



ADVANTAGEWON
OIL CORP.

CSE: AOC | OTCQB: ANTGF

ADVANTAGEWON OIL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three Months Ended March 31, 2018

Q1 2018

BUILDING CONSISTENT CASH FLOW FROM LOW COST, LOW RISK OIL WELLS IN TEXAS

WWW.AOC-OIL.COM

GENERAL

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Advantagewon Oil Corporation ("AOC" or the "Company") is as of May 30, 2018, and should be read in conjunction with the Company's March 31, 2018 unaudited interim condensed consolidated financial statements and the Company's December 31, 2017 audited consolidated financial statements and related December 31, 2017 MD&A.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS").

All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to AOC, including AOC's unaudited March 31, 2018 condensed interim consolidated financial statements and audited December 31, 2017 consolidated financial statements and other filings are available on SEDAR at www.sedar.com.

In the following discussion, the three months ended March 31, 2018 may be referred to as "Q1 2018", the comparative three months ended March 31, 2017 may be referred to as "Q1 2017", and the previous three months ended December 31, 2017 may be referred to as "Q4 2017".

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A, including any information as to the future financial or operating performance of AOC, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements include, without limitation, statements with respect to future commodity prices, the estimation of oil & gas reserves and resources if any, the realization of oil & gas reserve and resource estimates, the timing and amount of estimated future production, costs of production, expected capital expenditures, costs and timing of development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of oil & gas operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words, "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by AOC as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors can cause actual results to differ materially from those projected in the forward-looking statements. Such factors include but are not limited to: fluctuations in currency markets; fluctuation in the spot and forward price of commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which we do or may carry on business in the future; business opportunities that be presented to, or pursued by us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration or development activities; employee relations; the speculative nature of oil & gas exploration and development, including the risks of obtaining necessary licences and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of oil & gas exploration and development, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks. Many of these uncertainties and contingencies can affect AOC's actual results and could cause actual results to differ materially from those expected or implied in any forward-looking statements made by, or on behalf of, AOC. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking statements made in this MD&A are qualified by these

cautionary statements, those in the “Risk and Uncertainties” section hereof. These factors are not intended to represent a complete list of the factors that could affect AOC. Forward-looking statements in this MD&A are made as of April 23, 2018 and AOC disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material differences between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

BOE PRESENTATION

The term “barrels of oil equivalent” (“boe”) may be misleading, particularly if used in isolation. A boe conversion of six thousand cubic feet of natural gas (mcf) to one barrel of oil (6:1) is based on an energy equivalent conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Readers should be aware that historical results are not necessarily indicative of future performance.

INDUSTRY BENCHMARKS

This MD&A contains other industry benchmarks and terms, including “operating netback” (calculated on a per unit basis as oil revenues less royalties and production), which is a non-IFRS measure. See Results of Operations for the calculation of operating netback. Management believes this measure is a useful supplemental measure of the Company’s profitability relative to commodity prices. Readers are cautioned, however, that operating netback should not be construed as an alternative to other terms such as net income as determined in accordance with IFRS as measures of performance. AOC’s method of calculating this measure may differ from other companies, and accordingly, may not be comparable to similar measures used by other companies.

COMPANY HISTORY AND OVERVIEW

The Company was incorporated under the laws of the Province of Ontario on July 10, 2013. The Company is engaged in the acquisition, exploration, development and production of oil and gas reserves in North America with a particular focus on onshore development in Texas, United States of America. The Company completed its go-public transaction and commenced trading on the CSE on July 14, 2017 followed by trading on the OTCQB on November 24, 2017.

The Company acquired its first property in 2013 when it acquired leases on approximately 400 acres in Hardin County Texas in an area known as Saratoga (the “Saratoga Property” or “Saratoga”). This area sits on top of a Salt Dome. Salt Domes are unique geological features in which a vent of salt has pushed up to form a dome shaped structure where surrounding formations were pushed up with the dome to form additional structures. All these formations have the potential to trap significant oil and gas production. We believe that the reservoir pressure has rebuilt over the last 40 to 50 years and that significant production can be found in this area.

