

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Advantagewon Oil Corp. (the "Issuer").

Trading Symbol: AOC

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

Not Applicable

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.

Related Party Transactions

Related parties include the Board of Directors, Executive Officers and any corporations owned or controlled by them.

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company. The remuneration of directors and other members of key management personnel during the periods presented were as follows:

- a) During the three months ended March 31, 2018, the directors and other members of key management received a total of \$98,250 in compensation (three months ended March 31, 2017 – \$236,534).

Other related party transactions:

- b) 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).
- c) 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.
- d) 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.
- e) During the three months ended March 31, 2018, the Company issued 565,250 common shares to two officers and directors of the Company.

- (b) A description of the transaction(s), including those for which no amount has been recorded.

Not Applicable

- (c) The recorded amount of the transactions classified by financial statement category.

Not Applicable

- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.

Please review point "A" above for complete details.

- (e) Contractual obligations with Related Persons, separate from other contractual obligations.

Not Applicable

- (f) Contingencies involving Related Persons, separate from other contingencies.

Not Applicable

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

12,327,071 Common Shares were issued in Q1 of 2018.

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Mar 5 th , 2018	Common Shares	Private Placement	4,843,999	\$0.15	\$726,600	Class – A Preferred Shares of Gunpowder Capital Corp	N/A	N/A
Mar 5 th , 2018	Common Shares	Private Placement	100,000	\$0.15	\$15,000	Cash	Related person - Officer	N/A
Mar 5 th , 2018	Common Shares	Stock Options Exercised	4,625,000	\$0.10	\$462,500	Cash	N/A	N/A
Mar 26 th , 2018	Common Shares	Private Placement	1,253,999	\$0.15	\$188,100	Class – A Preferred Shares of Gunpowder Capital Corp	N/A	N/A
Mar 5 th , 2018	Common Shares	Shares for Debt Issuance	938,823	\$0.12	N/A	Debt Settlement	N/A	N/A
Mar 26 th , 2018	Common Shares	Shares for Debt Issuance	565,250	\$0.115	N/A	Debt Settlement	Related Person 2 Directors	N/A

(b) summary of options granted during the period,

10,500,000 Stock Options Granted on Jan 18th, 2018 with a 90 day expiry date.

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
Jan 18 th , 2018	4,625,000	Not Applicable	Consultant	\$0.10	April 17 th , 2018	\$0.10
Jan 18 th , 2018	2,187,500	Not Applicable	Consultant	\$0.10	April 17 th , 2018	\$0.10
Jan 18 th , 2018	3,187,500	Not Applicable	Consultant	\$0.10	April 17 th , 2018	\$0.10
Jan 18 th , 2018	500,000	Not Applicable	Consultant	\$0.10	April 17 th , 2018	\$0.10

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3. **Summary of securities as at the end of the reporting period.**

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As At March 31st, 2018, Common Shares: 203,952,602 Issued | Unlimited Authorized

As At March 31st, 2018, the Company's authorized share capital consisted of an unlimited number of voting Common Shares.

- (b) number and recorded value for shares issued and outstanding,

As At March 31st, 2018, Common Shares: 203,952,602 Issued | Common Share Recorded Value As At March 31st 2018 \$15,572,852

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, an

Stock Options As At March 31st, 2018

# of options outstanding and exercisable	Fair value at grant date	Exercise price	Expiry date
5,875,000	\$144,900	0.10	Apr 17 th , 2018
2,000,000	\$ 127,900	0.10	Apr 30 th , 2019
450,000	\$ 29,455	0.25	Jul 9 th , 2019
1,250,000	\$ 200,729	0.25	Dec 1 st , 2019
2,000,000	\$ 163,200	0.15	Dec 1 st , 2022
1,400,000	\$ 105,235	0.15	Jan 24 th , 2022

Warrants As At March 31st, 2018

# of Warrants	Fair value of warrants	Weighted average exercise price	Expiry date
2,000,000	\$118,286	0.25	Jul 21 st , 2019
1,160,000	\$68,788	0.25	Aug 8 th , 2019
666,667	\$39,533	0.25	Sep 2 nd , 2019
3,786,667	\$224,549	0.25	Oct 10 th , 2019
833,333	\$49,417	0.25	Nov 21 st , 2019
1,390,000	\$82,427	0.25	Dec 16 th , 2019
14,500,000	\$709,000	0.25	Feb 9 th , 2020

