News Release Archive

Advantage Announces First Quarter 2024 Financial and Operating Results

(TSX: AAV)

CALGARY, AB, April 25, 2024 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") is pleased to report 2024 first quarter financial and operating results.

Advantage continued to execute on its three-year plan in the first quarter, delivering exceptional well results and expanding our Tier 1 drilling inventory. Since we exited 2023 with net debt below our target range, we were able to enhance shareholder returns in a period of weak commodity pricing with opportunistic, counter-cyclical share repurchases.

2024 First Quarter Financial Highlights

- Net income of $23.2 million or $0.14/share
- Cash provided by operating activities of $67.4 million
- Adjusted funds flow ("AFF")[(a)] of $65.4 million or $0.41/share ($67.0 million Advantage[(b)])
- Cash used in investing activities was $79.4 million while net capital expenditures[(a)] were $80.1 million ($76.2 million Advantage[(b)])
- Net debt[(a)] increased to $280.0 million ($233.1 million Advantage[(b)])
- Repurchased 2.4 million shares (1.5% of the outstanding shares at December 31, 2023) at an average share price of $8.86, returning $21.3 million to shareholders

2024 First Quarter Operating Highlights

- First quarter average production of 66,020 boe/d (357.4 mmcf/d natural gas, 6,452 bbls/d liquids), an increase of 14% (18% on a per-share basis) over the first quarter of 2023.
- Liquids production of 6,452 bbls/d (2,630 bbls/d oil, 1,231 bbls/d condensate, and 2,591 bbls/d NGLs), an increase of 12% (17% on a per-share basis) over the first quarter of 2023.
- Production through the Glacier Gas Plant achieved design capacity of 425 mmcf/d for sustained periods during the quarter. Advantage's operated infrastructure remained reliable through extremely cold weather in January, though third-party outages impacted production modestly.
- At Glacier, the most recent two wells delivered a total IP30 of 30.2 mmcf/d. Glacier well performance has continued to exceed expectations, and as a result, three drilled and completed wells are currently shut in due to the plant being at capacity.
- Currently drilling a three-well liquids-focused pad at Wembley targeting two D4 wells and one D3 well.

(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.*

(b) *"Advantage" refers to Advantage Energy Ltd. only and excludes its subsidiary Entropy Inc.*

Marketing Update

Advantage has hedged approximately 22% of its forecast natural gas production for summer 2024 and has modest hedges through 2025. Advantage only has approximately 8% exposure to AECO this summer through a combination of fixed price hedges and physical market diversification.

Looking Forward

Elevated North American gas supplies and an abnormally warm winter have resulted in bottom-decile North American natural gas prices, which are expected to continue through the summer. Supply/demand balances are likely to improve substantially by year-end 2024, driving strong contango in the futures curve.

In order to adjust to rapidly changing market dynamics, Advantage continuously reviews its capital plan. Each well pad is evaluated for expected shareholder returns at forward pricing, ensuring all capital spending maximizes AFF per share. Significant discretion remains in our 2024 capital program. Additionally, since our well performance continues to exceed expectations, further capital reductions may be possible without impacting our production targets. Development of our Progress plant remains on track with commissioning anticipated mid-year 2025.

To maximize shareholder value, Advantage remains focused on growing AFF per share[a] while maintaining a net debt[a] target of $200 million to $250 million. Advantage's three-year plan is to deliver compounding AFF per share growth via disciplined capital allocation, with annual spending between $220 million and $300 million and production growth capped at 10%. Based on current futures pricing, Advantage estimates capital spending to be approximately 75% of AFF for 2024 and 2025, and all free cash flow will be used for share repurchases.

With modern, low emissions-intensity assets, decades of top-tier inventory, and the Glacier carbon capture and sequestration asset, 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.

Conference call

Advantage's management team will discuss first-quarter 2024 financial and operational results in a conference call and webcast presentation on Friday, April 26, 2024 at 8:00 am Mountain Time (10:00 am Eastern Time).

To participate by phone, please call 1-888-664-6383 (North American toll-free) or 1-416-764-8650 (International). A recording of the conference call will be available for replay by calling 1-888-390-0541 and entering the conference replay code 977926#. The replay will be available until May 3, 2024.

To join the conference call without operator assistance, you may enter your details and phone number at https://emportal.ink/3PWpLkq to receive an instant automated call back. You may also stream the event via webcast at https://app.webinar.net/Rgk70L75NqO.

Below are complete tables showing financial and operating highlights.