In 2014, the Company expanded by acquiring leases on approximately 1,200 acres in Guadalupe County Texas in an area known as LaVernia (the LaVernia Property” or “LaVernia”). The LaVernia field consists of over 10,000 acres. The field was discovered in 1939 and has produced over 7 million boe. We believe that there are many infill drilling opportunities that exist in this field.

As at March 31, 2018, the Company held over 3,800 acres in oil leases in Texas.

The Saratoga Property and the La Vernia field represent low cost drilling opportunities. AOC is focused on inexpensive drilling opportunities that can still provide economic wells to the Company in the current low oil price environment in which the Company operates.

The Company is assessing other acquisition opportunities both inside and outside of Texas. We believe as a public company with the ability to use stock for acquisitions, we can continue to grow our land position of low cost economical drilling opportunities.

OIL AND GAS PROPERTIES

Saratoga Property

AOC has over 261 acres in Hardin County, Texas, in an area known as Saratoga. The Company has two producing wells, Caswell #1, and Marlatt #1. In addition, the Company has a salt water disposal well, and a development well called Caswell #12. The Company commissioned an independent 51-101 report prepared by MKM Engineering dated December 31, 2017. This report indicates a NPV discounted at 10% of total proved plus probable reserves of \$23,004,010 (before income tax).

We believe that the Saratoga property provides sufficient cash flow at this point in time given the price of oil and risk of drilling additional wells.

La Vernia Field

The La Vernia field is comprised of over 3,400 acres in the Wilson and Guadalupe Counties in Texas. The Company commissioned an independent 51-101 report prepared by MKM Engineering dated December 31, 2017. This report indicates a NPV discounted at 10% of total proved plus probable reserves of \$74,618,000 (before income tax).

Properties and leases that comprise the La Vernia field are summarized in the following table:

Property / Lease	Year acquired	Working interest	Net revenue interest
Weisman	2014	100%	74%
Koepp	2014	100%	83%
Rogers	2016	100%	84.5%
Mills	2016	100%	77.75%
Black and Morris	2017	100%	73.5%
Junsen Transue	2017	100%	75%
LT Oil Acquisition	2017	100%	73% - 80%
RJ Huebinger	2017	100%	78.5%
Alcorn Acquisition	2017	100%	78-80%
Boldt	2017	100%	71.5%
Gordon Land Acquisition	2017	100%	74% - 80%
Rouse	2017	100%	70%
Opal and Lerma	2017	100%	72%

Weisman Property

The Company fracked two wells on the Weisman property in 2017. One well is producing oil and the second well now has electrical power installed and is expected to commence production in Q2 2018.

Koepp Property

One new well targeting the Navarro formation oil was drilled in September 2017. The well requires a frac and power installation to be brought on production. This will be coordinated with other future development activities in the area.

Boldt Property

The Boldt property has three existing producing wells on site, which produce on average 3.4 bbls of oil per day. The Company intends to drill additional wells and, once fully developed, the Company will consider application of enhanced recovery technologies to increase production and overall ultimate recoveries of oil in place.

Rogers Property

The Rogers #7 well was re-completed with a frac in September 2017 and is has not produced.

Black and Morris Leases

In Q3 2017, the Company fracked three existing wells, which has resulted in the production of approximately 2 bbls per day.

LT Oil Acquisition

This property is comprised of various lease acquired from LT Oil, LLC in 2017. One of the wells was re-completed with a frac in September 2017 and is producing oil. The property produced at an initial rate of approximately 2 bbls of oil per day.

Opal and Lerma Lease

The Opal and Lerma lease currently has potential for oil production from multiple formations including the Austin Chalk, the Buda, and the Anachaco formations. These formations have been produced in nearby wells with significant success. AOC performed a frac recompletion in the Austin Chalk formation on one of the three wells on the lease in September 2017 and has completed equipping the well and brought in temporary electrical power to produce the well and evaluate results. The well produced at an initial average rate of 4.5 bbls per day in February 2018 and is currently flowing oil and water to tanks on site. Chemical treatment will be used to separate oil and water and an oil production rate will be determined.