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11,601,395	\$682,000	0.25	Mar 31 st , 2020
18,895,000	\$1,111,000	0.25	May 31 st , 2020
1,862,670	\$109,146	0.25	Jul 18 th , 2020
1,283,333	\$153,895	0.25	Jul 25 th , 2020
2,866,667	\$418,000	0.25	Nov 17 th , 2020
4,246,667	"	0.25	Dec 22 nd , 2020

Performance Warrants As At March 31, 2018

As at March 31, 2018, the Company had 4,000,000 performance warrants outstanding. Performance warrants are exercisable at \$0.15 per share until December 1, 2022 and become exercisable based on the following: 25% when the Company's share price reaches \$0.25 for a 10-day volume weighted average price ("VWAP"); 25% when the Company's share price reaches \$0.35 for a 10-day VWAP; 25% when the Company's share price reaches \$0.45 for a 10-day VWAP; and 25% when the Company's share price reaches \$0.55 for a 10-day VWAP.

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

Not Applicable

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

As At the Date of Filing of the Listing Statement

Directors

- 1) Stan Dimakos
- 2) Jason Ewart
- 3) Paul Haber
- 4) Frank Kordy
- 5) Charles Dove

Officers

- 1) Charles Dove – CEO
- 2) Roger Harman – CFO
- 3) Frank Kordy – Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.
5. Dated: May 31st, 2018 .

Frank Kordy
Name of Director or Senior Officer

/s/ Frank Kordy
Signature

Secretary & Director
Official Capacity

Issuer Details		For Quarter Ended	Date of Report YY/MM/D
Name of Issuer Advantagewon Oil Corp.		Q1 2018	2018/05/31
Issuer Address 47 Colborne Street, Suite 307			
City/Province/Postal Code Toronto	Issuer Fax No. Not Applicable	Issuer Telephone No. (416) 318-6501	
Contact Name Frank Kordy	Contact Position Secretary	Contact Telephone No. (647) 466-4037	
Contact Email Address frank.kordy@aac-oil.com	Web Site Address www.aac-oil.com		

SCHEDULE A: FINANCIAL STATEMENTS



ADVANTAGEWON OIL CORP.

CSE: AOC | OTCQB: ANTGF

ADVANTAGEWON OIL CORPORATION

Condensed Interim Consolidated Financial Statements
(Expressed In Canadian Dollars)
(Unaudited – Prepared By Management)

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

Notice of Disclosure of No Auditor Review of Condensed Interim Consolidated Financial Statements

The accompanying unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2018 have been prepared in accordance with International Financial Reporting Standards ("IFRS") accounting principles as issued by the IASB and are the responsibility of the Company's management.

The Company's independent auditors, UHY McGovern Hurley LLP, have not performed a review of these unaudited condensed interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

ADVANTAGEWON OIL CORPORATION

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(All amounts stated in Canadian Dollars)

As at

	Note	March 31 2018	December 31 2017
ASSETS			(Note 4)
Current assets			
Cash		\$ 347,455	\$ 780,989
Marketable securities	5	914,700	–
Trade and other receivables	6	125,152	149,604
Prepaid expenses		68,077	81,484
Inventory		66,906	65,095
Total current assets		1,522,290	1,077,172
Non-current assets			
Prepaid bond deposits		322,028	320,122
Oil and gas properties and equipment	4, 7	13,908,964	13,267,232
Total non-current assets		14,230,992	13,587,354
Total assets		\$ 15,753,282	\$ 14,664,526
SHAREHOLDERS' EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		\$ 451,358	\$ 720,479
Loans payable	8	690,537	718,432
Total current liabilities		1,141,895	1,438,911
Non-current liabilities			
Decommissioning liability	9	1,933,152	1,874,901
Total liabilities		3,075,047	3,313,812
Shareholders' equity			
Common shares	10	15,572,852	13,888,909
Shares to be issued		47,525	47,525
Warrant reserve		4,002,041	4,002,041
Share-based payments reserve	10	1,032,482	887,582
Accumulated other comprehensive income		721,828	478,347
Deficit		(8,698,493)	(7,953,690)
Total shareholders' equity		12,678,235	11,350,714
Total liabilities and shareholders' equity		\$ 15,753,282	\$ 14,664,526

