



CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS
For the three and nine months ended September 30, 2022 and 2021

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of October 27, 2022, provides a detailed explanation of the consolidated financial and operating results of Advantage Energy Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three and nine months ended September 30, 2022 and should be read in conjunction with the unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2022 and the audited consolidated financial statements for the year ended December 31, 2021 (together, the "consolidated financial statements"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. All references in the MD&A and consolidated financial statements are to Canadian dollars unless otherwise indicated.

This MD&A contains specified financial measures such as non-GAAP financial measures, non-GAAP ratios, capital management measures, supplementary financial measures and forward-looking information. Readers are advised to read this MD&A in conjunction with both the "Specified Financial Measures" and "Forward-Looking Information and Other Advisories" found at the end of this MD&A.

| Financial Highlights (\$000, except as otherwise indicated) | Three months ended September 30 | | Nine months ended September 30 | |
|---|--|-------------------------|---|--------------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Financial Statement Highlights | | | | |
| Natural gas and liquids sales | 235,392 | 134,354 | 727,258 | 332,780 |
| Net income and comprehensive income per basic share ⁽²⁾ | 40,568 0.22 | 43,098 0.23 | 224,298 1.19 | 51,398 0.27 |
| Basic weighted average shares (000) | 186,717 | 190,829 | 189,305 | 189,824 |
| Cash provided by operating activities | 123,224 | 46,988 | 389,820 | 155,688 |
| Cash used in financing activities | (71,048) | (26,960) | (159,373) | (55,988) |
| Cash used in investing activities | (42,822) | (36,940) | (200,525) | (72,843) |
| Other Financial Highlights | | | | |
| Adjusted funds flow ⁽¹⁾ per boe ⁽¹⁾ per basic share ⁽¹⁾⁽²⁾ | 96,651 19.39 0.52 | 63,353 13.77 0.33 | 392,585 25.76 2.07 | 163,597 12.00 0.86 |
| Net capital expenditures ⁽¹⁾ | 58,519 | 31,352 | 192,103 | 91,019 |
| Free cash flow ⁽¹⁾ | 38,132 | 32,001 | 200,482 | 72,578 |
| Working capital surplus ⁽¹⁾ | 46,960 | 29,914 | 46,960 | 29,914 |
| Bank indebtedness | 113,804 | 193,828 | 113,804 | 193,828 |
| Net debt ⁽¹⁾ | 82,432 | 163,914 | 82,432 | 163,914 |

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

(2) Based on basic weighted average shares outstanding.

Operating Highlights

| | Three months ended | | Nine months ended | |
|--|--------------------|---------|-------------------|---------|
| | September 30 | | September 30 | |
| | 2022 | 2021 | 2022 | 2021 |
| Operating | | | | |
| Production | | | | |
| Crude oil (bbls/d) | 2,168 | 1,038 | 2,012 | 1,197 |
| Condensate (bbls/d) | 1,049 | 1,002 | 1,078 | 788 |
| NGLs (bbls/d) | 3,230 | 2,684 | 3,160 | 2,557 |
| Total liquids production (bbls/d) | 6,447 | 4,724 | 6,250 | 4,542 |
| Natural gas (Mcf/d) | 286,328 | 271,804 | 297,503 | 272,467 |
| Total production (boe/d) | 54,168 | 50,025 | 55,834 | 49,953 |
| Average realized prices (including realized derivatives) | | | | |
| Natural gas (\$/Mcf) | 4.61 | 3.48 | 5.51 | 3.12 |
| Liquids (\$/bbl) | 87.89 | 53.42 | 94.34 | 49.68 |
| Operating Netback (\$/boe) | | | | |
| Natural gas and liquids sales | 47.23 | 29.19 | 47.71 | 24.40 |
| Realized losses on derivatives | (12.58) | (5.21) | (7.86) | (2.75) |
| Processing and other income | 0.46 | - | 0.39 | - |
| Royalty expense | (5.80) | (1.75) | (5.19) | (1.36) |
| Operating expense | (3.72) | (2.38) | (3.08) | (2.35) |
| Transportation expense | (4.48) | (3.86) | (4.43) | (3.72) |
| Operating netback ⁽¹⁾ | 21.11 | 15.99 | 27.54 | 14.22 |

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

Corporate Update

2022 Guidance Update

The Corporation reiterates our 2022 average production guidance range of 53,500 boe/d to 56,500 boe/d and expects our cash used in investing activities to be at the high end of our guidance (\$210 million to \$230 million) as a result of adding 1.5 net new drills, continued inflation, and increased frac intensity across all assets. Advantage has revised our expected guidance for operating and transportation expenses as reflected in the following table.

| Forward Looking Information⁽¹⁾ | 2022 Prior Guidance⁽³⁾ | 2022 Revised Guidance |
|--|--|------------------------------|
| Cash Used in Investing Activities ⁽²⁾ (\$ millions) | 210 to 230 | 210 to 230 |
| Average Production (boe/d) | 53,500 to 56,500 | 53,500 to 56,500 |
| Liquids Production (bbls/d) | 5,800 to 6,200 | 5,800 to 6,200 |
| Royalty Rate (%) | 12 to 17 | 11 to 13 |
| Operating Expense (\$/boe) | 2.45 | 3.05 |
| Transportation Expense (\$/boe) | 4.85 to 5.15 | 4.45 to 4.65 |
| G&A/Finance Expense (\$/boe) | 1.55 | 1.55 |

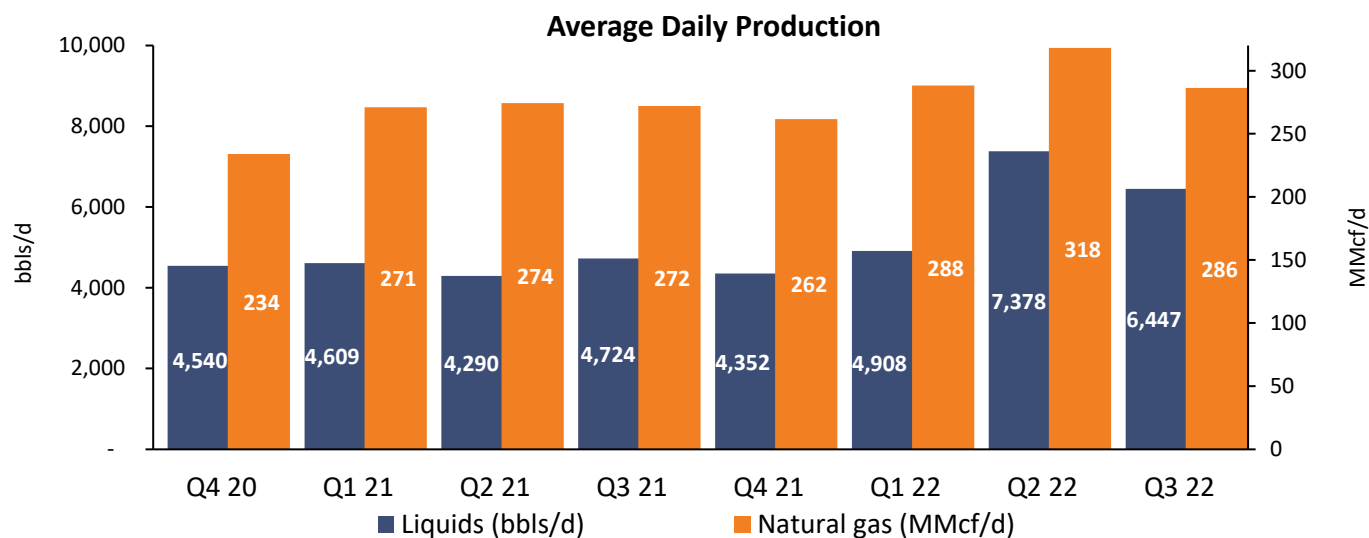
(1) Forward-looking statements and information representing Management estimates. Please see "Forward-Looking Information and Other Advisories".

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

(3) See June 30, 2022 MD&A dated July 28, 2022.

Production

| Average Daily Production | Three months ended | | | Nine months ended | | |
|--|--------------------|---------------|-----------|-------------------|---------------|-----------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Crude oil (bbls/d) | 2,168 | 1,038 | 109 | 2,012 | 1,197 | 68 |
| Condensate (bbls/d) | 1,049 | 1,002 | 5 | 1,078 | 788 | 37 |
| NGLs (bbls/d) | 3,230 | 2,684 | 20 | 3,160 | 2,557 | 24 |
| Total liquids production (bbls/d) | 6,447 | 4,724 | 36 | 6,250 | 4,542 | 38 |
| Natural gas (Mcf/d) | 286,328 | 271,804 | 5 | 297,503 | 272,467 | 9 |
| Total production (boe/d) | 54,168 | 50,025 | 8 | 55,834 | 49,953 | 12 |
| Liquids (% of total production) | 12 | 9 | | 11 | 9 | |
| Natural gas (% of total production) | 88 | 91 | | 89 | 91 | |



For the three and nine months ended September 30, 2022, Advantage recorded total production averaging 54,168 boe/d and 55,834 boe/d, respectively, increases of 8% and 12% compared to the same periods of the prior year. Advantage remains on track to deliver 2022 total annual production within our guidance range of 53,500 boe/d to 56,500 boe/d.

Natural gas production for the three and nine months ended September 30, 2022, averaged 286 MMcf/d and 298 MMcf/d, respectively, increases of 5% and 9% compared to the same periods of the prior year. The increases for each period are a result of continued drilling and development at Glacier and Valhalla (see "Cash Used in Investing Activities and Net Capital Expenditures"). The planned decrease in third quarter natural gas production from the prior quarter was to conduct maintenance at the Glacier Gas Plant, which we aligned with maintenance on TC Energy's NGTL pipeline system, accompanied by strategic shut-ins of natural gas production exposed to AECO pricing during periods of significant volatility (see "Commodity Prices and Marketing").

Liquids production increased to 6,447 bbls/d and 6,250 bbls/d for the three and nine months ended September 30, 2022, increases of 36% and 38% compared to the same periods of the prior year, as a result of our liquids development focus whereby Wembley and Progress wells were brought onstream in 2022 (see "Cash Used in Investing Activities and Net Capital Expenditures"). Advantage's higher liquids production came on during a period where WTI has averaged over US\$98/bbl (see "Commodity Prices and Marketing"), materially contributing to the Corporation's increased operating netback (see "Operating Netback").