Financial Highlights	**Three months ended March 31**	
($000, except as otherwise indicated)	**2024**	**2023**
Financial Statement Highlights		
Natural gas and liquids sales	**135,897**	145,999
Net income and comprehensive income[3]	**23,163**	29,719
per basic share [2][3]	**0.14**	0.18
per diluted share[2][3]	**0.14**	0.17
Basic weighted average shares (000)	**160,444**	167,311
Diluted weighted average shares (000)	**164,129**	174,328
Cash provided by operating activities	**67,374**	105,955
Cash provided by (used in) financing activities	**11,883**	(58,359)
Cash used in investing activities	**(79,427)**	(85,590)
Other Financial Highlights		
Adjusted funds flow [1]	**65,393**	96,833
per boe [1]	**10.88**	18.50
per basic share [1][2]	**0.41**	0.58
per diluted share [1][2]	**0.40**	0.56
Net capital expenditures [1]	**80,134**	116,700
Free cash flow (negative) [1]	**(14,741)**	(19,867)
Working capital surplus (deficit)[1]	**10,408**	(12,449)
Bank indebtedness	**238,578**	167,260
Net debt [1]	**279,963**	204,709

(1) Specified financial measure which is not a standardized measure under 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/or where required, a reconciliation of the specified financial measure to the most directly comparable IFRS measure.

(2) Based on basic and diluted weighted average shares outstanding.

(3) Net income and comprehensive income attributable to Advantage Shareholders.

Operating Highlights	Three months ended March 31	
	2024	**2023**
Operating		
Production		
Crude oil (bbls/d)	**2,630**	1,731
Condensate (bbls/d)	**1,231**	1,157
NGLs (bbls/d)	**2,591**	2,877
Total liquids (bbls/d)	**6,452**	5,765
Natural gas (Mcf/d)	**357,410**	314,273
Total production (boe/d)	**66,020**	58,144
Average realized prices (including realized derivatives)		
Natural gas ($/Mcf)	**2.86**	4.42
Liquids ($/bbl)	**80.21**	77.77
Operating Netback ($/boe) (1)		
Natural gas and liquids sales	**22.62**	27.90
Realized gains on derivatives	**0.70**	3.44
Processing and other income	**0.36**	0.35
Royalty expense	**(1.52)**	(3.19)
Operating expense	**(4.17)**	(3.44)
Transportation expense	**(4.23)**	(4.33)
Operating netback	**13.76**	20.73

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The Corporation's unaudited consolidated financial statements for the three months endedMarch 31, 2024 together with the notes thereto, and Management's Discussion and Analysis for the three months ended March 31, 2024 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 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 anticipated timing of the completion of the Corporation's wells being drilled at Glacier and Wembley and the anticipated benefits to be derived therefrom; expectations that supply/demand balances are likely to improve substantially by year-end 2024; that the Corporation will review its capital program to adjust to rapidly changing supply/demand dynamics; the anticipated timing of when the development of the first phase of the Corporation's Progress plant will be begin and be commissioned; the Corporation's net debt target and its expectations that it will grow its AFF per share while maintaining its net debt target; the Corporation's three-year plan of delivering compounding AFF per share growth via careful capital allocation, including its anticipated production growth and capital spending and its expectations that all free cash flow will be used for share repurchases; the Corporation's natural gas hedging program, the percentage of its natural gas production that is hedged and the Corporation's expected exposure to AECO; and that the Corporation will continue to deliver clean, reliable, sustainable energy and contribute to a reduction in global emissions. 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, industry and business 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, 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; the risk that the Corporation may not have access to sufficient capital from internal and external sources; the risk that the Corporation's wells being drilled at Glacier and Wembley may not be completed when anticipated, or at all; the risk thatmarket conditions may not improve when anticipated, or at all; the risk that Advantage may not review its capital program to adjust to rapidly changing supply/demand dynamics; the risk that the Corporation may not grow its AFF per share while maintaining its net debt target; the risk that the Corporation's net debt may be greater than anticipated; the risk that Advantage may not complete or commission the Progress gas plant when anticipated, or at all; the risk that the Corporation may not deliver compounding AFF per share growth via careful capital allocation; the risk that the Corporation's production may be less than anticipated; the risk the Corporation's capital spending may be greater than anticipated; the risk that the Corporation may not use all of its free cash flow to repurchase its shares; the risk that the Corporation may not have sufficient financial resources to acquire its shares pursuant to its share buyback program in the future; and the risk that the Corporation may not continue to deliver clean, reliable, sustainable energy, or contribute to a reduction in global emissions. Many of these risks and uncertainties and additional risk factors are described in the Corporation's Annual Information Form which is available at www.sedarplus.ca ("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; 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 have sufficient financial resources to repurchase 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.

