Advantage Announces Second Quarter 2024 Financial and Operating Results

(TSX: AAV)

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

2024 Second Quarter Financial Highlights

- Closed the acquisition of certain Charlie Lake and Montney assets for cash consideration of $445.5 million on June 24, 2024 (the "Acquisition").
- Financing activities for the Acquisition included:
  - Issued 5.9 million common shares for gross proceeds of $65.0 million.
  - Issued $143.8 million of 5.0% convertible unsecured subordinated debentures.
  - The remainder of the Acquisition was financed using available capacity on our $650 million credit facility.
- Net debt[(a)] increased to $619.4 million for Advantage[(b)] ($674.7 million including Entropy) due to funding the Acquisition.
- Net loss of $12.1 million or $0.07/share.
- Cash provided by operating activities of $47.1 million.
- Adjusted funds flow ("AFF")[(a)] of $42.4 million or $0.26/share[(a)] ($44.0 million or $0.27/share for Advantage[(b)] including $3.1 million for Acquisition transaction costs).
- Cash used in investing activities was $494.3 million while net capital expenditures[(a)] were $490.9 million, which includes $445.5 million for the Acquisition.
- Advantage's net capital expenditures[(a)] were $39.7 million for the second quarter of 2024 excluding the Acquisition and expenditures incurred by Entropy.

2024 Second Quarter Operating Highlights

- Second quarter average production of 66,401 boe/d (355.6 mmcf/d natural gas, 7,141 bbls/d liquids), an increase of 28% over the second quarter of 2023.
- Liquids production of 7,141 bbls/d (3,033 bbls/d oil, 1,200 bbls/d condensate, and 2,908 bbls/d NGLs), an increase of 12% over the second quarter of 2023.
- Production from the acquired assets is exceeding expectations with current production of approximately 15,000 boe/d (42 mmcf/d natural gas, 7,160 bbls/d oil, and 910 bbls/d NGLs).

(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 28% of its forecasted natural gas production through the end of 2024, as well as 26% for calendar 2025 and 10% for calendar 2026. Advantage has also hedged approximately 65% of its oil and condensate production in the second half of 2024, as well as 45% in the first half of 2025 and 15% in the second half of 2025.

Looking Forward

Advantage's long-term focus on maximizing AFF per share[(a)] growth remains unchanged. As a result of the Acquisition, Advantage now expects to exceed our per-share growth targets, so our strategy has temporarily shifted towards moderating organic growth spending and maximizing the pace of de-levering, with a focus on achieving our net debt[(a)] target of $450 million by the end of 2025. Congruently, Advantage reduced 2024 capital spending guidance by $20 million to between $260 million and $290 million by cutting gas-weighted wells that were expected to exceed our production targets while gas markets remain oversupplied.

Conference call

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

To participate by phone, please call 1-800-836-8184 (North American toll-free) or 1-289-819-1350 (International). A recording of

the conference call will be available for replay by calling 1-888-660-6345 and entering the conference replay code 73864#. The replay will be available until August 2, 2024.

To join the conference call without operator assistance, you may enter your details and phone number at https://emportal.ink/4cIUATh to receive an instant automated call back. You may also stream the event via webcast at https://app.webinar.net/zAxm9Blgrk0.

Below are complete tables showing financial and operating highlights.

Financial Highlights ($000, except as otherwise indicated)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Financial Statement Highlights				
Natural gas and liquids sales	**104,081**	107,240	**239,978**	253,239
Net income (loss) and comprehensive income (loss)[3]	**(12,084)**	2,538	**11,079**	32,257
per basic share[2]	**(0.07)**	0.02	**0.07**	0.19
per diluted share[2]	**(0.07)**	0.02	**0.07**	0.19
Basic weighted average shares (000)	**161,362**	167,268	**160,903**	167,298
Diluted weighted average shares (000)	**161,362**	171,815	**164,668**	171,844
Cash provided by operating activities	**47,090**	37,966	**114,464**	143,921
Cash provided by (used in) financing activities	**447,502**	43,778	**459,385**	(14,581)
Cash used in investing activities	**(494,331)**	(88,439)	**(573,758)**	(174,029)
Other Financial Highlights				
Adjusted funds flow[1]	**42,354**	52,381	**107,747**	149,214
per boe[1]	**7.01**	11.10	**8.94**	15.00
per basic share[1][2]	**0.26**	0.31	**0.67**	0.89
per diluted share[1][2]	**0.26**	0.30	**0.65**	0.87
Net capital expenditures[1]	**490,888**	64,924	**571,022**	181,624
Free cash flow (negative)[1]	**(3,059)**	(12,543)	**(17,800)**	(32,410)
Bank indebtedness	**488,008**	226,442	**488,008**	226,442
Net debt[1]	**674,665**	229,426	**674,665**	229,426

