Advantage Announces First Quarter 2022 Financial and Operating Results

(TSX: AAV)

CALGARY, AB, April 28, 2022 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to report its first quarter 2022 results including record production, record adjusted funds flow[(a)] and continued financial and operational discipline. Profitability increased rapidly as commodity prices increased during the quarter and debt fell significantly below our $200 million target. As a result, Advantage has initiated a return-of-capital strategy whereby all free cash flow (in excess of capital spending and acquisitions) will be allocated to share buybacks, subject to market conditions and regulations.

Financial Highlights

- Record cash provided by operating activities of $109.2 million
- Record adjusted funds flow ("AFF")[(a)] of $108.9 million or $0.57/share
- Free cash flow ("FCF")[(a)] of $22.9 million (21% of AFF)
- Cash used in investing activities was $77.0 million
- Net capital expenditures[(a)] were $86.0 million
- Net income of $19.5 million or $0.10/share
- Tax pools of $1.4 billion are expected to provide near-term cash tax deferrals
- Operating expenses remained low at $2.79/boe including a major plant turnaround at Glacier
- Bank indebtedness decreased $49.8 million to $117.6 million
- Net debt[(a)] decreased to $136.7 million with net debt to AFF[(a)] ratio at 0.5x

Operational Highlights and Update

- Record quarterly production of 52,946 boe/d (288.2 MMcf/d natural gas, 4,908 bbls/d liquids), a 10% increase compared to fourth quarter 2021
- Record quarterly liquids production of 4,908 bbls/d (997 bbls/d oil, 1,057 bbls/d condensate, and 2,854 bbls/d NGLs)
- Glacier Gas Plant raw gas throughput exceeded 375 MMcf/d for sustained periods during the quarter
- Executed a major plant turnaround at the Glacier Gas Plant in co-ordination with construction of the Entropy Modular Carbon Capture and Storage project
- Completed six wells at Wembley with encouraging early flow-back results
- Completed the construction of a trunk-line from Advantage's Wembley oil battery to the Keyera Pipestone Processing Facility adding 30 MMcf/d firm capacity for the asset
- Completed construction of a new 25 MMcf/d compressor station at Progress, increasing transportation capacity for the area and capturing 10 MMcf/d of contracted third-party volumes

(a) *Specified financial measure which is not a standardized measure under International Financial Reporting Standards ("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 where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.*

Marketing Update

Advantage increased its hedging position to approximately 44% of its forecast natural gas production for summer 2022 at an average of US$4.23/MMbtu and 34% for winter 2022/23 at an average of US$4.98/MMbtu.

In the first quarter of 2022, Advantage secured an additional 47.4 MMcf/d of firm transportation capacity to Empress, AB on the NGTL system for a 4-year term commencing April 2022.

Looking Forward

In order to maximize shareholder returns, Advantage's priority is growing adjusted funds flow per share[(a)]. To optimize growth of adjusted funds flow[(a)], Advantage will continue to grow organically at approximately 10% per year, though growth may increase modestly should market conditions continue to be supportive. To supplement organic funds flow growth, Advantage will continue to evaluate synergistic acquisitions based on funds flow accretion, using available cash and debt.

Advantage's bank debt fell below our current debt target of approximately $200 million during the fourth quarter of 2021 and continued to drop faster than anticipated. As a result of the current surge in profitability, Advantage anticipates that 2022 adjusted funds flow[(a)] will substantially exceed capital and acquisition spending. Free cash flow (net of capital and acquisitions) will be allocated to our share buyback program, with 4.1 million common shares already purchased since inception on April 13, 2022.

The capital program for the second half of 2022 will focus on oil-weighted growth which delivers outsized adjusted funds flow[(a)] growth per unit of production growth. While total production for 2022 is expected to grow by approximately 10%, relative adjusted funds flow[(a)] would be expected to grow by over 25% assuming consistent commodity prices. We are on-track to generate free cash flow[(a)] of over $140 million in the first half of 2022.

With recent cost inflation that is being experienced by the industry, Advantage's 2022 capital program is migrating towards the top of our guidance range at approximately $200 million. Given the increased commodity price environment and accelerated royalty payouts, 2022 royalty rates are expected to increase to between 12% and 17%. Having secured additional Empress transportation assets, 2022 transportation expenses are expected to increase to between $4.85/boe and $5.15/boe. Production is expected to average between 52,000 and 55,000 boe/d in 2022 (see News Release dated December 6, 2021).

With modern, low emissions-intensity assets, imminent start-up of Entropy Inc's first carbon capture and storage project at Glacier, and a plan to achieve net zero emissions by 2025, the Corporation is proud to deliver clean, reliable, sustainable energy, while contributing to a reduction in global emissions by displacing high-carbon fuels.

