



**NOTICE OF ANNUAL GENERAL AND SPECIAL  
MEETING**

**INFORMATION CIRCULAR – PROXY STATEMENT**

**Annual General and Special Meeting of Shareholders – May 6, 2021**

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**ADVANTAGE OIL & GAS LTD.**  
**NOTICE OF THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON**

**MAY 6, 2021**

**TO: THE SHAREHOLDERS OF ADVANTAGE OIL & GAS LTD.**

Notice is hereby given that an Annual General and Special Meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares (the "**Shares**") of Advantage Oil & Gas Ltd. (the "**Corporation**") will be held on May 6, 2021 at 2:00 p.m. (Calgary time) in virtual only format that will be conducted via live webcast accessible at <https://virtual-meetings.tsxtrust.com/1113>, for the following purposes:

1. to place before the Shareholders the consolidated financial statements of the Corporation for the year ended December 31, 2020 and the Auditor's Report thereon;
2. to fix the number of directors of the Corporation at eight (8) directors;
3. to elect eight (8) directors of the Corporation;
4. to consider and, if deemed advisable, to pass, an ordinary resolution approving certain amendments to the restricted and performance award incentive plan of the Corporation, as more particularly described in the accompanying management information circular of the Corporation dated March 26, 2021 (the "**Information Circular**");
5. to consider and, if deemed advisable, to pass, an ordinary resolution approving all unallocated incentive awards under the Corporation's restricted and performance award incentive plan, as more particularly described in the Information Circular;
6. to consider and, if deemed advisable, to pass, an ordinary resolution re-approving the Corporation's amended and restated shareholder rights plan agreement, as more particularly described in the Information Circular;
7. to consider and, if deemed advisable, to pass, a special resolution approving an amendment to the Corporation's articles by changing the name of the Corporation to Advantage Energy Ltd., as more particularly described in the Information Circular;
8. to appoint the auditors of the Corporation and to authorize the directors to fix their remuneration as such; and
9. to transact such further and other business as may properly come before the Meeting or any adjournment(s) thereof.

The nature of the business to be transacted at the Meeting is described in further detail in the Information Circular.

The record date for the determination of Shareholders entitled to receive notice of and to vote at the Meeting is March 26, 2021 (the "**Record Date**"). Shareholders of the Corporation whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a Shareholder transfers the ownership of any of such Shareholder's Shares after such date and the transferee of those Shares establishes that the transferee owns the Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

Due to the unprecedented public health impact of the COVID-19 pandemic, and in alignment with the recommendations of Canadian public health officials to cancel large public gatherings, the Meeting will be held in a virtual-only format conducted via webcast in order to help mitigate health and safety risks to the community,

Shareholders, employees and other stakeholders. The Corporation's directors and management believe this format will provide Shareholders a safer opportunity to attend the meeting given ongoing restrictions on travel and public gatherings as well as health concerns. While Shareholders and duly appointed proxyholders will not be able to attend the meeting in person, regardless of geographic location and ownership, Shareholders will have an equal opportunity to participate at the meeting and vote on the matters to be considered at the meeting.

**A Shareholder may attend the Meeting virtually or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof virtually are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed proxy must be deposited with TSX Trust Company: (i) by mail using the enclosed return envelope or one addressed to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1, Canada (Attention: Proxy Department); (ii) by hand delivery to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1, Canada; (iii) by facsimile to (416) 595-9593; or (iv) through the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof. If you vote through the internet you will require your 12-digit control number found on the form of proxy.**

**In the event of a strike, lockout or other work stoppage involving postal employees, all documents required for delivery by the Shareholder should be delivered by facsimile to TSX Trust Company at (416) 595-9593.**

DATED at Calgary, Alberta this 26<sup>th</sup> day of March, 2021.

**BY ORDER OF THE BOARD OF DIRECTORS  
OF ADVANTAGE OIL & GAS LTD.**

*(signed) "Andy J. Mah"*

Andy J. Mah

Chief Executive Officer and a Director

**ADVANTAGE OIL & GAS LTD.**

Management Information Circular  
for the Annual General and Special Meeting of Shareholders  
to be held on May 6, 2021

**SOLICITATION OF PROXIES**

**This management information circular (the "Information Circular") is furnished by the officers and directors ("Management") of Advantage Oil & Gas Ltd. (the "Corporation" or "Advantage") in connection with the solicitation of proxies by the Corporation for use at the Annual General and Special Meeting (the "Meeting") of the holders (the "Shareholders") of common shares (the "Shares" or the "Common Shares") to be held virtually at <https://virtual-meetings.tsxtrust.com/1113> on the 6<sup>th</sup> day of May, 2021 at 2:00 p.m. (Calgary time) and at any adjournment(s) or postponement(s) thereof, for the purposes set forth in the Notice of Annual General and Special Meeting.**

The Corporation is authorized to issue an unlimited number of Common Shares, each of which entitles the holder thereof to vote at meetings of Shareholders. Each Common Share outstanding on the Record Date (as defined below) is entitled to one vote.

**A Shareholder may attend the Meeting virtually or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment or postponement thereof virtually are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment or postponement thereof. To be effective, the enclosed proxy must be deposited with TSX Trust Company: (i) by mail using the enclosed return envelope or one addressed to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1, Canada (Attention: Proxy Department); (ii) by hand delivery to TSX Trust Company, 301 - 100 Adelaide Street West, Toronto, ON, M5H 4H1, Canada; (iii) by facsimile to (416) 595-9593; or (iv) through the internet at [www.voteproxyonline.com](http://www.voteproxyonline.com), not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment(s) or postponement(s) thereof. If you vote through the internet you will require your 12-digit control number found on the form of proxy.**

The board of directors (the "**Board**") of the Corporation has fixed the record date for the Meeting at the close of business on March 26, 2021 (the "**Record Date**"). Shareholders of the Corporation whose names have been entered in the register of Shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, even if the Shareholder has since that time disposed of his or her Shares, provided that, to the extent a Shareholder transfers the ownership of any of such Shareholder's Shares after such date and the transferee of those Shares establishes that the transferee owns the Shares and requests, not later than 10 days before the Meeting, to be included in the list of Shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Shares at the Meeting.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

**The persons named in the enclosed form of proxy are officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than the persons designated in the form of proxy furnished by the Corporation, who need not be a Shareholder, to attend and act for the Shareholder and on the Shareholder's behalf at the Meeting. To exercise such right, the names of the persons designated by Management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided. If you vote through the internet, you may also appoint another person to be your proxyholder. Please go to [www.voteproxyonline.com](http://www.voteproxyonline.com) and follow the instructions.**

The following applies to a registered Shareholder who wishes to appoint a proxyholder other than those named in the form of proxy.

**A Shareholder who wishes to appoint as its proxyholder an individual other than those named in the form of proxy to attend virtually and participate in the Meeting, such Shareholder MUST submit the form of proxy appointing such individual as proxyholder AND register such proxyholder online, as described below. Registering a proxyholder is an additional step to be completed AFTER a Shareholder has submitted its proxy. Failure to register the proxyholder will result in the proxyholder not receiving a username that is required to vote at the Meeting.**

**Step 1: Submit the form of proxy:** To appoint someone other than the individuals named in the form of proxy as proxyholder, insert that person's name in the blank space provided in the form of proxy and follow the instructions for submitting such form of proxy. This must be completed before registering such proxyholder, which is an additional step to be completed once the form of proxy has been submitted.

**Step 2: Register the proxyholder:** To register a third-party proxyholder, the Shareholder must email [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) at least 48 hours prior to the time of the Meeting or any adjournment or postponement thereof and provide TSX Trust Company with the required proxyholder contact information so that TSX Trust Company may provide the proxyholder with a username via e-mail. **Without a username, proxyholders will not be able to vote at the Meeting but will be able to participate as guests.**

Unless otherwise stated, the information contained in this Information Circular is given as at March 26, 2021.

#### NOTICE-AND-ACCESS

The Corporation has elected to use the "notice-and-access" provisions under National Instrument 54-101 - *Communications with Beneficial Owners of Securities of a Reporting Issuer* (the "**Notice-and-Access Provisions**") for the Meeting in respect of mailings to beneficial holders of Shares (i.e., a Shareholder who holds their Shares in the name of a broker or an agent) but not in respect of mailings to registered holders of Shares (i.e., a Shareholder whose name appears on the Corporation's records as a holder of Shares). The Notice-and-Access Provisions are a set of rules developed by the Canadian Securities Administrators that reduce the volume of materials which are mailed to shareholders by allowing a reporting issuer to post an information circular in respect of a meeting of its shareholders and related materials online.

The Corporation has also elected to use procedures known as 'stratification' in relation to the Notice-and-Access Provisions. Stratification occurs when a reporting issuer using the Notice-and-Access Provisions provides a paper copy of an information circular and, if applicable, a paper copy of financial statements and related management's discussion and analysis (collectively, the "**Financial Information**"), to some shareholders together with a notice of a meeting of its shareholders. In relation to the Meeting, registered holders of Shares will receive a paper copy of the Notice of Annual General and Special Meeting and this Information Circular and a form of proxy whereas beneficial holders of Shares will receive a notice containing information prescribed by the Notice-and-Access Provisions and a Voting Instruction Form. In addition, a paper copy of the Notice of Annual General and Special Meeting and this Information Circular, and a Voting Instruction Form will be mailed to those shareholders who do not hold their Shares in their own name but who have previously requested to receive paper copies of these materials. Furthermore, a paper copy of the Corporation's Financial Information in respect of the most recently completed financial year will be mailed to those registered and beneficial holders of Shares who previously requested to receive such Financial Information.

The Corporation will be delivering proxy-related materials to non-objecting Beneficial Shareholders (as defined herein) with the assistance of Broadridge Financial Solutions, Inc. ("**Broadridge**") and the non-objecting Beneficial Shareholder's intermediary and intends to pay for the costs of an intermediary to deliver proxy related materials to objecting Beneficial Shareholders.

#### REVOCABILITY OF PROXY

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. In addition to revocation in any other manner permitted by law, a proxy may be revoked by: (a) accessing the Meeting by following the instructions under the heading "*How to Participate at the Meeting*" below and voting Shares during the designated time (by accessing the Meeting and voting by online ballot on matters put forth at the Meeting will revoke any and all

proxies previously submitted by the Shareholder for the Meeting); or (b) instrument in writing executed by the Shareholder or his or her attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized and deposited at the head office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment(s) or postponement(s) thereof, at which the proxy is to be used, and upon such deposit, the proxy is revoked.

### PERSONS MAKING THE SOLICITATION

**The solicitation is made on behalf of the Management of the Corporation.** The costs incurred in the preparation and mailing of the form of proxy, Notice of Annual General and Special Meeting and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefor. The Corporation may pay the reasonable costs incurred by persons who are the registered but not beneficial owners of Shares (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of this Information Circular, the Notice of Annual General and Special Meeting and form of proxy to the beneficial owners of such Shares. The Corporation will provide, without cost to such persons, upon request to the Corporation, additional copies of the foregoing documents required for this purpose.

### EXERCISE OF DISCRETION BY PROXY

**The Shares represented by the form of proxy enclosed with the Notice of Annual General and Special Meeting and this Information Circular will be voted or withheld from voting in accordance with the instructions of the Shareholder on any poll that may be called for. If the Shareholder specifies a choice with respect to any matter to be acted upon, the Shares will be voted accordingly, but if no specification is made, the Shares will be voted in favour of the matters set forth in the proxy. If any amendments or variations are proposed at the Meeting or any adjournment(s) or postponement(s) thereof to matters set forth in the proxy and described in the accompanying Notice of Annual General and Special Meeting and this Information Circular, or if any other matters properly come before the Meeting or any adjournment(s) or postponement(s) thereof, the proxy confers upon the Shareholder's nominee discretionary authority to vote on such amendments or variations or such other matters according to the best judgment of the person voting the proxy at the Meeting. At the date of this Information Circular, Management of the Corporation knows of no such amendments or variations or other matters to come before the Meeting.**

### ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

The information set forth in this section is of significant importance to many Shareholders of the Corporation, as a substantial number of the Shareholders of the Corporation do not hold Shares in their own name. Shareholders who do not hold their Shares in their own name (referred to in this Information Circular as "**Beneficial Shareholders**") should note that only proxies deposited by Shareholders whose name appears on the records of the Corporation as a registered holder of Shares can be recognized and acted upon at the Meeting. If Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Shares will not be registered in the Shareholder's name on the records of the Corporation. Such Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted upon the instructions of the Beneficial Shareholder. Without specific instructions, brokers/nominees are prohibited from voting Shares for their clients. The Corporation does not know and cannot determine for whose benefit the Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their Shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholders how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility

for obtaining instructions from clients to Broadridge. Broadridge typically mails a scannable Voting Instruction Form in lieu of the form of proxy. The Beneficial Holder is requested to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively, the Beneficial Shareholder can call a toll-free telephone number to vote the Shares held by the Beneficial Shareholder or the Beneficial Shareholder can complete an on-line voting form to vote their Shares. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of the Shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Voting Instruction Form cannot use that Voting Instruction Form to vote Shares directly at the Meeting as the Voting Instruction Form must be returned as directed by Broadridge well in advance of the Meeting in order to have the Shares voted.**

If a Beneficial Shareholder wishes to vote indirectly at the Meeting, the Beneficial Shareholder must insert its name in the space provided on the Voting Instruction Form, follow all applicable instructions provided by the Beneficial Shareholders intermediary AND the Beneficial Shareholder must be registered, as described below in Step 2. By doing so, the Beneficial Shareholder is instructing its intermediary to appoint the Beneficial Shareholder as proxyholder. It is important that the Beneficial Shareholder comply with the signature and return instructions provided by its intermediary. Please also see further instructions on accessing and voting at the virtual Meeting under the heading "*How to Participate at the Meeting*" below.

Registering the Beneficial Shareholder as proxyholder is an additional step to be completed AFTER the Beneficial Shareholder has submitted the Voting Instruction Form to its intermediary. Failure to register the proxyholder will result in the proxyholder not receiving a username that is required to vote at the Meeting.

**Step 1: submit the Voting Instruction Form:** To appoint someone other than the individuals named in the Voting Instruction Form as proxyholder, insert that person's name in the blank space provided in the Voting Instruction Form and follow the instructions for submitting such Voting Instruction Form. This must be completed before registering such proxyholder, which is an additional step to be completed once the Voting Instruction Form has been submitted.

**Step 2: Register the proxyholder:** To register a third-party proxyholder, email [tsxtrustproxyvoting@tmx.com](mailto:tsxtrustproxyvoting@tmx.com) at least 48 hours prior to the time of the Meeting or any adjournment or postponement thereof and provide TSX Trust Company with the required proxyholder contact information so that TSX Trust Company may provide the proxyholder with a username via e-mail. **Without a username, proxyholders will not be able to vote at the Meeting but will be able to participate as guests.**

## HOW TO PARTICIPATE AT THE MEETING

The Meeting is being held in a virtual, audio only, webcast format due to the COVID-19 pandemic and the recommendations of federal, provincial and municipal governments to mitigate risks to public health and safety. Registered Shareholders and duly appointed proxyholders may only attend and participate in the Meeting virtually via live audio webcast, including by asking questions during the question and answer session and voting online, provided they follow the instructions herein.

- Registered Shareholders and duly appointed proxyholders who participate by attending online will be able to listen to the proceedings of the Meeting, ask questions and vote during the specified times, provided they remain connected to the internet.
- Beneficial Shareholders who wish to vote Shares online during the Meeting must follow the instructions above under "*Advice to Beneficial Holders of Securities*". Beneficial Shareholders who have not duly appointed themselves as proxyholders may still attend the Meeting virtually as guests, but will not be able to vote.
- Guests, including Beneficial Shareholders who have not duly appointed themselves as proxyholder, will be able to login and listen to the proceedings of the Meeting but will not be able to vote.
- Attendees can login to the Meeting by following the instructions below:



- Login online at <https://virtual-meetings.tsxtrust.com/1113>. The latest versions of Chrome, Safari, Microsoft Edge or Firefox will be needed. The Corporation recommends that attendees log in at least 30 to 60 minutes before the Meeting starts. Attendees should allow ample time to login to the Meeting to check compatibility and complete the related procedures.
- For registered Shareholder and duly appointed proxyholders, select "*I have a Control Number*" and enter the control number or username and the password "advantage2021" (case sensitive).

OR

- Click "*I am a guest*" and then complete the online form to access the Meeting.

For registered Shareholders: The control number located on the form of proxy or in the e-mail notification delivered for the Meeting is the control number to login to the Meeting. For duly appointed proxyholders: TSX Trust Company will provide the proxyholder with a username by e-mail after the proxy voting deadline has passed provided that the proxyholder has been duly appointed and registered as described in this Information Circular.

To attend the Meeting, it is important to remain connected to the internet at all times in order to vote when the balloting commences. It is your responsibility to ensure internet connectivity is maintained for the duration of the Meeting.

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Corporation is authorized to issue an unlimited number of Common Shares. As at March 26, 2021, an aggregate of 188,112,797 Common Shares were issued and outstanding. Each registered holder of Common Shares is entitled to one vote for each Common Share held.

The Board has fixed the Record Date for the Meeting at the close of business on March 26, 2021.

When any Share is held jointly by several persons, any one of them may vote at the Meeting in person or by proxy in respect of such Share, but if more than one of them shall be present at the Meeting in person or by proxy, and such joint owners of the proxy so present disagree as to any vote to be cast, the joint owner present or represented whose name appears first in the register of Shareholders maintained by the registrar and transfer agent shall be entitled to such vote.

Other than as disclosed below, to the best of the knowledge of the directors and executive officers of the Corporation as at March 26, 2021, there is no person or corporation that beneficially owns or controls or directs, directly or indirectly, Shares carrying more than 10% of the voting rights attached to the issued and outstanding Shares:

Name of Shareholder	Shares Owned, Controlled or Directed <sup>(1)</sup>	Percentage of the Outstanding Shares of the Corporation <sup>(2)</sup>
Edgepoint Investment Group Inc.	21,085,746	11.21%
Mackenzie Financial Corporation	32,799,857	17.44%

Notes:

- (1) Information in respect of number of Shares owned, controlled or directed was based on a report under National Instrument 62-103 filed on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) on March 10, 2021 for Edgepoint Investment Group Inc. and November 9, 2020 for Mackenzie Financial Corporation.
- (2) As at March 26, 2021, there were 188,112,797 Shares issued and outstanding.

### ADVANCE NOTICE BYLAW

On May 9, 2013, the Board approved the adoption by the Corporation of a By-law regarding advance notice of nominations of directors of the Corporation (the "**Advance Notice By-law**"), which was filed on SEDAR, and on Advantage's website, on May 17, 2013 and ratified by Shareholders at the Corporation's annual general and special meeting of Shareholders held on June 20, 2013. The Advance Notice By-law contains advance notice provisions, which provide Shareholders, the Board and Management of the Corporation with a clear framework for nominating

directors to help ensure orderly business at Shareholder meetings by effectively preventing a Shareholder from putting forth director nominations from the floor of a Shareholder meeting without prior notice. Among other things, the Advance Notice By-law fixes a deadline by which Shareholders must submit notice of director nominations to the Corporation prior to any annual or special meeting of Shareholders. It also specifies the information that a nominating Shareholder must include in the notice to the Corporation regarding each director nominee and the nominating Shareholder for the notice to be in proper written form in order for any director nominee to be eligible for nomination and election at any annual or special meeting of Shareholders. These requirements are intended to provide all Shareholders with the opportunity to evaluate and review the proposed candidates and vote on an informed and timely manner regarding such nominees. The Advance Notice By-law does not affect nominations made pursuant to a "proposal" made in accordance with the *Business Corporations Act* (Alberta) ("**ABCA**") or a requisition of a meeting of Shareholders made pursuant to the ABCA. As of the date of this Information Circular, the Corporation has not received any nominations pursuant to the advance notice provisions contained in the Advance Notice By-law.

### **QUORUM FOR MEETING**

At the Meeting, a quorum shall consist of persons present not being less than two (2) in number and holding or representing not less than twenty-five per cent (25%) of the Shares entitled to be voted at the Meeting.

### **APPROVAL REQUIREMENTS**

All of the matters to be considered at the Meeting are ordinary resolutions requiring approval by more than 50% of the votes cast in respect of the resolution by or on behalf of Shareholders present in person or represented by proxy at the Meeting, other than the resolution in respect of the proposed name change of the Corporation, which is a special resolution requiring approval by a majority of not less than two-thirds of the votes cast in respect of the resolution by or on behalf of the Shareholders present in person or represented by proxy at the Meeting.

### **MATTERS TO BE ACTED UPON AT THE MEETING**

#### **Financial Statements**

At the Meeting, the audited consolidated financial statements of the Corporation for the year ended December 31, 2020 and the Independent Auditor's Report on such statements will be placed before Shareholders, but no vote by the Shareholders with respect thereto is required or proposed to be taken.

#### **Fixing the Number of Directors**

At the Meeting, it is proposed that the number of directors of the Corporation to be elected at the Meeting be set at eight (8), as may be adjusted between Shareholders' meetings by way of resolution of the Board. Accordingly, unless otherwise directed, it is the intention of Management to vote proxies in the accompanying form in favour of fixing the number of directors of the Corporation to be elected at the Meeting at eight (8).

#### **Appointment of Directors**

#### ***Majority Voting for Directors***

The Board has adopted a policy stipulating that if the "WITHHOLD" votes in respect of the election of a director nominee at the Meeting represent more than the "FOR" votes, the nominee will submit his or her resignation to the Board immediately after the Meeting, for the Governance Committee's (the "**Governance Committee**") consideration.

The Governance Committee will consider such resignation and will make a recommendation to the Board after reviewing the matter as to whether to accept it or not, having regard to all matters it deems relevant. The Board will consider the Governance Committee's recommendation within 90 days of the Meeting and will accept the directors resignation absent exceptional circumstances, having regard to all matters it deems relevant, and a news release (the "**News Release**") will be provided to the Toronto Stock Exchange (the "**TSX**" or the "**Exchange**") and promptly issued

announcing the Board's determination in respect thereof. If the Board determines not to accept the resignation, the News Release will fully state the reasons for that decision.

A director who tenders his/her resignation pursuant to this policy will not participate in any meetings of the Board or Governance Committee at which such resignation is considered. The policy does not apply in circumstances involving contested director elections.

### ***Board Renewal***

Annually, the Governance Committee conducts a performance evaluation of the effectiveness of the Board, Board committees and the effectiveness and contribution of individual directors. As part of such evaluation, the Governance Committee evaluates the need for changes to Board and committee composition based on an analysis of the skills, expertise and industry experience necessary for the Corporation. The Governance Committee and the Board recognize the benefit that new perspectives, ideas and business strategies can offer and support periodic Board renewal. The Governance Committee and the Board also recognize that a director's experience and knowledge of the Corporation's business is a valuable resource. Accordingly, the Board believes that the Corporation and its Shareholders are better served with the regular assessment of the effectiveness of the Board, Board committees and the effectiveness and contribution of individual directors together with periodic Board renewal, rather than on arbitrary age and tenure limits. Accordingly, the Board has not adopted a formal term limit policy for directors.

### ***Election of Directors***

At the Meeting, Shareholders will be asked to vote "FOR" or "WITHHOLD" on the proposed directors set forth below to hold office until the next annual meeting of Shareholders or until each directors' successor is duly elected or appointed in accordance with the ABCA. There are presently seven (7) directors of the Corporation, six (6) of which have been nominated for re-election at the Meeting. Grant Fagerheim will not be standing for re-election to the Board and each of Deirdre Choate and Norman MacDonald have been recommended for election to the Board at the Meeting.

It is the intention of the Management designees, if named as proxy, to vote "FOR" the election of the following persons to the Board unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, the Management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless a Shareholder has specified in their proxy that their Common Shares are to be withheld from voting on the election of directors.

The names, provinces and countries of residence, age and independence of each of the persons nominated for election as directors of the Corporation, the period served as director and the principal occupation of each, the number of voting securities of the Corporation beneficially owned or controlled or directed, directly or indirectly by such persons as at December 31, 2020 and March 26, 2021 and the value of such voting securities on such dates, the offices held by each in the Corporation, and attendance at Board and committee meetings held in 2020 are as follows:

<p>Jill T. Angevine Alberta, Canada</p> <p>Status: Independent</p> <p>Age: 53</p> <p>Director since May 27, 2015</p>	<p>Managing Director at Palisade Capital Management Ltd. since December 1, 2018. Ms. Angevine was Vice President and Portfolio Manager at Matco Financial Inc. (an independent, privately held asset management firm) from October 2013 to October 31, 2018 and Director of Tourmaline Oil Corp. since November 2015. Past Director of Chinook Energy Inc. from November 2014 to April 2020. Independent businesswoman from September 2011 until October 2013 and prior thereto, Vice President and Director, Institutional Research at FirstEnergy Capital Corp. (a financial advisory and investment services provider in the energy market).</p> <p>Ms. Angevine is a Chartered Public Accountant (CPA, CA), a Chartered Financial Analyst (CFA) and holds a Bachelor of Commerce degree from the University of Calgary. She also holds the Institute of Corporate Director's designation (ICD.D).</p> <p><b>Other Public Company Board Memberships:</b> Tourmaline Oil Corp.</p> <p><b>Share Ownership:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>December 31, 2020</u></th> <th style="text-align: center;"><u>March 26, 2021</u></th> </tr> </thead> <tbody> <tr> <td>Shares Owned, Controlled or Directed and Share Equivalents<sup>(5) (6)</sup></td> <td style="text-align: center;">136,197</td> <td style="text-align: center;">140,927</td> </tr> <tr> <td>Total Market Value of Shares</td> <td style="text-align: center;">\$232,897<sup>(1)</sup></td> <td style="text-align: center;">\$338,225<sup>(2)</sup></td> </tr> </tbody> </table> <p><b>Current Committee Memberships:</b> Compensation Committee (Chair) Audit Committee Governance Committee</p> <p><b>2020 Board and Committee Meeting Attendance:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Meeting Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">12 of 14 (86%)</td> </tr> <tr> <td>Audit Committee</td> <td style="text-align: center;">4 of 4 (100%)</td> </tr> <tr> <td>Compensation Committee</td> <td style="text-align: center;">5 of 5(100%)</td> </tr> <tr> <td>Governance Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> </tbody> </table> <p><b>Voting Results of 2020 AGM:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>% of Votes</u></th> </tr> </thead> <tbody> <tr> <td>Votes For</td> <td style="text-align: center;">99.71%</td> </tr> <tr> <td>Votes Withheld</td> <td style="text-align: center;">0.29%</td> </tr> </tbody> </table>		<u>December 31, 2020</u>	<u>March 26, 2021</u>	Shares Owned, Controlled or Directed and Share Equivalents <sup>(5) (6)</sup>	136,197	140,927	Total Market Value of Shares	\$232,897 <sup>(1)</sup>	\$338,225 <sup>(2)</sup>		<u>Meeting Attendance</u>	Board	12 of 14 (86%)	Audit Committee	4 of 4 (100%)	Compensation Committee	5 of 5(100%)	Governance Committee	2 of 2 (100%)		<u>% of Votes</u>	Votes For	99.71%	Votes Withheld	0.29%
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<p>Stephen E. Balog Alberta, Canada</p> <p>Status: Independent</p> <p>Age: 70</p> <p>Director since August 16, 2007</p>	<p>President of West Butte Management Inc., a private consulting company that provides business and technical advisory services to oil and gas operators. Formerly Principal of Alconsult International Ltd. and prior thereto, President &amp; Chief Operating Officer and a Director of Tasman Exploration Ltd. from 2001 to June 2007. Mr. Balog has extensive oil and gas industry experience in the management and operation of senior and junior production companies. Mr. Balog was a key contributor to the development and use of the Canadian Oil &amp; Gas Evaluation Handbook as an industry standard for reserves evaluation, and has previously served on the Petroleum Advisory Committee, Alberta Securities Commission.</p> <p>Mr. Balog is a registered Professional Engineer with the Association of Professional Engineers, Geologists and Geophysicists of Alberta and holds a degree in Chemical Engineering from the University of Calgary. He is a member of the Society of Petroleum Evaluation Engineers and the Society of Petroleum Engineers.</p> <p><b>Other Public Company Board Memberships:</b> None</p> <p><b>Share Ownership:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>December 31, 2020</u></th> <th style="text-align: center;"><u>March 26, 2021</u></th> </tr> </thead> <tbody> <tr> <td>Shares Owned, Controlled or Directed and Share Equivalents<sup>(5)</sup> <sup>(6)</sup></td> <td style="text-align: center;">178,011</td> <td style="text-align: center;">182,741</td> </tr> <tr> <td>Total Market Value of Shares</td> <td style="text-align: center;">\$304,399 <sup>(1)</sup></td> <td style="text-align: center;">\$438,578 <sup>(2)</sup></td> </tr> </tbody> </table> <p><b>Current Committee Memberships:</b> Independent Reserve Evaluation Committee (Chair) Audit Committee Compensation Committee Governance Committee</p> <p><b>2020 Board and Committee Meeting Attendance:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Meeting Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">14 of 14 (100%)</td> </tr> <tr> <td>Audit Committee</td> <td style="text-align: center;">4 of 4 (100%)</td> </tr> <tr> <td>Compensation Committee</td> <td style="text-align: center;">5 of 5 (100%)</td> </tr> <tr> <td>Independent Reserve Evaluation Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> <tr> <td>Governance Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> </tbody> </table> <p><b>Voting Results of 2020 AGM:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>% of Votes</u></th> </tr> </thead> <tbody> <tr> <td>Votes For</td> <td style="text-align: center;">99.72%</td> </tr> <tr> <td>Votes Withheld</td> <td style="text-align: center;">0.28%</td> </tr> </tbody> </table>		<u>December 31, 2020</u>	<u>March 26, 2021</u>	Shares Owned, Controlled or Directed and Share Equivalents <sup>(5)</sup> <sup>(6)</sup>	178,011	182,741	Total Market Value of Shares	\$304,399 <sup>(1)</sup>	\$438,578 <sup>(2)</sup>		<u>Meeting Attendance</u>	Board	14 of 14 (100%)	Audit Committee	4 of 4 (100%)	Compensation Committee	5 of 5 (100%)	Independent Reserve Evaluation Committee	2 of 2 (100%)	Governance Committee	2 of 2 (100%)		<u>% of Votes</u>	Votes For	99.72%	Votes Withheld	0.28%
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<p>Deirdre M. Choate Alberta, Canada</p> <p>Status: Independent</p> <p>Age: 59</p> <p>Director Nominee</p>	<p>Ms. Choate has over 30 years of experience and knowledge on international tax, treasury, insurance, governance and risk management. From 2007 to January 2021, Ms. Choate was General Manager, VP Tax, and subsequently VP Tax &amp; Treasurer at Husky Energy Inc. Prior thereto, Ms. Choate was an Associate Partner in International Tax Services at PricewaterhouseCoopers LLP. 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.</p> <p><b>Other Public Company Board Memberships:</b> None</p> <p><b>Share Ownership:</b> N/A</p> <p><b>Current Committee Memberships:</b> N/A</p> <p><b>2020 Board and Committee Meeting Attendance:</b> N/A</p> <p><b>Voting Results of 2020 AGM:</b> N/A</p>
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<p>Donald M. Clague Alberta, Canada</p> <p>Status: Independent</p> <p>Age: 59</p> <p>Director since June 16, 2020</p>	<p>Mr. Clague 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 BC, 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.</p> <p>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 and the Dean of Science's Circle. He is a Life Member (P. Geoph) of the Association of Professional Engineers and Geoscientists of Alberta, and has served on executive policy groups with the Canadian Association of Petroleum Producers (CAPP) and the Colorado Oil and Gas Association (COGA).</p> <p><b>Other Public Company Board Memberships:</b> None</p> <p><b>Share Ownership:</b></p> <table border="1" data-bbox="459 898 1286 1045"> <thead> <tr> <th></th> <th style="text-align: center;"><u>December 31, 2020</u></th> <th style="text-align: center;"><u>March 26, 2021</u></th> </tr> </thead> <tbody> <tr> <td>Shares Owned, Controlled or Directed and Share Equivalents<sup>(5) (6)</sup></td> <td style="text-align: center;">78,141</td> <td style="text-align: center;">92,871</td> </tr> <tr> <td>Total Market Value of Shares</td> <td style="text-align: center;">\$133,621 <sup>(1)</sup></td> <td style="text-align: center;">\$222,890 <sup>(2)</sup></td> </tr> </tbody> </table> <p><b>Current Committee Memberships:</b> Audit Committee Independent Reserve Evaluation Committee</p> <p><b>2020 Board and Committee Meeting Attendance:</b></p> <table border="1" data-bbox="459 1213 1211 1329"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Meeting Attendance <sup>(7)</sup></u></th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">6 of 6 (100%)</td> </tr> <tr> <td>Audit Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> <tr> <td>Independent Reserve Evaluation Committee</td> <td style="text-align: center;">1 of 1 (100%)</td> </tr> </tbody> </table> <p><b>Voting Results of 2020 AGM:</b> N/A</p>		<u>December 31, 2020</u>	<u>March 26, 2021</u>	Shares Owned, Controlled or Directed and Share Equivalents <sup>(5) (6)</sup>	78,141	92,871	Total Market Value of Shares	\$133,621 <sup>(1)</sup>	\$222,890 <sup>(2)</sup>		<u>Meeting Attendance <sup>(7)</sup></u>	Board	6 of 6 (100%)	Audit Committee	2 of 2 (100%)	Independent Reserve Evaluation Committee	1 of 1 (100%)
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<p>Paul G. Haggis Alberta, Canada</p> <p>Status: Independent</p> <p>Age: 69</p> <p>Director since November 7, 2008</p>	<p>Mr. Haggis is a corporate director. Currently, Mr. Haggis is a director and Audit Chair of Home Capital Group Inc. and was appointed director of the Alberta Teachers Retirement Funds in September 2019. Mr. Haggis has extensive financial markets and public board experience having served as Chairman of Alberta Enterprise Corp. from March 2009 until September 2019, director of the Bank of Canada, director of Canadian Tire Bank, director and Chair of the Investment Committee of the Insurance Corporation of British Columbia, Chair of the Audit Committee of C.A. Bancorp and Prime Restaurants Inc., Chair of Canadian Pacific Railway, and director of UBC Investment Management Inc. He was Chief Operating Officer of Metlife Canadian operations, Chief Executive Officer of ATB Financial, Chief Executive Officer of Ontario Municipal Employees Retirement System (OMERS), and director and Interim Chief Executive Officer of the Public Sector Pension Investment Board (PSPIB).</p> <p>Mr. Haggis holds a Bachelor of Arts degree from the University of Western Ontario and is certified as a Chartered Director through the Directors College at McMaster University. He was a Commissioned Officer in the Royal Canadian Air Force Reserve.</p> <p><b>Other Public Company Board Memberships:</b> Home Capital Group Inc.</p> <p><b>Share Ownership:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>December 31, 2020</u></th> <th style="text-align: center;"><u>March 26, 2021</u></th> </tr> </thead> <tbody> <tr> <td>Shares Owned, Controlled or Directed and Share Equivalents<sup>(5)</sup> <sup>(6)</sup></td> <td style="text-align: center;">178,521</td> <td style="text-align: center;">183,723</td> </tr> <tr> <td>Total Market Value of Shares</td> <td style="text-align: center;">\$305,271 <sup>(1)</sup></td> <td style="text-align: center;">\$440,935 <sup>(2)</sup></td> </tr> </tbody> </table> <p><b>Current Committee Memberships:</b> Audit Committee (Chair) Compensation Committee Independent Reserve Evaluation Committee Governance Committee</p> <p><b>2020 Board and Committee Meeting Attendance:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Meeting Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">14 of 14 (100%)</td> </tr> <tr> <td>Audit Committee</td> <td style="text-align: center;">4 of 4 (100%)</td> </tr> <tr> <td>Compensation Committee</td> <td style="text-align: center;">4 of 5 (80%)</td> </tr> <tr> <td>Independent Reserve Evaluation Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> <tr> <td>Governance Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> </tbody> </table> <p><b>Voting Results of 2020 AGM:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>% of Votes</u></th> </tr> </thead> <tbody> <tr> <td>Votes For</td> <td style="text-align: center;">99.72%</td> </tr> <tr> <td>Votes Withheld</td> <td style="text-align: center;">0.28%</td> </tr> </tbody> </table>		<u>December 31, 2020</u>	<u>March 26, 2021</u>	Shares Owned, Controlled or Directed and Share Equivalents <sup>(5)</sup> <sup>(6)</sup>	178,521	183,723	Total Market Value of Shares	\$305,271 <sup>(1)</sup>	\$440,935 <sup>(2)</sup>		<u>Meeting Attendance</u>	Board	14 of 14 (100%)	Audit Committee	4 of 4 (100%)	Compensation Committee	4 of 5 (80%)	Independent Reserve Evaluation Committee	2 of 2 (100%)	Governance Committee	2 of 2 (100%)		<u>% of Votes</u>	Votes For	99.72%	Votes Withheld	0.28%
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<p>Norman W. MacDonald Ontario, Canada</p> <p>Status: Independent</p> <p>Age: 49</p> <p>Director Nominee</p>	<p>Mr. MacDonald is Partner, Natural Resources at Fort Capital. Mr. MacDonald has over 25 years of experience at natural resource focused institutional investment firms, including over 10 years as a Senior Portfolio Manager at Invesco. 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 &amp; 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 CFA Charterholder.</p> <p><b>Other Public Company Board Memberships:</b> G Mining Ventures Corp.</p> <p><b>Share Ownership:</b> N/A</p> <p><b>Current Committee Memberships:</b> N/A</p> <p><b>2020 Board and Committee Meeting Attendance:</b> N/A</p> <p><b>Voting Results of 2020 AGM:</b> N/A</p>
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<p>Andy J. Mah Alberta, Canada</p> <p>Status: Not Independent</p> <p>Chief Executive Officer</p> <p>Age: 62</p> <p>Director since June 23, 2006</p>	<p>Chief Executive Officer of Advantage since January 27, 2009, President and Chief Operating Officer from June 23, 2006 to January 27, 2009 and President from April 21, 2011 to November 11, 2019. Chief Operating Officer of Longview Oil Corp. from December 15, 2010 to November 7, 2013. Prior thereto, President of Ketch Resources Ltd. from October 2005 to June 2006. Chief Operating Officer of Ketch Resources Ltd. from January 2005 to September 2005. Prior thereto, Executive Officer and Vice President, Engineering and Operations of Northrock Resources Ltd. from August 1998 to January 2005.</p> <p><b>Other Public Company Board Memberships:</b> None</p> <p><b>Share Ownership:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>December 31, 2020</u></th> <th style="text-align: center;"><u>March 26, 2021</u></th> </tr> </thead> <tbody> <tr> <td>Shares Owned, Controlled or Directed</td> <td style="text-align: center;">1,452,245</td> <td style="text-align: center;">1,452,245</td> </tr> <tr> <td>Total Market Value of Shares</td> <td style="text-align: center;">\$2,483,339<sup>(1)</sup></td> <td style="text-align: center;">\$3,485,388<sup>(2)</sup></td> </tr> </tbody> </table> <p><b>Current Committee Memberships:</b> None</p> <p><b>2020 Board and Committee Meeting Attendance:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Meeting Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">14 of 14 (100%)</td> </tr> </tbody> </table> <p><b>Voting Results of 2020 AGM:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>% of Votes</u></th> </tr> </thead> <tbody> <tr> <td>Votes For</td> <td style="text-align: center;">99.71%</td> </tr> <tr> <td>Votes Withheld</td> <td style="text-align: center;">0.29%</td> </tr> </tbody> </table>		<u>December 31, 2020</u>	<u>March 26, 2021</u>	Shares Owned, Controlled or Directed	1,452,245	1,452,245	Total Market Value of Shares	\$2,483,339 <sup>(1)</sup>	\$3,485,388 <sup>(2)</sup>		<u>Meeting Attendance</u>	Board	14 of 14 (100%)		<u>% of Votes</u>	Votes For	99.71%	Votes Withheld	0.29%
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<p>Ronald A. McIntosh Alberta, Canada</p> <p>Status: Independent</p> <p>Age: 79</p> <p>Chairman since February 4, 2014</p> <p>Director since September 25, 1998<sup>(3)</sup></p>	<p>Mr. McIntosh sits on the board of North American Construction Group, a publicly traded corporation and was previously Chairman from May 2004 to October 2017. He has previously been a board member of publicly traded and private companies. Mr. McIntosh has extensive experience in the domestic and international energy business, with previous executive roles including President and Chief Executive Officer of Navigo Energy from October 2002 to January 2004, Senior Vice President and Chief Operating Officer of Gulf Canada Resources Limited from December 2001 to July 2002, Vice President Exploration and International of Petro-Canada from April 1996 to November 2001 and Chief Operating Officer of Amerada Hess Canada. He holds B.Eng. and M.Sc. degrees from the University of Saskatchewan and has completed the Executive Development Program at Columbia University. Mr. McIntosh is a Professional Geologist registered with the Association of Professional Engineers and Geoscientists of Alberta and a member of the American Association of Petroleum Geologists and both the Energy Minerals and Environmental Science divisions.</p> <p><b>Other Public Company Board Memberships:</b> North American Construction Group</p> <p><b>Share Ownership:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>December 31, 2020</u></th> <th style="text-align: center;"><u>March 26, 2021</u></th> </tr> </thead> <tbody> <tr> <td>Shares Owned, Controlled or Directed and Share Equivalents<sup>(5) (6)</sup></td> <td style="text-align: center;">268,313</td> <td style="text-align: center;">275,503</td> </tr> <tr> <td>Total Market Value of Shares</td> <td style="text-align: center;">\$458,815 <sup>(1)</sup></td> <td style="text-align: center;">\$661,207 <sup>(2)</sup></td> </tr> </tbody> </table> <p><b>Current Committee Memberships:</b> Independent Reserve Evaluation Committee Governance Committee (Chair)</p> <p><b>2020 Board and Committee Meeting Attendance:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Meeting Attendance</u></th> </tr> </thead> <tbody> <tr> <td>Board</td> <td style="text-align: center;">14 of 14 (100%)</td> </tr> <tr> <td>Independent Reserve Evaluation Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> <tr> <td>Governance Committee</td> <td style="text-align: center;">2 of 2 (100%)</td> </tr> </tbody> </table> <p><b>Voting Results of 2020 AGM:</b></p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;"><u>% of Votes</u></th> </tr> </thead> <tbody> <tr> <td>Votes For</td> <td style="text-align: center;">95.27%</td> </tr> <tr> <td>Votes Withheld</td> <td style="text-align: center;">4.73%</td> </tr> </tbody> </table>		<u>December 31, 2020</u>	<u>March 26, 2021</u>	Shares Owned, Controlled or Directed and Share Equivalents <sup>(5) (6)</sup>	268,313	275,503	Total Market Value of Shares	\$458,815 <sup>(1)</sup>	\$661,207 <sup>(2)</sup>		<u>Meeting Attendance</u>	Board	14 of 14 (100%)	Independent Reserve Evaluation Committee	2 of 2 (100%)	Governance Committee	2 of 2 (100%)		<u>% of Votes</u>	Votes For	95.27%	Votes Withheld	4.73%
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Independent Reserve Evaluation Committee	2 of 2 (100%)																							
Governance Committee	2 of 2 (100%)																							
	<u>% of Votes</u>																							
Votes For	95.27%																							
Votes Withheld	4.73%																							

