Entropy Inc. Announces $300 Million Investment Agreement with Brookfield Renewable

(TSX: AAV)

CALGARY, AB, March 28, 2022 /CNW/ - Entropy Inc. ("Entropy" or the "Corporation"), a subsidiary of Advantage Energy Ltd. ("Advantage"), is pleased to announce a strategic $300 million investment agreement with Brookfield Renewable to scale up deployment of Entropy's carbon capture and storage ("CCS") technology globally.

Highlights of the Strategic Investment Agreement

The investment provides Entropy with a combination of strategic advantages:

- Capital commitment of $300 million to fund Entropy's near-term projects, including its Glacier Phase 1 and 2 CCS projects
- Potential for significant follow-on capital on mutually agreeable terms
- Access to a large-scale international portfolio; increasing Entropy's already considerable pipeline of potential CCS projects
- Enhanced capacity for global commercial, marketing and policy relationships
- Underscores mutual confidence in Entropy's sophisticated CCS technology and global development strategy

"We are excited to be receiving substantial backing from Brookfield Renewable, who share our strategic approach to carbon abatement," said Michael Belenkie, President and CEO of Advantage. "In order to have a meaningful impact on a global scale, we must invest in the highest efficiency projects with advanced technology, at scale. Entropy has a strong pipeline of these projects under development and owns the full suite of next-generation CCS technology. Combining Brookfield's financial power and international presence is a key step to achieving global scale. With the growing need to balance carbon abatement with world-wide energy security, CCS needs to play a leading role and Entropy intends to be an important part of accelerating its deployment."

Deal Structure Overview

Brookfield Renewable will invest in a hybrid security that implies a pre-money valuation of approximately$300 million, recognizing the significant value created to date for existing shareholders. The committed capital will be drawn down by Entropy to fund CCS projects that reach final investment decision as certain predetermined return thresholds are met. Technical, commercial, and financial due diligence was carried out by Brookfield Renewable during the process leading to its first-of-its-kind financing for a pure-play CCS developer.

The flexible investment structure provides both Advantage and Brookfield Renewable with liquidity options as the business develops including the ability for Brookfield Renewable to convert its investment into common shares at any time. Advantage retains the ability to initiate an initial public offering of Entropy or to distribute Entropy common shares to Advantage shareholders.

Brookfield Strategic CCS Investment

Brookfield is pursuing this investment through the Brookfield Global Transition Fund I ("BGTF"), which is the largest fund in the world focused on the energy transition. BGTF targets investment opportunities that will help companies decarbonize their operations. This investment is expected to leverage Brookfield Renewable's global reach and strong commercial and industrial relationships to accelerate the deployment of Entropy's unique low-cost CCS solution across a wide range of industrial applications.

"Countries and companies are in the midst of an unprecedented transition as decarbonization is now firmly established as a critical priority worldwide," said Jehangir Vevaina, Chief Investment Officer of Brookfield Renewable. "As a global leader in decarbonization, Brookfield Renewable has delivered clean energy and transition solutions for more than 30 years. We are excited to invest into a leading CCS business as we continue to expand the decarbonization solutions that we provide to our partners".

Impact on Advantage

Brookfield Renewable's investment, together with the anticipated CCS Investment Tax Credit (previously announced by the Government of Canada to be enacted during 2022), will provide all anticipated near-term capital funding needs with no additional capital required from Advantage to achieve Entropy's growth plan. Advantage will continue to control Entropy until substantially all of Brookfield Renewable's committed capital has been invested, at which time Brookfield Renewable's ownership would represent approximately 50% of Entropy, on an as converted basis. Although Entropy's management team will expand to provide increased capacity, Advantage will continue to provide shared resources and executive oversight.

Advantage shareholders will recognize the benefit of the collaboration via consolidated cash flow and income, a value indicator established by a leading transition investor, and the potential for future liquidity which could include a public listing. Advantage's

consolidated business will strengthen, increasing shareholder value and providing further certainty on our path to net-zero in 2025.

Business Development Update

Entropy has evolved rapidly since our introduction to the markets inMarch 2021, and we are pleased to provide an update on several notable elements of the business.