Financial Highlights	**Three months ended March 31**	
($000, except as otherwise indicated)	**2022**	**2021**
Financial Statement Highlights		
Natural gas and liquids sales	**177,569**	99,373
Net income (loss) and comprehensive income (loss)	**19,496**	(425)
per basic share [(2)]	**0.10**	0.00
Basic weighted average shares (000)	**190,829**	188,113
Cash provided by operating activities	**109,157**	51,566
Cash used in financing activities	**(50,769)**	(7,548)
Cash used in investing activities	**(76,983)**	(15,069)
Other Financial Highlights		
Adjusted funds flow [(1)]	**108,878**	53,978
per boe [(1)]	**22.85**	12.04
per basic share [(1)(2)]	**0.57**	0.29
Net capital expenditures [(1)]	**86,014**	37,185
Free cash flow [(1)]	**22,864**	16,793
Working capital (surplus) deficit [(1)]	**19,115**	(27,516)
Bank indebtedness	**117,558**	240,428
Net debt [(1)]	**136,673**	212,912

(1) Specified financial measure which is not a standardized measure under International Financial Reporting Standards ("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 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 March 31**	
	2022	**2021**
Operating		
Production		
Crude oil (bbls/d)	**997**	1,395
Condensate (bbls/d)	**1,057**	721
NGLs (bbls/d)	**2,854**	2,493

Natural gas (Mcf/d)	**288,226**	271,262
Total liquids production (bbls/d)	**4,908**	4,609
Total production (boe/d)	**52,946**	49,819
Average realized prices (including realized derivatives)(2)		
Natural gas ($/Mcf)	**5.04**	3.07
Liquids ($/bbl)	**82.48**	48.11
Operating Netback ($/boe)		
Natural gas and liquids sales(2)	**37.26**	22.16
Realized losses on derivatives(2)	**(2.19)**	(0.87)
Processing and other income	**0.30**	-
Net sales of purchased natural gas	**0.01**	-
Royalty expense(2)	**(3.42)**	(1.13)
Operating expense(2)	**(2.79)**	(2.45)
Transportation expense(2)	**(4.36)**	(3.57)
Operating netback (1) (2)	**24.81**	14.14

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(2) Specified financial measure which is a supplementary financial measure. Please see "Specified Financial Measures" for the composition of such supplementary financial measure.

The Corporation's unaudited consolidated financial statements for the three months ended March 31, 2022 together with the notes thereto, and Management's Discussion and Analysis for the three months ended March 31, 2022 have been filed on SEDAR and are available on the Corporation's website at https://www.advantageog.com/investors/financial-reports. Upon request, Advantage will provide a hard copy of any financial reports free of charge.

Forward-Looking Information and 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 position, strategy and development plans and the benefits to be derived therefrom; the Corporation's estimated tax pools and the anticipated benefits to be derived therefrom; Advantage's anticipated growth per year; that Advantage will pursue synergistic acquisitions based on funds flow accretion using available cash and debt; the Corporation's expectations that its adjusted funds flow will substantially exceed capital and acquisition spending during 2022; that the Corporation will allocate its free cash flow to its share buyback program; the focus of Advantage's capital program for the second half of 2022; the Corporation's expectations that it will generate free cash flow of over $140 million in the first half of 2022 and approach zero net debt by mid-year; the Corporation's 2022 capital program guidance; the Corporation's anticipated 2022 average production; and the Corporation's expectations that it will continue to deliver clean, reliable, sustainable energy, and contribute to a reduction in global emissions by displacing high-carbon fuels. 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, net 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; ability to access sufficient capital from internal and external sources; the Corporation's estimated tax pools may be less than anticipated; Advantage's anticipated growth per year may be less than anticipated; that growth in adjusted funds flow per share may not lead to increased shareholder returns; that Advantage may not complete synergistic acquisitions; that a capital program focused on oil-weighted growth will deliver outsized adjusted funds flow growth per unit of production growth; the Corporation's cash flow may not exceed capital investment during 2022; that the Corporation may not allocate its free cash flow to its share buyback program; the Corporation may generate less free cash flow than anticipated; and that the Corporation may not achieve zero net debt in its anticipated timeframe, or at all . 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; the Corporation's current and future hedging program; future exchange rates; royalty rates; future operating costs; future transportation costs and availability of product transportation capacity; 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; the number of new wells required to achieve the budget objectives; 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; that growth in adjusted funds flow per share will lead to increased shareholder returns; that pursuing synergistic acquisitions will supplement organic growth; that the Corporation will allocate its free cash flow to its share buyback program; that a capital program focused on oil-weighted growth will deliver outsized adjusted funds flow growth per unit of production growth; 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. Estimates of free cash flow for 2022 are based on forward looking information from the Corporation's Consolidated Management's Discussion & Analysis for the quarter and year-ended December 31, 2021 ("MD&A") and can be found on page 3 of the MD&A available on SEDAR at www.sedar.com and on the Corporation's website at https://www.advantageog.com/investors/financial-reports and commodity price assumptions including average AECO $4.00/mcf, Henry Hub US$4.35/mmbtu, WTI US$78/bbl, and $US/$CDN 0.79. All forward looking estimates include current hedging and market diversification transactions. Readers are cautioned that the foregoing lists of factors are not exhaustive.

The future acquisition by the Corporation of the Corporation's common shares pursuant to its share buyback program, if any, and the level thereof is uncertain. Any decision to acquire common shares of the Corporation pursuant to the share buyback program 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 share buyback program, if any, in the future.