## Notes:

- (1) Calculated based on the number of Shares and deferred share units ("DSU") owned, controlled or directed as at December 31, 2020 multiplied by the closing price of the Shares on the TSX on December 31, 2020 of \$1.71.
- (2) Calculated based on the number of Shares and DSUs owned, controlled or directed as at March 26, 2021 multiplied by the closing price of the Shares on the TSX on March 26, 2021 of \$2.40.
- (3) The period of time served by Mr. McIntosh as a director of Advantage includes the period of time served as a director of Search Energy Corp. ("Search") prior to the reorganization of Search into a trust structure and the change of name of Search to Advantage Oil & Gas Ltd. Mr. McIntosh was appointed a director of post-reorganization Search on May 24, 2001.
- (4) Advantage does not have an executive committee of the Board.
- (5) Share equivalents includes vested DSUs outstanding at the dates indicated.
- (6) The Corporation's share ownership policy requires each non-executive Board member to maintain a minimum value of Shares representing at least three times the Board member's annual Board member cash retainer. The members of the Board were all in compliance at March 26, 2021 with the Corporation's share ownership policy.
- (7) Mr. Clague was appointed a director of the Corporation on June 16, 2020 and attended 100% of the Board, Audit Committee and Independent Reserve Evaluation Committee meetings following his appointment to the Board.

As at March 26, 2021, the directors and officers of the Corporation, as a group, beneficially owned or controlled or directed, directly or indirectly, an aggregate of 4,627,117 Shares, being approximately 2.5% of the outstanding Shares. The information as to Shares beneficially owned or controlled or directed, directly or indirectly, is based upon information furnished to the Corporation by the respective nominees as at March 26, 2021.

### *Cease Trade Orders or Bankruptcies*

No proposed director of the Corporation is or within the ten years prior to the date of this Information Circular has been:

- (a) a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that while that person was acting in that capacity, was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days; or
- (b) a director, chief executive officer or chief financial officer of any issuer (including the Corporation) that was the subject of a cease trade order or similar order or an order that denied the issuer access to any statutory exemptions for a period of more than 30 consecutive days, after the director ceased to be a director, chief executive officer or chief financial officer of the issuer and which resulted from an event that occurred while that person was acting in such capacity; or
- (c) bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been 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 that person; or
- (d) a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of the 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 or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### *Penalties or Sanctions*

No proposed director or any personal holding companies of a proposed director of the Corporation have been subject to: (a) 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 (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for a proposed director.

### **Approval of Amendments to Restricted and Performance Award Incentive Plan**

#### *Background*

On April 14, 2014, the Board approved the adoption by the Corporation of a restricted and performance award incentive plan, as amended on April 24, 2015 and on May 29, 2018 (the "**Share Award Plan**"), which Share Award Plan was approved by Shareholders on May 29, 2018. The Share Award Plan allows the Board or the Compensation Committee to grant Performance Awards and/or Restricted Awards (collectively, "**Incentive Awards**") to persons who are employees or officers of the Corporation or any affiliate (as defined in the ABCA) of the Corporation ("**Advantage Affiliate**") or who are consultants or other service providers to the Corporation or any Advantage Affiliate (collectively, "**Service Providers**").

#### *Proposed Amendments*

At the Meeting, approval of Shareholders will be sought for an amendment to the Share Award Plan to increase the maximum number of Shares issuable pursuant to Incentive Awards and all other security based compensation arrangements of the Corporation to 5.0% of the Shares outstanding from time to time (the "**Proposed Amendments**"). Currently, the Share Award Plan provides the maximum number of Shares issuable pursuant to outstanding Incentive Awards at any time shall be limited to 3.0% of the aggregate number of issued and outstanding Shares, provided that the maximum number of Shares issuable pursuant to outstanding Incentive Awards and all other security based compensation arrangements, shall not exceed 4.5% of the Shares outstanding from time to time.

The original limit for the issuance of Incentive Awards under the Share Award Plan was established in 2018 to allow for the granting of each of Incentive Awards and stock options ("**Options**") under Advantage's stock option plan (the "**Option Plan**"). On March 26, 2021, the Corporation determined to allow the Option Plan to lapse effective May 6, 2021 and as such no further grants will be made under the Option Plan accordingly, going forward, 100% of the Corporation's equity based awards for employees will be in the form of Incentive Awards under the Share Award Plan in order to enhance the long-term alignment of such awards with key performance metrics and ensure continued alignment with Shareholder interests. There are currently no Options outstanding under the Option Plan and no Options have been granted since 2015.

For a summary of the current terms of the Share Award Plan and the full text of the Share Award Plan, including the Proposed Amendments, see Schedule "B" and Schedule "C", respectively, to this Information Circular. The foregoing description of the amendments to the Share Award Plan is qualified, in its entirety, by the Share Award Plan set forth in Schedule "C".

### ***Share Award Plan Resolution***

At the Meeting, the following ordinary resolution (the "**Share Award Plan Resolution**") will be presented:

"BE IT RESOLVED, as an ordinary resolution of the Shareholders of the Corporation, that:

1. the Proposed Amendments, as described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Amendments to Restricted and Performance Award Incentive Plan*" and as set forth in the Share Award Plan provided in Schedule "C" to this Information Circular are hereby authorized and approved;
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
3. notwithstanding that this resolution has been duly passed by the Shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the Shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order for the Share Award Plan Resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of management to vote proxies in favour of the Share Award Plan Resolution.**

### **Approval of Unallocated Incentive Awards**

#### ***Background***

As the Share Award Plan is considered to be a security based compensation arrangement and the Share Award Plan currently provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding Incentive Awards is not a fixed number and instead shall not exceed a number of Common Shares equal to 3.0% of the issued and outstanding Common Shares from time to time (provided that the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards and all other security based compensation arrangements, cannot exceed 4.5% of the Common Shares outstanding from time to time), approval will also be sought at the Meeting to approve the grant of unallocated Incentive Awards under the Share Award Plan. When Incentive Awards have been granted pursuant to the Share Award Plan, Common Shares that are reserved for issuance under outstanding Incentive Awards are referred to as allocated Common Shares. The Corporation has additional Common Shares that may be reserved for issuance pursuant to future grants of Incentive Awards under the Share Award Plan, but as they are not subject to current Incentive Award grants, they are referred to as unallocated Incentive Awards.

As at March 26, 2021, the maximum number of Common Shares that may be issued under the Share Award Plan was 5,643,384 Common Shares, representing 3.0% of the number of issued and outstanding Common Shares on that date, and the maximum number of Common Shares that may be issued under the Share Award Plan and all other security based compensation arrangements of the Corporation was 8,465,076 Common Shares, representing 4.5% of the number of issued and outstanding Common Shares on that date. As at March 26, 2021, the Corporation had Incentive Awards to receive 5,183,316 Common Shares outstanding under the Share Award Plan using a Payout Multiplier of one times and no Options were outstanding under the Corporation's Option Plan, leaving up to 3,281,760 Common Shares available for future grants under the Share Award Plan and all other security based compensation arrangements based on the number of outstanding Common Shares as at that date. As at March 26, 2021, the maximum number of Common Shares available for future grants under the Share Award Plan is 460,068 Common Shares (0.24% of the outstanding Common Shares as at that date). As at December 31, 2020, the maximum number of Common Shares that may be issued under the Share Award Plan was 5,643,384 Common Shares, representing 3.0% of the number of issued and outstanding Common Shares on that date, and the maximum number of Common Shares that may be issued under the Share Award Plan and all other security based compensation arrangements of the Corporation was 8,465,076 Common Shares, representing 4.5% of the number of issued and outstanding Common Shares on that date. As at December 31, 2020, the Corporation had Incentive Awards to receive 5,243,598 Common Shares outstanding under the Share Award Plan using a Payout Multiplier of one times and no Options were outstanding under the Option Plan, leaving up to 3,221,478 Common Shares available for future grants under the Share Award Plan and all other security based compensation arrangements based on the number of outstanding Common Shares as at that date. As at December 31, 2020, the maximum number of Common Shares available for future grants under the Share Award Plan was 399,786 Common Shares (0.21% of the outstanding Common Shares as at that date). If any Incentive Awards granted under the Share Award Plan shall be exercised or shall expire, terminate or be cancelled for any reason without having been exercised in full, such Incentive Awards shall be unallocated and be available for the purposes of future grants under the Share Award Plan and all other security based compensation arrangements of the Corporation.

#### ***Unallocated Incentive Award Resolution***

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval for unallocated Incentive Awards under the Share Award Plan until May 6, 2024. If approval is not obtained at the Meeting, Incentive Awards which have not been allocated as of May 6, 2021 and Common Shares which are reserved for issuance pursuant to Incentive Awards which are outstanding as of May 6, 2021 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Incentive Awards under the Share Award Plan and the Proposed Amendments will not be effective. Previously allocated Incentive Awards will continue to be unaffected by the approval or disapproval of the resolution.

**If the Share Award Plan Resolution is approved at the Meeting as described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Amendments to Restricted and Performance Award Incentive Plan*", the references in the following resolution to the Share Award Plan will refer to the Share Award Plan, as amended by the Proposed Amendments, and such approval will apply to unallocated Incentive Awards representing up to 5.0% of the aggregate number of issued and outstanding Shares of the Corporation from time to time to reflect such Proposed Amendments.**

At the Meeting, the following ordinary resolution (the "**Unallocated Incentive Award Resolution**") will be presented:

"BE IT RESOLVED, as an ordinary resolution of the Shareholders of the Corporation, that:

1. all unallocated Incentive Awards under the Share Award Plan are approved and authorized until May 6, 2024;
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
3. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the

corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions."

In order for the Unallocated Incentive Award Resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of Management to vote proxies in favour of the Unallocated Incentive Award Resolution.**

### **Approval of the Amended and Restated Shareholder Rights Plan Agreement**

At the Meeting, Shareholders will be asked to consider and, if deemed advisable, to re-approve the amended and restated shareholder rights plan of the Corporation (the "**Rights Plan**"), which was last approved by Shareholders on May 28, 2018 (the "**Effective Date**").

### ***Background***

The Rights Plan has a term of three years and, if approved at the Meeting, will expire at the close of the annual meeting of the Corporation in 2024, unless it is reconfirmed at such meeting or it is otherwise terminated in accordance with its terms. Approval of the Rights Plan by Shareholders is required by the TSX and by the terms of the Rights Plan. The Rights Plan is similar to plans adopted by several other Canadian issuers and approved by their securityholders.

### ***Objectives of the Rights Plan***

The fundamental objectives of the Rights Plan are to provide adequate time for Advantage's directors and Shareholders to assess an unsolicited take-over bid for the Corporation, to provide the directors with sufficient time to explore and develop alternatives for maximizing Shareholder value if a take-over bid is made, and to provide Shareholders with an equal opportunity to participate in a take-over bid.

The Rights Plan encourages a potential acquiror to proceed with its bid in accordance with Canadian take-over bid rules by way of requiring that the bid satisfy certain minimum standards designed to promote fairness, or has the approval of the Board and by:

- preventing "creeping bids" (the accumulation of 20% or more of the Shares through purchases exempt from Canadian take-over bid rules); and
- preventing a potential acquiror from entering into lock-up agreements with existing Shareholders prior to launching a take-over bid, except for permitted lock-up agreements as specified in the Rights Plan.

If a take-over bid fails to meet these minimum standards and the Rights Plan is not waived by the directors, the Rights Plan provides that holders of Shares, other than the acquiror, will be able to purchase additional Shares at a significant discount to market, thus exposing the person acquiring Shares to substantial dilution of its holdings.

It is not the intention of the directors in recommending the confirmation and approval of the Rights Plan to either secure the continuance of the directors or Management of Advantage or to preclude a take-over bid for control of Advantage. The Rights Plan provides that Shareholders could tender to take-over bids as long as they meet the Permitted Bid (as described below) criteria. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the directors are always bound by their fiduciary duty to consider any take-over bid for Advantage and consider whether or not they should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the directors will be obligated to act honestly and in good faith and in the best interests of Advantage and Shareholders.

The Rights Plan does not and is not expected to interfere with the day-to-day operations of Advantage. The continuation of the existing outstanding Rights (as defined below) and the issuance of additional Rights in the future will not in any way alter the financial condition of Advantage, impede its business plans, or alter its financial statements. In addition, the Rights Plan is initially not dilutive. However, if a "**Flip-in Event**" (described below) occurs and the Rights separate from the Shares as described below, reported earnings per Share on a fully diluted or non-

diluted basis may be affected. In addition, holders of Rights not exercising their Rights after a Flip-in Event may suffer substantial dilution.

### *Summary of the Rights Plan*

The following is a summary of the principal terms of the Rights Plan, which summary is qualified by and is subject to the full terms and conditions of the Rights Plan, a copy of which is attached to this Information Circular as Schedule "D". Except as otherwise defined herein, capitalized terms used herein have the meanings ascribed thereto in the Rights Plan.

### *Issue of Rights*

One right ("**Right**") is issued and attached to each outstanding Share or any other securities or voting interests of Advantage entitled to vote generally in the election of Directors (collectively, "**Shares**"). One Right will also be issued and attach to each Share issued hereafter, subject to the limitations set forth in the Rights Plan.

### *Acquiring Person*

An Acquiring Person is a person that beneficially owns 20% or more of the outstanding Shares. An Acquiring Person does not, however, include Advantage or any subsidiary of Advantage, or any person that becomes the Beneficial Owner of 20% or more of the Shares as a result of certain exempt transactions. These exempt transactions include where any person becomes the Beneficial Owner of 20% or more of the Shares as a result of, among other things: (i) specified acquisitions of securities of Advantage (including acquisitions upon the exercise, conversion or exchange of securities convertible, exercisable or exchangeable into Shares); (ii) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid (as described below); (iii) specified distributions of securities of Advantage; (iv) certain other specified exempt acquisitions; and (v) transactions to which the application of the Rights Plan has been waived by the directors of the Corporation.

Also excluded from the definition of Acquiring Person is a person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Shares on the date of implementation of the Rights Plan; provided further, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the date of implementation of the Rights Plan, become the Beneficial Owner of more than 1.0% of the number of Shares then outstanding in addition to those Shares already held by such person, other than through: (i) specified acquisitions of securities of Advantage (including acquisitions upon the exercise, conversion or exchange of securities convertible, exercisable or exchangeable into Shares); (ii) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid (as described below); (iii) specified distributions of securities of Advantage; (iv) certain other specified exempt acquisitions; and (v) transactions to which the application of the Rights Plan has been waived by the directors of the Corporation.

A Beneficial Owner includes an owner of securities entitling the owner to become an owner of a Share, including conversion or exchange rights or rights to purchase.

### *Rights Exercise Privilege*

The Rights will separate from the Shares to which they are attached and will become exercisable at the close of business (the "**Separation Time**") on the tenth Trading Day (as defined in the Rights Plan) after the earliest of: (i) the first date of public announcement that a person and/or others associated, affiliated or otherwise connected to such person, or acting in concert with such person, have become an Acquiring Person; (ii) the date of commencement of, or first public announcement of the intent of any person to commence, a take-over bid, other than a Permitted Bid or a Competing Permitted Bid; and (iii) the date upon which a Permitted Bid or a Competing Permitted Bid ceases to be such, or such later date as the Directors may determine in good faith. Subject to adjustment as provided in the Rights Plan, each Right will entitle the holder to purchase one Share for an exercise price (the "**Exercise Price**") equal to \$100.

A transaction in which a person becomes an Acquiring Person is referred to as a "**Flip-in Event**". Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by Advantage or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. After the close of business on the tenth business day after the first public announcement of the occurrence of a Flip-in Event, the Rights (other than those held by the Acquiring Person) will entitle the holder to purchase, for the Exercise Price, that number of Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event) equal to twice the Exercise Price.

#### *Impact Once Rights Plan is Triggered*

Upon a Flip-in Event occurring and the Rights separating from the attached Shares, reported earnings per Share on a fully diluted or nondiluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Shares at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the voting securities of Advantage other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the Directors waive the application of the Rights Plan.

#### *Certificates of Transferability*

Before the Separation Time, certificates for Shares will also evidence one Right for each Share represented by the certificate. Certificates issued on or after the Effective Date will bear a legend to this effect. Rights are also attached to Shares outstanding on the Effective Date of the Rights Plan, although certificates issued before such date will not bear such a legend.

Prior to the Separation Time, Rights will not be transferable separately from the attached Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Shares.

Until such time as the directors otherwise determine, the Rights issued to Shareholders will be made through the bookentry system representing the number of Rights so issued. Holders of Shares or associated Rights represented by the book-entry system will not be entitled to a certificate or other instrument from Advantage, transfer agent or Rights Agent to evidence the ownerships thereof. Shares issued as a result of the exercise of any Right will also be represented through the book-entry system in all circumstances.

#### *Permitted Bids*

The Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a Permitted Bid, which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the directors of Advantage. The Rights Plan is not triggered if an offer to acquire Shares would allow sufficient time for the Shareholders to consider and react to the offer and would allow Shareholders to decide to tender or not tender without the concern that they will be left with illiquid Shares should they not tender.

A "**Permitted Bid**" is a take-over bid where the bid is made by way of a take-over bid circular and: (i) is made to all holders of Shares, other than the offeror, for all of the Shares held by those holders; and (ii) (A) the bid must not permit Shares tendered pursuant to the bid to be taken up prior to the close of business on the 105th day following the date of the bid or such shorter minimum deposit period that a bid (which is not exempt from the general take-over bid requirements under applicable securities laws) must remain open for deposits of securities thereunder, in the applicable circumstances as such time, pursuant to applicable securities laws; and (B) only if, at the close of business on such date, more than 50% of the Shares held by Shareholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder have been tendered pursuant to the take-over bid and not withdrawn.



A Permitted Bid is not required to be approved by the directors of the Corporation and such bids may be made directly to Shareholders. Acquisitions of Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

#### *Waiver and Redemption*

The directors may, before the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event that would occur as a result of a take-over bid made under a circular prepared in accordance with applicable securities laws to all holders of Shares. In such event, the directors shall be deemed to also have waived the application of the Rights Plan to any other Flip in Event occurring as a result of any other takeover bid made under a circular prepared in accordance with applicable securities laws to all holders of Shares prior to the expiry of any take-over bid for which the Rights Plan has been waived or deemed to have been waived.

The directors may also waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that the person who became an Acquiring Person in the Flip-in Event reduces its Beneficial Ownership of Shares such that it is not an Acquiring Person within 14 days of the determination of the directors (or any earlier or later time specified by the directors).

In addition, the directors may waive the application of the Rights Plan to a Flip-in Event prior to the close of business on the tenth trading day following a Share acquisition (or such later business day as they may from time to time determine), provided that the Acquiring Person has reduced its Beneficial Ownership of Shares, or has entered into a contractual arrangement with Advantage to do so within 10 days of the date on which such contractual arrangement is entered into, such that at the time the waiver becomes effective such Person is no longer an Acquiring Person. In the event of such a waiver becoming effective prior to the Separation Time, such Flip-in Event shall be deemed not to have occurred.

Subject to the provisions of the Rights Plan, including prior consent of the holders of the Shares or the Rights where required, until the occurrence of a Flip-in Event, the directors may, at any time before the Separation Time, elect to redeem all but not less than all of the then outstanding Rights at \$0.000001 per Right. In the event that a person acquires Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the directors have waived the application of the Rights Plan, then the directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

#### *Supplement and Amendments*

Advantage may, without the approval of the holders of Shares or Rights, make amendments: (i) to correct clerical or typographical errors; and (ii) to maintain the validity and effectiveness of the Rights Plan as a result of any change in applicable legislation, regulations or rules thereunder. Any amendment referred to in (ii) must, if made before the Separation Time, be submitted for approval to the holders of Shares at the next meeting of Shareholders and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

Prior to the Separation Date, Advantage may, with prior consent of the Shareholders received at the special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the holders of Rights generally.

After the Separation Date, Advantage may, with prior consent of the holders of Rights received at the meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the holders of Rights generally.

#### *Confirmation*

The Rights Plan must be reconfirmed at every third annual meeting of Shareholders of Advantage. If the Rights Plan is not approved at such meeting of Shareholders, the Rights Plan and all outstanding Rights will terminate and be void and of no further force and effect.

### ***Rights Plan Resolution***

Accordingly, at the Meeting, Shareholders will be asked to consider and, if thought fit, approve an ordinary resolution (the "**Rights Plan Resolution**") in the following form:

"BE IT RESOLVED, as a special resolution of the Shareholders of the Corporation, that:

1. the Rights Plan, on the terms described in this Information Circular be and the same is hereby ratified, confirmed and approved until the close of business on the date of the annual general meeting of Shareholders of the Corporation held in 2024, unless at such meeting Shareholders have reconfirmed the Rights Plan for an additional period of time, and the Corporation is authorized to continue to issue Rights pursuant thereto;
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
3. notwithstanding that this resolution has been duly passed by the Shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the Shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order for the Rights Plan Resolution to be passed, it must be approved by a simple majority of the votes cast by Shareholders who vote in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of Management to vote proxies in favour of the Rights Plan Resolution.**

### **Approval of Change of Name to Advantage Energy Ltd.**

At the Meeting, Shareholders will be asked to consider a special resolution to amend the articles of the Corporation pursuant to Section 173(1)(a) of the ABCA to change the name of the Corporation to "Advantage Energy Ltd."

### ***Background to the Name Change***

Advantage is a progressive Montney producer that is well positioned for the new energy market with clean sustainable energy. Our strategy includes all energy development and complimentary technologies that will add long-term value for our shareholders. We believe the new proposed name, Advantage Energy Ltd., is a more accurate, all encompassing name reflecting our future energy business and strategy.

### ***Name Change Resolution***

At the Meeting, Shareholders will be asked to consider and, if thought fit, approve a special resolution (the "**Name Change Resolution**") in the following form:

"BE IT RESOLVED, as a special resolution of the Shareholders of the Corporation, that:

1. the Articles of the Corporation be amended to change the name of the Corporation to "Advantage Energy Ltd.";
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions,

including, but not limited to the filing of the articles of amendment under the *Business Corporations Act (Alberta)*; and

3. notwithstanding that this special resolution has been duly passed by the Shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this special resolution, without any further approval of the Shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order for the Name Change Resolution to be effective, it must be passed by a majority of not less than two-thirds of the votes cast on the resolution by Shareholders present in person or by proxy at the Meeting. If approved, the effective date of the name change will be the date of issuance of a certificate of amendment by the Registrar of Corporations in respect of the name change under the ABCA, which is expected to be obtained as soon as practicable following the Meeting. The Corporation is not forwarding a letter of transmittal to Shareholders for their use in transmitting share certificates representing Shares of the Corporation in exchange for new share certificates giving effect to the name change. Instead, in the event that the Name Change Resolution is approved by the requisite majority of Shareholders at the Meeting and articles of amendment are subsequently filed to give effect thereto, each existing share certificate reflecting the current name of the Corporation shall continue to be a valid share certificate of the Corporation until such certificate is transferred, reregistered or otherwise exchanged. **Unless otherwise directed, it is the intention of Management to vote proxies in favour of the Name Change Resolution.**

#### Appointment of Auditors

Shareholders will consider an ordinary resolution to appoint the firm of PricewaterhouseCoopers LLP, Chartered Professional Accountants, to serve as auditors of the Corporation until the next annual meeting of the Shareholders and to authorize the directors of the Corporation to fix their remuneration as such. The Board reviews the annual audit fees and considers the issue of auditor independence in the context of all services provided to the Corporation. PricewaterhouseCoopers LLP have been the auditors of the Corporation since September 18, 2007.

Certain information regarding the Corporation's Audit Committee that is required to be disclosed in accordance with National Instrument 52-110 of the Canadian Securities Administrators is contained in the Corporation's annual information form for the year ended December 31, 2020, an electronic copy of which is available on the internet on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.advantageog.com](http://www.advantageog.com).

The following table discloses fees paid by the Corporation to its auditors, PricewaterhouseCoopers LLP, in the last two fiscal years.

<u>Type of Service Provided</u>	<u>2019</u>	<u>2020</u>
Audit Fees <sup>(1)</sup>	\$245,000	\$242,500
Audit-Related Fees <sup>(2)</sup>	\$45,000	\$45,000
Tax Fees <sup>(3)</sup>	-	-
Other Fees <sup>(4)</sup>	-	\$3,294
<b>Total</b>	<b>\$290,000</b>	<b>\$290,794</b>

Notes:

- (1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's consolidated financial statements.
- (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.
- (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.
- (4) "Other Fees" represent the assessment fee paid to have an audit completed by a Canadian Public Accountability Board participant firm pursuant to National Instrument – 52-108 *Auditor Oversight* mandate.

## DIRECTOR COMPENSATION

Effective January 1, 2018, annual total compensation for the Chairman of the Board was set at \$190,000, Chairman of the Audit Committee at \$137,500, and for all other Board members at \$125,000. Each Board member annually elects the percentage of their total compensation to be received in cash and DSUs from 25% to 75%. Effective January 1, 2020, all directors except for Grant Fagerheim elected to be paid their directors fees 50% in cash and 50% in DSUs. Mr. Grant Fagerheim elected to be paid his director fees 75% in cash and 25% in DSUs. DSUs are notional securities granted to a director and are related directly to the Share price performance from grant date to the date on which the DSUs are redeemed. DSUs vest immediately upon grant but cannot be redeemed until the holder ceases to be a director. The granting of DSUs occurs monthly and the number granted is calculated by dividing the value of the awards by the amount that is the closing price for a Share on the TSX on the trading day immediately prior to the date of grant. On the date that a holder of DSUs ceases to be a director, the monetary amount represented by the DSUs shall be calculated and shall be paid to the director in cash not later than the end of the first calendar year after the calendar year which includes the termination date.

Members of the Board historically were eligible to receive Options pursuant to the Corporation's Option Plan. However, for the years ended December 31, 2018, 2019 and 2020, there were no grants of Options to non-management directors of the Board and no Options are currently outstanding to non-management directors. As such, Advantage has discontinued the Option Plan and will not be seeking requisite three year approval under the TSX policies for unallocated Options under the Option Plan at the Meeting.

All directors are eligible to receive expense reimbursement for costs of attending Board and committee meetings. No meeting fees are paid to independent directors, as, absent exceptional circumstances, directors are not entitled to meeting fees.

### *Directors' Summary Compensation Table*

The following table sets forth for the year ended December 31, 2020, information concerning the compensation paid to Advantage's directors, other than directors who are also Named Executive Officers <sup>(4)</sup> (as defined herein)

Name	Fees earned (\$)	Share-based awards (\$) <sup>(1)</sup>	Option-based awards (\$) <sup>(2)</sup>	All other compensation (\$) <sup>(3)</sup>	Total (\$)
Ronald McIntosh	95,000	95,000	Nil	Nil	190,000
Paul Haggis	68,750	68,750	Nil	Nil	137,500
Stephen Balog	62,500	62,500	Nil	Nil	125,000
Grant Fagerheim	93,750	31,250	Nil	Nil	125,000
Jill Angevine	62,500	62,500	Nil	Nil	125,000
Donald Clague <sup>(5)</sup>	33,854	33,854	Nil	Nil	67,708

Notes:

- (1) Represents the fair value of DSUs granted under the deferred share unit plan ("**DSU Plan**"). Specifically, the fair value of DSUs was based on the closing trading price on the TSX on the trading day immediately prior to the date of grant. Advantage uses this methodology as it is a commonly recognized means of calculating a meaningful and reasonable estimate of fair value. The actual value of Share-based awards on the date that a holder of DSUs ceases to be a director can fluctuate significantly from the grant date fair value method of valuation as a result of changes in the trading price of the Shares.
- (2) For the year ended December 31, 2020, there were no grants of Options to non-management directors of the Board.
- (3) For the year ended December 31, 2020, directors did not receive any non-equity plan or pension plan compensation.
- (4) Mr. Mah, a director of the Corporation, is the Chief Executive Office of the Corporation and is therefore a NEO (as defined herein). See "*Executive Compensation – Compensation Discussion and Analysis – Summary Executive Compensation Tables*" for information with respect to Mr. Mah's compensation.
- (5) Mr. Clague was appointed a director of the Corporation on June 16, 2020.

### *Directors' Outstanding Option-Based Awards and Share-based Awards*

The following table sets forth for each of the directors, other than directors who are also NEOs (as defined herein) of Advantage, all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2020.

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards <sup>(2)</sup>		
	Number of securities underlying unexercised Options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money Options (\$)	Number of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$) <sup>(3)</sup>
Ronald McIntosh	Nil	Nil	Nil	Nil	Nil	Nil	301,006
Paul Haggis	Nil	Nil	Nil	Nil	Nil	Nil	218,343
Stephen Balog	Nil	Nil	Nil	Nil	Nil	Nil	197,184
Grant Fagerheim	Nil	Nil	Nil	Nil	Nil	Nil	147,004
Jill Angevine	Nil	Nil	Nil	Nil	Nil	Nil	181,597
Donald Clague <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil	31,021

Notes:

- (1) As at December 31, 2020, non-management directors did not hold any outstanding Options and no Options were outstanding under the Option Plan.
- (2) Represents DSUs granted pursuant to the DSU Plan. DSUs vest immediately upon grant.
- (3) The value is calculated by multiplying the number of vested DSUs granted pursuant to the DSU Plan and which were not paid out or distributed at December 31, 2020 by the market price of the Shares at December 31, 2020, being \$1.71 per Share.
- (4) Mr. Clague was appointed a director of the Corporation on June 16, 2020.

#### ***Directors' Incentive Plan Awards – Value Vested or Earned During the Year***

The following table sets forth for each of the directors other than directors who are also NEOs of Advantage, the value of option-based awards and share-based awards which vested during the year ended December 31, 2020. Applicable Canadian securities legislation defines a "non-equity incentive plan" as an incentive plan (being a plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period) that is not an incentive plan under which awards are granted and that falls within the scope of IFRS 2 Share based Payment (for example, a cash bonus plan). Advantage did not grant any non-equity incentive plan compensation to its directors during the year ended December 31, 2020.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)
Ronald McIntosh	Nil	95,000
Paul Haggis	Nil	68,750
Stephen Balog	Nil	62,500
Grant Fagerheim	Nil	31,250
Jill Angevine	Nil	62,500
Donald Clague <sup>(3)</sup>	Nil	33,854

Notes:

- (1) There were no grants of Options to non-management directors in 2018, 2019 and 2020 and no Options are currently outstanding to non-management directors.
- (2) The value is calculated by multiplying the number of vested DSUs by the market price of the Shares on the vesting date.
- (3) Mr. Clague was appointed a director of the Corporation on June 16, 2020.