With international carbon markets evolving rapidly, commercial CCS projects are now feasible in many jurisdictions around the world. However, in most cases, it is necessary to apply the most sophisticated CCS technology to carefully selected point-source emissions to achieve commercial returns that are adequate to offset carbon pricing risk. Entropy has acquired and developed numerous innovations that have driven CCS costs down to the point where post-combustion projects (including capture, transport and storage) are economically viable at carbon pricing of USD$40/tonne.

Entropy continues to expand its project pipeline with signed memorandums of understanding ("MOUs") now representing over 3 million tonnes per annum and approximately $1.5 billion of potential investment. These totals do not include any new projects relating to the Brookfield collaboration, which Entropy believes may be significant.

Entropy continues to advance work under its existing MOUs and recently signed a Letter of Intent with Athabasca Oil Corporation for the Leismer project. The Letter of Intent establishes a commercial framework for the project and is the first Entropy third-party project to achieve this milestone.

Entropy continues to receive significant inbound interest for its modular carbon capture and storage ("MCCS") technology from around the world.

Glacier Project Update

Entropy's Glacier Phase 1 MCCS continues to progress with plant tie-ins occurring during the final week of March; on-stream date remains planned for Q2/22 but has been delayed several weeks due to supply chain issues with raw materials and select specialized control systems. Total capital costs remain within approximately 10% of original target ($27 million).

Looking Forward

Entropy is pleased to collaborate with Brookfield Renewable as its CCS technology expands in both scale and global reach. In the coming months, Entropy expects to advance towards final investment decisions for several additional projects and will continue to build new partnerships focused on global scale CCS projects.

Entropy is excited about the future of our business in 2022 and beyond with the tremendous engagement of third-party emitters, the investment from Brookfield Renewable, and the growing global support for commercial carbon capture and storage.

Advisors

TD Securities Inc., Scotia Capital Inc. and Desjardins Securities Inc. acted as agents for Entropy on this placement.

For additional details regarding Entropy, an updated corporate presentation is available at www.entropyinc.com/investors/.

About Entropy Inc:
Entropy is a privately-owned company, founded by Advantage to apply sophisticated science and engineering to commercialize CCS. Entropy's technology is expected to deliver commercial profitability at a carbon price of USD$40/tonne, using proprietary modular carbon capture and storage technology. Entropy intends to deploy this technology in the global effort to reduce and eventually eliminate carbon emissions.

About Advantage Energy Ltd:
Advantage is a low-carbon energy producer focused on developing its high-qualityMontney resources. Advantage's owned infrastructure, top-tier cost structure and capital efficiency provide a strong foundation for sustainable, disciplined production growth. With modern, low emissions-intensity assets and the Glacier carbon capture and sequestration asset, Advantage continues to proudly deliver clean, reliable and sustainable energy, contributing to a reduction in global emissions by displacing high-carbon fuels. Prior to closing the subject investment agreement, Advantage owned 90% of Entropy. Advantage's common shares trade on the Toronto Stock Exchange under the symbol AAV with its head office in Calgary, Alberta, Canada. Further information is available at www.advantageog.com.

About Brookfield Renewable:
Brookfield Renewable operates one of the world's largest publicly traded, pure-play renewable power platforms. Our portfolio consists of hydroelectric, wind, solar and storage facilities in North America, South America, Europe and Asia, and totals approximately 21,000 megawatts of installed capacity and an approximately 62,000-megawatt development pipeline. Investors can access our portfolio either through Brookfield Renewable Partners L.P. (NYSE: BEP; TSX: BEP.UN), a Bermuda-based

limited partnership, or Brookfield Renewable Corporation (NYSE, TSX: BEPC), a Canadian corporation. Further information is available at www.bep.brookfield.com and www.bep.brookfield.com/bepc. Important information may be disseminated exclusively via the website; investors should consult the site to access this information.

Brookfield Renewable is the flagship listed renewable power company of Brookfield Asset Management, a leading global alternative asset manager with approximately US$690 billion of assets under management.

