

Advantage Energy Ltd. | 2021 Sustainability Report

# CELEBRATING 20 YEARS OF SUSTAINABILITY



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## MESSAGE TO OUR STAKEHOLDERS

We are pleased to present Advantage's 2021 Sustainability Report, which highlights our overall strength in corporate sustainability and values. Advantage has been focused on sustainability since inception in 2001 and this year we are celebrating our 20th year of excellence.

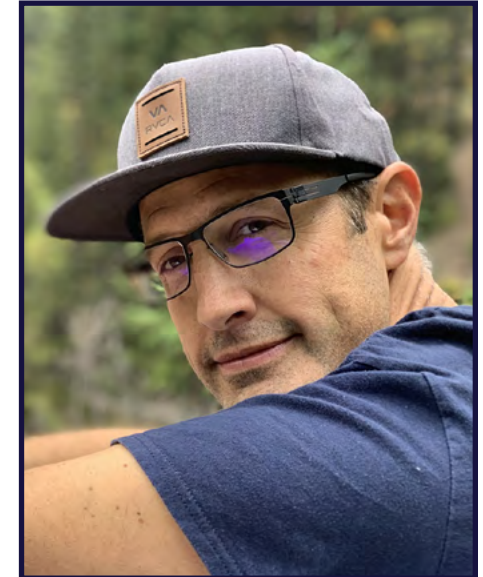
As we have grown to become a leading Montney natural gas producer, we have also become a leading Canadian energy company with carbon emission intensity levels that rank amongst the lowest in Western Canada. We are proud to say that we have defined a line-of-sight plan to achieve net-zero emissions by 2025. This plan involves a first of its kind initiative using post-combustion carbon capture and sequestration ("CCS") and patent-pending proprietary technologies through our subsidiary clean-tech company, Entropy Inc. We are integrating Entropy's expertise to progress Advantage's emissions towards net-zero at our Glacier natural gas facility while developing multiple third-party CCS projects in a variety of difficult to abate sectors.

The low carbon-intensity of Advantage and the imminent carbon-negativity of Entropy Inc. are a testament to what can be accomplished when we harness the know-how of the Canadian energy sector. As Canada strives to advance sustainable initiatives, what we accomplish can be shared and applied throughout the world. It is becoming abundantly clear that affordable and reliable energy sources like natural gas and oil will still need to be part of the future energy mix for the foreseeable future and as such, we need to continue enhancing technologies to balance that prosperity with mitigation. Advantage is leading the way and combined with our concentrated asset areas and ultra-low exposure to abandonment and reclamation liabilities, we can conduct our development and operations while minimizing our environmental footprint. These achievements and initiatives, along with providing community, employee and stakeholder support in the areas where we operate, creates a truly sustainable platform from which we will continue to enhance. We wish to thank all of our people and stakeholders who share in this vision.

Andy & Mike



Andy Mah  
Chief Executive Officer



Mike Belenkie  
President & Chief Operating Officer

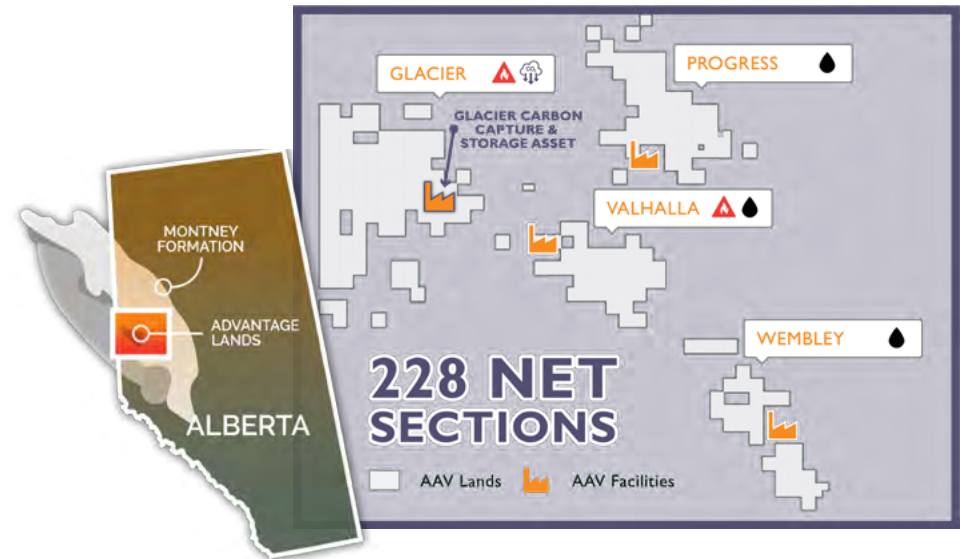
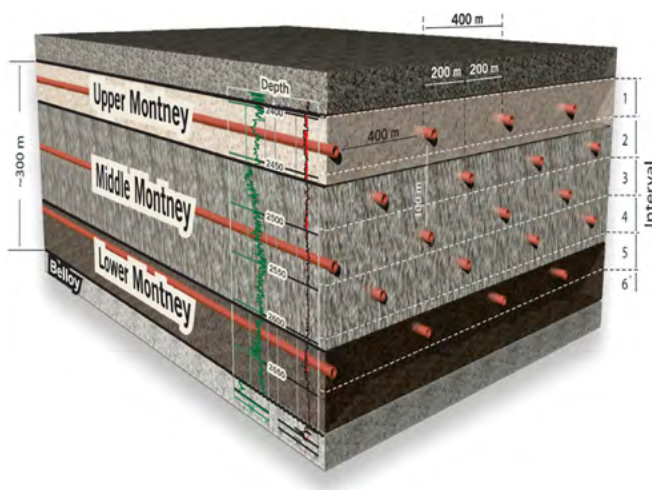
## ABOUT ADVANTAGE

Advantage Energy Ltd. is a responsible, low-carbon energy producer focused entirely on sustainable development of its significant position in the Montney resource play. The Company prides itself on applying technical innovations to achieve exceptional performance in all aspects of our operations. Advantage is uniquely positioned to generate shareholder value and achieve net-zero emissions. The Corporation's head office is in Calgary, Alberta, Canada and its common shares trade on the Toronto Stock Exchange under the symbol AAV.

Advantage is a highly focused producer with high-quality assets concentrated entirely within the Montney fairway, including our core areas of Glacier, Pipestone/Wembley, Valhalla and Progress, located west of Grande Prairie in Northwest Alberta. Although the Montney resource is in the early stages of its development cycle, it is one of the most prolific and attractive natural gas and liquids targets in North America. In terms of capital efficiency, operating costs and minimal environmental footprint, this concentration allows Advantage to implement strategies yielding one of the most sustainable, lowest cost structures in the industry.

Since inception, Advantage has invested more than \$2.0 billion in our Montney development and total estimated capital expenditures over the life of development could well exceed \$10 billion commensurate with reserves and production growth. Over the past five years, we have grown production cumulatively by 14% per annum to 50,000 boe/d (90% natural gas) from 249 net producing wells as at year ended 2020. Total proved and probable reserves

have increased over this period to 532 million boe (as of December 31, 2020 including 337 booked undeveloped wells), representing a reserve life index of approximately 30 years at current production levels. The high-quality of our assets has provided us with a Management estimated inventory of over 1,400 future drilling locations that will be developed and brought on-stream over decades at the current pace of development. To ensure the highest level of control over the cost

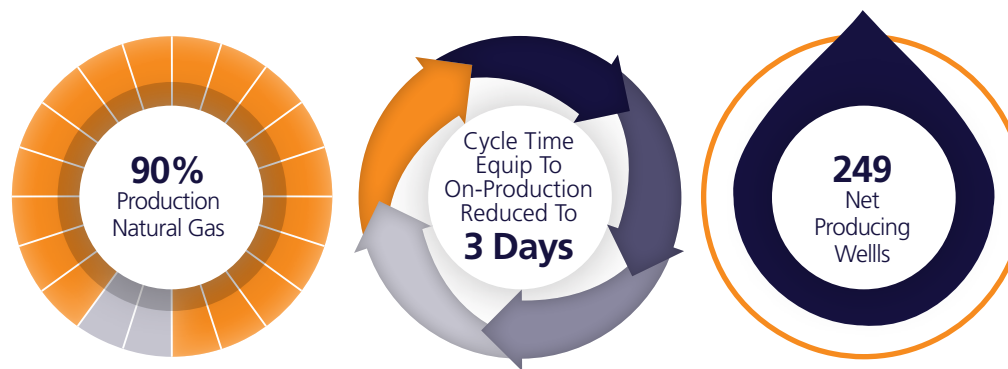


### "Proud to Improve Our World with Clean Canadian Energy"

and safety of our operations, we constructed and operate the Glacier Gas Plant and gas gathering system, as well as other supporting infrastructure such as the Valhalla, Progress and Pipestone/Wembley liquids hubs. The Glacier Gas Plant is a modern, high efficiency plant incorporating carbon capture and sequestration technology. Future investment will continue to target the highest return projects as we are positioned with capital allocation flexibility across areas. All our areas have potential for liquids-rich and multi-layer development and we plan on increasing liquids content to continue our efforts to diversify production and enhance long-term sustainability.

In 2021, Advantage proudly introduced the creation of Entropy Inc. ("Entropy") with a breakthrough carbon capture and storage technology capable of commercial profitability at a carbon price below \$50/tonne. Entropy's post-combustion modular carbon capture and storage ("MCCS") technology will allow Advantage to substantially achieve "net-zero" scope 1 and 2 emissions at the Glacier Gas Plant. Entropy has been made possible due to our decade of experience with pre-combustion CCS, the continued innovations and relentless focus on sustainability by our dedicated staff, and the key relationships that we have developed with our similarly committed business partners.

## OPERATIONAL & FINANCIAL HIGHLIGHTS 2020



**44,922 boe/d**  
Record Annual  
Production

**\$14,650/boe/d**  
All-In Capital  
Efficiency<sup>1</sup>

Reduction in  
Net Debt<sup>1</sup> to  
**\$251 MM**

**\$240 MM**  
Revenue

**110 MMboe**  
PDP Reserves

**532 MMboe**  
2P Reserves

**\$105 MM**  
Adjusted  
Funds Flow<sup>1</sup>

**\$2.43/boe**  
Low  
Operating Cost

(1) Non-GAAP measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".

## OUR APPROACH TO SUSTAINABILITY

Our mission is to convert energy to shareholder wealth by delivering exceptional performance with a focus on sustainability.

Sustainability for Advantage includes delivering attractive long-term economic returns for our shareholders in a financially disciplined manner. This is achieved based on the foundation of commitment and dedication to the highest standards of protection and care for the environment, support for our employees, contractors, and the communities in which we operate as we create value for all of our stakeholders. Our operations are designed based on the foundation of treating the environment with the upmost respect and minimizing our impact for future generations, ensuring the health, safety and welfare of all our staff and local stakeholders as we operate responsibly within our communities through the establishment of relationships that value their input and engagement, and maintaining strong corporate governance as a primary responsibility of everyone in our organization. Operating a sustainable business is “good business” and has been central to our success as we celebrate our 20th anniversary.

Planning and executing a sustainable business plan requires a deep technical knowledge of the industry, our business model, our assets and the communities where we operate combined with a strong leadership team that is committed to responsible, sustainable development. With the right tools, we continue to anticipate, create and evolve while outperforming our peers. At Advantage, we strive for a well-balanced approach to risk management and integrating what is important to us.

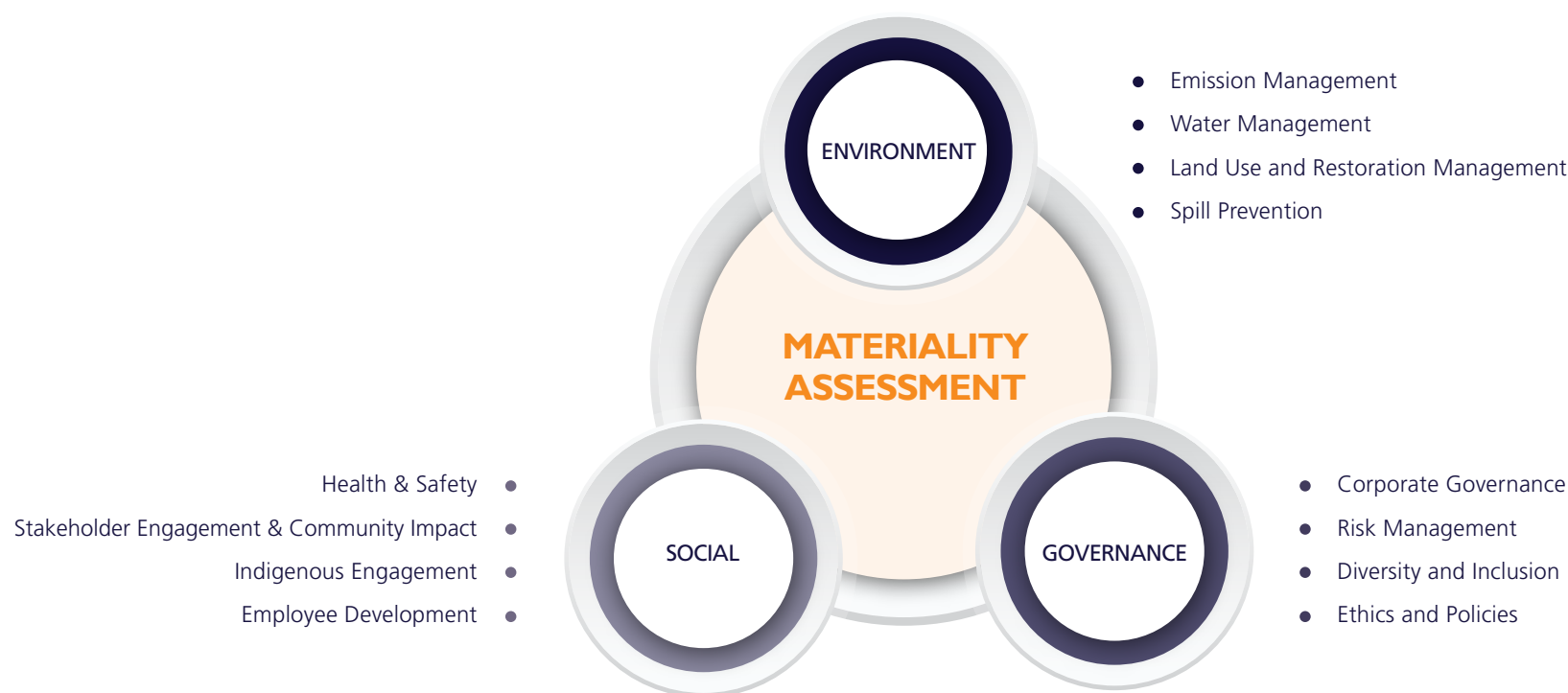


## WHAT IS IMPORTANT TO US?



## WHAT IS MATERIALITY TO US?

Materiality to us is a prioritization of important ESG factors that can greatly impact the financial and operational results of our business. Advantage assesses materiality on a regular basis from daily operations to the lifecycle of every project. A continuous materiality assessment allows us to identify new risks and opportunities, quantify the magnitude of impact and likelihood of occurrence, and monitor the impact on our business.



As we constantly refine our sustainability materiality assessment, we explore the balance amongst stakeholder priorities, financial viability, and business sustainability. This allows us to perform a quantitative and qualitative evaluation of our business and effectively manage the risks and capitalize on opportunities for the future.



## SUSTAINABILITY TARGETS



### NET ZERO IN 2025

Advantage is committed to positive action on emissions reduction. Advantage's Scope 1 and 2 emissions are expected to be **REDUCED BY** approximately **20% STARTING** in **Q2 2022** with the installation of Phase I Entropy CCS equipment at the Glacier Gas Plant with a **FURTHER 40% REDUCTION** once Phase II is complete (planned for mid-2023). Advantage intends to achieve **"NET ZERO" SCOPE 1 AND 2 EMISSIONS** as early as **2025**. In order to accomplish this, Advantage's subsidiary Entropy Inc. is pursuing a carbon capture and storage business plan that will result in **NEGATIVE CARBON EMISSIONS** in excess of Advantage's emissions, assuming that appropriate capitalization and commercial agreements are achieved (see "Introducing Entropy").



