managing Director for Aquila Europe Ltd. from 2001 to 2002 and held executive and management positions with Aquila Energy Marketing from 1993 to 2001. Ms. McArdle was a partner in Hesse Gas from 1991 to 1993. Ms. McArdle currently serves as a Director on the Board of Directors of Santos Ltd. and Antero Midstream, and previously served as a Director on the Boards of Halcon Resources and the Intercontinental Exchange until 2019. Ms. McArdle holds a Bachelor of Science degree in Chemical Engineering from the University of Nebraska and a Master of Business Administration from the University of Houston.

Name, Province and Country of Residence	Position Held and Period Served as a Director or Officer[5][6]	Principal Occupations During Past Five Years
David G. Smith[1][4], Alberta, Canada	Director since September 1, 2024	Mr. Smith has over 38 years of experience in the western Canadian oil and gas industry. Mr. Smith currently serves as a director of Wajax Ltd. and previously served as a director of Crew Energy Inc. Mr. Smith had an extensive career at Keyera Corp. and played a key role in its formation, evolution and growth. From 2015 to 2020, he served as President and CEO of Keyera, and prior to that, as President and Chief Operating Officer. He also served as Keyera's Executive Vice President – Liquids Business Unit, and before that, Executive Vice President, Chief Financial Officer and Corporate Secretary. Prior to joining Keyera, Mr. Smith held progressively senior finance roles at Gulf Canada Resources Limited and Imperial Oil Limited. Mr. Smith holds a Bachelor of Mathematics degree from the University of Waterloo and a Master of Business Administration from Harvard University. He also holds the ICD.D designation from the Institute of Corporate Directors.
Craig Blackwood Alberta, Canada	Chief Financial Officer since August 1, 2013	Chief Financial Officer of Advantage since August 1, 2013. Vice President, Finance of Advantage from January 27, 2009 to August 1, 2019 and Director of Finance of Advantage from November 2004 to January 27, 2009. Chief Financial Officer of Longview Oil Corp. from March 4, 2010 to February 4, 2014. Mr. Blackwood is a Chartered Professional Accountant in Alberta and holds a Bachelor of Commerce degree from the University of Newfoundland.
Neil Bokenfohr Alberta, Canada	Senior Vice President, since March 27, 2014	Senior Vice President of Advantage since March 27, 2014. Vice-President, Exploitation of Advantage from June 23, 2006 to March 27, 2014. Vice-President, Exploitation of Longview Oil Corp. from May 13, 2011 to November 7, 2013. Prior thereto, Vice President Exploitation and Operations of Ketch Resources Ltd. from January 2005 to June 2006. Vice President, Engineering of Bear Creek Energy Ltd. (and Crossfield Gas Corp. prior thereto) from March 2002 to January 2005. Mr. Bokenfohr is a graduate of the University of Alberta, B. Sc. Petroleum Engineering in 1989. He is a member of APEGA and serves on the Board of Governors of The Explorers and Producers Association of Canada (EPAC).
John Quaife Alberta, Canada	Vice President, Finance, since August 1, 2019	Vice President, Finance of Advantage since August 1, 2019. Mr. Quaife joined Advantage in 2008 as Manager of Taxation, progressing through positions of increasing responsibility from Manager of Finance and Taxation, Controller and was Director of Finance of Advantage from April 2017 to August 1, 2019. Mr. Quaife is a Chartered Professional Accountant in Alberta and holds a Bachelor of Commerce degree from the University of Calgary.

Name, Province and Country of Residence	Position Held and Period Served as a Director or Officer[(5)(6)]	Principal Occupations During Past Five Years
Darren Tisdale Alberta, Canada	Vice President, Geosciences, since January 1, 2022	Vice President, Geosciences of Advantage since January 1, 2022. Mr. Tisdale joined Advantage in August 2019 as Chief Geologist prior to being promoted to Vice President, Geosciences. Prior to this he was a founding member and Vice President Geosciences of Modern Resources, a Deep Basin producer. Mr. Tisdale has over 20 years of experience as a geologist including an extensive knowledge of the Montney. Mr. Tisdale led the initial development of Painted Pony's Montney Assets in NEBC leading to the corporate shift to a Montney focused company. Earlier experiences included a range of unconventional resource exploration and development and international base metal exploration. He received his BSc. in Geology from the University of Saskatchewan and is a registered professional Geologist with APEGA.
Geoff Keyser Alberta, Canada	Vice President, Corporate Development, since January 1, 2022	Vice President, Corporate Development of Advantage since January 1, 2022. Mr. Keyser joined Advantage in November 2020 as Director of Corporate Development prior to being promoted to Vice President, Corporate Development. Prior to this he was Vice President Engineering at Modern Resources. Prior to this, he has held business development, reservoir, exploitation, completions and facility engineering roles at Painted Pony, Cenovus, and EnCana. He is graduate of Mechanical Engineering from Queen's University and a licensed member of APEGA.
Brian Bagnell, Alberta Canada	Vice President, Commodities and Capital Markets since June 1, 2024	Mr. Bagnell has over 15 years of experience in energy and financial markets. Mr. Bagnell joined Advantage in October 2023 as Director, Commodities and Capital Markets and was promoted to Vice President. Commodities and Capital Markets in June 2024. Prior thereto, he was a Senior Vice President at Macquarie Group, spanning roles in equity research and commodities. Mr. Bagnell has a Bachelor of Business Administration from University of New Brunswick. He is also a CFA Charterholder and an FRM Certified Professional.
Jay P. Reid Alberta, Canada	Corporate Secretary, since April, 2001	Mr. Reid is a partner at the Calgary based law firm of Burnet, Duckworth & Palmer LLP and has practiced corporate and securities law since 1990. Mr. Reid has served, and continues to serve, as a director or Corporate Secretary of a number of private and publicly listed issuers.

Notes:

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.
(3) Member of the Reserves and Health, Safety and Environment Committee.
(4) Member of the Governance & Sustainability Committee.
(5) Advantage does not have an executive committee of the Board.
(6) Advantage's directors shall hold office until the next annual general meeting of Shareholders or until each director's successor is appointed or elected pursuant to the ABCA.

As at March 4, 2025, the directors and executive officers of Advantage, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 5,440,824 Common Shares, or approximately 3.3% of the issued and outstanding Common Shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as set forth below:

(a) no director or executive officer of Advantage has, within the last ten years prior to the date of this annual information form, been a director, chief executive officer or chief financial officer of any issuer (including Advantage) that, (i) while the person was acting in the capacity as director, chief executive officer or chief financial officer, was the subject of a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than thirty (30) consecutive days; or (ii) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer of an issuer, in the issuer being the subject of a cease trade or similar order or an order that denied the relevant issuer access to any exemption under securities legislation, for a period of more than thirty (30) consecutive days, which resulted from an event that occurred while that person was acting as a director, chief executive officer or chief financial officer of the issuer;

(b) no director or executive officer of Advantage or security holder holding a sufficient number of securities of Advantage to affect materially the control of Advantage is, as at the date of this annual information form, or has, within the last ten years prior to the date of this annual information form, been a director or executive officer of any company (including Advantage) that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement for compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(c) no director or executive officer of Advantage or securityholder holding a sufficient number of securities of Advantage to affect materially the control of Advantage has, within the last ten years prior to the date of this document, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or securityholder; and

(d) no director or executive officer of Advantage or securityholder holding a sufficient number of securities of Advantage to affect materially the control of Advantage has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Janine McArdle was a director of Halcon Resources Corporation ("**Halcon**") from June 2018 until October 2019. On July 22, 2019, Halcon was notified by the New York Stock Exchange ("**NYSE**") that due to "abnormally low" trading price levels, pursuant to Section 802.01D of the NYSE Listed Company Manual, the NYSE determined to commence delisting proceedings to delist Halcon's common stock under the symbol "HK" and warrants exercisable for Halcon's common stock. Trading in Halcon's securities was suspended on July 22, 2019. On July 23, 2019, Halcon's common stock commenced trading on the OTC Pink marketplace under the symbols “HKRS” and “HKRSQ.” On August 7, 2019, Halcon and its subsidiaries filed voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas (the "**Bankruptcy Court**") to pursue a prepackaged plan of reorganization (the "**Plan**"). Halcon's chapter 11 proceedings were administered under the caption In re Halcon Resources Corporation, et al. (Case No. 19-34446). On September 24, 2019, the Bankruptcy Court entered an order confirming the Plan and on October 8, 2019, the Plan became effective and Battalion Oil Corporation ("**Battalion**"), successor to Halcon, emerged from chapter 11 bankruptcy. On October 8, 2019, upon emergence from chapter 11 bankruptcy, all of the existing members of the Halcon board of directors resigned and all existing shares of Halcon

common stock were cancelled and Battalion issued shares of new common stock which traded on the OTC Pink marketplace under the symbol “HALC” until it subsequently listed on the NYSE American under the symbol "BATL".

Conflicts of Interest

The directors and officers of Advantage may, from time-to-time, be involved in the business and operations of other issuers, in which case a conflict may arise. The ABCA provides that in the event a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interests arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

As at March 4, 2025, other than as disclosed herein, the Corporation was not aware of any existing or potential material conflicts of interest between the Corporation and a director or officer of the Corporation.

DIVIDEND POLICY

Neither the Corporation nor any of its subsidiaries paid any dividends during the years ended December 31, 2024, 2023, and 2022, does not anticipate paying dividends in the immediate future and instead intends to direct cash flow to capital expenditures, debt reduction and share buybacks. The amount of future cash dividends, if any, is not assured and will be subject to the discretion of the Board of Directors and the board of directors of Advantage's subsidiaries, as applicable, and may vary depending on a variety of factors, including fluctuations in commodity prices, production levels, capital expenditure requirements, debt service requirements, operating costs, royalty burdens, foreign exchange rates, contractual restrictions (including under the Credit Facilities and Debentures), financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors and the board of directors of Advantage's subsidiaries, as applicable, may deem relevant. See "*Risk Factors*".

DESCRIPTION OF THE CORPORATION'S SECURITIES

Share Capital

The Corporation is authorized to issue an unlimited number of Common Shares, non-voting shares, preferred shares and exchangeable shares. As of December 31, 2024, there were 166,931,440 Common Shares issued and outstanding and there were no non-voting shares, preferred shares or exchangeable shares issued and outstanding.

The following is a description of the rights attaching to the Common Shares, the non-voting shares, the preferred shares and the exchangeable shares.

Common Shares

Each Common Share entitles its holder to receive notice of and to attend all meetings of the shareholders of Advantage and to one vote at such meetings. The holders of Common Shares are, at the discretion of the Advantage Board of Directors and subject to applicable legal restrictions, entitled to receive any dividends declared by the Board of Directors on the Common Shares. The holders of Common Shares are entitled to share equally in any distribution of the assets of Advantage upon the liquidation, dissolution, bankruptcy or winding up of Advantage or other distribution of its assets among its shareholders for the purpose of winding up its affairs. Such participation is subject to the rights, privileges, restrictions and conditions attaching to any instruments having priority over the Common Shares.

Non-Voting Shares

The non-voting shares have identical rights to the Common Shares except that holders of non-voting shares are not generally entitled to receive notice of or attend at meetings of shareholders of Advantage or to vote their shares at such meetings.

Preferred Shares

The preferred shares may be issued, from time-to-time, in one or more series, each series consisting of such number of preferred shares as determined by the Board of Directors, who may also fix the designations, rights, privileges,

restrictions and conditions attached to the shares of each series of preferred shares. The preferred shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of Advantage, whether voluntary or involuntary, or any other distribution of the assets of Advantage among its Shareholders for the purpose of winding-up its affairs, rank on a parity with the preferred shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the preferred shares.

Exchangeable Shares

The exchangeable shares may be issued, from time-to-time, in one or more series, each series consisting of such number of exchangeable shares as determined by the Board of Directors, who may also fix the designations, rights, privileges, restrictions and conditions attached to the shares of each series of exchangeable shares. The exchangeable shares of each series shall, with respect to payment of dividends and distributions of assets in the event of liquidation, dissolution or winding-up of Advantage, whether voluntary or involuntary, or any other distribution of the assets of Advantage among its Shareholders for the purpose of winding-up its affairs, rank on a parity with the exchangeable shares of every other series and shall be entitled to preference over the Common Shares and the shares of any other class ranking junior to the exchangeable shares.

Debentures

The Debentures were issued in connection with the financing of the Acquisition under and pursuant to the provisions of the trust indenture (the "**Indenture**") between Computershare Trust Company of Canada, as trustee, and the Corporation. See "*General Development of the Business – Three Year History – 2024 – Bought Deal Financing*".

The following is a summary of the material attributes and characteristics of the outstanding Debentures. This summary does not purport to be complete and is subject to and qualified in its entirety by reference to the terms of the Indenture which may be viewed under the Corporation's profile on SEDAR+ at www.sedarplus.ca.

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.

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, (ii) if called for redemption, the date fixed for redemption by the Corporation, or (iii) if called for repurchase in the event of a change of control, the payment date, at a conversion price of $14.58 per Common Share, subject to adjustment in certain events. This represents a conversion rate of approximately 68.5871 Common Shares for each $1,000 principal amount of the Debentures, subject to the operation of certain antidilution provisions. In the event of a change of control of the Corporation 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.

PRICE RANGE AND TRADING VOLUME OF SECURITIES

Common Shares

The Common Shares are listed and trade on the TSX and commenced trading under the symbol "AAV" on July 9, 2009. The following table sets forth the trading history of the Common Shares for the periods indicated.

Period	High	Low	Volume
	($)	($)	
2024			
January	9.50	8.24	8,475,370
February	10.19	8.45	6,147,240
March	11.05	9.61	5,344,490
April	11.14	9.70	7,111,650
May	11.72	10.60	9,511,000
June	11.73	9.92	17,276,760
July	10.59	8.90	12,098,270
August	10.13	8.80	7,718,570
September	9.66	8.57	9,010,260
October	9.97	8.69	10,858,930
November	9.67	8.50	10,810,000
December	9.91	8.27	7,783,680
2025			
January	10.66	9.04	10,570,800
February	10.23	8.99	7,446,300

Debentures

The Debentures are listed and trade on the TSX and commenced trading under the symbol "AAV.DB" on June 18, 2024. The following table sets forth the trading history of the Debentures for the periods indicated.

Period	High	Low	Volume
	($)	($)	
2024			
June 18 to 30	102.50	100.02	6,575,000
July	102.00	100.00	4,949,000
August	102.70	98.10	1,575,000
September	100.00	99.00	2,357,000
October	101.26	98.71	926,000
November	103.00	99.00	9,456,000
December	103.00	100.00	761,000
2025			
January	102.00	100.35	650,000
February	103.96	100.20	7,783,000

Prior Sales

During the year ended December 31, 2024, the Corporation granted 882,858 performance share units pursuant to the Corporation's restricted and performance award incentive plan. On March 28, 2024, 1,191,708 Performance Share Units matured and were settled with the issuance of 1,251,060 Common Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

There are presently no Advantage securities held in escrow or subject to contractual restrictions on transfer.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings and Advantage and its subsidiaries were not involved in any legal proceedings during the year ended December 31, 2024, which involved claims in excess of 10% of the Corporation's current asset value and to which Advantage or its subsidiaries were a party or in respect of which any of its properties are subject, nor are there any such proceedings known to be contemplated.

REGULATORY ACTIONS

During the year ended December 31, 2024 there were: (i) no penalties or sanctions imposed against Advantage or its subsidiaries by a court relating to securities legislation or by a securities regulatory authority; (ii) no other penalties or sanctions imposed by a court or regulatory body against Advantage or its subsidiaries that would likely be considered important to a reasonable investor in making an investment decision; and (iii) no settlement agreements Advantage or its subsidiaries entered into before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of directors and executive officers of Advantage or its subsidiaries or nominees for director of Advantage or its subsidiaries, any Shareholder who beneficially owns or directs or controls more than 10% of the Common Shares or any known associate or affiliate of such persons in any transaction during the year ended December 31, 2024 or in any proposed transaction which has materially affected or would materially affect Advantage or its subsidiaries.

MATERIAL CONTRACTS

Except for contracts entered into by the Corporation in the ordinary course of business or otherwise disclosed herein, the Corporation has the following agreements which are material to Advantage or its subsidiaries.

- The Eighth Amended and Restated Syndicated Credit Agreement for the Credit Facilities; and
- the Indenture.

Copies of the above agreements are available on SEDAR+ at www.sedarplus.ca. See "*General Development of the Business – Three Year History – 2024*".

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report or valuation described or included in a filing, or referred to in a filing, made under National Instrument 51-102 - *Continuous Disclosure Obligations* by Advantage during, or related to, the most recently completed financial year other than McDaniel, our independent engineering evaluator and PricewaterhouseCoopers LLP, our current external auditors. As at the date hereof, none of the principals of McDaniel had any registered or beneficial interests, direct or indirect, in any securities or other property of Advantage or of its associates or affiliates either at the time they prepared the statement, report or valuation prepared by it, at any time thereafter or to be received by them. The Corporation's independent auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who have issued an independent auditor's report dated March 4, 2025 in respect of the Corporation's consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct with Guidance of the Chartered Professional Accountants of Alberta.

In addition, none of the aforementioned persons or companies, nor any director, officer or employee of any of the aforementioned persons or companies, is or is expected to be elected, appointed or employed as a director, officer or employee of Advantage or of any associate or affiliate of Advantage.

AUDITORS, TRANSFER AGENT AND REGISTRAR

Advantage's auditors are PricewaterhouseCoopers LLP, Calgary, Alberta.

Computershare Trust Company of Canada at its offices in Calgary, Alberta and Toronto, Ontario acts as the transfer agent and registrar for the Common Shares and Debentures.

AUDIT COMMITTEE INFORMATION

NI 52-110 has mandated certain disclosures for inclusion in this annual information form. The text of the charter of the Corporation's audit committee (the "**Audit Committee**") is attached as Appendix "C" to this annual information form.

