

## Advantage Announces Operational Update

(TSX: AAV)

CALGARY, AB, June 20, 2023 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to provide an operational update in advance of today's scheduled analyst presentation. While Glacier well results continue to achieve new benchmarks, Wembley, Valhalla and Progress have now been established as top-tier development-ready liquids assets.

### Highlights

- At Glacier, the last 14 wells have achieved an average IP30 of 14.3 mmcf/d (see table below), an increase of over 35% compared to a year ago.
- The Glacier Gas Plant expansion to 425 mmcf/d capacity has now been completed.
- At Wembley, the last 3 wells in the D3 bench have achieved an average IP30 of 1,393 boe/d (63% oil and NGLs - see table below).
- Our first well in Wembley's D4 bench has been on production for 9 days with initial liquids and gas rates exceeding any of our prior D3 wells.
- At Valhalla, Advantage has high-graded the D4 bench with our 5 most recent wells achieving IP30 rates of 1,704 boe/d (6.7 mmcf/d natural gas, 392 bbls/d condensate, and 196 bbls/d NGLs totalling 33.5% liquids).
- At Progress, all expiry and delineation drilling has been completed. The D1 bench has been high-graded, with the first well having recovered over 200,000 bbls total liquids and 2.4 Bcf of gas in approximately 30 months.
- Prior third-party production constraints at Progress have been eliminated with commissioning of the new Progress liquids battery.
- Advantage remains on-track to meet its capital and production guidance, including 20% annual liquids growth, despite second quarter production being reduced 2% by wildfires, unplanned downtime, and third-party pipeline outages.

### Recent Pad Results

		Raw Natural Gas IP30 <sup>(1)</sup> mmcf/d	Raw Natural Gas IP90 <sup>(1)</sup> mmcf/d
<b>Glacier</b>	Layer		
<b>2-32 Pad</b>			
100/16-21-076-12W6/00	UM	14.9	13.1
102/13-31-076-12W6/00	UM	13.7	12.2
100/01-28-076-12W6/00	UM	12.7	11.7
100/13-31-076-12W6/00	D1	17.2	14.2
102/16-21-076-12W6/00	D1	16.0	14.4
<b>9-32 Pad</b>			
103/15-06-077-13W6/00	D4	14.0	11.9
100/10-06-077-13W6/00	UM	9.5	9.3
102/15-06-077-13W6/00	UM	15.0	13.0
102/10-06-077-13W6/00	D4	15.1	12.6
102/02-06-077-13W6/00	UM	11.8	10.3
<b>12-33 Pad</b>			
102/15-06-076-13W6/00	D4	14.4	n/a
100/07-06-076-13W6/00	D4	17.6	n/a
100/02-06-076-13W6/00	D4	16.5	n/a
100/02-07-076-13W6/00	D4	12.2	n/a

<sup>(1)</sup> Raw gas average rate produced once stabilized production has been achieved for a 30 or 90 day (as applicable) production period

<b>Wembley</b>	Total Production boe/d	Natural gas mmcf/d	IP <sup>(2)</sup> Crude oil bbls/d	NGLs bbls/d	% liquids
<b>11-25 Pad (D3 Layer)</b>					
100/16-29-072-07W6/00	1,390	3.1	487.3	384.6	62.7
100/09-29-072-07W6/00	1,559	3.5	592.2	379.6	62.3
102/09-29-072-07W6/00	1,230	2.6	488.8	315.9	65.4

<b>Wembley</b>	Total Production boe/d	Natural gas mmcf/d	IP <sup>(3)</sup> Crude oil bbls/d	NGLs bbls/d	% liquids
<b>4-22 Pad (D4 Layer)</b>					
103/03-10-073-08W6/00	2,808	5.6	1,447.8	418.6	66.5

(2) Average sales volumes produced once stabilized production has been achieved for a 30 day production period.

(3) Average sales volumes produced for a 9 day initial production period.

## Looking Forward

To maximize shareholder value, Advantage remains focused on growing adjusted funds flow per share<sup>a</sup> through organic growth and share repurchases. Advantage's three-year plan is to deliver annual production growth of approximately 10% with annual capital spending between \$250 million and \$300 million, including planned processing capacity expansions. All free cash flow<sup>a</sup> is planned to be returned to shareholders via share buybacks. Our net debt<sup>a</sup> target range remains between \$170 million and \$230 million.

Advantage's 2023 capital guidance remains between \$250 million and \$280 million. Development activities during the remainder of 2023 include increased focus on liquids-weighted growth into our existing facilities at Wembley.

Production guidance for 2023 remains between 59,000 boe/d and 62,500 boe/d, with recent well outperformance partially offset by unplanned third-party pipeline restrictions. For 2024 and beyond, our increasing type curves are expected to help us achieve our growth goals with fewer wells and enhanced economics. Once the Glacier Gas Plant is filled to 425 mmcf/d, likely by the end of 2024, approximately 9 wells per year will be required to maintain production at the asset. By 2025, our growth focus is expected to shift to the gas and liquids opportunities in Valhalla, Progress and Wembley.

With modern, low emissions-intensity assets and ownership of 85%<sup>b</sup> of Entropy, the Corporation continues to proudly deliver clean, reliable, sustainable energy, contributing to a reduction in global emissions by displacing high-carbon fuels. Advantage wishes to thank our employees, Board of Directors and our shareholders for their ongoing support.