### MINIMIZE FLARING

Advantage continues to target **MINIMAL FLARING** through **IN-LINE TESTING** new production on all well pads and with the **PROACTIVE CONSTRUCTION** of infrastructure. Such initiatives have resulted in flaring that represents an insignificant portion of our Scope 1 emissions.



### INDIGENOUS SUPPORT

Advantage is currently completing final work on the establishment of an **INDIGENOUS SCHOLARSHIP PROGRAM** with implementation targeted by **EARLY 2022** and that will continue to support these important communities.



### ACTIVE SITE MANAGEMENT

Advantage has targeted to **REDUCE SITES** under active management and remediation **BY OVER 40%** during the **NEXT FIVE YEARS** (2021 to 2025). This is an ongoing important aspect of our daily operations, and we are proud to **RETURN THE LANDS** back to their **NATURAL STATE**.



## ABOUT THIS REPORT

The terms “Advantage”, “Advantage Energy Ltd.”, the “Company”, the “Corporation”, “we”, “our”, “us”, and similar terms refer to Advantage Energy Ltd. and its subsidiaries.

Advantage intends to publish a Sustainability Report on a biennial basis.

Consistent with International Petroleum Industry Environment Conservation Association (IPIECA) Petroleum Industry Guidelines for Reporting Greenhouse Gas (“GHG”) Emissions and consistent with peers, all reported data are based on “Operational Control”, unless otherwise stated.

Financial data is reported in accordance with International Financial Reporting Standards (“IFRS”), representing generally accepted accounting principles (“GAAP”) for publicly accountable enterprises in Canada. For further details on financial and operating performance, please refer to Advantage’s Consolidated Financial Statements, Management’s Discussion and Analysis (“MD&A”), Annual Information Form (“AIF”), and Management Information Circular which are all available on Advantage’s website at [www.advantageog.com](http://www.advantageog.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

Advantage have selected a list of peers based on the availability of Sustainability or ESG Reports and used the most recent publicly available data as comparison. The peer group consists of: ARC Resources Ltd., Athabasca Oil Corp., Baytex Energy Corp., Birchcliff Energy Ltd., Enerplus Corp., Kelt Exploration Ltd., NuVista Energy Ltd., Peyto Exploration & Development Corp., Tamarack Valley Energy Ltd., Tourmaline Oil Corp., and Whitecap Resources Inc.

This report includes disclosure of both Scope 1 and Scope 2 emissions while Scope 3 emissions have been excluded. Scope 3 emissions include all indirect emissions (not included in Scope 2) that occur both before and after Advantage activities attributable to the life-cycle of our products. Typical Scope 3 emissions would include activities outsourced to other companies (including contracted drilling and completion operations), transportation of our products (including road and pipelines), processing activities conducted by third parties, the use of our products by consumers, and air travel.

This report aligns with the Global Reporting Initiative (“GRI”) Standards and Sustainability Accounting Standards Board (“SASB”). This report contains standard disclosures from the GRI and SASB guidelines but has not fulfilled all of the requirements to qualify as fully ‘in accordance’ with the GRI and SASB.

Unless otherwise stated, this report is with respect to the year ended December 31, 2020, compared to the years ending December 31, 2019, and December 31, 2018.

All dollars are Canadian dollars unless otherwise specified

### Abbreviations

BOE or boe	Barrel Of Oil Equivalent
Mboe	Thousand Barrels Of Oil Equivalent
MMboe	Million Barrels Of Oil Equivalent
boe/d	Barrels Of Oil Equivalent Per Day
m <sup>3</sup> /boe	Cubic Meter Per Barrel Of Oil Equivalent
bbl(s)	Barrel(s)
bbls/d	Barrels Per Day
Mcf	Thousand Cubic Feet
Mmcf	Million Cubic Feet
Mcf/d	Thousand Cubic Feet Per Day
Mmcf/d	Million Cubic Feet Per Day
MM	Million
PDP	Proved Developed Producing Reserves
2P	Proved Plus Probable Reserves
CO <sub>2</sub> e	Carbon Dioxide Equivalent
tCO <sub>2</sub> e	Tonnes Carbon Dioxide Equivalent
Mg/L	Milligrams Per Litre



# ENVIRONMENT

At Advantage, we believe in responsible development that creates a better world for everyone. Advantage is committed to producing clean energy with minimal impact to the environment. This includes strategic execution of our operational plans while keeping in mind the effects on emission, water usage and potential impact on land and biodiversity.

## ADVANTAGE HAS ACHIEVED A NUMBER OF INITIATIVES:

- Reduced GHG emissions and carbon dioxide re-injected rather than flared to the atmosphere
- Bi-fuel conversion to natural gas from diesel on drilling rigs and completion pumping equipment
- Wastewater re-used for operations
- Pad drilling to reduce surface disturbance
- Zero methane emission sites
- Reduced flaring
- On-site electrical generation

**Emission intensity 0.017 tCO<sub>2</sub>e/boe**

**Total water used intensity 0.01 m<sup>3</sup>/boe**

**LMR rating of 24.7 (at December 2020)**

Energy Use & Emissions

Introducing Entropy

Water

Land

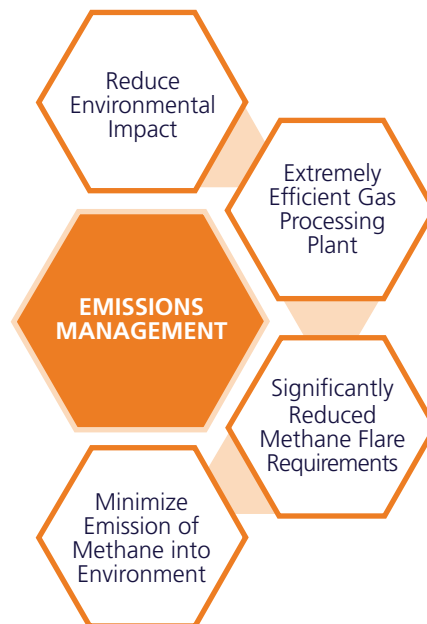
## ENERGY USE & EMISSIONS

The emissions of GHG from our operations are classified as either Scope 1 or Scope 2. Scope 1 emissions are direct emissions from owned and controlled sources associated with either combustion, flaring, venting or fugitives. Scope 2 emissions are indirect emissions from the generation of purchased power.

**SCOPE 1 EMISSIONS** were 0.017 tCO<sub>2</sub>e/boe of production in 2020 and predominantly generated by our Glacier Gas Plant which accounted for 76% of total Scope 1 emissions. The Glacier Gas Plant has a current raw natural gas throughput design capacity of 400 mmcf/d and is a new facility whereby staged construction began in 2010. The plant includes shallow cut liquids extraction processes, onsite power generation, acid gas disposal, produced water disposal and carbon capture and sequestration. The Glacier Gas Plant ranks within the top 5 producer-owned gas plants in Alberta by processing capacity and low emissions intensity. Diligent management of plant operations, design considerations and use of new technology have resulted in lower emissions generation as compared to emissions from other Canadian companies with similarly classified facilities. The Glacier Gas Plant ranks within the lowest out of almost 1,700 Canadian facilities reporting GHG emissions to Environment and Climate Change Canada for 2019. 344 facilities accounted for 87% of Canada's emissions<sup>2</sup>.

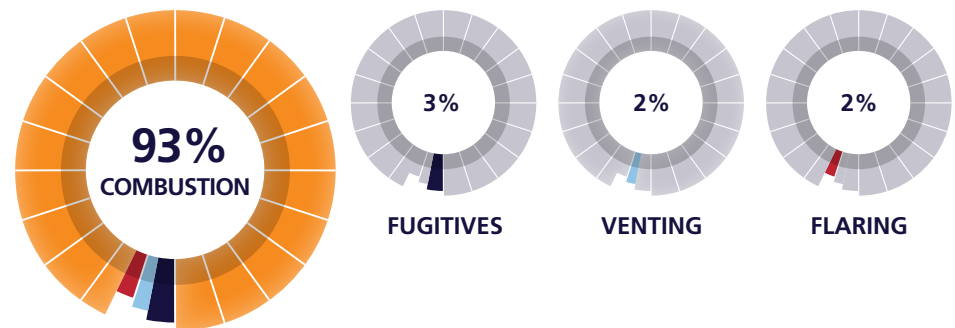
**COMBUSTION** emissions are associated with utilization of fuel gas to operate compressors, generate electricity, operate drilling and completions equipment, and to heat facilities. Our emissions from combustion of fuel gas represented 93% of total Scope 1 emissions in 2020 and is predominately related to operation of the Glacier Gas Plant. As a result of our ongoing diligence with regards to emissions management, minor emissions are attributed to flaring, venting, and fugitives.

Advantage's production is currently 90% clean natural gas. We are focused on minimizing



emissions to both maximize shareholder returns and minimize negative impacts to the environment. Our Glacier Gas Plant is a closed system with vapor recovery resulting in an efficient gas processing plant with minimal flaring. The plant runs on instrument air to minimize venting rather than controllers that run on propane or fuel gas.

### Direct CO<sub>2</sub>e Emissions Sources (Scope 1)



### Combustion makes up 93% of direct CO<sub>2</sub>e emissions sources

Advantage utilizes fuel gas as much as possible for drilling and completion operations. We were an early industry leader in implementing bi-fuel conversion on drilling rigs and completion equipment. The conversions allow rigs and equipment to be powered by clean natural gas produced from our Glacier Gas Plant, rather than diesel fuel which is normally used by industry. Using natural gas as fuel for this equipment generally produces approximately 27% less CO<sub>2</sub> emissions per mmbtu as compared to diesel. Additionally, natural gas as a fuel source has historically saved us approximately \$50,000 per well.

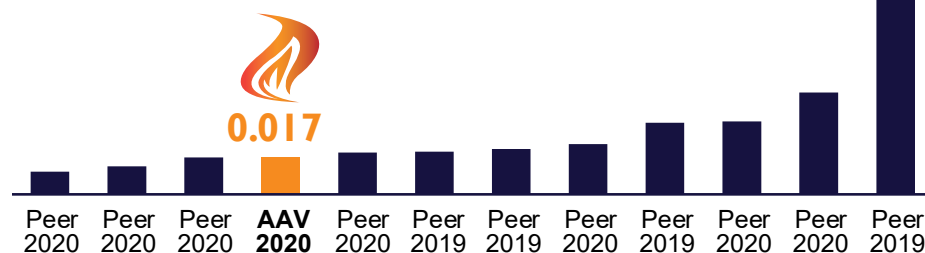
All of these factors have helped us maintain extremely low emissions. We are proud that our emission intensity is low and among the best of our peers due to our efficient operations, strategic planning and execution of processes. We continue to look at further innovation to reduce our impact.

(2) National Greenhouse Gas Inventory, Government of Canada, 2019 reporting cycle



## ENERGY USE & EMISSIONS (CONTINUED)

### Emissions Intensity tCO<sub>2</sub>e/boe (Scope 1 and 2)

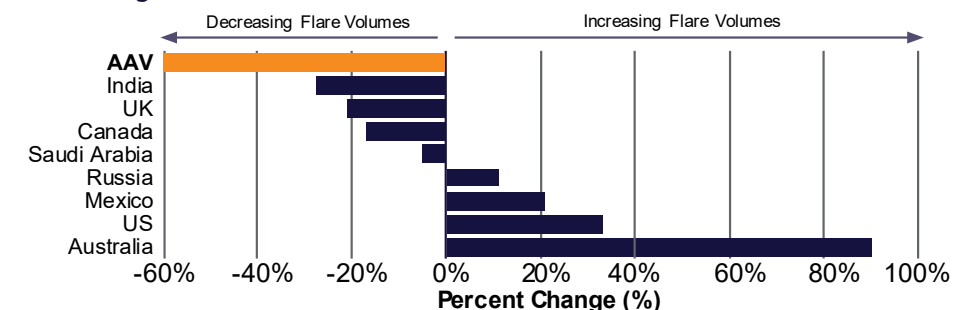


**FLARING** includes flaring at facilities and during the testing phase for new wells and represents 2% of our Scope 1 emissions. Flares are required on facilities by regulation for operational and safety purposes. Should there be a facility shut-down, flaring enables the safe and temporary de-pressurization of the site. Pilot flares at facilities also continually burns a small amount of natural gas such that the emergency flare is available when required. Advantage does not routinely flare as such practices are not generally permitted by the Alberta Energy Regulator without specific approvals and limits.

For testing new wells following completion activities, Advantage generally tests wells 'in-line' directly into our gathering pipelines, thereby significantly reducing flaring that may otherwise be necessary. From 2014 to 2018, Advantage has been an industry leader with a 90% reduction from 2014 and 60% since 2016. Furthermore, Canada has been a global leader with regards to flaring reductions.

**"Advantage, a leader in flare volume reductions globally and domestically."**

### Gas Flaring 2016 vs. 2020<sup>3</sup>



(3) Source: The World Bank, Global Gas Flaring Tracker Report April 2021, Gas flaring volumes 2016-20, Accessed 2020-09-20

**VENTING** is associated with routine operations and represents 2% of our Scope 1 emissions, the majority of which was from pneumatic pumps and devices from a legacy facility in Central Alberta that was shut-in during Q2 2021. All our major facilities servicing Montney production use instrument air and our well sites only have a single low bleed device that functions on instrument gas. On new well sites, Advantage is currently piloting solar panels which results in zero devices that run on instrument gas. Our most recently constructed Wembley facility includes compressed air supply for starters on compressor engines compared to the industry standard of fuel gas supply which is then vented. Additionally, all major facilities have tank relief valves tied into flare lines to minimize the potential for venting and odours.



**FUGITIVES** are associated with unplanned equipment leaks and represents 3% of our Scope 1 emissions. To minimize fugitive emissions our pipeline corridors are flown over annually with methane detection equipment. Also, all major facilities are scanned with methane detecting cameras quarterly, and wells are scanned annually.

**SCOPE 2 EMISSIONS** are minimal for Advantage as our Glacier Gas Plant generates its own electricity (which is classified as Scope 1). Therefore, Scope 2 emissions are predominately associated with other minor facilities and activities. Although Scope 2 has been historically low, Scope 2 emissions increased in 2020 with commencing commercial operations at our Pipestone/Wembley Liquids Handling Hub that sources external power and fuel gas from third-party processors. Scope 2 emissions are dependant on the sources of power from Alberta utilities, whereby approximately 43% of such power externally supplied was generated from coal in 2019. Advantage has maintained low Scope 2 emissions by generating our own power from cleaner burning natural gas at Glacier and Valhalla. As

## ENERGY USE & EMISSIONS (CONTINUED)

Alberta continues with coal plant retirements and the addition of renewable capacity, we would expect emissions from Scope 2 sources to continue to reduce.

**CARBON CAPTURE AND SEQUESTRATION** has been a significant feature of operating the Glacier Gas Plant whereby Advantage has been injecting carbon dioxide (CO<sub>2</sub>) and hydrogen sulphide (H<sub>2</sub>S) removed from our raw gas stream into disposal wells since October 2011. For 2020, we sequestered 16,482 tonnes of CO<sub>2</sub> from our Glacier Gas Plant processes, equivalent to average emissions generated by 3,583 typical passenger vehicles in one year<sup>4</sup>. Cumulatively, we have injected over 75,000 tonnes of CO<sub>2</sub> since 2011. Advantage has further benefited from earning carbon offset credits from the government's previously approved Acid Gas Protocol, that was meant to reward the implementation of efficient capture and sequestration processes by emitters like Advantage. Advantage's emissions intensity net of carbon offset credits was just 0.016 tCO<sub>2</sub>e/boe of production and we have generated over 580,000 carbon offset credits since 2011. Although Advantage continues its sequestration program and physically injects approximately 16,000 tonnes of CO<sub>2</sub> per year, the Acid Gas Protocol approved for our property no longer qualifies to earn carbon credits after October 2019. However, with the additional installation of CCS equipment in 2022, Advantage expects to significantly increase the future capture and sequestration of additional CO<sub>2</sub> (see "Introducing Entropy").

