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Advantage Announces Increase to 2021 Capital Guidance

(TSX: AAV)

CALGARY, AB, Aug. 31, 2021 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to announce an increase of $20 million to the 2021 capital guidance range, now set at $140 million to $150 million. The Corporation's 2021 development program is two months ahead of schedule and capital to-date is below budget, creating an opportunity to optimize fourth quarter operations and deliver higher production into winter markets. Commodity prices remain robust while Advantage's free cash flow[a] has increased significantly, supported by well performance that has exceeded expectations.

Highlights of the increased program:

- The incremental spending in fourth quarter is expected to generate $25 million incremental cash provided by operating activities and 1,965 boe/d incremental production during 2022.
- At Glacier, the completion and equipping of four wells has been accelerated into fourth quarter 2021 from first quarter 2022. The wells are expected to come on-stream early in first quarter 2022.
- At Wembley, the drilling of three wells has been accelerated into fourth quarter 2021 from first quarter 2022. The wells are expected to be completed and on-stream during first quarter 2022.
- Certain pipeline activities within our oil assets have been accelerated from January 2022 into December 2021

On average, the last 14 wells drilled at Glacier have achieved full payout after eight months on-stream, and Advantage expects the remaining two pads in the program to achieve payout within seven months on-stream. Production will be processed using existing capacity, incurring low incremental operating costs, low carbon-intensity and negligible flaring.

2021 Guidance Update

Advantage's 2021 capital guidance range has now been set at $140 million to $150 million versus the previous range of $115 million to $135 million. Although 2021 spending is expected to be 8% less than 2020 spending, annual production is expected to grow by approximately 10% to record levels. Since none of the accelerated wells are expected to be onstream until 2022, our 2021 production guidance remains between 48,000 to 51,000 boe/d.

a. *Non-GAAP Financial Measure which may not be comparable to similar non-GAAP financial measures used by other entities. Please see Advisory for reconciliations to the nearest measure calculated in accordance with GAAP.*

Bolstered by the fourth quarter 2021 acceleration, Advantage plans to deliver up to 10% production growth in 2022 which requires approximately $105 million of optimized development spending. Excess free cash flow[a] will be used for debt reduction, cash-generating infrastructure investments, acquisitions and development of the Progress and Wembley oil assets. Formal 2022 budget guidance is expected to be provided during the fourth quarter of 2021.

Advisory

The information in this press release contains certain forward-looking statements and forward looking information, including within the meaning of applicable securities laws (collectively, "forward-looking information"). 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 "guidance", "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; timing for wells to come on-stream at Glacier and Wembley; anticipated 2021 capital spending; Advantage's ability to grow 2021 cash provided by operating activities due to incremental capital spending; the timing of when payout will be achieved on the remaining two pads in the program; Advantage's 2021 production guidance; that Advantage will use its excess free cash flow for debt reduction, cash-generating infrastructure investments, acquisition and development of the Progress and Wembley oil assets; Advantage's anticipated production growth and capital spending for 2022; and the timing of when Advantage's formal 2022 budget guidance will be available. 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, including as a result of demand and supply effects resulting from the COVID-19 pandemic; 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 and processing 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; the ability to access sufficient capital from internal and external sources; that Advantage will not use its excess free cash in the manner contemplated; and that Advantage's 2022 budget guidance will not be available when expected. 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; 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 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; 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 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; 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; and that Advantage will use its excess free cash flow in the manner contemplated. 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.

This press release contains a number of oil and gas and finance metrics, including payouts, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Payouts means the anticipated duration of production from a well expected to recoup its initial capital investment. Management uses these oil and gas and finance metrics for its own performance measurements and to provide securityholders with measures to compare Advantage's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

Non-GAAP Financial Measures

In this press release, the Corporation makes reference to the term "free cash flow", which is a non-GAAP financial measure and is not a standardized financial measure under International Financial Reporting Standards ("IFRS"). Such term should not be considered as an alternative to, or more meaningful than the terms ["net income", "comprehensive income", "cash provided by operating activities" or "cash used in investing activities"] presented within the Corporation's consolidated financial statements as determined in accordance with IFRS. Free cash flow is determined by the Corporation as adjusted funds flow less net capital expenditures and is considered a useful measure of Advantage's ability to settle outstanding debt and obligations. The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, and to support future capital expenditures plans. Changes in non-cash working capital are excluded from adjusted funds flow as they may vary significantly between periods and are not considered to be indicative of the Corporation's operating performance as they are a function of the timeliness of collecting receivables and paying payables. Expenditures on decommissioning liabilities are excluded from the calculation as the amount and timing of these expenditures are unrelated to current production and are partially discretionary due to the nature of the Corporation's low liability. Net capital expenditures include total capital expenditures related to property, plant and equipment and exploration and evaluation assets incurred during the period. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods. Management believes that the reference to free cash flow provides an indication of the results to be generated by the Corporation's principal business activities and provides useful supplemental information for analysis of the Corporation's operating performance and liquidity. Advantage's method of calculating free cash flow, including the components of such calculation, may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Please see the Corporation's most recent Management's Discussion and Analysis, which is available at www.sedar.com and www.advantageog.com, for additional information about these financial measures.

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

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*

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

SOURCE Advantage Energy Ltd.

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