SELECTED FINANCIAL INFORMATION

	Unaudited 31-Mar-18	Audited 31-Dec-17	Audited 31-Dec-16
Revenue	\$ 188,050	\$ 405,957	\$ 360,604
Net Loss	(744,803)	(2,804,832)	(1,209,257)
Loss per share – basic and diluted	(0.00)	(0.02)	(0.01)
Total assets	15,753,282	14,664,526	8,237,881
Long-term liabilities	1,933,152	1,874,901	1,491,962
Total liabilities	3,075,047	3,313,812	3,616,619
Total shareholders' equity	12,678,235	11,350,714	4,620,963

RESULTS OF OPERATIONS

	Q1 2018	Q1 2017
Total oil sales volumes (bbls)	2,359	2,260
Daily oil sales volumes (bbls)	26.2	25.1
Oil revenue	\$ 188,050	\$ 133,872
Royalties	(49,683)	(30,218)
Production costs	(77,013)	(114,031)
Operating netback	\$ 61,354	\$ (10,377)
Oil revenue / bbl	\$ 79.73	\$ 59.25
Royalties / bbl	(21.06)	(13.37)
Production costs / bbl	(32.65)	(50.47)
Operating netback / bbl	\$ 26.02	\$ (4.59)
General and administrative expenses	\$ 452,764	\$ 234,334

Share-based payments	\$	258,980	\$	201,215
Loss for the period	\$	(744,803)	\$	(614,521)
Basic loss per share	\$	(0.00)	\$	(0.00)

- Oil volumes are higher in Q1 2018 due to production from the Boldt and Rouse properties acquired in Q4 2017.
- Revenue per bbl is higher in Q1 2018 (US\$63.04/bbl) than Q1 2017 (US\$49.02/bbl) due to an increase in oil prices across the industry.
- Royalties as a % of revenue increased to 26% in Q1 2018 from 23% in Q1 2017 due to higher royalty rates on the Boldt and Rouse properties.
- Production costs per bbl are lower in Q1 2018 than Q1 2017 due to higher pumper costs and treatment expenses incurred in Q1 2017 combined with the effect of fixed costs over higher Q1 2018 volumes.
- General and administrative expenses were higher in Q1 2018 than Q1 2017 due to an overall increase in corporate activity.

	Q1 2018	Q1 2017
Advertising and promotion	\$ 169,956	\$ 134,671
Professional fees	102,731	37,427
Management fees	68,250	21,500
Consulting fees	62,925	19,392
General office	35,128	16,463
Listing and filing fees	13,774	4,881
	<u>\$ 452,764</u>	<u>\$ 234,334</u>

- \$258,980 of share-based payments recognized in Q1 2018 represent the estimated fair value of 10,500,000 stock options granted in January 2018, exercisable at \$0.10 per share with an expiry date of April 17, 2018. \$201,512 of share-based payments recognized in Q1 2017 represent the estimated fair value of 2,625,000 stock options granted in January 2017, exercisable at \$0.15 per share with an expiry date of January 24, 2022.

LIQUIDITY AND CAPITAL RESOURCES

A summary of the Company's cash position and changes in cash is provided below:

	Q1 2018	Q1 2017
Cash flows used in operating activities	\$ (498,941)	(547,800)
Cash flows provided by financing activities	434,960	1,145,910
Cash flows used in investing activities	(378,151)	(479,778)
Change in cash	(442,132)	118,332
Effect of exchange rates on cash held in foreign currencies	8,598	4,433
Cash, beginning of period	780,989	606,693
Cash, end of period	<u>\$ 347,455</u>	<u>\$ 729,458</u>

During Q1 2018, the Company raised funds and/or settled certain accounts payable as follows:

- On March 5, 2018, the Company issued 4,625,000 common shares on the exercise of the 4,625,000 stock options for cash proceeds of \$462,500 plus \$114,080 for the estimated fair value of the related stock options.
- On March 5, 2018, the Company closed a non-brokered private placement for the issuance of 4,943,999 common shares at \$0.15 per share for \$741,600 of proceeds. An officer of the Company subscribed for

100,000 common shares for \$15,000 of cash proceeds. Gunpowder subscribed for 4,843,999 common shares of the Company in exchange for 72,660 Class A preferred shares of Gunpowder.