The future acquisition by the Corporation of the Corporation's shares pursuant to a share buyback program, if any, and the level thereof is uncertain. Any decision to implement a share buyback program or acquire shares of the Corporation 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, satisfaction of the solvency tests imposed on the Corporation under applicable corporate law and receipt of regulatory approvals. There can be no assurance that the Corporation will buyback any shares of the Corporation 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 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 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 net debt target and that the Corporation will grow its AFF per share while maintaining its net debt target; the Corporation's three-year plan of delivering compounding AFF per share growth via careful capital allocation, including its anticipated capital spending and its expectations that all free cash flow will be used for share repurchases; 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.

Oil and Gas Information

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.

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

This press release contains several oil and gas metrics, including, operating netback, which is described below under "Specified Financial Measures". Such oil and gas metrics have been prepared by management and 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. Management uses these oil and gas metrics for its own performance measurements and to provide shareholders with measures to compare the Corporation'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.

Specified Financial Measures

Throughout this press 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. Additionally, the Corporation discloses adjusted funds flow by legal entity (Advantage and Entropy) to allow users to assess the performance of each entity on a standalone basis. A reconciliation of the most directly comparable financial measure by legal entity has been provided below:

	Three months ended March 31, 2024		
($000)	**Advantage**	**Entropy**	**Consolidated**
Cash provided by operating activities	69,284	(1,910)	67,374
Expenditures on decommissioning liability	67	-	67
Changes in non-cash working capital	(2,320)	272	(2,048)
Adjusted funds flow	67,031	(1,638)	65,393

	Three months ended March 31, 2023		
($000)	**Advantage**	**Entropy**	**Consolidated**
Cash provided by operating activities	107,400	(1,445)	105,955
Expenditures on decommissioning liability	453	-	453
Changes in non-cash working capital	(9,682)	107	(9,575)
Adjusted funds flow	98,171	(1,338)	96,833

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. Additionally, the Corporation discloses net capital expenditures by legal entity (Advantage and Entropy) to allow users to assess the performance of each entity on a standalone basis. A reconciliation of the most directly comparable financial measure by legal entity has been provided below:

	Three months ended March 31, 2024		
($000)	**Advantage**	**Entropy**	**Consolidated**
Cash used in investing activities	75,481	3,946	79,427
Changes in non-cash working capital	695	12	707
Net capital expenditures	76,176	3,958	80,134

	Three months ended March 31, 2023		
($000)	**Advantage**	**Entropy**	**Consolidated**
Cash used in investing activities	82,827	2,763	85,590
Changes in non-cash working capital	30,517	593	31,110
Net capital expenditures	113,344	3,356	116,700

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. Additionally, the Corporation discloses free cash flow by legal entity (Advantage and Entropy) to allow users to assess the performance of each entity on a standalone basis. A reconciliation of the most directly comparable financial measure *by legal entity has been provided below:*

($000)	Three months ended March 31, 2024 Advantage	Entropy	Consolidated
Cash provided by operating activities	69,284	(1,910)	67,374
Cash used in investing activities	(75,481)	(3,946)	(79,427)
Changes in non-cash working capital	(3,015)	260	(2,755)
Expenditures on decommissioning liability	67	-	67
Free cash flow (negative)	(9,145)	(5,596)	(14,741)

($000)	Three months ended March 31, 2023 Advantage	Entropy	Consolidated
Cash provided by operating activities	107,400	(1,445)	105,955
Cash used in investing activities	(82,827)	(2,763)	(85,590)
Changes in non-cash working capital	(40,199)	(486)	(40,685)
Expenditures on decommissioning liability	453	-	453
Free cash flow (negative)	(15,173)	(4,694)	(19,867)

Operating Netback

Operating netback is comprised of sales revenue and realized gains (losses) on derivatives, 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)	2024	2023
Natural gas and liquids sales	135,897	145,999
Realized gains on derivatives	4,206	18,025
Processing and other income	2,184	1,820
Royalty expense	(9,135)	(16,702)
Operating expense	(25,082)	(18,003)
Transportation expense	(25,397)	(22,647)
Operating netback	82,673	108,492

Non-GAAP Ratios

Adjusted Funds Flow per basic share and diluted share

Adjusted funds flow per basic share and diluted share is derived by dividing adjusted funds flow by the basic and diluted weighted average shares outstanding of the Corporation. Management believes that adjusted funds flow per basic share and diluted share provides investors an indicator of funds generated from the business that could be allocated to each shareholder's equity position.