#### **ADVISORIES**

This document contains forward-looking information and statements (collectively, "**forward-looking statements**"). These forward-looking statements relate to future events or our future performance. All information and statements other than statements of historical fact contained in this document are forward-looking statements. Such forward-

looking statements may be identified by looking for words such as "approximately", "may", "believe", "measure", "stability", "depends", "expects", "will", "intends", "should", "could", "plan", "budget", "predict", "potential", "projects", "anticipates", "forecasts", "estimates", "objective", "ongoing", "continues", "sustainability" or similar words or the negative thereof or other comparable terminology. This document contains forward-looking statements including, but not limited to, the Corporation's plans, strategies and focus; benefits to be derived from the Corporation's financial strength; and ability to reduce global emissions.

The forward-looking information is based on certain key expectations and assumptions made by us, including expectations and assumptions concerning prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; the impact (and the duration thereof) that the COVID-19 pandemic will have on our business; the ability of OPEC+ nations and other major producers of crude oil to reduce crude oil production and thereby arrest and reverse the steep decline in world crude oil prices; future production rates and estimates of operating costs; performance of existing and future wells; reserve volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the state of the economy and the exploration and production business; business prospects and opportunities; the availability and cost of financing, labour and services; ability to efficiently integrate assets and employees acquired through acquisitions, ability to market oil and natural gas successfully; and access to capital.

Although the expectations and assumptions on which such forward-looking information is based are believed to be reasonable, undue reliance should not be placed on the forward-looking information because no assurance can be given that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. These include, but are not limited to: the risks associated with the oil and gas industry in general such as operational risks in development, exploration and production; pandemics and epidemics; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to reserves, production, costs and expenses; health, safety and environmental risks; commodity price and exchange rate fluctuations; interest rate fluctuations; marketing and transportation; loss of markets; environmental risks; competition; incorrect assessment of the value of acquisitions; failure to complete or realize the anticipated benefits of acquisitions or dispositions; ability to access sufficient capital from internal and external sources; failure to obtain required regulatory and other approvals; reliance on third parties and pipeline systems; and changes in legislation, including but not limited to tax laws, production curtailment, royalties and environmental regulations. Actual results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that we will derive therefrom. The above summary of assumptions and risks related to forward-looking information has been included in this document in order to provide security holders with a more complete perspective on future operations and such information may not be appropriate for other purposes.

Certain information contained in this Information Circular is based upon an evaluation (the "**Sproule Report**") of Advantage's light and medium crude oil, natural gas liquids and conventional natural gas reserves as at December 31, 2020, prepared by Sproule Associates Limited dated February 23, 2021 and effective December 31, 2020 and prepared in accordance with the standards contained in the Canadian Oil and Gas Evaluation Handbook and the reserves definitions contained in National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

This Information Circular contains certain oil and gas metrics, including finding and development ("**F&D**") costs, capital efficiency and reserves replacement and recycle ratio, 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. "Recycle ratio" is calculated by dividing Advantage's operating netback for the period by the calculated F&D of the applicable period and expressed as a ratio. "Capital Efficiency" is calculated by dividing year end total capital development costs for oil and gas activities including drilling, completion, facilities, infrastructure, office and capitalized general and administrative costs (excluding abandonment and reclamation costs, exploration and evaluation costs, and acquisition and disposition

related costs and proceeds) by the average production additions of the applicable year to replace base production declines and deliver production growth targets, expressed in \$/boe/d.

The F&D costs contained herein are calculated based on the Sproule Report by adding capital expenditures, and the net change in future development capital ("**FDC**") divided by reserve additions for the year. Total capital includes both capital expenditures incurred and changes in FDC required to bring proved undeveloped reserves and probable reserves to production during the applicable period. Reserve additions are calculated as the change in reserves from the beginning to the end of the applicable period excluding production. The aggregate of the exploration and development costs incurred in the most recent financial year and the change during that year in estimated FDC generally will not reflect total finding and development costs related to reserve additions for that year. The proved ("**1P**") F&D cost for the year ended December 31, 2020 was \$0.61/mcfe (\$3.63/boe); (2019: \$0.71/mcfe (\$4.26/boe); (2018: \$1.39/mcfe (\$8.33/boe) and the proved plus probable ("**2P**") F&D cost for the year ended December 31, 2020 was \$0.47/mcfe (\$2.80/boe) (2019: \$0.99/mcfe (\$5.94/boe); (2018: \$1.34/mcfe (\$8.04/boe); including the change in FDC. The proved developed producing F&D cost for the year ended December 31, 2020 was \$1.40/mcfe (\$8.41/boe) (2019: \$0.90/mcfe (\$5.38/boe); 2018: \$1.51/mcfe (\$9.04/boe)), including the change in FDC.

"**mcf/d**", "**mmcf/d**", "**boe/d**", "**mmboe**" "**bbls/d**", "**bcfe**" and "**Tcfe**" mean thousand cubic feet per day, million cubic feet per day, barrels of oil equivalent per day, million barrels of oil equivalent, barrels per day, billion cubic feet equivalent, and trillion cubic feet equivalent of natural gas equivalent, respectively. A "**mcfe**" means thousand cubic feet of natural gas equivalent, using the ratio of six thousand cubic feet of natural gas being equivalent to one barrel of oil. The terms "**boe**" or barrels of oil equivalent and "mcfe" or thousand cubic feet equivalent may be misleading, particularly if used in isolation. A boe and 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.

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

The Corporation discloses herein several financial measures that do not have any standardized meaning prescribed under International Financial Reporting Standards ("**IFRS**"). These financial measures include adjusted funds flow, net debt and net debt to adjusted funds flow ratio. Net debt is comprised of bank indebtedness and working capital. Net debt provides management and users with a measure of the Corporation's indebtedness and expected settlement of net liabilities in the next year. Net debt to adjusted funds flow is calculated by dividing net debt by adjusted fund flow for the previous four quarters. Net debt to adjusted funds flow is a coverage ratio that provides management and users the ability to determine how long it would take the Corporation to repay its debt if it devoted all its adjusted funds flow to debt repayment. The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, and to support future capital expenditures plans. Changes in non-cash working capital are excluded from adjusted funds flow as they may vary significantly between periods and are not considered to be indicative of the Corporation's operating performance as they are a function of the timeliness of collecting receivables and paying payables. Expenditures on decommissioning liabilities are excluded from the calculation as the amount and timing of these expenditures are unrelated to current production and are partially discretionary due to the nature of the Corporation's low liability. Management believes that these financial measures are useful supplemental information to analyze operating performance and provide an indication of the results generated by the Corporation's principal business activities. Shareholders are cautioned that these measures should not be construed as an alternative to net income or other measures of financial performance as determined in accordance with IFRS. Advantage's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the section titled "*Non-GAAP Measures*" contained in our Management's Discussion and Analysis dated February 25, 2021 for additional details.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

#### *Executive Summary*

Advantage delivered solid 2020 results despite significant macro-economic issues that arose due to the COVID-19 pandemic which created major dislocations and volatility for the oil and gas sector. Despite the Corporation delivering on its guidance, the Board of Directors have taken these macro events into consideration when determining 2020 compensation levels.

Advantage continues to successfully execute its Montney development plan and believes that disciplined investment and balance sheet strength are crucial to maximize returns for Shareholders. This improving financial strength will provide the basis to:

- Undertake investments to advance the Corporation's asset development while generating free cash after capital
- Continue to deliver moderate annual production growth (between 5% and 10%) utilizing existing capacity at the Corporation's Glacier Gas Plant, given a constructive gas price outlook
- Enhance corporate resilience and scale through:
  - growing the Corporation's liquids production, balancing the Corporation's high exposure to gas pricing
  - revenue-generating cleantech investments that leverage the Corporation's carbon capture and sequestration expertise
  - acquisitions that create efficiencies and scale
- Potentially return capital to Shareholders

Results from Advantage's 2020 drilling program exceeded expectations both in costs and well performance, positively impacting 2020 reserves, financial outlook and 2021 guidance. Drilling in 2020 was entirely gas-focused at Glacier with 13 wells drilled. Initial well productivity increased by 87%, resulting from enhanced execution strategies. The first 10 wells drilled at Glacier were producing 95 mmcf/d after an average of 60 days on production and the remaining wells recently came onstream at similar per well levels. Cycle times between completion and permanent production were reduced to three days. Additionally, the Corporation de-risked two new liquids-weighted core areas at Progress and Wembley including construction and commissioning of the Wembley oil battery and expanded Progress infrastructure.

Advantage achieved record annual average production of 44,922 boe/d (243 mmcf/d conventional natural gas, 2,379 bbls/d light crude oil and medium crude oil and condensate, and 2,029 bbls/d NGLs). Record annual liquids production was 4,408 bbls/d (up 63%). Annual 2020 cash provided by operating activities was \$101 million and adjusted funds flow was \$105 million or \$0.56/share. The Corporation maintained low cash costs, sold 12.5% working interest in the Glacier Gas Plant for \$100 million, and reduced net debt to \$251 million. Year-end net debt to adjusted funds flow ratio was 2.4 with bank debt of \$247 million drawn on the Corporation's \$350 million credit facility. Capital efficiency was \$14,650/boe/d, including \$70 million directed to major liquids facilities projects, and \$8,150/boe/d excluding major facilities expenditures.

Proved developed producing ("PDP") reserve additions were 120% of 2020 total production, at an F&D cost of \$8.41/boe. 2P reserve additions were 500% of 2020 total production, at an F&D cost of \$2.80/boe. Average 2P reserves per booked location increased 18% as a result of enhanced geological targeting and frac designs, leading to increased confidence in higher reserve recoveries. These results were the basis for 367 bcfe of positive technical revision. PDP reserves increased 4%, 1P reserves increased 10%, 2P reserves increased 14%. Advantage's corporate decline is less than 23%.

Although commodity pricing was unusually volatile, Advantage successfully exited 2020 in a stronger position than it entered. By reducing capital spending, fortifying the balance sheet and focusing on highest return development projects, Advantage is accelerating into 2021 and capitalizing on the constructive natural gas pricing fundamentals. Advantage continues to proudly deliver clean and sustainable energy with modern, low emissions-intensity assets and



our Glacier carbon capture and sequestration project, contributing to a reduction in global emissions by displacing high-carbon fuels.

### *General*

This Compensation Discussion and Analysis describes the executive compensation program for the financial year ended December 31, 2020 applicable to Advantage's Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**"), President and Chief Operating Officer ("**COO**"), Senior Vice President and Vice President, Marketing and Commercial representing all of the executive officers of Advantage whose total salary and bonus exceeds \$150,000 (collectively referred to as the "**Named Executive Officers**" or "**NEOs**"). Advantage's NEOs for the financial year ended December 31, 2020 were:

- Mr. Andy Mah, CEO;
- Mr. Michael Belenkie, President and COO;
- Mr. Craig Blackwood, CFO;
- Mr. Neil Bokenfohr, Senior Vice President; and
- Mr. David Sterna, Vice President, Marketing and Commercial.

This Compensation Discussion and Analysis discusses the objectives of Advantage's executive compensation program, the roles and responsibilities of the Compensation Committee in determining and approving executive compensation, Advantage's philosophy and process for executive compensation, and the elements of compensation.

### *Compensation Objectives and Principles*

The overall philosophy of Advantage is to provide a compensation program that rewards operating, financial and administrative performance, aligns with Shareholder interests and attracts and retains high quality and experienced executives and employees. Advantage believes that compensation should be fair and equitable as compared to compensation paid generally in the oil and gas industry.

The principal objectives of Advantage's executive compensation program for the financial year ended December 31, 2020 were as follows:

- (a) attract, motivate and retain the management talent needed to achieve Advantage's business objectives and create long-term value for Shareholders;
- (b) motivate short and longer term performance of the Named Executive Officers and align the Named Executives' interests with those of the Shareholders;
- (c) reward leadership and performance in the achievement of all business objectives and the creation of long-term Shareholder value; and
- (d) provide compensation that is competitive in the market place.

The Compensation Committee used Mercer (Canada) Limited's ("**Mercer**") 2020 compensation survey data and considered the compensation practices of other companies operating in similar resource based developments in Western Canada, the Corporation's operating and financial performance in comparison to its peers, and its long-term development plan and objectives in determining the compensation to be paid to the Named Executive Officers.

## *Compensation Governance*

### *General*

The Compensation Committee is charged with, among other things, a periodic review of directors' and officers' compensation having regard to the Corporation's peers, various governance reports on current trends in directors' compensation and independently compiled compensation data for directors and officers of reporting issuers of comparable size to the Corporation. The Compensation Committee has the authority to hire experts and advisors, including executive search firms, if required.

### *Compensation Committee*

The Compensation Committee is currently comprised of Jill Angevine (Chair), Stephen Balog, Grant Fagerheim and Paul Haggis. All members of the Compensation Committee are independent, in accordance with applicable securities legislation. The skills and experience that enable the members of the Compensation Committee to make decisions on the suitability of the Corporation's compensation policies and practices is summarized below:

- *Jill Angevine (Chair)* – Managing Director at Palisade Capital Management Ltd. since December 1, 2018. Ms. Angevine was Vice President and Portfolio Manager at Matco Financial Inc. (an independent, privately held asset management firm) from October 2013 to October 31, 2018 and Director of Tourmaline Oil Corp. since November 2015. Past Director of Chinook Energy Inc. from November 2014 to April 2020. Independent businesswoman from September 2011 until October 2013 and prior thereto, Vice President and Director, Institutional Research at FirstEnergy Capital Corp. (a financial advisory and investment services provider in the energy market). Ms. Angevine is a Chartered Public Accountant (CPA, CA), a Chartered Financial Analyst (CFA) and holds a Bachelor of Commerce degree from the University of Calgary. She also holds the Institute of Corporate Director's designation (ICD.D).
- *Stephen Balog* – 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 and Chief Operating Officer and a Director of Tasman Exploration Ltd. from 2001 to June 2007. Mr. Balog has extensive oil and gas industry experience in the management and operation of senior and junior production companies, including the design and implementation of performance based employee incentive programs in a senior production company. Mr. Balog is a registered Professional Engineer with the Association of Professional Engineers, Geologists and Geophysicists of Alberta and holds a degree in Chemical Engineering from the University of Calgary. He is a member of the Society of Petroleum Evaluation Engineers and the Society of Petroleum Engineers.
- *Grant Fagerheim* – Mr. Fagerheim is President and Chief Executive Officer of Whitecap Resources Inc., a position he has held since 2009. Prior thereto, Mr. Fagerheim was the President and Chief Executive Officer and a Director of Cadence Energy Inc. (formerly, Kereco Energy Ltd.), a public oil and gas company, from January 2005 to September 2008. Mr. Fagerheim was appointed to the board of The Fraser Institute in January, 2020. He has worked in both the Canadian upstream and downstream segments of the energy industry. His past directorships include both public and private energy producing and service companies. Mr. Fagerheim received his Bachelor's degree in Education (Economics Minor) from the University of Calgary in 1983 and attended the Executive MBA at Queen's University in 1995. Mr. Fagerheim is an active member in the community in both volunteer and charity roles and has a passion for combining academics with athletics. He is a director of the Hockey Canada Foundation, serving since January 2008, has served as Chairman of the Foundation and was also a member of the Order of Hockey Canada executive committee. He also has served as Chairman of the Edge School for Athletes in Calgary. In recognition for his contributions to Canada to date Mr. Fagerheim was awarded the Queen's Diamond Jubilee Medal created in 2012 to honour the 60th anniversary of Her Majesty Queen Elizabeth II.
- *Paul Haggis* – Mr. Haggis is a corporate director. Currently, Mr. Haggis is a director and Audit Chair of Home Capital Group Inc. and was appointed director of the Alberta Teachers Retirement Funds in September 2019. Mr. Haggis has extensive financial markets and public board experience having served as Chairman of

Alberta Enterprise Corp. from March 2009 until September 2019, director of the Bank of Canada, director of Canadian Tire Bank, director and Chair of the Investment Committee of the Insurance Corporation of British Columbia, Chair of the Audit Committee of C.A. Bancorp and Prime Restaurants Inc., Chair of Canadian Pacific Railway, and director of UBC Investment Management Inc. He was Chief Operating Officer of Metlife Canadian operations, Chief Executive Officer of ATB Financial, Chief Executive Officer of Ontario Municipal Employees Retirement System (OMERS), and director and Interim Chief Executive Officer of the Public Sector Pension Investment Board (PSPIB). Mr. Haggis holds a Bachelor of Arts degree from the University of Western Ontario and is certified as a Chartered Director through the Directors College at McMaster University. He was a Commissioned Officer in the Royal Canadian Air Force Reserve.

*Mandate of the Compensation Committee*

The Compensation Committee assists the Board in meeting their responsibilities by:

- reviewing and reporting to the Board concerning the overall compensation program and philosophy;
- reviewing and recommending to the Board the compensation program, remuneration levels and incentive plans and any changes therein for senior management, including the CEO;
- reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those goals and objectives, and either, as a Committee or together with the independent directors (as determined by the Board), determining and approving the CEO's compensation based on this evaluation;
- making recommendations to the Board with respect to compensation of executive officers other than the CEO and incentive compensation and equity-based plans that are subject to Board approval;
- reviewing the adequacy and form of compensation to the directors ensuring it realistically reflects their responsibilities and risk and making recommendations to the Board;
- reviewing annually and recommending for approval to the Board the executive compensation disclosure and the "Statement of Executive Compensation" disclosure in the Corporation's information circular;
- reviewing annually the Compensation Committee's Terms of Reference;
- administering any incentive plans implemented by the Corporation, in accordance with their respective terms; and
- producing a report on executive officer compensation on an annual basis.

The following compensation advisor was retained by the Corporation in the last two most recently completed financial years:

<u>Consultant</u>	<u>Year Retained</u>	<u>Mandate</u>	<u>Executive Compensation-Related Fees (includes GST)</u>	<u>All Other Fees</u>
Mercer (Canada) Ltd.	2020	Total compensation benchmarking	\$7,875	Nil
Mercer (Canada) Ltd.	2019	Total compensation benchmarking and review of share reserve.	\$9,166	Nil

### Compensation Committee Review Process

The Compensation Committee reviewed the compensation of the Named Executive Officers for the year ended December 31, 2020 to ensure that such compensation attracted and retained a strong management team and recommended to the Board for approval the compensation of such Named Executive Officers. In making salary determinations, the Compensation Committee considers individual salaries paid to executives of other organizations within the oil and gas industry. The Corporation participates in the annual Mercer Total Compensation Survey for the Energy Sector, the most recent survey dated April 1, 2020 (the "**Mercer Survey**"), to assist with benchmarking executive compensation as compared to peers that operate in business environments similar to Advantage and produce between 10,000 and 100,000 barrels of oil equivalent per day. In addition to the Mercer Survey, the Corporation reviews Named Executive Officer total compensation and pay practices disclosed in management information circulars for several specific industry peers. The Corporation generally targets each executive's total compensation at approximately the 50th percentile of comparable positions with the opportunity for the executive to increase total compensation through meeting and exceeding performance objectives that will impact at-risk compensation. The specific industry peer companies ("**2020 Peer Group**") utilized for compensation benchmarking were as follows:

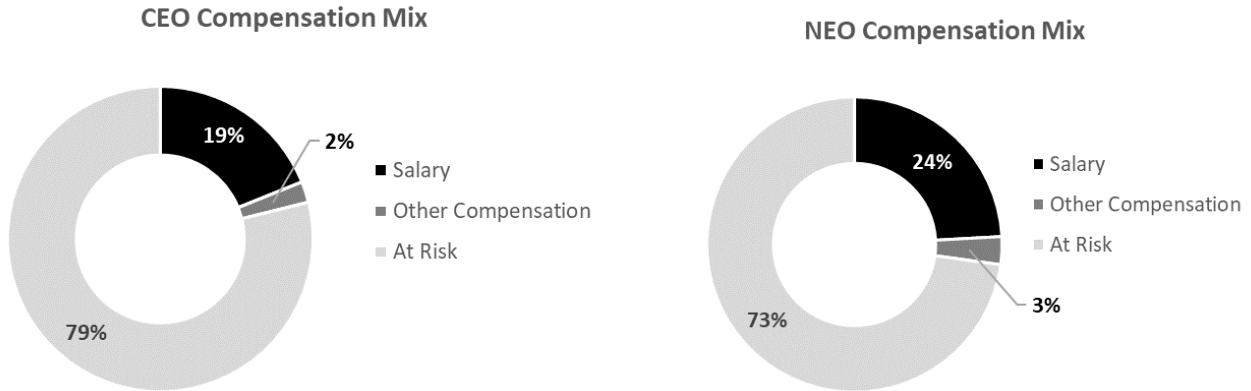
<b>2020 Peer Group</b>	<b>Total Assets<sup>(1)(3)</sup> (\$000)</b>	<b>Cash Flow From Operating Activities<sup>(2)(3)</sup> (\$000)</b>	<b>Market Capitalization<sup>(1)</sup> (\$000)</b>	<b>Gas Production<sup>(2)(3)</sup> %</b>
ARC Resources Ltd.	4,954,200	655,700	2,120,232	76
Birchcliff Energy Ltd.	2,902,043	188,180	470,719	77
Bonterra Energy Corp.	731,859	32,073	72,720	35
Cardinal Energy Ltd.	749,133	43,525	99,506	12
Crescent Point Energy Corp.	6,645,900	860,500	1,574,207	9
Crew Energy Inc.	1,189,566	37,989	84,662	72
Enerplus Corporation	1,466,455	446,365	885,741	44
Kelt Exploration Ltd.	759,987	59,279	339,444	55
NuVista Energy Ltd.	2,157,830	147,200	212,287	61
Paramount Resources Ltd.	3,496,995	80,910	670,994	61
Peyto Exploration & Development Corp.	3,601,057	203,053	481,628	86
Seven Generations Energy Ltd.	5,692,300	857,200	2,203,774	43
Spartan Delta Corp.	331,430	32,209	173,513	69
Storm Resources Ltd.	630,270	52,659	265,282	80
Surge Energy Inc.	707,964	72,190	101,935	16
Tamarack Valley Energy Ltd.	1,027,600	125,290	333,726	40
Tourmaline Oil Corp.	12,790,200	1,125,136	5,089,167	79
Vermilion Energy Inc.	4,109,139	500,152	901,552	45
Whitecap Resources Inc.	3,381,410	450,175	1,988,877	16
<b>Median<sup>(4)</sup></b>	<b>1,845,770</b>	<b>136,245</b>	<b>405,082</b>	<b>58</b>
<b>Advantage Oil &amp; Gas Ltd.</b>	<b>1,533,709</b>	<b>100,714</b>	<b>321,673</b>	<b>90</b>
<b>Advantage's Percentile<sup>(4)</sup></b>	<b>47%</b>	<b>42%</b>	<b>37%</b>	<b>100%</b>

Notes:

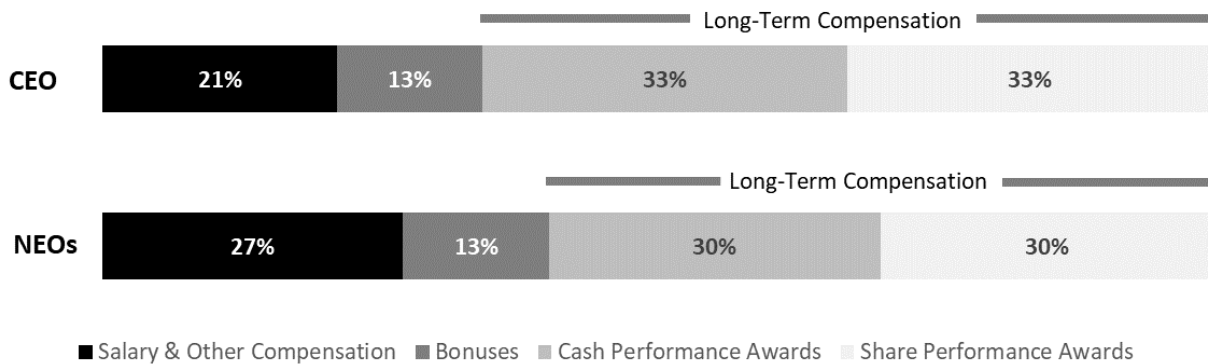
- (1) Represents the value at December 31, 2020.
- (2) Represents the value for the year ended December 31, 2020.
- (3) Information was obtained from documents filed publicly by the 2020 Peer Group on their issuer profiles on SEDAR at [www.sedar.com](http://www.sedar.com).
- (4) Calculated including Advantage within the dataset. If there are an even number of peers the median will be calculated as an average of the two middle values within the dataset.

**Components of Compensation**

Total compensation for the Named Executive Officers in 2020 consisted of base salary, bonuses, certain perquisites and benefits including contributions to the employee share purchase plan of Advantage (the "**Purchase Plan**"), share-based performance awards under the Share Award Plan ("**Share Performance Awards**") and cash-based performance awards ("**Cash Performance Awards**") under the Corporation's performance award incentive plan made effective April 18, 2019 ("**Cash Award Plan**"). The 2020 compensation details for the CEO and all other NEOs are as follows:



Below is a further breakdown of CEO and all other NEOs compensation by component.



The Compensation Committee endeavours to find an appropriate balance between fixed and at-risk compensation and cash-based versus equity-based incentive compensation. Cash compensation (base salary, benefits and perquisites and a discretionary annual bonus) primarily rewards short-term internal and individual performance measures. Cash Performance Awards and Share Performance Awards are meant to align with market performance and encourages the Named Executive Officers to deliver improved corporate performance over a longer period of time so the Corporation's value continues to grow. The Compensation Committee reviews the compensation evaluation provided by Management and consults with the CEO before making a determination to recommend approval of or changes to compensation to the full Board.

In assessing individual executive performance, consideration is given to factors such as level of responsibility, experience and expertise, as well as more subjective factors such as leadership and performance in the Named Executive Officer's specific role. The Compensation Committee also considers quantitative factors in determining compensation of Named Executive Officers such as financial and operational results, reserves growth, staff development, corporate governance, environmental, health and safety and the vision and growth strategy of the

Corporation. For annual long-term compensation awards, the Compensation Committee primarily considers a Named Executive Officer's potential for future high-quality performance and leadership as part of the executive management team, taking into account past performances as a key indicator.

### ***Risk Adjusted Compensation***

As part of its review of the Corporation's compensation program for the year ended December 31, 2020, the Compensation Committee considered whether the compensation program provided executive officers with adequate incentives to achieve both short-term and long-term objectives without motivating them to take inappropriate or excessive risks. This assessment was based on a number of considerations including, without limitation, the following:

- a total compensation program appropriately balanced between fixed and at-risk compensation and short-term and long-term compensation designed to reward individual performance and encourage delivery of favourable results over both a short and longer period of time;
- the terms of the Share Award Plan and Cash Award Plan provide that Share Performance Awards and Cash Performance Awards vest three years after the date of grant. This encourages executive officers to continue to create favourable results over a longer period of time, provides retention and reduces the risk of actions that may create unfavourable impacts in the short-term;
- the terms of the Option Plan provide that Options vest as determined by the Board with a maximum expiration date of five years from the date of grant. This encourages executive officers to continue to create favourable results over a longer period of time, provides retention and reduces the risk of actions that may create unfavourable impacts in the short-term;
- a portion of executive compensation in the form of annual bonuses is not guaranteed and is at-risk year-over-year. The Board has discretion to pay bonuses to Named Executive Officers based on recommendations made by the Compensation Committee, which are based on internal corporate, administrative, operating and financial and reserve addition performance as compared to annual quantitative and qualitative targets;
- the Corporation's compensation program is structured consistently for all executive officers within the Corporation;
- the overall compensation program is market-based and aligned with the Corporation's business plan and long-term strategies; and
- certain share ownership guidelines and policies that have been implemented by the Corporation for the NEOs. See "*Executive Compensation – Share Ownership Policies*" in this Information Circular.

The Compensation Committee has not identified any risks that are reasonably likely to have a material adverse effect on the Corporation.

### ***Salary***

Named Executive Officers' salaries are reviewed annually and are established taking into consideration individual salaries of executives at comparable companies within the oil and gas industry, including utilization of the Mercer Survey. Base salaries are designed to provide income certainty and to attract and retain executive management. The process undertaken by the Compensation Committee to determine the CEO's salary requires that the CEO receive an industry competitive salary, as approved by the Board. All NEO's base salary levels were at the median range for oil and gas issuers similar to Advantage in 2020.

### ***Bonus Plan***

The Board has discretion to pay bonuses to Named Executive Officers based upon recommendations made by the Compensation Committee. The Compensation Committee reviews and considers feedback from the CEO and makes a recommendation to the Board for approval. The payment of annual bonuses is designed to reward company and individual performance of the Named Executive Officers and is based on annual objectives and targets. The Compensation Committee and the Board will give appropriate consideration to a variety of quantitative and qualitative factors including, internal corporate, operating, financial, health, safety and environment, reserve additions and administration achievements.

Key accomplishments factored into the bonus determination for 2020 include the following:

	<b>Key Accomplishments</b>
Financial	<ul style="list-style-type: none"> <li>✓ Reduced net debt by \$50 million and increased liquidity to \$100 million through the \$100 million Glacier Gas Plant transaction.</li> <li>✓ Concluded two successful renewals of the credit facility through difficult market conditions.</li> <li>✓ Refined capital budget multiple times in response to an incredibly dynamic environment and achieved the lower range of the original January 2020 budgeted production, even with a \$30 million capital reduction.</li> <li>✓ Generated annual 2020 cash provided by operating activities of \$101 million and adjusted funds flow of \$105 million or \$0.56/share.</li> <li>✓ Maintained our position as a low cost Montney natural gas producer, including low operating expenses of \$2.43/boe.</li> <li>✓ Maintained a strong balance sheet with a 2020 year-end net debt of \$251 million on a \$350 million credit facility.</li> <li>✓ Continued to build a commodity risk management portfolio that partially mitigates the volatility of future adjusted funds flow in support of the Corporation's multi-year development plan and contributes to future market diversification.</li> </ul>
Operations	<ul style="list-style-type: none"> <li>✓ Achieved &gt;\$7 million of capital efficiency benefits from the 2020 drill, complete, and equipping program.</li> <li>✓ Effectively captured strong AECO pricing through timed increase in gas production.</li> <li>✓ Secured over \$5 million of transportation/processing contract through renegotiations and secured a long-term clean natural gas supply contract.</li> <li>✓ Achieved annual production of 44,922 boe/d, up 1% over 2019, including liquids production of 4,408 bbls/d, an increase of 63%.</li> <li>✓ Cycle times between completion and permanent production reduced to three days.</li> <li>✓ Drilled 13 wells at Glacier. Initial well productivity increased by 87%, resulting from enhanced execution strategies. The first 10 wells drilled at Glacier were producing 95 mmcf/d after an average of 60 days on production and the remaining wells recently came onstream at similar per well levels.</li> <li>✓ De-risked two new liquids-weighted core areas (Progress and Wembley), resulting in annual liquids production increase of 63%.</li> <li>✓ Constructed and commissioned Wembley oil battery and expanded Progress infrastructure.</li> </ul>

	<b>Key Accomplishments</b>
Reserves	<ul style="list-style-type: none"> <li>✓ Realized a PDP F&amp;D cost of \$8.41/boe for the year ended December 31, 2020 and a three-year average of 7.25/boe.</li> <li>✓ Achieved a 1P F&amp;D cost of \$3.63/boe for the year ended December 31, 2020 and a three-year average of \$5.10/boe, including the change in FDC.</li> <li>✓ Achieved a 2P F&amp;D cost of \$2.80/boe for the year ended December 31, 2020 and a three-year average of \$4.80/boe, including the change in FDC.</li> <li>✓ PDP reserves increase 4%, 1P reserves increased 10%, 2P reserves increase 14%.</li> <li>✓ Reserves life index ("<b>RLI</b>") for PDP was 7 years, 1P was 24 years, 2P was 34 years based on the Corporation's average fourth quarter 2020 production rate of approximately 43,532 boe/d (consisting of 2,306 bbls/d of light crude oil and medium crude oil and condensate, 2,234 bbls/d of NGLs and 233,949 mcf/d of conventional natural gas).</li> <li>✓ Replaced 120%, 300% and 500% of 2020 annual production on a PDP, 1P and 2P reserves basis, respectively, with a 14% increase in 2P reserves to 532 mmboe (3.19 Tcfe). 2020 recycle ratios of 1.2, 2.9 and 3.7 were achieved for PDP reserve additions, 1P reserve additions and 2P reserve additions, respectively.</li> <li>✓ Achieved milestones in the Corporation's liquids-focused transition, demonstrated by its reserves additions and operating results. These enhanced the Corporation's portfolio of investment opportunities while preserving its low-cost prolific gas foundation.</li> </ul>
Health, Safety and Environment	<ul style="list-style-type: none"> <li>✓ Achieved a score of 100% in the Certificate of Recognition audit program, which is an independent provincially administered program that requires stringent quality standards and execution of the Corporation's environment, health and safety management practices.</li> <li>✓ Achieved a 24.7 rating on the Alberta Liability Management Rating as of December 31, 2020.</li> <li>✓ Continued to contribute to emission reduction initiatives including carbon capture and sequestration initiatives at the Glacier Gas Plant.</li> </ul>

Based on 2020 achievements, the Corporation had another year of strong performance in a challenging Canadian oil and gas industry environment. Advantage's key 2020 annual budget parameters were met while maintaining financial discipline and the overall results were determined by the Compensation Committee and Board to be above average performance. Bonuses were determined based on Mercer quartile rankings and peer group data relative to each Named Executive Officers performance. Bonuses paid to the Named Executive Officers for the year ended December 31, 2020, totalled \$1,036,750, a decrease of 35% from 2019.

### ***Long-Term Compensation***

The Corporation's long-term compensation consists of both equity-based and cash-based incentive awards. This encourages executive officers to continue to create favourable results over a long period of time and reduces the risk of actions that may have only short-term advantages. The Corporation's equity-based incentive awards currently consist of Share Performance Awards granted pursuant to the Share Award Plan. In 2017 and 2018, the Compensation Committee granted 100% of long-term compensation in the form of Share Performance Awards to enhance the long-term alignment of such awards with multiple key performance metrics. Effective April 18, 2019, the Corporation implemented the Cash Award Plan under which Cash Performance Awards are granted. In 2019 and 2020, the Compensation Committee granted 50% of long-term compensation in the form of Share Performance Awards and 50% in the form of Cash Performance Awards to continue the long-term alignment of such awards with multiple key performance metrics. Total outstanding Share Performance Awards represent 2.8% of Advantage's total outstanding Shares as at December 31, 2020.



### Share Award Plan

The Share Award Plan grants Share Performance Awards to persons who are employees or officers of the Corporation or any affiliate (as defined in the ABCA) of Advantage ("**Advantage Affiliate**") or who are consultants or other service providers to the Corporation or any Advantage Affiliate (collectively, "**Service Providers**"). Share Performance Awards granted in 2018 and 2019 represented 0.9% of Advantage's total outstanding Shares at December 31, 2018 and December 31, 2019. Share Performance Awards granted in 2020 represented 1.1% of Advantage's total outstanding Shares at December 31, 2020. Share Performance Awards cliff vest (all at once) after three years from the date of grant. On the vesting date the number of Share Performance Awards is multiplied by a Payout Multiplier (as defined herein) applicable to the grant year and multiplied by the previous five day volume weighted average trading price on the TSX of the Shares to determine the Share Performance Award amount.

For the purposes of the Share Award Plan, "**Corporate Performance Measures**" for any grant that the Compensation Committee in its sole discretion shall determine, means the performance measures to be taken into consideration in granting Share Performance Awards under the Share Award Plan and determining the payout multiplier by the Compensation Committee (the "**Payout Multiplier**") which may include, without limitation, the following: (a) the percentile rank, expressed as a whole number, of, with respect to any period, the total return to Shareholders on the Common Shares calculated using cumulative dividends, if any, on a reinvested basis and the change in the trading price of the Common Shares on the TSX over such period (the "**Total Shareholder Return**") relative to returns calculated on a similar basis on securities of members of the 2020 Peer Group over the applicable period (the "**Relative Total Shareholder Return**" or "**Relative TSR**"); (b) annual cash flow per Common Share; (c) absolute or relative cost structure; (d) capital efficiency; (e) key leading and lagging indicators of health, safety and environmental performance; (f) the development and execution of the Corporation's strategic plan as determined by the Board; (g) reserves growth or reserves addition efficiencies; and (h) such additional measures as the Compensation Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances.