**CARBON EMISSIONS TARGETS, REPORTING AND TAXES** has been a part of Alberta's regulatory environment since 2007. All of Advantage's production is in Alberta and governed by legislation regulating carbon emissions targets, reporting and taxes. Facilities that exceed 100,000 tonnes of GHG emissions annually are subject to various emission regulations under the Technology Innovation and Emissions Reduction Regulation ("TIER") for large industrial emitters. The Glacier Gas Plant has been subject to TIER or predecessor regulations since 2015. Due to our Glacier Gas Plant's overall industry leading emission efficiency relative to other plants and including its carbon capture and sequestration program, we have generated carbon credits every year through 2020 and have not incurred any payment obligations.

### Emissions Intensity tCO<sub>2</sub>e/boe

**SCOPE 1 & 2 0.017 | SEQUESTRATION 0.001 | NET EMISSIONS 0.016**

In 2020 Alberta instituted the TIER program that replaced the prior Carbon Competitiveness Incentive Regulation ("CCIR"), and regulates facilities emitting 100,000 tonnes of CO<sub>2</sub>e or more while other non-regulated facilities may opt-in. The most significant change is the benchmarking process whereby emitters comply with the least stringent of a high-performance

benchmark or apply for a facility-specific benchmark upon which allowable emissions threshold will be based on 90% of historical emissions performance of that facility, effectively resulting in an immediate 10% reduction obligation. For regulated facilities that chose the facility-specific benchmark, the benchmark is further reduced 1% per year in 2021 and each year thereafter until it reaches the high-performance benchmark. To meet the emissions reduction requirement, facilities can reduce their emissions, use emission performance credits, use emission offset credits, or pay for the excess emissions into the TIER compliance fund. For 2020 the excess emissions cost \$30/tonne CO<sub>2</sub>e and was increased to \$40/tonne CO<sub>2</sub>e in 2021. The current proposed carbon price federal program contemplate an increase in carbon price by \$15 per year starting in 2023 rising up to \$170 per tonne by 2030.

**METHANE REDUCTION** is an effective and important way to reduce GHG and is now legislated through Alberta's Methane Emission Reduction Regulation effective January 1, 2020. The regulation targets a 45% reduction in methane emissions from upstream oil and gas production by 2025. Alberta was the first provincial government in North America to commit to an oil and gas sector methane reduction target. Alberta will use a combination of policy tools to achieve a 45% methane reduction including regulatory requirements, market-based programs, and investments in technology and innovation. The AER made amendments to certain directives to address common sources of methane emissions from the upstream oil and gas industry including pneumatic devices, fugitive emissions, and equipment and solution gas venting at oil and gas sites. The directives included changes to measurement, monitoring, and reporting of methane emissions to support improved understanding and tracking of oil and gas methane emissions. Additionally, the Government of Alberta has committed to provide continued support for methane technology and innovation approaches across the oil and gas sector including the use of proceeds from the TIER compliance fund. Advantage's strategy to reduce methane emissions includes but are not limited to: use of instrument air; installation of solar panels on new well sites; and industry leading facility design to reduce or eliminate methane emissions from pneumatic devices, fugitive emissions, and unintended venting. Advantage will continue to evaluate and assess all new opportunities for methane reduction.



**OVER 1 MILLION HOMES**  
benefited from the energy  
supplied by Advantage in 2020



(4) Greenhouse Gas Emissions from a Typical Passenger Vehicle, United States Environmental Protection Agency ("EPA"), March 2018

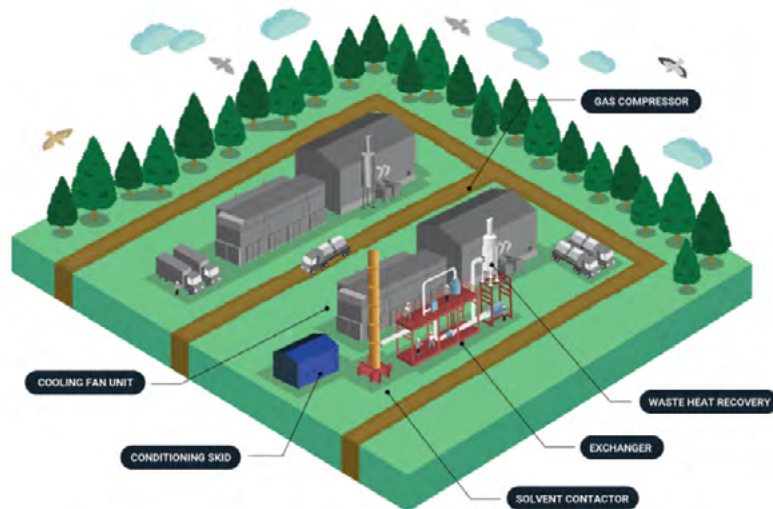
## INTRODUCING ENTROPY



In March 2021, Advantage proudly introduced the creation of Entropy Inc. ("Entropy"), a global leader in post-combustion modular carbon capture and storage ("MCCS") through exclusive energy efficient technology combined with a new patent-pending proprietary solvent. Our collaborative partnership with experts in the field will help us safely reduce emissions while achieving costs lower than current carbon prices.

The MCCS technology can be retrofitted to most point-source industrial emissions, including sectors that are difficult to decarbonize like power generation, blue hydrogen, liquified natural gas ("LNG"), oil and gas processing, and production of cement and steel. Combining Entropy's technology and world-class solvent, Entropy23™, Entropy expects to play a large role in the global effort to decarbonize.

### "The Entropy Advantage"



Entropy technology is modular, scalable, and versatile. We believe the costs are industry leading, sustainable, and commercially profitable at below \$50/tCO<sub>2</sub>. Entropy's MCCS designs include several key innovations from a research and development program that has been underway for several years and can recover approximately 90% of carbon emissions. Entropy's MCCS technology can be retrofitted into existing high emissions facilities with minimal space required, providing the opportunity for emitters in all industries with

emissions as low as 8,000 tCO<sub>2</sub>/year to reduce emissions in easily financed stages to achieve targeted outcomes. The MCCS design is specifically suited to achieving these goals while moderating the required pace of investment and delivering returns.

Working in partnership with Entropy, emitters across all sectors can readily contribute to Canada's emission's targets and reduce carbon costs. Entropy's potential Canadian market represents 86% of emitters and is a readily deployable technology.

The Entropy technology was developed in conjunction with our partners at Allardye Bower Consulting Ltd. ("ABC") and the Clean Energy Technologies Research Institute ("CETRI").

### ALLARDYCE BOWER<sub>ABC</sub> CONSULTING INC.

ABC is a Calgary-based engineering, procurement, and construction management company with leading expertise in several aspects of gas processing and modularization. ABC's principles, Brent Allardye and Rick Bower, provide over 75 years of related experience in designing, troubleshooting, and operating gas processing facilities with innovative professional services and unique capability. ABC was instrumental in the process redesign optimizing the new proprietary solvent that would result in the industry leading low cost for carbon capture. Entropy was pleased to welcome Mr. Allardye onto its Board of Directors and appoint Mr. Bower as Chief Technology Officer.



CETRI is located at the University of Regina's Greenhouse Gas Technologies Center which is one of only a few facilities in the world with full capability of developing and testing CCS solvent technology. CETRI researchers began developing post-combustion carbon capture technology almost 30 years ago for an enhanced oil recovery project at Weyburn, Saskatchewan, which is now the largest existing carbon capture project in the world. Entropy has secured exclusive rights to a novel solvent designed specifically for Entropy's post-combustion carbon capture and storage systems. This solvent technology is the product of over 30 years of research, and provides large cyclic capacity, high stability, and low operational issues.

With our partnership through a Technology Development and Funding Agreement, Entropy has secured exclusive ownership of a new generation of carbon capture solvents as well as access to state-of-the-art equipment and deep experience in post-combustion carbon capture, which has been critical in helping drive the cost of CCS down to the point where it is commercial. The principals at CETRI will act as advisors to Entropy and are international experts and pioneers in the field of post-combustion carbon capture. Their research has been fundamental to advancing solvent-based CO<sub>2</sub> capture processes and has been integrated into carbon capture facilities globally. CETRI test results to date show a step-change reduction in energy requirements and circulation rates compared to all solvents that are currently available.



## INTRODUCING ENTROPY (CONTINUED)

The first commercial deployment of the Entropy technology will occur at Advantage's owned and operated Glacier Gas Plant near Grande Prairie, Alberta, a 400 mmcf/d natural gas processing facility. The Entropy technology will be deployed in two phases with total targeted CO<sub>2</sub> emissions capture and sequestration of 183,000 tCO<sub>2</sub>/year.

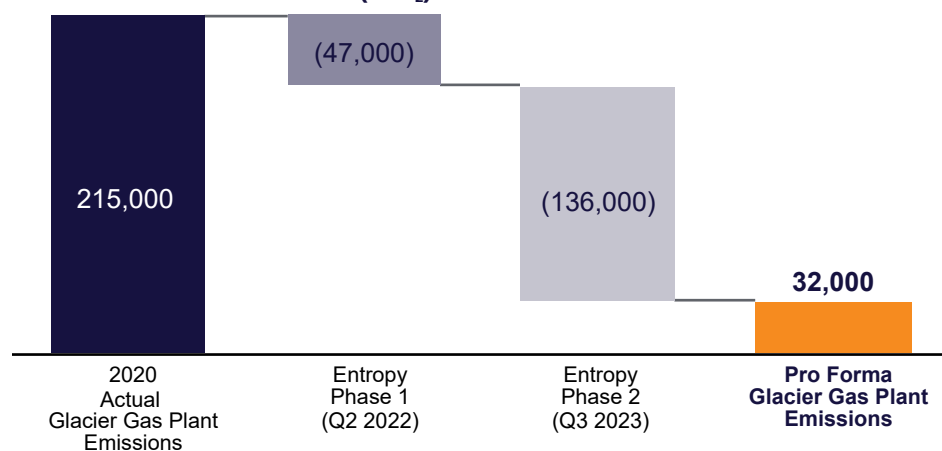
Phase 1 is targeted to reduce emissions by 47,000 tCO<sub>2</sub>/year with all major equipment now procured and an estimated on-stream expected in March 2022. Total cost of Phase 1 is expected to be approximately \$27 million, with Advantage investing \$7 million and the remainder of the project funded by a third-party sponsor.

Phase 2 is expected to be constructed by Entropy as early as 2023 at an expected cost of \$49 million and is designed to reduce emissions by an additional 136,000 tCO<sub>2</sub>/year.

Carbon sequestration at Glacier is currently in-place in the Belloy formation which is a large, porous saline reservoir that is at greater than 2,500 meters in depth (8,200 feet or 1.6 miles) and has several impermeable seals above which provide excellent containment. Advantage's sequestration into this deep saline aquifer is permanent and not utilized for enhanced oil recovery.

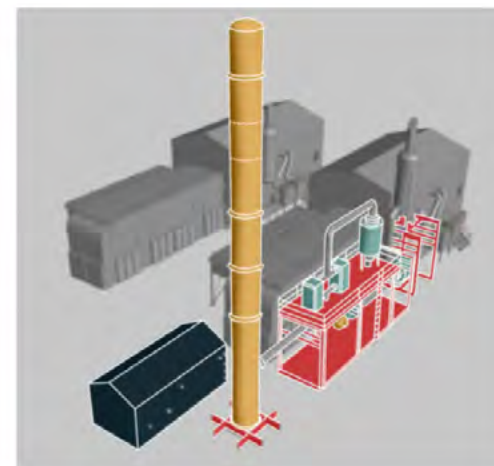
Advantage expects to reduce emissions at the Glacier Gas Plant by over 90% and begin marketing a proportion of its production as "blue natural gas" (net-zero supply) once the project is complete.

### Glacier Gas Plant Emissions (tCO<sub>2</sub>)



## THE MCCS ADVANTAGE

ENTROPY HEAT CAPTURE  
REVERSE ENTROPY CARBON CAPTURE  
REVERSE ENTROPY STORAGE



Check out Entropy at  
[www.entropyinc.com](http://www.entropyinc.com)

# WATER

Water sustainability and management is important to the communities in which we live, and Advantage is committed to managing the impact of our water use. Water sourcing and disposal is a significant challenge for resource extraction industries, including those companies that rely on horizontal drilling and hydraulic fracturing completion techniques like Advantage. We constantly strive to use less water as it is in the best interest of all stakeholders.

**FRESH WATER OR NONSALINE WATER** in Alberta is generally considered to be water with total dissolved solids (“TDS”) content less than 4,000 milligrams per litre (mg/L). The Alberta Water Act Water (Ministerial) Regulation defines saline groundwater as water with TDS content exceeding 4,000 mg/L. Although water may meet the definition of fresh water, that does not mean the water is drinkable, potable or acceptable for human consumption. Health Canada has published Guidelines for Canadian Drinking Water Quality with numerous specifications including that TDS content should not exceed 500 mg/L.

**HORIZONTAL DRILLING AND HYDRAULIC FRACTURING** is the main technique used to drill and complete wells in unconventional, tight rock with most natural gas in Alberta extracted using hydraulic fracturing. Hydraulic fracturing has been used in Alberta since the 1950s although techniques and technologies have changed significantly and continue to change and improve. In unconventional reservoirs, oil and natural gas are naturally trapped in low-permeability rock whereby pathways must be created to improve movement of the resource into the wellbore. In the Montney formation where Advantage operates, wells are generally drilled vertically to depths in excess of 2,200 meters (7,200 feet or 1.4 miles) at which point the drill bit is turned to drill horizontally for lateral lengths that average 2,200 meters but can reach lengths of 3,000 meters (9,800 feet or 1.9 miles) or more. Companies utilize steel casing and cement to ensure all fluids are isolated from ground water and surface water. Hydraulic fracturing is regulated by government and has proven to be a safe and responsible way to extract resources. A properly constructed and operated well minimizes water usage and protects our water sources from contamination.

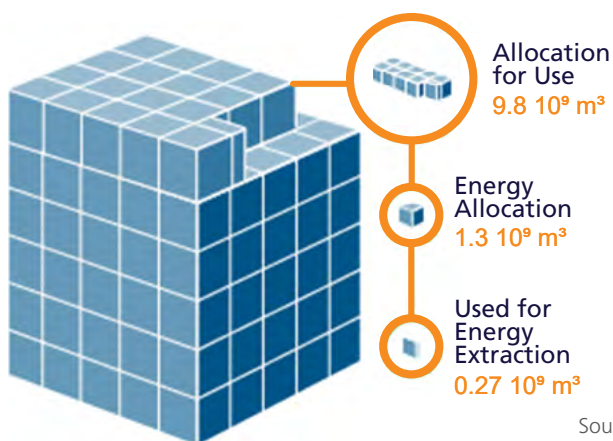
Drilling of a well is followed by completion operations whereby fluid is pumped into the wellbore to hydraulically fracture the targeted rock. This fluid consists of 96% water with additives and proppant (typically sand). Hydraulically fractured unconventional wells use water when the well is initially fractured, but not during its production life such that water intensity decreases significantly over time as the well produces without using additional water. During the initial completion and hydraulic fracturing operation, the fluid is pumped into the wellbore to create adequate pressure to fracture the targeted rock formation. The fractures would normally close under the natural geologic stresses at these depths so proppant is used to keep the fractures open allowing hydrocarbons to flow into the wellbore and to the surface. During production and flowback of hydrocarbons, produced water and hydraulic fracturing fluids are also brought back to the surface. All fluids must be handled, stored, and disposed of pursuant to provincial and federal regulations. Advantage

reports the water and additives used in every hydraulic fracturing job, which is publicly available on [www.fracfocus.ca](http://www.fracfocus.ca).

