Q3

2018 Third Quarter Report

Financial and Operating Highlights	Three months ended September 30				Nine months ended September 30			
		2018		2017		2018		2017
Financial ($000, except as otherwise indicated)								
Sales including realized hedging [3]	**$**	**57,928**	$	51,706	**$**	**176,625**	$	193,832
Net income (loss) and comprehensive income (loss)	**$**	**(8,852)**	$	13,026	**$**	**(14,043)**	$	73,614
per basic share [2]	**$**	**(0.05)**	$	0.07	**$**	**(0.08)**	$	0.40
Cash provided by operating activities	**$**	**30,786**	$	56,661	**$**	**115,372**	$	156,553
per mcfe	**$**	**1.23**	$	2.69	**$**	**1.75**	$	2.46
per basic share [2]	**$**	**0.17**	$	0.30	**$**	**0.62**	$	0.84
Adjusted funds flow [1]	**$**	**32,035**	$	36,722	**$**	**104,077**	$	139,319
per mcfe	**$**	**1.28**	$	1.74	**$**	**1.58**	$	2.18
per basic share [2]	**$**	**0.17**	$	0.20	**$**	**0.56**	$	0.75
Cash used in investing activities	**$**	**39,085**	$	77,286	**$**	**163,011**	$	154,839
Net capital expenditures [1]	**$**	**48,437**	$	89,799	**$**	**151,834**	$	175,052
Working capital deficit	**$**	**8,169**	$	37,017	**$**	**8,169**	$	37,017
Bank indebtedness	**$**	**259,179**	$	156,351	**$**	**259,179**	$	156,351
Basic weighted average shares (000)		**186,065**		185,953		**186,073**		185,533
Operating								
Daily Production								
Natural gas (mcf/d)		**262,841**		219,812		**233,780**		225,480
Liquids (bbls/d)		**1,804**		1,395		**1,328**		1,215
Total mcfe/d		**273,665**		228,182		**241,748**		232,770
Total boe/d		**45,611**		38,030		**40,291**		38,795
Average prices (including realized hedging)								
Natural gas ($/mcf) [3]	**$**	**1.93**	$	2.26	**$**	**2.38**	$	2.87
Liquids ($/bbl)	**$**	**67.90**	$	46.95	**$**	**68.59**	$	52.18
Operating Netback ($/mcfe) [1]								
Sales of natural gas and liquids from production	**$**	**2.22**	$	2.06	**$**	**2.30**	$	2.80
Net sales of natural gas purchased from third parties [1]		**-**		-		**0.02**		-
Realized gains on derivatives		**0.08**		0.40		**0.38**		0.25
Royalty recovery (expense)		**(0.03)**		0.02		**(0.01)**		(0.08)
Operating expense		**(0.27)**		(0.25)		**(0.31)**		(0.25)
Transportation expense		**(0.51)**		(0.35)		**(0.57)**		(0.36)
Operating netback [1]	**$**	**1.49**	$	1.88	**$**	**1.81**	$	2.36

(1) Non-GAAP Measure which may not be comparable to similar non-GAAP measures used by other entities.
(2) Based on basic weighted average shares outstanding.
(3) Excludes net sales of natural gas purchased from third parties.

MESSAGE TO SHAREHOLDERS

Advantage Announces Record Third Quarter 2018 & Three Year Plan to Accelerate Glacier / Pipestone Area Condensate & Light Oil Growth

Calgary, Alberta, November 1, 2018 – Advantage Oil & Gas Ltd. ("Advantage" or the "Corporation") is pleased to announce strong third quarter 2018 results which included record production of 45,611 boe/d (273.7 mmcfe/d), up 29% from the second quarter of 2018 and up 20% from the same period in 2017. Liquids production increased 69% to a record 1,804 bbls/d compared to the second quarter of 2018, up 29% from the same period of 2017. Advantage exited the third quarter of 2018 with liquids production of 2,100 bbls/d which was comprised of approximately 67% condensate ("C5+").

Adjusted funds flow during the quarter was $32 million or $0.17/share supported by realized hedging and marketing diversification gains of $9.5 million and industry leading low total cash costs of $6.12/boe ($1.02/mcfe), down 12% from the first half of 2018. Net capital expenditures of $48.4 million were on-track for the quarter resulting in a total debt to trailing 12 month adjusted funds flow ratio of 1.8 which is estimated to be reduced to 1.6 at year-end 2018 due to surplus cash generated from Glacier operations during the fourth quarter (See Appendix - Third Quarter 2018).

Three Year Development Plan (2019 through 2021)

The Board of Directors of Advantage has approved a three year development plan (the "Plan") including the Corporation's 2019 capital and operating budget. This Plan is expected to be internally funded through redeploying surplus cash generated by our Glacier asset, growing liquids revenue and existing credit facilities. Advantage's Plan is based on current annual average 2019 through 2021 strip prices for natural gas of $1.78/mcf AECO and oil of WTI $65.50 U.S./bbl and the Corporation's hedging and market diversification positions (see summary Plan estimates and assumptions provided in this report).