Nature and Continuance of Operations (Note 1)

Commitments and Subsequent Events (Note 14)

Approved on behalf of the Board:

Signed "Frank Kordy" Director

Signed "Jason Ewart", Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ADVANTAGEWON OIL CORPORATION

Condensed Interim Consolidated Statements of Operations and Comprehensive (Loss)

(Unaudited)

(All amounts stated in Canadian Dollars)

For the three months ended March 31

	Note	2018	2017
Revenues			
Oil revenue	12	\$ 188,050	\$ 133,872
Royalties		<u>(49,683)</u>	<u>(30,218)</u>
		<u>138,367</u>	<u>103,654</u>
Expenses			
Production		77,013	114,031
General and administrative		452,764	234,334
Exploration		–	28,997
Depletion and depreciation	7	30,217	61,052
Accretion of decommissioning liability	9	10,429	6,582
Share-based payments	10	<u>258,980</u>	<u>201,512</u>
		<u>829,403</u>	<u>646,508</u>
Loss before other income (expenses)		<u>(691,036)</u>	<u>(542,854)</u>
Other income (expenses)			
Interest	8, 13	(33,552)	(71,667)
Loss on settlement of accounts payable	10	<u>(20,215)</u>	<u>–</u>
Loss for the period		<u>(744,803)</u>	<u>(614,521)</u>
Other comprehensive loss			
Exchange differences on translation of foreign subsidiaries		<u>243,481</u>	<u>(59,420)</u>
Loss and comprehensive loss		<u>\$ (501,322)</u>	<u>\$ (673,941)</u>
Loss per share	11	(0.00)	(0.00)

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ADVANTAGEWON OIL CORPORATION

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

(All amounts stated in Canadian Dollars)

For the three months ended March 31

	Note	2018	2017
Common shares	10(a)		
Balance, January 1		\$ 13,888,909	\$ 7,518,634
Private placement of common shares		929,700	–
Private placement of units, net of \$682,000 allocated to warrants		–	1,054,610
Shares issued for exercise of stock options		576,580	–
Shares issued for settlement of accounts payable		177,663	–
Shares issued for property acquisition		–	1,830,600
Share issue costs		–	(700)
Balance, March 31		15,572,852	10,403,144
Shares to be issued			
Balance, January 1 and March 31		47,525	13,500
Warrant reserve			
Balance, January 1		4,002,041	583,000
Private placement of units, warrant value		–	682,000
Issuance of warrants		–	709,000
Balance, March 31		4,002,041	1,974,000
Share-based payments reserve	10(d)		
Balance, January 1		887,582	493,498
Issuance of stock options		258,980	201,512
Exercise of stock options		(114,080)	–
Balance, March 31		1,032,482	695,010
Convertible debentures conversion option			
Balance, January 1 and March 31		–	278,183
Accumulated other comprehensive income			
Balance, January 1		478,347	955,872
Exchange differences on translation of foreign subsidiaries		243,481	(59,420)
Balance, March 31		721,828	896,452
Deficit			
Balance, January 1		(7,953,690)	(5,221,724)
Loss for the period		(744,803)	(614,521)
Balance, March 31		(8,698,493)	(5,836,245)
Total shareholders' equity		\$ 12,678,235	\$ 8,424,044

The accompanying notes are an integral part of these condensed interim consolidated financial statements

ADVANTAGEWON OIL CORPORATION

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

(All amounts stated in Canadian Dollars)