**WATER AVAILABLE FOR INDUSTRY USE** is regulated by the Government of Alberta to ensure that water is available to sustain the environment, to provide water for human consumption (including recreation), to manage interprovincial and international apportionment agreements, and to allow for continued economic growth within the province. Of the total amount of water that is available, less than 7% was allocated to all industries for use in 2019. Of this, nearly 13% was allocated to develop energy resources and the oil and gas industry only used one quarter of this allocation. Companies are using far less water to recover resources than what is allocated to them representing much less than 1% of all the annual water available in Alberta.<sup>5</sup>

## Water Availability and Allocation

Nonsaline water volume in billions of cubic metres [ $10^9 \text{ m}^3$ ]  
Availability in Alberta 143.107  $10^9 \text{ m}^3$



The energy industry used about **20%** of the total amount of water allocated for energy extraction.

That's **0.19%** of all the nonsaline water available in Alberta

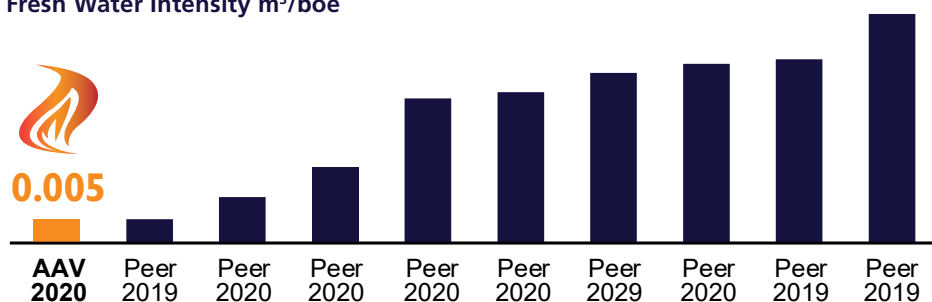
Source: Alberta Energy Regulator, 2019

(5) Alberta Energy Regulator, 2019, <https://www.aer.ca/protecting-what-matters/holding-industry-accountable/industry-performance/water-use-performance/about-water-use>

## WATER (CONTINUED)

**WATER USE IN STRESSED REGIONS** is particularly important. Advantage's areas of development spans approximate 80 kilometers from Grande Prairie, Alberta, to Gundy, Alberta, which are predominantly fresh water rich areas where industry consumption is small relative to the available water. None of our fresh water usage is withdrawn in regions with high or extremely high baseline water stress. Our fresh water withdrawals have been assessed on the World Resources Institute (WRI) Aqueduct Water Risk Atlas baseline water stress map ([www.wri.org/aqueduct](http://www.wri.org/aqueduct)).

### Fresh Water Intensity m<sup>3</sup>/boe



### Low fresh water intensity of 0.005 m<sup>3</sup>/boe

**ADVANTAGE'S WATER MANAGEMENT STRATEGY** is critical to the sustainability of our business and includes minimizing all water usage. Our total water usage intensity for 2020 was 0.010 m<sup>3</sup>/boe (0.066 bbls/boe). Water consumption is primarily driven by the completion of wells. In 2019, we completed 19 wells while in 2020, we completed only 8 wells. Typically hydraulic fracturing operations for oil requires higher intensity water use than natural gas. During 2019 and 2020, Advantage focused our completion activity on oil assets but returned our focus to gas assets during 2021, hence the increased water intensity during these periods. The Alberta Energy Regulator ("AER") publicly discloses an alternative nonsaline water intensity measure calculated as the nonsaline water used as compared to the first twelve months of production. For 2019, the nonsaline water intensity for hydraulic fracturing by the industry averaged 0.0859 m<sup>3</sup>/boe (0.54 bbls/boe) with Advantage averaging 0.050 m<sup>3</sup>/boe (0.32 bbls/boe). As no additional water is used after initial hydraulic fracturing operations, the nonsaline water intensity as calculated by the AER, continues to decrease.

Advantage attempts to minimize the environmental impact of water usage by primarily utilizing second-use water in our operations. None of the secondary-use water sourced by Advantage is potable and would require additional treatment to meet specifications for

human consumption. Second-use water has been previously used by other third parties and continues to meet specifications for Advantage usage without being extracted by Advantage from wetlands, rivers or lakes. Historically, approximately 40% of water used in our completion operations has been non-potable, grey water sourced from a water treatment plant through arrangements with a local municipality while runoff water from our Glacier Gas Plant and secondary-use water sourced from a local business has provided the balance of our water requirements. In 2020, we sourced 45% of our water needs from local surface features to supplement our secondary-use water supply. A second objective of water supply is to minimize vehicle traffic on roads that we use to transport water. Our proportion of water used from secondary-use versus surface features is balanced between a reduction of vehicle traffic and fresh water use. We continue to pursue recycling of sour water and hope to use this as a source in the future.

### 40% of water used is grey water

**PRODUCED WATER** recovered from Advantage's drilling and completion activities is disposed of by injecting it into deep underground saline reservoirs through our water disposal wells. Water is injected more than 2,000 meters (6,500 feet or 1.2 miles) below surface, avoiding potential contamination of fresh water aquifers used for drinking and agriculture. By transporting produced water through pipelines and injecting into underground formations, we avoid trucking water to external disposal facilities, mitigating risks of spills and avoid contributing to traffic volumes and local congestion within our communities. Advantage will continue to evaluate alternatives for recycling produced water; however, all our produced water is sour which adds to the technical difficulty and safety of recycling as evidenced by industry whereby only 1.4% of water used in hydraulic fracturing is recycled water<sup>6</sup>.

**WATER VAPOR IS A BY-PRODUCT** that is created during the processing of natural gas, such as the exhaust of internal combustion engines from our Glacier Gas Plant compressors. The water emitted is in the vapor phase which is returned to the atmosphere. This is fresh water that is continually released and would not otherwise be part of the environment. The Glacier Gas Plant has approximately 50,000 horsepower of natural gas driven compression on site thereby generating significant water vapor. Through exhaust measurement, the Glacier Gas Plant returns the equivalent of approximately 70% of our total water usage to the atmosphere in the form of water vapor.



(6) Alberta Energy Regulator, 2019



# LAND

Land use and disturbance is a significant factor in every step of our planning and execution process. Advantage believes we have the obligation to reclaim inactive wells, pipelines and facilities to its original state to minimize the impact on the environment and the biodiversity in the area. We appreciate our responsibility to the land which begins with minimizing surface disturbances and congestion in the areas in which we operate.

Advantage owns and operates three substantial facilities located on our lands. We strive to minimize proliferation of facilities in order to reduce disturbances to the land and environment; however, the continued development of areas outside of Glacier with higher associated liquids has necessitated the construction of additional new facilities. When constructing facilities, Advantage attempts to locate them in areas that minimize the impact to residents, can accommodate ongoing development, and allows for potential future expansion minimizing both community impacts and future potential disturbances. Our largest facility is the Glacier Gas Plant which has been designed with the intention to process most of the natural gas production from the Glacier, Valhalla and Progress areas. The Glacier Gas Plant is a new facility whereby construction began in 2010 with several expansions since that time minimizing surface disturbances to achieve a current raw natural gas throughput design capacity of 400 mmcf/d. Given the site and location, Advantage could continue to expand the plant without negatively impacting nearby residents. The Glacier Gas Plant includes shallow cut liquids extraction processes, onsite power generation, produced water disposal and carbon capture and sequestration. To maintain a limited footprint and reduce land disturbances, all field compression has been located at the facility.

Advantage has constructed liquids handling hubs at both Valhalla and Pipestone/Wembley to handle production of both free hydrocarbon liquids and water. In the Valhalla Area, hydrocarbons are brought back to the Glacier Gas Plant to benefit from the efficiency of Advantage's own available processing capacity and low costs. The Pipestone/Wembley liquids hub is further from the Glacier Area and therefore we rely on processing our natural gas at third-party facilities. Our newest development in the Progress Area, which has plans for a liquids handling hub, currently utilizes third-party facilities for liquids handling with the natural gas connected to Valhalla and back to the Glacier Gas Plant for processing.

## Our multi-well pad drilling technique maximizes access to resources while minimizing environmental disturbances

Advantage generally drills wells utilizing drilling techniques where multiple wells are drilled from single pad sites. Multi-well pad development significantly reduces community impact and the magnitude of surface land disturbances from our operations, including the

quantity of surface equipment required, access roads, pipelines, gathering systems, other infrastructure and allows Advantage to centralize services. In some instances, our existing leases may be used or expanded to avoid creating new disturbances.

Advantage strategically plans all our infrastructure in advance to reduce area impacts and community disruptions as much as possible. This includes pipeline constructions done in common right of ways and building multiple lines at the same time.

We never had any occurrences of induced seismicity and continually monitor for indications of future issues.



## LAND (CONTINUED)

### LAND RESTORATION

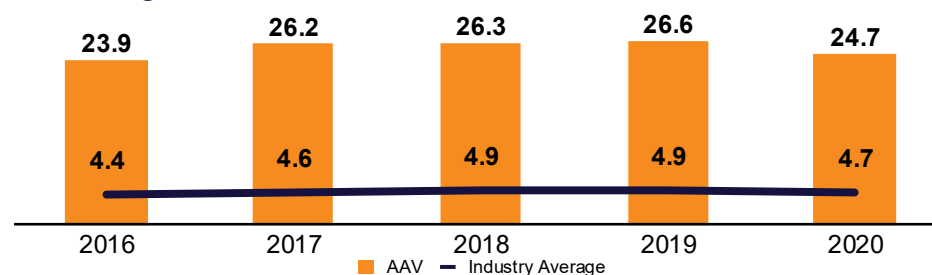


#### Polluter Pay Principle

Advantage supports the “Polluter Pay Principle” such that producers must meet their obligations and return lands to their natural states. Advantage also supports the organizations that ensure industry is responsible for their liabilities. The Alberta Energy Regulator (“AER”) currently uses a liability management rating (“LMR”) process to help assess a company’s ability to address its restoration obligations. A company’s LMR is calculated as a ratio of a company’s deemed assets (production) to its deemed liabilities (abandonment and reclamation costs). The purpose of the LMR program is to prevent the costs to suspend, abandon, remediate, and reclaim a well, pipeline, or facility from being borne by Albertans should a licensee be unable to meet its

obligations. The higher the rating, the lower a company’s decommissioning liabilities relative of their deemed assets. Advantage’s LMR ratio was 24.7 at December 2020 and ranks within the top decile in Alberta and demonstrates that we have one of the highest asset-to-liability coverage ratios in the industry for covering the costs of well and facility decommissioning. For companies with low rankings, the AER can impose various restrictions including requiring deposits from a company to ensure the liabilities are covered. Additionally, the oil and gas industry and the Alberta provincial government established the Orphan Well Association (“OWA”); a non-profit organization that operates under the authority of the AER. The purpose of the organization is to manage the decommissioning of wells and infrastructure and the remediation and reclamation of their corresponding sites if an energy company cannot meet its obligations safely or if there is no legally responsible and/or financially able party to properly deal with the obligations. The intent of funding the OWA is to ensure that taxpayers do not bear costs associated with the oil and gas industry. As such, the oil and gas industry has contributed over \$350 million since inception of the OWA that has assisted with the successful abandonment of almost 3,000 wells. As the inventory of wells that the OWA has assumed from defunct companies have grown, so has the funding from the industry. The AER has created an Inactive Well Compliance Program (“IWCP”) to protect the public and environment by ensuring inactive wells are monitored and maintained to reduce the potential impacts on the public, the environment and the resource development in Alberta. Advantage is an active participant in these programs as industry continue to fund the Site Rehabilitation Program (“SRP”) and encourage the clean up of shut-in sites. We as an industry accept responsibility for demonstrating continuous commitment and dedication to the environment and to returning disturbed land to its natural state.

### LMR Ratings



Advantage’s strategy and development plans consider each stage of the lifecycle for wells and infrastructure. Land restoration challenges have continued to escalate in importance among our communities and industry as liabilities increase while available cash and liquidity have been frequently strained. Land restoration is not a significant issue or risk for Advantage due the relatively early life cycle of our current production portfolio and our low level of liabilities in inactive areas. As well, we have a well-established land restoration management program designed to continue to reduce our liability.

Advantage performs regular reviews of wells, pipelines and infrastructure lifespans and proactively plans for the costs and timing of decommissioning and restoration activities. Advantage’s process includes monitoring and conducting annual inspections, evaluating environmental risks, prioritizing projects, and scheduling decommissioning and restoration activities that meet or exceed regulatory requirements. We actively manage our inactive sites to ensure they are restored to their natural state in compliance with or better than current regulations.

### What happens when a well reaches the end of its life?

When a well reaches the end of its economic life and becomes inactive, the restoration process begins. Decommissioning the wellbore is the initial step to ensure the inactive well is secure, safe and not of any risk to the public and environment. Well decommissioning is followed by surface remediation and reclamation to return the site to its natural state. Although certain initial work is completed immediately, this entire process generally takes several years of monitoring, assessment and vegetation growing seasons before the site meets reclamation requirements at which time a reclamation certification can be applied for and received from the AER. Advantage may decommission, remediate and reclaim multiple wells in a single area which allows for an efficient and cost-effective means of restoration.

## LAND (CONTINUED)

### Received 124 Reclamation Certificates in the last 5 years



As at December 31, 2020 our estimated decommissioning liability on our balance sheet was \$60.9 million. Of our undiscounted liability, \$38 million relates to currently active producing wells, pipelines and facilities that will be decommissioned and restored when they reach the end of their economic life. The remaining undiscounted liability of \$17 million relates to legacy inactive sites that are part of our ongoing restoration plans. Advantage allocates a portion of cash flow each year towards continuing to decommission, remediate and reclaim inactive wells, pipelines and infrastructure. In the last 3 years, we have spent \$4.7 million in decommissioning and reclamations and received 53 reclamation certificates. We are proud to have all our inactive legacy pipelines abandoned by the end of 2021. Currently, we have 126 sites under active management which involves either vegetation management or site remediation and reclamation. This is an ongoing important aspect of the daily running of our business and we are proud to return the lands back to their natural state.

### SPILL PREVENTION AND MANAGEMENT

Advantage implements spill prevention measures throughout our operations as prevention is the key. Advantage appreciates the risk from spills and improper management including harm to our communities and environment, reputational risk and the financial impact. While Advantage has experienced minimal spills and releases in the last 3 years, our plans include all risk mitigation including 24 hour monitoring, preventative maintenance, inspections, training, and detailed response plans in place to immediately address a spill or release should one occur.



**Emergency Response  
Assistance Canada**

Advantage has been an active member of the Western Canadian Spill Services ("WCSS") for 20 years and actively participates in the Oil Spill Coop exercises. The operations team participates in all aspects of the organization including actual spill exercises in rivers, creeks, and lakes. As such, we have access to industry support in the event of a spill. In addition, we are actively engaged with Emergency Response Assistance Canada ("ERAC") Environmental Emergency ("E2") plan that provides support for any spills related to liquid petroleum gas or liquid natural gas via truck or rail. Response drills are performed annually while readiness response drills and training are carried out multiple times a year.

Advantage also has detailed emergency response plans that incorporate spills (see Health & Safety).





# SOCIAL

Creating a better world for everyone involves looking after one another. At Advantage, we are committed to being an industry leader in the health and safety of our operations, creating value for society while continuing to develop our workforce. Our people are critical to the success of our business.