Composition of the Audit Committee

The Audit Committee is comprised of Deirdre Choate (Chair), Jill Angevine, Donald Clague, John Festival, Janine McArdle and David Smith. The following chart sets out the assessment of each Audit Committee member's independence, financial literacy and relevant educational background and experience supporting such financial literacy

Name, Province and Country of Residence	Independent	Financially Literate	Relevant Education and Experience
Deirdre M. Choate Alberta , Canada	Yes	Yes	Ms. Choate is a corporate director with over 30 years of experience in international tax, treasury, insurance, governance and risk management. From 2007 to March 2021, Ms. Choate was General Manager, Vice President Tax, and subsequently Vice President Tax & Treasurer at Husky Energy Inc. Prior thereto, Ms. Choate was an Associate Partner in International Tax Services at PricewaterhouseCoopers LLP. Earlier in her career, Ms. Choate was Managing Director of Nowsco Well Service (Ireland) Limited. Ms. Choate is a Chartered Professional Accountant in Alberta and Fellow Chartered Accountant in Ireland and obtained the Institute of Corporate Directors ICD.D designation in 2020. Ms. Choate holds a Bachelor of Civil Law degree from the University College Dublin.
Jill T. Angevine Alberta, Canada	Yes	Yes	President of Brownstone Asset Management since August 2021. Prior thereto Managing Director, Palisade Capital Management Ltd. and prior thereto Vice President and Portfolio Manager, Matco Financial Inc. Director of Tourmaline Oil Corp. since November 2015. Director of Grey Wolf Animal Health Corp. since November 2022. Director of Ero Copper Corp. since August 2022. Director of Chinook Energy Inc. from November 2014 to April 2020. Ms. Angevine holds a Bachelor of Commerce degree from the University of Calgary and has earned the Chartered Professional Accountant, the Chartered Financial Analyst, and the Institute of Corporate Directors designations.

Name, Province and Country of Residence	Independent	Financially Literate	Relevant Education and Experience
Donald M. Clague Alberta, Canada	Yes	Yes	Mr. Clague is a corporate director and has had an extensive 35 year working career in oil and gas, including diverse experience in North American domestic and frontier areas, as well as internationally in North Africa, Norway and the United Kingdom. His experience includes a broad range of technical and leadership roles with Dome Petroleum, Amoco Canada, Alberta Energy, Amerada Hess Canada, Hardy Oil and Gas Canada, Petro-Canada and Suncor Energy. In 2002, he became VP, Production (North American Natural Gas) at Petro-Canada, responsible for the safe, efficient operations in all field locations across Alberta and British Columbia, including all engineering functions supporting those areas. He spent 3 years in Denver as President, Petro-Canada Resources (USA) focused on tight oil and coalbed methane assets. Upon returning to Canada, he became VP, In Situ Development and Operations, and after the merger with Suncor was appointed VP, Firebag Operations. In 2012, Mr. Clague became the Senior VP, In Situ Business Unit. He moved to the role of Senior VP, Oil Sands Technical and Upstream Services in 2015. In 2018, he retired as the Senior VP, Exploration and Production Business Unit, with personnel in Calgary, St. John’s, Aberdeen, Tripoli, and Stavanger. Mr. Clague graduated from the University of Calgary in 1983 with a BSc. in Geophysics. He remains active at the University, sitting on the Dean of Engineering’s Schulich Industry Advisory Council. He is a registered Professional Geophysicist with APEGA, obtained the Institute of Corporate Directors ICD.D designation in 2022, and has served on executive policy groups with the Canadian Association of Petroleum Producers (CAPP) and the Colorado Oil and Gas Association (COGA).
John Festival Alberta, Canada	Yes	Yes	Mr. Festival has over 40 years of experience in the energy industry and has held multiple senior executive positions. Mr. Festival graduated from the University of Saskatchewan with a Bachelor of Science in Chemical Engineering. He spent the next 38 years in the oil industry of western Canada. He worked mainly in the areas of primary heavy oil and thermal oil production with a focus on creating shareholder value. Mr. Festival held the position of President & CEO of BlackRock Ventures Inc. from 1999 to 2006 and President & CEO of BlackPearl Resources Inc. from 2009 to 2019. Mr. Festival is currently the President & CEO of Broadview Energy Ltd., a private oil and gas company focused on heavy oil development. He also serves on the board of directors of each of Athabasca Oil Corporation and Cardinal Energy Ltd.

Name, Province and Country of Residence	Independent	Financially Literate	Relevant Education and Experience
Janine J. McArdle Texas, United States	Yes	Yes	Janine J. McArdle has been an executive in the oil and gas industry for over 30 years with extensive experience in engineering, marketing, business development, finance and risk management. Ms. McArdle is founder and CEO of Apex Strategies LLC, which is a global consultancy company providing advisory services to companies engaged in the midstream and downstream sectors of the energy industry. Prior to forming her own company in 2016, Ms. McArdle was an executive officer at Apache Corporation from 2002 to 2015, serving in senior leadership positions across LNG and Global Oil and Gas Marketing. Prior to Apache, Ms. McArdle served as President and Managing Director for Aquila Europe Ltd. from 2001 to 2002 and held executive and management positions with Aquila Energy Marketing from 1993 to 2001. Ms. McArdle was a partner in Hesse Gas from 1991 to 1993. Ms. McArdle currently serves as a Director on the Board of Directors of Santos Ltd. and Antero Midstream, and previously served as a Director on the Boards of Halcon Resources and the Intercontinental Exchange until 2019. Ms. McArdle holds a Bachelor of Science degree in Chemical Engineering from the University of Nebraska and a Master of Business Administration from the University of Houston.
David G. Smith, Alberta, Canada	Yes	Yes	Mr. Smith has over 38 years of experience in the western Canadian oil and gas industry. Mr. Smith currently serves as a director at Wajax Ltd. and previously served as a director of Crew Energy Inc. Mr. Smith had an extensive career at Keyera Corp. and played a key role in its formation, evolution and growth. From 2015 to 2020, he served as President and CEO of Keyera, and prior to that, as President and Chief Operating Officer. He also served as Keyera's Executive Vice President – Liquids Business Unit, and before that, Executive Vice President, Chief Financial Officer and Corporate Secretary. Prior to joining Keyera, Mr. Smith held progressively senior finance roles at Gulf Canada Resources Limited and Imperial Oil Limited. Mr. Smith holds a Bachelor of Mathematics degree from the University of Waterloo and a Master of Business Administration from Harvard University. He also holds the ICD.D designation from the Institute of Corporate Directors.

Pre-Approval of Policies and Procedures

We have adopted policies and procedures with respect to the pre-approval of audit and permitted non-audit services to be provided by PricewaterhouseCoopers LLP as set forth in item 24 of the Audit Committee charter, which is attached as Appendix "C" to this annual information form. The Audit Committee has approved the provision of a specified list of audit and permitted non-audit services that the Audit Committee believes to be typical, reoccurring or otherwise likely to be provided by PricewaterhouseCoopers LLP during the current fiscal year. The list of services is sufficiently detailed as to the particular services to be provided to ensure that the Audit Committee knows precisely what services it is being asked to pre-approve and it is not necessary for any member of management to make a judgment as to whether a proposed service fits within pre-approved services.

AUDIT SERVICE FEES

Auditor Services Fees

The following table discloses fees billed to us by our independent auditors, PricewaterhouseCoopers LLP.

Type of Services Provided	**2024**	**2023**
Audit Fees [(1)]	461,500	373,000
Audit-Related Fees [(2)]	195,000	57,000
Tax Fees [(3)]	27,500	19,000
All Other Fees	-	-
Total	**684,000**	**449,000**

(1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements, including fees for the audit of the Corporation's subsidiary, Entropy.

(2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit-related services include quarterly reviews of the Corporation's consolidated financial statements, fees related to the prospectus filing and an audit of a government grant.

(3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and general tax advice, including the preparation and filing of Scientific Research & Experimental Development Tax Credits.

INDUSTRY CONDITIONS

Companies operating in the Canadian oil and gas industry are subject to extensive regulation and control of operations (including with respect to land tenure, exploration, development, production, refining and upgrading, transportation, and marketing). Legislation has been enacted by, and agreements have been entered into between, various levels of government with respect to the pricing and taxation of petroleum and natural gas, all of which should be carefully considered by investors in the Corporation. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments governments may enact in the future.

The Corporation's assets and operations are regulated by administrative agencies that derive their authority from legislation enacted by the applicable level of government. Regulated aspects of the Corporation's upstream oil and natural gas business include all manner of activities associated with the exploration for and production of oil and natural gas, including, among other matters: (i) permits for the drilling of wells and construction of related infrastructure; (ii) technical drilling and well requirements; (iii) permitted locations and access to operation sites; (iv) operating standards regarding conservation of produced substances and avoidance of waste, such as restricting flaring and venting; (v) minimizing environmental impacts, including by reducing emissions; (vi) storage, injection and disposal of substances associated with production operations; and (vii) the abandonment and reclamation of impacted sites. To conduct oil and natural gas operations and remain in good standing with the applicable regulatory regimes, producers must comply with applicable legislation, regulations, orders, directives and other directions (all of which are subject to governmental oversight, review and revision, from time to time). Compliance in this regard can be costly and a breach of the same may result in fines or other sanctions.

The discussion below outlines some of the principal aspects of the legislation, regulations, agreements, orders, directives and a summary of other pertinent conditions that impact the oil and gas industry in Western Canada, specifically in the Province of Alberta, where the Corporation's assets are primarily located. While these matters do not affect the Corporation's operations in any manner that is materially different than the manner in which they affect other similarly sized industry participants with similar assets and operations, investors should consider such matters carefully.

Pricing and Marketing in Canada

The price of crude oil, natural gas, and NGLs is negotiated by buyers and sellers. Various factors may influence prices, including (global, in some instances) supply and demand, quality of product, distance to market, availability of transportation, value of refined products, prices of competing products, price of competing stock, contract term, weather conditions, supply/demand balance and contractual terms of sale.

Transportation Constraints and Market Access

Capacity to transport production from Western Canada to Eastern Canada, the United States and other international markets has been, and continues to be, a major constraint on the exportation of crude oil, natural gas and NGLs. Many proposed projects have been cancelled or delayed due to regulatory hurdles, court challenges and economic and socio-political factors.

Oil Pipelines

Under Canadian constitutional law, the development and operation of interprovincial and international pipelines fall within the federal government's jurisdiction and, under the *Canadian Energy Regulator Act*, new interprovincial and international pipelines require a federal regulatory review and Cabinet approval before they can proceed. In recent years, however, there has been a perceived lack of policy and regulatory certainty in this regard such that, even when projects are approved, they often face delays due to actions taken by provincial and municipal governments and legal opposition related to issues such as Indigenous rights and title, the government's duty to consult and accommodate Indigenous peoples and the sufficiency of relevant environmental review processes. Export pipelines from Canada to the United States face additional unpredictability as such pipelines also require approvals from several levels of government in the United States.

Producers negotiate with pipeline operators to transport their products to market on a firm, spot or interruptible basis depending on the specific pipeline and the specific substance. Transportation availability is highly variable across different jurisdictions and regions. This variability can determine the nature of transportation commitments available, the number of potential customers and the price received.

Specific Pipeline Updates

Construction of the Trans Mountain Pipeline expansion, which received Cabinet approval in November 2016, was completed in April 2024, and service began in May 2024. The original pipeline and the newly completed expansion now operate collectively. With the expansion completed, the system's nominal capacity increased from approximately 300,000 to 890,000 barrels per day, and the expansion included three new berths at Westridge Marine Terminal in British Columbia.

Natural Gas and LNG

Natural gas prices in Western Canada have been constrained in recent years, reaching among record lows in 2024, due to increasing North American supply, limited access to markets and limited storage capacity. Companies that secure firm access to infrastructure to transport their natural gas production out of Western Canada may be able to access more markets and obtain better pricing. Companies without firm access may be forced to accept spot pricing in Western Canada for their natural gas, which is generally lower than the prices received in other North American regions. The Corporation has entered into firm service commitments in order to mitigate its exposure to AECO pricing. Firm service agreements provide the Corporation with geographical diversification across North America, including Empress, Emerson and Dawn.

In October 2020, TC Energy Corporation received federal approval to expand the NGTL. The NGTL system is in the midst of implementing a $9.9 billion infrastructure program to add 3.58 billion cubic feet per day of capacity between 2020 to 2024. In July 2024, TC announced an historic equity interest purchase agreement with an Indigenous-owned investment partnership which will enable up to 72 Indigenous communities to become equity owners of the network of infrastructure assets spanning Western Canada.

In January 2024, Shell plc signed a deal to buy LNG from a floating export facility to serve Asian energy markets – a 20-year deal which calls for 2 million metric tons of LNG per year over the course of the agreement.

Land Tenure

Mineral rights

Except for Manitoba, each provincial government in Western Canada owns most of the mineral rights to the oil and natural gas located within their respective provincial borders. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences and permits (for the purposes of this section, collectively, "**leases**") for varying terms, and on conditions set forth in provincial legislation, including requirements to perform specific work or make payments in lieu thereof. The provincial governments in Western Canada conduct regular land sales where oil and natural gas companies bid for the leases necessary to explore for and produce oil and natural gas owned by the respective provincial governments. These leases generally have fixed terms, but they can be continued beyond their initial terms if the necessary conditions are satisfied.

Private ownership of oil and natural gas (i.e. freehold mineral lands) also exists in Western Canada, as well as rights to explore for and produce privately owned oil and natural gas are granted by a lease or other contract on such terms and conditions as may be negotiated between the owner of such mineral rights and companies seeking to explore for and/or develop oil and natural gas reserves.

An additional category of mineral rights ownership is Canadian federal government ownership of mineral rights on Indian reserves (as designated under the *Indian Act*), which is managed and regulated by a separate government body according to distinct legislation. The Corporation does not have operations on Indian reserves.

Surface rights

To develop oil and natural gas resources, producers must also have access rights to the surface lands required to conduct operations. For Crown lands, surface access rights can be obtained directly from the government. For private lands, access rights can be negotiated with the landowner. Where an agreement cannot be reached, however, each province has developed its own process that producers can follow to obtain and maintain the surface access necessary to conduct operations throughout the lifespan of a well, facility or pipeline.

Royalties and Incentives

Each province has legislation and regulations in place to govern Crown royalties and establish the royalty rates that producers must pay in respect of the production of Crown resources. Provincial royalty regimes operate in conjunction with applicable federal and provincial taxes and is a significant factor in the profitability of oil sands projects and oil, natural gas and NGL production. Royalties payable on production from lands where the Crown does not hold the mineral rights are negotiated between the mineral freehold owner and the lessee, though certain provincial taxes and other charges on production or revenues may be payable. Royalties from production on Crown lands are determined by provincial regulation and are generally calculated as a percentage of the value of production.

Producers and working interest owners of oil and natural gas rights may create additional royalties or royalty-like interests, such as overriding royalties, net profits interests and net carried interests, through private transactions, the terms of which are subject to negotiation.

From time to time, the federal government and provincial governments create incentive programs for businesses operating in specific industries, including those in the oil and gas industry. These are often introduced when commodity prices are low to encourage exploration and development activity, and may provide for volume-based incentives, royalty rate reductions, royalty holidays or royalty tax credits. Governments may also introduce incentive programs to encourage producers to prioritize certain kinds of development or to utilize technologies that enhance or improve recovery of oil, natural gas and NGLs, or improve environmental performance.

Regulatory Authorities and Environmental Regulation

The Canadian oil and gas industry is subject to environmental regulation under a variety of Canadian federal, provincial, territorial, and municipal laws and regulations, all of which are subject to governmental review and revision from time to time. Such regulations provide for, among other things, restrictions and prohibitions on the spill, release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. The regulatory regimes set out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well, facility and pipeline sites. Compliance with such regulations can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licences and authorizations, civil liability, and the imposition of material fines and penalties. In addition, future changes to environmental legislation, including legislation related to air pollution and greenhouse gas ("**GHG**") emissions (typically measured in terms of their global warming potential and expressed in terms of carbon dioxide equivalent ("**CO_2e**")), may impose further requirements on operators and other companies in the oil and gas industry. Companies that have hydraulic fracturing operations have additional operational regulatory and reporting requirements.

Liability Management

The Alberta Energy Regulator (the "**AER**") administers several liability management programs to manage liability for most conventional upstream oil and natural gas wells, facilities and pipelines in Alberta. The province is gradually moving from a prescriptive framework toward a more holistic approach to liability management.

Alberta has an orphan fund to help pay the costs to suspend, abandon, remediate and reclaim a well, facility or pipeline included in certain of the AER's programs if a licensee or working interest participant becomes insolvent or is unable to meet its obligations. The orphan fund is funded through a levy and a loan from the provincial government. In March

2024, the Alberta government approved a $135 million levy to fund the Orphan Well Association's 2024/25 operating budget.

The Supreme Court of Canada's (the "**SCC**") decision in *Orphan Well Association v Grant Thornton* (also known as the "**Redwater**" decision), provides the backdrop for Alberta's approach to liability management. As a result of the Redwater decision, receivers and trustees can no longer avoid the AER's legislated authority to impose abandonment orders against licensees or to require a licensee to pay a security deposit before approving a licence transfer when any such licensee is subject to formal insolvency proceedings. This means that insolvent estates can no longer disclaim assets that have reached the end of their productive lives (and therefore represent a net liability) in order to deal primarily with the remaining productive and valuable assets without first satisfying any abandonment and reclamation obligations associated with the insolvent estate's assets. The burden of a defunct licensee's abandonment and reclamation obligations first falls on the defunct licensee's working interest partners, and second, the AER may order the orphan fund to assume care and custody and accelerate the clean-up of wells or sites which do not have a responsible owner.