The current Corporate Performance Measures by grant year along with the Payout Multiplier ranges is summarized below:

<b>Corporate Performance Measures</b>	<b>2018 Grant</b>	<b>2019 Grant</b>	<b>2020 Grant</b>
Relative Total Shareholder Return	✓	✓	✓
Relative Cost Structure	✓	✓	✓
Absolute Capital Efficiency	✓	✓	✓
Health, Safety and Environment <sup>(1)</sup>	✓	✓	✓
Payout Multiplier Range	0 to 2.5	0 to 2.5	0 to 2.5

Note:

- (1) In determining the amount of Share Performance Awards granted and the final Payout Multiplier, the Board will also consider the performance of the Corporation's Health, Safety and Environment program as its considered a fundamental factor to achieving Advantage's objectives.

The 2017 grant of Share Performance Awards vested on April 17, 2020 and the Compensation Committee assessed the Corporate Performance Measures for 2017 to 2019, inclusive. Upon recommendation by the Compensation Committee, the Board of Directors approved a Payout Multiplier of 1.84, recognizing the outstanding achievement of the Corporate Performance Measures during such three-year period.

For further details see "*Share-Based Awards - Restricted and Performance Award Incentive Plan*" in Schedule "B" to this Information Circular.

### Cash Award Plan

In 2019 and 2020, the Compensation Committee granted Cash Performance Awards to enhance the long-term alignment of such awards with key performance metrics, such as the Relative Total Shareholder Return, Relative Cost Structure, Capital Efficiency and the Development and Execution of the Strategic Plan. The terms of the Cash Award

Plan provide that Cash Performance Awards vest three years after the date of grant, with a payout multiplier range of 0 to 2.5 and are settled in cash only.

### *Option Plan*

Under the Option Plan, historically, the Board could grant Options to purchase Common Shares to directors, officers and employees of, and consultants to the Corporation. The purpose of the Option Plan was to develop the interest of the directors, officers and employees of, and consultants to Advantage in the growth and development of Advantage by providing them with the opportunity to acquire a proprietary interest in Advantage. Options granted vested evenly over three years, starting on the first anniversary date from the date of grant and expiring after five years from date of grant. In 2018, 2019 and 2020, no Options were granted to officers and employees of Advantage. Further there are no Options currently outstanding. Advantage has discontinued the Option Plan and will not be seeking the requisite three year approval under the TSX policies for unallocated Options under the Option Plan at the Meeting.

### *Burn Rates*

The following table sets forth the annual burn rate for each of the three most recently completed fiscal years for each of the Corporation's equity-based incentive plans. The burn rate has been calculated by dividing the number of awards granted under the arrangement during the applicable fiscal year, by the weighted average number of Shares outstanding for the applicable fiscal year:

<b>Plans</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Options	0.00%	0.00%	0.00%
Share Performance Awards <sup>(1)</sup>	0.89%	0.89%	1.13%
<b>Total</b>	<b>0.89%</b>	<b>0.89%</b>	<b>1.13%</b>

Note:

(1) Assuming a payout multiplier of 1.

### *Other Compensation*

#### *Employee Share Purchase Plan*

Under the Purchase Plan, all full-time employees of Advantage may contribute an amount of their regular base salary ranging from a minimum of 0% to a maximum of 5% (in 1% increments), excluding bonuses, deferred compensation, overtime pay, statutory holiday pay or any special incentive compensation payments. Advantage will match the contribution on a 2:1 basis. Advantage uses the contributions to acquire Common Shares on behalf of the employees through open market purchases at the current market price on the TSX. Advantage's Named Executive Officers are eligible to participate in the Purchase Plan on the same basis as all other full-time employees of Advantage. For the year ended December 31, 2020, \$164,584 was contributed by Advantage to match the contributions of the Named Executive Officers.

#### *Perquisites and Benefits*

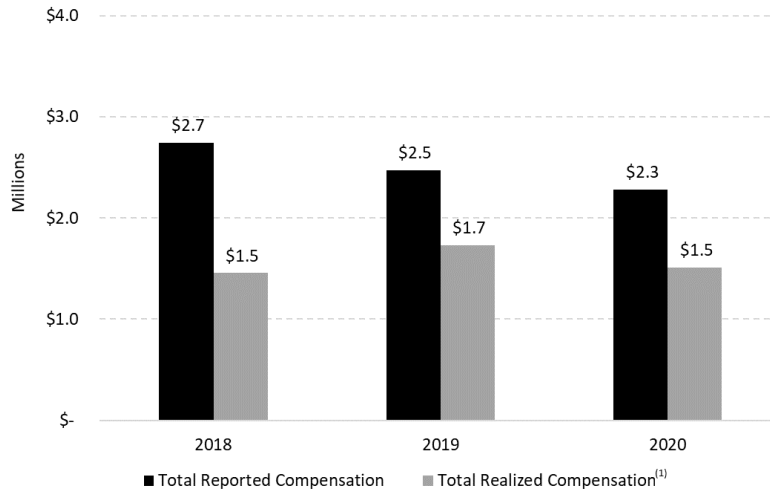
To attract and retain high quality executive talent and offer competitive levels of compensation, Advantage provides certain perquisites and benefits to the Named Executive Officers. Perquisites and benefits are reviewed periodically to ensure an appropriate benefit level is maintained. Executive officers are eligible for benefits paid by Advantage, including life insurance, accidental death and dismemberment, short-term disability, supplementary medical, dental and paid parking.

#### *Pension Plans and Retiring Allowances*

Advantage does not currently provide its Named Executive Officers, including the CEO, with pension plan benefits or retiring allowances.

### Reported versus Realized CEO Compensation

The Corporation is required to report total compensation in a format as prescribed by Form 51-102F6 (see "*Executive Compensation – Compensation Discussion and Analysis – Summary Executive Compensation Tables*"). However, such reported total compensation may be different from “realized” or “take-home” compensation for a given year as equity-based incentive awards generally vest three years after grant date and are therefore subject to change in Share price and determination of a Payout Multiplier, based on Corporate Performance Measures, at that time. The following chart summarizes the actual realized compensation received by the CEO in each of the last three years as compared to the reported total compensation.



Note:

(1) Total realized compensation includes salary, bonus and the value of Share Performance Awards that vested in the year.

This chart demonstrates the continued strong alignment of Advantage’s compensation program with that of Shareholders. Mr. Mah's total realized compensation for 2018 through 2020 was approximately 63% of reported total compensation as a result of the decrease in Share price performance impacted mostly by macro-economic factors when Share Performance Awards actually vested.

## Share Ownership Policies

The Board has a mandatory share ownership policy for executive officers, which provides Mr. Mah is required to acquire and hold equity securities of the Corporation with a minimum aggregate market value or cost of four times his annual base salary. All other NEOs are required to acquire and hold equity securities of the Corporation with a minimum aggregate market value or cost of three times their annual base salary. All NEOs have a period of five (5) years from the date of the implementation of the policy, or from the date of their appointment, whichever is later, to acquire the value required. Compliance with the policy will be confirmed on December 31 of each year. The current NEOs were all in compliance at December 31, 2020 with this mandatory share ownership policy as depicted in the following table:

Name	Actual Share Ownership (#)		Change in Share Ownership (%)	Actual Share Ownership value <sup>(1)</sup> (\$)		Change in Share Ownership value (%)	Meets Share Ownership in 2020
	December 31, 2019	December 31, 2020		December 31, 2019	December 31, 2020		
Andy Mah	1,204,516	1,452,245	21%	3,312,419	2,483,339	-25%	Yes
Michael Belenkie	35,763	103,245	189%	98,348	176,549	80%	Has until October 19, 2023
Craig Blackwood	578,447	719,650	24%	1,590,729	1,230,602	-23%	Yes
Neil Bokenfohr	1,003,582	1,156,808	15%	2,759,851	1,978,142	-28%	Yes
David Sterna	30,755	52,117	69%	84,576	89,120	5%	Has until April 16, 2023

Note:

- (1) The value is calculated based on the number of Shares owned at December 31, 2019 and December 31, 2020 multiplied by the market price of Shares at December 31, 2019, being \$2.75 and at December 31, 2020, being \$1.71 per Share.

The Named Executive Officers have continued to increase their share ownership resulting in an overall rise of insider ownership. Increases in share ownership and value has been more significant for Messrs. Belenkie and Sterna whom joined the Corporation in 2018 and are building their ownership position over the next five (5) years to meet the Share Ownership Policy. For the NEOs that exceed the mandatory minimum share ownership policy, the NEOs may occasionally dispose of Shares or settle the vesting and exercise of equity-based incentive awards in cash for financial and estate planning purposes, portfolio diversification or to pay taxes, as applicable.

## Clawback Policy

In order to ensure that policies and processes are in place to govern responsible and ethical behaviors amongst executive officers and to mitigate the risk of material fraud or misconduct by an executive officer, the Board has implemented an Executive Incentive Compensation Clawback Policy (the "**Clawback Policy**") applicable to the Corporation's executive officers whereby if:

- an executive officer engages in fraud or intentional illegal conduct which materially contributed to the need for a restatement of the Corporation's financial statements;
- the executive officer received incentive compensation calculated on the achievement of those financial results; and
- the amount of any such incentive compensation actually paid or awarded to an executive officer would have been a lower amount had it been calculated based on such financial statements,

then the Clawback Policy provides that the Compensation Committee may, at their sole discretion, subject to certain exceptions and taking into account such considerations as it deems appropriate, seek to recover for the benefit of the Corporation the excess of the incentive compensation (includes bonuses and other incentive and equity compensation

awarded to each of the Corporation's executive officers) the executive officer would have received if the incentive compensation had been computed in accordance with the results as restated, calculated on an after-tax basis.

### Hedging Restrictions

Pursuant to Advantage's Disclosure, Confidentiality and Trading Policy, directors and NEOs may not knowingly sell, directly or indirectly, a security of the Corporation if such person selling such security does not own or has not fully paid for the security to be sold. In addition, directors and NEOs may not, directly or indirectly, buy or sell a call or put in respect of a security of the Corporation. Notwithstanding these prohibitions, a director or NEO of the Corporation may sell a security which such person does not own if such person owns another security convertible into such security or an option or right to acquire such security sold, and within 10 days after the sale, such person: (i) exercises the conversion privilege, option or right and delivers the securities so associated to the purchaser; or (ii) transfers the convertible security, option or right, if transferable, to the purchaser.

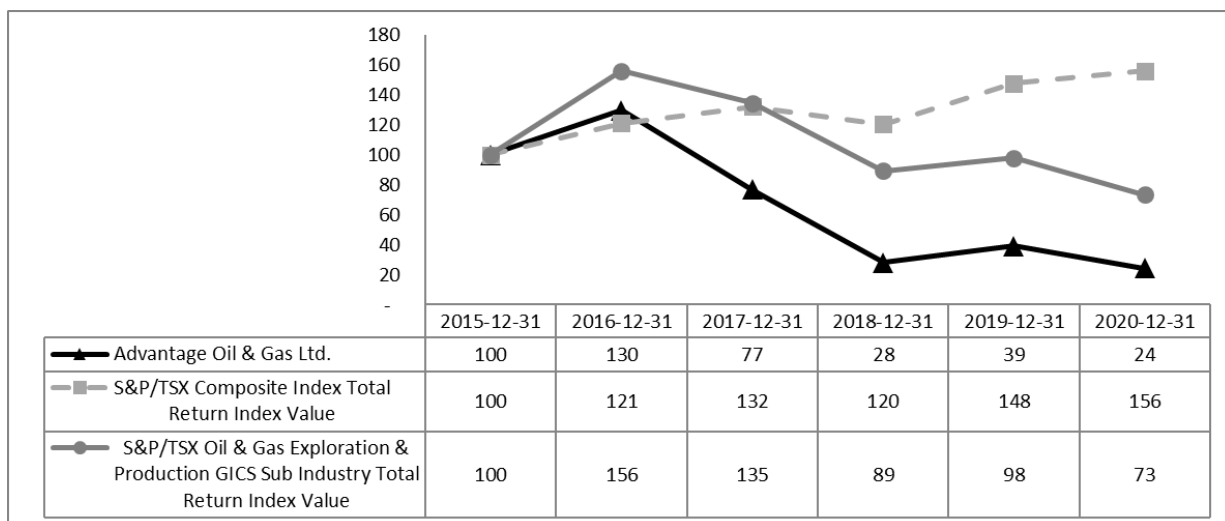
Other than as disclosed above, Advantage does not have any written policies that prohibit a director or NEO from purchasing other financial instruments, including, for greater certainty, forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the director or NEO.

### Shareholder Outreach

The Corporation engages its Shareholders on an ongoing basis and in a variety of ways, tailored to the specific needs of each Shareholder group, including attending and participating in numerous investor conferences throughout the year, where members of the Corporation's senior management team meet with Shareholders. The Corporation also conducts numerous roadshows in a variety of cities to meet with Shareholders and potential shareholders. In fact, from 2018 through 2020, senior management have had more than 400 separate instances of engagement with current and potential Shareholders. In addition to the foregoing, information is also provided to investors through the Corporation's website at [www.advantageog.com](http://www.advantageog.com) and investors may contact the Investor Relations department by mail, email ([ir@advantageog.com](mailto:ir@advantageog.com)) or phone (1-866-393-0393).

### Performance Graph

The following graph illustrates Advantage's five-year cumulative Shareholder return, as measured by the closing price of the Common Shares at the end of each financial year, assuming an initial investment of \$100 on December 31, 2015, compared to the S&P/TSX Composite Index and the S&P/TSX Oil & Gas Exploration & Production GICS Sub Industry Index.



In 2014, Advantage became a pure Montney development company with a clearly defined strategy that it has systematically executed. Since that time, Advantage has grown Montney production at a compound annual growth rate exceeding 12% to 44,922 boe/d for 2020, increased liquids production to 10% of total corporate production, maintained the Corporation's position as a leading low cost Montney producer, grown reserves efficiently with a three-year average 2P F&D cost of \$4.80/boe (including the change in FDC) and replaced over 500% of 2020 annual production, and constructed and expanded key infrastructure including the Glacier Gas Plant and the Valhalla and Wembley liquids handling hubs to accommodate the Corporation's liquids development strategy.

Advantage's Share price increased significantly from 2014 to 2016 in conjunction with its strategic execution, exceeding both the S&P/TSX Composite Index and the S&P/TSX Oil & Gas Exploration & Production GICS Sub Industry Index total return. Although Advantage's Share price remained strong through much of 2017, beginning in the third quarter Advantage's Share price was dramatically impacted as Alberta natural gas prices experienced significant volatility and downward pressure due to third party pipeline maintenance and lagging expansion activities that resulted in producer curtailments and transportation restrictions. Capital markets reacted harshly to all producers, creating an unprecedented loss of investment into the sector as political wavering weighed on the ability of pipeline capacity to meet supply growth's need for access out of the basin to alternative markets. As these events continued through 2018 and 2019, Advantage's Share price remained within a narrow trading range. Although Alberta natural gas prices improved in 2020 with more relative strength and stability, the COVID-19 pandemic introduced new significant global uncertainty and investor apprehension regarding commodity supply and demand that resulted in considerable volatility through the year and negative share price performance for the entire industry, including Advantage. These situations have continued to negatively impact the Canadian oil and gas sector and producer share prices have generally underperformed, although there has been increased enthusiasm in early 2021 associated with COVID-19 vaccine distribution and resulting commodity demand recovery.

Advantage continues to remain acutely focused on its strategy through such markets and has recognized substantial achievements. However, with Share price performance having been relatively flat during the last three years, total compensation paid to the NEOs in 2020 has decreased 8% as compared to 2019 and 14% as compared to 2018, excluding Messrs. Belenkie and Sterna whom joined the Corporation in 2018.

### Summary Executive Compensation Tables

The following table sets forth information concerning the compensation paid to the NEOs for the years ended December 31, 2018, 2019 and 2020:

Name and principal position	Year	Salary (\$)	Share-based awards <sup>(1)</sup> (\$)	Option-based awards <sup>(4)</sup> (\$)	Non-equity incentive plan compensation (\$)		Pension value <sup>(4)</sup> (\$)	All other compensation <sup>(5)(6)</sup> (\$)	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup>	Long-term incentive plans <sup>(3)</sup>			
Andy Mah Chief Executive Officer <sup>(7)</sup>	2020	420,000	749,999	Nil	308,750	750,000	Nil	50,790	2,279,539
	2019	420,000	749,999	Nil	500,000	750,001	Nil	51,036	2,471,036
	2018	420,000	1,800,000	Nil	475,000	Nil	Nil	50,944	2,745,944
Michael Belenkie President and Chief Operating Officer <sup>(8)</sup>	2020	355,000	575,000	Nil	243,750	575,000	Nil	43,774	1,792,524
	2019	340,000	500,000	Nil	350,000	500,000	Nil	42,754	1,732,755
	2018	68,436	550,000	Nil	85,000	Nil	Nil	8,710	712,146
Craig Blackwood Chief Financial Officer	2020	295,000	349,999	Nil	169,000	350,000	Nil	37,656	1,201,655
	2019	285,000	375,001	Nil	240,000	374,999	Nil	37,061	1,312,061
	2018	285,000	800,000	Nil	240,000	Nil	Nil	36,998	1,361,998
Neil Bokenfohr Senior Vice President	2020	310,000	425,000	Nil	185,250	425,000	Nil	39,387	1,384,637
	2019	310,000	425,000	Nil	300,000	425,000	Nil	39,649	1,499,649
	2018	310,000	1,000,000	Nil	295,000	Nil	Nil	39,581	1,644,581
David Sterna Vice President, Marketing and Commercial <sup>(9)</sup>	2020	270,000	250,000	Nil	130,000	250,000	Nil	34,207	934,207
	2019	268,333	225,000	Nil	200,000	225,000	Nil	39,242	957,574
	2018	184,167	450,000	Nil	155,000	Nil	Nil	23,477	812,644

## Notes:

- (1) Represents the grant date fair value of Share Performance Awards granted under the Share Award Plan (there have been no grants of Restricted Awards). Specifically, the fair value of the Share Performance Awards was based on the closing trading price on the TSX on the trading day immediately prior to the date of grant at a Payout Multiplier of one times. Advantage uses this methodology as it is a commonly recognized means of calculating a meaningful and reasonable estimate of fair value. The actual value of Share-based awards vesting can fluctuate significantly from the grant date fair value method of valuation as a result of changes in the trading price of the Shares and determination of the Payout Multiplier.
- (2) Reflects cash bonuses earned in 2018 and paid in 2019, cash bonuses earned in 2019 and paid in 2020 and cash bonuses earned in 2020 and paid in 2021.
- (3) Represents the grant date fair value of Cash Performance Awards granted under the Cash Award Plan. Specifically, the fair value of the Cash Performance Awards was based on a Payout Multiplier of one times. The actual value of Cash Performance Awards can fluctuate significantly from the grant date fair value as a result of changes in the Payout Multiplier.
- (4) Advantage did not grant any Options to the NEOs in the years ended December 31, 2018, 2019 and 2020 and Advantage does not provide pension plan compensation.
- (5) Perquisites received by each of the NEOs including property or other personal benefits provided to the NEOs include: medical and dental benefits; life insurance; short-term and long-term disability insurance; parking allowance; and the Purchase Plan. These benefits are intended to be comparable with those that the NEOs would receive if employed elsewhere in the industry.
- (6) Other compensation includes contributions made by Advantage on behalf of NEOs pursuant to the matching provisions of the Purchase Plan. Advantage contributed under the Purchase Plan for the NEOs an aggregate of \$126,760 in 2018, \$167,333 in 2019 and \$164,584 in 2020.
- (7) Mr. Mah's title with the Corporation changed from President and Chief Executive Officer to Chief Executive Officer on November 11, 2019.
- (8) In addition to having the title of Chief Operating Officer, Mr. Belenkie was promoted to President of the Corporation on November 11, 2019. Mr. Belenkie joined the Corporation on October 19, 2018.
- (9) Mr. Sterna joined the Corporation on April 16, 2018.

**Incentive Plan Awards***Outstanding Share-based Awards and Option-based Awards*

The following table sets forth for each Named Executive Officer all option-based awards and share-based awards outstanding at the end of the year ended December 31, 2020.

Name	Option-based Awards <sup>(1)</sup>				Share-based Awards <sup>(2)</sup>			
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$)	Share vesting date	Number of Shares that have not vested (#)	Market or payout value of share-based awards that have not vested <sup>(3)</sup> (\$)	Market or payout value of vested share-based awards not paid out or distributed <sup>(4)</sup> (\$)
Andy Mah	Nil	Nil	Nil	Nil	May 8, 2021 April 8, 2022 April 20, 2023	469,974 350,467 431,034	803,656 599,299 737,068	Nil
Michael Belenkie	Nil	Nil	Nil	Nil	April 6, 2021 April 8, 2022 April 20, 2023	170,280 233,645 330,460	291,179 399,533 565,087	Nil
Craig Blackwood	Nil	Nil	Nil	Nil	May 8, 2021 April 8, 2022 April 20, 2023	208,877 175,234 201,149	357,180 299,650 343,965	Nil
Neil Bokenfohr	Nil	Nil	Nil	Nil	May 8, 2021 April 8, 2022 April 20, 2023	261,097 198,598 244,253	446,476 339,603 417,673	Nil
David Sterna	Nil	Nil	Nil	Nil	April 16, 2021 April 8, 2022 April 20, 2023	110,025 105,140 143,678	188,143 179,789 245,689	Nil

## Notes:

- (1) As at December 31, 2020, the NEOs did not hold any outstanding Options and no Options are outstanding under the Option Plan.
- (2) Represents Share Performance Awards granted pursuant to the Share Award Plan.
- (3) The value is calculated by multiplying the number of Shares issuable pursuant to unvested Share Performance Awards (assuming a Payout Multiplier of one times) by the market price of the Shares at December 31, 2020, being \$1.71 per Share.
- (4) There were no Share Performance Awards that were vested and not paid out or distributed at December 31, 2020.

### Value Vested or Earned During the Year

The following table sets forth for each Named Executive Officer, the value of option-based awards and share-based awards which vested during the year ended December 31, 2020 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2020. The vesting terms are subject to the Share Award Plan, as applicable.

Name	Option-based awards – Value vested during the year <sup>(1)</sup> (\$)	Share-based awards – Value vested during the year <sup>(2)</sup> (\$)	Non-equity incentive plan compensation – Value earned during the year <sup>(3)</sup> (\$)
Andy Mah	Nil	730,125	308,750
Michael Belenkie	Nil	Nil	243,750
Craig Blackwood	Nil	401,571	169,000
Neil Bokenfohr	Nil	438,075	185,250
David Sterna	Nil	Nil	130,000

Notes:

- (1) There are no Options currently outstanding.
- (2) The value is calculated by multiplying the number of Shares issuable pursuant to vested Share Performance Awards by the Payout Multiplier and the market price of the Shares on the vesting date.
- (3) Reflects cash bonuses earned in 2020 and paid in 2021.

### Securities Authorized for Issuance under Equity Compensation Plans

The following sets forth information in respect of securities authorized for issuance under the Corporation's equity compensation plans as at December 31, 2020.

Equity Compensation Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders			
Option Plan <sup>(1)</sup>	Nil	Nil	2,821,692 Common Shares
Share Award Plan <sup>(2)</sup>	5,243,598 Common Shares	N/A	399,786 Common Shares
Equity compensation plans not approved by securityholders	-	-	-
Total	5,243,598 Common Shares	N/A	3,221,478 Common Shares

Notes:

- (1) As at December 31, 2020, the Option Plan provided for the rolling grant of Options equal to up to four point five percent (4.5%) of the issued and outstanding Common Shares less the number of securities outstanding under the Share Award Plan. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Common Shares issuable under the Option Plan, and any exercises of Options will make new grants available under the Option Plan. As at December 31, 2020, there were no Options outstanding under the Option Plan and on March 26, 2021, the Board determined that no further grants of Options will be made under the Option Plan.
- (2) See Schedule "B" to this Information Circular for a description of the terms of the Share Award Plan. As at December 31, 2020, the Share Award Plan provided for the rolling grant of Restricted Awards and Performance Awards equal to up to three percent (3%) of the issued and outstanding Common Shares. Any increase in the issued and outstanding Common Shares will result in an increase in the available number of Restricted Awards and Performance Awards issuable under the Share Award Plan, and any vesting of Restricted Awards and Performance Awards and issuance of Shares pursuant to such Restricted Awards and Performance Awards will make new grants available under the Share Award Plan.
- (3) As at December 31, 2020, there were 188,112,797 Shares issued and outstanding.



## Termination and Change of Control Benefits

Each of the Named Executive Officers has an executive employment contract with Advantage. These contracts provide for participation by the Named Executive Officers in the Option Plan, the Share Award Plan, the Cash Award Plan, in any bonus plan in place, participation in any benefit plans in place and further provide for certain payments to be made where the executive is terminated without "just cause", without "good reason" or upon a "change of control". The Named Executive Officer may terminate his employment with Advantage for any reason upon thirty (30) days written notice.

If the executive is terminated without "just cause", without "good reason" or upon a "change of control", the agreements provide that in respect of Mr. Mah, he will be entitled to 1.5 times the executive's then annual salary (the "**Retirement Allowance**") plus an amount equal to 15% of the Retirement Allowance as well as 1.5 times the average cash bonus (if any) paid to the executive by the Corporation under the cash bonus plan during the prior two year period, in each case less the required withholdings or deductions. For Messrs. Belenkie, Blackwood, Bokenfohr and Sterna, the entitlements are the same except that such executive officers are only entitled to one times the executive's then annual salary and one times the average cash bonus paid over the prior two years. In the event of a change of control, Share Performance Awards and Cash Performance Awards do not vest immediately, while remaining outstanding Options vest immediately (there were no Options granted and outstanding at December 31, 2020). On a change of control, the Board may in its sole discretion determine to accelerate vesting of the Share Performance Awards and/or Cash Performance Awards and evaluate the Corporate Performance Measures after taking into consideration whether the executive's employment or service relationship is or is to be terminated or such executive is constructively dismissed or offered to continue employment or service on terms that are not a material adverse change.

**Estimated Incremental Compensation on  
Termination Without "Just Cause", Without "Good Reason", or Upon a "Change of Control"**  
(based on hypothetical termination as at December 31, 2020 and assuming no withholdings or deductions)

Name	Compensation Components						TOTAL (\$)
	Retirement Allowance (\$)	15% of Retirement Allowance (\$)	Bonus (\$)	Option Vesting <sup>(1)</sup> (\$)	Share Performance Awards Vesting <sup>(2)</sup> (\$)	Cash Performance Awards Vesting <sup>(3)</sup> (\$)	
Andy Mah	630,000	94,500	606,563	Nil	2,140,022	1,500,001	4,971,086
Michael Belenkie	355,000	53,250	296,875	Nil	1,255,798	1,075,000	3,035,923
Craig Blackwood	295,000	44,250	204,500	Nil	1,000,795	724,999	2,269,544
Neil Bokenfohr	310,000	46,500	242,625	Nil	1,203,751	850,000	2,652,876
David Sterna	270,000	40,500	165,000	Nil	613,622	475,000	1,564,122

Notes:

- (1) There are no outstanding Options.
- (2) The Share Performance Awards vesting value was calculated by multiplying the number of Shares underlying the Share Performance Awards by the market price of the Shares at December 31, 2020, being \$1.71 per Share, multiplied by a Payout Multiplier of one times.
- (3) The Cash Performance Awards vesting value was calculated based on a Payout Multiplier of one times.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers, employees, or former directors, officers or employees of the Corporation nor any of its associates or affiliates is now or has been indebted to the Corporation or any of its subsidiaries since the commencement of the last completed fiscal year, nor is, or at any time since the beginning of the most recently completed financial year has, any indebtedness of any such person been subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

## **CORPORATE GOVERNANCE DISCLOSURE**

National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("**NI 58-101**") requires reporting issuers to disclose their corporate governance practices with reference to a series of guidelines for effective corporate governance set forth in National Policy 58-201 – *Corporate Governance Guidelines*.

Set out below is a description of the Corporation's corporate governance practices.

### **Director Independence**

The Corporation currently has seven directors, a majority of which are independent directors within the meaning of NI 58-101. Jill T. Angevine, Stephen E. Balog, Donald M. Clague, Grant B. Fagerheim, Paul G. Haggis and Ronald A. McIntosh are all independent within the meaning of NI 58-101. Andy J. Mah is not independent as he is currently the CEO of the Corporation. The two new Board nominees, Deirdre Choate and Norman MacDonald will both be independent within the meaning of NI 58-101. The Audit Committee, Compensation Committee, Independent Reserve Evaluation Committee and the Governance Committee of the Board are all comprised entirely of independent directors. See also "*Matters to be Acted Upon at the Meeting – Election of Directors*".

On at least an annual basis, the Board conducts an analysis and makes a determination as to the "independence" of each member of the Board. The mandate of the Board is attached hereto as Schedule "A".

The independent directors hold regularly scheduled in-camera sessions, without non-independent directors and members of management present either before or after each meeting of the Board and otherwise as required. During 2020, thirteen of such meetings were held.

The chair of the board (the "**Chair**"), Ronald A. McIntosh, is an independent director within the meaning of NI 58-101, and has the following role and responsibilities:

- when present, to preside at all meetings of the Board and, unless otherwise determined by the directors, at all meetings of Shareholders;
- endeavour to provide overall leadership to the Board without limiting the principle of collective responsibility and the ability of the board to function as a unit;
- to the extent that is reasonably practicable, provide advice, counsel and mentorship to the CEO, committee Chairs, and fellow directors;
- responsible to ensure that Board meetings function satisfactorily and that the tasks of the Board are handled in the most reasonable fashion under the circumstances. In this connection, it is recommended that the Chair attempt to ensure that the individual director's particular knowledge and competence are used as best as possible in the Board work for the benefit of the Corporation. The Chair shall endeavour to encourage full participation and discussion by individual directors, stimulate debate, facilitate consensus and ensure that clarity regarding decisions is reached and duly recorded;
- endeavour to ensure that the Board's deliberations take place when all of the directors are present and, to the extent that is reasonably practicable, to ensure that all essential decisions are made when all of the directors are present;
- encourage Board members to ask questions and express view points during meetings;
- deal effectively with dissent and work constructively towards arriving at decisions and achieving consensus;
- endeavour to ensure that the independent members of the Board meet in separate, regularly scheduled, non management closed sessions with internal personnel or outside advisors, as needed or appropriate;

- endeavour to establish a line of communication with the CEO of the Corporation to ensure that Board meetings can be scheduled to deal with important business that arises outside of the regular quarterly meetings;
- endeavour to fulfill his or her Board leadership responsibilities in a manner that will ensure that the Board is able to function independently of management. The Chair shall consider, and provide for meetings of all of the independent directors without management being present. The Chair shall endeavour to ensure reasonable procedures are in place to allow for directors to engage outside advisors at the expense of the Corporation in appropriate circumstances, subject to the approval of the Governance Committee;
- endeavour to ensure that the Board meets at least four times annually and as many additional times as necessary to carry out its duties effectively and shall endeavour to ensure that the Shareholders meet at least once annually and as many additional times as required by law;
- with respect to meetings of directors or Shareholders, it is the duty of the Chair to enforce the Rules of Order. The Chair shall liaise with the Corporate Secretary of the Corporation to ensure that a proper notice and agenda has been disseminated, and that appropriate accommodations have been made for all Board and Shareholder meetings and shall also liaise with the committee Chairs, other directors, the CEO and outside advisors, as appropriate, to establish the agenda for each Board meeting;
- endeavor to:
  - ensure that the boundaries between the Board and Management responsibilities are clearly understood and respected and that relationships between the Board and Management are conducted in a professional and constructive manner;
  - facilitate effective communication between directors and Management, both inside and outside of Board meetings;
  - actively participate and oversee the administration of the annual evaluation of performance and effectiveness of the Board, Board Committees, all individual directors, committees chairs (other than the board Chair or any committee upon which the Board Chair sits as the Chair) and CEO;
  - when appropriate, assist directors in their transition from the Board and to support the orientation of new directors and the continuing education of current directors; and
  - to ensure that an annual performance evaluation of the board Chair (and any committee upon which the Board Chair sits as the Chair) is conducted, soliciting input from all directors and appropriate members of Management and to carry out any other appropriate duties and responsibilities as may be assigned by the Board from time to time.

### **Other Board Committees and Position Descriptions**

The Corporation has established the Audit Committee, the Compensation Committee, the Independent Reserve Evaluation Committee and the Governance Committee of the Board, each comprised entirely of independent directors. The Board has developed mandates for each of the Committees of the Board which detail the composition, duties and responsibilities of the Committees, as well as position descriptions for the Chair of each of the Committees. Certain information regarding the Audit Committee, including the mandate of the Audit Committee, is contained in the Corporation's annual information form for the year ended December 31, 2020, an electronic copy of which is available on the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and website at [www.advantageog.com](http://www.advantageog.com).

The Compensation Committee generally assumes responsibility for developing the approach of the Corporation to matters concerning compensation and, from time to time, reviews and make recommendations to the Board as to such matters. See "*Executive Compensation – Compensation Discussion and Analysis – Compensation Governance –*

*Mandate of the Compensation Committee*" in this Information Circular for a description of the mandate of the Compensation Committee.

The Independent Reserves Evaluation Committee of the Board is comprised of Stephen Balog (Chair), Ronald McIntosh, Paul Haggis, Grant Fagerheim and Donald Clague, all of whom are independent directors. The Independent Reserve Evaluation Committee assists the Board in meeting its responsibilities to review the qualifications, experience, reserve evaluation approach and costs of the independent engineering firm that performs Advantage's reserve evaluation and to review the annual independent engineering report. The committee reviews and recommends for approval by the Board on an annual basis the statements of reserve data and other information specified in NI 51-101. The committee also reviews any other oil and gas reserve report prior to release by the Corporation to the public and reviews all of the disclosure in the annual information form of the Corporation related to the oil and gas activities of the Corporation.

The Governance Committee of the Board is currently comprised of Ronald A. McIntosh (Chair), Jill T. Angevine, Stephen E. Balog and Paul G. Haggis, all of whom are independent directors. The Governance Committee assists the Board in fulfilling its oversight responsibilities with respect to reviewing the effectiveness of the Board and its committees, developing and reviewing the Corporation's approach to corporate governance matters, and reviewing, developing and recommending to the Board for approval, procedures designed to ensure that the Board can function independently of management. In addition to corporate governance matters, the Governance Committee generally assumes responsibility for developing the approach of the Corporation to health, safety and environmental matters, corporate social responsibility and sustainability matters.

The Board has developed a written position description for the CEO, the Chair and the chairman of each committee of the Board. See "*Director Independence*" above for a summary of the written position description for the Chair.

### **Compensation**

The Compensation Committee is comprised of only independent directors. The Compensation Committee annually conducts a review of directors' and officers' compensation having regard to the Corporation's peers, various governance reports on current trends in directors' compensation and independently compiled compensation data for directors and officers of reporting issuers of comparative size to the Corporation. See "*Executive Compensation – Compensation Discussion and Analysis – Compensation Governance – Mandate of the Compensation Committee*" in this Information Circular for a description of the mandate of the Compensation Committee.

### **Nomination of Directors**

The Governance Committee is comprised of entirely independent directors and is responsible for identifying new candidates for Board nomination having regard to the strengths and constitution of the Board members and their perception of the needs of the Corporation. The Governance Committee has the authority to hire experts and advisors, including executive search firms, if deemed appropriate.

### Board of Directors Skills Matrix

The following table outlines the experience and background of, but not necessarily the technical expertise of, the individual members of the Board as of December 31, 2020 based on information provided by such individuals.

Skill/ Experience	Andy Mah	Ronald McIntosh	Jill Angevine	Stephen Balog	Grant Fagerheim	Paul Haggis	Donald Clague
Executive Leadership	●	●	●	●	●	●	●
Strategic Planning & Execution	●	●	●	●	●	●	●
Business Development & Value Creation	●	●	●	●	●	●	●
Enterprise Risk Assessment & Management	●	●	●	●	●	●	●
Industry Experience & Knowledge	●	●	●	●	●	●	●
Natural Gas & Liquids Operations	●	●	●	●	●	○	●
Reserves & Resource Evaluation	●	●	●	●	●	○	●
Marketing	●	●	●	●	●	●	●
Financial Literacy & Accounting	●	●	●	●	●	●	●
Legal, Regulatory & Governmental	●	●	●	●	●	●	●
Capital Markets & Investor Relations	●	●	●	●	●	●	○
Health, Safety & Environment	●	●	●	●	●	●	●
Sustainability & Social	●	●	●	●	●	●	●
Corporate Governance	●	●	●	●	●	●	●
Compensation & Human Resources	●	●	●	●	●	●	●

- = Direct experience as senior executive or management with clear responsibility in this area
- = General experience and knowledge in this area
- = Some familiarity with limited specific experience in this area

The following are the skills/experience and competencies desired for Directors of the Board of Advantage. The list set forth below is not exhaustive and is intended to be modified from time to time in order to satisfy changes in Advantage's business, the industry in which it operates and the regulatory requirements applicable to it.