Advantage's Plan is strategically designed to:

- Continue strengthening our solid business foundation by increasing our premium C5+ / light oil production mix to further diversify and enhance the Corporation's revenue sources making Advantage even stronger through and beyond 2021
- Preserve balance sheet strength and develop additional operational and infrastructure optionality by optimizing infrastructure investment, leveraging efficiencies in our existing owned process capacity and utilization of third party processing capacity
- Strengthen netbacks while maintaining Advantage's industry leading low cash cost structure
- Increase flexibility to optimize capital allocation by development of Advantage's vast multi-zone liquids potential while retaining torque to its extensive and ultra-low cost natural gas resource

Key Anticipated/Estimated highlights of our Plan are:

- **Increases annual liquids production 700% to an exit rate of over 14,000 bbls/d and an annual average of 11,370 bbls/d in 2021 representing over 22% of total production and approximately 60% of total revenue**
- **Increases premium C5+ / light oil content from currently 67% to 82% of total liquids**
- **Increases total annual average production by 25% or 8% compound annual growth rate ("CAGR") to 52,300 boe/d** (314 mmcfe/d) in 2021 over estimated 2018 annual production
- **Further diversifies Advantage's revenue exposure with natural gas accounting for approximately 14% AECO, 13% Dawn and 14% mid-west U.S. by 2021**
- **Increases adjusted funds flow by 15% to $0.99/share in 2019, 26% to $1.25/share in 2020 and 34% to $1.67/share in 2021** over each prior annual period
- **Increases adjusted funds flow per boe by 58% to $16.56/boe ($2.76/mcfe)**

- **Preserves financial flexibility with year-end total debt to trailing adjusted funds flow ratios of 1.6, 1.2 and 0.6 for 2019, 2020 and 2021**, respectively. Significant cash flow growth results in cumulative cash of $735 million as compared to a capital investment of $690 million over the three years
- **Maintains Advantage's industry leading low total cash costs averaging $7.92/boe ($1.32/mcfe)** over the three years
- **Requires only 96 new Montney wells** to achieve the objectives of our Plan while retaining a significant high quality inventory of over 1,200 future Montney locations for development beyond 2021
- **Enhances operational and financial optionality** through utilization of third party processing capacity for our initial Pipestone/Wembley development with options to expand. This efficiently manages infrastructure capital requirements, provides more processing flexibility and accommodates growth from Advantage's other assets and third party processing revenue at our 100% owned Glacier gas plant. The Corporation continues to work on and retains future optionality to construct a Wembley to Glacier pipeline

We look forward to reporting on our progress as we continue development of our world class Montney resource with financially disciplined and full-cycle returns based approach that focuses on per share value generation.

Three Year Development Plan Commentary (2019 through 2021)

Advantage's Plan is anticipated to position the Corporation to capitalize on emerging demand growth with a more diversified revenue base and added flexibility to capture value enhancing opportunities. We believe Canadian condensate market demand will continue to exceed domestic supply growth resulting in strong future pricing. We also believe that Canadian natural gas demand will continue to grow through new domestic power, petro-chemical and industrial gas projects along with increasing export demand in the next 3 to 5 years. Accordingly, the Corporation's Plan to accelerate development of its liquids-rich lands with a specific focus on premium C5+ / light oil while retaining optionality to accelerate development of its ultra-low cost gas resource will create additional capital allocation flexibility.

Advantage's Plan will focus development of its liquids-rich Montney resources at east Glacier, Valhalla, Pipestone/Wembley with additional delineation of the Corporation's land block at Progress. The Plan includes anticipated liquids growth from east Glacier and Valhalla (liquids yields of 50 bbls/mmcf to 100 bbls/mmcf) in 2019 with increasing contribution from our Pipestone/Wembley (>250 bbls/mmcf) land block beginning in the fourth quarter of 2019 and ramping up significantly thereafter.

Existing gas production is expected to modestly decrease over the three year Plan; however, our low cost and lower decline Glacier foundational asset is expected to provide approximately $175 million of free cash flow to re-invest in development of Advantage's liquids potential.

Drilling and Future Inventory

Advantage's total Montney land holdings comprise 200 net sections (128,000 net acres) of prolific gas and liquids-rich drilling opportunities in multiple layers. To date, only 5% of our liquids-rich future well inventory has been drilled. The estimated future drilling inventory within our multi-zone land holdings reinforces the extensive high quality resource development potential that exists today and beyond 2021.

 # Estimated Future Drilling Locations[(1)]

C3+ Shallow Cut Liquids Content (approximately 50% to 80% C5%+)	**# Locations**
<25 bbls/mmcf	270
25 to 100 bbls/mmcf	730
>100 bbls/mmcf	200 to 400
Total	**1,200 to 1,400**

Note: (1) Management estimates given consideration to number of Montney layers, well spacing, frac design, regulatory guidelines and production & delineation results. C3+ refers to propane plus butane & condensate.

The Plan includes drilling 96 new Montney production wells comprised of 42 ultra-rich C5+/light oil wells at Pipestone/Wembley and 54 wells targeting the premium condensate Montney intervals at Valhalla, east Glacier and Progress. The development drilling program at Pipestone/Wembley will commence during the second half of 2019 to support liquids growth targets in 2020 in conjunction with third party processing capacity.

Well costs (drill, complete, equip and tie-in) are estimated to range from $4.9 million to $5.3 million per well dependent on the number of frac stages and length.

Facilities, Processing and Transportation

Processing capacity in the Pipestone Area is currently constrained with one new third party mid-stream facility expected to come on-stream in the second half of 2019. Subsequent new third party mid-stream facilities are expected to be completed by mid-2020 and mid-2021 with additional expansion plans progressing to provide sufficient capacity to match longer term area growth plans.

Advantage has secured and is finalizing additional third party processing arrangements in the Pipestone/Wembley area to accommodate our Plan gas processing volume requirements with options to add additional processing capacity for future development. This allows Advantage to optimize infrastructure investment and accelerate the drilling of liquids-rich wells. This will also allow Advantage more flexibility to utilize the current spare raw gas processing capacity of approximately 120 mmcf/d at our 100% owned Glacier gas plant to accommodate growth from east Glacier and Valhalla and provide additional flexibility to consider third party processing arrangements at Glacier. Advantage will retain the optionality to extend its gathering pipelines from Glacier to Wembley by completing engineering design work and surveying in 2019 but will defer the decision on this investment until a later date.