To address abandonment and reclamation liabilities in Alberta, the AER also implements, from time to time, programs intended to encourage the decommissioning, remediation and reclamation of inactive or marginal oil and natural gas infrastructure.

Climate Change Regulation

Climate change regulation at each of the international, federal and provincial levels has the potential to significantly affect the future of the oil and gas industry in Canada. These impacts are uncertain, and it is not possible to predict what future policies, laws and regulations will entail. Any new laws and regulations (or additional requirements to existing laws and regulations) could have a material impact on the Corporation's operations and cash flow.

Federal

Canada has been a signatory to the United Nations Framework Convention on Climate Change (the "**UNFCCC**") since 1992. Since its inception, the UNFCCC has instigated numerous policy changes with respect to climate governance. In 2016, 195 countries, including Canada, signed the Paris Agreement, committing to prevent global temperatures from rising more than 2° Celsius above pre-industrial levels and to pursue efforts to limit this rise to no more than 1.5° Celsius. In 2016, Canada ratified the Paris Agreement and committed to reducing its emissions by 30% below 2005 levels by 2030. In 2021, Canada updated its original commitment by pledging to reduce emissions by 40–45% below 2005 levels by 2030, and to net-zero by 2050.

During the course of the 2021 United Nations Climate Change Conference, Canada pledged to (i) reduce methane emissions in the oil and gas sector to 75% of 2012 levels by 2030; (ii) cease to export thermal coal by 2030; (iii) impose a cap on emissions from the oil and gas sector; (iv) halt direct public funding to the global fossil fuel sector by the end of 2022; and (v) commit that all new vehicles sold in the country will be zero-emission on or before 2040. During the 2023 United Nations Climate Change Conference, which concluded on December 12, 2023, Canada signed an agreement with nearly 200 other parties, which includes renewed commitments to transitioning away from fossil fuels and further cutting GHG emissions.

The Government of Canada released the Pan-Canadian Framework on Clean Growth and Climate Change in 2016, setting out a plan to meet the federal government's 2030 emissions reduction targets. On June 21, 2018, the federal government enacted the *Greenhouse Gas Pollution Pricing Act* (the "**GGPPA**"), which came into force on January 1, 2019. This regime has two parts: an output-based pricing system ("**OBPS**") for large industry (enabled by the Output-Based Pricing System Regulations) and a fuel charge (enabled by the Fuel Charge Regulations), both of which impose a price on CO_2e emissions. The GGPPA system applies in provinces and territories that request it and in those that do not have their own equivalent emissions pricing systems in place that meet the federal standards and ensure that there is a uniform price on emissions across the country.

Originally under the federal plans, the price was set to escalate by $10 per year until it reached a maximum price of $50/tonne of CO_2e in 2022. However, on December 11, 2020, the federal government announced its intention to continue the annual price increases beyond 2022. As of 2023, the benchmark price per tonne of CO_2e will increase by

$15 per year until it reaches $170/tonne of CO_2e in 2030. Effective January 1, 2025, the minimum price permissible under the GGPPA rose to $95/tonne of CO_2e. While several provinces challenged the constitutionality of the GGPPA following its enactment, the SCC confirmed its constitutional validity in a judgment released on March 25, 2021.

On April 26, 2018, the federal government passed the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) (the "**Federal Methane Regulations**"). The Federal Methane Regulations seek to reduce emissions of methane from the oil and natural gas sector and came into force on January 1, 2020. By introducing new control measures, the Federal Methane Regulations aim to reduce unintentional leaks and the intentional venting of methane and ensure that oil and natural gas operations use low-emission equipment and processes. Among other things, the Federal Methane Regulations limit how much methane upstream oil and natural gas facilities are permitted to vent. In December 2023, the federal government stated that the existing measures, which were designed to reduce the oil and gas sector's methane emissions by 40–45% by 2025 (relative to 2012) would not be sufficient to meet Canada's commitment to achieving a 75% reduction (below 2012 levels) by 2030. Accordingly, it released proposed amendments to the Federal Methane Regulations which would build on the existing requirements and increase stringency by introducing new prohibitions and limits on certain intentional emissions, a new risk-based approach around unintentional emissions, and a new performance-based approach for compliance that relies on continuous emissions monitoring systems, among others. The proposed amendments are targeted to come into force in January 2027.

The federal government has also enacted the Multi-Sector Air Pollutants Regulation under the authority of the Canadian Environmental Protection Act, 1999, which regulates certain industrial facilities and equipment types, including boilers and heaters used in the upstream oil and gas industry, to limit the emission of air pollutants such as nitrogen oxides and sulphur dioxide.

The *Canadian Net-Zero Emissions Accountability Act* (the "**CNEAA**") received royal assent on June 29, 2021, and came into force on the same day. The CNEAA binds the Government of Canada to a process intended to help Canada achieve net-zero emissions by 2050. It establishes rolling five-year emissions reduction targets and requires the government to develop plans to reach each target and support these efforts by creating a Net-Zero Advisory Body. The CNEAA also requires the federal government to publish annual reports that describe how departments and Crown corporations are considering the financial risks and opportunities of climate change in their decision-making. A comprehensive review of the CNEAA is required every five years from the date the CNEAA came into force.

The Government of Canada introduced its 2030 Emissions Reduction Plan (the "**2030 ERP**") on March 29, 2022. In the 2030 ERP, the Government of Canada proposes a roadmap to reduce its GHG emissions to 40-45% below 2005 levels by 2030. As the first emissions reduction plan issued under the CNEAA, the 2030 ERP aims to reduce emissions by incentivizing electric vehicles and renewable electricity, and capping emissions from the oil and gas sector, among other measures. Canada is projected to surpass its interim objective to reduce emissions by 20% below 2005 levels by 2026 and is on track to meet its 2030 target.

On June 8, 2022 the Canadian Greenhouse Gas Offset Credit System Regulations were published in the Canada Gazette. The regulations establish a regulatory framework to allow certain kinds of projects to generate and sell offset credits for use in the federal OBPS through Canada's Greenhouse Gas Offset Credit System. The system enables project proponents to generate federal offset credits through projects that reduce GHG emissions under a published federal GHG offset protocol. Offset credits can then be sold to those seeking to meet limits imposed under the OBPS or those seeking to meet voluntary targets.

On June 20, 2022, the federal Clean Fuel Regulations came into force and in July 2023 they took effect. The Clean Fuel Regulations aim to discourage the use of fossil fuels by increasing the price of those fuels when compared to lower-carbon alternatives, imposing obligations on primary suppliers of transportation fuels in Canada, and requiring fuels to contain a minimum percentage of renewable fuel content and meet emissions caps calculated over the life cycle of the fuel. The Clean Fuel Regulations also establish a market for compliance credits. Compliance credits can be generated by primary suppliers, among others, through carbon capture and storage, producing or importing low-emission fuel, or through end-use fuel switching (for example, operating an electric vehicle charging network).

In November 2024, the federal government published the proposed Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations (the "**Proposed Regulations**"). The Proposed Regulations would cap emissions from a range of oil and gas related activities, create an emissions cap-and-trade system, and require facility operators to comply with various reporting and remittance obligations. The final version of the Proposed Regulations is expected to be published in mid-2025 and come into force by January 1, 2026.

The Government of Canada has developed a Carbon Management Strategy, whereby it aims to deploy various carbon management technologies, including carbon capture, to help achieve federal climate goals. Carbon capture is a technology that captures carbon dioxide from facilities, including industrial or power applications, or directly from the atmosphere. The captured carbon dioxide is then compressed and transported for permanent storage in underground geological formations or used to make new products such as concrete. As part of the 2021 budget, the federal government committed to investing $319 million over seven years into research, development and demonstrations to advance the commercial viability of carbon capture technologies, as they will be critical to reaching net-zero by 2050.

In June 2024, the federal government enacted various new tax credits for sustainability-related projects, including the Carbon Capture, Utilization, and Storage ("**CCUS**") Investment Tax Credit ("**ITC**"). The CCUS ITC is a refundable tax credit that applies to certain expenses incurred for eligible CCUS projects. It was enacted on June 19, 2024 (but deemed to have come into effect on January 1, 2022). The credit is available from January 1, 2022, until December 31, 2040, with the magnitude of the credit being reduced by 50% beginning on January 1, 2031.

In June 2023, the International Sustainability Standards Board (the "**ISSB**") issued two international environmental reporting standards: IFRS S1, which addresses sustainability-related disclosure, and IFRS S2, which addresses climate-related disclosure. The Canadian Sustainability Standards Board (the "**CSSB**") subsequently released for public comment substantially similar proposed Canadian versions of the international standards ("**CSDS 1**" and "**CSDS 2**"), which were finalized December 2024 (collectively, the "**Canadian Standards**").

The Canadian standards require issuers, among other things, to include quantitative data regarding their climate change considerations, to use scenario analysis in developing their disclosure, and to disclose Scope 3 GHG emissions. The finalized Canadian Standards are substantially similar to IFRS S1 and S2 (and earlier drafts of CSDS 1 and CSDS 2), however they have extended implementation timelines for select criteria. Canadian companies are not required to follow the Canadian Standards at this time, however the Canadian Securities Administrators are considering amending Canadian reporting requirements to include certain aspects of these new Canadian Standards; to what extent they will be adopted remains unclear.

In June 2024 the federal Competition Act was amended to enact new deceptive marketing provisions targeting greenwashing. The new provisions introduced unclear substantiation requirements for companies making environmental claims and significant fines for failing to meet the new requirements. As a result of the uncertainty with respect to the applicability of the new rules, many companies removed their environmental and sustainability-related disclosure from the public domain. In December 2024 the constitutionality of the new deceptive marketing provisions was challenged in the Alberta Court of King's Bench and the lawsuit remains ongoing.

Provincial

In December 2016, the *Oil Sands Emissions Limit Act* (Alberta) came into force, establishing an annual 100 megatonne limit for GHG emissions from all oil sands sites, but the regulations necessary to enforce the limit have not yet been developed. The delay in drafting these regulations has been inconsequential thus far, as Alberta's oil sands emitted roughly 82 megatonnes of GHG emissions in 2023, well below the 100 megatonne limit.

In June 2019, the fuel charge element of the federal backstop program took effect in Alberta. In December 2019, the federal government approved Alberta's Technology Innovation and Emissions Reduction ("**TIER**") regulation, which applies to large emitters. The TIER regulation came into effect on January 1, 2020 (as amended January 1, 2023) and replaced the previous Carbon Competitiveness Incentives Regulation. The TIER regulation meets the federal benchmark stringency requirements for emissions sources covered in the regulation, but the federal backstop continues to apply to emissions sources not covered by the regulation.

The Government of Alberta committed to lowering annual methane emissions from 2014 levels by 45% by 2025 and reached this target 3 years early. The Government of Alberta enacted the Methane Emission Reduction Regulation on January 1, 2020, and in November 2020, the Government of Canada and the Government of Alberta announced an equivalency agreement regarding the reduction of methane emissions such that the Federal Methane Regulations will not apply in Alberta.

Indigenous Rights

Constitutionally mandated government-led consultation with and, if applicable, accommodation of the rights of, Indigenous groups impacted by regulated industrial activity, as well as proponent-led consultation and accommodation or benefit sharing initiatives, play an increasingly important role in the Western Canadian oil and gas industry. In addition, Canada is a signatory to the *United Nations Declaration on the Rights of Indigenous Peoples* ("**UNDRIP**") and the principles set forth therein may continue to influence the role of Indigenous engagement in the development of the oil and gas industry in Western Canada. For example, in November 2019, the *Declaration on the Rights of Indigenous Peoples Act* ("**DRIPA**") became law in British Columbia. The DRIPA aims to align British Columbia's laws with UNDRIP. In June 2021, the *United Nations Declaration on the Rights of Indigenous Peoples Act* ("**UNDRIP Act**") came into force in Canada. Similar to British Columbia's DRIPA, the UNDRIP Act requires the Government of Canada to take all measures necessary to ensure the laws of Canada are consistent with the principles of UNDRIP and to implement an action plan to address UNDRIP's objectives.

As of June 2022, the federal government has sought to implement the UNDRIP Act by, among other things, creating a Secretariat within the Department of Justice to support Indigenous participation in the implementation of UNDRIP (the "**Implementation Secretariat**"), consulting with Indigenous peoples to identify their priorities, drafting an action plan to align federal laws with UNDRIP's, and implementing efforts to educate federal departments on UNDRIP principles. On June 21, 2023, the Implementation Secretariat released The United Nations Declaration on the Rights of Indigenous Peoples Act Action Plan (the "**Action Plan**") with respect to aligning federal laws with UNDRIP, which has a 2023-2028 implementation timeframe. In June 2024, the federal government tabled its Third Annual Progress Report on the implementation of the UNDRIP Act (the "**Progress Report**"), which provides various progress updates, including on the implementation of Canada's Action Plan.

There are various pieces of Indigenous-related legislation currently being considered, and regulations being developed, by the federal government, including the proposed First Nations Clean Water Act (currently being considered by the House of Commons) and regulations regarding Indigenous impact assessment co-administration agreements (currently being developed under the Impact Assessment Act). In addition to the changing legislative landscape, common law precedent regarding existing and new Indigenous-related laws continue to develop. Such developments are expected to continue to add uncertainty to the ability of entities operating in the Canadian oil and gas industry to execute on major resource development and infrastructure projects, including, among other projects, pipelines.

On June 29, 2021, the British Columbia Supreme Court issued a judgment in *Yahey v British Columbia* (the "**Blueberry Decision**"), in which it determined that the cumulative impacts of industrial development on the traditional territory of the Blueberry River First Nation ("**BRFN**") in northeast British Columbia had breached BRFN's rights guaranteed under Treaty 8. The Blueberry Decision may have significant impacts on the regulation of industrial activities in northeast British Columbia and may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties, as has been seen in Alberta.

On January 18, 2023, the Government of British Columbia and BRFN signed the Blueberry River First Nations Implementation Agreement (the "**BRFN Agreement**"). The BRFN Agreement aims to address cumulative effects of development on BRFN's claim area through restoration work, establishment of areas protected from industrial development, and a constraint on development activities. Such measures will remain in place while a long-term cumulative effects management regime is implemented. Specifically, the BRFN Agreement includes, among other measures, the establishment of a $200-million restoration fund by June 2025, an ecosystem-based management approach for future land-use planning in culturally important areas, limits on new petroleum and natural gas development, and a new planning regime for future oil and gas activities. BRFN will receive $87.5 million over three

years, with an opportunity for increased benefits based on petroleum and natural gas revenue sharing and provincial royalty revenue sharing in the next two fiscal years. In July 2024, BRFN filed a civil claim against the Province of British Columbia with respect to the first implementation plan made under the BRFN Agreement, which raises questions about implementation challenges of such an agreement.

The BRFN Agreement has acted as a blueprint for other agreements between the Government of British Columbia and Indigenous groups in Treaty 8 territory. In late January 2023, the Government of British Columbia and four Treaty 8 First Nations — Fort Nelson, Saulteau, Halfway River and Doig River First Nations — reached consensus on a collaborative approach to land and resource planning (the "**Consensus Agreement**"). The Consensus Agreement implements various initiatives including a "cumulative effects" management system linked to natural resource landscape planning and restoration initiatives, new land-use plans and protection measures, and a new revenue sharing approach to support the priorities of Treaty 8 First Nations communities.

In July 2022, Duncan's First Nation filed a lawsuit against the Government of Alberta relying on similar arguments to those advanced successfully by BRFN. Duncan's First Nation claims in its lawsuit that Alberta has failed to uphold its treaty obligations by authorizing development without considering the cumulative impacts on the First Nation's treaty rights. Beaver Lake Cree Nation ("**BCLN**") brought a similar Treaty claim against the Government of Alberta in 2008, and after 10 years and millions of dollars spent attempting to advance the claim, BLCN filed an application for advanced cost which, if successful, would require both the Alberta and federal governments to pay part of BLCN's litigation costs. This claim ultimately made its way to the SCC, which ruled in favour of BLCN, establishing a new test regarding whether an applicant "can afford" litigation. The initial Treaty claim has been remitted back to the trial court and the parties have been ordered to pay annual litigation costs (including the Government of Alberta being ordered to pay 1.5M annually) until the matter is settled. The long-term impacts of these lawsuits on the Canadian oil and gas industry remain uncertain.

RISK FACTORS

The following is a summary of certain risk factors relating to the business of Advantage. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this annual information form.

Investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and natural gas business generally.

Prices, Markets and Marketing

Various factors may adversely impact the marketability of oil and natural gas, affecting net production revenue, production volumes and development and exploration activities

Numerous factors beyond the Corporation's control do, and will continue to, affect the marketability and price of oil and natural gas acquired, produced, or discovered by the Corporation. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire capacity in pipelines that deliver oil and natural gas to commercial markets or contract for the delivery of oil by rail. Deliverability uncertainties related to the distance of the Corporation's reserves from pipelines, railway lines, processing and storage facilities; operational problems affecting pipelines, railway lines and processing and storage facilities; and government regulation relating to prices, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business may also affect the Corporation.

Oil and natural gas prices may be volatile for a variety of reasons including market uncertainties over the supply and demand of these commodities due to the current state of the world economies, actions of OPEC, political uncertainties, sanctions imposed on certain oil producing nations by other countries, the Russian Ukrainian war and conflicts in the Middle East, or other adverse economic or political development in the United States, Europe, or Asia. Additionally, the occurrence or threat of terrorist attacks in the United States or other countries could adversely affect the global economy. Prices of oil and natural gas are also subject to the availability of foreign markets and the Corporation's ability to access such markets.

A material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change because of lower prices, which could result in reduced production of oil or natural gas and a reduction in the volumes and the value of the Corporation's reserves. The Corporation may also elect not to produce from certain wells at lower prices. Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. See "*Industry Conditions – Transportation Constraints and Market Access*".