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, the anticipated benefits to be derived from the strategic investment agreement and Entropy's collaboration with Brookfield; the anticipated use of the proceeds derived from the strategic investment; the capital commitment and the potential for significant follow-on capital to Entropy and the anticipated terms and timing thereof; that the strategic investment will provide Entropy with access to a large-scale international portfolio; that Entropy will meet the conditions to draw on the committed capital; the anticipated benefits to be provided to Advantage and Brookfield from the flexible investment structure of the strategic investment agreement; Entropy's expectations that the strategic investment will accelerate the deployment of Entropy's unique low-cost CCS solution across a wide range of applications; that Brookfield Renewable will continue to expand the decarbonization solutions that it provides to its partners; the Government of Canada's anticipated CCS Investment Tax Credit and the anticipated timing thereof and benefits to be derived therefrom; that no additional capital will be required from Advantage to achieve Entropy's growth plan; that Advantage will continue to control Entropy until substantially all of the Brookfield committed capital has been invested; that Advantage will continue to provide shared resources and executive oversight to Entropy; that Advantage's shareholders will recognize the benefit of the collaboration with Brookfield via consolidated cash flow and income, a value indicator established by a leading transition investor, and the potential for future liquidity which could include a public listings; the anticipated benefits to be derived from Entropy's MOUs and letters of intent and the expectation that they will result in completed CCS projects; that Entropy's CCS technology will make post-combustion projects economically viable at carbon pricing of USD$40/tonne; the anticipated timing of the plant tie-ins and the anticipated on-stream date for Entropy's Glacier Phase 1 MCCS project and the anticipated costs in connection therewith; Entropy's expectations that it will advance towards final investment decisions for several additional projects and will continue to build new partnerships focused on global scale CCS projects; that Advantage's consolidated business will strengthen and increase shareholder value; that Advantage will achieve "net zero" emissions by 2025; and Entropy's focus, strategies and plans for its technology. Advantage's and Entropy'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 or Entropy will derive from them.

With respect to forward-looking statements contained in this press release, Advantage and Entropy have made assumptions regarding, but not limited to: that an increase in financial power and international presence will allow Entropy to achieve global scale; that Entropy's CCS projects will reach final investment decision; that Entropy's existing MOUs and letters of intent will lead to completed CCS projects; 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; the impact of increasing competition; that Advantage and Entropy will have sufficient cash flow, working capital, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that Entropy's conduct and results of operations will be consistent with expectations; that Entropy will have the ability to develop its technology 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 anticipated benefits and results from Entropy's technology are accurate in all material respects. Readers are cautioned that the foregoing lists of factors are not exhaustive.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's and Entropy's control, including, but not limited to: the capital commitment and the potential for significant follow-on capital to Entropy may be less than anticipated; the flexible investment structure of the strategic investment agreement may not provide the anticipated benefits to Advantage or Brookfield; that Advantage's shareholders may not recognize the benefit of Entropy's collaboration with Brookfield; that the strategic investment may not provide Entropy with access to a large-scale international portfolio; that Entropy may not meet the conditions to draw on the committed capital; that Brookfield's investment and the

anticipated CCS Investment Tax Credit may not provide all the capital funding required in the near future; that Advantage may not continue to control Entropy until substantially all the Brookfield capital has been invested; that Advantage may not continue to provide shared resources and executive oversight to Entropy; that Entropy's existing MOUs and letters of intent may not result in completed CCS projects; that Entropy's CCS technology may not make post-combustion projects economically viable at carbon pricing of USD$40/tonne; that Advantage's consolidated business may not strengthen or increase shareholder value; that Advantage may not achieve "net zero" emissions by 2025; that Entropy's Glacier Phase 1 MCCS project's operations may not begin when anticipated; there may not be a significant pipeline of projects available to Entropy; 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 and incentive programs; changes in carbon tax and credit regimes; competition from other producers; the lack of availability of qualified personnel or management; intellectual property and patent risks; 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; ability to comply with current and future environmental or other laws; stock market volatility and market valuations; failure to achieve the anticipated benefits and results of Entropy's technology; failure to achieve the anticipated benefits of Entropy's relationships with third parties; ability to obtain required approvals of regulatory authorities; and ability to access sufficient capital from internal and external sources.

Management has included the above summary of assumptions and risks related to forward-looking information above in order to provide shareholders with a more complete perspective on Entropy's future operations and such information may not be appropriate for other purposes. Entropy'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 and Entropy 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 neither Advantage or Entropy 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.

SOURCE Advantage Energy Ltd.

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