Commodity Prices and Marketing

| Average Realized Prices ⁽²⁾ | Three months ended | | | Nine months ended | | |
|--|----------------------|----------------------|-------------|----------------------|----------------------|-------------|
| | September 30 2022 | September 30 2021 | % Change | September 30 2022 | September 30 2021 | % Change |
| Natural gas | | | | | | |
| Excluding derivatives (\$/Mcf) | 6.96 | 4.25 | 64 | 6.94 | 3.50 | 98 |
| Including derivatives (\$/Mcf) | 4.61 | 3.48 | 32 | 5.51 | 3.12 | 77 |
| Liquids | | | | | | |
| Crude oil (\$/bbl) | 102.75 | 88.38 | 16 | 118.21 | 74.62 | 58 |
| Condensate (\$/bbl) | 112.46 | 76.21 | 48 | 123.76 | 75.71 | 63 |
| NGLs (\$/bbl) | 69.45 | 51.49 | 35 | 72.46 | 45.55 | 59 |
| Total liquids excluding derivatives (\$/bbl) | 87.64 | 64.84 | 35 | 96.04 | 58.44 | 64 |
| Total liquids including derivatives (\$/bbl) | 87.89 | 53.42 | 65 | 94.34 | 49.68 | 90 |
| Average Benchmark Prices | | | | | | |
| Natural gas⁽¹⁾ | | | | | | |
| AECO daily (\$/Mcf) | 4.16 | 3.60 | 16 | 5.28 | 3.27 | 61 |
| AECO monthly (\$/Mcf) | 5.82 | 3.54 | 64 | 5.66 | 3.11 | 82 |
| Empress daily (\$/Mcf) | 7.13 | 4.23 | 69 | 6.65 | 3.50 | 90 |
| Henry Hub (\$US/MMbtu) | 8.18 | 4.27 | 92 | 6.54 | 3.52 | 86 |
| Emerson 2 daily (\$US/MMbtu) | 6.22 | 3.71 | 68 | 5.71 | 3.11 | 84 |
| Dawn daily (\$US/MMbtu) | 7.37 | 4.07 | 81 | 6.35 | 3.26 | 95 |
| Chicago Citygate (\$US/MMbtu) | 7.84 | 3.85 | 104 | 6.54 | 3.07 | 113 |
| Ventura (\$US/MMbtu) | 7.67 | 3.72 | 106 | 6.49 | 3.00 | 116 |
| Liquids | | | | | | |
| WTI (\$US/bbl) | 91.64 | 70.55 | 30 | 98.14 | 64.85 | 51 |
| MSW Edmonton (\$/bbl) | 116.84 | 84.01 | 39 | 122.76 | 75.97 | 62 |
| Average Exchange rate (\$US/\$CDN) | 0.7660 | 0.7936 | (3) | 0.7796 | 0.7990 | (2) |

(1) Converted on the basis of 1 Mcf = 1.055056 GJ and 1 Mcf = 1 MMbtu.

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

Advantage's realized liquids price excluding derivatives for the three and nine months ended September 30, 2022, was \$87.64/bbl and \$96.04/bbl, respectively, increases of 35% and 64% compared to the same periods of the prior year. Realized crude oil, condensate and NGL prices all increased significantly in 2022 due to the improved WTI price, with continued global economic recovery from the COVID-19 pandemic combined with the ongoing Ukrainian-Russian war. Liquids prices in the third quarter of 2022 slightly pulled back from their highs in the second quarter due to economic global recession concerns. The price that Advantage receives for crude oil and condensate production is driven by global supply and demand and local Edmonton light sweet oil and condensate price differentials. Approximately 68% of our liquids production is comprised of crude oil, condensate, and pentanes, which typically attracts much higher market prices than other NGLs.

Advantage's realized natural gas price excluding derivatives for the three and nine months ended September 30, 2022, was \$6.96/Mcf and \$6.94/Mcf, respectively, increases of 64% and 98% compared to the same periods of the prior year. These increases were attributed to higher natural gas benchmark prices in all markets where Advantage physically delivers natural gas. The third quarter of 2022 experienced significantly volatile AECO prices due to pipeline maintenance on TC Energy's NGTL system, while other natural gas benchmark prices remained strong. Advantage has realized natural gas prices higher than AECO as we currently have additional market exposure at Dawn, Empress, Emerson, Chicago and Ventura.

Commodity Prices and Marketing (continued)

Advantage continues to invest in additional transportation commitments to diversify production to alternative markets, thereby reducing price volatility and achieving higher operating netbacks (see "Transportation Expense"). In the first quarter of 2022, Advantage added 47.4 MMcf/d of firm transportation capacity to Empress, AB on the NGTL system for a 4-year term commencing April 2022. During the third quarter of 2022, Advantage added an additional 23.7 MMcf/d of firm transportation capacity to Empress for a 3-year term commencing September 2022.

During the year, Advantage entered into certain marketing transactions whereby the price received for downstream market exposure is exchanged for AECO plus a premium that exceeds the transportation cost to that market. Although these transactions resulted in premium pricing versus AECO, AECO underperformed by a larger margin in the third quarter of 2022, offsetting the gains and resulting in lower recognized revenue. These transactions are short-term in nature and represent 16% of our expected natural gas production for the fourth quarter of 2022 and 10% for the first quarter of 2023.

The following table outlines the Corporation's 2022 and 2023 forward-looking natural gas market exposure, excluding hedging.

| Sales Markets | Forward-looking 2022 ⁽²⁾ | | Forward-looking 2023 ⁽²⁾ | |
|--------------------------------|--|--|--|--|
| | Effective Production (MMcf/d) ⁽¹⁾ | Percentage of Natural Gas Production (%) | Effective production (MMcf/d) ⁽¹⁾ | Percentage of Natural Gas Production (%) |
| AECO | 113.6 | 39 | 89.7 | 28 |
| AECO premium ⁽³⁾ | 60.1 | 20 | 10.4 | 3 |
| Empress | 32.0 | 11 | 89.3 | 28 |
| Emerson | 3.2 | 1 | 24.7 | 8 |
| Dawn | 53.0 | 18 | 51.5 | 16 |
| Chicago | 17.1 | 6 | 18.1 | 6 |
| Ventura | 15.0 | 5 | 15.0 | 5 |
| PJM power price ⁽⁴⁾ | - | - | 18.8 | 6 |
| Total | 294.0⁽²⁾ | 100 | 317.5⁽²⁾ | 100 |

(1) Converted on the basis of 1 Mcf = 1.055056 GJ and 1 Mcf = 1 MMbtu.

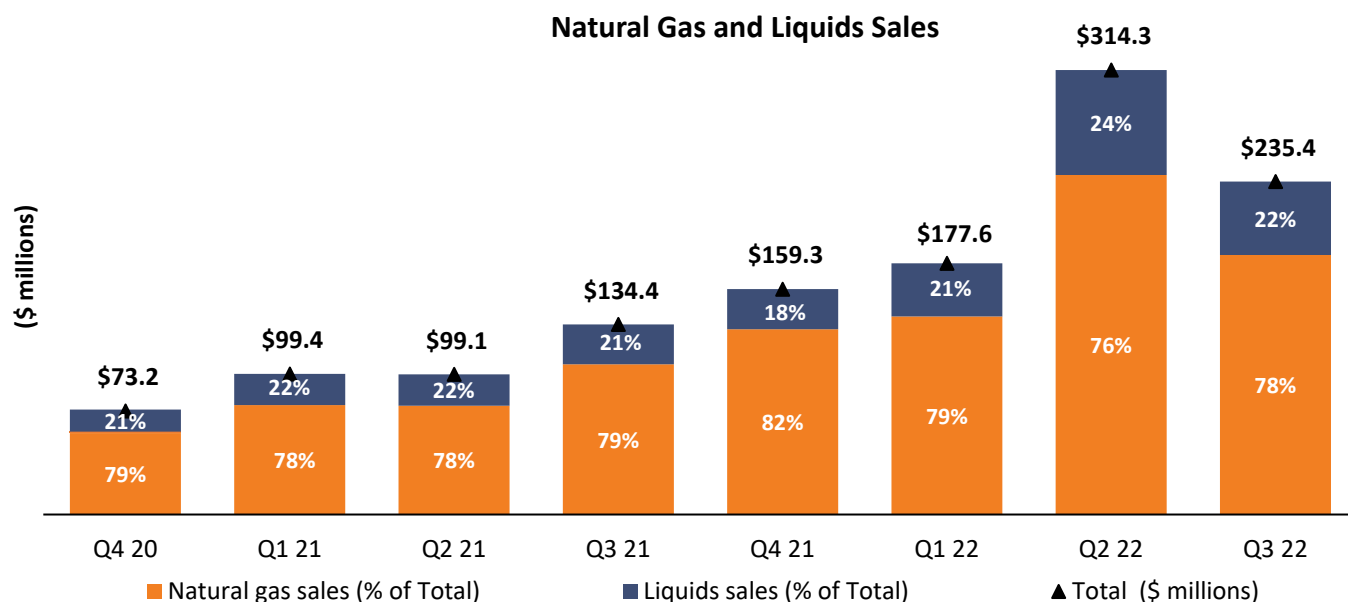
(2) Represents the midpoint of our revised 2022 guidance for natural gas production volumes (see New Release dated July 28, 2022), while assuming 8% natural gas production growth in 2023.

(3) Represents marketing transactions where the price received for the Corporation's downstream market exposure is priced at AECO plus a fixed basis premium, which is greater than the transportation cost to reach such downstream markets.

(4) Sales are based upon a spark-spread pricing formula, providing Advantage exposure to PJM power prices, back-stopped with a natural gas price collar.

Natural gas and liquids sales

| (\$000, except as otherwise indicated) | Three months ended | | | Nine months ended | | |
|--|--------------------|----------------|-----------|-------------------|----------------|------------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Crude oil | 20,494 | 8,440 | 143 | 64,932 | 24,386 | 166 |
| Condensate | 10,853 | 7,025 | 54 | 36,422 | 16,286 | 124 |
| NGLs | 20,637 | 12,715 | 62 | 62,510 | 31,794 | 97 |
| Liquids | 51,984 | 28,180 | 84 | 163,864 | 72,466 | 126 |
| Natural gas | 183,408 | 106,174 | 73 | 563,394 | 260,314 | 116 |
| Natural gas and liquids sales | 235,392 | 134,354 | 75 | 727,258 | 332,780 | 119 |
| per boe | 47.23 | 29.19 | 62 | 47.71 | 24.40 | 96 |



Natural gas and liquids sales for the three and nine months ended September 30, 2022, increased by \$101.0 million or 75% and \$394.5 million or 119%, respectively, compared to the same periods of 2021.

For the three months ended September 30, 2022, natural gas sales increased by \$77.2 million or 73%, compared to the corresponding period in 2021, due to a 64% increase in realized natural gas prices (see "Commodity Prices and Marketing"), accompanied by a 5% increase in natural gas production volumes (see "Production"). Third quarter liquids sales increased by \$23.8 million, or 84%, due to a 35% increase in realized liquids prices (see "Commodity Prices and Marketing"), accompanied by a 36% increase in liquids production volumes (see "Production").

For the nine months ended September 30, 2022, natural gas sales increased by \$303.1 million or 116%, compared to 2021, due to a 98% increase in realized natural gas prices (see "Commodity Prices and Marketing"), accompanied by a 9% increase in natural gas production volumes (see "Production"). Liquids sales increased by \$91.4 million, or 126%, due to a 64% increase in realized liquids prices (see "Commodity Prices and Marketing"), accompanied by a 38% increase in liquids production volumes (see "Production").

Financial Risk Management

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

The Corporation enters financial risk management derivative contracts to manage the Corporation's exposure to commodity price risk, foreign exchange risk and interest rate risk. A summary of realized and unrealized derivative gains and losses for the three and nine months ended September 30, 2022, and 2021 are as follows:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|-----------------|-----------------------------------|-----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Realized gains (losses) on derivatives | | | | |
| Natural gas | (61,889) | (19,045) | (115,757) | (28,263) |
| Crude oil | 148 | (4,965) | (2,900) | (10,864) |
| Foreign exchange | (927) | 218 | (1,029) | 2,150 |
| Interest rate | - | (171) | (104) | (513) |
| Total | (62,668) | (23,963) | (119,790) | (37,490) |
| Unrealized gains (losses) on derivatives | | | | |
| Natural gas | (388) | (7,278) | (39,789) | (33,127) |
| Crude oil | 812 | 4,650 | 504 | (3,757) |
| Foreign exchange | (2,262) | (2,713) | (3,016) | (4,458) |
| Interest rate | - | 169 | 136 | 495 |
| Natural gas embedded derivative | (5,275) | 22,793 | 50,785 | 25,348 |
| Unsecured debentures | (314) | - | (314) | - |
| Total | (7,427) | 17,621 | 8,306 | (15,499) |
| Gains (losses) on derivatives | | | | |
| Natural gas | (62,277) | (26,323) | (155,546) | (61,390) |
| Crude oil | 960 | (315) | (2,396) | (14,621) |
| Foreign exchange | (3,189) | (2,495) | (4,045) | (2,308) |
| Interest rate | - | (2) | 32 | (18) |
| Natural gas embedded derivative | (5,275) | 22,793 | 50,785 | 25,348 |
| Unsecured debentures | (314) | - | (314) | - |
| Total | (70,095) | (6,342) | (111,484) | (52,989) |

Financial Risk Management (continued)

Natural gas

For the three and nine months ended September 30, 2022, Advantage realized losses on natural gas derivatives of \$61.9 million and \$115.8 million, respectively, due to the settlement of contracts with average derivative contract prices that were below average market prices that significantly strengthened during the year. Advantage's hedged natural gas position will decrease by 17 MMcf/d heading into the fourth quarter of 2022, resulting in less production hedged at a higher price.