Liquids growth from Pipestone/Wembley will be handled through a new 100% owned liquids separation/handling facility which will be constructed to an initial design capacity of 5,000 bbls/d with provisions for expansion.

Revenue Diversification and Hedging

During the three years of the Plan, Advantage's liquids production is anticipated to grow to approximately 22% of total production in 2021 (82% C5+) and is expected to provide almost 60% of the Corporation's revenue. At that time, Advantage's natural gas revenue as a percentage of total Corporate revenue is estimated to be comprised of approximately 14% from AECO, 13% Dawn and 14% from the U.S. mid-west markets.

Advantage's hedging positions include an average 75 mmcf/d hedged at an average AECO price of $2.26/mcf for 2019 and 23 mmcf/d hedged at an average Dawn price of U.S. $2.94/mcf for 2019. Included in our 2019 hedging position is 87 mmcf/d hedged at an average AECO price of $2.00/mcf for the summer of 2019 where maintenance restrictions on the NGTL system are expected to occur. The Corporation will continue to participate in hedging both natural gas and liquids prices to reduce cash flow volatility to support future development.

2019 Capital Budget

Advantage's 2019 Capital Budget will focus investment primarily to drilling and completing wells at east Glacier, Valhalla and Pipestone/Wembley to support 2019 production and to provide sufficient well productivity to meet 2020 liquids growth targets.

Capital expenditures in 2019 are targeted at $225 million of which $154 million (68%) will be invested in drilling and completion activity. Infrastructure investment is expected to be $58 million (26%) which includes major gathering system and liquids handling facilities for Pipestone/Wembley and the equipping and tie-in of new wells.

Development Plan Summary Table

	Guidance and Estimates		
	2019 Guidance[(3)]	2020 Estimate[(4)]	2021 Estimate[(4)]
Average production (Boe/day)	43,500 to 46,500	47,850	52,300
Gas production (mmcf/d)	244 to 260	245	246
Liquids production (bbls/d)	2,900 to 3,200	7,000	11,370
% Liquids / % Condensate/light oil	7% / 75%	15% / 80%	22% / 82%
Royalty Rate (%)	4%	4%	4.5%
Royalties ($/boe)	$0.65	$0.90	$1.15
Operating Cost ($/boe)	$2.00	$2.45	$2.65
Transportation Cost ($/boe)	$3.35	$3.45	$3.40
G&A/Finance Cost ($/boe)	$1.35	$1.35	$1.25
Total Costs ($/boe)	$7.35	$8.15	$8.45
Net Capital Expenditures (millions)[(1)]	$210 to $240	225	240
Capital Efficiency ($/boe/d)	$14,400	$13,700	$12,700
Adjusted funds flow ($/boe)[(1)]	$11.28	$13.38	$16.56
Adjusted funds flow (millions) [(1)]	$185	$235	$315
Per share[(1)]	$0.99	$1.25	$1.67
Total YE debt / trailing cash flow ratio[(1)]	1.6	1.2	0.6
WTI (US$/bbl) [(2)]	$66.79	$66.37	$63.29
Advantage C5+/Light oil differential to WTI (CAD$/bbl) [(3)]	$(7.00)	$(6.00)	$(6.00)
CAD/USD exchange rate[(2)]	$0.77	$0.77	$0.77
AECO (C$/GJ) [(2)]	$1.68	$1.61	$1.78

Notes:

1) Non-GAAP Measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Advisory".
2) Based on strip pricing at October 23, 2018.
3) Management estimate.
4) Midpoint management estimate.

2021 and Beyond

Advantage's land holdings and infrastructure ownership provides a strong foundation to support development of natural gas and liquids for many years beyond 2021. Management estimates the Corporation's high quality land holdings are capable of supporting total production in excess of 120,000 boe/d with liquids production exceeding 30% of total production assuming an approximate 12+ year flat production plateau. The estimated return on average capital employed (ROACE) over a 10 year period is between 10% to 15% based on a flat AECO Cdn $2.00/mcf price and a flat WTI oil price of $U.S. $65.00/bbl. Continued efficiency improvements driven by technology gains and economies of scale could further increase these estimates.

Updated corporate presentation and Sustainability Report have been added to our website. The Corporation's unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2018 together with the notes thereto, and Management's Discussion and Analysis for the three and nine months ended September 30, 2018 have been filed on SEDAR and are available on the Corporation's website.

APPENDIX - Third Quarter 2018

Operations Update

During the third quarter of 2018, Advantage resumed normal operations at our 100% owned Glacier gas plant after successfully completing the construction and commissioning of our major plant expansion project in the second quarter of 2018. The expansion increased the raw gas processing capacity at the Glacier gas plant to 400 mmcf/d and increased shallow cut liquids extraction capacity to 6,800 bbls/d. Current throughput is approximately 285 mmcf/d of raw gas and liquids extraction of approximately 2,100 bbls/d, providing spare capacity to accommodate future growth and third party processing opportunities.

Production from six new liquids-rich Middle Montney wells located in west Glacier continue to outperform and are exceeding our expectations by an average of 100% after 120 days of production.

In east Glacier, seven wells of a 10 well Middle Montney pad have been rig released targeting liquid yields ranging from 50 to 80 bbls/mmcf.

In Valhalla, two liquids-rich well pads at Valhalla consisting of five wells and two wells will commence drilling in the first quarter of 2019 as part of our winter drilling program. These wells will be brought on-production in 2019. Construction has commenced on Advantage's new liquids handling facility which is expected to be completed by year-end 2018. This facility is designed to compress up to 40 mmcf/d of liquids-rich gas production to our Glacier gas plant and will allow the existing and new Valhalla wells to flow unrestricted.

