

Advantage Announces Strategic Production Curtailment, Anticipates Further Capital Reduction

(TSX: AAV)

CALGARY, AB, Oct. 8, 2024 /CNW/ - Advantage Energy Ltd. ("Advantage" or the "Corporation") announces it has begun strategic production curtailments of up to 130 mmcf/d of dry gas in response to unusually low Alberta natural gas prices. Curtailments began during September and are planned to continue during the fourth quarter until such time as pricing recovers.

Consistent with our strategic priorities of maximizing free cash flow^(a) and reducing net debt^(a), production curtailment levels are being determined on a continuous basis to eliminate variable cash costs and defer development capital. The curtailments are primarily dry gas at Glacier, which is amongst the lowest-cost natural gas assets in North America, and will not materially impact Advantage's cash flow. Liquids production, which is currently exceeding expectations, will be unaffected. Production during the third quarter of 2024 was approximately 74,000 boe/d (368 mmcf/d natural gas, 8,100 bbls/d crude oil, and 4,600 bbls/d NGLs), including the impact of curtailments which averaged over 5,000 boe/d.

With lower depletion resulting from curtailments, Advantage's 2024 capital program has been reduced further and is expected to approach the bottom of our guidance range (\$260 million to \$290 million), further boosting free cash flow^(a). Depending on the duration of gas price volatility and associated curtailments, 2024 production is expected to be approximately 70,000 boe/d.

Capital discipline will remain an acute focus for Advantage. However, gas market fundamentals appear robust in 2025 as global demand for clean, reliable natural gas continues to rise. Together with our diversified market exposure and strategic hedging program, Advantage is well positioned for distinctive per-share growth and free cash flow^(a) as the natural gas market rebalances. The outlook for 2025 production and capital remains unchanged.

- (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.*

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 benefits to be derived from Advantage's strategic production curtailments and the anticipated timing thereof; Advantage's strategic priorities of maximizing free cash flow and reducing net debt; expectations that the strategic production curtailments will not materially impact Advantage's cash flow and that its liquids production will be unaffected; Advantage's anticipated third quarter and annual 2024 average production; expectations that Advantage's 2024 capital program will be reduced and that it will approach the bottom of its guidance range and the anticipated benefits to be derived therefrom; the expectation that gas market fundamentals will be robust in 2025 and that global demand for clean, reliable natural gas will continue to rise; expectations that Advantage is well positioned for distinctive per-share growth and free cash flow as the natural gas market rebalances; and that Advantage's outlook for 2025 production and capital remains unchanged. 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 Advantage's strategic production curtailments may not lead to the benefits anticipated or be lifted when anticipated, or at all; the risk that Advantage may not maximize its free cash flow or reduce its net debt; the risk that the strategic production curtailments may impact Advantage's cash flow and effect its liquids production; the risk that Advantage's third quarter and annual 2024 average production may be less than anticipated; the risk that Advantage's 2024 capital expenditures may be greater than anticipated; the risk that demand for Advantage's products in 2025 may be less than anticipated; the risk that Advantage may not be well positioned for distinctive per-share growth and free cash flow; and the risk that Advantage's financial and operating results in 2025 may be different 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.advantageoog.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 its properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Corporation's production 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 therefrom. 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 expectation that the strategic production curtailments will not materially impact Advantage's cash flow; expectations that Advantage's 2024 capital program will be reduced and will approach the bottom of its guidance range; expectations that Advantage is well positioned for distinctive per-share growth and free cash flow as the natural gas market rebalances; and that Advantage's 2025 capital outlook remains unchanged; 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 (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.

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. Management believes that these measures provide an indication of the results generated by the Corporation's principal business activities and provide useful supplemental information for analysis of the Corporation's operating performance and liquidity. Refer to the Corporation's most recent Management's Discussion and Analysis for the three and six months ended June 30, 2024, which is available at www.sedarplus.ca and www.advantageog.com for additional information about certain specified financial measures, including reconciliations to the nearest GAAP measures and disclosures of historical specified financial measures, as applicable.

Non-GAAP Financial Measures

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.

Capital Management Measures

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.

Supplementary financial measures

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

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| <i>bbls/d</i> | <i>barrels per day</i> |
| <i>boe</i> | <i>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</i> |
| <i>boe/d</i> | <i>barrels of oil equivalent of natural gas per day</i> |
| <i>mmcf/d</i> | <i>million cubic feet per day</i> |
| <i>liquids</i> | <i>includes NGLs, condensate and crude oil</i> |
| <i>NGLs and</i> | <i>Natural Gas Liquids as defined in National Instrument 51-101</i> |

~~condensate~~ *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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