Advantage recognized an unrealized loss on natural gas derivatives for the three and nine months ended September 30, 2022, of \$0.4 million and \$39.8 million, respectively. Unrealized losses are a result of changes in the fair value of the Corporation's outstanding natural gas derivative contracts accompanied with the settlement of contracts in their respective periods. For the nine months ended September 30, 2022, the change in the fair value of our outstanding natural gas derivative contracts was significantly impacted by the increased liability valuation of our natural gas derivative contracts due to strengthening Henry Hub prices.

Crude oil

For the three months ended September 30, 2022, Advantage realized a gain on crude oil derivatives of \$0.1 million, while recording a realized loss on crude oil derivatives of \$2.9 million for the nine months ended September 30, 2022, due to the settlement of contracts with average derivative contract prices varying from the average market prices during each period.

Advantage recognized an unrealized gain on crude oil derivatives for the three and nine months ended September 30, 2022, of \$0.8 million and \$0.5 million, respectively. The change in the fair value of our outstanding crude oil derivative contracts was impacted by the increased asset valuation of our crude oil derivative contracts due to slightly decreased WTI prices.

Natural gas embedded derivative

Advantage entered into a long-term natural gas supply agreement in 2020 under which Advantage will supply 25,000 MMbtu/d of natural gas for a 10-year period, scheduled to commence in 2023. Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage exposure to PJM power prices, back-stopped with a natural gas price collar. The contract contains an embedded derivative as a result of the spark-spread pricing formula and the natural gas price collar. The Corporation defined the host contract as a natural gas sales arrangement with a fixed price of US\$2.50/MMbtu. The Corporation will have unrealized gains (losses) on the embedded derivative based on movements in the forward curve for PJM power prices. The Corporation will not have realized gains (losses) on the embedded derivative until the Corporation begins delivering natural gas. For the three and nine months ended September 30, 2022, the Corporation's embedded derivative resulted in an unrealized loss of \$5.3 million and an unrealized gain of \$50.8 million, respectively, as a result of changing future PJM power prices.

Foreign exchange

For the three and nine months ended September 30, 2022, Advantage realized losses on foreign exchange derivatives of \$0.9 million and \$1.0 million, respectively, while recording unrealized losses of \$2.3 million and \$3.0 million, respectively. The realized and unrealized losses are due to the value of the Canadian dollar being lower than the Corporation's average hedged foreign exchange rate position.

Interest rate

For the nine months ended September 30, 2022, Advantage realized losses on interest rate derivatives of \$0.1 million. The Corporation's interest rate derivative contracts concluded in the first quarter of 2022.

Financial Risk Management (continued)

The fair value of derivative assets and liabilities is the estimated value to settle the outstanding contracts as at a point in time. As such, unrealized derivative gains and losses do not impact adjusted funds flow and the actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices, foreign exchange rates and interest rates as compared to the valuation assumptions. Remaining derivative contracts will settle between October 1, 2022 and December 31, 2024, apart from the Corporation's natural gas embedded derivative which is expected to be settled between the years 2023 and 2033.

As at September 30, 2022 and October 27, 2022, the Corporation had the following commodity and foreign exchange derivative contracts in place:

| Description of Derivative | Term | Volume | Price |
|--|-------------------------------|-----------------------|----------------------------------|
| Natural gas - AECO 7A | | | |
| Fixed price swap | April 2023 to October 2023 | 9,478 Mcf/d | \$4.60/Mcf ⁽¹⁾ |
| Natural gas - Henry Hub NYMEX | | | |
| Fixed price swap | April 2022 to October 2022 | 130,000 Mcf/d | US \$4.23/Mcf |
| Fixed price swap | November 2022 to March 2023 | 105,000 Mcf/d | US \$4.98/Mcf |
| Fixed price swap | April 2023 to October 2023 | 25,000 Mcf/d | US \$3.35/Mcf |
| Natural gas - AECO/Henry Hub Basis Differential | | | |
| Basis swap | April 2023 to December 2024 | 40,000 Mcf/d | Henry Hub less US \$1.19/Mcf |
| Crude oil - WTI NYMEX | | | |
| Fixed price swap | July 2022 to December 2022 | 250 bbls/d | US \$96.50/bbl |
| Collar | April 2022 to December 2022 | 250 bbls/d | US \$80.00/bbl - US \$115.00/bbl |
| Forward rate - CAD/USD | | | |
| Average rate currency swap | February 2021 to January 2023 | US \$ 750,000/month | 1.2850 |
| Average rate currency swap | June 2021 to May 2023 | US \$ 2,000,000/month | 1.2025 |
| Average rate currency swap | March 2022 to February 2023 | US \$ 1,500,000/month | 1.2719 |
| Average rate currency swap | May 2022 to March 2023 | US \$ 1,000,000/month | 1.2850 |

(1) Contract entered into subsequent to September 30, 2022

Processing and Other Income

| | Three months ended | | | Nine months ended | | |
|-------------------------------------|--------------------|------|--------|-------------------|------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Processing and other income (\$000) | 2,276 | - | nm | 5,991 | - | nm |
| per boe | 0.46 | - | nm | 0.39 | - | nm |

Advantage earns processing income from contracts entered in 2022 whereby the Corporation charges third-parties to utilize excess capacity at the Glacier Gas Plant and the Progress battery.

Net Sales of Purchased Natural Gas

| | Three months ended | | | Nine months ended | | |
|---|--------------------|------|-----------|-------------------|------|-----------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Sales of purchased natural gas (\$000) | - | - | nm | 4,826 | - | nm |
| Natural gas purchases (\$000) | - | - | nm | (4,756) | - | nm |
| Net sales of purchased natural gas (\$000) | - | - | nm | 70 | - | nm |
| per boe | - | - | nm | - | - | nm |

During the nine months ended September 30, 2022, the Corporation purchased natural gas volumes to satisfy physical sales commitments during planned downtime at the Glacier Gas Plant. During the nine months ended September 30, 2022, Advantage realized \$4.8 million of revenue from the sale of purchased natural gas while the natural gas volumes were purchased for a total of \$4.8 million.

Royalty Expense

| | Three months ended | | | Nine months ended | | |
|---------------------------------|--------------------|-------|--------|-------------------|--------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Royalty expense (\$000) | 28,882 | 8,059 | 258 | 79,103 | 18,602 | 325 |
| per boe | 5.80 | 1.75 | 231 | 5.19 | 1.36 | 282 |
| Royalty rate (%) ⁽¹⁾ | 12.3 | 6.0 | 6.3 | 10.9 | 5.6 | 5.3 |

⁽¹⁾ Percentage of natural gas and liquids sales.

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

Royalty expense for the three and nine months ended September 30, 2022 increased by \$20.8 million and \$60.5 million, respectively. The increase in royalty expense was due to significantly higher natural gas and liquids prices accompanied with increased production and royalty rates. Royalties paid on new wells drilled in Alberta are typically low until the initial capital investment is recovered at which time the royalty rate will increase based on the magnitude of production and commodity price. With the much higher commodity price environment and well productivity, Advantage's new wells quickly payout the initial capital invested at a rapid pace thereby resulting in higher royalty rates than historically experienced.

Operating Expense

| | Three months ended | | | Nine months ended | | |
|---------------------------|--------------------|--------|--------|-------------------|--------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Operating expense (\$000) | 18,544 | 10,967 | 69 | 46,925 | 32,023 | 47 |
| per boe | 3.72 | 2.38 | 56 | 3.08 | 2.35 | 31 |

Operating expense for the three and nine months ended September 30, 2022, increased by \$7.6 million and \$14.9 million, increases of 69% and 47%. The higher operating expense was attributed to the 8% and 12% increases in total production, additional third-party processing fees associated with higher production at Wembley, and higher insurance premiums tied to generating increased natural gas and liquids sales. Operating expense per boe increased by 56% and 31%, respectively, due to planned maintenance and turnaround costs incurred at the Glacier Gas Plant in the third quarter, accompanied with higher liquids production from our Wembley area. We anticipate operating expense to average approximately \$3.05 per boe for 2022.

Transportation Expense

| | Three months ended | | | Nine months ended | | |
|---|--------------------|---------------|-----------|-------------------|---------------|-----------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Natural gas (\$000) | 19,478 | 16,466 | 18 | 60,662 | 46,857 | 29 |
| Liquids (\$000) | 2,847 | 1,288 | 121 | 6,794 | 3,815 | 78 |
| Total transportation expense (\$000) | 22,325 | 17,754 | 26 | 67,456 | 50,672 | 33 |
| per boe | 4.48 | 3.86 | 16 | 4.43 | 3.72 | 19 |

Transportation expense represents the cost of transporting our natural gas and liquids production to the sales points, including associated fuel costs. Transportation expense for the three and nine months ended September 30, 2022, increased by \$4.6 million and \$16.8 million, respectively, increases of 26% and 33%. The increases in transportation expense are a result of increased NGTL tolls, higher fuel costs associated with increased natural gas prices, additional downstream natural gas transportation and additional liquids transportation associated with higher liquids production. Transportation expense is expected to average approximately \$4.45 to \$4.65 per boe for 2022.

Operating Netback

| | Three months ended September 30 | | | |
|---|------------------------------------|--------------|---------------|--------------|
| | 2022 | | 2021 | |
| | \$000 | per boe | \$000 | per boe |
| Natural gas and liquids sales | 235,392 | 47.23 | 134,354 | 29.19 |
| Realized losses on derivatives | (62,668) | (12.58) | (23,963) | (5.21) |
| Processing and other income | 2,276 | 0.46 | - | - |
| Royalty expense | (28,882) | (5.80) | (8,059) | (1.75) |
| Operating expense | (18,544) | (3.72) | (10,967) | (2.38) |
| Transportation expense | (22,325) | (4.48) | (17,754) | (3.86) |
| Operating netback ⁽¹⁾ | 105,249 | 21.11 | 73,611 | 15.99 |

| | Nine months ended September 30 | | | |
|---|-----------------------------------|--------------|----------------|--------------|
| | 2022 | | 2021 | |
| | \$000 | per boe | \$000 | per boe |
| Natural gas and liquids sales | 727,258 | 47.71 | 332,780 | 24.40 |
| Realized losses on derivatives | (119,790) | (7.86) | (37,490) | (2.75) |
| Processing and other income | 5,991 | 0.39 | - | - |
| Net sales of purchased natural gas | 70 | - | - | - |
| Royalty expense | (79,103) | (5.19) | (18,602) | (1.36) |
| Operating expense | (46,925) | (3.08) | (32,023) | (2.35) |
| Transportation expense | (67,456) | (4.43) | (50,672) | (3.72) |
| Operating netback ⁽¹⁾ | 420,045 | 27.54 | 193,993 | 14.22 |

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

For the three and nine months ended September 30, 2022, Advantage's operating netback increased by 43% and 117%, respectively, or \$5.12/boe and \$13.32/boe. The increase in the Corporation's operating netbacks per boe was primarily due to the increase in natural gas and liquids sales as a result of significantly increased natural gas and crude oil benchmark prices (see "Commodity Prices and Marketing"). This increase was partially offset by realized losses on derivatives (see "Financial Risk Management") and increased royalty expense (see "Royalty Expense"), both similarly due to much higher natural gas and crude oil benchmark prices.