At Wembley, Advantage's existing well at 12-25-72-8W6 has been tied-in to a third party producer under a best-efforts processing arrangement. Processing capacity is currently very limited in the Pipestone/Wembley area and production from the well may be restricted until 2019. Advantage's 2018 annual liquids production is expected to be 1,520 bbls/d, an increase of 25% as compared to 2017. Annual 2018 production guidance is 40,000 boe/d to 42,500 boe/d (240 mmcfe/d to 255 mmcfe/d).

Advisory

The information in this report contains certain forward-looking statements within the meaning of applicable securities laws relating to the Corporation's plans and other aspects of its anticipated future operations, management focus, strategies, financial, operating and production results and business opportunities. These statements relate to future events or our future intentions or performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "guidance", "demonstrate", "expect", "may", "can", "will", "project", "predict", "potential", "target", "intend", "could", "might", "should", "believe", "would" and similar expressions and include statements relating to, among other things, the estimated total debt to trailing 12 month adjusted funds flow ratio at year-end 2018 and the reasons therefor; the expected sources of funding for the Corporation's Plan, the Plan's development focus and the timing thereof; expected results and benefits to be derived from the Plan, including, but not limited to, increasing annual liquids production and annual liquids production average and the anticipated amount of annual liquids production and annual liquids average in 2021, diversifying the Corporation's revenue sources, developing additional operational and infrastructure optionality and how this will be achieved; annual production average in 2021, increasing C5+/light oil production mix and the expected amount of C5+/light oil production mix increase, the expected amount by which total annual average production will be increased by in 2021, the expected amount of total annual average production in 2021; the amount by which the Corporation's natural gas revenue will be diversified by 2021; the expected adjusted funds flow per share in each of 2019, 2020 and 2021 over each prior annual period; the expected amount of adjusted funds flow netbacks; expected year-end total debt to trailing cash flow ratios in each of 2019, 2020 and 2021; the expected cumulative cash flow and capital investment over the Plan's three years; the number of new wells required to achieve the objectives of the Corporation's Plan and the number of Montney locations for development beyond 2021; expectations that the owned Glacier gas plant has capacity to accommodate future growth and provide third party processing opportunities; Q1 2019 drilling plans in east Glacier and the timing of wells being brought on production; the timing for the construction to be completed on the Corporation's new liquids handling facility in Valhalla and the benefits derived from such new facility; duration of production restrictions at Wembley and the impact on the Corporation's annual 2018 liquids production estimates; the expectation that production restrictions at Wembley will not impact the Corporation's expected annual 2018 production guidance; management's beliefs on the Canadian condensate market and the Canadian natural gas demand; expectations that the Plan will enhance shareholder value; expectations with respect to lean gas and natural gas production over the course of the Plan; the Corporation's future drilling inventory, the estimated well costs and the C3+ liquids content; resource development potential beyond 2021; the timing of the drilling program at Pipestone/Wembley; the timing for the construction to be completed on third party mid-stream facilities; the benefits derived from third party processing arrangements the Corporation entered into with two midstream firms; whether the Corporation will extend its gathering pipelines from Glacier to Wembley and the timing to complete engineering design work and surveying; the impact of the Plan on the Corporation's revenue in 2021 and the expected allocation of natural gas revenue; the Corporation's current and future hedging program; the focus on the Corporation's 2019 capital budget; the Corporation's expected capital expenditures for 2019, including the expected allocation of such expenditures; and other matters. Advantage's actual decisions, activities, results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Advantage will derive from them.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's control, including, but not limited to: changes in general economic, market and business conditions; industry conditions; impact of significant declines in market prices for oil and natural gas; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the effect of acquisitions; Advantage's success at acquisition, exploitation and development of reserves; failure to achieve production targets on timelines anticipated or at all; unexpected drilling results; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties, including hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; individual well productivity; lack of available capacity on pipelines; delays in anticipated timing of drilling and completion of wells; delays in completion of infrastructure; lack of available capacity on pipelines; individual well productivity; competition from other producers; the lack of availability of qualified personnel or management; credit risk; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; stock market volatility and market valuations; liabilities inherent in oil and natural gas operations; uncertainties associated with estimating oil and natural gas reserves; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; ability to obtain required approvals of regulatory authorities; and ability to access sufficient capital from internal and external sources. Many of these risks and uncertainties and additional risk factors are described in the Corporation's Annual Information Form dated March 5, 2018 which is available at www.Sedar.com and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this report, Advantage has made assumptions regarding, but not limited to: timing of regulatory approvals, conditions in general economic and financial markets; effects of regulation by governmental agencies; current and future commodity prices and royalty regimes; future exchange rates; royalty rates; future operating costs, cash costs and liquids transportation costs; frac stages per well; lateral lengths per well; well costs; expected annual production growth rate; availability of skilled labor; availability of drilling and related equipment; timing and amount of capital expenditures; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's properties in the manner currently contemplated; available pipeline capacity; that the Corporation will be able to complete its infrastructure projects; that Advantage's production will increase; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and that the estimates of the Corporation's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects. Production estimates contained herein are expressed as anticipated average production over the calendar year. In determining anticipated production for the years ended December 31, 2018, 2019, 2020 and 2021 Advantage considered historical drilling, completion and production results for prior years and took into account the estimated impact on production of the Corporation's 2018, 2019, 2020 and 2021 expected drilling and completion activities.