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisitions and often cause disruption in the market for oil and natural gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for, and project the return on, acquisitions and development and exploitation projects.

Geopolitical Risks and Trade Wars

The Corporation's business may be adversely affected by political and social events and decisions made in Canada, the United States, Europe, the Middle East and elsewhere

The Corporation's results may be adversely impacted by political, legal, or regulatory developments in Canada and elsewhere that affect local operations and local and international markets. Changes in government, government policy or regulations, changes in law or interpretation of settled law, third-party opposition to industrial activity generally or projects specifically, and duration of regulatory reviews could impact the Corporation's existing operations and planned

projects. This includes actions by regulators or other political actors to delay or deny necessary licences or permits for the Corporation's activities or restrict the operation of third-party infrastructure on which the Corporation relies. Additionally, changes in environmental regulations, assessment processes or other laws, and increasing and expanding stakeholder consultation (including Indigenous stakeholders), may increase the cost of compliance or reduce or delay available business opportunities and adversely impact the Corporation's results.

On March 4, 2025, the U.S. announced a 25% broad-based tariff on goods exported out of Canada into the United States, other than energy products (including oil and natural gas), which would be subject to a 10% tariff. In response, the Canadian government announced that it would impose a 25% tariff on $155 billion of goods imported from the U.S. The U.S. also announced a 25% tariff on goods imported from Mexico and a 10% tariff on goods imported from China. Representatives of the U.S. government have also publicly stated that they are considering imposing tariffs on goods imported from other countries. Prior to the U.S. tariffs on Canadian and Mexican goods becoming effecting, they were paused for a month pending further negotiations, although the U.S. subsequently announced that a 25% tariff on steel and aluminum imported from all countries (including Canada) would take effect in early March 2025. If enacted, these tariffs, and any changes to these tariffs or imposition of any new tariffs, taxes or import or export restrictions or prohibitions, could have a material adverse effect on the Canadian economy, the Canadian oil and natural gas industry and the Corporation. Furthermore, there is a risk that the tariffs imposed by the U.S. on other countries will trigger a broader global trade war which could have a material adverse effect on the Canadian, U.S. and global economies, and by extension the Canadian oil and natural gas industry and the Corporation.

Other government and political factors that could adversely affect the Corporation's financial results include increases in taxes or government royalty rates (including retroactive claims) and changes in trade policies and agreements. Further, the adoption of regulations mandating efficiency standards, or the use of alternative fuels or uncompetitive fuel components could affect the Corporation's operations. Many governments are providing tax advantages and other subsidies to support alternative energy sources or are mandating the use of specific fuels or technologies. Governments and others are also promoting research into new technologies to reduce the cost and increase the scalability of alternative energy sources. The success of these initiatives may decrease demand for the Corporation's products.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy. The oil and natural gas industry has become an increasingly politically polarizing topic resulting in a rise in civil disobedience surrounding oil and natural gas development—particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Corporation's activities. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*" and "*Industry Conditions – Transportation Constraints and Market Access*".

Middle Eastern Conflicts

The Corporation's business may be adversely affected by geopolitical conflicts abroad

On October 7, 2023, Hamas infiltrated Israel's southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on the Israeli population and industrial centres located along Israel's border with the Gaza Strip and in other areas within the State of Israel. Following the attack, Israel's security cabinet declared war against Hamas and the military campaign against terrorist organizations has launched a series of responding attacks in Palestine. This conflict has significantly broadened with Israel also battling Hezbollah in Lebanon and significant conflict between Israel and Iran and other Iran backed proxies in the area. In addition, recently the Syrian Assad regime has fallen and it is unknown whether a stable Syrian government will develop.

The outcome of these conflicts has the potential to have wide-ranging consequences on the world economy. There is a risk that these conflicts and developments could lead to wider regional instability in the Middle East, home to some of the world's biggest oil producers. The long-term impacts of these conflicts remain uncertain on oil and natural gas prices and the world economy. Such developments could have an impact on the oil and natural gas industry as a whole including the Corporation.

Russian Ukrainian War

The Corporation's business may be adversely affected by geopolitical conflicts abroad

In February 2022, Russian military forces invaded Ukraine. Ukrainian military personnel and civilians continue to actively resist the invasion. Many countries throughout the world have provided aid to Ukraine in the form of financial aid and in some cases military equipment and weapons to assist in its resistance to the Russian invasion. The North Atlantic Treaty Organization ("**NATO**") has also mobilized forces to NATO member countries that are close to the conflict as deterrence to further Russian aggression in the region. Additionally, certain countries including Canada have imposed strict financial and trade sanctions against Russia. The outcome of the ongoing conflict remains uncertain and may have wide-ranging consequences on the peace and stability of the region and the world economy.

Exploration, Development and Production Risks

The Corporation's future performance may be affected by the financial, operational, environmental and safety risks associated with the exploration, development and production of oil and natural gas

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, the Corporation's existing reserves, and the production from them, will decline over time as the Corporation produces from such reserves. A future increase in the Corporation's reserves will depend on both the ability of the Corporation to explore and develop its existing properties and its ability to select and acquire suitable producing properties or prospects. There is no assurance that the Corporation will be able to continue to find satisfactory properties to acquire or participate in. Moreover, management of the Corporation may determine that current markets, terms of acquisition, or participation or pricing conditions make potential acquisitions or participation uneconomic. There is also no assurance that the Corporation will discover or acquire further commercial quantities of oil or natural gas.

Future oil and natural gas exploration may involve unprofitable efforts from dry wells or from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, completing (including hydraulic fracturing), operating and other costs. Completion of a well does not ensure a profit on the investment or recovery of drilling, completion and operating costs.

Drilling hazards, environmental damage and various field operating conditions could greatly increase the cost of operations and adversely affect the production from successful wells. Field operating conditions include, but are not limited to, delays in obtaining governmental approvals or consents, shut ins of wells resulting from extreme weather conditions, insufficient storage or transportation capacity or geological and mechanical conditions. While diligent well supervision, effective maintenance operations and the development of enhanced oil recovery technologies can contribute to maximizing production rates over time, it is not possible to eliminate production delays and declines from normal field operating conditions, which can negatively affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife. Particularly, the Corporation may explore for and produce sour gas in certain areas. An unintentional leak of sour gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation.

Oil and natural gas production operations are also subject to geological and seismic risks, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

As is standard industry practice, the Corporation is not fully insured against all risks, nor are all risks insurable. Although the Corporation maintains liability insurance and business interruption insurance in an amount it considers consistent

with industry practice, liabilities associated with certain risks could exceed policy limits or not be covered. In either event, the Corporation could incur significant costs. See "*Risk Factors – Insurance*".

Gathering and Processing Facilities, Pipeline Systems and Rail

Lack of capacity and/or regulatory constraints on gathering and processing facilities, pipeline systems and railway lines may have a negative impact on the Corporation's ability to produce and sell its oil and natural gas

The Corporation delivers its products through gathering and processing facilities, pipeline systems and, in certain circumstances, by rail. The amount of oil and natural gas that the Corporation can produce and sell is subject to the accessibility, availability, proximity and capacity of these gathering and processing facilities, pipeline systems, trucking routes and railway lines. Therefore, the lack of firm pipeline capacity, production limits and limits on availability of capacity in gathering and processing facilities, pipeline systems or railway lines continues to affect the oil and natural gas industry and limits the ability to transport produced oil and natural gas to market.

In addition, the pro-rationing of capacity on interprovincial pipeline systems from time to time affects the ability of oil and natural gas companies to export oil and natural gas and could result in the Corporation's inability to realize the full economic potential of its production or in a reduction of the price the Corporation receives for its products. Unexpected shutdowns or curtailment of capacity of pipelines for maintenance or integrity work or because of actions taken by regulators could also affect the Corporation's anticipated production, operations and financial results. The Corporation's production could be adversely impacted by both firm and interruptible transportation service curtailments on TransCanada's NGTL and Canadian Mainline systems.

A portion of the Corporation's production may, from time to time, be processed through facilities owned by third parties and over which the Corporation does not have control. From time to time, these facilities may discontinue or decrease operations either as a result of normal servicing requirements or as a result of unexpected events. A discontinuation or decrease of operations could have a material adverse effect on the Corporation's ability to process its production and deliver the same to market. Midstream and pipeline companies may take actions to maximize their return on investment, which may in turn adversely affect producers and shippers, especially when combined with a regulatory framework that may not always align with the interests of shippers.

Project Risks

The success of the Corporation's operations may be negatively impacted by factors outside of its control resulting in operational delays and cost overruns

The Corporation manages a variety of small and large projects in the conduct of its business. Project interruptions may delay expected revenues from operations. Significant project cost overruns could make a project uneconomic. The Corporation's ability to execute projects and market oil and natural gas depends upon numerous factors beyond the Corporation's control, including:

- the availability of processing capacity;
- the availability and proximity of pipeline capacity;
- the availability of storage capacity;
- the availability of, and the ability to acquire, water supplies needed for drilling, hydraulic fracturing, and waterfloods or the Corporation's ability to dispose of water used or removed from strata at a reasonable cost and in accordance with applicable environmental regulations;
- the effects of inclement and severe weather events, including fire, drought, extreme cold and flooding;
- the availability of drilling and related equipment;
- unexpected cost increases;
- accidental events;

- currency fluctuations;
- regulatory changes;
- availability and productivity of skilled labour;
- political uncertainty;
- environmental and Indigenous activism that may result in delays or cancellations of projects; and
- the regulation of the oil and natural gas industry by various levels of government and governmental agencies.

Because of these factors, the Corporation may be unable to execute projects on time, on budget, or at all.

Reserves Estimates

The Corporation's estimated reserves are based on numerous factors and assumptions which may prove incorrect and which may affect the Corporation

There are numerous uncertainties inherent in estimating reserves and the future cash flows attributed to such reserves. The reserves and associated cash flow information set forth in this document are estimates only. Generally, estimates of economically recoverable oil and natural gas reserves (including the breakdown of reserves by product type) and the future net cash flows from such estimated reserves are based upon a number of variable factors and assumptions, such as:

- historical production from properties;
- production rates;
- ultimate reserve recovery;
- timing and amount of capital expenditures;
- marketability of oil and natural gas;
- royalty rates; and
- the assumed effects of regulation by governmental agencies and future operating costs (all of which may vary materially from actual results).

For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates and such variations could be material.

The estimation of proved reserves that may be developed and produced in the future is often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas are often estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in potentially material variations in the estimated reserves.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, including actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation and taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and natural gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on

the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the Corporation's reserves since that date.

Hedging

Hedging activities expose the Corporation to the risk of financial loss and counter party risk

From time to time, the Corporation may enter into agreements to receive fixed prices or derivative contracts on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. However, to the extent that the Corporation engages in price risk management activities to protect itself from commodity price declines, it may also be prevented from realizing the full benefits of price increases above the levels of the derivative instruments used to manage price risk. In addition, the Corporation's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which:

- production falls short of the hedged volumes or prices fall significantly lower than projected;
- there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement;
- the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements; or
- a sudden unexpected event materially impacts oil or natural gas prices.

Similarly, from time to time, the Corporation may enter into agreements to fix the exchange rate of Canadian dollars to United States dollars or other currencies in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to other currencies. However, if the Canadian dollar declines in value compared to such fixed currencies, the Corporation will not benefit from the fluctuating exchange rate.

Credit Facility Arrangements

Failing to comply with covenants under the Credit Facilities could result in restricted access to additional capital or being required to repay all amounts owing thereunder

The Credit Facilities and the amount authorized thereunder is dependent on the borrowing base determined by its lenders. The Corporation is expected to require credit facilities from time to time, as needed to fund its operations and meet its financial obligations. The Corporation is required to comply with covenants under the Credit Facilities which may, in certain cases, include certain financial ratio tests, which, from time to time, may either affect the availability, or price, of additional funding. If the Corporation does not comply with these covenants, the Corporation's access to capital could be restricted or repayment could be required. Events beyond the Corporation's control may contribute to the failure of the Corporation to comply with such covenants. A failure to comply with covenants could result in default under the Credit Facilities, which could result in the Corporation being required to repay amounts owing thereunder. The acceleration of the Corporation's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross default or cross-acceleration provisions. In addition, the Credit Facilities may impose operating and financial restrictions on the Corporation that could include restrictions on the payment of dividends, repurchase or making of other distributions with respect to the Corporation's securities, incurring of additional indebtedness, the provision of guarantees, the assumption of loans, making of capital expenditures, entering into of amalgamations, mergers, take-over bids or disposition of assets, among others.

The Corporation's lenders use the Corporation's reserves, commodity prices, applicable discount rate and other factors to periodically determine the Corporation's borrowing base. Commodity prices have recently increased but remain volatile as a result of various factors including limited egress options for Western Canadian oil and natural gas producers, global geopolitical tensions, actions taken to limit OPEC and non-OPEC production and increasing production by U.S. shale producers. Depressed commodity prices could reduce the Corporation's borrowing base, reducing the funds

available to the Corporation under the Credit Facilities. This could result in the requirement to repay a portion, or all, of the Corporation's indebtedness.

If the Corporation's lenders require repayment of all or a portion of the amounts outstanding under the Credit Facilities for any reason, including for a default of a covenant or the reduction of a borrowing base, there is no certainty that the Corporation would be in a position to make such repayment. Even if the Corporation is able to obtain new financing in order to make any required repayment under the Credit Facilities, such financing may not be on commercially reasonable terms, or terms that are acceptable to the Corporation. If the Corporation is unable to repay amounts owing under the Credit Facilities, the lenders under the Credit Facilities could proceed to foreclose or otherwise realize upon the collateral granted to them to secure the indebtedness.

Forward-Looking Statements

Forward-looking statements may prove inaccurate

Shareholders and prospective investors are cautioned not to place undue reliance on the Corporation's forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. See "*Risk Factors*" – "*Reserves Estimates*".

Substantial Capital Requirements

The Corporation's access to capital may be limited or restricted as a result of factors related and unrelated to it, impacting its ability to conduct future operations and acquire and develop reserves

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings, proceeds from asset sales and possible future equity sales, the Corporation's ability to do so is dependent on, among other factors:

- the overall state of the capital markets;
- the Corporation's credit rating (if applicable);
- commodity prices;
- interest rates;
- royalty rates;
- tax burden due to current and future tax laws; and
- investor appetite for investments in the energy industry and the Corporation's securities.

Further, if the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. The conditions in, or those affecting, the oil and natural gas industry have negatively impacted the ability of oil and natural gas companies, including the Corporation, to access financing and/or the cost thereof. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The Corporation may be required to seek additional equity financing on terms that are highly dilutive to existing Shareholders. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Additional Funding Requirements

The Corporation may require additional financing, from time to time, to fund the acquisition, exploration and development of properties and its ability to obtain such financing in a timely fashion and on acceptable terms may be negatively impacted by current economic conditions and global market volatility

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times and, from time to time, the Corporation may require additional financing in order to carry out its oil and natural gas acquisition, exploration and development activities. Failure to obtain financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce its operations.

As a result of global economic and political volatility, the Corporation may, from time to time, have restricted access to capital and increased borrowing costs. Failure to obtain suitable financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. To the extent that external sources of capital become limited, unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be affected materially and adversely as a result. In addition, the future development of the Corporation's petroleum properties may require additional financing and there are no assurances that such financing will be available or, if available, will be available upon acceptable terms. Alternatively, any available financing may be highly dilutive to existing Shareholders. Failure to obtain any financing necessary for the Corporation's capital expenditure or acquisition plans may result in a delay in development of or production from the Corporation's properties.

Asset Concentration

The Corporation's operations and drilling activities are vulnerable to risks associated with operating in a limited geographic area

The Corporation's producing and undeveloped properties are geographically concentrated in the province of Alberta. Demand for and costs of personnel, equipment, power, services, and resources in such geographic area remain high. This high level of demand could result in a delay or inability to secure such personnel, equipment, power, services, and resources. Any delay or inability to secure the personnel, equipment, power, services or resources could result in oil and natural gas production volumes being below the Corporation's forecast. In addition, any such negative effect on production volumes, or significant increases in costs, could have a material adverse effect on the Corporation's financial conditions, results of operations, cash flow, and profitability.

As a result of this geographical concentration, the Corporation may be disproportionately exposed to the impact of delays or interruptions of operations or production in this area caused by external factors such as governmental regulation, provincial politics, Indigenous rights claims, market limitations, supply shortages, or extreme weather-related conditions.

Royalty Regimes

Changes to royalty regimes may negatively impact the Corporation's cash flows

Governments in the jurisdictions in which the Corporation has assets may adopt new royalty regimes, or modify the existing ones, which may affect the economic viability of the Corporation's projects. An increase in royalties will reduce the Corporation's earnings and could make future capital investments, or operations, less economic. See "*Industry Conditions – Royalties and Incentives*".

Management of Growth

The Corporation may not be able to effectively manage the growth of its business

The Corporation may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. To continue to manage growth effectively, the Corporation will need to continue to implement and improve its operational and financial systems and to train and manage and potentially expand its employee base. If the Corporation is unable to deal with such growth, it may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

Reliance on a Skilled Workforce and Key Personnel

An inability to recruit and retain a skilled workforce and key personnel may negatively impact the Corporation

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including engineers, technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. The Corporation does not have any key personnel insurance in place. Contributions of the existing management team to the immediate and near-term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees may have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Corporation is unable to retain current employees, successfully complete effective knowledge transfers and/or recruit new employees with the requisite knowledge and experience, the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit these professionals. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation.

Information Technology Systems and Cyber-Security

Breaches of the Corporation's cyber-security and loss of, or access to, electronic data may adversely impact the Corporation's operations and financial position

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of its information technology infrastructure, and its ability to expand and continually update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate reserve quantities, process and record financial data, manage the Corporation's land base, manage financial resources, analyze seismic information, administer contracts with operators and lessees and communicate with employees and third-party partners.