General and Administrative Expense

| | Three months ended | | | Nine months ended | | |
|--|--------------------|-------|--------|-------------------|--------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| General and administrative expense (\$000) | 6,418 | 5,757 | 11 | 16,894 | 14,920 | 13 |
| per boe | 1.29 | 1.25 | 3 | 1.11 | 1.09 | 2 |
| Employees at September 30 | | | | 52 | 40 | 30 |

General and administrative ("G&A") expense for the three and nine months ended September 30, 2022 increased by \$0.7 million and \$2.0 million, respectively. For the nine months ended September 30, 2022, the Corporation's G&A increased largely due to a 30% increase in employee count, and an incremental \$1.8 million for a total of \$2.5 million of G&A incurred by Entropy Inc. ("Entropy"), the Corporation's subsidiary.

Share-based Compensation Expense

| | Three months ended | | | Nine months ended | | |
|---|--------------------|--------------|------------|-------------------|--------------|-----------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Share-based compensation (\$000) | 1,909 | 1,741 | 10 | 5,923 | 5,025 | 18 |
| Capitalized (\$000) | (756) | (557) | 36 | (1,682) | (1,490) | 13 |
| Cash settled awards (\$000) | - | - | nm | - | (682) | nm |
| Share-based compensation expense (\$000) | 1,153 | 1,184 | (3) | 4,241 | 2,853 | 49 |
| per boe | 0.23 | 0.26 | (12) | 0.28 | 0.21 | 33 |

Advantage's long-term compensation plan for employees consists of a balanced approach between a cash-based performance award incentive plan (see "General and Administrative Expense") and a share-based restricted and performance award incentive Plan. Under Advantage's restricted and performance award incentive plan, Performance Share Units are granted to service providers of Advantage which cliff vest after three years from grant date. Capitalized share-based compensation is attributable to personnel involved with the development of the Corporation's capital projects. For the nine months ended September 30, 2022, share-based compensation increased due to an increase in employees, additional share-based compensation associated with Entropy, and certain awards settled in cash in 2021. Entropy implemented a long-term share-based compensation plan for service providers of Entropy in 2021, consisting of a stock option plan whereby an initial grant of stock options occurred in June 2021.

Depreciation Expense

| | Three months ended | | | Nine months ended | | |
|------------------------------|--------------------|--------|--------|-------------------|--------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Depreciation expense (\$000) | 33,924 | 26,919 | 26 | 101,568 | 80,788 | 26 |
| per boe | 6.81 | 5.85 | 16 | 6.66 | 5.92 | 13 |

The increase in depreciation expense during the three and nine months ended September 30, 2022, was attributable to an increased net book value associated with the Corporation's natural gas and liquids properties subsequent to booking an impairment reversal of \$340.7 million in the fourth quarter of 2021, accompanied with increased 2022 production (see "Production").

Finance Expense

| | Three months ended | | | Nine months ended | | |
|--------------------------------------|--------------------|--------------|-------------|-------------------|---------------|-------------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Cash finance expense (\$000) | 2,180 | 4,501 | (52) | 10,566 | 15,476 | (32) |
| per boe | 0.44 | 0.98 | (55) | 0.69 | 1.13 | (39) |
| Accretion expense (\$000) | 491 | 297 | 65 | 1,267 | 857 | 48 |
| Total finance expense (\$000) | 2,671 | 4,798 | (44) | 11,833 | 16,333 | (28) |
| per boe | 0.54 | 1.04 | (48) | 0.78 | 1.20 | (35) |

Advantage realized lower cash finance expense during the three and nine months ended September 30, 2022, as a result of decreased average outstanding bank indebtedness when compared to the same periods in 2021. Advantage's bank indebtedness interest rates are primarily based on short-term bankers' acceptance rates plus a stamping fee and determined by net debt to the trailing four quarters Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio as calculated pursuant to our Credit Facilities.

On April 5, 2022, the Corporation's subsidiary Entropy issued a \$25 million unsecured debenture that is non-recourse to Advantage. The unsecured debenture bears an interest rate of 8% that Entropy can elect to pay in cash or pay-in-kind. Any paid-in-kind interest is added to the aggregate principal amount of the unsecured debenture. For the nine months ended September 30, 2022, Entropy incurred interest of \$1.0 million that was paid in cash (see "Unsecured Debentures").

Taxes

| | Three months ended | | | Nine months ended | | |
|----------------------------|--------------------|-------|--------|-------------------|--------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Income tax expense (\$000) | 13,088 | 9,476 | 38 | 69,517 | 12,202 | nm |
| Effective tax rate (%) | 24.4 | 18.0 | | 23.7 | 19.2 | |

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and nine months ended September 30, 2022, the Corporation recognized a deferred income tax expense of \$13.1 million and \$69.5 million, respectively, as a result of generating substantial income before taxes and non-controlling interest. As at September 30, 2022, the Corporation had a deferred income tax liability of \$165.8 million.

Net Income and Comprehensive Income Attributable to Advantage Shareholders

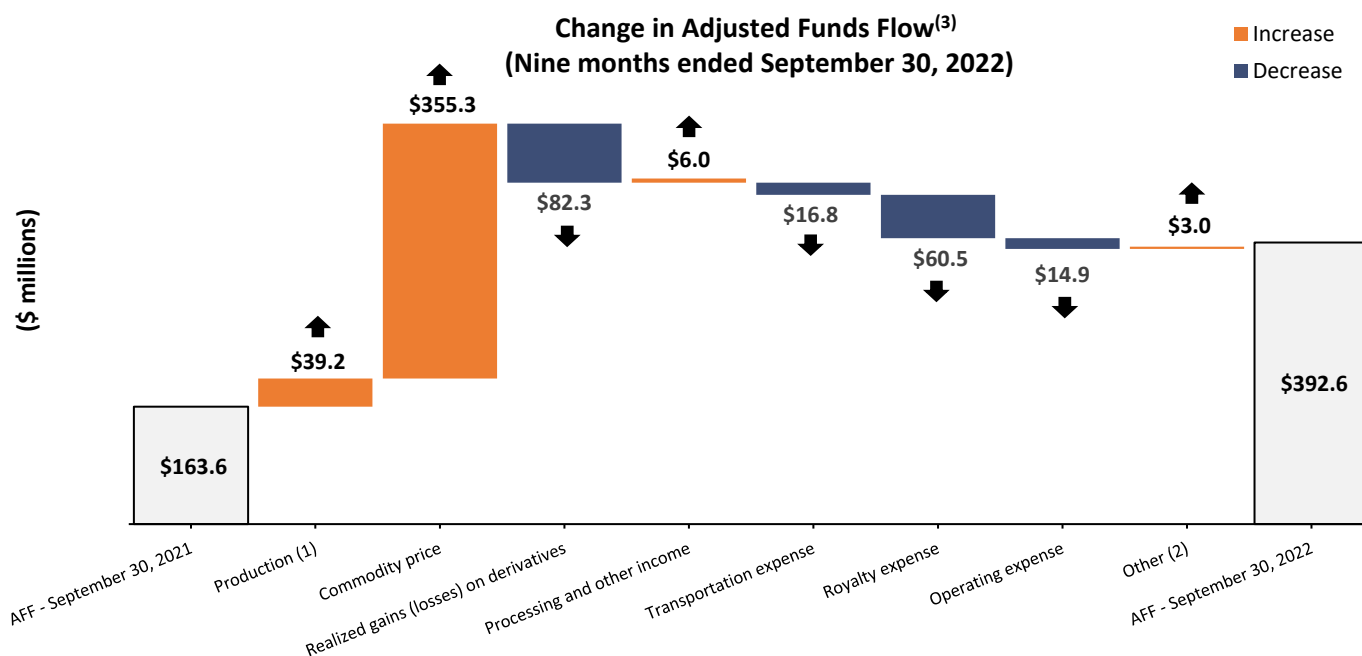
| | Three months ended | | | Nine months ended | | |
|--|--------------------|--------|--------|-------------------|--------|--------|
| | September 30 | | % | September 30 | | % |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Net income and comprehensive income attributable to Advantage shareholders (\$000) | 40,792 | 43,188 | (6) | 224,705 | 51,488 | 336 |
| per share - basic | 0.22 | 0.23 | (4) | 1.19 | 0.27 | 340 |
| per share - diluted | 0.21 | 0.22 | (5) | 1.15 | 0.26 | 342 |

Advantage recognized net income attributable to Advantage shareholders of \$40.8 million and \$224.8 million for the three and nine months ended September 30, 2022, respectively. Net income and comprehensive income attributable to Advantage shareholders was significantly higher when compared to 2021 largely due to increased natural gas and liquids sales attributable to higher commodity prices and production (see "Natural gas and liquids sales"), partially offset by increased expenses and losses on derivatives (see "Financial Risk Management").

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

| (\$000, except as otherwise indicated) | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|---------------|-----------------------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash provided by operating activities | 123,224 | 46,988 | 389,820 | 155,688 |
| Expenditures on decommissioning liability | 517 | 438 | 1,071 | 780 |
| Changes in non-cash working capital | (27,090) | 15,927 | 1,694 | 7,129 |
| Adjusted funds flow⁽¹⁾ | 96,651 | 63,353 | 392,585 | 163,597 |
| Adjusted funds flow per boe ⁽¹⁾ | 19.39 | 13.77 | 25.76 | 12.00 |
| Adjusted funds flow per share ⁽¹⁾ | 0.52 | 0.33 | 2.07 | 0.86 |

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



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

(2) Other includes net sales of purchased natural gas, general and administrative expense, and finance expense (excluding accretion of decommissioning liability and unsecured debentures).

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

For the three and nine months ended September 30, 2022, Advantage realized cash provided by operating activities of \$123.2 million and \$389.8 million, increases of \$76.2 million and \$234.1 million, respectively, when compared to the same periods of 2021. After adjusting for non-cash changes in working capital and expenditures on decommissioning liability, the Corporation realized adjusted funds flow of \$96.7 million and \$392.6 million, increases of \$33.3 million and \$229.0 million, respectively, when compared to the same periods of 2021. Adjusted funds flow of \$96.7 million for the three months ended September 30, 2022, includes \$98.1 million earned by Advantage that was partially offset by \$1.4 million of negative adjusted funds flow incurred by Entropy.