For the three months ended March 31

	Note	2018	2017
Cash flows (used in) provided by operating activities			
Loss for the period		\$ (744,803)	\$ (614,521)
Add back (deduct) items not affecting cash:			
Share-based payments	10	258,980	201,512
Depletion and depreciation	7	30,217	72,248
Accretion of decommissioning liability	9	10,429	6,582
Interest	8	7,607	—
Foreign exchange		(5,961)	7,708
Change in non-cash working capital:			
Trade and other receivables		24,452	(5,740)
Prepaid expenses		13,407	4,832
Inventory		(1,811)	(10,715)
Accounts payable and accrued liabilities		(91,458)	(209,706)
Net cash flows used in operating activities		<u>(498,941)</u>	<u>(547,800)</u>
Cash flows (used in) provided by financing activities			
Private placement of common shares, net of issue costs	10	477,500	—
Private placement of units, net of issue costs		—	1,390,910
Repayment of loans payable	8	(42,540)	(145,000)
Repayment of convertible debentures		—	(100,000)
Net cash flows provided by financing activities		<u>434,960</u>	<u>1,145,910</u>
Cash flows (used in) provided by investing activities			
Acquisition of oil and gas properties		—	(364,415)
Expenditures on oil and gas properties and equipment	7	<u>(378,151)</u>	<u>(115,363)</u>
Net cash flows (used in) provided by investing activities		<u>(378,151)</u>	<u>(479,778)</u>
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		<u>780,989</u>	<u>606,693</u>
Cash, end of period		<u>\$ 347,455</u>	<u>\$ 729,458</u>

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018
(Unaudited)
(All amounts stated in Canadian Dollars)

1. Nature and Continuance of Operations

Advantagewon Oil Corporation (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. The address of its registered office is 47 Colborne Street, Suite 307, Toronto, ON M5E 1P8.

The Company's common shares trade on the Canadian Securities Exchange under the trading symbol "AOC" and on the OTCQB under the trading symbol "ANTGF".

The business of exploring for oil and gas reserves involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable operations. The recoverability of the carrying value of the properties and the Company's continued existence is dependent upon the preservation of its properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability of the Company to raise additional financing, if necessary, or alternatively upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing registration or regulations, social licensing requirements, unregistered prior agreements, unregistered claims, aboriginal claims and noncompliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations, restriction and political uncertainty.

There is no guarantee that existing leases will be renewed, extended or reacquired prior to expiry or that leases on new areas will be acquired. Title to oil and gas lease properties involve certain inherent risks due to the difficulties of determining the validity of certain claims, as well as the potential for problems arising from the ambiguous conveyancing history that is characteristic of many oil and gas properties. The Company believes it has sufficiently investigated title to its properties, and, to the best of its knowledge these titles are properly registered and in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to its detriment and such investigations do not guarantee or certify that an unforeseen defect in the chain of title will not arise. If at any time title cannot be determined, it may have a financial impact on the value of that lease and the carrying value of the oil and gas properties.

The Company has a need for equity financing for working capital and exploration and development of its properties. Because of continuing operating losses and a working capital deficit, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operations. It is not possible to predict whether financing efforts will be successful or if the Company will attain profitable levels of operations. Material uncertainties as mentioned above cast significant doubt upon the Company's ability to continue as a going concern.

These unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from reported in these unaudited condensed interim consolidated financial statements. Such adjustments could be material.

2. Basis of Presentation

These unaudited condensed interim consolidated financial statements of the Company have been prepared in accordance with IFRS issued by the International Accounting Standard Board and interpretations from the International Financial Reporting Interpretations Committee in effect at January 1, 2018, including International Accounting Standard 34 – Interim Financial Reporting.

The Company has consistently applied the same accounting policies throughout all periods presented (see Note 3 for impact of new accounting standards). These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2017.

These consolidated financial statements include the accounts of the Company, together with its wholly owned subsidiaries, Advantagewon Oil US Corporation (USA) ("AOC US"), Ainslie Oil Corporation (Canada) ("Ainslie"), Albaro Oil Corp. (Canada) ("Albaro") and Plutus US Oil Corporation (USA) ("Plutus").

Functional currency is the currency of the primary economic environment in which a company operates. The functional currency of the Company, Ainslie and Albaro is Canadian dollars ("CAD"). The functional currency of AOC US and Plutus is the United States dollar ("USD").

These unaudited condensed interim consolidated financial statements are presented in CAD.

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018
(Unaudited)
(All amounts stated in Canadian Dollars)

These unaudited condensed interim consolidated financial statements were approved and authorized for issue by the Company's Board of Directors on May 30, 2018.

3. 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.

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 disclosures required by IFRS 15 are detailed in Note 12.

4. Reclassification – December 31, 2017 Consolidated Statement of Financial Position

The Company has reclassified assets previously reported as exploration and evaluation properties in the December 31, 2017 audited consolidated financial statements to oil and gas properties (Note 7). The reclassification is presentation change within long-term assets and has no impact on total assets or on the Company's reported loss for the interim periods or year ended December 31, 2017.

