

Advantage Announces Strategic Production Curtailment, Anticipates Further Capital Reduction

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(TSX: AAV)

CALGARY, Oct. 8, 2024 - [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 expected 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 were determined on a continuous basis to eliminate variable cash costs and defer development capital. The curtailments are primarily at the Glacier, which is amongst the lowest-cost natural gas assets in North America, and will not materially impact Advantage's overall production, which is currently exceeding expectations, will be unaffected. Production during the third quarter of 2024 was 70,000 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 were approximately 70,000 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 curtailments 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 and as 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 are 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 about other things, Advantage's position, strategy and development plans and the benefits to be derived therefrom; the anticipated timing of benefits derived from Advantage's strategic production curtailments and the anticipated timing thereof; Advantage's strategic priorities to maximize free cash flow and reducing net debt; expectations that the strategic production curtailments will not materially impact Advantage's overall production and that its liquids production will be unaffected; Advantage's anticipated third quarter and annual 2024 average production; Advantage's 2024 capital program will be reduced and that it will approach the bottom of its guidance range and the anticipated benefits derived therefrom; the expectation that gas market fundamentals will be robust in 2025 and that global demand for clean energy will continue to rise; expectations that Advantage is well positioned for distinctive per-share growth and free cash flow as the market rebalances; and that Advantage's outlook for 2025 production and capital remains unchanged. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements. Accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or that, if they 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.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 conditions in general economic and financial markets; effects of regulation by governmental agencies; current and future royalty regimes; the Corporation's current and future hedging program; future exchange rates; royalty rates; future operating transportation costs and availability of product transportation capacity; availability of skilled labor; availability of drilling and timing and amount of net capital expenditures; the impact of increasing competition; the price of crude oil and natural gas wells required to achieve the budget objectives; that the Corporation will have sufficient cash flow, debt or equity source resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's operations will be consistent with its expectations; that the Corporation will have the ability to develop its properties in the contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue as anticipated; and the estimates of the Corporation's production volumes and the assumptions related thereto (including development costs) are accurate in all material respects. Readers are cautioned that the foregoing lists of factors are not

Management has included the above summary of assumptions and risks related to forward-looking information above a disclosure filings on SEDAR+ in order to provide shareholders with a more complete perspective on Advantage's future information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that all anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made in this press release and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether such 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 potential financial position, including, but not limited to: the expectation that the strategic production curtailments will not impact Advantage's cash flow; expectations that Advantage's 2024 capital program will be reduced and will approach the bottom of the expectations that Advantage is well positioned for distinctive per-share growth and free cash flow as the natural gas market that Advantage's 2025 capital outlook remains unchanged; all of which are subject to numerous assumptions, risk factors and qualifications, including those set forth in the above paragraphs. The actual results of operations of the Corporation and its 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 contingencies and may not be appropriate for other purposes. Accordingly, these estimates are not to be relied upon as a basis for results. Except as required by applicable securities laws, the Corporation undertakes no obligation to update such financial outlook contained in this press release was made as of the date of this press release and was provided for the further information about the Corporation's potential future business operations. Readers are cautioned that the financial

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 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 to oil and does not represent a value equivalency at the wellhead. Given that the value ratio based on the current price of crude oil and natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading.

Specified Financial Measures

Throughout this press release, Advantage discloses certain measures to analyze financial performance, financial position, and liquidity. 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 more meaningful than GAAP measures which are determined in accordance with IFRS, such as net income (loss) and components of 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 are supplemental information for analysis of the Corporation's operating performance and liquidity. Refer to the Corporation's Management's Discussion and Analysis for the three and six months ended June 30, 2024, which is available at www.advantageog.com for additional information about certain specified financial measures, including reconciliations to 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 dispositions. Advantage uses free cash flow as an indicator of the efficiency and liquidity of Advantage's business by measuring cash available after net capital expenditures, excluding acquisitions, to settle outstanding debt and obligations and potentially to pay dividends to shareholders by paying dividends or buying back common shares. Advantage excludes the impact of acquisitions and dispositions of assets 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 ability to service its debt. Net debt is not a standardized measure and therefore may not be comparable with the calculation of similar measures used by other entities.

Supplementary financial measures

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

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 natural gas
boe/d	barrels of oil equivalent of natural gas per day
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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