Management has included the above summary of assumptions and risks related to forward-looking information in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this report and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

Barrels of oil equivalent (boe) and thousand cubic feet of natural gas equivalent (mcfe) may be misleading, particularly if used in isolation. Boe and mcfe conversion ratios have been calculated using a conversion rate of six thousand cubic feet of natural gas equivalent to one barrel of oil. A boe and mcfe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. Given that the value ratio based on the *current price of crude oil as compared to natural gas is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.*

This report discloses drilling inventory in the Glacier, Valhalla, Progress and Pipestone/Wembley areas in three categories: (i) proved locations; (ii) probable locations; and (iii) unbooked locations. Proved locations and probable locations are derived from Sproule Associates Limited reserves evaluation effective December 31, 2017 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal estimates based on our prospective acreage and an assumption as to the number of wells that can be drilled per section based on industry practice and internal review. Unbooked locations do not have attributed reserves or resources. Of the 1,200 to 1,400 total drilling locations identified herein, 303 are proved locations, 34 are additional probable locations and 863 to 1,063 are unbooked locations. Unbooked locations have been identified by management as an estimation of our multi-year drilling activities based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Corporation will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which we actually drill wells will ultimately depend upon the availability of capital, regulatory approvals, seasonal restrictions, oil and natural gas prices, costs, actual drilling results, additional reservoir information that is obtained and other factors. While certain of the unbooked drilling locations have been de-risked by drilling existing wells in relative close proximity to such unbooked drilling locations, other unbooked drilling locations are farther away from existing wells where management has less information about the characteristics of the reservoir and therefore there is more uncertainty whether wells will be drilled in such locations and if drilled there is more uncertainty that such wells will result in additional oil and gas reserves, resources or production.

The Corporation discloses several financial and performance measures that do not have any standardized meaning prescribed under International Financial Reporting Standards ("IFRS" or "GAAP"). These financial and performance measures include "net capital expenditures" and "adjusted funds flow", which should not be considered as alternatives to, or more meaningful than "net income", "comprehensive income", "cash provided by operating activities", or "cash used in investing activities" as determined in accordance with GAAP. Management believes that these measures provide an indication of the results generated by the Corporation's principal business activities and provide useful supplemental information for analysis of the Corporation's operating performance and liquidity. Advantage's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies. Net capital expenditures include total capital expenditures related to property, plant and equipment and exploration and evaluation assets incurred during the period. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods. The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, and to support future capital expenditures plans. Changes in non-cash working capital are excluded from adjusted funds flow as they may vary significantly between periods and are not considered to be indicative of the Corporation's operating performance as they are a function of the timeliness of collecting receivables or paying payables. Expenditures on decommissioning liabilities are excluded from the calculation of adjusted funds flow as the amount and timing of these expenditures are unrelated to current production, highly variable and discretionary. Please see the Corporation's most recent Management's Discussion and Analysis, which is available at www.sedar.com and www.advantageog.com for additional information about these financial measures, including a reconciliation to the nearest GAAP measures.

*This report and, in particular the information in respect of the Corporation's expected 2019, 2020 and 2021 cash flow per share, 2021 cash flow netbacks, year-end total debt to trailing cash flow ratios for 2019, 2020 and 2021, average cash costs over 2019, 2020 and 2021 and 2019 capital expenditures, may contain future oriented financial information ("**FOFI**") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Corporation's activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions, including the assumptions discussed above, and assumptions with respect to the costs and expenditures to be incurred by the Corporation, capital equipment and operating costs, foreign exchange rates, taxation rates for the Corporation, general and administrative expenses and the prices to be paid for the Corporation's production. Management does not have firm commitments for all the costs, expenditures, prices or other financial assumptions used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Corporation and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Corporation and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective and subject to numerous risks including the risks discussed above, it should not be relied on as necessarily indicative of future results. FOFI contained in this report was made as of the date of this report and the Corporation disclaims any intention or obligations to update or revise any FOFI contained in this report, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.*

CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of November 1, 2018, provides a detailed explanation of the consolidated financial and operating results of Advantage Oil & Gas Ltd. ("Advantage", the "Corporation", "us", "we" or "our") for the three and nine months ended September 30, 2018 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2018 and the audited consolidated financial statements for the year ended December 31, 2017 (together, the "consolidated financial statements"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), representing generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. All references in the MD&A and consolidated financial statements are to Canadian dollars unless otherwise indicated.

This MD&A contains non-GAAP measures and forward-looking information. Readers are advised to read this MD&A in conjunction with both the "Non-GAAP Measures" and "Forward-looking Information and Other Advisories" found at the end of this MD&A.

Financial and Operating Highlights	**Three months ended September 30**				**Nine months ended September 30**			
		2018		**2017**		**2018**		**2017**
Financial ($000, except as otherwise indicated)								
Sales including realized hedging [3]	**$**	**57,928**	$	51,706	**$**	**176,625**	$	193,832
Net income (loss) and comprehensive income (loss)	**$**	**(8,852)**	$	13,026	**$**	**(14,043)**	$	73,614
per basic share [2]	**$**	**(0.05)**	$	0.07	**$**	**(0.08)**	$	0.40
Cash provided by operating activities	**$**	**30,786**	$	56,661	**$**	**115,372**	$	156,553
per mcfe	**$**	**1.23**	$	2.69	**$**	**1.75**	$	2.46
per basic share [2]	**$**	**0.17**	$	0.30	**$**	**0.62**	$	0.84
Adjusted funds flow [1]	**$**	**32,035**	$	36,722	**$**	**104,077**	$	139,319
per mcfe	**$**	**1.28**	$	1.74	**$**	**1.58**	$	2.18
per basic share [2]	**$**	**0.17**	$	0.20	**$**	**0.56**	$	0.75
Cash used in investing activities	**$**	**39,085**	$	77,286	**$**	**163,011**	$	154,839
Net capital expenditures [1]	**$**	**48,437**	$	89,799	**$**	**151,834**	$	175,052
Working capital deficit	**$**	**8,169**	$	37,017	**$**	**8,169**	$	37,017
Bank indebtedness	**$**	**259,179**	$	156,351	**$**	**259,179**	$	156,351
Basic weighted average shares (000)		**186,065**		185,953		**186,073**		185,533
Operating								
Daily Production								
Natural gas (mcf/d)		**262,841**		219,812		**233,780**		225,480
Liquids (bbls/d)		**1,804**		1,395		**1,328**		1,215
Total mcfe/d		**273,665**		228,182		**241,748**		232,770
Total boe/d		**45,611**		38,030		**40,291**		38,795
Average prices (including realized hedging)								
Natural gas ($/mcf) [3]	**$**	**1.93**	$	2.26	**$**	**2.38**	$	2.87
Liquids ($/bbl)	**$**	**67.90**	$	46.95	**$**	**68.59**	$	52.18
Operating Netback ($/mcfe) [1]								
Sales of natural gas and liquids from production	**$**	**2.22**	$	2.06	**$**	**2.30**	$	2.80
Net sales of natural gas purchased from third parties [1]		**-**		-		**0.02**		-
Realized gains on derivatives		**0.08**		0.40		**0.38**		0.25
Royalty recovery (expense)		**(0.03)**		0.02		**(0.01)**		(0.08)
Operating expense		**(0.27)**		(0.25)		**(0.31)**		(0.25)
Transportation expense		**(0.51)**		(0.35)		**(0.57)**		(0.36)
Operating netback [1]	**$**	**1.49**	$	1.88	**$**	**1.81**	$	2.36