<b>Skill/ Experience</b>	<b>Competency</b>
Executive Leadership	Experience in service on boards/senior management and leadership of a public or private company.
Strategic Planning & Execution	Experience with planning, evaluation, and implementation of a strategic plan. This includes a demonstrated ability to focus on longer term goals and strategic outcomes, as separate from day-to-day management and operational experience.
Business Development & Value Creation	Experience in evaluating, and executing on, value creation opportunities through acquisitions, divestiture, mergers or developmental opportunities.
Enterprise Risk Assessment & Management	Experience in the process of identifying principal corporate risks and to ensure that management has implemented the appropriate system to manage risk.
Industry Experience & Knowledge	Understanding of oil, gas and NGL industry dynamics, commodity pricing, corporate performance, financial, regulatory, commercial aspects of the business, gained through executive or management experience in an operating company or a company providing services and advice to the industry.
Natural Gas & Liquids Operations	Experience in oil and natural gas operations and technological solutions. This may include an understanding of particular operational techniques, trends, challenges and opportunities, or unique dynamics within the industry that are relevant.
Reserves & Resource Evaluation	Experience with oil and natural gas reserve and resource evaluation and reporting.
Marketing	Experience with oil, gas and NGL marketing strategy including pricing and/or transportation logistics.
Financial Literacy & Accounting	Financial literacy (expertise, in the case of the Chair of the Audit Committee) in reading and understanding financial statements, financial accounting and operational accounting experience as well as corporate financial knowledge and expertise. This may include analyzing and interpreting financial statements, evaluating organizational budgets and understanding financial reporting.
Legal, Regulatory & Governmental	Experience in compliance for a publicly listed company and/or experience providing legal/regulatory advice and guidance within a complex regulatory regime. Includes corporate, securities, land tenure and oil and natural gas law, regulatory regimes in Western Canada and governmental royalty, incentive and taxation policies usually through management experience or a legal background.
Capital Markets & Investor Relations	Understanding of capital markets, corporate finance, investor relations and banking matters usually from experience in the corporate finance or banking industry or significant experience in management position dealing directly with such matters.
Health, Safety & Environment	Experience with environmental compliance and workplace health and safety in the oil and natural gas industry.
Sustainability & Social	Understanding and experience with corporate responsibility practices and the constituents involved in sustainable development practices.
Corporate Governance	Broad understanding of good corporate governance.
Compensation & Human Resources	Understanding of human resource and personnel considerations and issues for executive recruitment, compensation structures, and performance reviews.

## **Board Assessments**

The effectiveness of the Board, its committees on the individual Board members is reviewed annually through a comprehensive self-assessment and inquiry questionnaire.

## **Director Term Limits**

As discussed under "*Matters to be Acted Upon at the Meeting – Appointment of Directors – Board Renewal*" in this Information Circular, the Corporation has not adopted term limits for the directors or the Board or other mechanisms of Board renewal. The Governance Committee and the Board recognize the benefit that new perspectives, ideas and business strategies can offer and support periodic Board renewal. The Governance Committee and the Board also recognize that a director's experience and knowledge of the Corporation's business is a valuable resource. Accordingly, the Board believes that the Corporation and its Shareholders are better served with the regular assessment of the effectiveness of the Board, Board committees and the effectiveness and contribution of individual directors together with periodic Board renewal, rather than on arbitrary age and tenure limits.

## **Board and Management Diversity**

The Corporation has adopted a written Board and Management diversity and renewal policy (the "**Diversity Policy**"), which provides that Board nominations and executive officer appointments should be made on the basis of the skills, knowledge, experience and character of individual candidates and the requirements of the Board and Management at the time. The Corporation is committed to a meritocracy and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve the business objectives, without reference to their age, gender, race, sexual orientation, ethnicity or religion, is in the best interests of the Corporation and all of its stakeholders. In accordance with the Diversity Policy, the Board encourages the consideration of women who have the necessary skills, knowledge, experience and character for promotion or hiring into an executive officer position within the Corporation and the Corporation is committed to increasing gender diversity on the Board. However, the Board will not compromise the principles of a meritocracy by imposing quotas or targets.

To measure the effectiveness of the Diversity Policy, the Governance Committee reviews annually the composition and diversity of the Board, including women candidates brought forth as potential nominees for Board positions to ensure that women candidates are being fairly considered relative to other candidates. The Compensation Committee will do a similar review of appointments of executive officer positions to ensure that women with the appropriate skills, knowledge, experience and character are being fairly considered as opportunities become available. The Compensation Committee will also review the number of women actually appointed and serving on the Board or in Management to evaluate whether it is desirable to adopt additional requirements or policies with respect to the diversity of the Board and Management.

While the Corporation has implemented the Diversity Policy and recognizes the benefits of diversity and believes that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership needed to achieve the business objectives of the Corporation is in the best interests of the Corporation and all of its stakeholders, the Corporation does not currently have any rules or formal policies that specifically require the identification, consideration, nomination or appointment of a targeted number of female Board nominees or candidates for executive management positions. In accordance with the Diversity Policy described above, the Board encourages the consideration of women who have the necessary skills, knowledge, experience and character for promotion or hiring into an executive officer position within the Corporation; however, the Board will not compromise the principles of a meritocracy by imposing quotas or targets. Currently, Advantage does not have any women on its executive management team and 1 out of 7 or 14.3% of the directors of the Corporation are women. Assuming all of the directors nominated for election at the Meeting are elected as directors of the Corporation, 2 out of 8 directors or 25.0% of the directors of the Corporation will be women.

## **Ethical Business Conduct**

The Board has adopted a written Code of Business Conduct and Ethics and Code of Ethics for Senior Officers (collectively, the "**Code**"). All executives and employees are required to annually acknowledge understanding of the Code thereby confirming their ethical conduct. The Code is located on Advantage's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and is also available on Advantage's website at [www.advantageog.com](http://www.advantageog.com).

The Board monitors compliance with the Code by requiring periodic reporting by its senior officers as to their compliance with the Code (and the Board requests immediate notification of any departures from the Code). The Corporation's "whistleblower" policy, which is available on Advantage's website at [www.advantageog.com](http://www.advantageog.com), provides a procedure for the submission of information by any employee relating to possible violations of the Code.

The Corporation has not filed any material change reports since its inception that pertains to any conduct of a director or executive officer that constitutes a departure from the Code.

## **Conflicts of Interest**

To address conflicts of interest, Board members and executive officers are required to declare the nature and extent of any material interest in any transactions or agreements and may not vote in relation to any such matter. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

Due to the fact that the Corporation has the Code, a reporting process pursuant to such Code, a Board Mandate and Terms of Reference for the Governance Committee, the Corporation sees no need to implement additional procedures related to conflicts of interest at this time.

## **Orientation and Continuing Education of Directors**

The Governance Committee is responsible for the recruitment of new directors and ensuring adequate orientation in order for new directors to fully understand the roles and mandates of the Board and its committees. The Board provides new directors with access to all background documents of the Corporation, including all corporate records and prior board materials, and new Board members are offered access to all officers of the Corporation for orientation as to the nature and operations of Advantage's business.

All of Advantage's directors have significant experience in the oil and natural gas industry and the majority are members of professional organizations, which have continuing education standards that apply to their members. The Corporation will consider any request for it to pay for any education courses for any members of the Board relating to corporate governance, financial literacy or technical literacy. In addition, Management of the Corporation is available to members of the Board to discuss operational and other matters.

## **Succession Planning**

The Board is responsible for succession planning and in particular, for choosing the Corporation's executive officers. The Governance Committee reviews succession planning issues on a regular basis, including, specifically, succession planning in relation to the positions of the Named Executive Officers. In this regard, the Governance Committee periodically discusses a succession plan for senior leadership positions that includes a description of the potential successors for such senior leadership positions in the organization. Such discussion identifies potential successors for each executive, as well as other senior positions in the organization, and highlights personal development areas that require enhancement in order for each candidate to be fully prepared for opportunities of higher responsibility. The Governance Committee also periodically discusses any candidates who could assume critical leadership roles in the short-term in the event an unexpected circumstance arises and an executive leaves a role earlier than anticipated. The Board or the Governance Committee will meet with the CEO at least annually to review the performances of senior management in their current roles and discuss future capabilities and development plans for these individuals.



**INTEREST OF CERTAIN PERSONS OR COMPANIES  
IN MATTERS TO BE ACTED UPON**

The Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or executive officer since the beginning of the most recently completed financial year or nominee for director of the Corporation, or of any associate or affiliate of the foregoing, in respect of any matter to be acted on at the Meeting, other than the election of directors and the appointment of auditors.

**INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Except as disclosed herein, since the beginning of the most recently completed financial year, none of the directors or executive officers of the Corporation or the proposed directors of the Corporation, or any person or company that is the direct or indirect owner of, or exercises control or direction, more than 10% of the Common Shares, or any associate or affiliate of any of the foregoing persons or companies, has or had any material interest, direct or indirect, in any transaction or any proposed transaction that has materially affected or will materially affect the Corporation or any of its subsidiaries.

**OTHER MATTERS**

The Corporation knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Annual General and Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

**ADDITIONAL INFORMATION**

Additional information respecting the Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information respecting the Corporation is provided in the Corporation's comparative consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Shareholders can access this information on SEDAR, on Advantage's website at [www.advantageog.com](http://www.advantageog.com) or by request to the Chief Financial Officer of the Corporation at the following address:

Advantage Oil & Gas Ltd.  
Suite 2200, 440 – 2<sup>nd</sup> Avenue S.W.  
Calgary, Alberta T2P 5E9

**SCHEDULE "A"**  
**MANDATE OF THE BOARD OF DIRECTORS**

**ADVANTAGE OIL & GAS LTD.**

The Board of Directors (the "**Board**") of the Corporation is responsible for the stewardship of the Corporation. In discharging its responsibility, the Board will exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances and will act honestly and in good faith with a view to the best interests of Advantage. In general terms, the Board will endeavour to:

- (a) define the principal objective(s) of the Corporation based upon the recommendations of the chief executive officer of the Corporation (the "**CEO**") and others deemed appropriate for such purpose;
- (b) monitor the management of the business and affairs of Advantage with the goal of achieving Advantage's principal objective(s) as defined by the Board;
- (c) discharge the duties imposed on the Board by applicable laws; and
- (d) for the purpose of carrying out the foregoing responsibilities, take all such actions as the Board deems necessary or appropriate.

Without limiting the generality of the foregoing, the Board will endeavor to perform the following duties.

**Strategic Operating, Capital Plans and Financing Plans**

- require the CEO to present annually to the Board a longer range strategic plan and a shorter range business plan for Advantage's business, which plans must
  - be designed to achieve Advantage's principal objectives;
  - identify the principal strategic and operational opportunities and risk of Advantage's business; and
  - be approved by the Board as a pre-condition to the implementation of such plans;
- review progress towards the achievement of the goals established in the strategic, operating and capital plans;
- review the principal risks of the Corporation's business identified by the CEO and review management's implementation of the appropriate systems to manage these risks;
- approve the annual operating and capital budgets and plans and subsequent revisions thereof;
- approve property acquisitions and dispositions in excess of \$5 million;
- approve the establishment of credit facilities and borrowings; and
- approve issuances of additional shares or other securities to the public.

**Monitoring and Acting**

- monitor Advantage's progress towards its goals, and to revise and alter its direction through management in light of changing circumstances;
- monitor overall human resource policies and procedures, including compensation and succession planning;

- appoint the CEO and determine the terms of the CEO's employment with Advantage;
- approve the distribution policy of Advantage;
- review the systems implemented by management and the Board which are designed to maintain or enhance the integrity of Advantage's internal control and management information systems;
- monitor the "good corporate citizenship" of Advantage, including compliance by Advantage with all applicable environmental laws;
- in consultation with the CEO, establish the ethical standards to be observed by all officers and employees of Advantage and use reasonable efforts to ensure that a process is in place to monitor compliance with those standards;
- require that the CEO institute and monitor processes and systems designed to ensure compliance with applicable laws by Advantage and its officers and employees; and
- approve all matters relating to a takeover bid of Advantage.

### **Compliance Reporting and Corporate Communications**

- review the procedures implemented by Management and the Board which are designed to ensure that the financial performance of Advantage is properly reported to shareholders, other security holders and regulators on a timely and regular basis;
- recommend to shareholders of Advantage a firm of chartered accountants to be appointed as Advantage's auditors;
- review the procedures designed and implemented by management and the independent auditors to ensure that the financial results are reported fairly and in accordance with generally accepted accounting principles;
- review the procedures implemented by Management and the Board which are designed to ensure the timely reporting of any other developments that have a significant and material impact on the value of Advantage;
- review, consider and where required, approve, the reports required under National Instrument 51-101 of the Canadian Securities Administrators;
- report annually to shareholders on the Board's stewardship for the preceding year; and
- where required, approve any policy designed to enable Advantage to communicate effectively with its shareholders and the public generally.

### **Governance**

- in consultation with the Chairman of the Board, develop a position description for the Chairman of the Board;
- facilitate the continuity, effectiveness and independence of the Board by, amongst other things,
  - selecting nominees for election to the Board;
  - appointing a Chairman of the Board who is not a member of management;
  - appointing from amongst the directors an audit committee and such other committees of the Board as the Board deems appropriate;

- defining the mandate or terms of reference of each committee of the Board;
  - ensuring that processes are in place and are utilized to assess the effectiveness of the Chairman of the Board, the Board as a whole, each committee of the Board and each director; and
  - establishing a system to enable any director to engage an outside adviser at the expense of Advantage; and
- review annually the adequacy and form of the compensation of directors.

### **Delegation**

- The Board may delegate its duties to and receive reports and recommendations from any committee of the Board.

### **Composition**

- A majority of Board members should be "independent" Directors as such term is defined in National Instrument 52-110 – *Audit Committees*.
- On at least an annual basis, the Board shall conduct an analysis and make a positive affirmation as to the "independence" of a majority of its Board members.
- Members should have or obtain sufficient knowledge of Advantage and the oil and gas business to assist in providing advice and counsel on relevant issues.

### **Meetings**

- The Board shall meet at least four times per year and/or as deemed appropriate by the Board Chair.
- Minutes of each meeting shall be prepared by the Secretary to the Board.
- The Chief Executive Officer or his designate(s) may be present at all meetings of the Board.
- Vice-Presidents and such other staff as appropriate to provide information to the Board shall attend meetings at the invitation of the Board.

### **Reporting / Authority**

- Following each meeting, the Secretary will promptly report to the Board by way of providing draft copies of the minutes of the meetings.
- Supporting schedules and information reviewed by the Board at any meeting shall be available for examination by any Director upon request to the Chief Executive Officer.
- The Board shall have the authority to review any corporate report or material and to investigate activity of the Corporation and to request any employees to cooperate as requested by the Board.
- The Board may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Advantage.

**SCHEDULE "B"**  
**SHARE-BASED AWARDS – RESTRICTED AND PERFORMANCE AWARD INCENTIVE PLAN**

**ADVANTAGE OIL & GAS LTD.**

**Share-Based Awards**

Applicable Canadian securities legislation defines a "share-based award" as an award under an equity incentive plan of equity-based instruments that do not have option-like features, including common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units and stock.

The Share Award Plan grants share-based awards to Grantees (as defined below) and for the year ended December 31, 2019, Advantage granted Share Performance Awards to certain Service Providers.

***Restricted and Performance Award Incentive Plan***

On April 14, 2014, the Board approved the adoption by the Corporation of the Share Award Plan, as amended on April 24, 2015 and April 20, 2018, which Share Award Plan was approved by Shareholders on May 27, 2015 and May 29, 2018 respectively. The Share Award Plan allows the Board or the Compensation Committee to grant Share Performance Awards and/or Restricted Awards to Service Providers. Share Performance Awards granted under the Share Award Plan are meant to further align with shareholder interests as the magnitude of the Share Performance Awards received by Service Providers on the vesting date will be determined based on the achievement of various corporate performance measures during a multi-year period as set by the Board. The terms of the Share Award Plan provides that Share Performance Awards vest three years after the date of grant.

***Eligibility and Grants of Incentive Awards***

Incentive Awards may be granted only to Service Providers; provided, however, that the participation of a Service Provider in the Share Award Plan is voluntary. The Share Award Plan will be administered by the Board or the Compensation Committee. The Compensation Committee has the authority in its sole discretion to administer the Share Award Plan and to exercise all the powers and authorities either specifically granted to it under the Share Award Plan or necessary or advisable in the administration of the Share Award Plan. In determining the Service Providers to whom Incentive Awards may be granted ("**Grantees**") and the number of Incentive Awards granted, the Compensation Committee may take into account such factors as it shall determine in its sole discretion, including, but not limited to, compensation data for comparable benchmark positions among the group of public Canadian oil and gas issuers determined by the Compensation Committee, from time to time in their discretion (the "**Peer Comparison Group**"), the Corporate Performance Measures (as defined below) for the applicable period, and such other factors as the Compensation Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Share Award Plan.

For the purposes of the Share Award Plan, "**Corporate Performance Measures**" for any period that the Compensation Committee in its sole discretion shall determine, means the performance measures to be taken into consideration in granting Incentive Awards under the Share Award Plan and determining the Payout Multiplier determined by the Compensation Committee pursuant to the Share Award Plan in respect of any Share Performance Award, which may include, without limitation, the following: (a) the percentile rank, expressed as a whole number, of, with respect to any period, the Total Shareholder Return relative to returns calculated on a similar basis on securities of members of the Peer Comparison Group over the applicable period; (b) annual cash flow per Common Share; (c) absolute or relative cost structure; (d) capital efficiency; (e) key leading and lagging indicators of health, safety and environmental performance of the Corporation and the Advantage Affiliates; (f) the development and execution of the Corporation's strategic plan as determined by the Board; (g) reserves growth or reserves addition efficiencies; and (h) such additional measures as the Compensation Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances.

Further, for the purposes of the Share Award Plan, "**Fair Market Value**" means, for so long as the Common Shares are listed and posted for trading on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading), the volume weighted average of the prices at which the Common Shares traded on the said exchange for the five (5) trading days immediately preceding such date.

#### *Limits on Issuance*

Notwithstanding any other provision of the Share Award Plan:

- (a) the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards at any time is limited to 3.0% of the aggregate number of issued and outstanding Common Shares, provided that the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards and all other security based compensation arrangements, cannot exceed 4.5% of the Common Shares outstanding from time to time;
- (b) the number of Common Shares reserved for issuance to any one Service Provider under all security based compensation arrangements will not exceed 4.5% of the issued and outstanding Common Shares;
- (c) the number of Common Shares issuable to insiders, at any time, under all security based compensation arrangements, cannot exceed 4.5% of the issued and outstanding Common Shares;
- (d) the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements, cannot exceed 4.5% of the issued and outstanding Common Shares; and
- (e) the number of Common Shares issuable pursuant to Incentive Awards to non-management directors is limited to the lesser of: (a) 1.0% of the issued and outstanding Common Shares, in aggregate, for all non-management directors; and (b) an annual equity award value for each non-management director of \$100,000, with the value of each Incentive Award calculated at the Grant Date.

At the Meeting, the Corporation is seeking Shareholder approval to amend paragraph (a) above to provide that the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards and all other security based compensation arrangements, cannot exceed 5.0% of the Common Shares outstanding from time to time. See "*Matters to be Acted Upon at the Meeting – Approval of Amendments to Restricted and Performance Award Incentive Plan*".

#### *Restricted Awards*

Subject to the provisions of the Share Award Plan, the Corporation shall pay to each Grantee an amount equal to the number of Incentive Awards (as such number may be adjusted in accordance with the terms of the Share Award Plan) multiplied by the Fair Market Value of the Common Shares (the "**Award Value**") to which the Grantee is entitled pursuant to such Incentive Award, which amount shall be payable (each a "**Payment Date**"), unless otherwise determined by the Compensation Committee, as to one-third of the Award Value underlying such Restricted Awards on each of the first, second and third anniversaries of the grant date of the Restricted Awards; provided that the Grantee remains in continuous employment or service with the Corporation or an Advantage Affiliate through the applicable Payment Date.

#### *Share Performance Awards*

Subject to the provisions of the Share Award Plan, with respect to any Share Performance Awards, the Payment Dates thereunder shall be the third anniversary of the grant date of the Share Performance Awards unless otherwise determined by the Compensation Committee, provided that the Grantee remains in continuous employment or service with the Corporation or an Advantage Affiliate through the Payment Date.

### *Leave of Absence*

Where a Grantee is on a Leave of Absence (as defined in the Share Award Plan), the Payment Date or Payment Dates for any Incentive Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, a Payment Date for any Incentive Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made for dividends, if any, that are paid during, that portion of the Leave of Absence that exceeds three (3) months. Further, if any such extension would cause the Payment Date or Payment Dates to extend beyond December 31 of the third year following the year in which the Incentive Award was granted (the "**Expiry Date**"), the rights to receive payments on such Payment Date or Payment Dates will be forfeited by the Grantee.

### *Black Out Periods*

Where a Payment Date occurs on a date when a Grantee is subject to a period of time imposed by the Board pursuant to the Insider Trading and Disclosure Policy of Advantage upon certain designated persons during which those persons may not trade in any securities of Advantage ("**Black-Out Period**"), such Payment Date shall be extended to a date which is within three business days following the end of such Black-Out Period, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the amounts to be paid on such Payment Date or Payment Dates will be paid on the Expiry Date notwithstanding the Black-out Period.

### *Change of Control*

In the event of an Change of Control (as defined in the Share Award Plan) prior to the Payment Dates determined in accordance with the Share Award Plan, the Board may, in its sole discretion (including taking into consideration whether the Grantee's employment or service relationship is or is to be terminated or such Grantee is constructively dismissed or offered to continue employment or service with the successor entity on terms that are not a material adverse change in the Grantee's salary, title, lines of reporting, city or field work location), by Board resolution, determine to accelerate the Payment Date in respect of any Incentive Awards so designated by the Board.

### *Adjustments*

Immediately prior to each Payment Date, the Award Value payable pursuant to the applicable Incentive Awards on such Payment Date shall be adjusted by multiplying the number of Incentive Awards for which payment remains to be made by the Adjustment Ratio (as defined in the Share Award Plan) applicable, if any, in respect of such Incentive Awards.

### *Acceleration of the Payment Date*

Notwithstanding the foregoing, the Board may, in its sole discretion, accelerate the Payment Date for all or any portion of previously granted Incentive Awards.

### *Determination of the Payout Multiplier*

Prior to the Payment Date in respect of any Share Performance Award, the Compensation Committee will assess the performance of the Corporation for the applicable period. The individual measures, weighting of the individual measures comprising the Corporate Performance Measures shall be determined by the Compensation Committee in its sole discretion having regard to the principal purposes of the Share Award Plan and, upon the assessment of the Corporate Performance Measures, the Compensation Committee shall determine the Corporation's ranking. The applicable Payout Multiplier in respect of this ranking shall be determined by the Board in its sole discretion.

*Payment in Respect of Incentive Awards*

On the Payment Date, the Corporation, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an Incentive Award by payment in cash, payment in Common Shares acquired by the Corporation on the TSX, or payment in Common Shares issued from treasury of the Corporation.

*Termination of Relationship as Service Provider*

Unless otherwise determined by the Compensation Committee or unless otherwise provided in a written agreement between the Corporation and a Grantee (an "**Incentive Award Agreement**") pertaining to a particular Incentive Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider:

- (a) if a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Payment Date for all Incentive Awards awarded to such Grantee under any outstanding Incentive Award Agreements shall be accelerated to the Cessation Date (as defined in the Share Award Plan), provided that the Compensation Committee, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Incentive Award, may determine in its sole discretion the Payout Multiplier to be applied to any Share Performance Awards held by the Grantee;
- (b) if a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the Cessation Date all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Share Performance Awards, shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee;
- (c) if a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is thirty (30) days after the Cessation Date, all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Share Performance Awards, shall be terminated and all rights to receive payments thereunder shall be forfeited by the Grantee; and
- (d) if a Grantee ceases to be a Service Provider for any reason other than as provided for in (a), (b) and (c) above, effective as of the date that is sixty (60) days after the Cessation Date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Share Performance Awards, shall be terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.

*Transferability*

Subject to the terms of the Share Award Plan, the right to receive payment pursuant to an Incentive Award granted to a Service Provider is held only by such Service Provider personally. Except as otherwise provided in the Share Award Plan, no assignment, sale, transfer, pledge or charge of an Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award will terminate and be of no further force or effect.

*Merger and Sale*

If the Corporation enters into any transaction or series of transactions, other than a transaction that is a Change of Control and to which certain sections of the Share Award Plan apply, whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets become the property of any other trust, body corporate, partnership or other person (a "**Successor**") whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, then prior to or contemporaneously with the consummation of such transaction, the Corporation and the Successor shall execute such instruments and do such things as are necessary to establish that upon the consummation of such transaction the Successor will have



assumed all the covenants and obligations of the Corporation under the Share Award Plan and the Incentive Award Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect, or, if the Incentive Awards (and the covenants and obligations of the Corporation under this Plan and the Incentive Award Agreements outstanding on consummation of such transaction) are not so assumed by the Successor, then the Payment Date for all Incentive Awards and underlying Award Value that has yet to be paid as of such time shall be the date which is immediately prior to the date upon which the transaction is consummated.

#### *Amendments*

The Compensation Committee may not, without the approval of the shareholders, make any amendments to: (a) increase the aggregate number or the percentage of Common Shares reserved for issuance pursuant to Incentive Awards in excess of the limits contained in item (a) under "*Limits on Issuance*" above; (b) change any of the limitations on Incentive Awards contained in items (b), (c), (d) and (e) under "*Limits on Issuance*" above; (c) extend the Payment Date of any Incentive Awards issued under the Share Award Plan beyond the latest Payment Date specified in the Incentive Award Agreement (other than as permitted by the terms and conditions of the Share Award Plan) or extend the term beyond the original Expiry Date (other than as permitted by the terms and conditions of the Share Award Plan); (d) permit a Grantee to transfer or assign Incentive Awards to a new beneficial holder other than for estate settlement purposes; and (e) amend the amendment provisions of the Share Award Plan.

Except as restricted by the foregoing, the Compensation Committee may amend or discontinue the Share Award Plan or Incentive Awards granted thereunder at any time without Shareholder approval provided that any amendment to the Share Award Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Share Award Plan or Incentive Awards granted pursuant to the Share Award Plan may be made without the consent of the Grantee, if it adversely alters or impairs any Incentive Awards previously granted to such Grantee under the Share Award Plan.

**SCHEDULE "C"**  
**RESTRICTED AND PERFORMANCE AWARD INCENTIVE PLAN**

The Board of Directors of Advantage Oil & Gas Ltd. ("**Advantage**" or the "**Corporation**") has adopted this Restricted and Performance Award Incentive Plan (the "**Plan**") in order to govern the issuance of Incentive Awards to Service Providers.

**1. Purposes**

The principal purposes of the Plan are as follows:

- (a) to retain and attract qualified Service Providers that the Corporation and Advantage Affiliates require;
- (b) to promote a proprietary interest in the Corporation by such Service Providers and to encourage such persons to remain in the employ or service of the Corporation and Advantage Affiliates and put forth maximum efforts for the success of the affairs of the Corporation and the business of the Advantage Affiliates; and
- (c) to focus management of the Corporation and Advantage Affiliates on operating and financial performance and long-term Total Shareholder Return.

**2. Definitions**

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Adjustment Ratio**" means, with respect to any Incentive Award, the ratio used to adjust the number of Incentive Awards on which payment shall be based on the applicable Payment Dates pertaining to such Incentive Award determined in accordance with the terms of the Plan; and, in respect of each Incentive Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted thereafter by increasing the Adjustment Ratio on each Dividend Payment Date, effective on the day following the Dividend Record Date, by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Dividend, expressed as an amount per Common Share, paid on that Dividend Payment Date, and having as its denominator the Reinvestment Price;
- (b) "**Advantage Affiliate**" means a corporation, partnership, trust or other entity that is controlled by the Corporation or that is controlled by the same person that controls the Corporation. For purposes of this definition, a person (the first person) is considered to control another person (the second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of: (i) ownership of or direction over voting securities in the second person, (ii) a written agreement or indenture, (iii) being the general partner or controlling the general partner of the second person, or (iv) being the trustee of the second person;
- (c) "**Award Value**" means, with respect to any Incentive Awards, an amount equal to the number of Incentive Awards, as such number may be adjusted in accordance with the terms of the Plan, multiplied by the Fair Market Value of the Common Shares;
- (d) "**Black-Out Period**" means a period of time imposed by the Board pursuant to the Insider Trading and Disclosure Policy of Advantage upon certain designated persons during which those persons may not trade in any securities of Advantage;
- (e) "**Board**" means the board of directors of the Corporation as it may be constituted from time to time;
- (f) "**Cessation Date**" means the date that is the earlier of:

- (i) the effective date of the Service Provider's termination or resignation, as the case may be; or
- (ii) the date that the Service Provider ceases to be in the active performance of the usual and customary day-to-day duties of the Service Provider's position or job,

regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being a Service Provider;

(g) "**Change of Control**" means:

- (i) the acceptance and sale by the Shareholders representing in the aggregate more than fifty (50%) percent of all issued and outstanding Common Shares of any offer, whether by way of a takeover bid or otherwise, for all or any of the Common Shares; or
- (ii) the acquisition, by whatever means (including, without limitation, amalgamation, arrangement, consolidation or merger), by a person (or two or more persons who in such acquisition have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares), directly or indirectly, of the beneficial ownership of such number of Common Shares or rights to acquire Common Shares, which together with such person's then owned Common Shares or rights to acquire Common Shares, if any, represent (assuming the full exercise of such rights to acquire Common Shares) more than fifty (50%) percent of the combined voting rights of the Common Shares, together with the Common Shares that would be outstanding on the full exercise of the rights to acquire Common Shares and such person's previously owned rights to acquire Common Shares; or
- (iii) the closing of a transaction whereby Advantage merges, consolidates, amalgamates, is arranged or absorbed by or into another person, and as a result of such transaction, the Shareholders prior to the transaction, as the case may be, own directly or indirectly less than 50% of the equity of the entity resulting from the transaction; or
- (iv) the passing of a resolution by the Board, or Shareholders to substantially liquidate its assets or wind-up its business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement; or
- (v) individuals who were members of the Board immediately prior to a meeting of the shareholders of Advantage involving a contest for the election of directors, shall not constitute a majority of the board of directors following such election; or
- (vi) the sale or disposition by Advantage of all or substantially all of its assets other than an internal reorganization with an "**affiliate**" as defined in the *Business Corporations Act* (Alberta);

(h) "**Committee**" has the meaning set forth in Section 3 hereof;

(i) "**Common Shares**" means common shares of the Corporation;

(j) "**Corporate Performance Measures**" for any period that the Committee in its sole discretion shall determine, means the performance measures to be taken into consideration in granting Incentive Awards under the Plan and determining the Payout Multiplier in respect of any Performance Award, which may include, without limitation, the following:

- (i) Relative Total Shareholder Return;

- (ii) annual cash flow per Common Share;
  - (iii) absolute or relative cost structure;
  - (iv) key leading and lagging indicators of health, safety and environmental performance of the Corporation and the Advantage Affiliates;
  - (v) the development and execution of the Corporation's strategic plan as determined by the Board;
  - (vi) reserves growth or reserves addition efficiencies; and
  - (vii) such additional measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (k) "**Dividend**" means any dividend, return of capital or special distribution paid by the Corporation in respect of the Common Shares, whether in the form of cash or Common Shares, expressed as an amount per Common Share;
- (l) "**Dividend Payment Date**" means any date that a Dividend is paid to Shareholders;
- (m) "**Dividend Record Date**" means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;
- (n) "**Exchange**" means the TSX or such other stock exchange(s) on which the Common Shares are then listed and posted for trading from time to time;
- (o) "**Expiry Date**" means December 31 of the third year following the year in which the Incentive Award was granted;
- (p) "**Fair Market Value**" means for so long as the Common Shares are listed and posted for trading on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading), the volume weighted average of the prices at which the Common Shares traded on the for the five (5) trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Committee in its sole discretion, acting reasonably and in good faith;
- (q) "**Grantees**" has the meaning set forth in Section 4 hereof;
- (r) "**Incentive Award**" means a Restricted Award or Performance Award made pursuant to the Plan;
- (s) "**Incentive Award Agreement**" has the meaning set forth in Section 5 hereof;
- (t) "**Insider**" means an insider of the Corporation and any person who is an associate or affiliate of an insider of the Corporation;
- (u) "**Leave of Absence**" means a Service Provider being absent from active employment or active service as a result of sabbatical, disability, education leave, maternity or parental leave, or any other form of leave approved by the Committee;

- (v) "**Payment Date**" means, with respect to any Incentive Award, the date upon which the Corporation shall pay to the Grantee the Award Value to which the Grantee is entitled pursuant to such Incentive Award in accordance with the terms hereof;
- (w) "**Payout Multiplier**" means the payout multiplier determined by the Committee in accordance with Section 5(c) hereof;
- (x) "**Peer Comparison Group**" means, the group of public Canadian oil and gas issuers determined by the Committee, from time to time in their discretion;
- (y) "**Performance Award**" means an Incentive Award under the Plan designated as a "Performance Award" in the Incentive Award Agreement pertaining thereto, for which payment shall be made on the Payment Date(s) determined in accordance with Section 5 hereof;
- (z) "**Reinvestment Price**" shall be equal to the Fair Market Value of the Common Shares on the trading day immediately preceding the Divided Payment Date;
- (aa) "**Relative Total Shareholder Return**" or "**Relative TSR**" means the percentile rank, expressed as a whole number, of Total Shareholder Return relative to returns calculated on a similar basis on securities of members of the Peer Comparison Group over the applicable period;
- (bb) "**Restricted Award**" means an Incentive Award under the Plan designated as a "Restricted Award" in the Incentive Award Agreement pertaining thereto, for which payment shall be made on the Payment Dates(s) determined in accordance with Section 5 hereof;
- (cc) "**Security Based Compensation Arrangements**" means (i) stock option plans for the benefit of employees, insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation's shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever;
- (dd) "**Service Providers**" has the meaning set forth in Section 4 hereof;
- (ee) "**Shareholder**" means a holder of Common Shares;
- (ff) "**Successor**" has the meaning set forth in Section 9 hereof;
- (gg) "**Total Shareholder Return**" means, with respect to any period, the total return to Shareholders on the Common Shares calculated using cumulative Dividends, if any, on a reinvested basis and the change in the trading price of the Common Shares on the TSX over such period (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Committee in its sole discretion); and
- (hh) "**TSX**" means the Toronto Stock Exchange.

### 3. Administration and Limits on Issuance

- (a) This Plan will be administered by the Board of Directors of Advantage or the Human Resources, Compensation and Corporate Governance Committee of Advantage (such committee or the Board of Directors of Advantage, is hereinafter referred to as the "**Committee**") pursuant to rules of procedure fixed by the Committee.
- (b) The Committee shall have the authority in its sole discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, subject to and not inconsistent with the express provisions of this Plan and of Section 10 hereof, including, without limitation:
  - (i) the authority to grant Incentive Awards;
  - (ii) to determine the Fair Market Value of the Common Shares on any date;
  - (iii) to determine the Service Providers to whom, and the time or times at which Incentive Awards shall be granted and shall become issuable;
  - (iv) to determine the number of Incentive Awards to be granted and the allocation between Restricted Awards and Performance Awards;
  - (v) to determine members of the Peer Comparison Group from time to time;
  - (vi) to determine the Corporate Performance Measures and the Payout Multiplier in respect of a particular period;
  - (vii) to prescribe, amend and rescind rules and regulations relating to the Plan;
  - (viii) to interpret the Plan;
  - (ix) to determine the terms and provisions of Incentive Award Agreements (which need not be identical) entered into in connection with Incentive Awards; and
  - (x) to make all other determinations deemed necessary or advisable for the administration of the Plan.
- (c) The Committee may delegate to one or more of its members, to the President and Chief Executive Officer or the Chief Financial Officer of the Corporation or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan.
- (d) For greater certainty and without limiting the discretion conferred on the Committee pursuant to this Section, the Committee's decision to approve the grant of an Incentive Award in any period shall not require the Committee to approve the grant of an Incentive Award to any Service Provider in any other period; nor shall the Committee's decision with respect to the size or terms and conditions of an Incentive Award in any period require it to approve the grant of an Incentive Award of the same or similar size or with the same or similar terms and conditions to any Service Provider in any other period. The Committee shall not be precluded from approving the grant of an Incentive Award to any Service Provider solely because such Service Provider may previously have been granted an Incentive Award under this Plan or any other similar compensation arrangement of the Corporation or an Advantage Affiliate. No Service Provider has any claim or right to be granted an Incentive Award.