- On March 26, 2017, the Company closed a non-brokered private placement for the issuance of 1,253,999 common shares at \$0.15 per share for \$188,100 of proceeds. Gunpowder subscribed for the entire private placement in exchange for 18,810 Class A preferred shares of Gunpowder.
- On March 5, 2018, the Company issued 938,823 common shares to for the payment of USD 79,800 (\$100,923) of fees pursuant to an investor relations agreement (see Commitments and Subsequent Events (a)). The value of the common shares was \$112,659 based on the quoted market price of the Company's shares on the date of issuance.
- On March 26, 2018, the Company entered into a shares for debt settlement agreements pursuant to which the Company issued 565,250 common shares to settle \$56,525 of debt owed to two offices and directors of the Company. The value of the common shares was \$65,004 based on the quoted market price of the Company's shares on the date of issuance.

During Q1 2018, the Company repaid \$42,540 of loans payable.

During Q1 2018, the Company incurred \$378,151 of capital expenditures on its oil and gas properties and equipment.

As at March 31, 2018, the Company had a working capital surplus of \$380,395 (December 31, 2017 – working capital deficit of \$361,739).

The Company does generate revenue from several producing wells, however, to continue to grow and expand and service its debt, it will have to rely upon the sale of equity securities, including private placements, exercise of warrants, and exercise of options to provide funding for acquisition, exploration and development of its oil and gas or mineral interests, and for administrative expenses.

The Company does generate sufficient cash flow from operations to maintain current production, however to achieve breakeven cash flow, the Company needs additional production. The Company believes that the lease acquisitions in the latter part of 2017 will allow us to achieve breakeven cash flows by the end of 2018.

OFF-BALANCE SHEET ARRANGEMENTS

None

RELATED PARTY TRANSACTIONS

- a) During the three months ended March 31, 2018, the Company reported \$33,552 (three months ended March 31, 2017 – \$38,416) of interest expense on loans payable to related parties of which \$20,545 is included in accounts payable and accrued liabilities as at March 31, 2018 (December 31, 2017 – \$4,781). The Company and lenders are related through common officers and directors.
- b) During the three months ended March 31, 2018, the Company issued 100,000 common shares to an officer of the Company for gross cash proceeds of \$15,000.
- c) During the three months ended March 31, 2018, the Company issued a total of 6,097,998 common shares to Gunpowder in exchange for 91,470 Class A preferred shares of Gunpowder.
- d) During the three months ended March 31, 2018, the Company issued 565,250 common shares to two officers and directors of the Company.

COMMITMENTS AND SUBSEQUENT EVENTS

- a) On November 1, 2017, the Company entered into a one-year investor relations agreement for aggregate fees of USD 460,800, of which USD 322,000 (\$415,187) of the commitment was remaining at March 31, 2018. In May 2018, the Company terminated the agreement and remaining USD 310,200 (\$399,972) fee commitment in May

2018 at a cost of USD 70,000 (\$90,258).

- b) The Company issued 40,000 common shares to a consultant on April 15, 2018 pursuant to an investor relations agreement.
- c) Subsequent to March 31, 2018, the \$90,000 loan and the USD 200,500 loan due to Gunpowder Capital Corp. were amended and combined into a single loan for \$350,000 bearing interest at 14% per annum and repayable in monthly instalments of principal and interest in the amount of \$10,000 until the debt is repaid in March 2022. In connection with the amended loan agreement, the Company will issue Gunpowder 1,000,000 warrants exercisable at \$0.10 per share for a term of 4 years with an acceleration clause whereby in the event the Company's shares trade above \$0.20 per share for 10 consecutive days, the Company can force the exercise of warrants. The warrants have not been issued as of the date of this MD&A.
- d) Subsequent to March 31, 2018, the \$342,012 loan due to Fountain Asset Corp. was amended to extend the maturity date of the loan to July 31, 2018 and revise the repayment amount to the greater of (i) \$25,000 and (ii) 15% of gross oil revenue received in the prior month. The Company paid a \$10,000 fee in connection with the loan amendment.