(1) Non-GAAP Measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".
(2) Based on basic weighted average shares outstanding.
(3) Excludes net sales of natural gas purchased from third parties.

Natural Gas and Liquids Sales

($000)	Three months ended September 30 2018	Three months ended September 30 2017	% change	Nine months ended September 30 2018	Nine months ended September 30 2017	% change
Natural gas sales	$ 44,666	$ 37,257	20 %	$ 126,611	$ 160,673	(21) %
Realized gains on derivatives	1,993	8,424	(76) %	25,148	15,845	59 %
Natural gas sales including derivatives	46,659	45,681	2 %	151,759	176,518	(14) %
Liquids sales	11,269	6,025	87 %	24,866	17,314	44 %
Total (1)	**$ 57,928**	**$ 51,706**	**12 %**	**$ 176,625**	**$ 193,832**	**(9) %**

(1) Total excludes unrealized gains and losses on derivatives.

Total sales including realized derivative gains for the three months ended September 30, 2018 were $57.9 million, an increase of $6.2 million or 12% as compared to the same period of 2017. For the nine months ended September 30, 2018, Advantage realized total sales including realized derivative gains of $176.6 million, a decrease of $17.2 million or 9% as compared to the nine months ended September 30, 2017. Higher total sales including realized derivative gains for the three months ended September 30, 2018 were primarily the result of higher natural gas and liquids production volumes and higher realized liquids prices, which more than offset lower realized gains on derivatives. Lower total sales including realized derivative gains for the nine months ended September 30, 2018 were mostly attributable to significantly weaker AECO natural gas prices, the impact of which was partly offset by slightly higher production volumes and increases in realized liquids prices. Liquids sales has continued to increase during 2018 due to higher production volumes in conjunction with our increased focus on liquids-rich development and a general strengthening of Canadian natural gas liquids prices.

Realized gains on derivatives decreased by $6.4 million during the three months ended September 30, 2018 and increased by $9.3 million during the nine months ended September 30, 2018. Variances in realized gains on derivatives between the three and nine months ended September 30, 2018 and 2017 were due to differences in natural gas prices and the pricing terms of contracts realized during each period (see "Commodity Price Risk Management and Market Diversification").

Production

	Three months ended September 30 2018	Three months ended September 30 2017	% change	Nine months ended September 30 2018	Nine months ended September 30 2017	% change
Natural gas (mcf/d)	262,841	219,812	20 %	233,780	225,480	4 %
Liquids (bbls/d)	1,804	1,395	29 %	1,328	1,215	9 %
Total - mcfe/d	**273,665**	**228,182**	**20 %**	**241,748**	**232,770**	**4 %**
- boe/d	**45,611**	**38,030**	**20 %**	**40,291**	**38,795**	**4 %**
Natural gas (%)	96%	96%		97%	97%	
Liquids (%)	4%	4%		3%	3%	

Advantage's total production for the three and nine months ended September 30, 2018 was higher than 2017 resulting from the ramp up of production following completion of our Glacier gas plant expansion project to 400 mmcf/d of raw gas processing capacity including 6,800 bbls/d of liquids. Liquids production for the third quarter of 2018 increased 29% to 1,804 bbls/d and exited the quarter at 2,100 bbls/d. With our increased focus on liquids-rich development and in response to periods of low natural gas prices and netbacks in 2018, Advantage has the ability to restrict natural gas production levels from time-to-time due to our 100% ownership of the Glacier gas plant and accompanying infrastructure.

Commodity Prices and Marketing

	Three months ended September 30				Nine months ended September 30			
	2018		2017	% change	2018		2017	% change
Average Realized Prices								
Natural gas, excluding hedging ($/mcf)[1]	$	1.85	$ 1.84	1 %	$	1.98	$ 2.61	(24) %
Natural gas, including hedging ($/mcf)[1]	$	1.93	$ 2.26	(15) %	$	2.38	$ 2.87	(17) %
Liquids, excluding and including hedging ($/bbl)	$	67.90	$ 46.95	45 %	$	68.59	$ 52.18	31 %
Benchmark Prices								
AECO daily ($/mcf)	$	1.19	$ 1.46	(18) %	$	1.48	$ 2.31	(36) %
AECO monthly ($/mcf)	$	1.35	$ 2.04	(34) %	$	1.41	$ 2.52	(44) %
Dawn daily ($US/mmbtu)	$	2.91	$ 2.88	1 %	$	2.91	$ 3.18	(8) %
Henry Hub ($US/mmbtu)	$	2.90	$ 3.00	(3) %	$	2.91	$ 3.16	(8) %
Mixed Sweet Blend Edmonton ($/bbl)	$	77.27	$ 57.11	35 %	$	76.18	$ 60.71	25 %
Exchange rate (US$/CDN$1.00)		0.7651	0.7982	(4) %		0.7767	0.7661	1 %

(1) Excludes sales of natural gas purchased from third parties.