## ADVANTAGE HAS ACHIEVED A NUMBER OF INITIATIVES:

- Exceptional health and safety performance and outstanding staff contributions
- Consistent industry-leading Certification of Recognition results
- Continuous stakeholder engagement during challenging times
- Commitment to create value and employment opportunities for the communities where we operate
- Investment in staff resulting in high engagement and low turnover

**Low Employee Turnover**

**100% Certificate of Recognition**

**Created over 700 Full Time jobs**

## HEALTH & SAFETY

Advantage values the health of all our employees, contractors, and neighbours in the communities where we live and work. Part of our commitment to the health of our staff is to ensure a safe, respectful and rewarding working environment. Advantage's Board of Directors, Senior Executives and all staff including contract workers are strongly engaged in, and committed to, health and safety - without exception, everyone from top-to-bottom is responsible and accountable. We also solicit and take into consideration input from our neighbors, communities and other stakeholders regarding protecting people and the environment. Our goal is to get everyone home safely everyday. Advantage believes it is not possible to achieve Corporate performance without exceptional health, safety and environmental performance. Although Advantage's incentive compensation programs are dependent on the achievement of various financial and operational measures, any incentive compensation is 100% dependent on the overall success of our health, safety and environmental programs.

Advantage has a well-developed, comprehensive Health and Safety Management System to provide employees and contractors with a safe and healthy environment in which to carry out their work. The Health and Safety Management System is designed to meet and exceed regulatory requirements and consists of numerous standards, policies and best practices set by both regulatory authorities and Advantage. Advantage has a Safety Committee Team that meets once per quarter to review our health and safety program. The committee also reviews potentially dangerous near misses, hazard identifications, incidents, policy changes along with any regulatory changes. The Committee chooses a different site each quarter to do a thorough inspection to evaluate if there are any hazards that need to be addressed. New members are rotated through the Committee regularly thereby providing individuals the opportunity to be a part of the growth of our safety culture and contribute to our safety program. Advantage has a formalized Health and Safety Policy that is annually reviewed, updated, and approved by the CEO and distributed throughout the Corporation.

### TRAINING

We maintain a safe and responsible workplace and provide training, coaching, required equipment and procedures to all individuals. As part of our efforts to remain current with industry best practices on an ongoing basis, Advantage continuously provides the training and resources necessary to create a safe working environment. Employee and contractor certifications and specialty training are carefully monitored to ensure that only individuals with appropriate, valid and up-to-date qualifications are permitted to participate in different work site activities.

Advantage participates in an annual Safety Stand Down week, which is a common practice among the oil and gas industry. Safety Stand Down week occurs where senior members of our Executive and Management teams visit the field in a coordinated effort to meet with frontline workers and

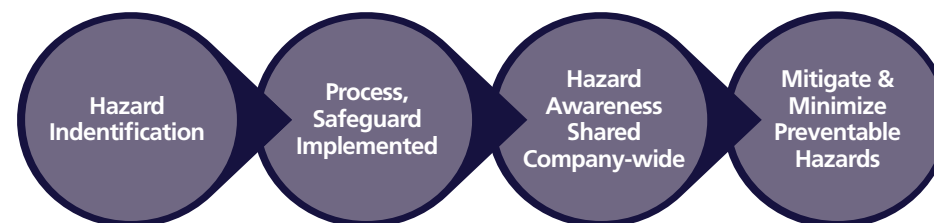


service companies to discuss the importance of health and safety and engage in two-way dialogue to advance continual improvements and ensure that we maintain excellence in health and safety. It is critical that the uncompromising expectation for health and safety be clearly set from the top.

Additionally, Advantage's Safety Committee strives to improve safety awareness and incident prevention in our staff's professional and personal lives through multiple initiatives, including discussions at 'town halls', employee meetings and distribution of periodic newsletters highlighting safety 'hot topics' and seasonal safety concerns.

### HAZARD RISK MANAGEMENT

Advantage's success in safety is that we focus on the 'inputs' with identifying hazards before they become an incident. Advantage acts to proactively identify potential safety risks in our operations, which includes encouraging all employees and contractors to promptly bring forward any hazards identified.



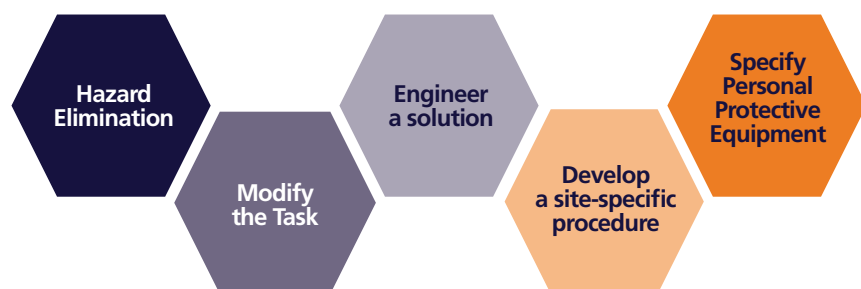
## HEALTH & SAFETY (CONTINUED)

A continual focus on leading indicators such as hazard identification, job observations, reporting and following-up with mitigation has been critical to keeping our injury numbers low. If a hazard has been identified, processes and safeguards are implemented to mitigate or minimize such risk to an acceptable level. Hazard awareness is shared company-wide to alert of any similar hazards so they can be avoided and eliminated. The intent is to achieve a high frequency of job observations and hazard identification such that staff have a heightened awareness of risk evaluation and recognizing desired behaviours, thereby lowering actual incidents. Our staff have done a fantastic job for 2020 with 1,404 hazards identified and job observations, the quality of which have been outstanding.

No process safety events<sup>7</sup> occurred as we continued to focus on hazard prevention and take precautionary actions to mitigate potential events from occurring.

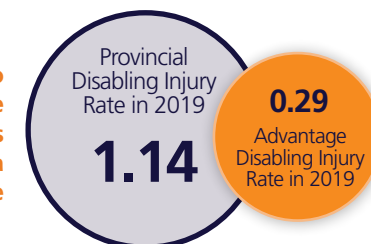
Should an incident or near-miss occur, it is thoroughly investigated. The cause of an incident or near-miss is addressed to the greatest extent possible and all staff throughout the Company are alerted of the occurrence to improve their awareness of similar situations to prevent future occurrences.

A pre-job hazard assessment is carried out along with planning and permitting whether it is for operations, drilling, completions or construction. Safe operating procedures are discussed and attached to safe work permits. All hazards identified are resolved through our Hazard Resolution procedures.



Our focus on safety has resulted in Disabling Injury rates lower than the overall Alberta Average and the average for the industry. For 2020 our Total Recordable Injury frequency was 0.83 per 200,000 man hours and our Disabling Injury frequency was similarly 0.83 per 200,000 man hours, outstanding achievements comparable to our peers.

**Any individual has the right and responsibility to refuse any work whereby there are reasonable grounds to believe a dangerous condition exists at the work site or that the work constitutes a danger to the worker's health and safety or to the health and safety of another worker or person.**



Alberta Workplace Injury Illness and Fatality Statistics - Provincial Summary 2019. Provincial data only available for 2019

### EMERGENCY PREPAREDNESS

Emergency preparedness and response plans are a critical aspect of any health and safety program. We maintain detailed emergency response plans for our well sites, facilities and infrastructure. We are continually evaluating, training, learning and making updates and improvements to all our emergency response plans and procedures.

Emergency response training is conducted throughout the year and is a normal part of our everyday working environment. Our ongoing training includes conducting annual table-top exercises as well as a full-scale emergency response exercise every three years. The goal is to ensure effectiveness, preparedness and in-depth knowledge of our emergency response plans and procedures. To ensure that everyone involved is competent, our operations team regularly practice "man down" exercises. All our Emergency Response Plans ("ERP") are required to meet all rules in the ERP directive (i.e. specified by the AER as a condition of our operating license).



We have also partnered with an external emergency assistance organization that assists us with the development and maintenance of our emergency response plans to ensure we continually keep pace with best practices as well as providing the tools and assistance necessary should an actual emergency occurs. H2Safety actively engages in our ERP planning to ensure that annual updates in all our areas are completed and ensure all public are identified in our emergency planning zones while also addressing any sensitivities or special circumstances of all residents impacted.

### SAFETY INSPECTIONS AND AUDITS

#### Top quartile performer in the last 10 years

Voluntary and mandatory safety inspections and audits are routinely carried out throughout our operations. Advantage is highly attentive to the results of these assessments and will promptly communicate and act to address any improvements identified.

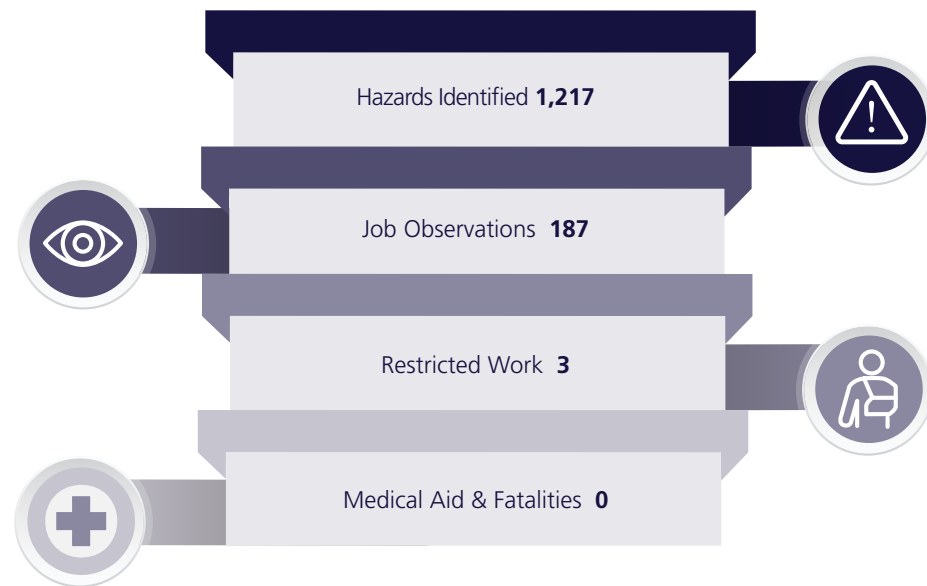
(7) An event that has resulted in multiple fatalities and/or serious damage due to a deficiency in managing the integrity of operating systems and processes related to the handling of hazardous substances. (Canada's Oil & Natural Gas Producers, Process Safety Event (PSE) Reporting March 2019)

## HEALTH & SAFETY (CONTINUED)

### Consistent Certificate of Recognition Results of over 97% in the last 5 years

The AER regularly monitors and inspects energy sites, including operating wells, production and processing facilities, and pipelines. These visits are to ensure that companies are following AER requirements and are working safely. In addition to inspections, the AER regularly audit companies' operations to ensure that they comply with AER requirements. The AER will typically perform audits after they have first approved an application or if they are aware of poor inspection results, public complaints, or potential risks related to a facility's operations. Examining facilities and projects more closely enforces the standards and conditions that the AER sets out in licences, approvals, rules, regulations and requirements. Advantage's AER compliance rating was 93% versus industry at 80% and our satisfactory rate has been improving for the last three years.

#### Health & Safety Summary 2020



Advantage participates in the Alberta Occupational Health and Safety's Certificate of Recognition ("COR") program, which recognizes employers who have developed health and safety programs that meet or exceed standards established by Alberta Occupational

Health and Safety. Advantage has achieved consistent exceptional results for the past five years, with a 97% rating earned in 2019 and just recently received a 100% rating for 2020.

Advantage also partners with ComplyWorks to monitor our Vendor Management Program where we ensure everything we do meets our Alberta Boilers Safety Association Owner User Program requirements in addition to our COR certification requirements.





# STAKEHOLDER ENGAGEMENT

Advantage is committed to creating a positive impact where we operate. Advantage's operations are located on a broad range of lands with varying degrees of sensitivities and stakeholder involvement. We practice a transparent approach and respectful engagements with all stakeholders, including surrounding communities, indigenous communities, governmental and regulatory bodies, and our investors. Advantage recognizes the importance of effective stakeholder engagements for the success of our business.

## COMMUNITY ENGAGEMENT

Advantage is committed to being a good neighbor in the communities where we operate. Our staff work with community members to build sustainable relationships based on the principles of honesty, integrity and mutual respect as set out in Advantage's public involvement process, Health, Safety and the Environment policy, and our Corporate Governance policies.

Throughout the lifecycle of every project, beginning at the planning stage, through to development, operations and eventual reclamation, Advantage uses a proactive approach by hosting planning sessions as well as a personalized one-on-one approach to inform and notify surrounding communities. As part of our consultation efforts, Advantage hosts community outreach events such as barbeque sharing sessions to communicate our development plans, health and safety program and emergency response plans and receives direct feedback from local stakeholders.

Advantage listens and responds to all community concerns brought forward such as those related to dust, noise or traffic. We are proud of our personalized relationship with our stakeholders allowing us to address concerns effectively and efficiently. Individuals in the communities are comfortable with raising concerns directly to us rather than contacting local municipalities or regulatory bodies, thereby allowing us to respond and address issues in a timely manner.

## TRAFFIC & DUST DISTURBANCE

In the case of a traffic and dust disturbance from a drilling and completions operation in dry conditions, our land team reached out to the operations group to determine mitigating measures. Our operations group was swift to procure addition equipment, including water trucks and graders and immediately implemented slower speed limits along the road. In addition to this interim measure, Advantage also approved annual calcium chloride treatments on certain stretches of the road for a more permanent solution for controlling dust. Upon following up with the residents, we were pleased to hear their satisfaction with our timely actions.



## DONATIONS AND FUNDRAISING

Advantage contributed \$60,000 in 2020 and well over \$1 million since 2013 to various charities, programs, advocacy initiatives and organizations. We continue to focus on three core areas of giving, which are Family and Community, Health and Wellness, and Education. Targeting our giving towards charities and organizations that have a proven track record of providing positive long-term benefits to those who they assist provides us with assurance that our giving has the greatest impact on the community. These organizations have included the Vahalla Community School, Beaverlodge Hospital, Grande Prairie Salvation Army, and 3D Hockey Challenge. We have donated and sponsored functions related to elderly and to those affected by floods. Advantage has also taken the initiative to raise funds for a local resident who lost their house due to a fire.

### 2018 to 2020

**Family & Community 58%**

**Health & Wellness 36%**

**Education 6%**



# STAKEHOLDER ENGAGEMENT (CONTINUED)

## ECONOMIC IMPACT & JOB CREATION

Advantage recognizes the long-term benefits that healthy communities have not only on our operations, but also on the economy and society as a whole. Whenever possible, Advantage uses local suppliers and businesses to fulfil our capital and operational requirements. Currently, the majority of the services we contract and products we procure are provided by companies located in Dawson Creek, BC, and Grande Prairie and Calgary, AB.

Over 80% of our field operation workers in the greater Glacier Area reside locally within the Grande Prairie and Dawson Creek communities. Advantage estimates that our capital and operating activities over the past 5 years have generated an average of over 700 full-time jobs per year.

The core of a healthy community begins with jobs. Advantage strives to hire locals and engage with local businesses where possible to maximize our economic contribution on the surrounding communities where we operate. We also regularly attended career fairs to increase our presence and meet potential candidates or business owners.

### Created over 700 Full Time Jobs in 2020

#### Value Distribution



## GOVERNMENT, REGULATORY BODIES AND ASSOCIATIONS

Compliance is also as important as engagement during the operation process. As such, Advantage consistently monitors and complies with rules and regulations from various governments, regulatory bodies and associations with respect to all of our operations, the environment and land use. We additionally have a Whistleblower Program whereby employees can report directly to the Board of Directors in the event that they observe deviation from adherence.