SHARE CAPITAL

	Common Shares	Warrants	Performance Warrants	Stock Options
Balance, December 31, 2017	191,625,531	65,092,399	4,000,000	9,875,000
Issued	12,327,071	–	–	10,500,000
Exercised	–	–	–	(4,625,000)
Forfeited	–	–	–	(2,775,000)
Balance, March 31, 2018	203,952,602	65,092,399	4,000,000	12,975,000
Issued	40,000	–	–	–
Expired	–	–	–	(5,875,000)
Balance, date of MD&A	203,992,602	65,092,399	4,000,000	7,100,000

DIVIDENDS

The Company has not declared or paid any dividends. Any decision to pay dividends on any of its shares will be made by the Board of Directors of the Company on the basis of earnings, financial requirements and other conditions existing at the time.

FINANCIAL INSTRUMENTS

The fair values of the Company's cash, short-term investment, trade and other receivables, accounts payable and accrued liabilities and loans payable approximate their carrying amounts due to the short-term nature of these financial instruments.

The Company's accounts receivable are primarily with industry partners and are subject to normal industry credit risks. The Company extends unsecured credit to these entities, and therefore, the collection of any receivables may be affected by changes in the economic environment or other conditions. Management believes the risk is mitigated by the financial position of the entities. To date, the Company has not participated in any risk management contracts or commodity price contracts.

NEW ACCOUNTING STANDARDS

On January 1, 2018, the Company retrospectively adopted IFRS 9 Financial Instruments ("IFRS 9") which includes new requirements for the classification and measurement of financial assets, a new credit loss impairment model and new model to be used for hedge accounting for risk management contracts. The Company does not currently have

any risk management contracts. The adoption of IFRS 9 did not have a material impact on the Company's financial statements and management applied the provision matrix practical expedient as part of the adoption of the standard. The additional disclosures required by IFRS 9 are detailed in Note 6 to the March 31, 2018 unaudited condensed interim consolidated financial statements.

On January 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") using the retrospective method of adoption. The adoption of IFRS 15 did not have a material impact on the Company's unaudited condensed interim consolidated financial statements and as a result, the Company did not apply any practical expedients as part of the adoption of IFRS 15. The additional financial statement disclosures required by IFRS 15 are detailed in Note 12 to the March 31, 2018 unaudited condensed interim consolidated financial statements.

FUTURE ACCOUNTING STANDARDS

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. IFRS 16 is effective for periods beginning on or after January 1, 2019. The Company is assessing the impact of IFRS 16 on its consolidated financial statements and it is anticipated that IFRS 16 will have an impact on the consolidated statement of financial position, however the magnitude of the impact is yet to be determined.

SELECTED CONSOLIDATED QUARTERLY INFORMATION

The following selected quarterly information commences as of the Company's earliest quarter presented in the Company's final long-form prospectus filed on June 30, 2017.

	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017
	\$	\$	\$	\$	\$
Revenue	188,050	161,851	85,222	130,728	133,872
Loss for the period	(744,803)	(843,121)	(885,910)	(461,280)	(614,521)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Cash flow used in operating activities	(548,941)	(547,800)	(699,640)	(1,726,432)	1,084,761
Total assets	15,753,282	14,664,526	13,311,275	14,100,656	11,808,017
Total liabilities	3,075,047	3,313,812	2,559,239	3,185,570	3,383,973
Expenditures on exploration and evaluation properties and oil and gas properties	(378,151)	(1,628,098)	(209,446)	(645,463)	(479,778)
Net cash proceeds from the issuance of common shares and units	477,500	725,600	315,000	3,143,651	1,391,610
Working capital	380,395	(361,739)	443,139	1,913,157	(210,188)

- Revenue increased in Q1 2018 as compared to Q4 2017 due to higher production volumes and an increase in oil prices; the Q1 2018 loss decreased due to a decrease in production costs; working capital increased due to proceeds from the issuance of common shares and units and the settlement of certain accounts payable through the issuance of common shares.
- Revenue increased in Q4 2017 as compared to Q3 2017 due to higher production volumes and an increase in oil prices; the Q4 2017 loss was comparable to the Q3 2017 loss; working capital decreased due to cash flows used by operating activities and capital expenditures offset by proceeds from the issuance of common shares and units.
- Revenue decreased in Q3 2017 as compared to Q2 2017 due to lower production volumes and a decrease in

oil prices; the Q3 2017 loss increased due to an increase in general and administrative expenses and production costs; working capital decreased due to cash flows used by operating activities and capital expenditures.