5. Marketable Securities

The Company has a marketable securities investment in 91,470 Class A preferred shares of Gunpowder Capital Corp. ("Gunpowder") (Note 10(a)(ii) and (iii)), a company related through common officers and directors. As at March 31, 2018, the carrying amount of the short-term investment was \$914,700 based on the quoted market price of Gunpowder Class A preferred shares.

6. Trade and Other Receivables

The Company's trade and other receivables are exposed to the risk of financial loss if the counterparty fails to meet its contractual obligations. The Company's trade and other receivables include amounts due from the sale of oil and natural gas. The Company's maximum exposure to credit risk at March 31, 2018 is in respect of \$125,152 (December 31, 2017 – \$149,604) of trade and other receivables.

The Company's trade and other receivables consist of:

	March 31 2018	December 31 2017
Trade receivables	\$ 102,032	\$ 42,324
Harmonized Sales Tax receivable	23,120	107,280
	<u>\$ 125,152</u>	<u>\$ 149,604</u>

At March 31, 2018 and December 31, 2017, all of the Company's trade receivables are due from one customer to which the Company sells its oil (Note 12). All oil sales occur in the United States. The Company monitors the credit risk of its customer on a regular basis. Management believes the risk of loss associated with these assets is remote.

All of the Company's trade and other receivables are less than 90 days old. The Company has not experienced any collection issues with respect to its trade and other receivables and has not provided for credit losses in 2018 or 2017.

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018
(Unaudited)
(All amounts stated in Canadian Dollars)

7. Oil and Gas Properties and Equipment

The Company holds a 100% working interest in the Saratoga Property located in Texas to which the Company is entitled to between 77.5% and 80% of the revenues earned from the wells currently under production. The Company also holds a 100% working interest in several properties in the La Vernia area of Texas with net revenue interests ranging from 72.5% to 87%, some of which have overriding royalty burdens ranging from 1.5% to 5%.

	Oil and Gas Properties		Total	Equipment	TOTAL
	Saratoga	La Vernia			
Cost	\$	\$	\$	\$	\$
Balance, December 31, 2017	5,483,931	7,928,177	13,412,108	262,965	13,675,073
Additions	348	377,803	378,151	–	378,151
Decommissioning revisions	(316)	(4,139)	(4,455)	–	(4,455)
Foreign exchange	152,562	150,313	302,875	7,315	310,190
Balance, March 31, 2018	5,636,525	8,452,154	14,088,679	270,280	14,358,959
Accumulated depletion and depreciation					
Balance, December 31, 2017	(298,683)	(41,274)	(339,957)	(67,884)	(407,841)
Depletion and depreciation	(19,858)	(9,612)	(29,470)	(747)	(30,217)
Foreign exchange	(8,697)	(1,336)	(10,033)	(1,904)	(11,937)
Balance, March 31, 2018	(327,238)	(52,222)	(379,460)	(70,535)	(449,995)
Net carrying amount					
December 31, 2017	5,185,248	7,886,903	13,072,151	195,081	13,267,232
March 31, 2018	5,309,287	8,399,932	13,709,219	199,745	13,908,964

The March 31, 2018 depletion expense calculation included \$27.1 million (December 31, 2017 – \$27.1 million) for estimated future development costs associated with the Company's proved and probable reserves.

8. Loans Payable

The following table presents the continuity of the Company's loans payable:

Balance, December 31, 2017	\$	718,432
Accrued interest		7,607
Repayments		(42,540)
Foreign exchange		7,038
Balance, March 31, 2018	\$	690,537

(a) Gunpowder Capital Corp. loans

As at December 31, 2017 and March 31, 2018, the Company had a \$90,000 loan due to Gunpowder. The loan bears interest at 24% per year and was to mature on January 31, 2018. As at March 31, 2018, the outstanding balance on this loan is \$90,000 (December 31, 2017 – \$90,000). Interest on the loan for three months ended March 31, 2018 was \$5,400 (three months ended March 31, 2017 – \$5,400), all of which was paid in the period.