Significantly weaker AECO natural gas prices realized in 2018 were partially offset by sales of 52,700 mcf/d into the Dawn, Ontario market, which realized higher prices net of transportation costs. Advantage's firm transportation service to Dawn is a ten-year commitment that began November 1, 2017 and represents approximately 20% of our natural gas production. Compared to AECO as received by Advantage, the Dawn market has provided the Corporation with additional physical market diversification and exposure to higher prices net of transportation costs since this commitment began.

During various periods in the second and third quarters of 2018, TransCanada Pipeline's ("TCPL") summer maintenance and expansion activities on the NOVA Gas Transmission Ltd. ("NGTL") system restricted delivery service, subsequently impacting access to end markets including storage and contributing to significant volatility and pressure on AECO prices. Reduced maintenance activity and restrictions generally in the third quarter, combined with below average Alberta natural gas storage levels due to lower year-to-date injections, may position the industry for stronger natural gas prices this winter.

Realized liquids prices were higher for the three and nine months ended September 30, 2018 due to higher WTI and Mixed Sweet Blend Edmonton oil prices to which Canadian natural gas liquids prices are linked. Advantage's current liquids mix is comprised of 67% pentanes and condensate, which have historically attracted higher market prices than other natural gas liquids.

Commodity Price Risk Management and Market Diversification

The Corporation's financial results and condition are impacted primarily by the prices received for natural gas and liquids production. Natural gas prices have fluctuated widely and are determined by supply and demand factors, including available access to markets, weather, and general economic conditions in natural gas consuming and producing regions throughout North America. Management has been proactive in entering into derivative contracts for the purposes of reducing cash flow volatility and diversifying price realizations to multiple markets in support of our Montney development plans. Advantage's Credit Facilities allow us to enter fixed price derivative contracts up to 75% of total estimated natural gas and liquids production over the first three years and up to 50% over the fourth and fifth years. In addition, the Credit Facilities allow us to enter into basis swap arrangements to any natural gas price point in North America for up to 100,000 MMbtu/day with a maximum term of seven years. Basis swap arrangements do not count against the limitations on hedged production.

Our natural gas production and corresponding derivative contracts are expected to result in the realization of the following fixed market prices and variable market exposures for 2018:

	January 1 to December 31, 2018		
	Volumes Contracted (mmcf/d)[1]	Average Minimum Price	% of Estimated Production
Fixed Price			
AECO fixed price swaps	61.1	$2.99/mcf	26%
AECO put option bought	20.6	$1.42/mcf	9%
Dawn fixed price swaps	33.3	US$2.86/mcf	14%
	115.0		49%
Variable Price			
AECO physical	88.9	AECO	38%
Dawn physical	19.4	Dawn	8%
Chicago physical	3.3	Chicago less US$1.19/mcf	1%
AECO / Henry Hub basis swaps	10.4	Henry Hub less US$0.95/mcf	4%
	122.0		51%
Total Natural Gas[2]	237.0		100%

(1) All volumes contracted converted to mcf on the basis of 1 mcf = 1.055056 GJ and 1 mcf = 1 mmbtu

(2) Represents the midpoint of our Guidance for 2018 natural gas volumes (see News Release dated April 19, 2018)

A summary of realized and unrealized gains and losses on derivatives for the three and nine months ended September 30, 2018 and 2017 are as follows:

	Three months ended September 30		Nine months ended September 30	
($000s)	**2018**	**2017**	**2018**	**2017**
Realized gains on derivatives	$ 1,993	$ 8,424	$ 25,148	$ 15,845
Unrealized gains (losses) on derivatives	(8,728)	12,715	(31,861)	56,105
Gains (losses) on derivatives	**$ (6,735)**	**$ 21,139**	**$ (6,713)**	**$ 71,950**

For the three and nine months ended September 30, 2018 and 2017, Advantage recognized realized gains on derivatives due to the settlement of contracts with average derivative contract prices that were above average market prices during the periods. For the three and nine months ended September 30, 2018, Advantage recognized unrealized losses on derivatives resulting from a decrease in the fair value of our derivative contracts to a net asset of $18.9 million at September 30, 2018, as compared to a net asset of $50.8 million at December 31, 2017. The decreases in the fair value of our outstanding derivative contracts was primarily attributable to actual cash received from derivative settlements and changes in commodity price assumptions during the periods. The fair value of the net derivative asset or liability is the estimated value to settle the outstanding contracts as at a point in time. As such, unrealized derivative gains and losses do not impact adjusted funds flow and the actual gains or losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions. Remaining derivative contracts will settle between October 1, 2018 and December 31, 2024.

Sales of Natural Gas Purchased from Third Parties

	Three months ended September 30		Nine months ended September 30	
($000s)	2018	2017	2018	2017
Sales of natural gas purchased from third parties	$ -	$ -	$ 5,078	$ -
Natural gas purchased from third parties	-	-	(3,967)	-
Net sales of natural gas purchased from third parties	**$ -**	**$ -**	**$ 1,111**	**$ -**

Due to a scheduled plant expansion shutdown during the second quarter of 2018, the Corporation purchased natural gas volumes from third parties to satisfy physical delivery commitments. Advantage realized $5.1 million of revenue from the sale of purchased natural gas while the natural gas volumes were purchased for a total of $4.0 million. Transportation expense related to sales of natural gas purchased from third parties is included in transportation expense.