Further, the Corporation is subject to a variety of information technology and system risks as a part of its normal course operations including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Corporation's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to business activities or the Corporation's competitive position. In addition, phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money), have become more widespread and sophisticated in recent years. If the Corporation becomes a victim of a phishing attack it could result in a loss or theft of the Corporation's financial resources or critical data or could result in a loss of control of the Corporation's technological infrastructure. Employees of corporations are often the targets of such phishing attacks, whereby parties using fraudulent emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's systems. These emails appear to be legitimate emails, but direct recipients to fraudulent websites operated by the sender of the email, request recipients to send a password or other confidential information through email, or to download malware.

Increasingly, social media is used as a vehicle to carry out phishing attacks. Information posted on social media sites for business or personal purposes may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation restricts the social media access of its employees and periodically reviews, supervises, retains and maintains the ability to retrieve social media content. As social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, however, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, and all its computers and other electronic devices. Despite the Corporation's efforts to mitigate such phishing attacks through education and training, phishing activities remain a serious problem that may damage the Corporation's information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as on its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify, and may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Data Protection

The handling of secure information exposes the Corporation to potential data security risks that could result in monetary damages against the Corporation and could otherwise damage its reputation, and adversely affect its business, financial condition and results of operations.

The protection of customer, employee, and company data is critical to the Corporation's business. The regulatory environment in Canada surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and evolving requirements. Certain legislation, including the *Personal Information Protection and Electronic Documents Act* in Canada, require documents to be securely destroyed to avoid identity theft and inadvertent disclosure of confidential and sensitive information. A significant breach of customer, employee, or company data could attract a substantial amount of media attention, damage the Corporation's customer relationships and reputation, and result in lost sales, fines, or lawsuits. In addition, an increasing number of countries have introduced and/or increased enforcement of comprehensive privacy laws or are expected to do so. The continued emphasis on information security as well as increasing concerns about government surveillance may lead customers to request the Corporation to take additional measures to enhance security and/or assume higher liability under its contracts. As a result of legislative initiatives and customer demands, the Corporation may have to modify its operations to further improve data security. Any such modifications may result in increased expenses and operational complexity, and adversely affect its reputation, business, financial condition and results of operations.

Market Price

The trading price of the Corporation's Common Shares may be adversely affected by factors related and unrelated to the oil and natural gas industry

The trading price of the securities of oil and natural gas issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of issuers. Factors unrelated to the Corporation's performance could include macroeconomic developments nationally, within North America or globally, domestic and global commodity prices and changing perceptions of the oil and natural gas market. In recent years, the volatility of commodities prices has increased due in part to the implementation of computerized trading and the decrease of discretionary commodity trading. In addition, the volatility, trading volume and share price of issuers have been impacted by increasing investment levels in passive funds that track major indices, as such funds that only purchase securities included in such indices. In addition, in certain jurisdictions, institutions, including government sponsored

entities, have decided to decrease their ownership in oil and natural gas entities which may impact the liquidity of certain securities and put downward pressure on the trading price of those securities. Similarly, the market price of the Common Shares of the Corporation could be subject to significant fluctuations in response to variations in the Corporation's operating results, financial condition, liquidity and other internal factors. Accordingly, the price at which the Common Shares of the Corporation will trade cannot be accurately predicted.

Impact of Future Financings on Market Price

The Corporation's future financings may negatively impact the market price of the Common Shares

In order to finance future operations or acquisition opportunities, the Corporation may raise funds through the issuance of Common Shares or the issuance of debt instruments or securities convertible into Common Shares. The Corporation cannot predict the size of future issuances of Common Shares or the issuance of debt instruments or other securities convertible into Common Shares or the effect, if any, that future issuances and sales of the Corporation's securities will have on the market price of the Common Shares.

Dilution

The Corporation may issue additional Common Shares or other dilutive securities, diluting current Shareholders

The Corporation may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Corporation, which may be dilutive to Shareholders.

Industry Competition

The Corporation competes with other oil and natural gas companies, some of which have greater financial and operational resources

The petroleum industry is competitive in all of its phases. The Corporation competes with numerous other entities in the exploration for, and the development, production and marketing of, oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. Some of these companies not only explore for, develop and produce oil and natural gas, but also carry on refining operations and market oil and natural gas on an international basis. As a result of these complementary activities, some of these competitors may have greater and more diverse competitive resources to draw on than the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price, process, methods, and reliability of delivery and storage.

Environmental Regulation

Compliance with environmental regulations requires the dedication of a portion of the Corporation's financial and operational resources

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, the initiation and approval of new oil and natural gas projects, and restrictions and prohibitions on the spill, release or emission of various substances produced in association with oil and natural gas industry operations. In addition, such legislation sets out the requirements with respect to oilfield waste handling and storage, habitat protection and the satisfactory operation, maintenance, abandonment and reclamation of well and facility sites. New environmental legislation at the federal and provincial levels may increase uncertainty among oil and natural gas industry participants as the new laws are implemented, and the effects of the new rules and standards are felt in the oil and natural gas industry. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Compliance with environmental legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines

and liabilities and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. In November 2024, the federal government published a draft of the proposed Oil and Gas Sector Greenhouse Gas Emissions Cap Regulations, which, if enacted as currently drafted, would cap emissions from a range of industrial activities in the oil and gas sector, establish a cap-and-trade system for emissions allowances, and require facility operators to comply with various reporting and remittance obligations. Such proposed regulations, which could affect investor confidence, suppress spending on decarbonization initiatives and lead to production cuts. are expected to be finalized in mid-2025 and come into force by January 1, 2026.

Although the Corporation believes that it is in material compliance with current applicable environmental legislation, no assurance can be given that environmental compliance requirements will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Disposal of Fluids used in Operations

Regulations regarding the disposal of fluids used in the Corporation's operations may increase its costs of compliance or subject it to regulatory penalties or litigation

The safe disposal of the hydraulic fracturing fluids (including the additives) and water recovered from oil and natural gas wells is subject to ongoing regulatory review by the federal and provincial governments, including its effect on fresh water supplies and the ability of such water to be recycled, amongst other things. While it is difficult to predict the impact of any regulations that may be enacted in response to such review, the implementation of stricter regulations may increase the Corporation's costs of compliance.

Carbon Pricing Risk

Taxes on carbon emissions affect the demand for oil and natural gas, the Corporation's operating expenses and may impair the Corporation's ability to compete

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In Canada, the federal government implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The federal system currently applies in provinces and territories without their own system that meets federal standards. The federal regime is subject to a number of court challenges. See "*Industry Conditions – Climate Change Regulation*". Any taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products while at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations. Retaining ownership of Entropy mitigates the Corporation’s carbon pricing risk if the subsidiary can execute its plans to develop CCS project for third-party emitters.

Climate Change

Climate change concerns could result in increased operating costs and reduced demand for the Corporation's products and shares, while the potential physical effects of climate change could disrupt the Corporation's production and cause it to incur significant costs in preparing for or responding to those effects

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the United Nations ("**UN**") Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially fossil fuel combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of GHG, including emissions of carbon dioxide and methane from the production and use of oil and natural gas. The majority of countries, including Canada and the United States, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. At the 2021 UN Climate Change Conference, Canada made several pledges regarding at reducing Canada's GHG emissions and at the 2024 UN Climate Change Conference, Canada raffirmed its commitments to transitioning away from fossil fuels and

further cutting emissions. As discussed below, the Corporation faces both transition risks and physical risks associated with climate change and climate change policy and regulations. See "*Industry Conditions – Climate Change Regulation*".

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of such measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses, and, in the long-term, potentially reducing the demand for oil and natural gas and related products, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. Individuals, governmental authorities, or other organizations may make claims against oil and natural gas companies, including the Corporation, for alleged personal injury, property damage, or other potential liabilities. While the Corporation is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavourable ruling in any such case could adversely affect the demand for and price of securities issued by the Corporation, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with environmental policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the financial community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing and providing insurance coverage to, oil and natural gas and related infrastructure businesses and projects. The impact of such efforts requires the Corporation's management to dedicate significant time and resources to these climate change-related concerns, which may adversely affect the Corporation's operations, the demand for and price of the Corporation's securities and the Corporation's cost of capital and access to the capital markets.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, in June 2023 the ISSB issued two new international sustainability disclosure standards, IFRS S1 and S2, with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable; in December 2024 the CSSB finalized substantially similar new Canadian Standards, CSDS 1 and CSDS 2. The Canadian Securities Administrators, which had previously published for comment Proposed National Instrument 51-107 – *Disclosure of Climate-Related Matters*, intends to incorporate the Canadian Standards into new climate-related disclosure requirements for reporting issuers in Canada. It is expected that the introduction of the new international standards will instruct how new Canadian sustainability disclosure standards are finalized. If the Corporation is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected. See "*Industry Conditions – Climate Change Regulation*".

Physical risks

The potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, drought and wildfires may restrict the Corporation's ability to access its properties and cause operational difficulties, including damage to equipment and infrastructure. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Certain of the Corporation's assets are proximate to forests and rivers and a wildfire or flood may lead to significant downtime and/or damage to the Corporation's assets or cause disruptions to the production and transport of its products or the delivery of goods and services in its supply chain.

Regulatory Landscapes

Modification to current, or implementation of additional, regulations may reduce the demand for oil and natural gas, increase the Corporation's costs and delay planned operations

The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for oil and natural gas and increase the Corporation's costs, either of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Further, third-party challenges to regulatory decisions and orders can reduce the efficiency of the regulatory regime, as the implementation of decisions and orders may be delayed resulting in uncertainty and interruption to the business of the oil and natural gas industry.

To conduct oil and natural gas operations, the Corporation requires regulatory permits, licences, registrations, approvals and authorizations from various governmental authorities at the municipal, provincial and federal level. There can be no assurance that the Corporation will be able to obtain all of the permits, licences, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* and the *Investment Canada Act* could negatively affect the Corporation's business, financial condition and the market value of its Common Shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity. See "*Industry Conditions – Regulatory Authorities and Environmental Regulation*".

Hydraulic Fracturing

Implementation of new regulations on hydraulic fracturing may lead to operational delays, increased costs and/or decreased production volumes, adversely affecting the Corporation's financial position; the Corporation's operations are dependent upon the availability of water and its ability to dispose of produced water from drilling and production activities

Hydraulic fracturing involves the injection of water, sand, and additives under pressure into rock formations to stimulate the production of oil and natural gas. Specifically, hydraulic fracturing enables the production of commercial quantities of oil and natural gas from previously unproductive reservoirs. Certain areas in Alberta and other provinces have been prone to seismic activity and as a result, additional protocols relating to hydraulic fracturing and seismic monitoring have been implemented in such areas. Any new laws, regulations, or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, and/or third-party or governmental claims, and could increase the Corporation's costs of compliance and doing business, as well as delay the development of oil and natural gas resources from shale formations, which are not commercial without the use of hydraulic fracturing. Restrictions or bans on hydraulic fracturing in the areas where the Corporation operates could result in the Corporation being unable to economically recover its oil and natural gas reserves, which would result in a significant decrease in the value of the Corporation's assets.

Water is an essential component of the Corporation's drilling and hydraulic fracturing processes. Limitations or restrictions on the Corporation's ability to secure sufficient amounts of water (including limitations resulting from natural causes such as drought), could materially and adversely impact its operations. Severe drought conditions can result in

local water authorities taking steps to restrict the use of water in their jurisdiction for drilling and hydraulic fracturing in order to protect the local water supply. If the Corporation is unable to obtain water to use in its operations from local sources, water may need to be obtained from new sources and transported to drilling sites, resulting in increased costs. Cost increases could have a material adverse effect on drilling economics resulting in delays or suspensions of drilling which would ultimately have a detrimental effect on the financial condition, results of operations, and cash flows of the Corporation.

The Corporation must dispose of the fluids produced from oil and natural gas production operations, including produced water. It does so directly or through the use of third-party vendors. The legal requirements related to the disposal of produced water into a non-producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities.

Another consequence of seismic events may be lawsuits alleging that disposal well operations have caused damage to neighbouring properties or otherwise violated laws and regulations regarding waste disposal. These developments could result in additional regulation and restrictions on the use of injection wells by the Corporation or by commercial disposal well vendors that the Corporation may use from time to time to dispose of produced water. Increased regulation and attention given to induced seismicity could also lead to greater opposition, including litigation to limit or prohibit oil and natural gas activities utilizing injection wells for produced water disposal. Any one or more of these developments may result in the Corporation or its vendors having to limit disposal well volumes, disposal rates, pressures or locations, or require the Corporation or its vendors to shut down or curtail the injection of produced water into disposal wells, which events could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Variations in Foreign Exchange Rates and Interest Rates

Variations in foreign exchange rates and interest rates could adversely affect the Corporation's financial condition

World oil and natural gas prices are quoted in United States dollars. The Canadian/United States dollar exchange rate, which fluctuates over time, consequently affects the price received by Canadian producers of oil and natural gas. Material increases in the value of the Canadian dollar relative to the United States dollar will negatively affect the Corporation's production revenues. Accordingly, exchange rates between Canada and the United States could affect the future value of the Corporation's reserves as determined by independent evaluators. Although a low value of the Canadian dollar relative to the United States dollar may positively affect the price the Corporation receives for its oil and natural gas production, it could also result in an increase in the price for certain goods used in the Corporation's operations, which may have a negative impact on the Corporation's financial results.

To the extent that the Corporation engages in risk management activities related to foreign exchange rates and interest rates, there is a credit risk associated with counterparties with which the Corporation may contract.

An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, resulting in a reduced amount of funds available to fund its exploration and development activities, and if applicable, the cash available for dividends. Such an increase could also negatively impact the market price of the Common Shares of the Corporation.

Changing Investor Sentiment

Changing investor sentiment toward the oil and natural gas industry may impact the Corporation's access to, and cost of, capital

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, the impact of oil and natural gas operations on the environment, environmental damage resulting from spills of petroleum products during production and transportation, and Indigenous rights have affected certain investors' sentiments toward the oil and natural gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they are no longer willing to fund or invest in oil and natural gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board of Directors,

management and employees of the Corporation. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Corporation, or not investing in the Corporation at all. Any reduction in the investor base interested or willing to invest in the oil and natural gas industry and more specifically, the Corporation, may limit the Corporation's access to capital, thereby increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities even if the Corporation's operating results, underlying asset values or prospects have not changed.

Insurance

Not all risks of pursuing oil and natural gas opportunities are insurable and the occurrence of an uninsurable event may have a materially adverse effect on the Corporation

The Corporation's involvement in the exploration for and development of oil and natural gas properties may result in the Corporation becoming subject to liability for pollution, blowouts, sour gas leaks, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

The Corporation's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased premiums could lead the Corporation to decide to reduce or possibly eliminate, coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of which may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Corporation's overall risk exposure could increase and the Corporation could incur significant costs.

Third-Party Credit Risk

The Corporation is exposed to credit risk of its partners and third-party operators or partners of properties in which it has an interest

The Corporation may be exposed to third-party credit risk through its contractual arrangements with its current or future joint venture partners, marketers of its oil and natural gas production and other parties. In addition, the Corporation may be exposed to third-party credit risk from operators of properties in which the Corporation has a working or royalty interest. In the event such entities fail to meet their contractual or other obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In addition, poor credit conditions in the industry, generally, and of the Corporation's joint venture partners may affect a joint venture partner's willingness to participate in the Corporation's ongoing capital program, potentially delaying the program and the results of such program until the Corporation finds a suitable alternative partner. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Tax Horizon

The Corporation's projections regarding its tax horizons may be inaccurate, resulting in a requirement to pay taxes sooner than expected

It is expected, based upon current legislation, the projections contained in the McDaniel Report and various other assumptions that no cash income taxes are to be paid by the Corporation prior to 2028. A lower level of capital expenditures than those contained in the McDaniel Report or should the assumptions used by the Corporation prove to be inaccurate, the Corporation may be required to pay cash income taxes sooner than anticipated, which will reduce cash flow available to the Corporation.

Operational Dependence

The successful operation of a portion of the Corporation's properties is dependent on third parties

On a limited basis, other companies operate some of the assets in which the Corporation has an interest. The Corporation has limited ability to exercise influence over the operation of those assets and their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others depends upon a number of factors that may be outside of the Corporation's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

In addition, due to volatile commodity prices, many companies, including companies that may operate some of the assets in which the Corporation has an interest, may encounter financial difficulty. This could impact their ability to fund and pursue capital expenditures, carry out their operations in a safe and effective manner and satisfy regulatory requirements with respect to abandonment and reclamation obligations. If companies that operate some of the assets in which the Corporation has an interest fail to satisfy regulatory requirements with respect to abandonment and reclamation obligations, the Corporation may be required to satisfy such obligations and to seek reimbursement from such companies. To the extent that any such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in such assets being shut-in, the Corporation potentially becoming subject to additional liabilities relating to such assets and the Corporation having difficulty collecting revenue due from such operators or recovering amounts owing to the Corporation from such operators for their share of abandonment and reclamation obligations. Any of these factors could have a material adverse effect on the Corporation's financial and operational results.

Title to and Right to Produce from Assets

Defects in the title or rights to produce the Corporation's properties may result in a financial loss

The Corporation's actual title to and interest in its properties, and its right to produce and sell the oil and natural gas therefrom, may vary from the Corporation's records. In addition, there may be valid legal challenges or legislative changes that affect the Corporation's title to and right to produce from its oil and natural gas properties, which could impair the Corporation's activities and result in a reduction of the revenue received by the Corporation.