- Revenue decreased in Q2 2017 as compared to Q1 2017 due to lower oil prices; the Q2 2017 loss decreased due to an increase in production costs; working capital increased due to proceeds from the the issuance of common shares and units.

RISKS AND UNCERTAINTIES

The operations of AOC are high-risk due to the nature of oil and gas exploration and development. AOC's production and exploration activities are concentrated in the state of Texas in the United States, where activity is highly competitive and includes a variety of different sized companies ranging from smaller junior producers to the much larger integrated petroleum companies. AOC is subject to various types of business risks and uncertainties, which may materially affect the Company's future financial and operating performance, including without limitation the following:

- risks associated with operations in emerging markets, including changes in energy policies or personnel administering them;
- the risks of the oil and gas industry both domestically and internationally, such as operational risks in exploring for, developing and producing crude oil and natural gas and market demand;
- general economic conditions in Canada, the United States and globally;
- the ability of management to execute its business plan;
- uncertainties inherent in estimating quantities of oil and natural gas reserves and cash flows to be derived therefrom and the risk that the value of such reserves may be impaired in future periods;
- fluctuations in the price of oil and natural gas, interest rates and exchange rates;
- the risk that the Company will not be able to reduce its operating costs and thereby improve the return on its investments;
- lack of diversification of the Company's oil and gas interests;
- actions taken by governmental authorities, including increases in taxes and changes in government regulations and incentive programs;
- geological, technical, drilling and processing problems;
- risks and uncertainties involving geology of oil and gas deposits;
- risks inherent in marketing operations, including credit risk;
- the uncertainty of estimates and projections relating to production, costs and expenses;
- potential delays or changes in plans with respect to exploration or development projects or capital expenditures including delays arising as a result of the Company's inability to obtain the necessary oilfield services required, including drilling and fracture stimulation equipment and related personnel;
- the insufficiency of cash flow to fund operations;
- uncertainty of finding reserves and developing and marketing those reserves;
- unanticipated operating events, which could reduce production or cause production to be shut in or delayed;
- ability to locate satisfactory properties for acquisition or participation;
- the ability of management to identify and complete potential acquisitions;
- if completed, the failure to realize the anticipated benefits of acquisitions;
- incorrect assessments of the value of acquisitions;
- hazards such as fire, explosion, blowouts, cratering and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury;
- encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations;
- income tax reassessments and other taxes payable by the Company;
- the ability to add production and reserves through development and exploration activities;
- governmental regulation of the oil and gas industry, including the possibility that government policies or

laws, including laws and regulations related to the environment, may change in a manner that is adverse to the Company, or that governmental approvals may be delayed or withheld;

- stock market volatility and market valuations; and
- competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel.

FORWARD LOOKING INFORMATION (ADDITIONAL DISCLOSURE)

The following information provides further clarification with respect to the Company's forward-looking information.

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to produce economic quantities of boe	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of oil and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Oil price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
<p>The Company's ability to meet its working capital needs at the current level for the twelve-month period ending March 31, 2019</p> <p>The Company expects to incur further losses in the development of its business</p> <p>Should the Company not raise sufficient capital, it may cease to be a reporting issuer</p>	The operating and exploration activities of the Company for the twelve-month period ending March 31, 2019, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration on its property interests	The exploration/acquisition activities of the Company for the twelve-month period ending March	Changes in debt and equity markets; timing and availability of external financing on acceptable terms;

	31, 2019, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of oil will be favourable to the Company; no title disputes exist with respect to the Company's properties	Oil price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
Management's outlook regarding future trends	Financing will be available for the Company's exploration and operating activities; the price of oil will be favourable to the Company	Oil price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for oil	The price of oil will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of oil will be favourable	Changes in debt and equity markets and the price of oil; interest rate and exchange rate fluctuations; changes in economic and political conditions



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