

Advantage Announces Significant Oil Discovery at Progress, Alberta

(TSX: AAV)

CALGARY, Sept. 3, 2019 /CNW/ - Advantage Oil & Gas Ltd. ("Advantage" or the "Corporation") is pleased to announce a significant Montney light oil pool has been discovered and appraised at Progress, Alberta, on the Corporation's 47 net section block of 100% owned lands. This discovery elevates the Progress asset to be a primary element of the Corporation's near-term liquids development program.

Advantage has drilled four successful Montney wells to date at Progress, with the most recent located at 16-36-76-10W6 demonstrating average production test rates over 2,100 boe/d (62% liquids). The 16-36 well was drilled to a measured depth of 5,268 meters with a lateral length of 2,867 meters. Following fracture stimulation using approximately 2 tonnes of sand per meter, the well was flowed-back on clean-up, then subjected to a 72-hour production test at the end of the operation. The test results were as follows:

- Production rates and pressure were increasing throughout as the well continued to clean up
- Average oil rate during the 72-hour test was 1,038 bbls/d (43 degree API oil)
- Average gas rate during the 72-hour test was 4.9 mmcf/d
- Recoverable natural gas liquids entrained in the gas were approximately 290 bbls/d based on the average gas rate during the 72-hour test, using Glacier Gas Plant recoveries
- Average flowing pressure during the 72-hour test was 5,168 kPa, increasing throughout
- H₂S content averaged approximately 0.1%

Two of the previous three wells drilled at Progress were in the same layer (D3) and demonstrated similar combined oil/NGL yields. The 16-36 well was completed with an updated frac design which is considered by Advantage to be a significant factor contributing to the high liquids yield and overall productivity. The Progress lands were acquired over the last 5 years and appraisal began in 2017. The four wells delineate the entire Progress land block and confirm the extensiveness of the oil accumulation.

The 16-36 well was shut-in for equipping and tie-in on September 2. The asset will be tied-in to Advantage's 100% owned Glacier Gas Plant for gas processing and liquids extraction, making use of existing surplus plant capacity and an existing section of an unused Advantage pipeline. The tie-in and equipping of the wells are targeted for completion by November 2019.

The 16-36 well represents a major milestone in demonstrating that each of Advantage's land blocks (Glacier, Pipestone/Wembley, Valhalla and Progress) features high-quality resource with attractive economics in the current commodity price environment. With this top-tier result at Progress, the asset has become a key element of the Corporation's near-term liquids development plan and is viewed by Management as competitive with Pipestone/Wembley.

Successful Liquids Development Continues with Liquids Production Increasing to 3,300 bbls/d

The Corporation's focus on liquids development has resulted in liquids production more than doubling, from an average rate of 1,491 bbls/d in 2018 to over 3,300 bbls/d in August 2019. Condensate-rich wells at east Glacier and Valhalla have driven the recent growth. In addition, Advantage's first Pipestone/Wembley well is expected to be brought on-production during the second half of September 2019 in conjunction with the commissioning of Tidewater's Pipestone gas plant.

Advantage continues to monitor natural gas price volatility and reduce gas production during times of low prices, consistent with our previously announced production strategy (see press release August 1, 2019). The Corporation is also proactively managing its capital spending plans to maintain a strong balance sheet and preserve financial flexibility.

Forward Looking Statement Advisory

The information in this press release contains certain forward-looking statements, including within the meaning of applicable securities laws. These statements relate to future events or our future intentions or 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", "demonstrate", "expect", "may", "can", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "guidance", "believe", "would" and similar expressions and include statements relating to, among other things, Advantage's focus, strategy, plans and expectations for its operations generally; factors believed to be contributing to the Corporation's liquids yields and overall productivity; the anticipated timing of when wells will be tied-in and equipped; the Corporation's plans to review the Progress asset as part of its development plan and capital allocation; the anticipated number of wells to be brought on production in east Glacier and Valhalla; the anticipated timing of bringing Advantage's Pipestone/Wembley well on-production; the Corporation's production strategy and the implementation of such strategy; and Advantage's management of its capital spending plans. Advantage's

actual decisions, activities, results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Advantage will derive from them.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's control, including, but not limited to: changes in general economic, market and business conditions; industry conditions; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; Advantage's success at acquisition, exploitation and development of reserves; unexpected drilling results; 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, including 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; delays in anticipated timing of drilling and completion of wells; individual well productivity; competition from other producers; the lack of availability of qualified personnel or management; credit risk; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; stock market volatility and market valuations; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; ability to obtain required approvals of regulatory authorities; and ability to access sufficient capital from internal and external sources. Many of these risks and uncertainties and additional risk factors are described in the Corporation's Annual Information Form which is available at www.sedar.com ("SEDAR") and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this press release, Advantage has made assumptions regarding, but not limited to: conditions in general economic and financial markets; effects of regulation by governmental agencies; current and future commodity prices and royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labor; availability of drilling and related equipment; timing and amount of net capital expenditures; 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 properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Corporation's production and reserves 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 risks and assumptions related to forward-looking statements above and in its continuous disclosure filings on SEDAR 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 news release 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.

Oil and Gas Advisories

Barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. Boe conversion ratios have been calculated using a conversion rate of six thousand cubic feet of natural gas equivalent to one barrel of oil. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

References in this press release to production test rates, flow rates, yields and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will

commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Advantage. Advantage cautions that the test results should be considered to be preliminary.

Abbreviations

The following abbreviations used in this press release have the meanings set forth below:

bbl one barrel

bbls/d barrels per day

boe barrels of oil equivalent of natural gas, on the basis of one barrel of oil or NGLs for six thousand cubic feet of natural gas

boe/d barrels of oil equivalent of natural gas per day

mcf thousand cubic feet

mcf/d thousand cubic feet per day

mmcf million cubic feet

mmcf/d million cubic feet per day

SOURCE Advantage Oil & Gas Ltd.

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