If a defect exists in the chain of title or in the Corporation's right to produce, or a legal challenge or legislative change arises, it is possible that the Corporation may lose all or a portion of the properties to which the title defect relates and/or its right to produce from such properties. This may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Expiration of Licences and Leases

The Corporation, or its working interest partners, may fail to meet the requirements of a licence or lease, causing its termination or expiry

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation, or the holder of a licence or lease, fails to meet a specific requirement of the licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease and the associated abandonment and reclamation obligations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The anticipated benefits of acquisitions may not be achieved and the Corporation may dispose of non-core assets for less than their carrying value on the financial statements as a result of weak market conditions

The Corporation considers acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired businesses and assets may require substantial managerial effort, time and resources diverting management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided by third parties and the resources required to provide such services. In this regard, non core assets may be periodically disposed of so the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, may realize less on disposition than their assessed carrying value on the financial statements of the Corporation.

Reputational Risk Associated with the Corporation's Operations

The Corporation relies on its reputation to continue its operations and to attract and retain investors and employees

The Corporation's business, operations or financial condition may be negatively impacted by any negative public opinion toward the Corporation or as a result of any negative sentiment toward, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates as well as such groups' opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licences and increased costs and/or cost overruns. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other producers, over which the Corporation has no control. Similarly, the Corporation's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and the environment caused by the Corporation's operations. In addition, if the Corporation develops a reputation of having an unsafe work site, this may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate-related litigation against governments and fossil fuel companies may impact the Corporation's reputation. See "*Risk Factors – Climate Change*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment toward the Corporation, which may result in limiting the Corporation's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities.

Issuance of Debt

Increased debt levels may impair the Corporation's ability to borrow additional capital on a timely basis to fund opportunities as they arise

From time to time, the Corporation may enter into transactions to acquire assets or shares of other organizations. These transactions may be financed in whole or in part with debt, which could increase the Corporation's debt levels above industry standards for oil and natural gas companies of similar size. Depending on future exploration and development plans, the Corporation may require additional debt financing that may not be available or, if available, may not be available on favourable terms. Neither the Corporation's articles nor its by laws limit the amount of indebtedness that the Corporation may incur. The level of the Corporation's indebtedness from time to time could impair the Corporation's ability to obtain additional financing on a timely basis to take advantage of business opportunities that may arise.

Conflicts of Interest

Conflicts of interest may arise for the Corporation's directors and officers who are also involved with other industry participants

Certain directors or officers of the Corporation may also be directors or officers of other oil and natural gas companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA.

Cost of New Technologies

The Corporation's ability to successfully implement new technologies into its operations in a timely and efficient manner will affect its ability to compete

The petroleum industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to implement and benefit from technological advantages. There can be no assurance that the Corporation will be able to respond to such competitive pressures and implement such technologies on a timely basis, or a reasonable cost. If the Corporation does implement such technologies, there is no assurance that the Corporation will do so successfully. One or more of the technologies currently utilized by the Corporation or potentially implemented in the future may become obsolete. If the Corporation is unable to utilize the most advanced commercially available technology, or is unsuccessful in implementing certain technologies, its business, financial condition and results of operations could also be adversely affected, potentially in a material way.

Alternatives to and Changing Demand for Petroleum Products

Changes to the demand for oil and natural gas products and the rise of petroleum alternatives may negatively affect the Corporation's financial condition, results of operations and cash flow

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas and technological advances in fuel economy and renewable energy generation systems could reduce the demand for oil and natural gas. Recently, certain jurisdictions have implemented policies or incentives to decrease the use of fossil fuels and encourage the use of renewable fuel alternatives, which may lessen the demand for petroleum products and put downward pressure on commodity prices. Advancements in energy-efficient products have a similar effect on the demand for oil and natural gas products. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flow by decreasing the Corporation's profitability, increasing its costs, limiting its access to capital and decreasing the value of its assets.

Litigation

The Corporation may be involved in litigation in the course of its normal operations and the outcome of the litigation may adversely affect the Corporation and its reputation

In the normal course of the Corporation's operations, it may become involved in, be named as a party to, or be the subject of, legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Potential litigation may develop in relation to personal injuries, including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, and environmental issues, including claims relating to contamination or natural resource damages and contract disputes. The outcome with respect to outstanding, pending or future proceedings cannot be predicted and may be determined adversely to the Corporation and could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations at such time. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may

divert the attention of management and key personnel from business operations, which could have an adverse effect on the Corporation's financial condition.

Breach of Confidentiality

Breach of confidentiality by a third-party could impact the Corporation's competitive advantage or put it at risk of litigation

While discussing potential business relationships or other transactions with third parties, the Corporation may disclose confidential information relating to its business, operations or affairs. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Corporation at competitive risk and may cause significant damage to its business. The harm to the Corporation's business from a breach of confidentiality cannot be predicted but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Corporation would be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such breach of confidentiality may cause.

Internal Controls

Material weaknesses in the Corporation's internal controls may negatively affect the Corporation and the market price of the Common Shares

Effective internal controls are necessary for the Corporation to provide reliable financial reports and to help prevent fraud. Although the Corporation will undertake a number of procedures in order to help ensure the reliability of its financial reports, including those imposed on it under Canadian securities laws, the Corporation cannot be certain that such measures will ensure that the Corporation will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Corporation's results of operations or cause it to fail to meet its reporting obligations. If the Corporation or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Corporation's financial statements and harm the trading price of the Common Shares.

Income Taxes

Taxation authorities may reassess the Corporation's tax returns

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the Income Tax Act and all applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws relating to the oil and natural gas industry, such as the treatment of resource taxation or dividends, may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Availability of Drilling Equipment and Access

Restrictions on the availability of and access to drilling equipment may impede the Corporation's exploration and development activities

Oil and natural gas exploration, development and operating activities are dependent on the availability and cost of specialized materials and equipment (typically leased from third parties) in the areas where such activities are conducted. The availability of such material and equipment is limited. An increase in demand or cost, or a decrease in the availability of such materials and equipment may impede the Corporation's exploration, development and operating activities.

Seasonality

Oil and natural gas operations are subject to seasonal weather conditions and the Corporation may experience significant operational delays as a result

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipal and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Road bans and other restrictions generally result in a reduction of drilling and exploratory activities and may also result in the shut-in of some of the Corporation's production. Certain oil and natural gas producing assets are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of muskeg. In addition, extreme cold weather, heavy snowfall and heavy rainfall may restrict access to properties in which the Corporation has an interest and cause operational difficulties. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding decreases in the demand for the goods and services of the Corporation.

Inflation and High Interest Rates

A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Corporation's financial performance and cash flows

Recently Canada, the United States and other countries have experienced high levels of inflation, supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs and commodity prices, and additional government intervention through stimulus spending and additional regulations. These factors have increased the operating costs of the Corporation. If the Corporation is unable to manage costs it may impact project returns and future development decisions, which could have a material adverse effect on the Corporation's financial performance and cash flows.

The cost or availability of oil and natural gas field equipment may adversely affect the Corporation's ability to undertake exploration, development and construction projects. The oil and natural gas industry is cyclical in nature and is prone to shortages of supply of equipment and services including drilling rigs, geological and geophysical services, engineering and construction services, major equipment items for infrastructure projects and construction materials generally. These materials and services may not be available at reasonable prices when required. A failure to secure the services and equipment necessary to the Corporation's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Corporation's financial performance and cash flows.

In addition, over the last several years, many central banks including the Bank of Canada and U.S. Federal Reserve have taken steps to raise interest rates in an attempt to combat inflation. While interest rates have now begun to fall, higher interest rates over the last several years have impacted the Corporation's borrowing costs. The increase in borrowing costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flows of the Corporation. Higher interest rates could also result in a recession in Canada, the United States or other countries. A recession may have a negative impact on demand for oil and natural gas, causing a decrease in commodity prices. A decrease in commodity prices would immediately impact the Corporation's revenues and cash flows and could also reduce drilling activity on the Corporation's properties. It is unknown how long inflation will continue to impact the economies of Canada and the United States and how inflation and higher interest rates will impact oil and natural gas demand and commodity prices.

New Indigenous-related Legislation and Regulatory Frameworks

Changing regulatory frameworks related to conducting business on or near First Nation lands may negatively impact the Corporation

The federal government is in the process of developing various regulatory regimes that could create new requirements when doing business with Indigenous groups and on or near First Nation lands, for example, Bill C-226, National Strategy Respecting Environmental Racism and Environmental Justice Act, which received royal assent in June 2024, the new Indigenous co-administration agreement provisions of the Impact Assessment Act for which regulations, policy, guidance

and procedures are forthcoming, and the proposed Bill C-61, First Nations Clean Water Act, which is currently being considered by the House of Commons. The introduction of such new regulatory schemes has the potential to disrupt the Corporation's ongoing activities and introduce uncertainty into potential future projects.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities may negatively impact the Corporation

Opposition by Indigenous groups to the conduct of the Corporation's operations, development or exploratory activities in any of the jurisdictions in which the Corporation conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, and legal and other advisory expenses, and could adversely impact the Corporation's progress and ability to explore and develop properties.

Indigenous groups across Canada have established and asserted Indigenous treaty entitlements, title to land and Aboriginal rights. Although there are no treaty, title or rights claims on lands where the Corporation operates, no certainty exists that any lands currently unaffected by such claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse effect on its operations or pace of growth.

The Canadian federal and provincial governments have a duty to consult with Indigenous peoples when contemplating actions that may adversely affect asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate them. The scope of the duty to consult by federal and provincial governments varies upon the circumstances and is often the subject of litigation. The fulfillment of the duty to consult Indigenous peoples and any associated accommodations may adversely affect the Corporation's ability to, or increase the timeline to, obtain or renew, permits, leases, licences and other approvals, or to meet the terms and conditions of those approvals. For example, a 2021 British Columbia Supreme Court decision determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nation in northeast British Columbia breached that group's treaty rights. In 2023, the Government of British Columbia and the First Nation came to an agreement relating to further industrial activities in the area. The developments in northeastern British Columbia relating to Indigenous rights may lead to similar claims of cumulative effects across Canada in other areas covered by treaties. The long-term impacts and associated risks of the decision on the Canadian oil and natural gas industry and the Corporation remain uncertain.

In addition, the federal government has introduced legislation to implement the UNDRIP. Other Canadian jurisdictions, including British Columbia, have introduced or passed similar legislation and have begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by government are uncertain. Additional processes may be created and legislation associated with project development and operations may be amended or introduced, further increasing uncertainty with respect to project regulatory approval timelines and requirements. See "*Industry Conditions – Indigenous Rights*".

Share Buybacks

There is no assurance that the Corporation will repurchase its Common Shares in the future

The future acquisition by the Corporation of Common Shares pursuant to its share buyback program (including through its NCIB), if any, and the level thereof is uncertain. Any decision to acquire Common Shares 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 that the Corporation will acquire pursuant to its share buyback program, if any, in the future.

Dividends

The Corporation does not pay dividends and there is no assurance that it will do so in the future

The Corporation has not paid any dividends on its outstanding shares. Payment of dividends in the future will be dependent on, among other things, the cash flow, results of operations, financial condition of the Corporation, the need for funds to finance ongoing operations and other considerations, as the Board of Directors considers relevant.

Expansion into New Activities

Expanding the Corporation's business exposes it to new risks and uncertainties

The operations and expertise of the Corporation's management are currently focused primarily on oil and natural gas production, exploration and development in Western Canada, and in particular Alberta. In the future, the Corporation may acquire or move into new industry-related activities or new geographical areas and may acquire different energy-related assets. As a result, the Corporation may face unexpected risks or, alternatively, its exposure to one or more existing risk factors may be significantly increased, which may in turn result in the Corporation's future operational and financial conditions being adversely affected.

Abandonment and Reclamation Costs

The Corporation may have to pay certain costs associated with abandonment and reclamation

The Corporation will need to comply with the terms and conditions of environmental and regulatory approvals and all legislation regarding the abandonment of its projects and reclamation of the project lands at the end of their economic life, which may result in substantial abandonment and reclamation costs. Any failure to comply with the terms and conditions of the Corporation's approvals and legislation may result in the imposition of potentially material fines and penalties. Generally, abandonment and reclamation costs are substantial and, while the Corporation accrues a reserve in its financial statements for such costs in accordance with IFRS Accounting Standards such accruals may be insufficient.

It is challenging to estimate abandonment and reclamation costs reliably since they will, in part, depend on future economic factors and regulatory requirements. In addition, in the future, the Corporation may determine it prudent or be required by applicable laws, regulations or regulatory approvals to settle or fund future abandonment and reclamation costs earlier than contemplated that could adversely affect its liquidity and cash flow.

Alberta has developed liability management programs designed to prevent taxpayers from incurring costs associated with suspension, abandonment, remediation and reclamation of wells, facilities and pipelines if a licensee or permit holder is unable to satisfy its regulatory obligations. The implementation of or changes to the requirements of liability management programs may result in significant increases to the security that must be posted by licensees, increased and more frequent financial disclosure obligations or may result in the denial of licence or permit transfers, which could impact the availability of capital to be spent by such licensees which could in turn materially adversely affect the Corporation's business and financial condition. In addition, these liability management programs may prevent or interfere with a licensee's ability to acquire or dispose of assets, as both the vendor and the purchaser of oil and natural gas assets must comply with the liability management programs (both before and after the transfer of the assets) for the applicable regulatory agency to allow for the transfer of such assets.

Reliance on Royalty Payors

A portion of the Corporation's revenues from royalty payors and certain of its operations are dependent on the financial and operational capacity of third-party working interest owners to develop and produce from the Corporation's properties, over which it has limited influence

On a limited basis, the Corporation relies on other companies drilling and producing from lands in which the Corporation has a royalty interest. The Corporation has very limited ability to exercise influence over the decision of companies to drill and produce from lands in which the Corporation has a royalty interest. The Corporation's return on lands in which it has a royalty interest depends upon a number of factors that may be outside of the Corporation's control, including the capital expenditure budgets and financial resources of the operators who have a working interest in such lands, the ability to efficiently produce the resources from such lands and commodity prices.

In addition, companies that have a working interest in the lands in which the Corporation has a royalty interest may encounter financial difficulty, which could affect their ability to fund and pursue capital expenditures on such lands. Any

reduction in the drilling and production from lands in which the Corporation has a royalty interest would negatively affect the Corporation's cash flows and financial results.

Any financial difficulty of companies that have assets in which the Corporation has a royalty interest may affect the Corporation's ability to collect royalty payments, especially if such companies go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency. In addition, to the extent any companies who have assets in which the Corporation has a royalty interest go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency it is possible that the Corporation's royalty interest may not be (or may not be recognized as) an interest in land and as such the Corporation's royalty interest may not survive such bankruptcy or insolvency proceedings.

Take-in-Kind

Most agreements the Corporation has entered into that create new royalties stipulate that the royalty interest so acquired by the Corporation is an interest in land and as such is separate and distinct from the interest of the royalty payor. In addition, all of these new royalty agreements provide the Corporation with the right, but not the obligation, to take its share of production in kind rather than have the royalty payor sell the Corporation's royalty production on behalf of the Corporation as agent for the Corporation. These provisions serve to mitigate the counterparty risk attributable to any financial difficulty of the royalty payors under these agreements. The previously discussed provisions may not exist in certain of the royalty agreements previously entered into by other royalty recipients who subsequently sold their respective interest as a royalty recipient to the Corporation.

Intellectual Property Litigation

Unauthorized use of intellectual property may cause the Corporation to engage in, or be the subject of, litigation

Due to the rapid development of oil and natural gas technology, in the normal course of the Corporation's operations, the Corporation may become involved in, be named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Corporation has infringed the intellectual property rights of others or which the Corporation initiates against others it believes are infringing upon its intellectual property rights. The Corporation's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Corporation's favour. In the event of an adverse outcome as a defendant in any such litigation, the Corporation may, among other things, be required to:

- pay substantial damages and/or cease the development, use, sale or importation of processes that infringe upon other patented intellectual property;
- expend significant resources to develop or acquire non-infringing intellectual property;
- discontinue processes incorporating infringing technology; or
- obtain licences to the infringing intellectual property.

However, the Corporation may not be successful in such development or acquisition, or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Corporation's business and financial position.

Forced or Child Labour in Supply Chains

The introduction of new supply chain due diligence and reporting requirements could expose the Corporation to certain risks

In May 2023, the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* was passed and came into force on January 1, 2024. Pursuant to the new legislation, any company that is subject to the reporting requirements, including the Corporation, is required to file an annual report with respect to its supply chains. Due to the fact that the reporting requirements are new and the industry standard is still being determined, the Corporation will be at risk of inadvertently preparing a report that is insufficient. Further, in late 2024 the federal government signalled its intention to create a

new and more onerous supply chain due diligence regime overseen by a new oversight agency, whereby reporting entities will be required to scrutinize their international supply chains for human rights risks and take action to resolve any such risks. While the Corporation is currently unaware of any forced or child labour in any of its supply chains, the increased scrutiny on the supply chains of Canadian companies could uncover the risk or existence of forced or child labour in a supply chain to which the Corporation has a connection, which could negatively impact the reputation of the Corporation.

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations

Natural Disasters, Terrorist Acts, Civil Unrest, Pandemics and Other Disruptions and Dislocations, may adversely affect the Corporation

Upon the occurrence of a natural disaster, or upon an incident of war, riot or civil unrest, the impacted country, province, state or region may not efficiently and quickly recover from such event, which could have a materially adverse effect on the Corporation, its customers, and/or either of their businesses or operations. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious disease or viruses, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, natural disasters, national emergencies, acts of war, technological attacks and related events can result in volatility and disruption to local and global supply chains, operations, mobility of people and the financial markets, which could result in a significant reduction in economic activity in Canada and internationally along with a drop in demand for oil and natural gas, as well as affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Corporation, its customers, and/or either of their businesses or operations, which may have a material adverse effect on the Corporation's reputation, business, financial conditions or operations and could aggravate the other risk factors identified herein.

RISK FACTORS - ENTROPY

Risks Related to Entropy and the Industry in which it Operates

Entropy is subject to CCS industry risk, including risk that the industry in which Entropy operates may not develop at sufficient speed

Entropy is subject to various market specific risks related to the CCS industry, as further outlined below, and should these risks materialize they may have a material adverse effect on Entropy.