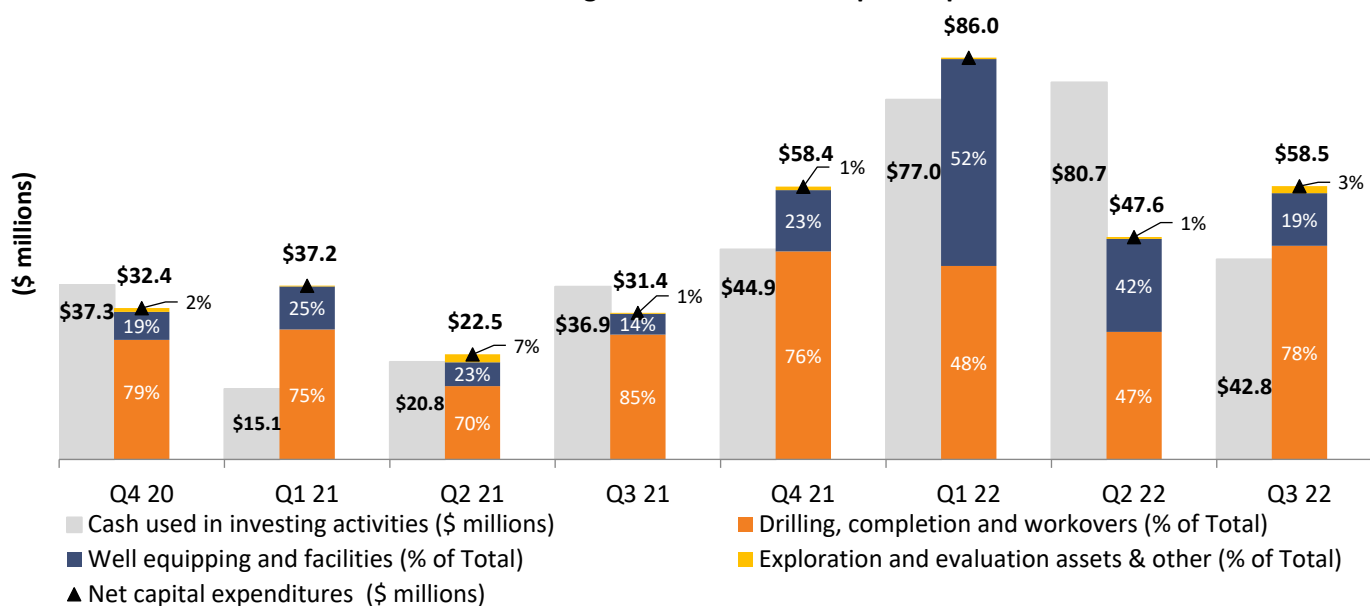
The increases in cash provided by operating activities and adjusted funds flow were largely due to the increase in natural gas and liquids sales as a result of significantly improved commodity prices and higher total production (see "Commodity Prices and Marketing" and "Production"). These increases were partially offset by higher realized losses on derivatives (see "Financial Risk Management") and increased royalties paid to the crown.

Cash Used in Investing Activities and Net Capital Expenditures

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|---------------|-----------------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| Drilling, completion and workovers | 45,688 | 26,715 | 114,361 | 70,188 |
| Well equipping and facilities | 11,245 | 4,451 | 75,412 | 18,780 |
| Carbon capture and storage | 1,295 | - | 1,295 | - |
| Property acquisitions | - | - | - | 1,473 |
| Other | 219 | 21 | 485 | 59 |
| Expenditures on property, plant and equipment | 58,447 | 31,187 | 191,553 | 90,500 |
| Expenditures on exploration and evaluation assets | - | - | - | 354 |
| Expenditures on intangible assets | 72 | 165 | 550 | 165 |
| Net capital expenditures ⁽¹⁾ | 58,519 | 31,352 | 192,103 | 91,019 |
| Changes in non-cash working capital | (15,697) | 5,608 | 8,427 | 1,867 |
| Project funding received | - | (20) | (5) | (20,043) |
| Cash used in investing activities | 42,822 | 36,940 | 200,525 | 72,843 |

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

Cash Used in Investing Activities and Net Capital Expenditures



Advantage invested \$58.5 million and \$192.1 million on property, plant, and equipment, exploration and evaluation assets and intangible assets during the three and nine months ended September 30, 2022. Net capital expenditures include \$8 million of casing and other equipment that was pre-purchased for future use to reduce costs and secure supply given the current inflationary environment.

Glacier

Production at Advantage's Glacier gas property has continued to grow, surpassing a peak production level of 50,000 boe/d during the first half of 2022 after being the focus of our 2021 capital program. During the first half of 2022, well activity was limited to 5.0 gross (3.0 net) wells brought on production. Well performance of these wells has been exceptional averaging a peak IP30 rate of 1,850 boe/d (10.2 MMcf/d natural gas and 156 bbls/d condensate), despite being choked back to minimize erosional risks and impacts on existing nearby wells.

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

Drilling resumed during the third quarter with 8 wells rig released and completion activity initiated on 5 wells. Flowback of the 5 wells will be finished early in the fourth quarter with permanent production following immediately. A total of 14.0 gross (12.0 net) wells will be drilled at Glacier during the second half of 2022, providing natural gas production growth leading into the higher demand winter heating season.

Construction and commissioning of the Phase 1 CCS and waste heat recovery project at the Glacier Gas Plant, designed to lower emissions by 47,000 tonnes per annum of CO₂e, has been completed along with baseline testing using industry standard monoethanolamine ("MEA") solvent. Performance to-date of the Entropy equipment with MEA has met or exceeded internal expectations and modeling. The solvent was switched out to Entropy23™ in October for testing and data collection. Initial efficiency of Entropy23™ is likely to be determined during the fourth quarter of 2022, although establishing long-term operating costs, optimized heat duty and degradation tracking may require up to one year.

Valhalla

Advantage drilled 4.0 gross (4.0 net) wells at Valhalla year-to-date. Two wells were placed on production during the second quarter and two wells placed on production in the third quarter. The wells' IP30 average production rate was 1,179 boe/d (4.8 MMcf/d natural gas, 282 bbls/d condensate and 92 bbls/d NGLs) at 24% liquids (raw volumes measured at wellsite separator) despite the wells being choked back to minimize erosional risks. All Valhalla production flows through Advantage owned infrastructure to our Glacier Gas Plant. Strong well results support Management's view that our Valhalla asset will continue to play a pivotal role in the Corporation's liquids-rich gas development plan.

Wembley

At Wembley, development of this oil-weighted property was weighted to the first half of 2022 with an active program consisting of 3.0 gross (3.0 net) wells drilled, 6.0 gross (6.0 net) wells completed and 6.0 gross (6.0 net) wells placed on production. The Wembley asset is now connected to two major processing facilities providing sufficient gas processing capacity for future growth. Following the last of group of wells being placed on production, the property achieved record production.

Drilling resumed in the third quarter with 3.0 gross (1.5 net) wells rig released and completion activity ongoing. Flowback of the 3 wells will conclude in November with permanent production following immediately. One of the wells on the pad has targeted a new development layer that will be evaluated by Advantage for the first time in Wembley.

Progress

Construction of the first phase (inlet separation and compression) of our 100% owned Progress compressor site and liquids handling hub was completed early in the second quarter providing additional gas and liquids handling at Progress, generating processing income with a 5-year commitment from a third-party that will utilize excess capacity at this facility and the Glacier Gas Plant, while freeing up capacity at Valhalla.

Entropy Inc.

Entropy has incurred \$1.9 million of net capital expenditures during the nine months ended September 30, 2022, including \$0.6 million related to the technology development and testing of Entropy's proprietary carbon capture solvents (intangible assets), and \$1.3 million related to initial engineering and design work for the Athabasca Leismer CCS facility with final investment decision expected in the fourth quarter of 2022.

Commitments and Contractual Obligations

The Corporation has commitments and contractual obligations in the normal course of operations. Commitments include operating costs for our head office lease, natural gas processing costs associated with third-party facilities, and transportation costs for delivery of our natural gas and liquids production (crude oil, condensate and NGLs) to sales points. Transportation commitments are required to ensure our production is delivered to sales markets and Advantage actively manages our portfolio in conjunction with our future development plans ensuring we are properly diversified to multiple markets. Of our total transportation commitments, \$232 million is required for delivery of natural gas and liquids production to Alberta markets, while Advantage has proactively committed to \$221 million in additional transportation to diversify natural gas production to the Dawn, Empress and Emerson markets, with the objective of reducing price volatility and achieving higher operating netbacks (see "Transportation Expense"). Contractual obligations comprise those liabilities to third-parties incurred for the purpose of financing Advantage's business and development, including our bank indebtedness.

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

| (\$ millions) | Payments due by period | | | | | | |
|---|------------------------|--------------------|--------------|--------------|-------------|-------------|--------------|
| | Total | 2022 (3 months) | 2023 | 2024 | 2025 | 2026 | Beyond |
| Building operating cost ⁽¹⁾ | 2.0 | 0.1 | 0.4 | 0.4 | 0.4 | 0.4 | 0.3 |
| Processing | 55.4 | 1.7 | 7.9 | 10.0 | 9.5 | 7.0 | 19.3 |
| Transportation | 453.2 | 18.2 | 71.1 | 71.3 | 69.1 | 57.5 | 166.0 |
| Total commitments | 510.6 | 20.0 | 79.4 | 81.7 | 79.0 | 64.9 | 185.6 |
| Performance Awards | 13.6 | - | 6.0 | 5.9 | 1.7 | - | - |
| Lease liability | 2.2 | 0.1 | 0.4 | 0.5 | 0.4 | 0.4 | 0.4 |
| Financing liability | 161.7 | 3.2 | 12.7 | 12.7 | 12.7 | 12.7 | 107.7 |
| Bank indebtedness ⁽²⁾ | | | | | | | |
| - principal | 115.0 | - | - | 115.0 | - | - | - |
| - interest | 10.6 | 1.5 | 6.1 | 3.0 | - | - | - |
| Unsecured debentures - principal ⁽³⁾ | 25.0 | - | - | - | - | - | 25.0 |
| Total contractual obligations | 328.1 | 4.8 | 25.2 | 137.1 | 14.8 | 13.1 | 133.1 |
| Total future payments | 838.7 | 24.8 | 104.6 | 218.8 | 93.8 | 78.0 | 318.7 |

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

(2) As at September 30, 2022, the Corporation's bank indebtedness was governed by a credit facility agreement for a two-year term with a syndicate of financial institutions. The facility is revolving and extendible for a further 364-day period upon an annual review and at the option of the syndicate. If not extended, the credit facility will mature with any outstanding principal payable at the end of the two-year term (see "Bank Indebtedness, Credit Facilities and Working Capital").

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

Liquidity and Capital Resources

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

| (\$000, except as otherwise indicated) | As at September 30, 2022 | As at December 31, 2021 |
|---|-----------------------------|----------------------------|
| Bank indebtedness | 113,804 | 167,345 |
| Unsecured debentures | 15,588 | - |
| Working capital surplus ⁽¹⁾ | (46,960) | (6,865) |
| Net debt ⁽¹⁾ | 82,432 | 160,480 |
| Shares outstanding | 181,717,113 | 190,828,976 |
| Shares closing market price (\$/share) | 9.93 | 7.41 |
| Market capitalization | 1,804,451 | 1,414,043 |
| Total capitalization | 1,886,883 | 1,574,523 |
| Net debt to adjusted funds flow ratio ⁽¹⁾ | 0.2 | 0.7 |

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

As at September 30, 2022, Advantage had a \$350 million Credit Facility of which \$222.6 million or 64% was available after deducting letters of credit of US\$9 million outstanding (see "Bank Indebtedness, Credit Facilities and Working Capital"). The Corporation's adjusted funds flow was utilized to fund our capital expenditure program of \$192.1 million, repurchase and cancel 12.2 million common shares for \$128.9 million, and reduce bank indebtedness by \$53.5 million with a net debt to adjusted funds flow ratio of 0.2 times. Advantage continues to be focused on maintaining a strong balance sheet, a disciplined commodity risk management program and maintaining available liquidity such that it is well positioned to continue successfully executing its multi-year development plan.