As at December 31, 2017 and March 31, 2018, the Company had a USD 200,500 loan due to Gunpowder. The loan is secured by the assets of the Company and bears interest at 1% per month with no fixed terms of repayment. As at March 31, 2018, the outstanding balance on this loan is USD 200,500 (\$258,525) (December 31, 2017 – USD 200,500 plus USD 3,900 of accrued interest (\$256,420)). Interest on the loan for three months ended March 31, 2018 was \$7,607 (three months ended March 31, 2017 – \$nil), all of which was paid in the period.

Subsequent to March 31, 2018, the \$90,000 loan and the USD 200,500 loan were amended and combined into a single loan for \$350,000 (Note 14(c)).

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018
(Unaudited)
(All amounts stated in Canadian Dollars)

(b) Fountain Asset Corp. loan

As at March 31, 2018, the Company had a \$342,012 (December 31, 2017 – \$372,012) loan due to Fountain Asset Corp. ("Fountain"), a company related through a director of the Company who is an officer of Fountain. The loan bears interest at 24% per year, matures on April 30, 2018 and is secured by a general security agreement covering the assets of the Company. Monthly loan principal repayments are calculated as the greater of (i) \$15,000 and (ii) 15% of gross oil revenue received in the prior month. Fountain has the option to convert all or a portion of the loan into common shares of the Company at \$0.12 per share which is the price per share ascribed to the shares of the Company pursuant to its going-public transaction. Interest on the loan for three months ended March 31, 2018 was \$20,545 (three months ended March 31, 2017 – \$30,901), all of which is included in accounts payable and accrued liabilities as at March 31, 2018 (December 31, 2017 – \$4,781).

Subsequent to March 31, 2018, the Fountain Asset Corp. loan was amended to extend the maturity date of the loan and revise the repayment amount (Note 14(d)).

9. Decommissioning Liability

The Company's decommissioning liability as at March 31, 2018 is based on the following estimates and assumptions:

- Total undiscounted future remediation costs of USD 1,529,804 (\$1,972,529)
- Annual inflation rate of 2.40% annual rate
- Settlement of the liability occurring in approximately ten years
- Risk free discount rate of 2.71%

Balance, December 31, 2017	\$	1,874,901
Accretion		10,429
Revisions		(4,455)
Foreign exchange		52,277
Balance, March 31, 2018	\$	1,933,152

10. Equity

a) Common Shares

	Number	Amount
Balance, December 31, 2017	191,625,531	\$ 13,888,909
Exercise of stock options (i)	4,625,000	576,580
Private placement (ii)	4,943,999	741,600
Private placement (iii)	1,253,999	188,100
Debt settlements (iv) (v)	1,504,073	177,663
Balance, March 31, 2018	203,952,602	\$ 15,572,852

- (i) On March 5, 2018, the Company issued 4,625,000 common shares on the exercise of the 4,625,000 stock options (Note 10(d)) for cash proceeds of \$462,500 plus \$114,080 for the estimated fair value of the related stock options.
- (ii) 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 (Note 5).
- (iii) 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 (Note 5).
- (iv) 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 (Note 14(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.
- (v) 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.

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018
(Unaudited)
(All amounts stated in Canadian Dollars)

b) Warrants

As at March 31, 2018 and December 31, 2017, the Company had 65,092,399 warrants outstanding as detailed in the following table:

Expiry date	Number of Warrants	Exercise Price
July 21, 2019	2,000,000	\$ 0.25
August 8, 2019	1,160,000	0.25
September 2, 2019	666,667	0.25
October 10, 2019	3,786,667	0.25
November 21, 2019	833,333	0.25
December 16, 2019	1,390,000	0.25
February 9, 2020	14,500,000	0.25
March 31, 2020	11,601,395	0.25
May 31, 2020	18,895,000	0.25
July 18, 2020	1,862,670	0.25
July 25, 2020	1,283,333	0.25
November 17, 2020	2,866,667	0.25
December 22, 2020	4,246,667	0.25
	65,092,399	

c) Performance Warrants

As at March 31, 2018 and December 31, 2018, the Company had 4,000,000 performance warrants outstanding. Performance warrants are exercisable at \$0.15 per share until December 1, 2022 and become exercisable based on the following: 25% when the Company's share price reaches \$0.25 for a 10-day volume weighted average price ("VWAP"); 25% when the Company's share price reaches \$0.35 for a 10-day VWAP; 25% when the Company's share price reaches \$0.45 for a 10-day VWAP; and 25% when the Company's share price reaches \$0.55 for a 10-day VWAP.