	Three months ended March 31	
($000, except as otherwise indicated)	2024	2023
Adjusted funds flow	65,393	96,833
Weighted basic average shares outstanding (000)	160,444	167,311
Weighted diluted average shares outstanding (000)	164,129	194,328
Adjusted funds flow per basic share ($/share)	0.41	0.58
Adjusted funds flow per diluted share ($/share)	0.40	0.56

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.

	Three months ended March 31	
($000, except as otherwise indicated)	**2024**	**2023**
Adjusted funds flow	65,393	96,833
Total production (boe/d)	66,020	58,144
Days in period	91	90
Total production (boe)	6,007,820	5,232,960
Adjusted funds flow per boe ($/boe)	10.88	18.50

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.

	Three months ended March 31	
($000, except as otherwise indicated)	**2024**	**2023**
Operating netback	82,673	108,492
Total production (boe/d)	66,020	58,144
Days in period	91	90
Total production (boe)	6,007,820	5,232,960
Operating netback per boe ($/boe)	13.76	20.73

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.

A summary of working capital as atMarch 31, 2024 and December 31 2023 is as follows:

	March 31 2024	**December 31 2023**
Cash and cash equivalents	19,091	19,261
Trade and other receivables	51,499	53,378
Prepaid expenses and deposits	14,641	16,618
Trade and other accrued liabilities	(74,823)	(70,606)
Working capital surplus	10,408	18,651

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. Additionally, the Corporation discloses net debt by legal entity (Advantage and Entropy) to allow users to assess the performance of each entity on a standalone basis.

Previously, the Corporation included the unsecured debentures, excluding the unsecured debentures derivative liability in the composition of net debt. Effective March 31, 2024, the Corporation revised the composition of net debt to include the aggregate principal balance of unsecured debentures, which provides users the balance that is either due at the end of the term, or that *may be converted into common shares of Entropy. Comparative figures have been restated to reflect the reclassification.*

A summary of the reconciliation of net debt as atMarch 31, 2024 and December 31, 2023 is as follows:

	March 31, 2024		
($000)	**Advantage**	**Entropy**	**Consolidated**
Bank indebtedness	238,578	-	238,578
Aggregate principal balance of unsecured debentures	-	51,793	51,793
Working capital surplus	(5,451)	(4,957)	(10,408)
Net debt	233,127	46,836	279,963

	December 31, 2023		
($000)	**Advantage**	**Entropy**	**Consolidated**
Bank indebtedness	212,854	-	212,854
Aggregate principal balance of unsecured debentures	-	40,807	40,807
Working capital surplus	(16,912)	(1,739)	(18,651)
Net debt	195,942	39,068	235,010

Supplementary financial measures

"Average realized prices (including realized derivatives) natural gas" is comprised of natural gas sales, as determined in accordance with IFRS, divided by the Corporation's natural gas production.

"Average realized prices (including realized derivatives) liquids" is comprised of crude oil, condensate and NGL's sales, as determined in accordance with IFRS, divided by the Corporation's crude oil, condensate and NGL's production.

"Natural gas and liquids sales per boe" is comprised of natural gas sales and liquids sales, as determined in accordance with IFRS, divided by the Corporation's total natural gas and liquids production.

"Operating expense per boe" is comprised of operating expense, as determined in accordance with IFRS, divided by the Corporation's total production.

"Processing and other income per boe" is comprised of processing and other income, as determined in accordance with IFRS, divided by the Corporation's total production.

"Realized gains on derivatives per boe" is comprised of realized losses on derivatives, as determined in accordance with IFRS, divided by the Corporation's total production.

"Royalty expense per boe" is comprised of royalty expense, as determined in accordance with IFRS, divided by the Corporation's total production.

"Transportation expense per boe" is comprised of transportation expense, as determined in accordance with IFRS, divided by the Corporation's total production.

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*
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*
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*
IP30	*Average initial production rate over 30 consecutive days*

SOURCE Advantage Energy Ltd.

For further information: Craig Blackwood, Chief Financial Officer, (403) 718-8000; Brian Bagnell, Director, Commodities and Capital Markets, (403) 718-8000 OR Investor Relations, Toll free: 1-866-393-0393; Advantage Energy Ltd., 2200, 440 - 2nd Avenue SW, Calgary, Alberta T2P 5E9, Phone: (403) 718-8000, Fax: (403) 718-8332, Web Site: www.advantageog.com, E-mail: ir@advantageog.com

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