Advantage monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The capital structure of the Corporation is composed of working capital, bank indebtedness, unsecured debentures and share capital. Advantage may manage its capital structure by issuing new common shares, repurchasing outstanding common shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend, or adjusting capital spending. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis. Management of the Corporation's capital structure is facilitated through its financial and operational forecasting processes. Selected forecast information is frequently provided to the Board of Directors. This continual financial assessment process further enables the Corporation to mitigate risks. The Corporation continues to satisfy all liabilities and commitments as they come due.

Bank Indebtedness, Credit Facilities and Working Capital

As at September 30, 2022, Advantage had bank indebtedness outstanding of \$113.8 million, a decrease of \$53.5 million since December 31, 2021. Advantage's Credit Facilities have a borrowing base of \$350 million that is collateralized by a \$1 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "Credit Facilities"). Under the Credit Facilities, the Corporation must ensure at all times that its Liability Management Rating ("LMR") as determined by the AER is not less than 2.0. The borrowing base for the Credit Facilities is determined by the banking syndicate through an evaluation of our reserve estimates based upon their independent commodity price assumptions. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base. On June 17, 2022, the Credit Facilities were renewed with no changes to the borrowing base of \$350 million, comprised of a \$30 million extendible revolving operating loan facility from one financial institution and a \$320 million extendible revolving loan facility from a syndicate of financial institutions. The Credit Facility has a tenor of two years with a maturity date in June 2024 and is subject to an annual review and extension by the lenders. During the revolving period, a review of the maximum borrowing amount occurs annually on or before May 31 and semi-annually on or before November 30. During the term, no principal payments are required until the revolving period matures in June 2024 in the event of a reduction, or the Credit Facility not being renewed. The Corporation had letters of credit of US\$9 million outstanding at September 30, 2022 (December 31, 2021 - US\$9 million). The Credit Facilities do not contain any financial covenants, but the Corporation is subject to various affirmative and negative covenants under its Credit Facilities. The Corporation was in compliance with all covenants as at September 30, 2022 and December 31, 2021.

Advantage had a working capital surplus of \$47.0 million as at September 30, 2022, an increase in the surplus of \$40.1 million compared to December 31, 2021 largely due to the timing of net capital expenditures and related payments, accompanied with increases in trade and other receivables tied to strong commodity prices. Our working capital includes cash and cash equivalents, trade and other receivables, prepaid expenses and deposits, trade and other accrued liabilities. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with cash provided by operating activities and our available Credit Facilities.

Unsecured Debentures

On March 25, 2022, the Corporation's subsidiary Entropy entered into an investment agreement with Brookfield Renewable, who provided a capital commitment of \$300 million. Entropy will issue unsecured debentures to fund carbon capture and storage projects that reach final investment decision as certain predetermined return thresholds are met. Under the terms of the agreement, Entropy and the investor have options that provide for the unsecured debentures to be exchanged for common shares at an exchange price of \$10 per share, subject to adjustment in certain circumstances. The investor has the option to exchange the outstanding unsecured debentures for common shares at any time while Entropy may commence a mandatory exchange of unsecured debentures for common shares in advance of an Initial Public Offering ("IPO"). The unsecured debentures have a term of 10 years, if not exchanged for common shares, which are to be repaid at the end of the term in the amount greater of the principal amount and the investor's pro rata share of the fair market value of Entropy, and are non-recourse to Advantage. Each debenture issued by Entropy bears an interest rate of 8% per annum that Entropy can elect to pay in cash or pay-in-kind, due on a quarterly basis. Any paid-in-kind interest is added to the aggregate principal, subject to certain limitations.

On April 5, 2022, Entropy issued unsecured debentures and received an initial \$25.0 million in gross proceeds and incurred \$3.8 million of issuance cost. For the nine months ended September 30, 2022, Entropy incurred interest of \$1.0 million that was paid in cash.

Other Liabilities

In 2020, Advantage sold a 12.5% interest in the Corporation's Glacier Gas Plant and entered into a 15-year take-or-pay volume commitment agreement with the purchaser for 50 MMcf/d capacity at a fee of \$0.66/Mcf. The sale and volume commitment agreement is treated as a financing transaction with an effective interest rate of 9.1%. For the nine months ended September 30, 2022, the Corporation made cash payments of \$9.1 million (September 30, 2021 - \$9.0 million) under the take-or-pay volume commitment agreement. During the third quarter of 2022, as part of the planned capital expansion of the Glacier Gas Plant, the working interest partner provided \$5.0 million in additional financing, with the volume commitment fee being revised to \$0.696/Mcf for the remainder of the term.

As at September 30, 2022, Advantage had a decommissioning liability of \$43.6 million (December 31, 2021 - \$62.5 million) for the future abandonment and reclamation of the Corporation's natural gas and liquids properties. The decommissioning liability includes assumptions in respect of actual costs to abandon and reclaim wells and facilities, the time frame in which such costs will be incurred, annual inflation factors and discount rates. The total estimated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability was \$59.2 million (December 31, 2021 - \$57.6 million), with 56% of these costs to be incurred beyond 2050. Actual spending on decommissioning for the nine months ended September 30, 2022, was \$1.1 million (year ended December 31, 2021 - \$1.0 million). Advantage continues to maintain an industry leading LMR of 27.5, demonstrating that the Corporation has no issues addressing its abandonment, remediation, and reclamation obligations.

Non-controlling interest ("NCI")

On May 5, 2021, Entropy issued common shares to Advantage and Allardyce Bower Holdings Inc. ("ABC") in exchange for intangibles and intellectual property, resulting in Advantage and ABC owning 90% and 10% of Entropy, respectively. Advantage consolidates 100% of Entropy and has recognized a non-controlling interest in shareholders' equity, representing the carrying value of the 10% shareholding of Entropy held by outside interests. ABC's contribution of intellectual property to Entropy resulted in the initial recognition of an intangible asset of \$2.5 million.

For the nine months ended September 30, 2022, the net loss and comprehensive loss attributed to non-controlling interest was \$0.4 million (September 30, 2021 - \$0.1 million).

Shareholders' Equity

On April 7, 2022, the TSX approved the Corporation commencing a normal course issuer bid ("NCIB"). Pursuant to the NCIB, Advantage may purchase for cancellation, from time-to-time, as it considers advisable, up to a maximum of 18,704,019 common shares of the Corporation. The NCIB commenced on April 13, 2022 and will terminate on April 12, 2023 or such earlier time as the NCIB is completed or terminated at the option of Advantage. Purchases pursuant to the NCIB will be made on the open market through the facilities of the TSX or alternative trading systems. The price that Advantage will pay for any common shares under the NCIB will be the prevailing market price on the TSX at the time of such purchase. Common shares acquired under the NCIB will be cancelled. For the nine months ended September 30, 2022, the Corporation purchased 12.2 million common shares for cancellation at an average price of \$10.60 per common share for a total of \$128.9 million.

As at September 30, 2022, a total of 4.0 million Performance Share Units were outstanding under the Restricted and Performance Award Incentive Plan, which represents 2.2% of Advantage's total outstanding common shares. During April 2022, 1,585,888 Performance Share Units matured and were settled with the issuance of 3,056,992 common shares.

As at October 27, 2022, Advantage had 181.1 million common shares outstanding.

Quarterly Performance

| | 2022 | | | 2021 | | | 2020 | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| | Q3 | Q2 | Q1 | Q4 | Q3 | Q2 | Q1 | Q4 |
| (\$000, except as otherwise indicated) | | | | | | | | |
| Financial Statement Highlights | | | | | | | | |
| Natural gas and liquids sales | 235,392 | 314,297 | 177,569 | 159,255 | 134,354 | 99,053 | 99,373 | 73,203 |
| Net income (loss) and comprehensive income (loss) | 40,568 | 164,234 | 19,496 | 359,956 | 43,098 | 8,725 | (425) | 24,168 |
| per basic share ⁽²⁾ | 0.22 | 0.86 | 0.10 | 1.90 | 0.23 | 0.04 | 0.00 | 0.13 |
| Basic weighted average shares (000) | 186,717 | 190,415 | 190,829 | 190,829 | 190,829 | 190,501 | 188,113 | 188,113 |
| Cash provided by operating activities | 123,224 | 157,439 | 109,157 | 67,464 | 46,988 | 57,134 | 51,566 | 30,260 |
| Cash provided by (used in) financing activities | (71,048) | (37,556) | (50,769) | (27,423) | (26,960) | (21,480) | (7,548) | 5,071 |
| Cash used in investing activities | (42,822) | (80,720) | (76,983) | (44,939) | (36,940) | (20,834) | (15,069) | (37,325) |
| Other Financial Highlights | | | | | | | | |
| Adjusted funds flow ⁽¹⁾ | 96,651 | 187,056 | 108,878 | 71,227 | 63,353 | 46,266 | 53,978 | 31,738 |
| per boe ⁽¹⁾ | 19.39 | 34.05 | 22.85 | 16.15 | 13.77 | 10.17 | 12.04 | 7.92 |
| per basic share ⁽¹⁾⁽²⁾ | 0.52 | 0.98 | 0.57 | 0.37 | 0.33 | 0.24 | 0.29 | 0.17 |
| Net capital expenditures ⁽¹⁾ | 58,519 | 47,570 | 86,014 | 58,384 | 31,352 | 22,482 | 37,185 | 32,390 |
| Free cash flow ⁽¹⁾ | 38,132 | 139,486 | 22,864 | 12,843 | 32,001 | 23,784 | 16,793 | (652) |
| Working capital surplus (deficit) ⁽¹⁾ | 46,960 | 77,858 | (19,115) | 6,865 | 29,914 | 27,595 | 27,516 | (3,216) |
| Bank indebtedness | 113,804 | 106,776 | 117,558 | 167,345 | 193,828 | 219,856 | 240,428 | 247,105 |
| Net debt ⁽¹⁾ | 82,432 | 44,301 | 136,673 | 160,480 | 163,914 | 192,261 | 212,912 | 250,321 |
| Operating Highlights | | | | | | | | |
| Production | | | | | | | | |
| Crude oil (bbls/d) | 2,168 | 2,858 | 997 | 816 | 1,038 | 1,163 | 1,395 | 1,653 |
| Condensate (bbls/d) | 1,049 | 1,128 | 1,057 | 1,012 | 1,002 | 637 | 721 | 653 |
| NGLs (bbls/d) | 3,230 | 3,392 | 2,854 | 2,524 | 2,684 | 2,490 | 2,493 | 2,234 |
| Total liquids production (bbls/d) | 6,447 | 7,378 | 4,908 | 4,352 | 4,724 | 4,290 | 4,609 | 4,540 |
| Natural gas (mcf/d) | 286,328 | 317,976 | 288,226 | 261,530 | 271,804 | 274,328 | 271,262 | 233,949 |
| Total production (boe/d) | 54,168 | 60,374 | 52,946 | 47,940 | 50,025 | 50,011 | 49,819 | 43,532 |
| Average prices (including realized derivatives) | | | | | | | | |
| Natural gas (\$/mcf) | 4.61 | 6.75 | 5.04 | 4.17 | 3.48 | 2.81 | 3.07 | 2.45 |
| Liquids (\$/bbl) | 87.89 | 107.83 | 82.48 | 50.92 | 49.68 | 47.21 | 48.11 | 37.62 |
| Operating Netback (\$/boe) | | | | | | | | |
| Natural gas and liquids sales | 47.23 | 57.21 | 37.26 | 36.11 | 29.19 | 21.76 | 22.16 | 18.28 |
| Realized gains (losses) on derivatives | (12.58) | (8.50) | (2.19) | (8.41) | (5.21) | (2.12) | (0.87) | (0.74) |
| Processing and other income | 0.46 | 0.41 | 0.30 | - | - | - | - | - |
| Net sales of purchased natural gas | - | - | 0.01 | - | - | - | - | - |
| Royalty expense | (5.80) | (6.17) | (3.42) | (2.02) | (1.75) | (1.20) | (1.13) | (0.77) |
| Operating expense | (3.72) | (2.75) | (2.79) | (2.92) | (2.38) | (2.21) | (2.45) | (2.68) |
| Transportation expense | (4.48) | (4.44) | (4.36) | (4.48) | (3.86) | (3.72) | (3.57) | (3.62) |
| Operating netback ⁽¹⁾ | 21.11 | 35.76 | 24.81 | 18.28 | 15.99 | 12.51 | 14.14 | 10.47 |

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

(2) Based on basic weighted average shares outstanding.