d) Stock Options

A continuity of the Company's stock options outstanding is as follows:

	Number	Weighted Average Exercise Price
Balance, December 31, 2017	9,875,000	\$ 0.17
Granted	10,500,000	0.10
Exercised (Note 10(a)(i))	(4,625,000)	(0.10)
Forfeited	(2,775,000)	(0.10)
Balance, March 31, 2018	12,975,000	\$ 0.13

On January 18, 2018, the Company has granted stock options to purchase up to 10,500,000 common shares of the Company at a price of \$0.10 per share. The options vested immediately and expire on April 17, 2018. The fair value of the options was estimated at \$258,980 using the Black-Scholes option pricing model with the following assumptions: risk free interest rate of 1.8%; expected volatility of 126%; expected dividend yield of 0% and expected life of 3 months.

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2018
(Unaudited)
(All amounts stated in Canadian Dollars)

The table below summarizes information about the stock options outstanding as at March 31, 2018:

Expiry date	Number of Stock Options Outstanding	Number of Stock Options Exercisable	Exercise Price
April 15, 2018	5,875,000	5,875,000	\$ 0.10
April 30, 2019	2,000,000	2,000,000	0.10
July 9, 2019	450,000	450,000	0.25
December 1, 2019	1,250,000	937,500	0.25
January 24, 2022	1,400,000	1,400,000	0.15
December 1, 2022	2,000,000	2,000,000	0.15
	12,975,000	12,662,500	

11. Per Share Amounts

For the three months ended March 31	2018	2017
Loss for the period	\$ (744,803)	\$ (614,521)
Number of common shares, January 1	191,625,531	125,121,130
Effect of common shares issued	7,998,742	18,199,880
Basis weighted average number of common shares	199,624,273	143,321,010
Basic and diluted loss per share	\$ (0.00)	\$ (0.00)

All warrants, performance warrants and stock options were excluded from the diluted per share amounts as their effect is anti-dilutive in loss periods.

12. Revenue

The Company sells its production pursuant to variable price contracts based on NYMEX WTI with varying length terms up to 1 year. Under the contracts, the Company is required to deliver a variable volume of light-medium oil to the contract counterparty. The transaction price is based on the commodity price for NYMEX WTI, adjusted for quality, location or other factors.

Volumes delivered to the contract counterparty are limited to the Company's ability to produce the volumes. Production revenue is recognized at a point in time the purchaser obtains legal title to the product, which is when volumes are physically transferred to the contract counterparty. The amount of revenue recognized is based on the transaction price. Transaction price variability, discussed above, is recognized in the same period as the Company is not constrained in meeting its performance obligations.

All of the Company's revenue is from the sale of oil, all of which is produced and sold in Texas, United States. Oil sales were to a single purchaser during the three months ended March 31, 2018 and 2017 representing 100% of revenue for the three months ended March 31, 2018 and 2017 and \$102,454 million of accounts receivable at March 31, 2018 (December 31, 2017 – \$42,735).

13. Related Party Transactions

- 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) (Note 8).
- 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 (Note 10(a)(ii)).
- During the three months ended March 31, 2018, the Company issued a total of 6,097,998 common shares to Gunpowder (Note 10(a)(ii) and (iii)) in exchange for 91,470 Class A preferred shares of Gunpowder (Note 5).
- During the three months ended March 31, 2018, the Company issued 565,250 common shares to two officers and directors of the Company (Note 10(a)(v)).

ADVANTAGEWON OIL CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2018

(Unaudited)

(All amounts stated in Canadian Dollars)

14. 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 Gunpowder Capital Corp. loans (Note 8(a)) 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.
- d) Subsequent to March 31, 2018, the Fountain Asset Corp. loan (Note 8(b)) 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.



ADVANTAGEWON
OIL CORP.

SCHEDULE B: SUPPLEMENTARY INFORMATION
(NOT APPLICABLE)

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS



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	<u>(378,151)</u>	<u>(479,778)</u>
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	<u>780,989</u>	<u>606,693</u>
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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