Management has included the above summary of assumptions and risks related to forward-looking information 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.*

This press release 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 estimated tax pools; the Corporation's expected growth in adjusted funds flow; the Corporation's expectations that it will generate free cash flow of over $140 million in the first half of 2022 and approach zero net debt by mid-year; and Advantage's 2022 capital program; 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 press release 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 press release was made as of the date of this press release 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 press release is not conclusive and is subject to change.

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.

Specified Financial Measures

Throughout this news release, 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

<u>Adjusted Funds Flow</u>

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:

	Three months ended March 31	
($000)	**2022**	**2021**
Cash provided by operating activities	109,157	51,566
Expenditures on decommissioning liability	451	14
Changes in non-cash working capital	(730)	2,398
Adjusted funds flow	**108,878**	**53,978**

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:

	Three months ended March 31	
($000)	**2022**	**2021**
Cash used in investing activities	76,983	15,069
Changes in non-cash working capital	9,026	2,116
Project funding received	5	20,000
Net capital expenditures	**86,014**	**37,185**

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:

	Three months ended March 31	
($000)	**2022**	**2021**
Cash provided by operating activities	109,157	51,566
Cash used in investing activities	(76,983)	(15,069)
Changes in non-cash working capital	(9,756)	282
Expenditures on decommissioning liability	451	14
Project funding received	(5)	(20,000)
Free cash flow	**22,864**	**16,793**

Operating Netback

Operating netback is comprised of sales revenue and 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:

	Three months ended March 31	
($000)	**2022**	**2021**
Natural gas and liquids sales	177,569	99,373
Realized losses on derivatives	(10,443)	(3,901)
Processing and other income	1,438	-
Net sales of purchased natural gas	70	-
Royalty expense	(16,297)	(5,087)
Operating expense	(13,293)	(10,985)
Transportation expense	(20,753)	(16,000)
Operating netback	**118,291**	**63,400**

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.

($000, except as otherwise indicated)	Three months ended March 31 2022	2021
Adjusted funds flow	108,878	53,978
Weighted average shares outstanding (000)	190,829	188,113
Adjusted funds flow per share ($/share)	0.57	0.29

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.

($000, except as otherwise indicated)	Three months ended March 31 2022	2021
Adjusted funds flow	108,878	53,978
Total production (boe/d)	52,946	49,819
Days in period	90	90
Total production (000 boe)	4,765	4,484
Adjusted funds flow per BOE ($/boe)	22.85	12.04

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.

($000, except as otherwise indicated)	Three months ended March 31 2022	2021
Operating netback	118,291	63,400
Total production (boe/d)	52,946	49,819
Days in period	90	90
Total production (000 boe)	4,765	4,484
Operating netback per BOE ($/boe)	24.81	14.14

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 March 31 2022	2021
Net capital expenditures	86,014	37,185
Adjusted funds flow	108,878	53,978
Payout ratio	**0.8**	**0.7**

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 bank indebtedness if it devoted all its adjusted funds flow to debt repayment.*

($000, except as otherwise indicated)	March 31 2022	March 31 2021
Net Debt	136,673	212,912
Adjusted funds flow (prior four quarters)	289,724	126,546
Net debt to adjusted funds flow ratio	**0.5**	**1.7**

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 provision 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. Effective March 31, 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 determine the Corporation's short-term operating requirements. Comparative figures have been restated to reflect the reclassification.

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

	March 31 2022	December 31 2021
Cash and cash equivalents	6,643	25,238
Trade and other receivables	58,297	54,769
Prepaid expenses and deposits	4,143	3,483
Trade and other accrued liabilities	(88,198)	(76,625)
Working capital surplus (deficit)	**(19,115)**	**6,865**

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 March 31, 2022 and December 31, 2021 is as follows:

	March 31 2022	December 31 2021
Bank indebtedness (non-current) (note 12)	117,558	167,345
Working capital (surplus) deficit	19,115	(6,865)
Net debt	**136,673**	**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.

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:

- *Cash 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 bo*

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

bbl	*one barrel*
bbls	*barrels*
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*
mbbl	*thousand barrels*
mboe	*thousand barrels of oil equivalent of natural gas*
mcf	*thousand cubic feet*
mcf/d	*thousand cubic feet per day*
mcfe	*thousand cubic feet equivalent on the basis of six thousand cubic feet of natural gas for one barrel of oil or NGLs*
mmcf	*million cubic feet*
mmcf/d	*million cubic feet per day*
mmbtu	*million British thermal units*
mmcfe/d	*million cubic feet equivalent per day*
tcf	*trillion cubic feet*
tcfe	*trillion cubic feet equivalent*
Liquids	*Includes NGLs, condensate and crude oil*
NGLs and condensate	*Natural Gas Liquids as defined in National Instrument 51-101*
Natural Gas	*Conventional Natural Gas as defined in National Instrument 51-101*
Crude Oil	*Light Crude Oil and Medium Crude Oil as defined in National Instrument 51-101*

SOURCE Advantage Energy Ltd.

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