The table above highlights the Corporation's performance for the third quarter of 2022 and for the preceding seven quarters. Production steadily increased from the end of 2020 through the first half of 2021. Production decreased in the fourth quarter of 2021 due to unplanned "firm service" restrictions on TC Energy's NGTL system but then subsequently increased during 2022 with a return to normal production levels and bringing onstream newly drilled wells.

Quarterly Performance (continued)

Natural gas and liquids sales and adjusted funds flow were impacted in 2020 by the decrease in commodity prices due to the COVID-19 pandemic which escalated at the end of the first quarter and continued through the year. Natural gas and liquids sales and adjusted funds flow increased significantly in the first quarter of 2021 through the third quarter of 2022 as a result of increased production accompanied with strong natural gas and liquids benchmark prices. Cash provided by operating activities experienced greater fluctuations than adjusted funds flow due to changes in non-cash working capital, which primarily resulted from the amount and timing of trade payable settlements and accounts receivable collections. The Corporation incurred a large net loss in the first quarter of 2020 due to an impairment charge which was triggered by the COVID-19 pandemic impact on anticipated future commodity prices due to supply and demand outlooks. This impairment charge was recovered in the fourth quarter of 2021, attributed to the significant improvement in commodity prices, resulting in a significant increase to net income. As a result of strong commodity prices, the Corporation generated significant net income in the three quarters of 2022.

Critical Accounting Estimates

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

Management relies on the estimate of reserves as prepared by the Corporation's independent qualified reserves evaluator. The process of estimating reserves is critical to several accounting estimates. The process of estimating reserves is complex and requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development and production activities becomes available and as economic conditions impact natural gas and liquids prices, operating expense, royalty burden changes, and future development costs. Reserve estimates impact net income (loss) and comprehensive income (loss) through depreciation, impairment and impairment reversals of natural gas and liquids properties. After tax discounted cashflows are used to ensure the carrying amount of the Corporation's natural gas and liquids properties are recoverable. The discount rate used is subject to judgement and may impact the carrying value of the Corporation's natural gas and liquids properties. The reserve estimates are also used to assess the borrowing base for the Credit Facilities. Revision or changes in the reserve estimates can have either a positive or a negative impact on asset values, net income (loss), comprehensive income (loss) and the borrowing base of the Corporation.

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

Critical Accounting Estimates (continued)

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

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

In determining the lease term for leases, Management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

Changes in Accounting Policies

The Corporation has adopted the following accounting policies during the three and nine months ended September 30, 2022:

Unsecured debentures

Unsecured debentures are measured at fair value and are separated out into their liability and derivative liability components. The unsecured debentures liability is recorded on the consolidated statement of financial position at amortized cost. After initial recognition, the Corporation will accrete the unsecured debentures over their contractual term using the effective interest rate method. Cost associated with the issuance of unsecured debentures are included in the initial carrying amount of the liability.

The unsecured debentures derivative liability is recorded on the consolidated statement of financial position at fair value. The exchange features of the unsecured debentures are determined to be an embedded derivative liability and are separately valued and accounted for on the statement of financial position with changes in fair value recognized through profit and loss. The Corporation determines the fair value of the derivative liability using a Black Scholes model. Inputs used in the Black Scholes model involves Management's judgment and may impact net income and comprehensive income of the Corporation.

Accounting Pronouncements not yet Adopted

A description of additional accounting standards and interpretations that will be adopted in future periods can be found in the notes to the Consolidated Financial Statements for the three and nine months ended September 30, 2022.

Evaluation of Disclosure Controls and Procedures

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

Evaluation of Internal Controls over Financial Reporting

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

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended September 30, 2022, that have materially affected, or are reasonably likely to materially affect, our ICFR.

It should be noted that while the Chief Executive Officer and Chief Financial Officer believe that the Corporation's design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, does not provide absolute, but rather is designed to provide reasonable assurance that the objective of the control system is met. The Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

Specified Financial Measures

Throughout this MD&A and in other documents disclosed by the Corporation, Advantage discloses certain measures to analyze financial performance, financial position, and cash flow. These non-GAAP and other financial measures do not have any standardized meaning prescribed under IFRS and therefore may not be comparable to similar measures presented by other entities. The non-GAAP and other financial measures should not be considered to be more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and comprehensive income (loss), cash provided by operating activities, and cash used in investing activities, as indicators of Advantage's performance.

Non-GAAP Financial Measures

Adjusted Funds Flow

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

| (\$000) | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|--------|-----------------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash provided by operating activities | 123,224 | 46,988 | 389,820 | 155,688 |
| Expenditures on decommissioning liability | 517 | 438 | 1,071 | 780 |
| Changes in non-cash working capital | (27,090) | 15,927 | 1,694 | 7,129 |
| Adjusted funds flow | 96,651 | 63,353 | 392,585 | 163,597 |

Net Capital Expenditures

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

| (\$000) | Three months ended September 30 | | Nine months ended September 30 | |
|-------------------------------------|------------------------------------|---------|-----------------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash used in investing activities | 42,822 | 36,940 | 200,525 | 72,843 |
| Changes in non-cash working capital | 15,697 | (5,608) | (8,427) | (1,867) |
| Project funding received | - | 20 | 5 | 20,043 |
| Net capital expenditures | 58,519 | 31,352 | 192,103 | 91,019 |

Specified Financial Measures (continued)

Non-GAAP Financial Measures (continued)

Free Cash Flow

Advantage computes free cash flow as adjusted funds flow less net capital expenditures. Advantage uses free cash flow as an indicator of the efficiency and liquidity of Advantage's business by measuring its cash available after net capital expenditures to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares. A reconciliation of the most directly comparable financial measure has been provided below:

| (\$000) | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|----------|-----------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Cash provided by operating activities | 123,224 | 46,988 | 389,820 | 155,688 |
| Cash used in investing activities | (42,822) | (36,940) | (200,525) | (72,843) |
| Changes in non-cash working capital | (42,787) | 21,535 | 10,121 | 8,996 |
| Expenditures on decommissioning liability | 517 | 438 | 1,071 | 780 |
| Project funding received | - | (20) | (5) | (20,043) |
| Free cash flow | 38,132 | 32,001 | 200,482 | 72,578 |

Operating Netback

Operating netback is comprised of natural gas and liquids sales, realized gains (losses) on derivatives, processing and other income, net sales of purchased natural gas, net of expenses resulting from field operations, including royalty expense, operating expense and transportation expense. Operating netback provides Management and users with a measure to compare the profitability of field operations between companies, development areas and specific wells. The composition of operating netback is as follows:

| (\$000) | Three months ended September 30 | | Nine months ended September 30 | |
|------------------------------------|------------------------------------|----------|-----------------------------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| Natural gas and liquids sales | 235,392 | 134,354 | 727,258 | 332,780 |
| Realized losses on derivatives | (62,668) | (23,963) | (119,790) | (37,490) |
| Processing and other income | 2,276 | - | 5,991 | - |
| Net sales of purchased natural gas | - | - | 70 | - |
| Royalty expense | (28,882) | (8,059) | (79,103) | (18,602) |
| Operating expense | (18,544) | (10,967) | (46,925) | (32,023) |
| Transportation expense | (22,325) | (17,754) | (67,456) | (50,672) |
| Operating netback | 105,249 | 73,611 | 420,045 | 193,993 |

Specified Financial Measures (continued)

Non-GAAP Ratios

Adjusted Funds Flow per Share

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

| (\$000, except as otherwise indicated) | Three months ended September 30 | | Nine months ended September 30 | |
|---|------------------------------------|---------|-----------------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted funds flow | 96,651 | 63,353 | 392,585 | 163,597 |
| Weighted average shares outstanding (000) | 186,717 | 190,829 | 189,305 | 189,824 |
| Adjusted funds flow per share (\$/share) | 0.52 | 0.33 | 2.07 | 0.86 |

Adjusted Funds Flow per BOE

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

| (\$000, except as otherwise indicated) | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|-----------|-----------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Adjusted funds flow | 96,651 | 63,353 | 392,585 | 163,597 |
| Total production (boe/d) | 54,168 | 50,025 | 55,834 | 49,953 |
| Days in period | 92 | 92 | 273 | 273 |
| Total production (boe) | 4,983,456 | 4,602,300 | 15,242,682 | 13,637,169 |
| Adjusted funds flow per BOE (\$/boe) | 19.39 | 13.77 | 25.76 | 12.00 |

Operating netback per BOE

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

| (\$000, except as otherwise indicated) | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|-----------|-----------------------------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Operating netback | 105,249 | 73,611 | 420,045 | 193,993 |
| Total production (boe/d) | 54,168 | 50,025 | 55,834 | 49,953 |
| Days in period | 92 | 92 | 273 | 273 |
| Total production (boe) | 4,983,456 | 4,602,300 | 15,242,682 | 13,637,169 |
| Operating netback per BOE (\$/boe) | 21.11 | 15.99 | 27.54 | 14.22 |

Specified Financial Measures (continued)

Non-GAAP Ratios (continued)

Payout Ratio

Payout ratio is calculated by dividing net capital expenditures by adjusted funds flow. Advantage uses payout ratio as an indicator of the efficiency and liquidity of Advantage's business by measuring its cash available after net capital expenditures to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares.

| (\$000, except as otherwise indicated) | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|--------|-----------------------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| Net capital expenditures | 58,519 | 31,352 | 192,103 | 91,019 |
| Adjusted funds flow | 96,651 | 63,353 | 392,585 | 163,597 |
| Payout ratio | 0.6 | 0.5 | 0.5 | 0.6 |

Net Debt to Adjusted Funds Flow Ratio

Net debt to adjusted funds flow is calculated by dividing net debt by adjusted fund flow for the previous four quarters. Net debt to adjusted funds flow is a coverage ratio that provides Management and users the ability to determine how long it would take the Corporation to repay its debt if it devoted all its adjusted funds flow to debt repayment.

| (\$000, except as otherwise indicated) | September 30 | September 30 |
|---|--------------|--------------|
| | 2022 | 2021 |
| Net Debt | 82,432 | 163,914 |
| Adjusted funds flow (prior four quarters) | 463,812 | 195,335 |
| Net debt to adjusted funds flow ratio | 0.2 | 0.8 |

Capital Management Measures

Working Capital

Working capital is a capital management financial measure that provides Management and users with a measure of the Corporation's short-term operating liquidity. By excluding short term derivatives and the current portion of provisions and other liabilities, Management and users can determine if the Corporation's energy operations are sufficient to cover the short-term operating requirements. Working capital is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. In 2022, the Corporation reclassified deferred share units which were previously included in trade and other accrued liabilities, to provisions and other liabilities. Management determined that by reclassifying the deferred share units to provisions and other liabilities, users can better assess the Corporation's short-term operating requirements. Comparative figures have been restated to reflect the reclassification.