Advantage is actively involved with many industry organizations, a sample of which includes:

- The Explorers and Producers Association of Canada “EPAC”
- Canadian Society of Exploration Geophysicists “CSEG”
- Association of Professional Engineers and Geoscientists of Alberta “APEGA”
- Canadian Association of Petroleum Landmen “CAPL”
- Wapiti Area Synergy Partnership “WASP”
- Peace Airshed Zone Association “PAZA”
- Montney Area Producers Group (Grande Prairie)
- Peace Arch Operators Group “PAOG”
- Alberta Boiler Safety Association “ABSA”
- Emergency Response Assistance Canada “ERAC”
- Canadian Propane Association “CPA”
- Alberta One Call
- KeyeraCMDS Training Program
- AER (Alberta Energy Regulator) One Stop
- Energy Safety Canada
- Alberta Wildfire Prevention
- Western Canadian Spill Services - Oil Spill Coop “WCSS”
- Alberta Safety Codes Council
- Workers’ Compensation Board “WCB”
- Field Acquisition Management Committee “FAM”



# STAKEHOLDER ENGAGEMENT (CONTINUED)

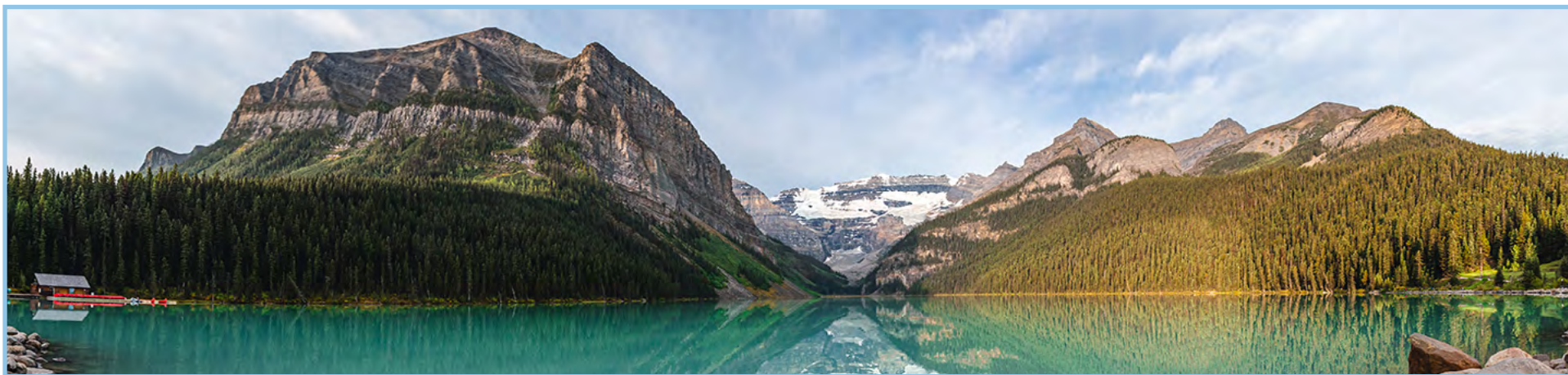
## INVESTORS

### Over 100 interactions in 2020

The Corporation engages with 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 typically conducts numerous roadshows in a variety of cities to meet with Shareholders and potential shareholders. Additionally, there are numerous instances during a year whereby representatives of our Board of Directors engage directly with shareholders.

From 2018 through 2020, senior management have had more than 400 separate instances of engagement with current and potential shareholders. During 2020, Advantage attended 13 investor conferences (physical and virtual) and had over 100 separate investor interactions. Although investor contact during 2020 decreased, as expected with the COVID-19 pandemic, investor conversations were meaningful and Advantage highly values the expression of differing strategic perspectives.

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).





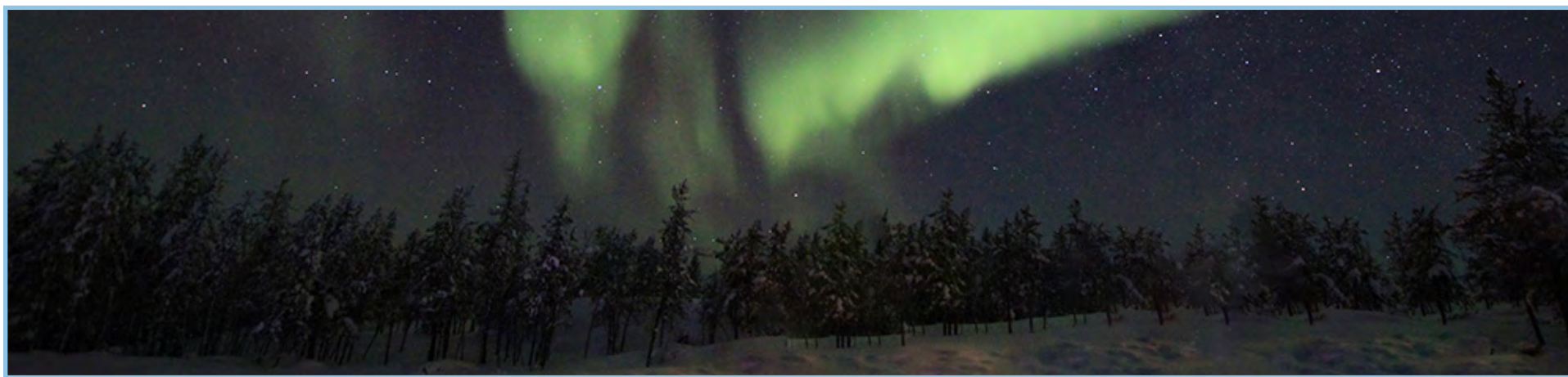
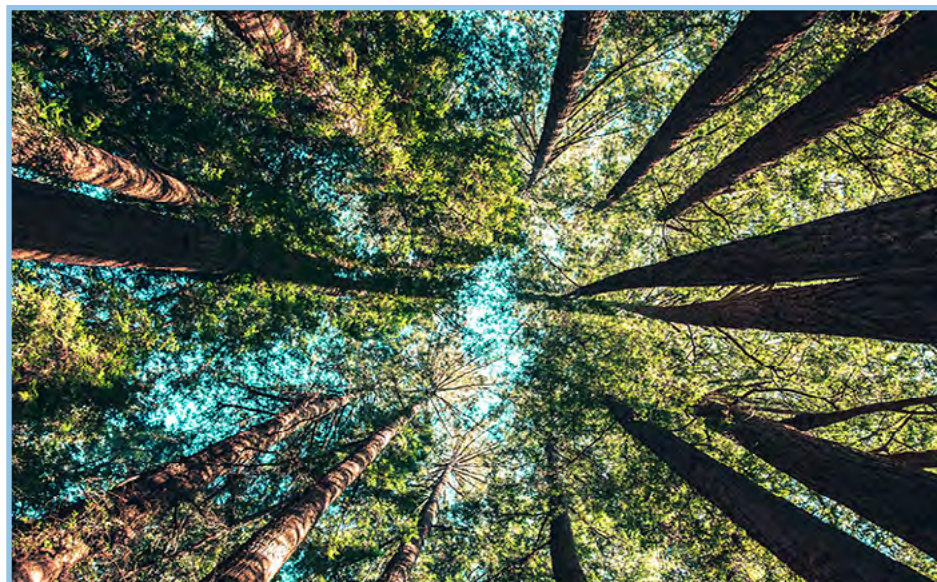
# INDIGENOUS ENGAGEMENT

Advantage recognizes that First Nations and Métis people have unique interests and rights in certain areas where we operate. In conjunction with Alberta's Aboriginal Consultation Office Policy, Advantage consults with Indigenous communities as part of our regular consultation protocol. During the COVID-19 pandemic, Advantage hosted online meetings explaining the overview of the area development programs, as well as discussing short-term and long-term impacts.

The Glacier Gas Plant and supporting infrastructure is located on crown land within the traditional territory of the following First Nation Bands and Métis Settlements: Horse Lake First Nation; Sucker Creek First Nation; East Prairie Métis Settlement; Duncan's First Nation; and Gift Lake Métis Settlement. We recognize the importance of consultation and engagement with all First Nations communities and work closely to maintain a respectful relationship.

In addition, First Nation contractors are provided the opportunity to bid on work contracts. Cumulatively, Advantage has awarded approximately \$20 million of work contracts to First Nation contractors or contractors supportive of First Nations. Since 2018, through voluntary payments for site inspections, Advantage has paid approximately \$240,000 directly to our Indigenous Partners.

Advantage's goal is to maintain a positive, and respectful long-lasting relationship with our key communities and stakeholders such that we all benefit from development of the resource.





## OUR PEOPLE

At Advantage, we value a progressive corporate culture combined with strong ethics. Our flat organizational structure is built upon the principal of collaboration and innovation which provides employees with the opportunity they deserve to make an impact on the organization. Critical to fostering a positive work environment is a commitment to inclusivity and respect. We value each employee's contributions and strive to provide them with the necessary education, training and feedback for their continual career development. Our lean workforce allows employees the opportunity to be exposed to multiple disciplines and duties, providing staff with the ability to explore and receive mentorship in various areas, such as educational and developmental opportunities that will enhance their knowledge and skills while fostering innovation. We continue to invest in employee education and training as well as encourage professional memberships in the various associations to which employees belong.

Advantage conducts a thorough annual performance review process whereby all employees are active participants. This process provides employees an opportunity to discuss objectives and achievements, as well as future career development and training needs with their supervisor. The process is meant to foster open communication, increase retention, minimize employee turnover, ensure constructive feedback, and emphasize alignment with the Corporation's strategy. Annually an employee survey is also distributed to allow employees to anonymously express their views, concerns and any areas of improvement. Such feedback is accumulated entirely anonymously by our internal audit function and summarized for senior management.

### COMPENSATION & BENEFITS

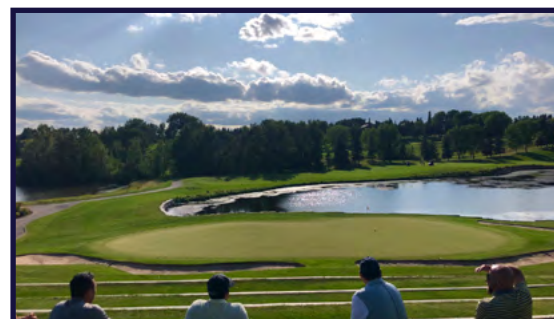
Advantage aims to ensure all employees are fairly compensated and conducts an annual formal compensation review on each key element of our compensation including base salary, annual performance bonus and long-term incentive plan award levels. Advantage utilizes annual compensation survey information published by Mercer (Canada) Ltd., an independent compensation advisor, and other external sources as required to help evaluate the appropriate level of compensation for given positions. The Mercer compensation survey for the Energy Sector assists with benchmarking employee compensation as compared to peers that operate in business environments similar to Advantage.

We encourage a healthy and balanced lifestyle and our employee benefits program is broad to support many areas. As is typical of our industry, such benefits includes extended supplementary medical and dental benefits, a Health Care Spending account providing employees an opportunity to customize their health priorities, and an annual fitness subsidy for employees to pursue fitness and wellness objectives.



Advantage's employees and their family have access to the Employee and Family Assistance Program ("EFAP") which offers timely, professional assistance and support to help manage all life's complexities. This program is intended to support matters that are personal or emotional, issues related to relationships, addiction, family and work accompanying legal, nutrition, financial, health and family support services. With the challenges of COVID-19, it became clear that Advantage could do more to support our people through such difficult times. Therefore, Advantage extended this valuable program broader to include all consultants and contractors, providing the necessary professional support to ALL!

**"We provide support for ALL!"**

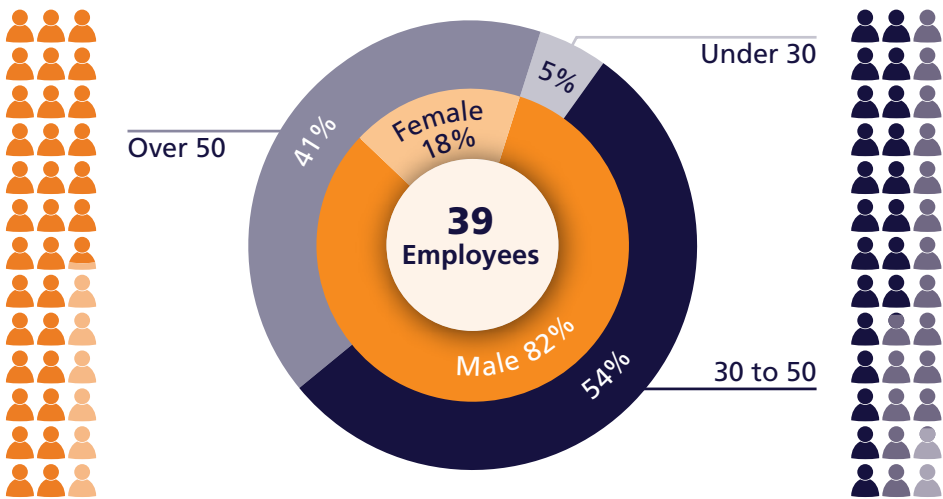


# OUR PEOPLE (CONTINUED)

## DIVERSITY IN THE WORKFORCE

Advantage has an established Diversity Policy that recognizes the benefits of diversity in the workplace. We believe that considering the broadest group of individuals who have the skills, knowledge, experience and character required to provide the leadership and expertise needed to achieve the business objectives of the Corporation is in the best interests of the Corporation and all of its stakeholders. As such, we employ individuals from various gender, demographics, racial and ethnic backgrounds along with a wide range of skills and experience. That being said, we acknowledge that gender diversity remains a challenge in our industry and we must do more. As of December 31, 2020, Advantage has 39 full time employees and 51 contractors, of which 44 contractors are in the field.

### Staff Demographics - Age and Gender



## RESPONSE TO COVID-19

2020 was an extraordinary year that brought global and historic challenges to social and business welfare. North American natural gas prices weakened during the start of 2020 and crude oil prices dropped dramatically due to demand destruction from the COVID-19 pandemic and OPEC actions. Advantage responded swiftly to protect our people and took decisive actions to shelter and strengthen our enterprise.

Advantage was quick to adapt to the rapidly changing environment. Investment in technology positioned us for continual collaboration and fostered a seamless transition to address the remote work environment. Advantage recognized the importance of stability through such difficult times and maintained a high level of personnel communications to ensure everyone were aware of Corporate directions and the dynamic Government guidelines. Advantage also acknowledged the challenges of consultants and contractors who usually do not receive the same support as employees, and we responded by extending our Employee and Family Assistance Program to all such individuals who may be under stress and require additional assistance. Effective communication from management created a flexible work environment allowing employees to work from home or at the office based on their comfort level and the operational effectiveness of their individual roles.

Our Calgary and field protocols were tested and the resilience and foresight of our people and processes showed admirably. Office guidelines and recommendations were established in a timely manner to ensure employees feel safe when they are at the office. Advantage increased the frequency of office cleaning, including the application of an anti-bacterial treatment to all common high touch surfaces prior to anyone returning to the office. Limitations to external in-person meetings, meeting room capacities were established and communicated across the organization. We continue to respect everyone’s personal space and provide sufficient access to hand sanitizer and wipes.

Advantage is proud of our people for the continual contributions and excellent work ethics during these times. The pandemic may not be over, but Advantage will continue to work as a team and make necessary strategic changes to remain sustainable in a volatile market.

# GOVERNANCE

Strong corporate governance practices is the building block of a sustainable strategy and long-term shareholder value. Advantage's corporate culture is built upon our core values of ethical, responsible, and transparent operations.