The CCS industry risks materializing in respect of a slow ramp-up of CCS in the global market, reduced or delayed CO_2 tax and incentive increases, and/or supply chain uncertainty and challenges in new market conditions may have a negative impact on Entropy's operations and development.

Evolving climate targets and stronger investment incentives are expected to add momentum to the CCS industry; however, should such favorable regulatory policies and financial support no longer be available or be reduced, such change(s) may have an adverse effect on development of the industry in which Entropy operates, which in turn may have an adverse effect on Entropy's ability to expand its operations and ultimately on Entropy's financial position and results. The speed of the transition into a low-carbon economy will also affect the realization of carbon capture projects and governmental support and environmental regulation are key factors that will influence the speed of this transition.

Entropy intends to derive revenue from the sale of environmental attributes including emission performance credits, emission offset credits, and other instruments created by governments to represent a price on carbon. Entropy expects to sell these instruments in the open market and the price received is therefore subject to typical market risks including supply, demand and general lack of available markets and liquidity.

Entropy may not be able to successfully implement its CCS cost reduction strategies or achieve its forecasted CCS cost reductions

For CCS to remain a competitive alternative, it is necessary to reduce CCS costs. Cost reduction is viewed as a key strategic pillar to execute Entropy's strategy to improve project economics. Should Entropy fail to successfully implement strategies for CCS cost reduction, such failure may have a material adverse effect on Entropy's ability to be competitive.

Tax credits or other government policies related to the development and adoption of CCS may not be implemented in the manner that Entropy expects, or at all. Even if tax credits or government policies are implemented, Entropy may fail to implement its CCS program in a manner that allows it to take advantage of these credits.

The Government of Canada has signaled its intention to introduce a tax credit program to incentivize and reward the development and adoption of CCS. Entropy intends to be in a position to take advantage of certain contemplated government policies through its CCS program. However, Entropy cannot predict when or if any new government policy will be adopted, promulgated or become effective. Entropy expects to incur significant capital expenditures in connection with its CCS program. If tax credits or other government policies related to the development and adoption of CCS are not implemented in the manner that Entropy expects, or at all, Entropy's business, financial condition, results of operations and prospects could be materially and adversely affected.

Even if tax credits or government policies related to the development and adoption of CCS are implemented, Entropy may fail to implement its CCS program in a manner that allows it to take advantage of these credits. Entropy's future CCS technology may prove not to be commercially viable, efficient, or operationally effective and efforts to respond to technological innovations may require significant financial investments and resources. Additionally, CCS projects are dependent on prevailing carbon prices. A reduction in prevailing carbon prices could lead to CCS projects not being economical. Failure by Entropy to respond to changes in technology and innovations may render Entropy's future CCS operations non-competitive and may have a material, negative effect on Entropy's results of operations, financial condition and future prospects.

Entropy is operating in a rapidly changing technological environment

The low-carbon, renewable and clean technologies energy sector is developing rapidly. Unexpected positive results from competing energy technologies may reduce the market potential for CCS and reduce demand for Entropy's products and services. This may have a material adverse effect on Entropy's business and future opportunities.

Carbon capture technology is also under development around the world and, as such, there are alternative potential solutions offered in the market. Market changes and developments may be driven by competitors of Entropy with substantially greater resources than those of Entropy and the attractiveness of Entropy's solutions relative to other providers' solutions is uncertain. Additionally, an increased number of competitors seeking low-cost applications could result in reduced market share in the CCS industry. In particular, more effective or more cost-efficient technologies than Entropy's technology solution may be made available. This may ultimately have a material adverse effect on Entropy's financial results and position.

Entropy's current technology, and any further technology under development by it, may prove not to be commercially viable, efficient, or operationally effective and efforts to respond to technological innovations may require significant financial investments and resources. Additionally, CCS projects are dependent on prevailing carbon prices. A reduction in prevailing carbon prices could lead to CCS projects not being economical. Failure by Entropy to respond to changes in technology and innovations may render Entropy's operations non-competitive and may have a material, negative effect on Entropy's results of operations, financial condition and future prospects.

Entropy has a small organization and is dependent on third-parties

Entropy has a limited number of employees and is therefore vulnerable to key employees leaving Entropy, which in turn may have a material adverse effect on Entropy and its operations. Entropy will also be dependent on third-parties, such as Advantage, ABC and the University of Regina's Clean Energy Technology Research Institute, providing Entropy with access to various services and for resources required for development of its business and execution of its projects. If Entropy is not able to employ or retain qualified personnel, including certain key employees, it may experience difficulties in its project execution, risk delays in its current projects, cost overruns and ultimately risk that it is not able

to obtain its operational and financial targets. This may in turn have a material adverse effect on Entropy's financial results and position, in addition to its growth ambitions.

Entropy is subject to general counterparty risk

Entropy is dependent on service providers as sub-contractors to execute its projects. Suppliers within the industry in which Entropy operates are limited and Entropy may not be able to engage technological or commercial suitable sub-contractors or partners to secure contracts and execute the business as anticipated. Should any of these circumstances occur, it may have an adverse effect on Entropy's ability to execute its projects on time or at all, and ultimately affect the financial performance and results of Entropy negatively. Additionally, Entropy plans to undertake CCS projects which require long-term, flue gas supply from counterparties. Entropy is therefore subject to risk that counterparties fail to supply the required flue gas as forecasted. Should this occur, it will negatively affect the financial performance of Entropy.

Entropy is newly established with limited operating history

Entropy was established in November 2020. Therefore, Entropy has a limited operating history. Accordingly, there may not be a reliable basis for evaluating Entropy's business prospects. Entropy may experience fluctuations in its results, which may vary from those projected by management. Entropy's business strategy may not be successful, and, if unsuccessful, Entropy may be unable to modify it in a timely and successful manner. Entropy cannot give any assurance that it will be able to continue to implement its strategy on a timely basis, if at all. Entropy may also be subject to both transition and growth-related risks, including capacity constraints and pressure on its internal systems and controls. Entropy's lack of operating history and track record also means that a number of policies, procedures and business systems, that are not currently in place, will be developed and instituted to govern and effectively manage operations.

Although Entropy has gained experience and its founders have decades of related experience, Entropy may be subject to various risks in relation to its limited operating history which may have an adverse effect on Entropy, its operations, its financial position and results should they materialize. Entropy has continued to develop its CCS business and has entered into MOUs and NDAs with numerous counterparties with respect to future projects. However, there is a risk that Entropy's existing MOUs, NDAs and other business development initiatives may not lead to new commercial projects.

Entropy is subject to risk related to the volatility of global economic and social conditions

The uncertainties and recent downturn of the global economy and other macroeconomic factors could adversely affect Entropy's business. The prospects for global economic growth remain uncertain and this may impact the availability of credit and terms thereof, liquidity more generally, interest rates and exchange rates, which in turn could have a material adverse effect on Entropy's financial position and its ability to grow. In addition, volatility in the global economy may have an adverse impact on the market's interest in technology development and funding of such. Without a stable and/or growing global economy, the business of Entropy may therefore be adversely affected, both financially and operationally.

Entropy is subject to risk related to local development resistance and local opinion

Entropy plans to be involved in projects of varying sizes across numerous jurisdictions. The projects will have an impact on local interests and the public, therefore, Entropy may be subject to risk in respect of local development resistance and local opinion. Despite Entropy working to ensure minimal impact on local population and environment during construction and operation, there is a risk that public perception may slow down the market development in certain geographies, which in turn may affect Entropy's ability to expand its operations. This may in turn have a material adverse effect on Entropy's financial results and position.

Risks Relating to Entropy's Operations

Entropy may fail to execute, or change, its strategy

Entropy may, due to external factors, such as regulatory or market conditions, and/or internal factors and decisions, change its current strategy and pursue alternative strategies. Entropy may also fail to execute its strategy due to changed

market conditions, regulatory framework(s), available expertise and resources, and funding. Entropy's failure to execute its strategy, including an amendment of the current strategy, may have a material adverse effect on the business, results of operations and financial condition of Entropy.

Entropy is dependent on the use of certain technology and intellectual property rights, which may be difficult or costly to defend and maintain

Entropy's business is dependent upon its proprietary technology, including its solvent and process designs. Entropy's technology is based on a combination of provisional patents, trade secrets, know-how and confidential procedures and contractual provisions to maintain secrecy and prevent un-authorized use. Entropy cannot guarantee that its measures for preserving the secrecy of its know-how and trade secrets are sufficient to prevent others from obtaining such information and use the know-how.

The extent of Entropy's intellectual property rights may vary in different countries, and filing, prosecuting, maintaining and defending Entropy's patents throughout the world could be highly expensive. Consequently, Entropy may be unable to prevent third-parties from using its inventions in certain countries, especially in jurisdictions offering no or little protection of intellectual property rights, or in jurisdictions where enforcement may be difficult. Competitors could potentially also use Entropy's technology in jurisdictions where Entropy has not obtained patent protection.

In particular, proceedings to enforce Entropy's intellectual property rights could result in substantial costs and divert Entropy's efforts and attention from other aspects of its business, put its patents at risk of being invalidated or interpreted narrowly and its patent applications at risk of not being issued. Proceedings could furthermore provoke third-parties to assert patent infringement or other claims against Entropy and Entropy may be liable for damages or other remedies for any lawsuits that Entropy initiates. Accordingly, Entropy's efforts to enforce its intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that Entropy develops or licenses from third-parties.

There is also a risk that third-parties may claim that Entropy does not have rights or exclusive rights to the intellectual property it uses. Entropy may, as a consequence of this, be a party to litigation to determine the scope and validity of its intellectual property, which, if resolved adversely to Entropy, could invalidate or render unenforceable its intellectual property or generally preclude Entropy from using such intellectual property, or Entropy could be forced to pay substantial royalties. A successful claim of infringement against Entropy, or its failure or inability to develop non-infringing technology or license the infringed technology could materially and adversely affect its business and results of operations, and/or prospects.

Entropy cannot assure that its know-how and trade secrets will provide Entropy with any competitive advantage, as the know-how and trade secrets may become known to or be independently developed by others including Entropy's competitors, regardless of measures Entropy may take to try to preserve the confidentiality. Entropy cannot give assurance that its measures for preserving the secrecy of its trade secrets and confidential information are sufficient to prevent others from obtaining such information.

If Entropy's proprietary technology, trade secrets, know-how, etc. becomes known to the public, or third-parties develop similar technology, or the patents are held to be invalid, this could have a material adverse effect on Entropy, its financial position and future prospects.

Entropy may not be able to develop new technology that may be required to expand and/or keep up with competitors

Entropy has a growth strategy and is targeting an expansion of its customer base for existing and new projects. Research and development can be expensive, time-consuming, and generally entails considerable uncertainty with respect to both achieving positive results and, if successful, the ability to commercially deploy such technology. Due to long development processes, changing regulatory requirements, changing market conditions and customer preferences and other factors, new variants of existing technologies or new technologies may take longer and cost more to develop and may be less successful than Entropy anticipates. It is expected that an increased target market and customer base will result in increased competition, and also attract established industrial companies and other potential customers to develop their own CCS technologies and solutions, which in turn may reduce the potential client base of Entropy. Furthermore, Entropy

may be unable to reduce costs as required to maintain its competitive position. No assurance can be given that any new technologies under research and development will be commercially successful. If Entropy is unable to keep up with competitors, develop new technology or have commercial success with its technology under research and development, this could adversely affect the future development of Entropy's business, financial condition, results of operations and/or prospects.

Entropy is subject to project execution and contractual risk associated with the engineering and construction of facilities

There are numerous risks associated with engineering and construction of facilities, including but not limited to risks of delay and failure to deliver according to the agreed or required specifications (including any potential performance levels guaranteed), risks of early termination of contracts by customers and suppliers, risk of changes to the scope of work and amendments due to design development resulting in extension of time and increased cost.

The agreed pricing model in customer contracts is to a certain extent based on prevailing carbon prices and other project specific details. The estimates used for setting the prices may be based on wrong or inaccurate assumptions and facts which may result in cost over-run and reduced profit or loss for Entropy.

If Entropy is unable to meet certain requirements under contracts, the customers may be able to terminate their contracts or, pursuant to the term of the contracts, require Entropy to compensate them for losses. In the event that Entropy does not satisfy its obligations or commitments under such contracts, Entropy's business, results of operations, financial position, cash flows and/or prospects could be materially adversely affected if one or more long-term customers terminate their contracts with Entropy, or if Entropy is obligated to compensate them for losses.

Entropy must comply with comprehensive requirements and practices relating to its development of carbon capture facilities, including health, safety and environmental ("**HSE**") requirements and training of employees. There is a risk that Entropy, subcontractors or other third-parties with responsibility for the operations may not be able to meet applicable standards, which may disrupt the operations (e.g. due to suspension or closing of operations). In addition, there is an inherent risk of delay or hindrances in production due to mechanical or manual failure or malfunction, human error or other unforeseen events, which could result in delays of whole or parts of the operations, leading to costs or damages. Any failure in the operations could have a material adverse effect on Entropy's business, financial condition, results of operations, reputation and/or prospects.

Entropy may also, as part of certain contractual commitments to its customers, provide functional performance guarantees. Such guarantees may include CO_2 capture rates or volumes and operational uptime. Breach or non-achievement of performance guarantees may affect the financial performance of the project and Entropy negatively.

Entropy's business relies on the experience and expertise of its senior management, as well as on its ability generally to retain existing, or hire additional, skilled personnel

Entropy's success depends upon the continued service and performance of its senior management and experts. The loss of the services of any of these individuals could delay or prevent the continued successful implementation of its growth strategy, or could otherwise affect its ability to manage Entropy effectively and to carry out its business plan. Members of the senior management team may resign at any time and there can be no assurance that Entropy may be able to continue to retain such individuals. This may in turn result in a material adverse effect on Entropy's business, results of operations and financial results and position.

Entropy's growth and success will to a certain extent depend on its ability to attract, hire and retain additional highly qualified and skilled technical, research, managerial and finance personnel as well as experienced and skilled engineers. Competition for such skilled personnel is high and the unexpected loss of an employee with a particular skill could materially and adversely affect Entropy's operations until a replacement can be found and trained. If Entropy experiences a shortage of skilled personnel, Entropy may not be able to continue its operations. Furthermore, any failure to effectively integrate new personnel could prevent Entropy from successfully growing which in turn may have a material adverse effect on Entropy's financial condition.

Entropy may fail to effectively manage its growth

Entropy is targeting a growth in its business, and Entropy's future financial performance and its ability to enter into and complete future projects will depend, in part, on its ability to manage any future growth effectively. Entropy expects to make investments to enable future growth through, among other things, new technologies and development of additional projects.

Entropy must also be prepared to expand its work force and to train, motivate and manage additional employees as the need for additional personnel and resources arises. Entropy's personnel, facilities, systems, procedures and controls may not be adequate to support its future operations, and Advantage and ABC – through agreements with Entropy – may not be able to provide such additional services and work force. Any failure to manage future growth effectively could have a material adverse effect on Entropy's business, results of operations, financial condition, cash flows and/or prospects.

Entropy will be responsible for the long-term custody of a polluting substance

Entropy plans to transport and dispose of carbon dioxide via pipelines and long-term geologic sequestration. In the event the carbon dioxide escapes containment and is released to the atmosphere, Entropy may face liability for such release, which may result in negative financial consequences.

Interruptions in information technology systems and cyber security issues could adversely affect Entropy's business

Entropy relies on the efficient and uninterrupted operation of several information technology systems and networks to operate its business. Any significant disruptions to Entropy's systems or networks, including, but not limited to, new system implementations, computer viruses, security breaches, cyber-attacks, facility issues, natural disasters, terrorism, war, telecommunication failures or energy blackouts could have a material adverse impact on Entropy's operations, sales and operating results.

Entropy's third-party service providers and other vendors have access to certain portions of Entropy's information technologies system. Certain failure or negligence of these service providers may cause material disruptions in Entropy's operations, which could affect Entropy's ability to perform in a timely manner. Any such failure to perform due to failure or negligence from the service providers may in turn have a material adverse effect on Entropy's cash flow, financial results and conditions.

Entropy may in the future take on debt which in turn could limit Entropy's cash flow and limit Entropy's operational flexibility

Entropy may take on additional debt in the future. This may require Entropy to agree to restrictions and limitations on Entropy's business operations and capital structure, to force Entropy to dispose of current long-term assets or to issue additional equity, possibly on unfavourable terms, increase Entropy's vulnerability to adverse economic and industry conditions, limit Entropy's flexibility to make, or react to, changes in the business and industry, and/or place Entropy at a competitive disadvantage. Furthermore, should Entropy take on debt in the future, any fluctuations in the interest rates may affect Entropy's interest costs, which in turn may reduce its cash flows.

If Entropy enters into any debt financing, Entropy may have to comply with a number of financial and other covenants and clauses, including change of control provisions, cross default provisions and performance requirements, which could affect the operational and financial flexibility of Entropy. Such restrictions could affect, and in many respects limit or prohibit, among other things, Entropy's ability to pay dividends, create liens, sell assets, or engage in mergers or acquisitions. In addition, covenants under debt instruments may pledge Entropy's assets as collateral and any negative pledge with respect to Entropy's intellectual property could limit its ability to obtain additional debt financing on acceptable and/or commercially reasonable terms, or even at all. Any breach of covenants could result in defaults under instruments governing applicable indebtedness and cross-default provisions could be triggered in the event of default on other indebtedness and may require Entropy to repay or restructure indebtedness. Failure to make payments or comply with any covenants under future debt instruments could result in an event of default and acceleration of amounts due, and could have a material adverse effect on Entropy's business, operations, assets and/or prospects.