A summary of working capital as at September 30, 2022 and December 31, 2021 is as follows:

| | September 30 | December 31 |
|-------------------------------------|---------------|--------------|
| | 2022 | 2021 |
| Cash and cash equivalents | 55,160 | 25,238 |
| Trade and other receivables | 82,342 | 54,769 |
| Prepaid expenses and deposits | 10,638 | 3,483 |
| Trade and other accrued liabilities | (101,180) | (76,625) |
| Working capital surplus | 46,960 | 6,865 |

Specified Financial Measures (continued)

Net Debt

Net debt is a capital management financial measure that provides Management and users with a measure to assess the Corporation's liquidity. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities. Comparative figures have been restated to reflect the reclassification of deferred share units in trade and other accrued liabilities which affects net debt.

A summary of the reconciliation of net debt as at September 30, 2022 and December 31, 2021 is as follows:

| | September 30 | December 31 |
|-------------------------|---------------------|--------------------|
| | 2022 | 2021 |
| Bank indebtedness | 113,804 | 167,345 |
| Unsecured debentures | 15,588 | - |
| Working capital surplus | (46,960) | (6,865) |
| Net debt | 82,432 | 160,480 |

Supplementary Financial Measures

Average Realized Prices

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

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

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

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

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

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

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

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

Specified Financial Measures (continued)

Dollars per BOE figures

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

- Finance expense per boe
- Depreciation expense per boe
- Finance expense per boe
- General and administrative expense per boe
- Natural gas and liquids sales per boe
- Operating expense per boe
- Realized losses on derivatives per boe
- Royalty expense per boe
- Net sales of purchased natural gas per boe
- Processing and other income per boe
- Share-based compensation expense per boe
- Transportation expense per boe

Sustaining Capital

Sustaining capital is management's estimate of the net capital expenditures required to drill, complete, equip and tie-in new wells to existing infrastructure thereby offsetting the corporate decline rate and maintain production at existing levels.

Conversion Ratio

The term "boe" or barrels of oil equivalent and "Mcf" or thousand cubic feet equivalent may be misleading, particularly if used in isolation. A boe or Mcfe conversion ratio of six thousand cubic feet of natural gas equivalent to one barrel of oil (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Forward-Looking Information and Other Advisories

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

In particular, forward-looking statements in this MD&A include, but are not limited to, statements about our strategy, plans, objectives, priorities and focus and the benefits to be derived therefrom; the Corporation's 2022 average production guidance and its expectation that Advantage will meet its 2022 total annual production guidance; the Corporation's anticipated cash used in investing activities for 2022; the Corporation's 2022 operating expense, transportation expense, royalty rate and G&A/finance expense guidance and the anticipated benefits to be derived from the Corporation's additional transportation commitments; the anticipated benefits to be derived from the Corporation's commodity risk management and financial risk management derivative contracts; Advantage's expectations of when flowback will be finished on certain of its wells and that permanent production will follow immediately; the number of wells that Advantage expects to drill at Glacier during the second half of 2022 and the anticipated benefits to be derived therefrom; Advantage's expectations of when initial efficiency of Entropy23™ will be determined and when it expects to be able to establish long-term operating costs, optimized heat duty and degradation tracking; Advantage's expectations that royalties paid on new wells drilled in Alberta will be low until the initial capital investment is recovered and that due to the higher commodity price environment and well productivity new wells will quickly pay out the Corporation's initial capital investment; the anticipated number of common shares that Advantage will purchase for cancellation pursuant to its NCIB and the anticipated timing thereof; the Corporation's forecasted 2022 natural gas market exposure including the anticipated effective production rate and the percentage of natural gas production; the terms of the Credit Facilities; the terms of the Corporation's derivative contracts, including their purposes, the timing of settlement of such contracts and the anticipated benefits to be derived therefrom; Management's expectations that the Corporation's Valhalla asset will play a pivotal role in the Corporation's liquids-rich gas development plan; the Corporation's expectations that the two major processing facilities connected to its Wembley asset will provide sufficient gas processing capacity for future growth; that one of Advantage's wells on pad has targeted a new development layer that will be evaluated by Advantage for the first time in Wembley; the anticipated benefits to be derived from the Corporation's Progress compressor site and liquids handling hub; Advantage's expectations of when the Athabasca Leismer CCS facility will reach final investment decision; future commitments and contractual obligations and the anticipated payments in connection therewith and the anticipated timing thereof; the Corporation's ability to ensure that it is properly diversified to multiple markets; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due and the means for satisfying such future obligations; the Corporation's expectations that it is well positioned to continue successfully executing its multi-year development plan; Advantage's anticipated means of managing its capital structure; Advantage's expectations that its financial assessment process will enable the Corporation to mitigate risks; the planned capital expansion of the Glacier Gas Plant; Advantage's expectations that its cash provided by operating activities and its available Credit Facilities will allow it to meet its future obligations as they become due; that Entropy will issue future unsecured debentures to fund carbon capture and storage projects and Entropy's expectation that such projects will reach financial investment decision; the terms of the unsecured debenture and the investment agreement between Entropy and Brookfield Renewable; the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability and the anticipated timing that such costs will be incurred; the statements under "critical accounting estimates" in this MD&A; that management will evaluate the

Forward-Looking Information and Other Advisories (continued)

effectiveness of the Corporation's DC&P annually; the anticipated benefits to be derived from the Corporation's ICFR; and other matters.

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to, risks related to changes in general economic conditions (including as a result of demand and supply effects resulting from the COVID-19 pandemic and the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Corporation's products, market and business conditions; continued volatility in market prices for oil and natural gas; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of facility installation; potential disruption of the Corporation's operations as a result of the COVID-19 pandemic through potential loss of manpower and labour pools resulting from quarantines in the Corporation's operating areas, risk on the financial capacity of the Corporation's contract counterparties and potentially their ability to perform contractual obligations, delays in obtaining stakeholder and regulatory approvals; the failure to extend the Credit Facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; the number of common shares that Advantage will purchase for cancellation pursuant to its NCIB will be less than anticipated; the risk that flowback may not be finished and that permanent production may not be achieved at the Corporation's wells when anticipated, or at all; the risk that the Corporation may not drill the number of wells that it anticipates at Glacier in the second half of 2022; the risk that the Corporation's Valhalla asset may not play a pivotal role in the Corporation's liquids-rich gas development plan; that the two major processing facilities connected to the Corporation's Wembley asset will not provide sufficient gas processing capacity for future growth; the risk that the Corporation may not be properly diversified to multiple markets; the risk that the Corporation may not be able to satisfy all liabilities and commitments and meet future obligations as they become due; the risk that the undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability may be greater than expected; the risk that Advantage's new wells may not payout its capital investment when anticipated, or at all; the risk that Advantage's cash provided by operating activities and its Credit Facilities may not allow the Corporation to meet its future obligations as they become due; the risk that initial efficiency of Entropy23™ may not be determined when anticipated, or at all; the risk that Entropy23™ may not be able to establish long-term operating costs, optimized heat duty or degradation tracking; the risk that the Athabasca Leismer CCS facility may not reach final investment decision when anticipated, or at all; the risk that Entropy's carbon capture and storage projects may not reach final investment decision; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedar.com and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

Forward-Looking Information and Other Advisories (continued)

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

With respect to forward-looking statements contained in this MD&A, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: current and future prices of oil and natural gas; the impact (and the duration thereof) that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) the supply chain, including the Corporation's ability to obtain the equipment and services it requires, and (iii) the Corporation's ability to produce, transport and/or sell its crude oil, NGLs and natural gas; that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the ability to efficiently integrate assets acquired through acquisitions; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; that the two major processing facilities connected to its Wembley asset will provide sufficient gas processing capacity for future growth; that the Corporation's cash provided by operating activities and available Credit Facilities will be able to satisfy all of the Corporation's liabilities, commitments and future obligations as they become due; that the unsecured debentures that maybe issued by Entropy will fund its carbon capture and storage projects; that initial efficiency of Entropy23™ will be determined; that the Athabasca Leismer CCS facility will reach final investment decision; and that the estimates of the Corporation's production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

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

This MD&A contains information that may be considered a financial outlook under applicable securities laws about the Corporation's potential financial position, including, but not limited to: the Corporation's 2022 operating expense, transportation expense, royalty rate and G&A/finance expense guidance; the Corporation's anticipated cash used in

Forward-Looking Information and Other Advisories (continued)

investing activities for 2022; and the anticipated undiscounted, uninflated cash flows required to settle the Corporation's decommissioning liability; all of which are subject to numerous assumptions, risk factors, limitations and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and the resulting financial results will vary from the amounts set forth in this MD&A and such variations may be material. This information has been provided for illustration only and with respect to future periods are based on budgets and forecasts that are speculative and are subject to a variety of contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as indicative of future results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook. The financial outlook contained in this MD&A was made as of the date of this MD&A and was provided for the purpose of providing further information about the Corporation's potential future business operations. Readers are cautioned that the financial outlook contained in this MD&A is not conclusive and is subject to change.

This MD&A contains metrics commonly used in the oil and natural gas industry which have been prepared by management such as "operating netback". These terms do not have standard meaning and may not be comparable to similar measures presented by other companies and, therefore, should not be used to make such comparisons. Management uses these oil and natural gas metrics for its own performance measurements, and to provide shareholders with measures to compare Advantage's operations overtime. Readers are cautioned that the information provided by these metrics, or that can be derived from metrics presented in the MD&A, should not be relied upon for investment or other purposes. Refer above to "Specified Financial Measures" section of this MD&A for additional disclosure on "operating netback".

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

References to natural gas, crude oil and condensate and NGLs production in the MD&A refer to conventional natural gas, light crude oil and medium crude oil and natural gas liquids, respectively, product types as defined in National Instrument 51-101.

Abbreviations

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

| | |
|-----------------------|--|
| bbl(s) | - barrel(s) |
| bbls/d | - barrels per day |
| boe | - barrels of oil equivalent (6 Mcf = 1 bbl) |
| boe/d | - barrels of oil equivalent per day |
| GJ | - gigajoules |
| Mcf | - thousand cubic feet |
| Mcf/d | - thousand cubic feet per day |
| Mcfe | - thousand cubic feet equivalent (1 bbl = 6 Mcf) |
| Mcfe/d | - thousand cubic feet equivalent per day |
| MMbtu | - million British thermal units |
| MMbtu/d | - million British thermal units per day |
| MMcf | - million cubic feet |
| MMcf/d | - million cubic feet per day |
| Crude oil | - Light Crude Oil and Medium Crude Oil as defined in National Instrument 51-101 |
| "NGLs" & "condensate" | - Natural Gas Liquids as defined in National Instrument 51-101 |
| Natural gas | - Conventional Natural Gas as defined in National Instrument 51-101 |
| Liquids | - Total of crude oil, condensate and NGLs |
| AECO | - a notional market point on TransCanada Pipeline Limited's NGTL system where the purchase and sale of natural gas is transacted |
| MSW | - price for mixed sweet crude oil at Edmonton, Alberta |
| NGTL | - NOVA Gas Transmission Ltd. |
| WTI | - West Texas Intermediate, price paid in U.S. dollars at Cushing, Oklahoma, for crude oil of standard grade |
| CCS | - Carbon Capture and Storage |
| MCCS | - Modular Carbon Capture and Storage |
| IP30 | - average initial production rate over 30 consecutive days |
| OPEC | - Organization of the Petroleum Exporting Countries |
| nm | - not meaningful information |

Additional Information

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

October 27, 2022