- (e) Notwithstanding any other provision of this Plan:
- (i) the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards and all other Security Based Compensation Arrangements, shall not exceed 5.0% of the Common Shares outstanding from time to time;
  - (i) the number of Common Shares reserved for issuance to any one Service Provider under all Security Based Compensation Arrangements will not exceed 4.5% of the issued and outstanding Common Shares;
  - (ii) the number of Common Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 4.5% of the issued and outstanding Common Shares;
  - (iii) the number of Common Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 4.5% of the issued and outstanding Common Shares; and
  - (iv) the number of Common Shares issuable pursuant to Incentive Awards to non-management directors is limited to the lesser of:
    - (A) 1.0% of the issued and outstanding Common Shares, in aggregate, for all non-management directors; and
    - (B) an annual equity award value for each non-management director of \$100,000, with the value of each Incentive Award calculated at the Grant Date.

#### 4. Eligibility and Award Determination

Incentive Awards may be granted only to persons who are employees or officers of the Corporation or any Advantage Affiliate or who are consultants or other service providers to the Corporation or any Advantage Affiliate (collectively, "**Service Providers**"); provided, however, that the participation of a Service Provider in the Plan is voluntary. For greater certainty, a transfer of employment or services between the Corporation and an Advantage Affiliate or between Advantage Affiliates shall not be considered an interruption or termination of the employment of a Grantee for any purpose of the Plan. In determining the Service Providers to whom Incentive Awards may be granted ("**Grantees**") and the number of Incentive Awards granted, the Committee may take into account such factors as it shall determine in its sole discretion, including, if so determined by the Committee, any one or more of the following factors:

- (a) compensation data for comparable benchmark positions among the Peer Comparison Group;
- (b) the duties, responsibilities, position and seniority of the Grantee;
- (c) the Corporate Performance Measures for the applicable period;
- (d) the individual contributions and potential contributions of the Grantee to the success of the Corporation;
- (e) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of the Corporation;
- (f) the Fair Market Value or current market price of the Common Shares at the time of grant of such Incentive Award; and

- (g) such other factors as the Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Plan.

## 5. Terms and Conditions of Incentive Awards

Each Incentive Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a written agreement between the Corporation and the Grantee (an "**Incentive Award Agreement**") which agreement, to the extent required, shall comply with, and be subject to, the requirements of the Exchange and the following terms and conditions (and with such other terms and conditions as the Committee, in its sole discretion, shall establish):

- (a) **Type of Incentive Awards** - The Committee shall determine the number of Incentive Awards to be awarded to a Grantee in accordance with the provisions set forth in Section 4 hereof and shall designate such awards as either "Restricted Awards" or a "Performance Awards", as applicable, in the Incentive Award Agreement relating thereto.

(b) **Payment Dates and Adjustment of Incentive Awards**

- (i) Restricted Awards: Subject to the provisions of this Section 5(b)(i) and Section 5(e) hereof, with respect to any Restricted Awards, the Payment Dates thereunder shall be as follows unless otherwise determined by the Committee (and, for greater certainty, the Committee may in its sole discretion impose additional or different conditions to the determination of the Payment Date(s) pursuant to any Restricted Awards including, without limitation, performance conditions), provided that the Grantee remains in continuous employment or service with the Corporation or an Advantage Affiliate through the applicable Payment Date:

- (A) as to one-third of the Award Value underlying such Restricted Awards, on the first anniversary of the grant date of the Restricted Awards;
- (B) as to one-third of the Award Value underlying such Restricted Awards, on the second anniversary of the grant date of the Restricted Awards; and
- (C) as to the remaining one-third of the Award Value underlying such Restricted Awards, on the third anniversary of the grant date of the Restricted Awards;

provided, however, that:

- (I) where a Grantee is on a Leave of Absence, the Payment Date or Payment Dates for any Restricted Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, a Payment Date for any Restricted Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made to the Adjustment Ratio for Dividends, if any, that are paid during, that portion of the Leave of Absence that exceeds three (3) months, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the rights to receive payments on such Payment Date or Payment Dates shall be forfeited by the Grantee;
- (II) where a Payment Date occurs on a date when a Grantee is subject to a Black-Out Period, such Payment Date shall be extended to a date which is within three business days following the end of such Black-Out Period, and further provided that if any such extension would cause the Payment



Date or Payment Dates to extend beyond the Expiry Date, the amounts to be paid on such Payment Date or Payment Dates shall be paid on the Expiry Date notwithstanding the Black-out Period;

- (III) in the event of any Change of Control prior to the Payment Dates determined in accordance with the above provisions of this Section 5(b)(i), the Board may, in its sole discretion (including taking into consideration whether the Grantee's employment or service relationship is or is to be terminated or such Grantee is constructively dismissed or offered to continue employment or service with the successor entity on terms that are not a material adverse change in the Grantee's salary, title, lines of reporting, city or field work location), by Board resolution, determine to accelerate the Payment Date in respect of any Restricted Awards so designated by the Board;
  - (IV) immediately prior to each Payment Date, the Award Value payable pursuant to the applicable Restricted Awards on such Payment Date shall be adjusted by multiplying the number of Restricted Awards for which payment remains to be made by the Adjustment Ratio applicable, if any, in respect of such Restricted Awards; and
  - (V) notwithstanding the foregoing, the Board may, in its sole discretion, accelerate the Payment Date for all or any portion of previously granted Restricted Awards.
- (ii) Performance Awards: Subject to the provisions of this Section 5(b)(ii) and Section 5(e) hereof, with respect to any Performance Awards, the Payment Dates thereunder shall be the third anniversary of the grant date of the Performance Awards unless otherwise determined by the Committee (and, for greater certainty, the Committee may in its sole discretion impose additional or different conditions to the determination of the Payment Dates pursuant to any Performance Awards), provided that the Grantee remains in continuous employment or service with the Corporation or an Advantage Affiliate through the Payment Date;

provided, however, that:

- (I) where a Grantee is on a Leave of Absence, the Payment Date or Payment Dates for any Performance Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, a Payment Date for any Performance Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made to the Adjustment Ratio for Dividends, if any, that are paid during, that portion of the Leave of Absence that exceeds three (3) months, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the rights to receive payments on such Payment Date or Payment Dates shall be forfeited by the Grantee;
- (II) where an Payment Date occurs on a date when a Grantee is subject to a Black-Out Period, such Payment Date shall be extended to a date which is within three business days following the end of such Black-Out Period, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the amounts

to be paid on such Payment Date or Payment Dates shall be paid on the Expiry Date notwithstanding the Black-out Period;

- (III) in the event of any Change of Control prior to the Payment Dates determined in accordance with the above provisions of this Section 5(b)(ii), the Board may, in its sole discretion (including taking into consideration whether the Grantee's employment or service relationship is or is to be terminated or such Grantee is constructively dismissed or offered to continue employment or service with the successor entity on terms that are not a material adverse change in the Grantee's salary, title, lines of reporting, city or field work location), by Board resolution, determine to accelerate the Payment Date in respect of any Performance Awards so designated by the Board;
- (IV) immediately prior to each Payment Date, the Award Value payable pursuant to the applicable Performance Awards on such Payment Date shall be adjusted by multiplying the number of Performance Awards for which payment remains to be made by the Adjustment Ratio applicable, if any, in respect of such Performance Awards and the Payout Multiplier applicable to such Performance Awards at such time; and
- (V) notwithstanding the foregoing, the Board may, in its sole discretion, accelerate the Payment Date for all or any portion of previously granted Performance Awards.

Notwithstanding any other provision of this Plan, but subject to other applicable requirements of the Exchange or other regulatory authority, the Committee hereby reserves the right to make any additional adjustments to amounts to be paid pursuant to any Performance Award if, in the sole discretion of the Committee, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan.

- (c) ***Determination of the Payout Multiplier*** - Prior to the Payment Date in respect of any Performance Award, the Committee shall assess the performance of the Corporation for the applicable period. The individual measures, weighting of the individual measures comprising the Corporate Performance Measures shall be determined by the Committee in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of the Corporate Performance Measures, the Committee shall determine the Corporation's ranking. The applicable Payout Multiplier in respect of this ranking shall be determined by the Board in its sole discretion.
- (d) ***Payment in Respect of Incentive Awards*** - On the Payment Date, the Corporation, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an Incentive Award by any of the following methods or by a combination of such methods:
  - (i) payment in cash;
  - (ii) payment in Common Shares acquired by the Corporation on the Exchange; or
  - (iii) payment in Common Shares issued from treasury of the Corporation.

The Corporation shall not determine whether the payment method shall take the form of cash or Common Shares until the Payment Date, or some reasonable time prior thereto. A holder of an Incentive Award shall not have any right to demand, be paid in, or receive Common Shares in respect of the Award Value underlying an Incentive Award, at any time. Notwithstanding any election by the Corporation to settle any Award Value, or portion thereof, in Common Shares, the Corporation reserves the right to change its election in respect thereof at any time up until payment

is actually made, and the holder of such Incentive Award shall not have the right, at any time to enforce settlement in the form of Common Shares of the Corporation.

Any amount payable to a Grantee in respect of an Incentive Award shall be paid to the Grantee as soon as practicable following the Payment Date and in any event within sixty (60) days of the Payment Date (provided that any amount payable with respect to an Payment Date that occurs after the Cessation Date, but before the Incentive Award has terminated in accordance with an applicable provision of Section 5(e), must occur not later than either the Expiry Date or March 15 of the year following the year in which the Cessation Date occurs, if earlier) and the Corporation shall withhold from any such amount payable all amounts as may be required by law and in the manner contemplated by Section 6 hereof.

- (e) ***Termination of Relationship as Service Provider*** - Unless otherwise determined by the Committee or unless otherwise provided in an Incentive Award Agreement pertaining to a particular Incentive Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:
- (i) **Death** - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Payment Date for all Incentive Awards awarded to such Grantee under any outstanding Incentive Award Agreements shall be accelerated to the Cessation Date, provided that the Committee, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Incentive Award(s), may determine in its sole discretion the Payout Multiplier to be applied to any Performance Awards held by the Grantee.
  - (ii) **Termination for cause** - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the Cessation Date all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
  - (iii) **Voluntary Resignation** - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is thirty (30) days after the Cessation Date, all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
  - (iv) **Other Termination** - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (i), (ii) and (iii) above, effective as of the date that is sixty (60) days after the Cessation Date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
- (f) ***Rights as a Shareholder*** - Until Common Shares have actually been received by the Grantee should the Corporation elect to so purchase and deliver Common Shares in accordance with the terms of the Plan, the Grantee to whom such Incentive Award has been made shall not possess any incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive Dividends, if any, on such Common Shares and the right to exercise voting rights in respect of such Common Shares.

Such Grantee shall only be considered a Shareholder in respect of such Common Shares if and when such Grantee receives such Common Shares.

- (g) ***Treatment of Non-Cash Dividends*** - In the case of a non-cash Dividend, including Common Shares or other securities or other property, the Committee will, in its sole discretion and subject to any required approval of the Exchange, determine whether or not such non-cash Dividend will be provided to the Incentive Award holder and, if so provided, the form in which it shall be provided.
- (h) ***Effect of Certain Changes*** - In the event:
- (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
  - (ii) that any rights are granted to all Shareholders to purchase Common Shares at prices substantially below Fair Market Value; or
  - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities,

then, in any such case, the Board may, subject to any required approval of the Exchange, make such adjustments to the Plan, to any Incentive Awards and to any Incentive Award Agreements outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent inappropriate diminishment or enlargement of the amounts to be paid to Grantees hereunder.

## 6. **Withholding Taxes**

When a Grantee or other person becomes entitled to receive a payment in respect of any Incentive Award Agreement, the Corporation shall have the right to require the Grantee or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Grantee of cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation; or
- (b) where the Corporation has elected to deliver Common Shares to the Grantee, the withholding by the Corporation or an Advantage Affiliate, as the case may be, from the Common Shares otherwise payable to the Grantee such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Grantee). The Grantee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or
- (c) the withholding by the Corporation or an Advantage Affiliate, as the case may be, from any cash payment otherwise due to the Grantee such amount of cash as is less than or equal to the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation.

## 7. **No Guarantees Regarding Tax Treatment**

Grantees (or their beneficiaries) shall be responsible for all taxes with respect to any Incentive Awards under the Plan, whether arising as a result of the grant or exercise of Incentive Awards or otherwise. The Corporation and the Committee make no guarantees to any person regarding the tax treatment of an Incentive

Award or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to a Grantee with respect thereto.

## **8. Non-Transferability**

Subject to Section 5(e)(i) hereof, the right to receive payment pursuant to an Incentive Award granted to a Service Provider is held only by such Service Provider personally. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of an Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award shall terminate and be of no further force or effect.

## **9. Merger and Sale, etc.**

If the Corporation enters into any transaction or series of transactions, other than a transaction that is a Change of Control and to which Sections 5(b)(i)(III) and 5(b)(ii)(III) hereof apply, whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets become the property of any other trust, body corporate, partnership or other person (a "**Successor**") whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, then prior to or contemporaneously with the consummation of such transaction:

- (a) the Corporation and the Successor shall execute such instruments and do such things as are necessary to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Corporation under this Plan and the Incentive Award Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect (including the ability to receive shares, trust units, securities or other property of the Successor in lieu of Common Shares on the Payment Date(s) applicable to such Incentive Awards), and subject to compliance with this Section 9, any such Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Plan and such Incentive Award Agreements with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such Incentive Award Agreements and the obligation of the Corporation to the Grantees in respect of the Incentive Awards shall terminate and be at an end and the Grantees shall cease to have any further rights in respect thereof; or
- (b) if the Incentive Awards (and the covenants and obligations of the Corporation under this Plan and the Incentive Award Agreements outstanding on consummation of such transaction) are not so assumed by the Successor, then the Payment Date for all Incentive Awards and underlying Award Value that has yet to be paid as of such time shall be the date which is immediately prior to the date upon which the transaction is consummated.

## **10. Amendment and Termination of Plan**

The Committee may not, without the approval of the Shareholders, make any amendments to:

- (a) increase the aggregate number or the percentage of Common Shares reserved for issuance pursuant to Incentive Awards in excess of the limits prescribed in Section 3(e)(i) of this Plan;
- (b) change any of the limitations on Incentive Awards contained in Section 3(e)(ii), (iii), (iv) and (v) hereof;
- (c) extend the Payment Date of any Incentive Awards issued under the Plan beyond the latest Payment Date specified in the Incentive Award Agreement (other than as permitted by the terms and

conditions of the Plan) or extend the term beyond the original Expiry Date (other than as permitted by the terms and conditions of the Plan);

- (d) permit a Grantee to transfer or assign Incentive Awards to a new beneficial holder other than for estate settlement purposes; and
- (e) change this Section 10 of the Plan.

Except as restricted by the foregoing, the Committee may amend or discontinue the Plan or Incentive Awards granted thereunder at any time without Shareholder approval provided that any amendment to the Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Plan or Incentive Awards granted pursuant to the Plan may be made without the consent of the Grantee, if it adversely alters or impairs any Incentive Awards previously granted to such Grantee under the Plan.

## 11. Miscellaneous

- (a) ***Effect of Headings*** - The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) ***Compliance with Legal Requirements*** - The Corporation, in its sole discretion, may postpone the delivery of any Common Shares that it elects to deliver pursuant to any Incentive Award to such date as the Committee may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the delivery of Common Shares in compliance with applicable laws, rules and regulations, except that in no event may the issuance and delivery of such Common Shares occur after the Expiry Date. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares that it elects to deliver pursuant to the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of Incentive Awards hereunder in accordance with any such requirements.
- (c) ***No Right to Continued Employment or Service*** - Nothing in the Plan or in any Incentive Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Corporation or any Advantage Affiliate, to be entitled to any remuneration or benefits not set forth in the Plan or an Incentive Award Agreement or to interfere with or limit in any way the right of the Corporation or any Advantage Affiliate to terminate a Grantee's employment or service arrangement with the Corporation or any Advantage Affiliate.
- (d) ***Ceasing to be a Advantage Affiliate*** - Except as otherwise provided in this Plan, Incentive Awards granted under this Plan shall not be affected by any change in the relationship between or ownership of the Corporation and a Advantage Affiliate.
- (e) ***Expenses*** - Except as provided in Section 6, all expenses in connection with the Plan shall be borne by the Corporation.
- (f) ***Unfunded Plan*** - This Plan shall be unfunded. The Corporation shall not be required to segregate any assets that may at any time be represented by Common Shares, cash or rights thereto, nor shall this Plan be construed as providing for such segregation. Any liability or obligation of the Corporation to any Grantee with respect to an Incentive Award under this Plan shall be based solely upon any contractual obligations that may be created by this Plan and any Incentive Award Agreement, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

- (g) **Grantee Information** - Each Grantee shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Grantee acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to the Committee or its appointed administrator and other third parties in connection with the administration of the Plan. Each Grantee consents to such disclosure and authorizes the Corporation to make such disclosure on the Grantee's behalf.
- (h) **Gender** - Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

## 12. **Governing Law**

The Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

## 13. **Effective Date**

This Plan was originally approved by the Board on April 14, 2014 and took effect on April 14, 2014. The Plan was amended with approval by the Board on April 24, 2015 and on April 19, 2018 (the "**2018 Amendments**") with the 2018 Amendments taking effect on May 29, 2018. The Plan was amended with approval by the Board on March 26, 2021 (the "**2021 Amendments**") with the 2021 Amendments taking effect on May 6, 2021, subject to any required approval of the Plan by the Shareholders of the Corporation, the Exchange and any other applicable regulatory authority.

## ADVANTAGE OIL & GAS LTD.

### RESTRICTED AND PERFORMANCE AWARD INCENTIVE PLAN

The Board of Directors of Advantage Oil & Gas Ltd. ("**Advantage**" or the "**Corporation**") has adopted this Restricted and Performance Award Incentive Plan (the "**Plan**") in order to govern the issuance of Incentive Awards to Service Providers.

#### 1. Purposes

The principal purposes of the Plan are as follows:

- (a) to retain and attract qualified Service Providers that the Corporation and Advantage Affiliates require;
- (b) to promote a proprietary interest in the Corporation by such Service Providers and to encourage such persons to remain in the employ or service of the Corporation and Advantage Affiliates and put forth maximum efforts for the success of the affairs of the Corporation and the business of the Advantage Affiliates; and
- (c) to focus management of the Corporation and Advantage Affiliates on operating and financial performance and long-term Total Shareholder Return.

#### 2. Definitions

As used in this Plan, the following words and phrases shall have the meanings indicated:

- (a) "**Adjustment Ratio**" means, with respect to any Incentive Award, the ratio used to adjust the number of Incentive Awards on which payment shall be based on the applicable Payment Dates pertaining to such Incentive Award determined in accordance with the terms of the Plan; and, in respect of each Incentive Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted thereafter by increasing the Adjustment Ratio on each Dividend Payment Date, effective on the day following the Dividend Record Date, by an amount, rounded to the nearest five decimal places, equal to a fraction having as its numerator the Dividend, expressed as an amount per Common Share, paid on that Dividend Payment Date, and having as its denominator the Reinvestment Price;
- (b) "**Advantage Affiliate**" means a corporation, partnership, trust or other entity that is controlled by the Corporation or that is controlled by the same person that controls the Corporation. For purposes of this definition, a person (the first person) is considered to control another person (the second person) if the first person, directly or indirectly, has the power to direct the management and policies of the second person by virtue of: (i) ownership of or direction over voting securities in the second person, (ii) a written agreement or indenture, (iii) being the general partner or controlling the general partner of the second person, or (iv) being the trustee of the second person;
- (c) "**Award Value**" means, with respect to any Incentive Awards, an amount equal to the number of Incentive Awards, as such number may be adjusted in accordance with the terms of the Plan, multiplied by the Fair Market Value of the Common Shares;
- (d) "**Black-Out Period**" means a period of time imposed by the Board pursuant to the Insider Trading and Disclosure Policy of Advantage upon certain designated persons during which those persons may not trade in any securities of Advantage;



- (e) **"Board"** means the board of directors of the Corporation as it may be constituted from time to time;
- (f) **"Cessation Date"** means the date that is the earlier of:
  - (i) the effective date of the Service Provider's termination or resignation, as the case may be; or
  - (ii) the date that the Service Provider ceases to be in the active performance of the usual and customary day-to-day duties of the Service Provider's position or job,

regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being a Service Provider;

- (g) **"Change of Control"** means:
  - (i) the acceptance and sale by the Shareholders representing in the aggregate more than fifty (50%) percent of all issued and outstanding Common Shares of any offer, whether by way of a takeover bid or otherwise, for all or any of the Common Shares; or
  - (ii) the acquisition, by whatever means (including, without limitation, amalgamation, arrangement, consolidation or merger), by a person (or two or more persons who in such acquisition have acted jointly or in concert or intend to exercise jointly or in concert any voting rights attaching to the Common Shares), directly or indirectly, of the beneficial ownership of such number of Common Shares or rights to acquire Common Shares, which together with such person's then owned Common Shares or rights to acquire Common Shares, if any, represent (assuming the full exercise of such rights to acquire Common Shares) more than fifty (50%) percent of the combined voting rights of the Common Shares, together with the Common Shares that would be outstanding on the full exercise of the rights to acquire Common Shares and such person's previously owned rights to acquire Common Shares; or
  - (iii) the closing of a transaction whereby Advantage merges, consolidates, amalgamates, is arranged or absorbed by or into another person, and as a result of such transaction, the Shareholders prior to the transaction, as the case may be, own directly or indirectly less than 50% of the equity of the entity resulting from the transaction; or
  - (iv) the passing of a resolution by the Board, or Shareholders to substantially liquidate its assets or wind-up its business or significantly rearrange its affairs in one or more transactions or series of transactions or the commencement of proceedings for such a liquidation, winding-up or re-arrangement; or
  - (v) individuals who were members of the Board immediately prior to a meeting of the shareholders of Advantage involving a contest for the election of directors, shall not constitute a majority of the board of directors following such election; or
  - (vi) the sale or disposition by Advantage of all or substantially all of its assets other than an internal reorganization with an **"affiliate"** as defined in the *Business Corporations Act* (Alberta);
- (h) **"Committee"** has the meaning set forth in Section 3 hereof;
- (i) **"Common Shares"** means common shares of the Corporation;

- (j) **"Corporate Performance Measures"** for any period that the Committee in its sole discretion shall determine, means the performance measures to be taken into consideration in granting Incentive Awards under the Plan and determining the Payout Multiplier in respect of any Performance Award, which may include, without limitation, the following:
  - (i) Relative Total Shareholder Return;
  - (ii) annual cash flow per Common Share;
  - (iii) absolute or relative cost structure;
  - (iv) key leading and lagging indicators of health, safety and environmental performance of the Corporation and the Advantage Affiliates;
  - (v) the development and execution of the Corporation's strategic plan as determined by the Board;
  - (vi) reserves growth or reserves addition efficiencies; and
  - (vii) such additional measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (k) **"Dividend"** means any dividend, return of capital or special distribution paid by the Corporation in respect of the Common Shares, whether in the form of cash or Common Shares, expressed as an amount per Common Share;
- (l) **"Dividend Payment Date"** means any date that a Dividend is paid to Shareholders;
- (m) **"Dividend Record Date"** means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;
- (n) **"Exchange"** means the TSX or such other stock exchange(s) on which the Common Shares are then listed and posted for trading from time to time;
- (o) **"Expiry Date"** means December 31 of the third year following the year in which the Incentive Award was granted;
- (p) **"Fair Market Value"** means for so long as the Common Shares are listed and posted for trading on the TSX (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading), the volume weighted average of the prices at which the Common Shares traded on the for the five (5) trading days on which the Common Shares traded on the said exchange immediately preceding such date. In the event that the Common Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Committee in its sole discretion, acting reasonably and in good faith;
- (q) **"Grantees"** has the meaning set forth in Section 4 hereof;
- (r) **"Incentive Award"** means a Restricted Award or Performance Award made pursuant to the Plan;
- (s) **"Incentive Award Agreement"** has the meaning set forth in Section 5 hereof;
- (t) **"Insider"** means an insider of the Corporation and any person who is an associate or affiliate of an insider of the Corporation;

- (u) **"Leave of Absence"** means a Service Provider being absent from active employment or active service as a result of sabbatical, disability, education leave, maternity or parental leave, or any other form of leave approved by the Committee;
- (v) **"Payment Date"** means, with respect to any Incentive Award, the date upon which the Corporation shall pay to the Grantee the Award Value to which the Grantee is entitled pursuant to such Incentive Award in accordance with the terms hereof;
- (w) **"Payout Multiplier"** means the payout multiplier determined by the Committee in accordance with Section 5(c) hereof;
- (x) **"Peer Comparison Group"** means, the group of public Canadian oil and gas issuers determined by the Committee, from time to time in their discretion;
- (y) **"Performance Award"** means an Incentive Award under the Plan designated as a "Performance Award" in the Incentive Award Agreement pertaining thereto, for which payment shall be made on the Payment Date(s) determined in accordance with Section 5 hereof;
- (z) **"Reinvestment Price"** shall be equal to the Fair Market Value of the Common Shares on the trading day immediately preceding the Divided Payment Date;
- (aa) **"Relative Total Shareholder Return"** or **"Relative TSR"** means the percentile rank, expressed as a whole number, of Total Shareholder Return relative to returns calculated on a similar basis on securities of members of the Peer Comparison Group over the applicable period;
- (bb) **"Restricted Award"** means an Incentive Award under the Plan designated as a "Restricted Award" in the Incentive Award Agreement pertaining thereto, for which payment shall be made on the Payment Dates(s) determined in accordance with Section 5 hereof;
- (cc) **"Security Based Compensation Arrangements"** means (i) stock option plans for the benefit of employees, insiders, Service Providers or any one of such groups; (ii) individual stock options granted to employees, Service Providers or Insiders if not granted pursuant to a plan previously approved by the Corporation's shareholders; (iii) stock purchase plans where the Corporation provides financial assistance or where the Corporation matches the whole or a portion of the securities being purchased; (iv) stock appreciation rights involving issuances by the Corporation of securities from treasury; (v) any other compensation or incentive mechanism involving the issuance or potential issuances of securities of the Corporation; and (vi) security purchases from treasury by an employee, Insider or Service Provider which is financially assisted by the Corporation by any means whatsoever;
- (dd) **"Service Providers"** has the meaning set forth in Section 4 hereof;
- (ee) **"Shareholder"** means a holder of Common Shares;
- (ff) **"Successor"** has the meaning set forth in Section 9 hereof;
- (gg) **"Total Shareholder Return"** means, with respect to any period, the total return to Shareholders on the Common Shares calculated using cumulative Dividends, if any, on a reinvested basis and the change in the trading price of the Common Shares on the TSX over such period (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Committee in its sole discretion); and
- (hh) **"TSX"** means the Toronto Stock Exchange.

**3. Administration and Limits on Issuance**

- (a) This Plan will be administered by the Board of Directors of Advantage or the Human Resources, Compensation and Corporate Governance Committee of Advantage (such committee or the Board of Directors of Advantage, is hereinafter referred to as the "**Committee**") pursuant to rules of procedure fixed by the Committee.
- (b) The Committee shall have the authority in its sole discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, subject to and not inconsistent with the express provisions of this Plan and of Section 10 hereof, including, without limitation:
  - (i) the authority to grant Incentive Awards;
  - (ii) to determine the Fair Market Value of the Common Shares on any date;
  - (iii) to determine the Service Providers to whom, and the time or times at which Incentive Awards shall be granted and shall become issuable;
  - (iv) to determine the number of Incentive Awards to be granted and the allocation between Restricted Awards and Performance Awards;
  - (v) to determine members of the Peer Comparison Group from time to time;
  - (vi) to determine the Corporate Performance Measures and the Payout Multiplier in respect of a particular period;
  - (vii) to prescribe, amend and rescind rules and regulations relating to the Plan;
  - (viii) to interpret the Plan;
  - (ix) to determine the terms and provisions of Incentive Award Agreements (which need not be identical) entered into in connection with Incentive Awards; and
  - (x) to make all other determinations deemed necessary or advisable for the administration of the Plan.
- (c) The Committee may delegate to one or more of its members, to the President and Chief Executive Officer or the Chief Financial Officer of the Corporation or to one or more agents such administrative duties as it may deem advisable, and the Committee or any person to whom it has delegated duties as aforesaid may employ one or more persons to render advice with respect to any responsibility the Committee or such person may have under the Plan.
- (d) For greater certainty and without limiting the discretion conferred on the Committee pursuant to this Section, the Committee's decision to approve the grant of an Incentive Award in any period shall not require the Committee to approve the grant of an Incentive Award to any Service Provider in any other period; nor shall the Committee's decision with respect to the size or terms and conditions of an Incentive Award in any period require it to approve the grant of an Incentive Award of the same or similar size or with the same or similar terms and conditions to any Service Provider in any other period. The Committee shall not be precluded from approving the grant of an Incentive Award to any Service Provider solely because such Service Provider may previously have been granted an Incentive Award under this Plan or any other similar compensation arrangement of the Corporation or an Advantage Affiliate. No Service Provider has any claim or right to be granted an Incentive Award.

- (e) Notwithstanding any other provision of this Plan:
- (i) ~~the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards at any time shall be limited to 3.0% of the aggregate number of issued and outstanding Common Shares, provided that~~ the maximum number of Common Shares issuable pursuant to outstanding Incentive Awards and all other Security Based Compensation Arrangements, shall not exceed 4.50% of the Common Shares outstanding from time to time;
  - (i) ~~(ii)~~ the number of Common Shares reserved for issuance to any one Service Provider under all Security Based Compensation Arrangements will not exceed 4.5% of the issued and outstanding Common Shares;
  - (ii) ~~(iii)~~ the number of Common Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 4.5% of the issued and outstanding Common Shares;
  - (iii) ~~(iv)~~ the number of Common Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 4.5% of the issued and outstanding Common Shares; and
  - (iv) ~~(v)~~ the number of Common Shares issuable pursuant to Incentive Awards to non-management directors is limited to the lesser of:
    - (A) 1.0% of the issued and outstanding Common Shares, in aggregate, for all non-management directors; and
    - (B) an annual equity award value for each non-management director of \$100,000, with the value of each Incentive Award calculated at the Grant Date.

#### 4. Eligibility and Award Determination

Incentive Awards may be granted only to persons who are employees or officers of the Corporation or any Advantage Affiliate or who are consultants or other service providers to the Corporation or any Advantage Affiliate (collectively, "**Service Providers**"); provided, however, that the participation of a Service Provider in the Plan is voluntary. For greater certainty, a transfer of employment or services between the Corporation and an Advantage Affiliate or between Advantage Affiliates shall not be considered an interruption or termination of the employment of a Grantee for any purpose of the Plan. In determining the Service Providers to whom Incentive Awards may be granted ("**Grantees**") and the number of Incentive Awards granted, the Committee may take into account such factors as it shall determine in its sole discretion, including, if so determined by the Committee, any one or more of the following factors:

- (a) compensation data for comparable benchmark positions among the Peer Comparison Group;
- (b) the duties, responsibilities, position and seniority of the Grantee;
- (c) the Corporate Performance Measures for the applicable period;
- (d) the individual contributions and potential contributions of the Grantee to the success of the Corporation;
- (e) any bonus payments paid or to be paid to the Grantee in respect of his or her individual contributions and potential contributions to the success of the Corporation;

- (f) the Fair Market Value or current market price of the Common Shares at the time of grant of such Incentive Award; and
- (g) such other factors as the Committee shall deem relevant in its sole discretion in connection with accomplishing the purposes of the Plan.

## 5. Terms and Conditions of Incentive Awards

Each Incentive Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a written agreement between the Corporation and the Grantee (an "**Incentive Award Agreement**") which agreement, to the extent required, shall comply with, and be subject to, the requirements of the Exchange and the following terms and conditions (and with such other terms and conditions as the Committee, in its sole discretion, shall establish):

- (a) **Type of Incentive Awards** - The Committee shall determine the number of Incentive Awards to be awarded to a Grantee in accordance with the provisions set forth in Section 4 hereof and shall designate such awards as either "Restricted Awards" or a "Performance Awards", as applicable, in the Incentive Award Agreement relating thereto.
- (b) **Payment Dates and Adjustment of Incentive Awards**
  - (i) Restricted Awards: Subject to the provisions of this Section 5(b)(i) and Section 5(e) hereof, with respect to any Restricted Awards, the Payment Dates thereunder shall be as follows unless otherwise determined by the Committee (and, for greater certainty, the Committee may in its sole discretion impose additional or different conditions to the determination of the Payment Date(s) pursuant to any Restricted Awards including, without limitation, performance conditions), provided that the Grantee remains in continuous employment or service with the Corporation or an Advantage Affiliate through the applicable Payment Date:
    - (A) as to one-third of the Award Value underlying such Restricted Awards, on the first anniversary of the grant date of the Restricted Awards;
    - (B) as to one-third of the Award Value underlying such Restricted Awards, on the second anniversary of the grant date of the Restricted Awards; and
    - (C) as to the remaining one-third of the Award Value underlying such Restricted Awards, on the third anniversary of the grant date of the Restricted Awards;

provided, however, that:

- (I) where a Grantee is on a Leave of Absence, the Payment Date or Payment Dates for any Restricted Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, a Payment Date for any Restricted Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made to the Adjustment Ratio for Dividends, if any, that are paid during, that portion of the Leave of Absence that exceeds three (3) months, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the rights to receive payments on such Payment Date or Payment Dates shall be forfeited by the Grantee;

- (II) where a Payment Date occurs on a date when a Grantee is subject to a Black-Out Period, such Payment Date shall be extended to a date which is within three business days following the end of such Black-Out Period, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the amounts to be paid on such Payment Date or Payment Dates shall be paid on the Expiry Date notwithstanding the Black-out Period;
  - (III) in the event of any Change of Control prior to the Payment Dates determined in accordance with the above provisions of this Section 5(b)(i), the Board may, in its sole discretion (including taking into consideration whether the Grantee's employment or service relationship is or is to be terminated or such Grantee is constructively dismissed or offered to continue employment or service with the successor entity on terms that are not a material adverse change in the Grantee's salary, title, lines of reporting, city or field work location), by Board resolution, determine to accelerate the Payment Date in respect of any Restricted Awards so designated by the Board;
  - (IV) immediately prior to each Payment Date, the Award Value payable pursuant to the applicable Restricted Awards on such Payment Date shall be adjusted by multiplying the number of Restricted Awards for which payment remains to be made by the Adjustment Ratio applicable, if any, in respect of such Restricted Awards; and
  - (V) notwithstanding the foregoing, the Board may, in its sole discretion, accelerate the Payment Date for all or any portion of previously granted Restricted Awards.
- (ii) Performance Awards: Subject to the provisions of this Section 5(b)(ii) and Section 5(e) hereof, with respect to any Performance Awards, the Payment Dates thereunder shall be the third anniversary of the grant date of the Performance Awards unless otherwise determined by the Committee (and, for greater certainty, the Committee may in its sole discretion impose additional or different conditions to the determination of the Payment Dates pursuant to any Performance Awards), provided that the Grantee remains in continuous employment or service with the Corporation or an Advantage Affiliate through the Payment Date;

provided, however, that:

- (I) where a Grantee is on a Leave of Absence, the Payment Date or Payment Dates for any Performance Awards held by such Grantee shall be suspended until such time as such Grantee returns to active employment or active service, provided that where the period of the Leave of Absence exceeds three (3) months, a Payment Date for any Performance Award that occurs during or subsequent to the period of the Leave of Absence shall be extended by, and no adjustments shall be made to the Adjustment Ratio for Dividends, if any, that are paid during, that portion of the Leave of Absence that exceeds three (3) months, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the rights to receive payments on such Payment Date or Payment Dates shall be forfeited by the Grantee;

- (II) where an Payment Date occurs on a date when a Grantee is subject to a Black-Out Period, such Payment Date shall be extended to a date which is within three business days following the end of such Black-Out Period, and further provided that if any such extension would cause the Payment Date or Payment Dates to extend beyond the Expiry Date, the amounts to be paid on such Payment Date or Payment Dates shall be paid on the Expiry Date notwithstanding the Black-out Period;
- (III) in the event of any Change of Control prior to the Payment Dates determined in accordance with the above provisions of this Section 5(b)(ii), the Board may, in its sole discretion (including taking into consideration whether the Grantee's employment or service relationship is or is to be terminated or such Grantee is constructively dismissed or offered to continue employment or service with the successor entity on terms that are not a material adverse change in the Grantee's salary, title, lines of reporting, city or field work location), by Board resolution, determine to accelerate the Payment Date in respect of any Performance Awards so designated by the Board;
- (IV) immediately prior to each Payment Date, the Award Value payable pursuant to the applicable Performance Awards on such Payment Date shall be adjusted by multiplying the number of Performance Awards for which payment remains to be made by the Adjustment Ratio applicable, if any, in respect of such Performance Awards and the Payout Multiplier applicable to such Performance Awards at such time; and
- (V) notwithstanding the foregoing, the Board may, in its sole discretion, accelerate the Payment Date for all or any portion of previously granted Performance Awards.