(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 June 30 2024	2023	Six months ended June 30 2024	2023
Operating				
Production				
Crude oil (bbls/d)	**3,033**	2,801	**2,832**	2,269
Condensate (bbls/d)	**1,200**	871	**1,215**	1,014
NGLs (bbls/d)	**2,908**	2,683	**2,750**	2,780
Total liquids production (bbls/d)	**7,141**	6,355	**6,797**	6,063
Natural gas (Mcf/d)	**355,563**	272,919	**356,487**	293,482
Total production (boe/d)	**66,401**	51,842	**66,211**	54,976
Average realized prices (including realized derivatives)[2]				
Natural gas ($/Mcf)	**1.82**	2.81	**2.34**	3.67
Liquids ($/bbl)	**84.58**	75.36	**82.49**	76.48
Operating Netback ($/boe)				
Natural gas and liquids sales[1]	**17.22**	22.73	**19.91**	25.45

Realized gains on derivatives [1]	**1.59**	1.07	**1.15**	2.32
Processing and other income [1]	**0.32**	0.22	**0.34**	0.29
Net sales of purchased natural gas [1]	**-**	(0.05)	**-**	(0.02)
Royalty expense [1]	**(1.16)**	(1.33)	**(1.34)**	(2.31)
Operating expense [1]	**(4.16)**	(4.44)	**(4.17)**	(3.92)
Transportation expense [1]	**(3.73)**	(4.34)	**(3.98)**	(4.33)
Operating netback [1]	**10.08**	13.86	**11.91**	17.48

(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) Average realized prices in this table are considered specified financial measures which may not be comparable to similar specified financial measures used by other entities. Please see "Specified Financial Measures".

(3) The Corporation's unaudited consolidated financial statements for the three and six months ended June 30, 2024 together with the notes thereto, and Management's Discussion and Analysis for the three and six months ended June 30, 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 Corporation's long-term focus on maximizing AFF per share growth and its expectations that it will exceed its per-share growth targets as a result of the Acquisition; Advantage's strategy of moderating organic growth spending and maximizing the pace of de-levering, with a focus on achieving its net debt target; Advantage's net debt target and the anticipated timing thereof; Advantage's 2024 capital spending guidance; and the Corporation's natural gas hedging program. 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 AFF per share may be less than anticipated and that the Corporation may not meet its per-share growth targets; the risk that Advantage may not moderate its organic growth spending or maximize the pace of de-levering; and the risk that the Corporation's net debt target and capital spending may be greater than anticipated. 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 Advantage's per share growth will increase as a result of the Acquisition; 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.

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 expectations that it will exceed its per-share growth targets as a result of the Acquisition; Advantage's net debt target and the anticipated timing thereof; and Advantage's 2024 capital spending 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.

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.

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

Adjusted Funds Flow

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 June 30, 2024			Six months ended June 30, 2024		
($000)	**Advantage**	**Entropy**	**Consolidated**	**Advantage**	**Entropy**	**Consolidated**
Cash provided by (used in) operating activities	47,958	(868)	47,090	117,242	(2,778)	114,464
Expenditures on decommissioning liability	42	-	42	109	-	109
Changes in non-cash working capital	(3,969)	(809)	(4,778)	(6,289)	(537)	(6,826)
Adjusted funds flow	44,031	(1,677)	42,354	111,062	(3,315)	107,747

	Three months ended June 30, 2023			Six months ended June 30, 2023		
($000)	**Advantage**	**Entropy**	**Consolidated**	**Advantage**	**Entropy**	**Consolidated**
Cash provided by (used in) operating activities	40,561	(2,595)	37,966	147,961	(4,040)	143,921
Expenditures on decommissioning liability	46	-	46	499	-	499
Changes in non-cash working capital	13,772	597	14,369	4,090	704	4,794
Adjusted funds flow	54,379	(1,998)	52,381	152,550	(3,336)	149,214

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 June 30, 2024			Six months ended June 30, 2024		
($000)	**Advantage**	**Entropy**	**Consolidated**	**Advantage**	**Entropy**	**Consolidated**
Cash used in investing activities	487,654	6,677	494,331	563,135	10,623	573,758