<sup>a</sup> 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" in Advantage's MD&A on page 34 for the year ended December 31, 2022 and page 30 of the 2023 First Quarter Report 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.

<sup>b</sup> Advantage currently owns 90% of Entropy's common shares. Assuming Brookfield's currently-held unsecured debentures are exchanged for commons shares according to the terms of the investment agreement, Advantage will own 85% of Entropy's common shares.

## 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; that Advantage remains on-track to meet its annual capital and production guidance for 2023; the Corporation's anticipated annual liquids production growth in 2023; the Corporation's focus on growing adjusted funds flow per share through organic growth and share repurchases; the Corporation's net debt target range; the Corporation's anticipated annual production growth and annual capital spending for the next three years including its planned processing capacity expansions; the Corporation's plan to return all free cash flow to its shareholders via share buybacks; the Corporation's 2023 capital guidance; that the focus of the Corporation's development activities during the remainder of 2023 will focus on liquids-weighted growth and the anticipated benefits to be derived therefrom; Advantage's expectations of when the Glacier Gas Plant will be filled and the number of wells per year that will be required to maintain production at capacity at the plant; the anticipated focus of Advantage's operations in 2025; the Corporation's anticipated 2023 average production; and the Corporation's expectations that it will continue to deliver clean, reliable, sustainable energy, contributing 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 risk that the Corporation may not meet its capital or production guidance for 2023; the risk that the Corporation's annual liquids production growth in 2023 may be less than anticipated; the risk that the Corporation may not grow its adjusted funds flow per share through organic growth and share repurchases; the risk that the Corporation's annual production for the next three years may be less than anticipated; the risk that the Corporation may not meet its net debt target range; the risk that the Corporation's annual spending for the next three years may be greater than anticipated; the risks and assumptions used in estimating Advantage's financial and operating results for the calendar years 2023 to 2025, including commodity prices, timing of expenditures and the focus of such expenditures, may change from current expectations; the risk that the Corporation does not achieve the anticipated increases to production and/or other estimated financial results; the risk that the Corporation may not complete its planned processing capacity expansions when anticipated, or at all; the risk that all of the Corporation's free cash flow may not be returned to its shareholders via share buybacks; the risk that the Corporation's focus on liquids-weighted growth may not optimize Advantage's existing facilities as Wembley; the risk that the Glacier Gas Plant may not be filled when anticipated; the risk that the Corporation's 2023 average production may be less than anticipated; the risk that the Corporation may not have sufficient financial resources to purchase its shares pursuant to its share buyback program in the future; and the risk that the Corporation may not deliver clean, reliable, sustainable energy, contributing to a reduction in global emissions by displacing high-carbon fuels. 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](http://www.sedar.com) ("SEDAR") and [www.advantageog.com](http://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 the Corporation will complete its planned processing capacity expansion when anticipated; that increased focus on liquids-weighted growth will optimize Advantage's existing facilities at Wembley; that the Corporation will have sufficient financial resources to purchase its shares pursuant to its share buyback program in the future; 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. Readers are cautioned that the foregoing lists of factors are not exhaustive.*

*This press release contains additional forward-looking statements which are estimates of Advantage's annual production growth and annual capital spending for the next three years and net debt target range. The foregoing estimates are based on various assumptions and are provided for illustration only and are based on budgets and forecasts that have not been finalized and are subject to change and a variety of contingencies including prior years' results. In addition, the foregoing estimates and assumptions underlying the 2024 and 2025 forecasts are management prepared only and have not been approved by the Board of Directors of Advantage. These forecasts are made as of the date of this press release and except as required by applicable securities laws, Advantage undertakes no obligation to update such forecasts. In addition to the assumptions listed above, Advantage has made the following assumptions with respect to the 2023-2025 forecasts contained in this press release, unless otherwise specified:*

- *Production growth of approximately 10% annually.*
- *Net capital expenditures of \$250 million to \$300 million annually.*
- *Commodity prices utilizing strip pricing assumptions: WTI US\$/bbl (2023-\$73, 2024-\$67, 2025-\$65), AECO \$CDN/GJ (2023-\$2.36, 2024-\$2.81, 2025-\$3.49), FX \$US/\$CDN (2023-0.74, 2024-0.74, 2025-0.74)*
- *Current hedges (See note 8 "Financial risk management" in Advantage's Condensed Consolidated Financial Statements for the three months ended March 31, 2023).*
- *Net debt target range remains between \$170 million and \$230 million.*

*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, that Advantage remains on-track to meet its annual capital and production guidance for 2023; the Corporation's focus on growing*

*adjusted funds flow per share through organic growth and share repurchases; the Corporation's net debt target range; the Corporation's anticipated annual capital spending for the next three years; the Corporation's plan to return all free cash flow to shareholders via share buybacks; the Corporation's 2023 capital guidance; 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 (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.*

*References in this press release to short-term production rates, such as IP9, IP30 and IP90, are useful in confirming the presence of hydrocarbons, however such rates, and historical increases in such rates, are not determinative of the rates at which such wells or future wells will commence production and decline thereafter and are not indicative of long-term performance rates of future wells 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 or future production of Advantage.*

*References to natural gas, crude oil and condensate and NGLs production in this press release refer to conventional natural gas, light crude oil and medium crude oil and natural gas liquids, respectively, product types as defined in National Instrument 51-101 – Standards of Disclosure for Oil and Gas Activities.*

SOURCE Advantage Energy Ltd.

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