

Advantage Oil & Gas Ltd. and Competitive Power Ventures Announce Long-Term Natural Gas Supply Agreement for CPV Three Rivers Energy Center

Agreement to Supply Clean, Low Emissions Natural Gas to Recently Financed, State-of-the-Art CPV Three Rivers Energy Center in Grundy County, Illinois

CALGARY, AB, Sept. 29, 2020 /CNW/ - Advantage Oil & Gas Ltd. (Advantage) and Competitive Power Ventures (CPV) announce today that the companies have agreed to a long-term gas supply agreement for the recently financed CPV Three Rivers Energy Center (CPV Three Rivers) in Grundy County, Illinois. Advantage will supply 25,000 MMbtu per day of clean, low emissions natural gas for a 10-year period, commencing upon CPV Three Rivers reaching commercial operation in early 2023.

Commercial terms of the agreement are based upon a spark-spread pricing formula, providing Advantage revenue diversification through exposure to PJM power prices, back-stopped with a natural gas price collar which supports Advantage's ongoing development economics. The commencement date of this agreement complements Advantage's existing market diversification strategy, both in term and market access.

Advantage will supply natural gas to CPV Three Rivers from its 400 mmcf/d Glacier Gas Plant located near Grande Prairie, Alberta, in the heart of the Montney fairway. The Glacier Gas Plant is a low emissions facility that incorporates carbon capture and sequestration technology. Advantage's world-class Montney asset has proved gas reserves of approximately 2 trillion cubic feet; this long reserve life, reliable and sustainable energy source will be delivered to CPV Three Rivers on the Alliance Pipeline through Advantage's existing Alliance meter station.

CPV Three Rivers is a state-of-the-art 1,250-megawatt natural-gas-fueled, combined-cycle electric generation facility that will use GE's latest highly-efficient HA turbine technology, enabling unmatched efficiency of greater than 64%, with industry-leading flexibility. By displacing older, less efficient generation, this project is projected to avoid 1.7 million tons of carbon dioxide emissions per year. The availability of flexible, low-emitting resources like CPV Three Rivers is critical to help manage the intermittency of renewable generation and maintain grid reliability. CPV Three Rivers is a critical component to help realize the vision Illinois Governor J.B. Pritzker articulated in his recently announced energy plan for the state.

CPV Three Rivers will sell its power into the PJM market, providing enough power to meet the demand of up to 1.25 million homes and businesses and helping the area transition away from ageing, inefficient power generation facilities. Construction commenced in early January of 2020 and commercial operation is expected to begin in early 2023.

Both CPV and Advantage are pleased to be working together to provide clean, reliable and sustainable power to the PJM region for years to come.

About Advantage

Advantage Oil & Gas Ltd. is a gas weighted producer focused entirely on developing its significant position in the Montney resource play. Advantage's owned infrastructure, top-tier cost structure and high capital efficiency provides a strong foundation for sustainable, disciplined production growth with current production of approximately 45,000 barrels of oil equivalent per day (270 mmcfe/d) (consisting of 2,500 bbls/d of light crude oil and medium crude oil, 2,000 bbls/d of natural gas liquids and 243,000 mcf/d). Advantage's land holdings consist of 210 net sections (134,400 acres) of liquids-rich Montney lands at Glacier, Valhalla, Progress and Pipestone/Wembley. Management estimates a future drilling inventory of more than 1,400 horizontal well locations. Advantage's common shares trade on the Toronto Stock Exchange under the symbol AAV with its head office in Calgary, Alberta, Canada. For more information: www.advantageog.com.

About CPV

CPV is uniquely positioned to leverage global technology and financial partnerships to help modernize America's power generation. Together with our investors, partners, host communities and other key stakeholders, we are driven to improve our energy infrastructure by developing and operating power generation facilities using cutting edge, domestically available natural gas and renewable power technologies. Headquartered in Silver Spring, MD, with an office in Braintree, MA, the company has ownership interest in 4.2 GW of clean generation across the United States. The company's Asset Management division currently manages more than 9,300 MW of fossil and renewable generating facilities in nine states for 12 different owner groups. Our focus on Environmental, Social and Governance (ESG) and sustained track record of success have enabled us to grow into the number one thermal developer and one of North America's premier energy companies. For more information: www.cpv.com and follow CPV on [Twitter](#) and [LinkedIn](#).

Advantage 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 "anticipate", "continue", "demonstrate", "expect", "may", "can", "will", "believe", "would" and similar expressions and include statements relating to, among other things, Advantage's focus, strategy and development plans; terms of the long-term gas supply agreement between CPV and Advantage; timing of CPV Three Rivers reaching commercial operation; benefits to be derived by the long-term gas supply agreement; infrastructure of CPV Three Rivers and the anticipated efficiencies and benefits; future drilling inventory; and CPV's focus and strategy. 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. Statements related to reserves are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions that reserves described exist in quantities predicted or estimated and can be profitably produced in the future.

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, reserves or reserves estimates; 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 personnel injury; changes or fluctuations in production levels; 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; Advantage's 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; 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 Advantage'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.

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; the impact and 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 Advantage's ability to obtain the equipment and services it requires, and (iii) Advantage's ability to

produce, transport and/or sell its crude oil, NGLs and natural gas; 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; the impact of increasing competition; the price of crude oil and natural gas; that Advantage will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Advantage's conduct and results of operations will be consistent with its expectations; that Advantage will have the ability to develop Advantage's 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 Advantage's production and reserves volumes and the assumptions related thereto are accurate in all material respects. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press 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.

Barrels of oil equivalent (boe) and thousand cubic feet of natural gas equivalent (mcf) may be misleading, particularly if used in isolation. Boe and mcf 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 and mcf 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.

The estimates of Advantage's reserves set forth in this press release have been prepared by Sproule Associates Limited ("Sproule") as of December 31, 2019 with a preparation date of January 30, 2020 in accordance with National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities and the Canadian Oil and Gas Evaluations Handbook using Sproule's forecast price and costs as at December 31, 2019.

This presentation discloses drilling inventory in the Glacier, Valhalla, Progress and Pipestone/Wembley areas in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from Sproule's reserves evaluation effective December 31, 2019 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on Advantage's prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the more than 1,400 total drilling locations identified herein, 309 are proved locations, 38 are probable locations and more than 1,053 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that Advantage will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which Advantage actually drills wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

The following terms and abbreviations used in this press release have the meanings set forth below: bbls/d barrels per day

<i>GW</i>	<i>gigawatt</i>
<i>mmcf/d</i>	<i>million cubic feet per day</i>
<i>mmcfe/d</i>	<i>million cubic feet equivalent per day</i>
<i>mmbtu</i>	<i>million British thermal units</i>

MW *megawatt*

SOURCE Advantage Oil & Gas Ltd.

For further information: Media Contacts: Craig Blackwood, Chief Financial Officer Advantage Oil Gas Ltd, 403-718-8000 OR Investor Relations, 1-866-393-0393, ir@advantageog.com; Jennifer Villarreal, Corporate Communications Director, Competitive Power Ventures, 617-480-6833

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