Risks Relating to Legal and Regulatory Matters in Respect of Entropy

Entropy's business is dependent upon government approval to obtain sequestration sites for CO_2

Governments generally have the authority over the granting of access and on-going operation of possible geologic sequestration sites for CO_2. With respect to storage in geological reservoirs on land in particular, public resistance may cause the government not to authorize storage sites or to cancel their authority to operate. Since the ability to store large volumes of carbon dioxide is a corollary to the provision of carbon capture services, Entropy is dependent upon the governmental as well as public support, in order to secure sufficient sequestration pore space for its projects. A lack of storage capacity will impede Entropy's business by slowing down market development and leading to materially adverse consequences for Entropy until sequestration capacity is sufficient to meet demand. Should there be periods with insufficient sequestration capacity, this may have a material adverse effect on Entropy's ability to achieve positive cash flow in its operations.

Realization of business opportunities may be dependent upon government or other non-commercial funding, licenses, governmental approvals and various public policies, including the price on carbon emissions

Realization of carbon capture projects, including the required infrastructure, is capital intensive and will take time to recover such costs and become profitable, dependent on prevailing carbon prices. Investments in CCS by the industry will, to a large extent, be dependent upon government support and funding, and a regulatory framework which provides for incentives for industry to invest in CCS initiatives. In the long-term, CCS must become commercially attractive without reliance on governmental support. The perceived benefit of CCS must over time exceed the customer's alternative cost, which normally relates to the price of carbon credits and offsets, local CO_2 tax levels, CO_2 tax credit schemes or other CO_2 policy regimes. Should such perceived benefits not be realized, Entropy may not be able to achieve positive cash flow in its operations.

The policies for government incentives are still under development and vary in the jurisdictions in which Entropy intends to operate. Changes in the relevant authorities' policies, including targets for reduction in CO_2 emissions and associated regulations, will be critical to Entropy's ability to attract clients and execute its business plan and may have a material adverse effect on Entropy's financial results and position.

Entropy is subject to a wide variety of laws and regulations and may be dependent on governmental licenses and approvals to commence and continue its operations. There is a risk that Entropy will not obtain the necessary licenses or approvals, or that obtaining such licenses or approvals will require significant resources from Entropy that in turn may have a negative effect on Entropy's financial position, operations and results. Furthermore, there is a risk that the relevant governments may change the requirements for obtaining such licenses, rendering it more expensive, difficult or even impossible for Entropy or Entropy's potential clients to obtain the necessary licenses, which in turn may have a material adverse effect on Entropy's operations, ability to execute projects and ultimately on its financial condition and ability to grow.

Entropy's business comprises handling of potentially hazardous substances which could take on fire, explode, be contaminated or lead to personal injuries

Entropy's carbon capture solutions involve controlled use of potentially harmful hazardous materials, including volatile solvents and chemicals. Entropy faces the risk of fire, explosion, contamination or injury from the use, storage, handling and disposal of these and other materials. In the event of fire, explosion, contamination or injury, Entropy could be subject to civil or criminal sanctions or fines or be held liable for damages, operating licenses could be revoked, or Entropy could be required to suspend or modify its operations. This could in turn have a material adverse effect on Entropy's financial position and its business and could ultimately lead to insolvency or bankruptcy.

Entropy's employees, as well as employees of clients at sites where carbon capture facilities are or are in the process of being installed, may from time-to-time be at risk of coming into contact with hazardous substances. This may lead to personal injuries which Entropy may be liable for. This may also be the case for individuals otherwise being exposed to hazardous substances used in the construction or operation of CCS facilities or infra-structure. In addition to human suffering, this may have an adverse effect on Entropy's financial position and its general reputation.

ADDITIONAL INFORMATION

Additional information relating to the Corporation can be found on SEDAR+ at www.sedarplus.ca and the Corporation's website at www.advantageog.com.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares and securities authorized for issuance under equity compensation plans, will be contained in the Corporation's Information Circular for the most recent annual meeting of shareholders that involved the election of directors of Advantage. Additional financial information is provided for in the Corporation's Consolidated financial statements and management's discussion and analysis for the year ended December 31, 2024.

APPENDIX "A"

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE (FORM 51-101F3)

Report of Management and Directors on Reserves Data and Other Information

Management of Advantage Energy Ltd. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data.

An independent qualified reserves evaluator has evaluated the Company's reserves data. The report of the independent qualified reserves evaluator is presented below.

The Reserves Committee of the board of directors of the Company has:

(a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

(b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and

(c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The Reserves Committee of the board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has, on the recommendation of the Reserves Committee, approved:

(a) the content and filing with securities regulatory authorities of Form 51-101F1 containing reserves data and other oil and gas information;

(b) the filing of Form 51-101F2 which is the report of the independent qualified reserves evaluator on the reserves data, contingent resources data, or prospective resources data; and

(c) the content and filing of this report.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

(signed) *"Michael Belenkie"*
Michael Belenkie
President & Chief Executive Officer

(signed) *"Craig Blackwood"*
Craig Blackwood
Chief Financial Officer

(signed) *"Stephen Balog"*
Stephen Balog
Director

(signed) *"Donald Clague"*
Donald Clague
Director

Dated the 4th day of March, 2025

APPENDIX "B"

REPORT ON RESERVES DATA
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR
(FORM 51-101F2)

Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor

To the board of directors of Advantage Energy Ltd. (the "**Company**"):

1. We have evaluated the Company's reserves data as at December 31, 2024. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as of December 31, 2024, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

3. We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook as amended from time to time (the "**COGE Handbook**") maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter).

4. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

5. The following table shows the net present value of future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated for the year ended December 31, 2024, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's Board of Directors:

Independent Qualified Reserves Evaluator or Auditor	Effective Date	Location of Reserves (Country)	Net Present Value of Future Net Revenue Before Income Taxes (10% discount rate)			
			Audited (M$)	Evaluated (M$)	Reviewed (M$)	Total (M$)
McDaniel & Associates Consultants Ltd.	December 31, 2024	Canada	-	4,422,721	-	4,422,721
Total			**-**	**4,422,721**	**-**	**4,422,721**

6. In our opinion, the reserves data evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook, consistently applied. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

7. We have no responsibility to update our reports referred to in paragraph 5 for events and circumstances occurring after the effective date of our report.

8. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

APPENDIX "B" (CONTINUED)

EXECUTED as to our report referred to above:

McDaniel & Associates Consultants Ltd.	*Original Signed by Brian Hamm, P. Eng.*
Calgary, Alberta	Brian Hamm , P. Eng.
February 13, 2025	President & CEO

APPENDIX "C"

Audit Committee Charter

The following is our Audit Committee Charter approved by the Board of Directors.

I. PURPOSE

The primary function of the Audit Committee is to assist the Board of Directors (the "Board of Directors" or "Board") of Advantage Energy Ltd. ("Advantage" or the "Corporation") in fulfilling its responsibilities by reviewing: the financial reports and other financial information provided by Advantage to any governmental body or the public; Advantage's systems of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established; and Advantage's auditing, accounting and financial reporting processes generally. Consistent with this function, the Audit Committee should endeavour to encourage continuous improvement of, and should endeavour to foster adherence to, the Corporation's policies, procedures and practices at all levels. In performing its duties, the external auditor is to report directly to the Audit Committee. The Audit Committee's primary objectives are:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of the Corporation and related matters;
2. To review the risks that may affect Advantage and the risk management policies and procedures of the Corporation.
3. To provide better communication between directors and external auditors;
4. To assist the Board's oversight of the auditor's qualifications and independence;
5. To assist the Board's oversight of the credibility, integrity and objectivity of financial reports;
6. To strengthen the role of the outside directors by facilitating discussions between directors on the Audit Committee, management and external auditors;
7. To assist the Board's oversight of the performance of the Corporation's internal audit function and independent auditors;
8. To assist the Board's oversight of the Corporation's compliance with legal and regulatory requirements;

II. COMPOSITION

The Audit Committee shall be comprised of three or more directors as determined by the Board of Directors, none of whom are members of management of Advantage and all of whom are "independent" (as such term is defined in (a) National Instrument 52-110 — Audit Committees ("NI 52-110"). All of the members of the Audit Committee shall be "financially literate". The Board of Directors has adopted the definition for "financial literacy" used in NI 52-110, which definition is set forth in Schedule "A" attached hereto. Audit Committee members may enhance their familiarity with finance and accounting by participating in educational programs conducted by the Corporation or an outside consultant. In addition, at least one member of the Audit Committee must have accounting or related financial management expertise, as the Corporation's Board of Directors interprets such qualification in its business judgment.

The members of the Audit Committee shall be elected by the Board of Directors at the annual organizational meeting of the Board of Directors and remain as members of the Audit Committee until their successors shall be duly elected and qualified. Unless a Chair is elected by the full Board of Directors,

the members of the Audit Committee may designate a Chair by majority vote of the full Audit Committee membership.

In connection with the election of the members of the Audit Committee, the Board will determine whether any proposed nominee for the Audit Committee serves on the Audit Committees of more than three public companies. To the extent that any proposed nominee of the Corporation serves on the Audit Committees of more than three public companies, the Board will make a determination as to whether such simultaneous services would impair the ability of such member to effectively serve on the Corporation's Audit Committee and will disclose such determination in the Corporation's annual information circular.

III. MEETINGS

The Audit Committee shall meet at least four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Audit Committee should meet at least annually with management, internal auditors (if any) and the independent auditors in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately. In addition, the Audit Committee or at least its Chair should meet with the independent auditors and management quarterly to review the Corporation’s financials consistent with Section IV.4 below. The Audit Committee should also meet with management and independent auditors on an annual basis to review and discuss annual financial statements and the management's discussion and analysis of financial conditions and results of operations. Attached as Schedule "B" is an example of an annual meeting schedule/agenda.

A quorum for meetings of the Audit Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Audit Committee shall be the same as those governing the Board.

IV. RESPONSIBILITIES AND DUTIES

To fulfill its responsibilities and duties, the Audit Committee shall endeavour to:

Documents/Reports Review

1. Review and update this Charter periodically, at least annually, as conditions dictate.
2. Review and recommend to the Board the organization’s annual and interim financial statements, MD&A, earnings press releases and review any reports or other financial information submitted to any governmental body or the public, including any certification, report, opinion or review rendered by the independent auditors.
3. Review the reports to management prepared by the independent auditors and management’s responses.
4. Review with financial management and the independent auditors the quarterly financial statements prior to their filing or prior to the release of earnings. The Chair of the Audit Committee may represent the entire Audit Committee for purposes of this review.
5. Review significant findings during the year, including the status of previous significant audit recommendations.
6. Periodically assess the adequacy of procedures for the review of corporate disclosure that is derived or extracted from the financial statements.
7. Report regularly to the Board any issues that arise with respect to the quality or integrity of the Corporation's financial statements, compliance with legal or regulatory requirements,

performance and independence of the Corporation's auditors, or performance of the internal audit function.

8. To prepare, if required, an Audit Committee report to be included in the Corporation's annual information form.

9. Preparing an annual performance evaluation of the Audit Committee.

10. At least annually, obtaining and reviewing the report by the independent auditors describing the Corporation's internal quality control procedures, any material issues raised by the most recent interim quality-control review, or peer review, of the Corporation or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps to deal with any such issues.

Corporate Risk Management

11. Review the systems that identify and manage principal business risks, including cyber security risks.

12. Periodically discuss guidelines and policies to govern the processes by which the Chief Executive Officer and senior management assess and manage the Corporation's exposure to risk.

13. Review risk management policies and procedures of Advantage (i.e., litigation and insurance).

Independent Auditors

14. Recommend to the Board the external auditors to be nominated for appointment by the shareholders.

15. Approve the compensation of the external auditors.

16. On an annual basis, the Audit Committee should review and discuss with the auditors all significant relationships the auditors have with the Corporation to determine the auditors' independence. In addition, the Audit Committee will ensure the rotation of the lead audit partner every seven years and, in order to ensure continuing auditor independence, consider the rotation of the audit firm itself.

17. Review and, as appropriate, resolve any material disagreements between management and the independent auditors and review, consider and make a recommendation to the Board regarding any proposed discharge of the auditors when circumstances warrant.

18. When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change.

19. Periodically consult with the independent auditors, without the presence of management, about internal controls and the fullness and accuracy of the organization's financial statements.

20. Oversee the establishment of an internal audit function.

21. Periodically assess the Corporation's internal audit function, including Corporation's risk management processes and system of internal controls.

22. Review the audit scope and plan of the independent auditor.

23. Oversee the work of the external auditors engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for Advantage.

24. Pre-approve the completion of any non-audit services by the external auditors and determine which non-audit services the external auditor is prohibited from providing. The Audit Committee may delegate to one or more members of the Audit Committee authority to pre-approve non-audit services in satisfaction of this requirement and if such delegation occurs, the pre-approval of non-audit services by the Audit Committee member to whom authority has been delegated must be presented to the Audit Committee at its first scheduled meeting following such pre-approval. The Audit Committee shall be entitled to adopt specific policies and procedures for the engagement of non-audit services if:

    (a) the pre-approval policies and procedures are detailed as to the particular service;

    (b) the Audit Committee is informed of each non-audit service; and

    (c) the procedures do not include delegation of the Audit Committee's responsibilities to management.

    The Audit Committee will satisfy the pre-approval requirement set forth in this paragraph 22 if:

    (a) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than 5% of the total amount of fees paid by Advantage and its subsidiary entities to the auditors during the fiscal year in which the services are provided;

    (b) Advantage or a subsidiary entity, as the case may be, did not recognize the services as non-audit services at the time of the engagement;

    (c) the services are promptly brought to the attention of the Audit Committee and approved, prior to completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee; and

25. Review, set and approve hiring policies relating to staff of current and former auditors.

Financial Reporting Processes

26. In consultation with the independent auditors, annually review the integrity of the organization’s financial reporting processes, both internal and external.

27. In consultation with the independent auditors, consider annually the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.

28. Consider and approve, if appropriate, major changes to the Corporation’s auditing and accounting principles and practices as suggested by the independent auditors or management.

Process Improvement

29. Request reporting to the Audit Committee by each of management and the independent auditors of any significant judgments made in the management’s preparation of the financial statements and the view of each group as to appropriateness of such judgments.

30. Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.

31. Review any significant disagreements among management and the independent auditors in connection with the preparation of the financial statements.

32. Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee, have been implemented. (This review should be conducted at an appropriate time subsequent to implementation of changes or improvements, as decided by the Audit Committee.)

33. Conduct and authorize investigations into any matters brought to the Audit Committee's attention and within the Audit Committee's scope of responsibilities. The Audit Committee shall be empowered to retain and to approve compensation for any independent counsel and other professionals to assist in the conduct of any investigation.

34. Establish a procedure for:

    - the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
    - the confidential, anonymous submission by employees of Advantage of concerns regarding questionable accounting matters, auditing matters and matters set forth in Advantage's Code of Business Conduct and Ethics;

    which procedure shall be set forth in a "whistle blower program" to be adopted by the Audit Committee in connection with such matters.

Ethical and Legal Compliance

35. Establish, review and update periodically a Code of Ethical Conduct and ensure that management has established a system to enforce this code.

36. Review management's monitoring of the Corporation's compliance with the organization's Code of Ethical Conduct.

37. In consultation with the auditors, consider the review system established by management regarding the Corporation's financial statements, reports and other financial information disseminated to governmental organizations and the public in the context of the applicable legal requirements.

38. On at least an annual basis, review with the Corporation's auditors or counsel, as appropriate, any legal matters that could have a significant impact on the organization's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulators or government agencies.

39. Review with the organization's counsel legal compliance matters including the trading policies of securities.

Other

40. Perform any other activities consistent with this Charter, Advantage's by-laws and governing law, as the Audit Committee or the Board of Directors deems necessary or appropriate.

41. In connection with the performance of its responsibilities as set forth above, the Audit Committee shall have the authority to engage outside advisors and to pay outside auditors and advisors.

SCHEDULE "A"

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF ADVANTAGE ENERGY LTD.

CHARTER

Definitions – In this Charter:

"financially literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the issuer's financial statements.

SCHEDULE "B"

Example of Audit Committee Meeting Agenda for Year

As noted previously, it is important to review the completeness of the Audit Committee charter as well as the agenda established for each meeting. The following is an example of topics that could be covered in each Audit Committee meeting. This example assumes a December year-end with four audit committee meetings scheduled in connection with quarterly earnings releases.

Charter step		Scheduled Meetings			
		May	July	October	March
I.	**Audit Committee Purpose**				
	Conduct special investigations	*	*	*	*
II.	**Audit Committee Composition and Meetings**				
	Assess independence and financial literacy of Audit Committee				X
	Establish number of meetings				X
	Audit Committee Chair to establish meeting agenda				X
	Enhance financial literacy - update on current financial events	X	X	X	X
	Executive sessions with auditors, management, committee	X	X	X	X
III.	**Audit Committee Responsibilities and Duties**				
1.	Review charter, publish relevant information in proxy				X
2.	Review annual financial statements - discuss with management, auditors				X
3.	Review internal controls, risks, and risk management policies			X	X
4.	Review quarterly results and findings	X	X	X	
5.	Recommend appointment of auditors				X
6.	Approve audit fees			X	X
7.	Discuss auditor independence				X
8.	Review auditor plan			X	X
9.	Discuss year-end results			X	X
10.	Discuss quality of accounting principles	*	*	*	X
11.	Review legal matters with counsel and auditors		*		X
12.	Prepare report to shareholders				X
13.	Perform other activities as appropriate	*	*	*	*
14.	Maintain minutes and report to Board of Directors	X	X	X	X

X = Recommended Timing *** = As Needed**

15. Report on Code of Conduct and Whistleblower Policy	X	X	X	X
16. Perform self-assessment of Audit Committee performances				X
17. Review financial personnel succession planning				X
18. Review director and officer expenses and related party transactions				X

X = Recommended Timing *** = As Needed**