## ADVANTAGE HAS ACHIEVED A NUMBER OF INITIATIVES:

- Advantage has implemented numerous governance improvements and enhancements during several years.
- Advantage achieved an ISS Governance QualityScore of "1" on a scale of 1, representing low governance risk, to a score of 10, representing higher governance risk.<sup>8</sup>

**6 out of 7 directors are independent (at December 2020)**

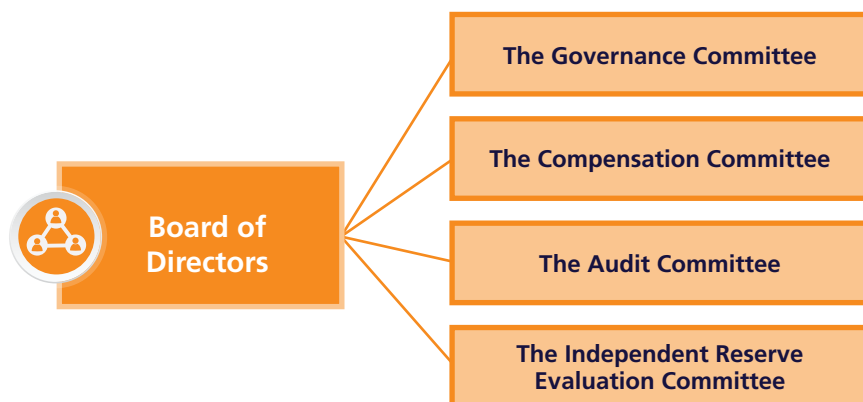
**Every director received over 99% approval vote by shareholders**

**Broad variety of Board skill set and expertise**

(8) ISS or Institutional Shareholder Services is a well-known advisory firm who annually completes a proxy analysis of Advantage, including a governance evaluation (2021 proxy and governance analysis effective as of April 21, 2021).

## COMMITTEES

**THE BOARD OF DIRECTORS** (the “Board”) is responsible for establishing policies and procedures in accordance with applicable laws and providing guidance to Management resulting in long-term value creation. The Board endeavours to define the principal objectives of the Corporation and monitor the management of the business and affairs of Advantage. The Board has established four committees to which certain duties and responsibilities have been delegated including the Governance Committee, the Compensation Committee, the Audit Committee, and the Independent Reserve Evaluation Committee. The Chairperson of the Board is an independent director with the intention to separate the role and responsibilities from that of the Chief Executive Officer, which we believe to be an important best practice. As at December 31, 2020, the Board consisted of seven members, of which six (86%) were independent. All Board members individually have one vote at Board meetings, including the Chairperson of the Board. In 2021, we strengthened our Board with the addition of more risk management, technology and capital markets expertise.



**THE GOVERNANCE COMMITTEE** was established in December 2019 to address the continued growing importance of governance and sustainability matters. The Governance Committee’s responsibilities include corporate governance, health, safety and environmental matters, corporate social responsibility, and sustainability matters. The Committee’s primary duties and responsibilities for the oversight of corporate social responsibility and sustainability matters includes review, approve or recommend to Management and/or the Board policies and priorities related to climate and energy, indigenous relationships, stakeholder engagement, community affairs and political contributions. This also includes providing oversight of the Corporation’s programs to identify social, political and environmental trends and ensuring that the Corporation conducts business in a socially responsible, ethical and transparent manner.

**THE COMPENSATION COMMITTEE** assumes the responsibility for developing the approach of the Corporation to matters concerning compensation. This includes 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, and reviewing the adequacy and form of compensation to the directors ensuring it realistically reflects their responsibilities and risk.

**THE AUDIT COMMITTEE** assists the Board in fulfilling its responsibilities by reviewing the financial reports and other financial information provided by Advantage to any governmental body or the public, Advantage’s systems of internal controls regarding finance, accounting, legal compliance, and ethics that Management and the Board have established, and Advantage’s auditing, accounting and financial reporting processes generally.

**THE INDEPENDENT RESERVE EVALUATION COMMITTEE** is responsible for overseeing the evaluation of the Corporation’s petroleum and natural gas reserves, which consists of, but not limited to, the reviewing of “reserves data” and other information by Form 51-101F1 and approving the filing of “reserves data”.

Please refer to the Advantage website for further details on Committee mandates (see here).





## RISKS & OPPORTUNITIES

Risk management is integral to every business. Advantage takes a proactive approach to risk management while also seeking opportunities for improvements. The Governance Committee provides oversight with respect to risk management and sustainability areas, while Management and the Advantage team identify, prioritize, analyze, plan and take actions to monitor the mitigation of risks and capitalize on potential opportunities.

For additional risks please refer to Advantage's Annual Information Form (see here).

Risks	Potential Impact	Mitigation
Political	Future legislation and policy determined by federal and/or provincial governments could have a material impact on Advantage's operations, performance and competitiveness.	Proactive engagement with government, regulatory and industry groups to understand the potential changes and influence policy outcome.
Reputation	Potential for changing public perceptions of oil and gas production and its impact on the environment, which could adversely impact the reputation of Canada's energy sector and alter our resource development plans.	Sustainability/ESG reporting and increased public awareness to demonstrate to our stakeholders that Advantage has best-in-class environmental and social leadership.
Market Access/ Volatility	Potential for reduced demand for Canadian natural gas due to lack of egress. Commodity price volatility may affect the value of our reserves and reduce our cash flow required to fund the development of our properties.	Advantage sells its liquids production entirely in the province of Alberta while natural gas production has been diversified to multiple regions targeting approximately 50% of deliveries to Alberta markets and the remaining 50% split between eastern Canadian and U.S. Midwest markets. Advantage actively manages its market diversification with the strategy of optimizing and enhancing returns while reducing risk and volatility.
Operational Risk	Unexpected operational problems or deliverability uncertainties affecting pipelines, railway lines and processing and storage facilities can cause interruptions and significantly impact in our operations.  Operational hazards, including, but not limited to, fire, explosion, blowouts, cratering, sour gas releases, spills and other environmental hazards. These typical risks and hazards could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment and cause personal injury or threaten wildlife.	Diligent well supervision, effective maintenance operations and the design of infrastructure for extreme weather conditions.
Cybersecurity	Loss of data or a breach to any of our critical systems could significantly disrupt operations.	We continue to evaluate and implement preventative measures such as conducting routine maintenance and testing backup procedures to ensure we meet or exceed industry best practices. This includes providing mandatory Cyber Awareness training to all staff and consultants, implementing a proactive enterprise level defense system, performing business continuation planning and routinely practice business continuity procedures.
Opportunities	Potential Reward	Strategies
New Business	Opportunity to create a revenue stream and profitable business from the sale of carbon offsets with an investment in technology that will reduce industrial emissions.	Advantage and ABC have partnered to develop breakthrough carbon capture technology through its subsidiary Entropy Inc. that designs, builds and manages MCCS (modular carbon capture and storage) projects that are profitable at today's carbon pricing for large and small industrial emitters.
New Products	Opportunity to create a new class of low emissions energy.	Create and sell certified net-zero Blue Natural Gas.
Operational Efficiency	Opportunity to reduce GHG emissions in our operations by installing CCS equipment at our Glacier Gas Plant.	Construction and commissioning of our first commercial MCCS project is underway at the Glacier Gas Plant with Phase I expected to be onstream in Q1 2022 and mitigate 47,000 Tonnes CO <sub>2</sub> /year.

## DIVERSITY

Advantage has a 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 Diversity Policy is reviewed on a regular basis and enhanced as applicable.

Our Board members provide an extensive mix of skills, experiences and competencies included in the Board of Directors Skills Matrix found in Advantage's Information Circular to ensure independence and diversity of thought (see here).

In accordance with the Diversity Policy described above, the Board encourages the consideration of all individuals 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 2 out of 7 (29%) of the independent directors of the Corporation are women.

## POLICIES

Maintaining a high level of business ethics ensures that we continue the trust amongst our people, our communities and our investors.

Ethical, responsible and transparent conduct is integral to all aspects of Advantage's daily operations. We have established policies and practices focused on ensuring all employees and contractors continuously act in accordance with our high level of standards, which policies include, but are not limited to the following: Code of Business Conduct and Ethics Policy, Whistleblower Policy, Conflict of Interest, Procurement Policy, Disclosure, Confidentiality and Trading Policy, and Workplace Harassment Policy.

The Code of Business Conduct and Ethics Policy along with the Whistleblower Policy are distributed and acknowledged annually by 100% of employees and consultants.

### Our Code of Business Conduct and Ethics cover key areas:

#### Conflict of Interest

Our people are required to immediately report any potential conflicts of interests to senior management.

#### Insider Trading

Our people are not allowed to trade in securities of a company while in possession of material non-public information regarding that company.

#### Discrimination and Harassment

All bullying, discrimination, or harassment in any form are prohibited and we encourage our people to immediately report the incident to a supervisor, manager or the Chair of the Audit Committee.

#### Fair Dealing

Our people should endeavour to deal fairly with the Company's customers, suppliers, competitors and employees.

#### Safety and Health

Any accidents, injuries, unsafe equipment, practices or conditions are reported immediately to a supervisor.

#### Payments to Domestic and Foreign Officials

Our people must comply with all laws prohibiting improper payments to domestic and foreign officials.

#### Compliance with Environmental Laws

Any doubt to the applicability or meaning of a particular environmental, health or safety regulation, our people should discuss the matter with a member of the Company's senior management.



# APPENDIX

## Data Table

SASB

GRI

Advisories and Non-GAAP Measures

## DATA TABLE (EFFECTIVE AS OF NOVEMBER 18, 2021)

		Units	2018	2019	2020
<b>Economic Benefits</b>					
Petroleum and natural gas sales <sup>1</sup>		\$000	227,413	252,136	245,085
Royalties <sup>1</sup>		\$000	2,583	4,690	10,474
Expenditures on property, plant and equipment <sup>1</sup>		\$000	203,834	184,922	157,935
Operating expenses <sup>1</sup>		\$000	27,593	31,967	40,005
<b>Production</b>					
Natural gas		mcf/d	240,959	249,802	243,081
Liquids		bbls/d	1,491	2,700	4,408
Total production (as reported)		boe/d	41,651	44,334	44,922
Total production (operated)		boe/d	41,744	44,403	44,978
<b>Environment</b>					
Energy Use	Direct energy consumption	GJ	3,205,527	3,736,559	4,451,157
	Total energy consumption	GJ	3,344,621	3,901,746	4,463,348
	Total energy consumption intensity <sup>9</sup>	GJ/boe	0.220	0.241	0.272
Emissions	Direct GHG emissions (scope 1)	Tonnes CO <sub>2</sub> e	207,820	242,040	284,093
	Fuel Combustion	Tonnes CO <sub>2</sub> e	186,295	223,454	263,494
	Flared gas	Tonnes CO <sub>2</sub> e	10,107	4,068	6,493
	Vented gas	Tonnes CO <sub>2</sub> e	6,093	6,616	5,918
	Fugitives	Tonnes CO <sub>2</sub> e	5,326	7,901	8,187
	Indirect GHG emissions (scope 2)	Tonnes CO <sub>2</sub> e	271	277	2,303
	Total GHG emissions (scope 1 and 2)	Tonnes CO <sub>2</sub> e	208,092	242,317	286,395
	Carbon Dioxide (CO <sub>2</sub> )	Tonnes CO <sub>2</sub>	161,455	188,680	225,258
	Nitrogen Oxides (NO <sub>x</sub> )	Tonnes NO <sub>x</sub>	302	331	504
	Sulphur Dioxide (SO <sub>2</sub> )	Tonnes SO <sub>2</sub>	213	220	260
	Methane (CH <sub>4</sub> )	%	20	20	19
	Emissions intensity (scope 1) <sup>9</sup>	Tonnes CO <sub>2</sub> e/boe	0.014	0.015	0.017
	Emissions intensity (scope 1 and 2) <sup>9</sup>	Tonnes CO <sub>2</sub> e/boe	0.014	0.015	0.017
	Carbon credits earned	credits	126,969	163,416	3,115





## DATA TABLE (CONTINUED) (EFFECTIVE AS OF NOVEMBER 18, 2021)

		Units	2018	2019	2020
<b>Environment</b>					
Water	Fresh surface water withdrawal	m <sup>3</sup>	7,253	145,124	80,683
	Fresh ground water withdrawal	m <sup>3</sup>	4,783	5,358	3,809
	Recycled and reused surface water	m <sup>3</sup>	300,887	281,712	87,117
	Total water used	m <sup>3</sup>	312,923	432,194	171,609
	Produced water (including flowback)	m <sup>3</sup>	121,543	167,919	372,319
	Total water used intensity <sup>9</sup>	m <sup>3</sup> /boe	0.021	0.027	0.010
	Fresh water used intensity <sup>9</sup>	m <sup>3</sup> /boe	0.001	0.009	0.005
	Fresh water use as % of total water use	%	2	34	47
	Fresh water vapour returned to atmosphere	m <sup>3</sup>	245,548	297,524	342,132
Land	Number of producing wells <sup>10</sup>	#	197	217	249
	Number of non-producing wells <sup>10</sup>	#	47	35	15
	Total wells	#	244	252	264
	LMR rating	#	25.4	27.6	24.7
	Wells abandoned	#	2	3	1
	Active site reclamation ongoing	#	151	137	126
	Abandonment and reclamation spending	\$000	1,651	2,033	1,056
	Reclamation certificates received	#	25	16	12
Spill Prevention/Management	Reportable spills and releases <sup>11</sup>	#	0	1	1
	Non-reportable spills and releases	#	11	7	0
	Total volume of reportable spills and releases <sup>11</sup>	boe	0.0	16.7	3.1
	Total volume of non-reportable spills and releases	boe	37.7	56.6	0.0
	Volume of liquid handled	bbls	1,308,305	2,041,327	3,950,807
	Spill intensity (reportable and non-reportable)	boe/1000 bbls handled	0.029	0.036	0.001

## DATA TABLE (CONTINUED) (EFFECTIVE AS OF NOVEMBER 18, 2021)

		Units	2018	2019	2020
<b>Community Engagement</b>					
Value Distributed <sup>1</sup>	Suppliers <sup>2</sup>	\$000	275,520	240,476	269,964
	Providers of capital <sup>3</sup>	\$000	10,922	13,268	13,159
	Government & Regulatory <sup>4</sup>	\$000	5,611	8,386	14,269
	Employees <sup>5</sup>	\$000	17,964	21,424	22,093
	Landowners <sup>6</sup>	\$000	1,323	1,367	1,125
	Communities	\$000	58	129	58
<b>Health &amp; Safety</b>					
Total Recordable Injury Frequency	Contractor	per 200,000 man hours	1.07	0.45	0.83
	Employee	per 200,000 man hours	0	2.94	0
	Total recordable injury rate	per 200,000 man hours	1.02	0.57	0.83
Disabling Injury Frequency	Contractor	per 200,000 man hours	1.22	0.15	0.83
	Employee	per 200,000 man hours	0	2.94	0
	Total disabling injury rate	per 200,000 man hours	1.17	0.29	0.83
Fatalities	Contractor	#	0	0	0
	Employee	#	0	0	0
<b>Governance</b>					
Board Diversity <sup>7</sup>	Female	%	20	20	17
	Male	%	80	80	83
	30-50	#	1	0	0
	Over 50	#	4	5	6

## DATA TABLE (CONTINUED) (EFFECTIVE AS OF NOVEMBER 18, 2021)

		Units	2018	2019	2020
<b>Our People</b>					
Employee Profile	Full time employees	#	34	39	39
	Part time employees	#	0	0	0
	Total employees	#	34	39	39
	Total contractors	#	38	39	51
	New employees hired	#	5	9	4
	Voluntary turnover	#	1	2	1
Employee Diversity	Total Female	%	31	18	18
	Total Male	%	69	82	82
	Under 30	%	9	8	5
	30-50	%	50	50	54
	Over 50	%	41	42	41
	Minority employees <sup>8</sup>	%	15	15	18
Training	Spending on training	\$	16,044	19,613	30,493
	Training per employee	\$/person	472	503	782
	Training per employee and contractor	\$/person	223	251	339

### Notes:

- (1) All financial data is reported in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.
- (2) Value distributed to suppliers include operating and transportation expenses and capital expenditures paid to suppliers other than employees, government, landowners and for the purpose of charitable donations.
- (3) Value distributed to provider of capital includes interest.
- (4) Value distributed to government includes crown royalty, corporation income tax, property tax, business tax, government license, fees and permits.
- (5) Value distributed to employees include salaries, benefits, bonus and long term incentives.
- (6) Value distributed to landowners include royalty obligations associated with non-Crown owned lands.
- (7) Board diversity includes independent board members. Non-independent board member is included in Employee Diversity.
- (8) Minority is defined as persons, other than Aboriginal peoples, who are non-Caucasian in race or non-white in colour. (Statistics Canada 2021, Visible minority of person).
- (9) All intensity calculations use "Operated Production" volume.
- (10) Number of producing and non-producing wells include only "net" oil and gas wells as stated in our Annual Information Form.
- (11) Reportable spills and releases are defined by AER's Release Reporting Requirements.

## SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) TABLE

Code	Description	Location or Additional Information
EM-EP-000.A	Production volumes	About Advantage (p.4), Data Table (p.36)
EM-EP-000.B	Number of offshore sites	Advantage does not have any offshore sites
EM-EP-000.C	Number of terrestrial sites	Advantage does not have any terrestrial sites
<b>Greenhouse Gas Emissions</b>		
EM-EP-110a.1	Scope 1 emissions, % methane, % covered by emissions-limiting regulations	Data Table (p.36)
EM-EP-110a.2	Scope 1 emissions by activity	Data Table (p.36)
EM-EP-110a.3	Scope 1 management strategy and reduction targets	Sustainability Targets (p.8), Energy Use & Emissions (p.11-15)
<b>Water Management</b>		
EM-EP-140a.1	Fresh water withdrawn, consumed and within high-stress regions	Data Table (p.37), Water (p.17)
<b>Biodiversity Impacts</b>		
EM-EP-160a.1	Environmental management policies and practices for active sites	Land (p.18-20)
EM-EP-160a.2	Hydrocarbon spills	Data Table (p.37), Advantage does not have operations in the Arctic or offshore.
<b>Security, Human Rights &amp; Rights of Indigenous Peoples</b>		
EM-EP-210a.1	Reserves in or near areas of conflict	Advantage does not have operations in or near areas of conflict
<b>Community Relations</b>		
EM-EP-210b.1	Process to manage risks and opportunities associated with community rights and interests	Stakeholder Engagement (p.25-27), Indigenous Engagement (p.28)
<b>Workforce Health &amp; Safety</b>		
EM-EP-320a.1	Recordable incident frequencies, fatalities, near miss frequencies and health, safety and emergency response training	Health & Safety (p.22-24), Data Table (p.38)
EM-EP-320a.2	Safety management systems and culture integration	Health & Safety (p.22-24)



## GLOBAL REPORTING INITIATIVE (GRI) TABLE

Disclosure	Description	Location or Additional Information
<b>General Disclosures</b>		
102-1	Name of the organization	About Advantage (p.4)
102-2	Activities, brands, products, and services	About Advantage (p.4)
102-3	Location of headquarters	About Advantage (p.4)
102-4	Location of operations	About Advantage (p.4)
102-6	Markets served	About Advantage (p.4)
102-7	Scale of the organization	About Advantage (p.4), Financial Statements
102-13	Membership of associations	Stakeholder Engagement (p.26)
102-14	Statement from senior decision-maker	Message to Our Stakeholders (p.3)
102-15	Key impacts, risks, and opportunities	Governance (p.33)
102-16	Values, principles, standards, and norms of behavior	About Advantage (p.4), Governance (p.32-34)
102-18	Governance structure	Governance (p.32)
102-23	Chair of the highest governance body	The Chair of the Board and Committees of the Board are not executive officers.
102-24	Nominating and selecting the highest governance body	Management Information Circular
102-25	Conflicts of interest	Management Information Circular
102-26	Role of highest governance body in setting purpose, values, and strategy	Governance (p.32-34), Management Information Circular, Governance Committee Terms of Reference
102-27	Collective knowledge of highest governance body	Management Information Circular
102-28	Evaluating the highest governance body's performance	Management Information Circular
102-30	Effectiveness of risk management processes	Governance (p.32), Governance Committee Terms of Reference
102-32	Highest governance body's role in sustainability reporting	Governance (p.32), Governance Committee Terms of Reference
102-35	Remuneration policies	Management Information Circular
102-36	Process for determining remuneration	Management Information Circular

## GLOBAL REPORTING INITIATIVE (GRI) TABLE (CONTINUED)

Disclosure	Description	Location or Additional Information
<b>General Disclosures (Continued)</b>		
102-37	Stakeholders' involvement in remuneration	Management Information Circular
102-41	Collective bargaining agreements	No employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	Stakeholder Engagement (p.25-27), Indigenous Engagement (p.28)
102-45	Entities included in the consolidated financial statements	Financial Statements
102-46	Defining report content and topic Boundaries	About this Report (p.9)
102-48	Restatements of information	No information or data has been restated.
102-50	Reporting period	About this Report (p.9)
102-51	Date of most recent report	Sustainability Report
102-52	Reporting cycle	About this Report (p.9)
102-53	Contact point for questions regarding the report	Contact (p.48)
102-54	Claims of reporting in accordance with the GRI Standards	About this Report (p.9)
102-55	GRI content index	Appendix: GRI (p.41-43)
<b>Economic Performance</b>		
201-1	Direct economic value generated and distributed	Stakeholder Engagement (p.26), Data Table (p.36)
<b>Water</b>		
303-3	Water withdrawal	Data Table (p.37)
<b>Occupational Health and Safety</b>		
403-5	Worker training on occupational health and safety	Health & Safety (p.22)
403-7	Prevention and mitigation of occupational health and impacts directly linked by business relationships	Health & Safety (p.22-24)
<b>Training and Education</b>		
404-3	Percentage of employees receiving regular performance and career development reviews	Our People (p.29), Data Table (p.39)

## GLOBAL REPORTING INITIATIVE (GRI) TABLE (CONTINUED)

Disclosure	Description	Location or Additional Information
<b>Diversity and Equal Opportunity</b>		
405-1	Diversity of governance bodies and employees	Governance (p.34), Our People (p.30), Data Table (p.38-39)
<b>Non-Discrimination</b>		
406-1	Incidents of discrimination and corrective actions taken	No incidents of discriminations
<b>Child Labor</b>		
408-1	Operations and suppliers at significant risk for incidents of child labor	Advantage does not have operations and suppliers at risk for incidents of child labor
<b>Forced or Compulsory Labor</b>		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Advantage does not have operations and suppliers at risk for incidents of forced or compulsory labor

# ADVISORIES AND NON-GAAP MEASURES

## IMPORTANT INFORMATION CONCERNING THIS REPORT

### FORWARD-LOOKING INFORMATION AND OTHER ADVISORIES

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

In particular, forward-looking statements in this Sustainability Report include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; Advantage’s anticipated capital investment on its developments, including the expected sources of funding; Advantage’s estimated number of future drilling locations and the timing that they are expected to come onstream; that Advantage’s areas have potential for liquids-rich and multi-layer development; Advantage’s ability to diversify production and enhance long-term sustainability; Advantage’s plans to achieve “net-zero” scope 1 and 2 emissions by 2025; Advantage’s expectations that emissions from scope 2 sources will continue to be reduced; Advantage’s ability to substantially achieve “net-zero” scope 1 and 2 emissions at the Glacier Gas Plant; the anticipated timing of completion and onstream dates for the Glacier Gas Plant Phase 1 and Phase 2 project; the targeted captured CO<sub>2</sub> emissions and the sequestration of Entropy’s CCS technology at the Glacier Gas Plant and the anticipated timing and costs thereof; the anticipated benefits from the Glacier Gas Plant Phase 1 and Phase 2 project, including the effect of the CCS technology on emissions; that Advantage will install additional CCS equipment in 2022 that will increase the future capture and sequestration of additional CO<sub>2</sub>; that Entropy will develop third-party CCS projects; that Entropy’s CCS technology will be commercially profitable at a carbon price below \$50/tonne; the anticipated implementation date of Advantage’s indigenous scholarship program; Advantage’s targeted reduction in sites under active management and remediation and the anticipated timing thereof; that Advantage will be able to use recycled sour water as a source in the future; Advantage’s ability to lower work place incidents and injuries; Advantage’s ability to mitigate certain political, reputational, market access/volatility, operational and cybersecurity risks; Advantage’s ability to create and sell certified net-zero Blue Natural Gas; expected carbon capture and reduced emissions; and other matters.

With respect to forward-looking statements contained in this Sustainability Report, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: future commodity prices including oil and natural gas; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the impact of increasing competition; that Advantage will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Advantage’s conduct and results of operations will be consistent with its expectations; that Advantage will have the ability to develop Advantage’s crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; the availability of government initiatives to Entropy; the timing and amount of capital expenditures; that Entropy will have the ability to develop projects in the manner currently contemplated; the performance of Entropy’s proprietary novel carbon capture solvent; that the estimates of Entropy’s cost structure and the assumptions related thereto are accurate in all material respects; that Entropy will be able to develop third party CCS projects; and that the estimates of Advantage’s production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to, risks related to changes in general economic, market and business conditions; volatility in market prices for oil and natural gas; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; Advantage’s ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or





## ADVISORIES AND NON-GAAP MEASURES (CONTINUED)

in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in obtaining stakeholder and regulatory approvals; the failure to extend the credit facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; current and future carbon prices and royalty regimes; the price of and market for carbon credits and offsets; that Entropy's conduct and results of operations will not be consistent with its expectations; that Entropy will not have the ability to develop and deploy its projects in the manner currently contemplated; credit risk; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at [www.sedar.com](http://www.sedar.com) and [www.advantageog.com](http://www.advantageog.com). Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

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

### NON-GAAP MEASURES

The Corporation discloses several financial and performance measures in this Sustainability Report that do not have any standardized meaning prescribed under GAAP. These financial and performance measures include "net debt" and "adjusted funds flow" which should not be considered as alternatives to, or more meaningful than "net income (loss)", "comprehensive income (loss)", or "cash provided by operating activities" as determined in accordance with GAAP. Management believes that these measures provide an indication of the results generated by the Corporation's principal business activities and provide useful supplemental information for analysis of the Corporation's operating performance and liquidity. 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.

### Net Debt

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. A detailed calculation of net debt is provided below:

(\$000)	December 31 2020	December 31 2019
Bank indebtedness (non-current)	\$247,105	\$295,624
Working capital deficit	\$4,292	\$7,996
<b>NET DEBT</b>	<b>\$251,397</b>	<b>\$303,620</b>

### Adjusted Funds Flow

The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, and to support future capital expenditures plans. Changes in non-cash working capital and other long-term liabilities 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 or paying payables. Expenditures on decommissioning liabilities are excluded from the calculation as the amount and timing of these expenditures are unrelated to current production, highly variable and discretionary. A reconciliation between adjusted funds flow and the nearest measure calculated in accordance with GAAP, cash provided by operating activities, is provided below:

(\$000)	December 31 2020	December 31 2019
Cash provided by operating activities	\$100,714	\$156,063
Expenditures on decommissioning liability	\$1,080	\$1,911
Changes in non-cash working capital	\$2,867	\$(2,794)
<b>ADJUSTED FUNDS FLOW</b>	<b>\$104,661</b>	<b>\$155,180</b>

## ADVISORIES AND NON-GAAP MEASURES (CONTINUED)

### OIL AND GAS AND FINANCE METRICS

This Sustainability Report contains a number of oil and gas and finance metrics, including “reserve life index”, “carbon dioxide equivalent”, “barrel of oil equivalent” and “capital efficiency” 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. Reserve Life Index means the amount obtained by dividing the quantity of proved plus probable reserves as projected in the Reserve Report, by the fourth quarter production rate of crude oil, natural gas and natural gas liquids from those reserves. Carbon dioxide equivalent or “CO<sub>2</sub>e” is a term for describing different greenhouse gases in a common unit. Barrel of Oil Equivalent (“BOE”) is a unit of energy based on the approximate energy released by burning one barrel of crude oil. Single year capital efficiency is calculated by dividing net 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. Capital efficiency is considered by management to be a useful performance measure as a common metric used to evaluate the efficiency with which capital activity is allocated to achieve production additions. Management uses these oil and gas and finance metrics for its own performance measurements and to provide securityholders with measures to compare Advantage’s operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this Sustainability Report, should not be relied upon for investment or other purposes.

### OIL & GAS INFORMATION

The recovery and reserve estimates of reserves provided in this Sustainability Report are estimates only, and there is no guarantee that the estimated reserves will be recovered. Actual reserves may eventually prove to be greater than, or less than, the estimates provided herein. All December 31, 2020 reserves presented herein have been prepared by Sproule Associates Limited (“Sproule”), our independent reserves evaluation engineer, based on Sproule’s forecast pricing effective January 1, 2021. The report provided by Sproule was prepared in accordance with the definitions, standards and procedures contained in the Canadian Oil and Gas Evaluation Handbook and National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*.

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe 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. Given that the value ratio based on the current price of crude oil as compared to natural gas 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.

The reference to total proved and probable reserves on page 4 and 5 of 532 MMboe proved plus probable (2P) reserves is comprised of 14,083 mmbbls of light and medium crude oil, 2,929,142 mmcf of conventional natural gas and 29,760 mmbbls of natural gas liquids.

The reference to 110 MMboe proved development producing (PDP) reserves on page 5 is comprised of 1,382 mmbbls of light and medium crude oil, 616,445 mmcf of conventional natural gas and 5,731 mmbbls of natural gas liquids.

The reference to the 44,922 boe/d record annual production on page 4 and 5 is comprised of 1,664 bbls/d of light and medium crude oil, 243 mmcf/d of conventional natural gas and 2,744 bbls/d of natural gas liquids.

This Sustainability Report discloses drilling inventory in two categories: (i) proved reserves locations; and (ii) proved plus probable reserves locations. Proved locations and probable locations are derived from the report provided by Sproule and account for drilling locations that have associated proved and/or probable reserves, as applicable. Of the 1,400 – 1,500 estimated total gross drilling locations identified herein, 299 (gross) are proved locations, 38 (gross) are probable locations and 1,063 to 1,163 are unbooked locations. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Corporation will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.



## ADVISORIES AND NON-GAAP MEASURES (CONTINUED)

### NO OFFER OR SOLICITATION REGARDING SECURITIES

This Sustainability Report is provided for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy any security in Canada, the United States or any other jurisdiction. Advantage does not intend to solicit and is not soliciting, any action with respect to any security or any other contractual relationship with Advantage.

The contents of this Sustainability Report have not been approved or disapproved by any securities commission or regulatory authority in Canada, the United States or any other jurisdiction, and Advantage expressly disclaims any duty on Advantage to make disclosure or any filings with any securities commission or regulatory authority, beyond that imposed by applicable laws. The contents of this report are neither sufficient for, nor intended by Advantage to be used in connection with, any decision relating to the purchase or sale of any existing or future securities. Advantage does not intend to provide financial, investment, tax, legal, or accounting advice. Persons considering the purchase or sale of any securities should consult with their own independent professional advisors.

### THIRD PARTY INFORMATION

Certain market, third party and industry data contained in this summary is based upon information from government or other industry publications and reports or based on estimates derived from such publications and reports. Government and industry publications and reports generally indicate that they have obtained their information from sources believed to be reliable, but Advantage has not conducted its own independent verification of such information. This Sustainability Report also includes certain data derived from certain industry participants, including information as to the Scope 1 and Scope 2 emissions intensity and the fresh water intensity of the Corporation's peers, which has been retrieved from the public record of such industry participants. No representation or warranty of any kind, express or implied, is made by Advantage as to the accuracy or completeness of the information contained in this document, and nothing contained in this report is, or shall be relied upon as, a promise or report by Advantage.

## CONTACT INFORMATION



Millennium Tower, Suite 2200  
440 2 Avenue SW, Calgary, Alberta,  
Canada T2P 5E9

[www.advantageog.com](http://www.advantageog.com)  
[ir@advantageog.com](mailto:ir@advantageog.com)  
1-866-393-0393