Notwithstanding any other provision of this Plan, but subject to other applicable requirements of the Exchange or other regulatory authority, the Committee hereby reserves the right to make any additional adjustments to amounts to be paid pursuant to any Performance Award if, in the sole discretion of the Committee, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan.

- (c) ***Determination of the Payout Multiplier*** - Prior to the Payment Date in respect of any Performance Award, the Committee shall assess the performance of the Corporation for the applicable period. The individual measures, weighting of the individual measures comprising the Corporate Performance Measures shall be determined by the Committee in its sole discretion having regard to the principal purposes of the Plan and, upon the assessment of the Corporate Performance Measures, the Committee shall determine the Corporation's ranking. The applicable Payout Multiplier in respect of this ranking shall be determined by the Board in its sole discretion.
- (d) ***Payment in Respect of Incentive Awards*** - On the Payment Date, the Corporation, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an Incentive Award by any of the following methods or by a combination of such methods:
  - (i) payment in cash;
  - (ii) payment in Common Shares acquired by the Corporation on the Exchange; or
  - (iii) payment in Common Shares issued from treasury of the Corporation.



The Corporation shall not determine whether the payment method shall take the form of cash or Common Shares until the Payment Date, or some reasonable time prior thereto. A holder of an Incentive Award shall not have any right to demand, be paid in, or receive Common Shares in respect of the Award Value underlying an Incentive Award, at any time. Notwithstanding any election by the Corporation to settle any Award Value, or portion thereof, in Common Shares, the Corporation reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such Incentive Award shall not have the right, at any time to enforce settlement in the form of Common Shares of the Corporation.

Any amount payable to a Grantee in respect of an Incentive Award shall be paid to the Grantee as soon as practicable following the Payment Date and in any event within sixty (60) days of the Payment Date (provided that any amount payable with respect to an Payment Date that occurs after the Cessation Date, but before the Incentive Award has terminated in accordance with an applicable provision of Section 5(e), must occur not later than either the Expiry Date or March 15 of the year following the year in which the Cessation Date occurs, if earlier) and the Corporation shall withhold from any such amount payable all amounts as may be required by law and in the manner contemplated by Section 6 hereof.

- (e) ***Termination of Relationship as Service Provider*** - Unless otherwise determined by the Committee or unless otherwise provided in an Incentive Award Agreement pertaining to a particular Incentive Award or any written employment or consulting agreement governing a Grantee's role as a Service Provider, the following provisions shall apply in the event that a Grantee ceases to be a Service Provider:
- (i) **Death** - If a Grantee ceases to be a Service Provider as a result of the Grantee's death, the Payment Date for all Incentive Awards awarded to such Grantee under any outstanding Incentive Award Agreements shall be accelerated to the Cessation Date, provided that the Committee, taking into consideration the performance of such Grantee and the performance of the Corporation since the date of grant of the Incentive Award(s), may determine in its sole discretion the Payout Multiplier to be applied to any Performance Awards held by the Grantee.
  - (ii) **Termination for cause** - If a Grantee ceases to be a Service Provider as a result of termination for cause, effective as of the Cessation Date all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be immediately terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
  - (iii) **Voluntary Resignation** - If a Grantee ceases to be a Service Provider as a result of a voluntary resignation, effective as of the day that is thirty (30) days after the Cessation Date, all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
  - (iv) **Other Termination** - If a Grantee ceases to be a Service Provider for any reason other than as provided for in (i), (ii) and (iii) above, effective as of the date that is sixty (60) days after the Cessation Date and notwithstanding any other severance entitlements or entitlement to notice or compensation in lieu thereof, all outstanding Incentive Award Agreements under which Incentive Awards have been made to such Grantee, whether Restricted Awards or Performance Awards, shall be terminated and all rights to receive payments thereunder shall be forfeited by the Grantee.
- (f) ***Rights as a Shareholder*** - Until Common Shares have actually been received by the Grantee should the Corporation elect to so purchase and deliver Common Shares in accordance with the terms of the Plan, the Grantee to whom such Incentive Award has been made shall not possess any

incidents of ownership of such Common Shares including, for greater certainty and without limitation, the right to receive Dividends, if any, on such Common Shares and the right to exercise voting rights in respect of such Common Shares.

Such Grantee shall only be considered a Shareholder in respect of such Common Shares if and when such Grantee receives such Common Shares.

- (g) ***Treatment of Non-Cash Dividends*** - In the case of a non-cash Dividend, including Common Shares or other securities or other property, the Committee will, in its sole discretion and subject to any required approval of the Exchange, determine whether or not such non-cash Dividend will be provided to the Incentive Award holder and, if so provided, the form in which it shall be provided.
- (h) ***Effect of Certain Changes*** - In the event:
  - (i) of any change in the Common Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
  - (ii) that any rights are granted to all Shareholders to purchase Common Shares at prices substantially below Fair Market Value; or
  - (iii) that, as a result of any recapitalization, merger, consolidation or other transaction, the Common Shares are converted into or exchangeable for any other securities,

then, in any such case, the Board may, subject to any required approval of the Exchange, make such adjustments to the Plan, to any Incentive Awards and to any Incentive Award Agreements outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent inappropriate diminishment or enlargement of the amounts to be paid to Grantees hereunder.

## 6. Withholding Taxes

When a Grantee or other person becomes entitled to receive a payment in respect of any Incentive Award Agreement, the Corporation shall have the right to require the Grantee or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Grantee of cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation; or
- (b) where the Corporation has elected to deliver Common Shares to the Grantee, the withholding by the Corporation or an Advantage Affiliate, as the case may be, from the Common Shares otherwise payable to the Grantee such number of Common Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Grantee). The Grantee consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Common Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares; or
- (c) the withholding by the Corporation or an Advantage Affiliate, as the case may be, from any cash payment otherwise due to the Grantee such amount of cash as is less than or equal to the amount of the total withholding tax obligation;

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Common Shares so withheld is sufficient to satisfy the total withholding tax obligation.

## 7. No Guarantees Regarding Tax Treatment

Grantees (or their beneficiaries) shall be responsible for all taxes with respect to any Incentive Awards under the Plan, whether arising as a result of the grant or exercise of Incentive Awards or otherwise. The Corporation and the Committee make no guarantees to any person regarding the tax treatment of an Incentive Award or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to a Grantee with respect thereto.

## 8. Non-Transferability

Subject to Section 5(e)(i) hereof, the right to receive payment pursuant to an Incentive Award granted to a Service Provider is held only by such Service Provider personally. Except as otherwise provided in this Plan, no assignment, sale, transfer, pledge or charge of an Incentive Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Incentive Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Incentive Award shall terminate and be of no further force or effect.

## 9. Merger and Sale, etc.

If the Corporation enters into any transaction or series of transactions, other than a transaction that is a Change of Control and to which Sections 5(b)(i)(III) and 5(b)(ii)(III) hereof apply, whereby the Corporation or all or substantially all of the Corporation's undertaking, property or assets become the property of any other trust, body corporate, partnership or other person (a "**Successor**") whether by way of take-over bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, then prior to or contemporaneously with the consummation of such transaction:

- (a) the Corporation and the Successor shall execute such instruments and do such things as are necessary to establish that upon the consummation of such transaction the Successor will have assumed all the covenants and obligations of the Corporation under this Plan and the Incentive Award Agreements outstanding on consummation of such transaction in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect (including the ability to receive shares, trust units, securities or other property of the Successor in lieu of Common Shares on the Payment Date(s) applicable to such Incentive Awards), and subject to compliance with this Section 9, any such Successor shall succeed to, and be substituted for, and may exercise every right and power of, the Corporation under this Plan and such Incentive Award Agreements with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such Incentive Award Agreements and the obligation of the Corporation to the Grantees in respect of the Incentive Awards shall terminate and be at an end and the Grantees shall cease to have any further rights in respect thereof; or
- (b) if the Incentive Awards (and the covenants and obligations of the Corporation under this Plan and the Incentive Award Agreements outstanding on consummation of such transaction) are not so assumed by the Successor, then the Payment Date for all Incentive Awards and underlying Award Value that has yet to be paid as of such time shall be the date which is immediately prior to the date upon which the transaction is consummated.

## 10. Amendment and Termination of Plan

The Committee may not, without the approval of the Shareholders, make any amendments to:

- (a) increase the aggregate number or the percentage of Common Shares reserved for issuance pursuant to Incentive Awards in excess of the limits prescribed in Section 3(e)(i) of this Plan;

- (b) change any of the limitations on Incentive Awards contained in Section 3(e)(ii), (iii), (iv) and (v) hereof;
- (c) extend the Payment Date of any Incentive Awards issued under the Plan beyond the latest Payment Date specified in the Incentive Award Agreement (other than as permitted by the terms and conditions of the Plan) or extend the term beyond the original Expiry Date (other than as permitted by the terms and conditions of the Plan);
- (d) permit a Grantee to transfer or assign Incentive Awards to a new beneficial holder other than for estate settlement purposes; and
- (e) change this Section 10 of the Plan.

Except as restricted by the foregoing, the Committee may amend or discontinue the Plan or Incentive Awards granted thereunder at any time without Shareholder approval provided that any amendment to the Plan that requires approval of any stock exchange on which the Common Shares are listed for trading may not be made without approval of such stock exchange. In addition, no amendment to the Plan or Incentive Awards granted pursuant to the Plan may be made without the consent of the Grantee, if it adversely alters or impairs any Incentive Awards previously granted to such Grantee under the Plan.

## 11. Miscellaneous

- (a) ***Effect of Headings*** - The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) ***Compliance with Legal Requirements*** - The Corporation, in its sole discretion, may postpone the delivery of any Common Shares that it elects to deliver pursuant to any Incentive Award to such date as the Committee may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in connection with the delivery of Common Shares in compliance with applicable laws, rules and regulations, except that in no event may the issuance and delivery of such Common Shares occur after the Expiry Date. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Common Shares that it elects to deliver pursuant to the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of Incentive Awards hereunder in accordance with any such requirements.
- (c) ***No Right to Continued Employment or Service*** - Nothing in the Plan or in any Incentive Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Corporation or any Advantage Affiliate, to be entitled to any remuneration or benefits not set forth in the Plan or an Incentive Award Agreement or to interfere with or limit in any way the right of the Corporation or any Advantage Affiliate to terminate a Grantee's employment or service arrangement with the Corporation or any Advantage Affiliate.
- (d) ***Ceasing to be a Advantage Affiliate*** - Except as otherwise provided in this Plan, Incentive Awards granted under this Plan shall not be affected by any change in the relationship between or ownership of the Corporation and a Advantage Affiliate.
- (e) ***Expenses*** - Except as provided in Section 6, all expenses in connection with the Plan shall be borne by the Corporation.
- (f) ***Unfunded Plan*** - This Plan shall be unfunded. The Corporation shall not be required to segregate any assets that may at any time be represented by Common Shares, cash or rights thereto, nor shall this Plan be construed as providing for such segregation. Any liability or obligation of the Corporation to any Grantee with respect to an Incentive Award under this Plan shall be based

solely upon any contractual obligations that may be created by this Plan and any Incentive Award Agreement, and no such liability or obligation of the Corporation shall be deemed to be secured by any pledge or other encumbrance on any property of the Corporation. Neither the Corporation nor the Board nor the Committee shall be required to give any security or bond for the performance of any obligation that may be created by this Plan.

- (g) **Grantee Information** - Each Grantee shall provide the Corporation with all information (including personal information) required by the Corporation in order to administer the Plan. Each Grantee acknowledges that information required by the Corporation in order to administer the Plan may be disclosed to the Committee or its appointed administrator and other third parties in connection with the administration of the Plan. Each Grantee consents to such disclosure and authorizes the Corporation to make such disclosure on the Grantee's behalf.
- (h) **Gender** - Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

## 12. **Governing Law**

The Plan shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

## 13. **Effective Date**

This Plan was originally approved by the Board on April 14, 2014 and took effect on April 14, 2014. The Plan was amended with approval by the Board on April 24, 2015 and on April 19, 2018 (the "**2018 Amendments**") with the 2018 Amendments taking effect on May 29, 2018, [The Plan was amended with approval by the Board on March 26, 2021 \(the "2021 Amendments"\) with the 2021 Amendments taking effect on May 6, 2021](#), subject to any required approval of the Plan by the Shareholders of the Corporation, the Exchange and any other applicable regulatory authority.

**SCHEDULE "D"**

**AMENDED AND RESTATED  
SHAREHOLDER RIGHTS PLAN AGREEMENT**

**MADE AS OF JULY 9, 2009**

**AND AMENDED AND RESTATED AS OF JANUARY 19, 2010 AND MAY 29, 2018**

**BETWEEN**

**ADVANTAGE OIL & GAS LTD.**

**AND**

**COMPUTERSHARE TRUST COMPANY OF CANADA**

**AS RIGHTS AGENT**

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## AMENDED AND RESTATED SHAREHOLDER RIGHTS PLAN AGREEMENT

MEMORANDUM OF AGREEMENT made as of July 9, 2009 and amended and restated as of January 19, 2010 and May 29, 2018 between **Advantage Oil & Gas Ltd.**, a corporation incorporated under the laws of the Province of Alberta (the "**Corporation**" or "**AOG**"), and **Computershare Trust Company of Canada**, a trust company incorporated under the laws of Canada (the "**Rights Agent**");

### RECITALS:

### WHEREAS:

- A. On July 9, 2009 the Corporation and the Rights Agent entered into a shareholder protection rights plan agreement made as of July 9, 2009, which was amended and restated on January 10, 2010 (the "**Existing Rights Plan**");
- B. The Existing Rights Plan was reconfirmed by Shareholders (as defined below) at the annual meetings of the Shareholders held in each of 2012 and 2015 and was effective until the termination of the annual meeting of Shareholders to be held in 2018;
- C. AOG has determined that it is advisable to amend and restate the Existing Rights Plan to reflect certain amendments under Applicable Securities Laws (as defined below) and certain governance practices and recommendations, and to ensure, to the extent possible, that all Shareholders are treated fairly in connection with any take-over bid for the Shares and to ensure that the Directors are provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize Shareholder value;
- D. Each Right entitles a Shareholder, after the Separation Time, to purchase securities of the Corporation pursuant to the terms and subject to the conditions set forth herein;
- E. The Rights Agent is appointed to act on behalf of the Corporation and the holders of the Rights and the Rights Agent is willing to so act in connection with the issuance, transfer and exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein; and
- F. This Agreement shall remain in place for the period specified herein, subject to the Agreement being approved by the Shareholders as herein provided and thereafter reconfirmed by the Shareholders every three years in the manner set forth herein.

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements set forth herein, and subject to such covenants and agreements, the parties hereby agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Certain Definitions

For purposes of this Agreement, including the recitals hereto, the following terms have the meanings indicated:

- (a) "**Acquiring Person**" means any Person who is the Beneficial Owner of 20% or more of the outstanding Shares provided, however, that the term "**Acquiring Person**" shall not include:
  - (i) the Corporation or any Subsidiary of the Corporation;
  - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Shares as a result of one or any combination of (A) a Convertible Security Acquisition, (B) an Exempt Acquisition, (C) a Permitted Bid Acquisition, (D) a Pro Rata Acquisition, or (E) a Share Reduction; provided,

however, that if a Person becomes the Beneficial Owner of 20% or more of the outstanding Shares by reason of one or any combination of the operation of Paragraphs (A), (B), (C), (D) or (E) above and such Person's Beneficial Ownership of Shares thereafter increases by more than 1.0% of the number of Shares outstanding (other than pursuant to one or any combination of an Exempt Acquisition, a Permitted Bid Acquisition, a Pro Rata Acquisition or a Share Reduction), then as of the date such Person becomes the Beneficial Owner of such additional Shares, such Person shall become an "**Acquiring Person**";

- (iii) for a period of ten days after the Disqualification Date (as defined below), any Person who becomes the Beneficial Owner of 20% or more of the outstanding Shares as a result of such Person becoming disqualified from relying on Subsection 1.1(h)(v) solely because such Person or the Beneficial Owner of such Shares is making or has announced a current intention to make a Take-over Bid, either alone or by acting jointly or in concert with any other Person. For the purposes of this definition, "**Disqualification Date**" means the first date of public announcement of facts indicating that any Person is making or has announced an intention to make a Take-over Bid;
  - (iv) a Person (a "**Grandfathered Person**") who is the Beneficial Owner of 20% or more of the outstanding Shares determined as at the close of business on the Effective Date; provided further, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Effective Date, become the Beneficial Owner of more than 1.0% of the number of Shares then outstanding in addition to those Shares already held by such Person (other than through any one or any combination of a Convertible Security Acquisition, an Exempt Acquisition, a Permitted Bid Acquisition, a Pro Rata Acquisition, or a Share Reduction); or
  - (v) an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of the Shares in connection with a distribution of securities of the Corporation;
- (b) "**Affiliate**", when used to indicate a relationship with a specified Person, means a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified Person;
- (c) "**Agreement**" means this Shareholder Rights Plan Agreement dated as of July 9, 2009, between the Corporation and the Rights Agent, as amended and restated on each of January 19, 2010 and May 29, 2018 and as the same may be further amended or supplemented from time to time; "hereof", "herein", "hereto" and similar expressions mean and refer to this Agreement as a whole and not to any particular part of this Agreement;
- (d) "**annual cash distributions**" means cash distributions or dividends paid in any fiscal year of the Corporation to the extent that such cash distributions or dividends do not exceed, in the aggregate, the greatest of:
- (i) 200% of the aggregate amount of cash distributions or dividends declared payable by the Corporation (including any predecessor thereto) on the Shares in its immediately preceding fiscal year;
  - (ii) 300% of the arithmetic mean of the aggregate amounts of the annual cash distributions or dividends declared payable by the Corporation (including any predecessor thereto) on the Shares in its three immediately preceding fiscal years; and
  - (iii) 150% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (e) "**AOG**" or the "**Corporation**" means Advantage Oil & Gas Ltd., a corporation incorporated under the laws of the Province of Alberta;

- (f) "**Applicable Securities Laws**" means, collectively, all applicable securities laws of each applicable province, state or federal jurisdiction and the respective rules, regulations, policies, instruments, rulings and orders thereunder, including, for greater certainty, the *Securities Act* (Alberta), NI 62-104, the 1933 Securities Act and the 1934 Exchange Act;
- (g) "**Associate**" means, when used to indicate a relationship with a specified Person, a spouse of that Person, any Person of the same or opposite sex with whom that Person is living in a conjugal relationship outside marriage, a child of that Person, or a relative of that Person if that relative has the same residence as that Person;
- (h) A Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**",
- (i) any securities as to which such Person or any of such Person's Affiliates or Associates is the owner at law or in equity;
- (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or in equity (where such right is exercisable within a period of 60 days, whether or not on condition or the happening of any contingency or the making of any payment) pursuant to any agreement, arrangement, pledge or understanding, whether or not in writing (other than (x) customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities and (y) pledges of securities in the ordinary course of business), or upon the exercise of any conversion exercise or exchange or purchase of a right attaching to a Convertible Security, other security, warrant or option (other than the Rights) to purchase a Share; or
- (iii) any securities which are Beneficially Owned within the meaning of Subsections 1.1(h)(i) and (ii) by any other Person with whom such Person, or any of such Person's Affiliates, is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**" of, or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security:

- (iv) where such security has been agreed to be deposited or tendered pursuant to a Lock-up Agreement or is otherwise deposited to any Take-over Bid made by such Person, made by any of such Person's Affiliates or Associates or made by any other Person acting jointly or in concert with such Person, until such deposited or tendered security has been taken up or paid for, whichever shall first occur;
- (v) where such Person, any of such Person's Affiliates or Associates or any other Person acting jointly or in concert with such Person holds such security, provided that:
- (A) the ordinary business of any such Person (the "**Investment Manager**") includes the management of investment funds for others (which others, for greater certainty, may include or be limited to one or more employee benefit plans or pension plans) and such security is held by the Investment Manager in the ordinary course of such business in the performance of such Investment Manager's duties for the account of any other Person (a "**Client**") including non-discretionary accounts held on behalf of a Client by a broker or dealer appropriately registered under applicable law;
- (B) such Person is (1) the manager or trustee (the "**Fund Manager**") of a mutual fund (a "**Mutual Fund**") that is registered or qualified to issue its securities to investors under Applicable Securities Laws and such security is held in the ordinary course of business in the performance of the Corporation Manager's duties with respect to the Mutual Fund, or (2) a Mutual Fund;

- (C) such Person (the "**Trust Company**") is licensed to carry on the business of a trust company under applicable laws and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons (each an "**Estate Account**") or in relation to other accounts (each an "**Other Account**") and holds such security in the ordinary course of such duties for such Estate Account or for such Other Accounts;
- (D) such Person is established by statute for purposes that include, and the ordinary business or activity of such Person (the "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies;
- (E) such Person (the "**Plan Administrator**") is the administrator or trustee of one or more pension funds or plans (a "**Plan**"), or is a Plan, registered or qualified under the laws of Canada or any Province thereof or the laws of the United States of America or any State thereof, or
- (F) such Person (the "**Crown Agent**") is a Crown agent or agency;

provided, in any of the above cases, that the Investment Manager, the Corporation Manager, the Mutual Fund, the Trust Company, the Statutory Body, the Plan Administrator, the Plan or the Crown Agent, as the case may be, is not then making a Take-over Bid or has not then announced an intention to make a Take-over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Shares or other securities (x) pursuant to a distribution by the Corporation, (y) by means of a Permitted Bid or (z) by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or organized over-the-counter market;

- (vi) where such Person is (A) a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security, (B) an Estate Account or an Other Account of the same Trust Company as another Person on whose account the Trust Company holds such security or (C) a Plan with the same Plan Administrator as another Plan on whose account the Plan Administrator holds such security;
- (vii) where such Person is (A) a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager, (B) an Estate Account or an Other Account of a Trust Company and such security is owned at law or in equity by the Trust Company or (C) a Plan and such security is owned at law or in equity by the Plan Administrator; or
- (viii) where such Person is a registered holder of such security as a result of carrying on the business of, or acting as a nominee of, a securities depository;
- (i) "**Board**" means the board of directors of AOG;
- (j) "**Business Day**" means any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close;
- (k) "**Canadian Dollar Equivalent**" of any amount which is expressed in United States Dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate in effect on such date;
- (l) "**Canadian - U.S. Exchange Rate**" means, on any date, the inverse of the U.S. - Canadian Exchange Rate in effect on such date;
- (m) "**close of business**" on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the principal transfer office in Calgary of the transfer agent for the Shares (or, after the Separation Time, the principal transfer office in Calgary of the Rights) is

closed to the public; provided that, for the purposes of the definitions of "Competing Permitted Bid" and "Permitted Bid", "close of business" on any date means 11:59 p.m. (local time at the place of deposit) on such date (or, if such date is not a Business Day, 11:59 p.m. (local time at the place of deposit) on the next succeeding Business Day);

- (n) "**Competing Permitted Bid**" means a Take-over Bid that:
- (i) is made after a Permitted Bid or another Competing Permitted Bid has been made and prior to the expiry of the Permitted Bid or Competing Permitted Bid;
  - (ii) satisfies all components of the definition of a Permitted Bid other than the requirements set out in Paragraph 1.1(II)(ii)(A) of the definition of a Permitted Bid; and
  - (iii) contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified condition that no Shares will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on the date that is no earlier than the date which is the last day of the minimum initial deposit period that such Take-over Bid must remain open for deposits of securities thereunder pursuant to Applicable Securities Laws after the date of the Take-over Bid constituting the Competing Permitted Bid,

provided, however, that a Competing Permitted Bid will cease to be a Competing Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided that, at such time, any acquisition of Shares made pursuant to such Competing Permitted Bid, including any acquisitions of Shares theretofore made, will cease to be a Permitted Bid Acquisition;

- (o) "**controlled**" a corporation is "controlled" by another Person or two or more Persons acting jointly or in concert if:
- (i) securities entitled to vote in the election of directors carrying more than 50 per cent of the votes for the election of directors are held, directly or indirectly, by or on behalf of the other Person or two or more Persons acting jointly or in concert; and
  - (ii) the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation;

"**controls**" and "**under common control with**" shall be interpreted accordingly;

- (p) "**Convertible Security**" shall mean a security convertible, exercisable or exchangeable into a Share and a "**Convertible Security Acquisition**" shall mean an acquisition by a Person of Shares upon the exercise, conversion or exchange of a Convertible Security received by a Person pursuant to a Permitted Bid Acquisition, an Exempt Acquisition or a Pro Rata Acquisition;
- (q) "**Co-Rights Agents**" has the meaning ascribed thereto in Subsection 4.1(a);
- (r) "**Directors**" mean the directors of the Board;
- (s) "**Disposition Date**" has the meaning ascribed thereto in Subsection 5.1(h);
- (t) "**Effective Date**" means July 9, 2009;
- (u) "**Election to Exercise**" has the meaning ascribed thereto in Subsection 2.2(d)(ii);
- (v) "**Exempt Acquisition**" means a Share acquisition;

- (i) in respect of which the Directors have waived the application of Section 3.1 pursuant to the provisions of Subsection 5.1(a) or 5.1(h); or
  - (ii) pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure having similar effect which has been approved, and/or the issuance of securities of the Corporation pursuant to such amalgamation, merger, plan of arrangement or other statutory procedure which has been approved, by the Board and by the holders of Shares by the requisite majority or majorities of the holders of Shares at a meeting of such holders duly called and held for such purpose in accordance with the provisions of *Business Corporations Act* (Alberta), the by laws of the Corporation and any other applicable legal requirements;
- (w) "**Exercise Price**" means, as of any date, the price at which a holder of Rights may purchase the securities issuable upon exercise of one whole Right which, until adjustment thereof in accordance with the terms hereof, shall be \$100;
- (x) "**Expansion Factor**" has the meaning ascribed thereto in Subsection 2.3(a)(x);
- (y) "**Expiration Time**" means the close of business on the date of termination of this Agreement pursuant to Section 5.16;
- (z) "**Flip-in Event**" means a transaction or other event in or pursuant to which any Person becomes an Acquiring Person;
- (aa) "**holder**" in respect of the Rights has the meaning ascribed thereto in Section 2.8;
- (bb) "**Independent Shareholders**" means Shareholders, other than:
- (i) any Acquiring Person;
  - (ii) any Offeror (other than any Person who, by virtue of Subsection 1.1(h)(v), is not deemed to Beneficially Own the Shares held by such Person);
  - (iii) any Affiliate or Associate of any Acquiring Person or Offeror;
  - (iv) any Person acting jointly or in concert with any Acquiring Person or Offeror; and
  - (v) any employee benefit plan, option plan, deferred profit sharing plan, securities participation plan and any other similar plan or trust for the benefit of employees of the Corporation or a Subsidiary unless the beneficiaries of the plan or trust direct the manner in which the Shares are to be voted or withheld from voting or direct whether the Shares are to be tendered to a Take-over Bid;
- (cc) "**Lock-Up Agreement**" means an agreement between a Person and one or more Shareholders (each a "**Locked-up Person**") the terms of which are publicly disclosed and a copy of which is made available to the public (including the Corporation) not later than (i) the date the Lock-up Bid (as defined below) is publicly announced or, (ii) if the Lock-up Bid has been made prior to the date on which such agreement is entered into forthwith and in any event not later than the date following the date of such agreement, pursuant to which each Locked-up Person agrees to deposit or tender Shares to a Take-over Bid (the "**Lock-up Bid**") to be made or made by the Person or any of such Person's Affiliates or Associates or any other Person referred to in Subsection (iii) of the definition of Beneficial Owner and which provides:
- (i) that any agreement to deposit or tender to, or to not withdraw Shares from, the Lock-up Bid is terminable at the option of the Locked-up Person in order to tender or deposit such Shares to another Take-over Bid or support another transaction:

- (A) where the price or value per Share offered under such other Take-over Bid or transaction is higher than the price or value per Share offered under the Lock-up Agreement; or
- (B) if:
  - (I) the price or value per Share offered under the other Take-over Bid or transaction exceeds the price or value per Share offered or proposed to be offered under the Lock-up Bid by an amount that is equal to or greater than the lesser of (x) any amount specified in the agreement and (y) 7%; or
  - (II) the number of Shares to be purchased under the other Take-over Bid or transaction exceeds the number of Shares offered to be purchased under the Lock-up Bid by an amount that is equal to or greater than the lesser of (x) any amount specified in the agreement and (y) 7%, at a price or value per Share, as applicable, that is not less than the price or value per Share offered under the Lock-up Bid;

and the agreement may contain a right of first refusal or require a period of delay to give such Person an opportunity to match a higher price or value in another Take-over Bid or transaction or other similar limitation on a Locked-up Person's right to withdraw Shares from the agreement, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Shares during the period of the other Take-over Bid or transaction; and

- (ii) no "break-up" fees, "top-up" fees, penalties, expenses or other amounts that exceed in the aggregate the greater of:
  - (A) the cash equivalent of 2.5% of the price or value payable under the Lock-up Bid to a Locked-up Person; and
  - (B) 50% of the amount by which the price or value payable under another Take-over Bid or transaction to a Locked-up Person exceeds the price or value of the consideration that such Locked-up Person would have received under the Lock-up Bid,

shall be payable by a Locked-up Person pursuant to the agreement in the event a Locked-up Person fails to deposit or tender Shares to the Lock-up Bid or withdraw Shares previously tendered thereto in order to tender to another Take-over Bid or support another transaction;

- (dd) "**Market Price**" per security of any securities on any date of determination means the average of the daily closing prices per security of the securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 hereof shall have caused the closing prices used to determine the Market Price on any Trading Days not to be fully comparable with the closing price on the date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the closing price on the date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per security of any securities on any date shall be:
  - (i) the closing board lot sale price or, in case no such sale takes place on such date, the average of the closing bid and ask prices for each of the securities as reported by the principal Canadian stock exchange (as determined by volume of trading) on which the securities are listed or admitted to trading;
  - (ii) if for any reason none of such prices are available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the last sale price or, in case no such sale takes

place on such date, the average of the closing bid and ask prices for each of the securities as reported by the principal national United States securities exchange (as determined by volume of trading) on which the securities are listed or admitted to trading;

- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last sale price or, in case no sale takes place on such date, the average of the high bid and low ask prices for each of the securities in the over-the-counter market, as quoted by any recognized reporting system then in use; or
- (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any reporting system, the average of the closing bid and ask prices as furnished by a recognized professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices is available on such day, the closing price per security of the securities on such date means the fair value per security of the securities on such date as determined by an internationally recognized investment dealer or investment banker; provided further that if an event of a type analogous to any of the events described in Section 2.3 hereof has caused any price used to determine the Market Price on any Trading Day not to be fully comparable with the price as so determined on the Trading Day immediately preceding such date of determination, each price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 hereof in order to make it fully comparable with the price on the Trading Day immediately preceding such date of determination. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in question in United States dollars, such amount shall be translated into Canadian dollars on that date at the Canadian Dollar Equivalent thereof;

- (ee) "**1933 Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations thereunder, as now in effect or as the same may from time to time be amended, re-enacted or replaced;
- (ff) "**1934 Exchange Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations thereunder as now in effect or as the same may from time to time be amended, re-enacted or replaced;
- (gg) "**NI 62-104**" shall mean National Instrument 62-104 - Take-Over Bids and Issuer Bids, as amended, and any comparable or successor instruments thereto;
- (hh) "**Nominee**" has the meaning ascribed thereto in Subsection 2.2(c);
- (ii) "**Offer to Acquire**" includes:
  - (i) an offer to purchase or a solicitation of an offer to sell Shares; and
  - (ii) an acceptance of an offer to sell Shares, whether or not such offer to sell has been solicited;

or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;
- (jj) "**Offeror**" means a Person who has announced, and has not withdrawn, an intention to make or who has made, and has not withdrawn, a Take-over Bid, other than a Person who has completed a Competing Permitted Bid, an Exempt Acquisition or a Permitted Bid;
- (kk) "**Offeror's Shares**" means Shares Beneficially Owned by an Offeror on the date of the Offer to Acquire;



- (ll) **"Permitted Bid"** means a Take-over Bid made by an Offeror by way of take-over bid circular which also complies with the following additional provisions:
- (i) the Take-over Bid is made to all Shareholders, other than the Offeror;
  - (ii) the Take-over Bid contains, and the take-up and payment for securities tendered or deposited is subject to, an irrevocable and unqualified provision that no Shares will be taken up or paid for pursuant to the Take-over Bid:
    - (A) prior to the close of business on the 105th day following the date of the Take-over Bid or such shorter minimum deposit period that a Take-over Bid (which is not exempt from the general take-over bid requirements under Applicable Securities Laws (including, for greater certainty, Part 2 of NI 62-104)) must remain open for deposits of securities thereunder, in the applicable circumstances as such time, pursuant to Applicable Securities Laws; and
    - (B) only if at the close of business on such date more than 50% of the Shares held by Independent Shareholders shall have been deposited or tendered pursuant to the Take-over Bid and not withdrawn;
  - (iii) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that Shares may be deposited pursuant to such Take-over Bid at any time during the period of time described in Paragraph 1.1(ll)(ii)(A) and that any Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
  - (iv) unless the Take-over Bid is withdrawn, the Take-over Bid contains an irrevocable and unqualified provision that in the event that the deposit condition set forth in Paragraph 1.1(ll)(ii)(B) is satisfied the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Shares for not less than ten Business Days from the date of such public announcement;
- provided, however, that a Permitted Bid will cease to be a Permitted Bid at any time when such bid ceases to meet any of the provisions of this definition and provided further that, at such time, any acquisition of Shares made pursuant to such Permitted Bid, including any acquisition of Shares theretofore made, will cease to be a Permitted Bid Acquisition. For purposes of this Agreement if a Take-over Bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also include a Competing Permitted Bid;
- (mm) **"Permitted Bid Acquisition"** means an acquisition of Shares made pursuant to a Permitted Bid or a Competing Permitted Bid; provided, however, that if a Take-over Bid that qualified as a Permitted Bid when made ceases to be a Permitted Bid because it ceases to meet any or all of the requirements set forth in Subsection 1.1(ll) above prior to the time it expires (after giving effect to any extension) or is withdrawn, any acquisition of Shares made pursuant to such Take-over Bid shall not be a Permitted Bid Acquisition;
- (nn) **"Person"** includes any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate, governmental entity or other similar entity;
- (oo) **"Pro Rata Acquisition"** means an acquisition of Shares by a Person pursuant to:
- (i) a Share distribution, Share split or other event in respect of securities of the Corporation of one or more particular classes or series pursuant to which such Person becomes the Beneficial Owner of Shares on the same pro rata basis as all other Shareholders;
  - (ii) the acquisition or the exercise by the Person of only those rights to purchase Shares distributed to that Person in the course of a distribution (other than Rights) to all Shareholders pursuant to a rights

offering or pursuant to a prospectus, provided that the Person does not thereby acquire a greater percentage of Shares than the Person's percentage of Shares Beneficially Owned immediately prior to such acquisition or exercise; or

- (iii) a distribution of Shares, or Convertible Securities (and the conversion or exchange of such Convertible Securities), made pursuant to a prospectus or by way of a private placement or securities exchange take-over bid, provided that the Person does not thereby acquire a greater percentage of such Shares, or Convertible Securities, so offered than the Person's percentage of Shares Beneficially Owned immediately prior to such acquisition;
- (pp) "**Record Time**" means 4:00 p.m. (Calgary Time) on the Effective Date;
- (qq) "**Right**" means a right to purchase a Share upon the terms and subject to the conditions set forth in this Agreement;
- (rr) "**Rights Certificate**" means the certificates representing the Rights after the Separation Time, which shall be substantially in the form attached hereto as Attachment 1;
- (ss) "**Rights Register**" and "**Rights Registrar**" have the meanings ascribed thereto in Subsection 2.6(a);
- (tt) "**Securities Act (Alberta)**" means the *Securities Act*, R.S.A. 2000, c. S.4, as amended, and the regulations thereunder, and any comparable or successor laws or regulations thereto;
- (uu) "**Separation Time**" means the close of business on the tenth Trading Day after the earlier of:
  - (i) the Share Acquisition Date;
  - (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or a Competing Permitted Bid), or such later time as may be determined by the Directors, provided that, if any Take-over Bid referred to in this Subsection (ii) expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
  - (iii) the date on which a Permitted Bid or Competing Permitted Bid ceases to be such;
- (vv) "**Shareholder**" means at any time in respect of the Shares or any other securities of the Corporation entitled to vote generally in the election of all Directors, the Person shown at that time on the register of holders of Shares or such other securities maintained by the transfer agent for the Corporation on behalf of the Corporation;
- (ww) "**Shares**" means the common shares of the Corporation and any other securities of the Corporation entitled to vote generally in the election of all Directors;
- (xx) "**Share Acquisition Date**" means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to the early warning or equivalent requirements of Applicable Securities Laws) by the Corporation or an Acquiring Person that an Acquiring Person has become such;
- (yy) "**Share Reduction**" means an acquisition or redemption by the Corporation of Shares which, by reducing the number of Shares outstanding, increases the proportionate number of Shares Beneficially Owned by any Person to 20% or more of the Shares then outstanding;
- (zz) "**Subsidiary**" means a Person is a Subsidiary of another Person if it is controlled by:

- (i) the Corporation or that other Person; or
  - (ii) that other Person and one or more Person, each of which is controlled by that other Person; or
  - (iii) two or more Persons each of which is controlled by that other Person; or
  - (iv) it is a Subsidiary of a Person that is that other Person's Subsidiary;
- (aaa) **"Take-over Bid"** means an Offer to Acquire Shares, or Convertible Securities if, assuming that the Shares or Convertible Securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of such Offer to Acquire by the Person making such Offer to Acquire, such Shares (including Shares that may be acquired upon conversion exercise or exchange of Convertible Securities) together with the Offeror's Shares, constitute in the aggregate 20% or more of the outstanding Shares at the date of the Offer to Acquire;
- (bbb) **"Trading Day"**, when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;
- (ccc) **"U.S. Canadian Exchange Rate"** means, on any date:
- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate; and
  - (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars calculated in such manner as may be determined by the Directors from time to time acting in good faith; and
- (ddd) **"U.S. Dollar Equivalent"** of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of the amount determined by multiplying the amount by the Canadian-U.S. Exchange Rate in effect on such date.