Changes in non-cash working capital	(2,456)	(987)	(3,443)	(1,761)	(975)	(2,736)
Net capital expenditures	485,198	5,690	490,888	561,374	9,648	571,022

	Three months ended June 30, 2023			Six months ended June 30, 2023		
($000)	**Advantage**	**Entropy**	**Consolidated**	**Advantage**	**Entropy**	**Consolidated**
Cash used in investing activities	85,510	2,929	88,439	168,337	5,692	174,029
Changes in non-cash working capital	(23,803)	288	(23,515)	6,714	881	7,595
Net capital expenditures	61,707	3,217	64,924	175,051	6,573	181,624

Free Cash Flow

Advantage computes free cash flow as adjusted funds flow less net capital expenditures excluding the impact of asset acquisitions and dispositions. 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, excluding acquisitions, to settle outstanding debt and obligations and potentially return capital to shareholders by paying dividends or buying back common shares. Advantage excludes the impact of acquisitions and dispositions as they are not representative of the free cash flow used in the Corporation's operations. A reconciliation of the most directly comparable financial measure has been provided below:

	Three months ended June 30		Six months ended June 30	
($000)	**2024**	**2023**	**2024**	**2023**
Cash provided by operating activities	47,090	37,966	114,464	143,921
Cash used in investing activities	(494,331)	(88,439)	(573,758)	(174,029)
Changes in non-cash working capital	(1,335)	37,884	(4,090)	(2,801)
Expenditures on decommissioning liability	42	46	109	499
Asset acquisition	445,475	-	445,475	-
Free cash flow (negative)	(3,059)	(12,543)	(17,800)	(32,410)

Operating Income

Operating income is comprised of natural gas and liquids sales, realized gains 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 income 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 income is as follows:

	Three months ended June 30		Six months ended June 30	
($000)	**2024**	**2023**	**2024**	**2023**
Natural gas and liquids sales	104,081	107,240	239,978	253,239
Realized gains on derivatives	9,636	5,068	13,842	23,093
Processing and other income	1,942	1,020	4,126	2,840
Net sales of purchased natural gas	-	(247)	-	(247)
Royalty expense	(7,015)	(6,274)	(16,150)	(22,976)
Operating expense	(25,150)	(20,968)	(50,232)	(38,971)
Transportation expense	(22,534)	(20,459)	(47,931)	(43,106)
Operating income	60,960	65,380	143,633	173,872

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.

($000, except as otherwise indicated)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Adjusted funds flow	42,354	52,381	107,747	149,214
Weighted average shares outstanding (000)	161,362	167,268	160,903	167,298
Diluted weighted average shares outstanding (000)	161,362	171,815	164,668	171,844
Adjusted funds flow per share ($/share)	0.26	0.31	0.67	0.89
Adjusted funds flow per diluted share ($/share)	0.26	0.30	0.65	0.87

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.

($000, except as otherwise indicated)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Adjusted funds flow	42,354	52,381	107,747	149,214
Total production (boe/d)	66,401	51,842	66,211	54,976
Days in period	91	91	182	181
Total production (boe)	6,042,491	4,717,622	12,050,402	9,950,656
Adjusted funds flow per BOE ($/boe)	7.01	11.10	8.94	15.00

Operating Netback

Operating netback is derived by dividing each component of operating income 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.

($000, except as otherwise indicated)	Three months ended June 30 2024	2023	Six months ended June 30 2024	2023
Operating income	60,960	65,380	143,633	173,872
Total production (boe/d)	66,401	51,842	66,211	54,976
Days in period	91	91	182	181
Total production (boe)	6,042,491	4,717,622	12,050,402	9,950,656
Operating netback ($/boe)	10.08	13.86	11.91	17.48

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 atJune 30, 2024 and December 31 2023 is as follows:

	June 30 2024	December 31 2023

Cash and cash equivalents	19,352	19,261
Trade and other receivables	41,220	53,378
Prepaid expenses and deposits	12,044	16,618
Trade and other accrued liabilities	(62,700)	(70,606)
Working capital surplus	**9,916**	**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 atJune 30, 2024 and December 31, 2023 is as follows:

	June 30, 2024		
($000)	**Advantage**	**Entropy**	**Consolidated**
Bank indebtedness	488,008	-	488,008
Aggregate principal balance of unsecured debentures	-	52,823	52,823
Aggregate principal balance of convertible debentures	143,750	-	143,750
Working capital (surplus) deficit	(12,367)	2,451	(9,916)
Net debt	619,391	55,274	674,665

	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*

SOURCE Advantage Energy Ltd.

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