## 1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

## 1.3 Headings

The division of this Agreement into Articles, Sections, Subsections, Paragraphs or other portions hereof and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

## 1.4 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Shares

For purposes of this Agreement, the percentage of Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times A/B$$

where:

A = the number of votes on matters subject to approval by holders generally attaching to the Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all Directors generally attaching to all outstanding Shares.

Where any Person is deemed to Beneficially Own unissued Shares, such Shares shall be deemed to be outstanding for the purpose of calculating the percentage of Shares Beneficially Owned by such Person.

### **1.5 Acting Jointly or in Concert**

For the purposes hereof, a Person is acting jointly or in concert with every Person who, as a result of any agreement, commitment or understanding, whether formal or informal, written or unwritten, with the first Person or any Affiliate thereof, acquires or offers to acquire Shares or Convertible Securities (other than customary agreements with and between underwriters and/or banking group members and/or selling group members with respect to a public offering or private placement of securities or pledges of securities in the ordinary course of business).

### **1.6 Generally Accepted Accounting Principles**

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Chartered Professional Accountants of Canada, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

## **ARTICLE 2 THE RIGHTS**

### **2.1 Issue of Rights and Legend on Share Certificates**

- (a) One Right shall be issued on the Effective Date in respect of each Share issued or deemed issued at the Record Time and one Right shall be issued in respect of each Share issued after the Record Time and prior to the earlier of the Separation Time and the Expiration Time.
- (b) Certificates representing Shares which are issued at and after the Record Time but prior to the earlier of the Separation Time and the Expiration Time, shall also evidence one Right for each Share represented thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (defined in the Agreement below), this certificate also evidences the holder's rights described in an Amended and Restated Shareholder Rights Plan Agreement made as of July 9, 2009 and amended and restated as of January 19, 2010 and May 29, 2018 (the "**Agreement**") between Advantage Oil & Gas Ltd. and Computershare Trust Company of Canada, the terms of which are incorporated herein and a copy of which is available on demand without charge. Under certain circumstances set out in the Agreement, the rights may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate.

### **2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights**

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase one Share for the Exercise Price (and the Exercise Price and number of Shares are subject to adjustment as set forth below). Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
  - (i) the Rights shall not be exercisable and no Right may be exercised; and

- (ii) each Right will be evidenced by the certificate for the associated Share registered in the name of the holder thereof (which certificate shall also be deemed to represent a Rights Certificate) and will be transferable only together with, and will be transferred by a transfer of, such associated Share.
- (c) From and after the Separation Time and prior to the Expiration Time:
- (i) the Rights shall be exercisable; and
  - (ii) the registration and transfer of Rights shall be separate from and independent of Shares.

Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail to each Shareholder of record as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (x) a Rights Certificate appropriately completed, representing the number of Rights held by such holder at the Separation Time and having such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule or regulation or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may, from time to time, be listed or traded, or to conform to usage; and
  - (y) a disclosure statement prepared by the Corporation describing the Rights,
- provided that a Nominee shall be sent the materials provided for in (x) and (y) in respect of all Shares held of record by it which are not Beneficially Owned by an Acquiring Person.
- (d) Rights may be exercised, in whole or in part, on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent in the manner specified in the Rights Certificate:
- (i) the Rights Certificate evidencing such Rights;
  - (ii) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate appropriately completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
  - (iii) payment by certified cheque, banker's draft or money order payable to the order of the Corporation, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or governmental charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being exercised.
- (e) Upon receipt of a Rights Certificate, together with a completed Election to Exercise executed in accordance with Subsection 2.2(d)(ii), which does not indicate that such Right is null and void as provided by Subsection 3.1(b), and payment as set forth in Subsection 2.2(d)(iii), the Rights Agent (unless otherwise instructed by the Corporation in the event that the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:
- (i) requisition from the transfer agent certificates representing the number of such Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions);

- (ii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Shares in accordance with Subsection 5.5(b);
  - (iii) after receipt of the certificates referred to in Subsection 2.2(e)(i), deliver the same to or upon the order of the registered holder of such Rights Certificates, registered in such name or names as may be designated by such holder;
  - (iv) when appropriate, after receipt, deliver the cash referred to in Subsection 2.2(e)(ii) to or to the order of the registered holder of such Rights Certificate; and
  - (v) tender to the Corporation all payments received on exercise of Rights.
- (f) In case the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to the provisions of Subsection 5.5(a)) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
- (i) take all such commercially reasonable action as may be necessary and within its power to ensure that all Shares delivered upon exercise of Rights shall, at the time of delivery of the certificates for such Shares (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
  - (ii) take all such commercially reasonable action as may be necessary and within its power to comply with the requirements of Applicable Securities Laws and any other applicable law, rule or regulation, in connection with the issuance and delivery of the Rights Certificates and the issuance of any Shares upon exercise of Rights;
  - (iii) use commercially reasonable efforts to cause all Shares issued upon exercise of Rights to be listed on the principal stock exchanges on which such Shares were traded immediately prior to the Share Acquisition Date;
  - (iv) pay when due and payable, if applicable, any and all federal, provincial and municipal transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any Rights or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates, or certificates for Shares to be issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Shares in a name other than that of the holder of the Rights being transferred or exercised; and
  - (v) after the Separation Time, except as permitted by Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

### **2.3 Adjustments to Exercise Price; Number of Rights**

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) In the event the Corporation shall at any time after the Effective Date and prior to the Expiration Time:

- (i) declare or pay a distribution on Shares payable in Shares (or Convertible Securities) other than pursuant to any optional securities distribution program;
- (ii) subdivide or change the then outstanding Shares into a greater number of Shares;
- (iii) consolidate or change the then outstanding Shares into a smaller number of Shares; or
- (iv) issue any Shares (or other Convertible Securities) in respect of, in lieu of or in exchange for existing Shares except as otherwise provided in this Section 2.3,

the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date in the manner set forth below.

If the Exercise Price and number of Rights outstanding are to be adjusted:

- (x) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Shares (or other securities) (the "**Expansion Factor**") that a Shareholder of one Share immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result thereof; and
- (y) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor,

and the adjusted number of Rights will be deemed to be distributed among the Shares with respect to which the original Rights were associated (if they remain outstanding) and the Shares issued in respect of such distribution, subdivision, change, consolidation or issuance, so that each such Share (or other securities) will have exactly one Right associated with it.

For greater certainty, if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such distribution, subdivision, change, consolidation or issuance would hold thereafter as a result of such dividend, subdivision, change, consolidation or issuance.

If, after the Record Time and prior to the Expiration Time, the Corporation shall issue any securities other than Shares in a transaction of a type described in Subsection 2.3(a)(i) or (iv), such securities shall be treated herein as nearly equivalent to Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment. If an event occurs which would require an adjustment under both this Section 2.3 and Subsection 3.1(a) hereof, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to any adjustment required pursuant to Subsection 3.1(a) hereof. Adjustments pursuant to Subsection 2.3(a) shall be made successively, whenever an event referred to in Subsection 2.3(a) occurs.

In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue any Shares otherwise than in a transaction referred to in this Subsection 2.3(a), each such Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such associated Share.

- (b) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all Shareholders entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Shares (or Convertible Securities) at a price per Share (or, if a Convertible Security, having a conversion, exchange or exercise price, including the price required to be paid to purchase such Convertible Security per Share) less than the Market

Price per Share on such record date, the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the number of Shares outstanding on such record date, plus the number of Shares that the aggregate offering price of the total number of Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the Convertible Securities so to be offered, including the price required to be paid to purchase such Convertible Securities) would purchase at such Market Price per Share; and
- (ii) the denominator of which shall be the number of Shares outstanding on such record date, plus the number of additional Shares to be offered for subscription or purchase (or into which the Convertible Securities so to be offered are initially convertible, exchangeable or exercisable).

In case such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights, options or warrants are not so issued, or if issued, are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed, or to the Exercise Price which would be in effect based upon the number of Shares (or Convertible Securities) actually issued upon the conversion exercise or exchange of such Convertible Securities or upon exercise of such rights, options or warrants, as the case may be.

For purposes of this Agreement, the granting of the right to purchase Shares (whether from treasury or otherwise) pursuant to any employee benefit, Share option, Share purchase or similar plans shall be deemed not to constitute an issue of rights, options or warrants by the Corporation; provided, however, that, in all such cases, the right to purchase Shares is either (i) at a price per Share of not less than 95% of the current market price per Share (determined as provided in such plans) of the Shares; or (ii) limited to trustees, directors, officers, employees or consultants of or to the Corporation or its Subsidiaries and is part of the Corporation's regular compensation practices.

- (c) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the making of a distribution to all Shareholders (including any such distribution made in connection with a merger or amalgamation) of evidences of indebtedness, cash (other than an annual cash distribution or a distribution referred to in Section 2.3(a)(i), but including any distribution payable in other securities of the Corporation other than Shares), assets or rights, options or warrants (excluding those referred to in Subsection 2.3(b)), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
  - (i) the numerator of which shall be the Market Price per Share on such record date, less the fair market value (as determined in good faith by the Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per Share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and
  - (ii) the denominator of which shall be such Market Price per Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

- (d) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one per cent in the Exercise Price; provided, however, that any adjustments which by reason of this Subsection 2.3(d) are not required to be made shall be



carried forward and taken into account in any subsequent adjustment. All calculations under Section 2.3 shall be made to the nearest cent or to the nearest ten-thousandth of a security. Notwithstanding the first sentence of this Subsection 2.3(d), any adjustment required by Section 2.3 shall be made no later than the earlier of

- (i) three years from the date of the transaction which gives rise to such adjustment; or
  - (ii) the Expiration Time.
- (e) In the event the Corporation shall at any time after the Record Time and prior to the Separation Time issue securities (other than Shares), or rights, options or warrants to subscribe for or purchase any such securities, or Convertible Securities for any such securities, in a transaction referred to in Subsection 2.3(a)(i) or (a)(iv), if the Directors acting in good faith determine that the adjustments contemplated by Subsections 2.3(a), (b) and (c) in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding Subsections 2.3(a), (b) and (c) such adjustments, rather than the adjustment contemplated by Subsections 2.3(a), (b) and (c) shall be made. The Corporation and the Rights Agent, with prior approval of holders given in accordance with the provisions of Section 5.4 shall have authority to amend this Agreement as appropriate to provide for such adjustments.
- (f) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Shares purchasable from time to time hereunder upon exercise of a Right immediately prior to such issue, all subject to further adjustment as provided herein.
- (g) Irrespective of any adjustment or change in the Exercise Price or the number of Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Share and the number of Shares which were expressed in the initial Rights Certificates issued hereunder.
- (h) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Shares or other securities upon the occurrence of the event requiring such adjustment.
- (i) Notwithstanding anything contained in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that in their good faith judgment the Board determine to be advisable, in order that any:
- (i) consolidation or subdivision of Shares;
  - (ii) issuance (wholly or in part for cash) of Shares or Convertible Securities;
  - (iii) Share distributions;
  - (iv) issuance of rights, options or warrants referred to in this Section 2.3,

hereafter made by the Corporation to its Shareholders, shall not be taxable to such Shareholders.

## 2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Shares or other securities, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the Shareholder of record of the Shares or other securities, if applicable, represented thereon, and such certificate shall be dated the date upon which the Rights Certificate evidencing such Rights was duly surrendered in accordance with Subsection 2.2(d) (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder of Rights hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Share transfer books of the Corporation are closed, such Person shall be deemed to have become the Shareholder of record of such Shares on, and such certificate shall be dated, the next succeeding Business Day on which the Share transfer books of the Corporation are open.

## 2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two of the Directors, the Chief Executive Officer of the Administrator, and Chief Financial Officer of the Administrator. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices either before or after the countersignature and delivery of such Rights Certificates.
- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and the Rights Agent shall manually countersign (in a manner satisfactory to the Corporation) and send such Rights Certificates to the holders of the Rights pursuant to Subsection 2.2(c) hereof. No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

## 2.6 Registration, Transfer and Exchange

- (a) After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "**Rights Registrar**") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided, and the Rights Agent hereby accepts such appointment. In the event that the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.

After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of Subsection 2.6(c), the Corporation will execute, and the Rights Agent will manually countersign and deliver, in the name of the holder of such Rights or the designated transferee or transferees, as required pursuant to such holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.

- (b) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (c) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer satisfactory in form to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may

require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.

## **2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates**

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:
  - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and
  - (ii) such surety bond as may be reasonably required by them to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a bona fide purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the destroyed, lost or stolen Rights Certificate.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the reasonable fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued hereunder.

## **2.8 Persons Deemed Owners of Rights**

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, of the associated Shares).

## **2.9 Delivery and Cancellation of Certificates**

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall, subject to applicable laws, and its ordinary business practices, destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation.

## **2.10 Agreement of Rights Holders**

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Share certificate representing such Right;
- (c) that after the Separation Time, the Rights Certificates will be transferable only on the Rights Register as provided herein;
- (d) that prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Share certificate made by anyone other than the Corporation or the Right Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional Shares or other securities upon exercise of a Right (except as provided herein);
- (f) that, subject to the provisions of Section 5.4, without the approval of any holder of Rights or Shares and upon the sole authority of the Directors, acting in good faith, this Agreement may be supplemented or amended from time to time to cure any ambiguity or to correct or supplement any provision contained herein which may be inconsistent with the intent of this Agreement or is otherwise defective, as provided herein; and
- (g) notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

## **2.11 Rights Certificate Holder Not Deemed a Shareholder**

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive distributions or be deemed for any purpose whatsoever a Shareholder or a holder of any Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any right, title, benefit or privilege of a Shareholder or any other securities of the Corporation or any right to vote at any meeting of Shareholders whether for the election of trustees or Directors or otherwise or upon any matter submitted to Shareholders or any other securities of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any Shareholder or any other securities of the Corporation except as expressly provided herein, or to receive distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

## **2.12 Global Share Certificate and Book Entry System**

- (a) Notwithstanding any of the provisions of this Agreement, until the Directors otherwise determine in writing and provide notice thereof to the Rights Agent, the Rights to be issued hereunder to Shareholders will be

made through the book entry system representing the number of Rights so issued. Share or associated Rights represented by the book entry system will not entitle the Shareholder to a certificate or other instrument from the Corporation, transfer agent or Rights Agent to evidence the ownership thereof. New Shares issued as a result of the exercise of any Right will also be represented through the book entry system in all circumstances.

- (b) For as long as Rights are held through The Canadian Depository for Securities Limited ( CDS ), any notice or other communication that is required to be given to holders of Rights, the Corporation and the Rights Agent will give all such notices and communications through CDS. The Rights of a holder whose Rights are held through CDS shall be exercised only through CDS.

### **ARTICLE 3 ADJUSTMENTS TO THE RIGHTS**

#### **3.1 Flip-in Event**

- (a) Subject to Subsection 3.1(b) and Section 5.1, if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Share Acquisition Date, the right to purchase from the Corporation, upon exercise thereof in accordance with the terms hereof, that number of Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in the event that after such consummation or occurrence, an event of a type analogous to any of the events described in Section 2.3 shall have occurred).
- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time or the Share Acquisition Date by:
- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person); or
  - (ii) a transferee of Rights, directly or indirectly, from an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person), where such transferee becomes a transferee concurrently with or subsequent to the Acquiring Person becoming such in a transfer that the Directors have determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Affiliate or Associate of an Acquiring Person) that has the purpose or effect of avoiding Subsection 3.1(b)(i),

shall become null and void without any further action, and any holder of such Rights (including transferees) shall thereafter have no right to exercise such Rights under any provision of this Agreement and further shall thereafter not have any other rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise.

- (c) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of Applicable Securities Laws in respect of the issue of Shares upon the exercise of Rights in accordance with this Agreement.
- (d) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either Subsection 3.1(b)(i) or (b)(ii) or transferred to any nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Shareholder Rights Plan Agreement) or a Person who was acting jointly or in concert with an Acquiring Person or an Affiliate or Associate of an Acquiring Person. This Rights Certificate and the Rights represented hereby are void or shall become void in the circumstances specified in Subsection 3.1(b) of the Shareholder Rights Plan Agreement.

provided, however, that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall impose such legend only if instructed to do so by the Corporation in writing or if a holder of Rights fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in such legend.

## **ARTICLE 4 THE RIGHTS AGENT**

### **4.1 General**

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation and the holders of the Rights in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agent and the Co-Rights Agents shall be as the Corporation may determine, with the approval of the Rights Agent and the Co-Rights Agents. The Corporation agrees to pay all reasonable fees and expenses of the Rights Agent in respect of the performance of its duties under this Agreement. The Corporation also agrees to indemnify the Rights Agent, its officers, directors and employees for, and to hold such persons harmless against, any loss, liability, or expense, incurred without negligence, bad faith or wilful misconduct on the part of the Rights Agent, for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration of this Agreement in reliance upon any certificate for Shares, Rights Certificate, certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, opinion, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.

### **4.2 Merger, Amalgamation or Consolidation or Change of Name of Rights Agent**

- (a) Any corporation into which the Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 4.4 hereof. If, at the time such successor Rights Agent succeeds to the agency created by this Agreement, any of the Rights Certificates have been countersigned but not delivered, the successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and if, at that time, any of the Rights have not been countersigned, any successor Rights Agent may countersign such Rights Certificates in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

- (b) If, at any time, the name of the Rights Agent is changed and at such time any of the Rights Certificates have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and if, at that time, any of the Rights Certificates have not been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

### **4.3 Duties of Rights Agent**

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, all of which the Corporation and the holders of certificates for Shares and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent, at the expense of the Corporation, may consult with and retain legal counsel (who may be legal counsel for the Corporation) and such other experts as it reasonably considers necessary to perform its duties hereunder, and the opinion of such counsel or other expert will be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion;
- (b) whenever in the performance of its duties under this Agreement, the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof is specifically prescribed herein) is deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be a Trustee, the President and Chief Executive Officer of the Administrator, a Vice-President of the Administrator, the Chief Financial Officer of the Administrator, the Corporate Secretary of the Corporation or the Administrator and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not have any responsibility in respect of the validity of this Agreement or the execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any certificate for a Share or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exerciseability of the Rights (including the Rights becoming void pursuant to Subsection 3.1(b) hereof) or any adjustment required under the provisions of Section 2.3 hereof or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor is it deemed by any act hereunder to make any representation or warranty as to the authorization of any Shares to be issued pursuant to this Agreement or any Rights or as to whether any Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;
- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;

- (g) the Rights Agent is hereby authorized and directed to accept instructions in writing with respect to the performance of its duties hereunder from any individual believed by the Rights Agent to be a Trustee, the Chief Executive Officer or the Chief Financial Officer of the Administrator and to apply to such individuals for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in accordance with instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement and nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

#### **4.4 Change of Rights Agent**

The Rights Agent may resign and be discharged from its duties under this Agreement upon 60 days' notice (or such lesser notice as is acceptable to the Corporation) in writing mailed to the Corporation and to each transfer agent of Shares by registered or certified mail. The Corporation may remove the Rights Agent upon 60 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Shares by registered or certified mail. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the Rights Agent. If the Corporation fails to make such appointment within a period of 60 days after removal or after it has been notified in writing of the resignation or incapacity by the resigning or incapacitated Rights Agent, then by prior written notice to the Corporation, the resigning Rights Agent or the holder of any Rights (which holder shall, with such notice, submit such holder's Rights Certificate, if any, for inspection by the Corporation), may apply to a court of competent jurisdiction for the appointment of a new Rights Agent, at the Corporation's expense. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company in the Provinces of Alberta and Ontario. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but the predecessor Rights Agent, upon receipt of all outstanding fees and expenses owing to it, shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Shares and mail a notice thereof in writing to the holders of the Rights in accordance with Section 5.9. Failure to give any notice provided for in this Section 4.4, however, or any defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of any successor Rights Agent, as the case may be.

### **ARTICLE 5 MISCELLANEOUS**

#### **5.1 Redemption and Waiver**

- (a) The Directors acting in good faith may, until the occurrence of a Flip-in Event, upon prior written notice delivered to the Rights Agent, waive the application of Section 3.1 to a particular Flip-in Event that would result from a Take-over Bid made by way of take-over bid circular to all holders of record of Shares (which for greater certainty shall not include the circumstances described in Subsection 5.1(h)); provided that if the Directors waive the application of Section 3.1 to a particular Flip-in Event pursuant to this Subsection 5.1(a), the Directors shall be deemed to have waived the application of Section 3.1 to any other Flip-in Event occurring by reason of any Take-over Bid which is made by means of a take-over bid circular to all holders



of record of Shares prior to the expiry of any Take-over Bid (as the same may be extended from time to time) in respect of which a waiver is, or is deemed to have been, granted under this Subsection 5.1(a).

- (b) Subject to the prior consent of the holders of the Shares or the Rights as set forth in Subsection 5.4(b) or 5.4(c), the Directors acting in good faith may, at their option, at any time prior to the provisions of Section 3.1 becoming applicable as a result of the occurrence of a Flip-in Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.000001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "**Redemption Price**").
- (c) Where, pursuant to a Permitted Bid, a Competing Permitted Bid or an Exempt Acquisition under Subsection 5.1(a), a Person acquires outstanding Shares, other than Shares Beneficially Owned by such Person at the date of the Permitted Bid, the Competing Permitted Bid or the Exempt Acquisition under Subsection 5.1(a), then the Directors shall immediately upon the consummation of such acquisition without further formality and without any approval under Subsection 5.4(b) or 5.4(c) be deemed to have elected to redeem the Rights at the Redemption Price.
- (d) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (e) If the Directors are deemed under Subsection 5.1(c) to have elected, or elect under either of Subsection 5.1(b) or 5.1(d), to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.
- (f) Within 10 days after the Directors are deemed under Subsection 5.1(c) to have elected, or elect under Subsection 5.1(b) or 5.1(d), to redeem the Rights, the Corporation shall give notice of redemption to the holders of the then outstanding Rights by mailing such notice to each such holder at his last address as it appears upon the registry books of the Rights Agent or, prior to the Separation Time, on the registry books of the transfer agent for the Shares. Any notice which is mailed in the manner provided herein shall be deemed given, whether or not the holder receives the notice. Each notice of redemption will state the method by which the payment of the Redemption Price will be made.
- (g) Upon the Rights being redeemed pursuant to Subsection 5.1(d), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each Shareholder as of the Separation Time had not been mailed to each such Shareholder, and for all purposes of this Agreement, the Separation Time shall be deemed not to have occurred and the Rights shall remain attached to the outstanding Shares, subject to and in accordance with the provisions of this Agreement.
- (h) The Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Directors have determined within ten Trading Days following a Share Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Directors, such Share Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this Subsection 5.1(h) must be on the condition that such Person, within 14 days after the foregoing determination by the Directors or such earlier or later date as the Directors may determine (the "**Disposition Date**"), has reduced its Beneficial Ownership of Shares so that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Share Acquisition Date and Section 3.1 shall apply thereto.
- (i) The Directors may, prior to the close of business on the tenth Trading Day following a Share Acquisition Date or such later Business Day as they may from time to time determine, upon prior written notice delivered

to the Rights Agent, waive the application of Section 3.1 to the related Flip-in Event, provided that the Acquiring Person has reduced its Beneficial Ownership of Shares (or has entered into a contractual arrangement with the Corporation, acceptable to the Directors, to do so within 10 days of the date on which such contractual arrangement is entered into or such other date as the Directors may have determined) such that at the time the waiver becomes effective pursuant to this Subsection 5.1(i) such Person is no longer an Acquiring Person. In the event of such a waiver becoming effective prior to the Separation Time, for the purposes of this Agreement such Flip-in Event shall be deemed not to have occurred.

- (j) The Corporation shall give prompt written notice to the Rights Agent of any waiver of the application of Section 3.1 made by the Directors under this Section 5.1.

## **5.2 Expiration**

No Person shall have any rights whatsoever pursuant to this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in Subsections 4.1(a) and (b) of this Agreement.

## **5.3 Issuance of New Rights Certificates**

Notwithstanding any of the provisions of this Agreement or the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Directors to reflect any adjustment or change in the number or kind or class of securities purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

## **5.4 Supplements and Amendments**

- (a) Without the approval of any holders of Shares or Rights, AOG may make amendments or supplements to this Agreement to correct any clerical or typographical error or which are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such change, supplement or amendment.
- (b) Subject to subsection 5.4(a), the Corporation may, with the prior consent of the holders of Shares obtained as set forth below, at any time before the Separation Time, amend, vary, delete, rescind or supplement any of the provisions of this Agreement and the Rights. Such consent shall be deemed to have been given if the action requiring such approval is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at and entitled to be voted at a meeting of the Shareholders duly called and held in compliance with applicable laws.
- (c) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time amend, vary, delete, rescind or supplement any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto.
- (d) Any approval or consent of the holders of Rights shall be deemed to have been given if the action requiring such approval or consent is authorized by the affirmative votes of the holders of Rights present or represented and entitled to vote at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the the Corporation's by-laws and the *Business Corporations Act* (Alberta) with respect to meetings of Shareholders, modified appropriately.

- (e) Any amendments or supplements made by the Corporation to this Agreement pursuant to subsection 5.4(a), which are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder, shall:
- (i) if made before the Separation Time, be submitted to the Shareholders at the next meeting of Shareholders and the Shareholders may, by the majority referred to in subsection 5.4(b) confirm or reject such amendment; and
  - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of Shareholders and the holders of Rights may, by resolution passed by the majority referred to in subsection 5.4(d) confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the Shareholders or the holders of Rights or is not submitted to the Shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board to amend this Agreement to substantially the same effect shall be effective until confirmed by the Shareholders or holders of Rights as the case may be.

- (f) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, variation or rescission to this Agreement and/or the Rights as referred to in this Section 5.4 within five days of effecting such amendment, variation or rescission.

## **5.5 Fractional Rights and Fractional Shares**

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. After the Separation Time, in lieu of issuing fractional Rights, the Corporation shall pay to the holders of record of the Rights Certificates (provided the Rights represented by such Rights Certificates are not void pursuant to the provisions of Subsection 3.1(b), at the time such fractional Rights would otherwise be issuable), an amount in cash equal to the fraction of the Market Price of one whole Right that the fraction of a Right that would otherwise be issuable is of one whole Right.
- (b) The Corporation shall not be required to issue fractions of Shares upon exercise of Rights or to distribute certificates which evidence fractional Shares. In lieu of issuing fractional Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the fraction of the Market Price of one whole Share that the fraction of a Share that would otherwise be issuable upon the exercise of such Right is of one whole Share at the date of such exercise.

## **5.6 Rights of Action**

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective holders of the Rights. Any holder of Rights, without the consent of the Rights Agent or of the holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights, or Rights to which such holder is entitled, in the manner provided in such holder's Rights and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Agreement.

## 5.7 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of requisite approval or consent from any governmental or regulatory authority, and without limiting the generality of the foregoing, necessary approvals of the Toronto Stock Exchange shall be obtained, in relation to the issuance of Shares upon the exercise of Rights under Subsection 2.2(d).

## 5.8 Declaration as to Non-Canadian or Non-U.S. Holders

If in the opinion of the Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with Applicable Securities Laws of a jurisdiction outside Canada, the Directors acting in good faith shall take such actions as they may deem appropriate to ensure such compliance. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes.

## 5.9 Notices

- (a) Notices or demands authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Rights Agent), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Advantage Oil & Gas Ltd.  
2200, 440 – 2nd Avenue S.W.  
Calgary, Alberta T2P 5E9

Attention: Chief Financial Officer  
Fax No. (403) 718-8332

- (b) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered, sent by registered or certified mail, postage prepaid (until another address is filed in writing with the Corporation), or sent by facsimile or other form of recorded electronic communication, charges prepaid and confirmed in writing, as follows:

Computershare Trust Company of Canada  
800, 324 - 8th Avenue S.W.  
Calgary, Alberta T2P 2Z2

Attention: General Manager, Client Services  
Fax No.: (403) 267-6529

- (c) Notices or demands authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Shares. Any notice which is mailed or sent in the manner herein provided shall be deemed given, whether or not the holder receives the notice.
- (d) Any notice given or made in accordance with this Section 5.9 shall be deemed to have been given and to have been received on the day of delivery, if so delivered, on the third Business Day (excluding each day during which there exists any general interruption of postal service due to strike, lockout or other cause)

following the mailing thereof, if so mailed, and on the day of telegraphing, telecopying or sending of the same by other means of recorded electronic communication (provided such sending is during the normal business hours of the addressee on a Business Day and if not, on the first Business Day thereafter). Each of the Corporation and the Rights Agent may from time to time change its address for notice by notice to the other given in the manner aforesaid.

#### **5.10 Costs of Enforcement**

The Corporation agrees that if the Corporation fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder to enforce his rights pursuant to any Rights or this Agreement.

#### **5.11 Successors**

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and enure to the benefit of their respective successors and assigns hereunder.

#### **5.12 Benefits of this Agreement**

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; further, this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

#### **5.13 Governing Law**

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Alberta and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

#### **5.14 Severability**

If any term or provision hereof or the application thereof to any circumstance shall, in any jurisdiction and to any extent, be invalid or unenforceable, such term or provision shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining terms and provisions hereof in such jurisdiction or the application of such term or provision in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

#### **5.15 Effective Date**

Notwithstanding its amendment and restatement as of the date hereof, this Agreement is effective and in full force and effect in accordance with its terms from and after the Effective Date.

#### **5.16 Reconfirmation**

Assuming this Agreement is approved and confirmed by a resolution passed by Shareholders at a meeting of Shareholders by the majority referred to in Subsection 5.4(b), if this Agreement is not subsequently reconfirmed by a resolution passed by holders of the Shares by the majority referred to in the last sentence of Subsection 5.4(b) at every third annual meeting of the Corporation following such meeting of Shareholders, or if this Agreement is not presented for reconfirmation by Shareholders prior to such dates, as the case may be, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and after the date of termination of such applicable meeting of Shareholders; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

**5.17 Determinations and Actions by the Directors**

All actions, calculations and determinations (including all omissions with respect to the foregoing) which are done or made by the Directors, in good faith, for the purposes hereof shall not subject the Directors or any trustee or director of any Subsidiary of the Corporation to any liability to the holders of the Rights.

**5.18 Time of the Essence**

Time shall be of the essence in this Agreement.

**5.19 Execution in Counterparts**

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

**ADVANTAGE OIL & GAS LTD.**

Per: (signed) "Craig Blackwood"  
Authorized Signatory

**COMPUTERSHARE TRUST COMPANY OF CANADA**

Per: (signed) "Connor Doyle"  
Authorized Signatory

Per: (signed) "Simon Law"  
Authorized Signatory

ATTACHMENT 1

ADVANTAGE OIL & GAS LTD.  
SHAREHOLDER RIGHTS PLAN AGREEMENT

[Form of Rights Certificate]

Certificate No. \_\_\_\_\_

Rights \_\_\_\_\_

**THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SUBSECTION 3.1(b) OF THE SHAREHOLDER RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, OR TRANSFEREES OF AN ACQUIRING PERSON OR CERTAIN RELATED PARTIES, MAY BECOME VOID.**

**Rights Certificate**

This certifies that \_\_\_\_\_, or registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Amended and Restated Rights Plan Agreement, made as of July 9, 2009 and as amended and restated as of January 10, 2010 and May 29, 2018, as the same may be amended or supplemented from time to time (the "**Shareholder Rights Agreement**"), between Advantage Oil & Gas Ltd., a corporation incorporated under the laws of the Province of Alberta (the "**Corporation**") and Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Shareholder Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Shareholder Rights Agreement) and prior to the Expiration Time (as such term is defined in the Shareholder Rights Agreement), one fully paid Share of the Corporation (a "**Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate with the Form of Election to Exercise (in the form provided hereinafter) duly executed and submitted to the Rights Agent at its principal office in any of the cities of Toronto and Calgary. The Exercise Price shall initially be \$100.00 (Cdn.) per Right and shall be subject to adjustment in certain events as provided in the Shareholder Rights Agreement.

In certain circumstances described in the Rights Agreement, the number of Shares which each Right entitles the registered holder thereof to purchase shall be adjusted as provided in the Shareholder Rights Agreement.

This Rights Certificate is subject to all of the terms and provisions of the Shareholder Rights Agreement, which terms and provisions are incorporated herein by reference and made a part hereof and to which Shareholder Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Shareholder Rights Agreement are on file at the registered office of the Corporation.

This Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights

Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights not exercised.

Subject to the provisions of the Shareholder Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$0.000001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No fractional Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made, as provided in the Shareholder Rights Agreement.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Shareholder Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the Rights of a Shareholder of the Corporation or any right to vote for the election of trustees or directors or upon any matter submitted to Shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting Shareholders (except as provided in the Shareholder Rights Agreement), or to receive distributions or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Shareholder Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the attorney of the Corporation.

Date:

**ADVANTAGE OIL & GAS LTD.**

Per: \_\_\_\_\_  
Authorized Signatory

**COMPUTERSHARE TRUST COMPANY OF CANADA**

Per: \_\_\_\_\_  
Authorized Signatory



**FORM OF ASSIGNMENT**

(To be executed by the registered holder if such holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED \_\_\_\_\_ hereby sells, assigns and transfers unto  
(Please print name and address of transferee.)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the within Rights on the books of the Corporation, with full power of substitution.

Dated: \_\_\_\_\_

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION, PURSUANT TO S.E.C. RULE 17AD-15.

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**CERTIFICATE**

(To be completed if true.)

The undersigned party transferring Rights hereunder, hereby represents, for the benefit of all holders of Rights and Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

\_\_\_\_\_  
Signature

-----  
(To be attached to each Rights Certificate)

**FORM OF ELECTION TO EXERCISE**

(To be exercised by the registered holder if such holder desires to exercise the Rights Certificate.) TO:

The undersigned hereby irrevocably elects to exercise \_\_\_\_\_ whole Rights represented by the attached Rights Certificate to purchase the Shares or other securities, if applicable, issuable upon the exercise of such Rights and requests that certificates for such securities be issued in the name of

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City and Province)

\_\_\_\_\_  
Social Insurance Number or other taxpayer identification number.

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City and Province)

\_\_\_\_\_  
Social Insurance Number or other taxpayer identification number.

Signature Guaranteed:

Signature

(Signature must correspond to name as written upon the face of this rights certificate in every particular, without alteration or enlargement or any change whatsoever.)

Signature(s) Guaranteed: Medallion Guarantee Stamp

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions) WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION, PURSUANT TO S.E.C. RULE 17AD-15.

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**CERTIFICATE**

(To be completed if true.)

The undersigned party exercising Rights hereunder, hereby represents, for the benefit of all holders of Rights and Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or a Person acting

jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof. Capitalized terms shall have the meaning ascribed thereto in the Shareholder Rights Agreement.

\_\_\_\_\_  
Signature

-----  
(To be attached to each Rights Certificate)

**NOTICE**

In the event the certification set forth above in the Forms of Assignment and Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof. No Rights Certificates shall be issued in exchange for a Rights Certificate owned or deemed to have been owned by an Acquiring Person or an Affiliate or Associate thereof, or by a Person acting jointly or in concert with an Acquiring Person or an Affiliate or Associate thereof.