Royalty Expense

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Royalty expense (recovery) ($000)	$ 787	$ (520)	(251) %	$ 929	$ 4,812	(81) %
per mcfe	$ 0.03	$ (0.02)	(250) %	$ 0.01	$ 0.08	(88) %
Royalty Rate (percentage of sales of natural gas and liquids from production)	1.4 %	(1.2) %	2.6 %	0.6 %	2.7 %	(2.1) %

Advantage pays royalties to the owners of mineral rights from which we have leases. The Corporation has mineral leases with provincial governments, individuals and other companies. Our current average royalty rates are determined by various royalty regimes that incorporate factors including well depths, well production rates, and commodity prices. Royalties also include the impact of gas cost allowance ("GCA") which is a reduction of royalties payable to the Alberta Provincial Government (the "Crown") to recognize capital and operating expenditures incurred by Advantage in the gathering and processing of the Crown's share of our natural gas production. The low royalty expense for the nine months ended September 30, 2018 has been impacted by a $1.1 million credit due to GCA adjustments as well as lower realized natural gas prices. A royalty recovery was recognized for the three months ended September 30, 2017 associated with a recovery from certain royalty incentive programs.

Operating Expense

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Operating expense ($000)	$ 6,755	$ 5,283	28 %	$ 20,331	$ 15,762	29 %
per mcfe	$ 0.27	$ 0.25	8 %	$ 0.31	$ 0.25	24 %

Operating expense for the three and nine months ended September 30, 2018 increased by 28% to $6.8 million and by 29% to $20.3 million compared to the respective periods of 2017. The increase in operating expense for the third quarter was a result of higher production and the Corporation achieving record production during the quarter which was 20% higher than the same period in 2017.

Operating costs per mcfe in the third quarter returned to our normal cost structure level following our planned plant expansion shutdown in the second quarter which resulted in lower production during that quarter. Operating expense per mcfe for the three and nine months ended September 30, 2018 was $0.27 and $0.31, respectively. Year to date operating costs per mcfe were slightly higher for the nine months ended September 30, 2018 due to lower production in the second quarter of 2018 associated with the scheduled plant expansion shutdown.

With commissioning of the expansion of our 100% owned Glacier gas plant from 250 to 400 mmcf/d raw gas capability including 6,800 bbls/d of liquids completed we expect forward looking per unit operating costs for the balance of the year to remain in the same range as third quarter 2018. Advantage's strategy of owning and operating our own infrastructure has helped us achieve an industry leading low cost structure.

Transportation Expense

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Transportation expense						
Natural gas ($000)	$ 11,514	$ 6,324	82 %	$ 34,125	$ 20,454	67 %
per mcf	$ 0.48	$ 0.31	55 %	$ 0.53	$ 0.33	61 %
Liquids ($000)	$ 1,434	$ 926	55 %	$ 3,219	$ 2,713	19 %
per bbl	$ 8.64	$ 7.22	20 %	$ 8.88	$ 8.18	9 %
Total transportation expense ($000)	$ 12,948	$ 7,250	79 %	$ 37,344	$ 23,167	61 %
per mcfe	$ 0.51	$ 0.35	46 %	$ 0.57	$ 0.36	58 %

Transportation expense represents the cost of transporting our natural gas and liquids to the sales points, including associated fuel costs. Natural gas transportation expense increased for the three and nine months ended September 30, 2018 in conjunction with Advantage's participation in TCPL's Long-Term, Fixed Price service from Empress, Alberta to the current premium Dawn market, which commenced November 1, 2017. Transportation under our firm commitment from AECO to Dawn is approximately $1.10/mcf.

Liquids transportation expense increased for the three and nine months ended September 30, 2018 predominantly due to higher liquids production while liquids transportation expense per bbl may vary between periods attributable to local area constraints.

Operating Netback

	Three months ended September 30				Nine months ended September 30			
	2018		2017		2018		2017	
	$000	per mcfe	$000	per mcfe	$000	per mcfe	$000	per mcfe
Sales of natural gas and liquids from production	$ 55,935	$ 2.22	$ 43,282	$ 2.06	$ 151,477	$ 2.30	$ 177,987	$ 2.80
Net sales of natural gas purchased from third parties (1)	-	-	-	-	1,111	0.02	-	-
Realized gains on derivatives	1,993	0.08	8,424	0.40	25,148	0.38	15,845	0.25
Royalty recovery (expense)	(787)	(0.03)	520	0.02	(929)	(0.01)	(4,812)	(0.08)
Operating expense	(6,755)	(0.27)	(5,283)	(0.25)	(20,331)	(0.31)	(15,762)	(0.25)
Transportation expense	(12,948)	(0.51)	(7,250)	(0.35)	(37,344)	(0.57)	(23,167)	(0.36)
Operating netback (1)	**$ 37,438**	**$ 1.49**	**$ 39,693**	**$ 1.88**	**$ 119,132**	**$ 1.81**	**$ 150,091**	**$ 2.36**

(1) Non-GAAP measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".

Operating netback for the three and nine months ended September 30, 2018 was $37.4 million or $1.49/mcfe and $119.1 million or $1.81/mcfe. Operating netback per mcfe decreased from 2017 primarily due to continued weakening of AECO natural gas prices and higher transportation expense associated with Advantage's participation in TCPL's long-term, fixed price service from Empress, Alberta to the current premium Dawn market in Southern Ontario, which commenced November 1, 2017 (see "Transportation Expense"). Increased liquids sales resulting from higher liquids production and stronger liquids market prices in addition to stronger natural gas prices received from the Dawn market, partially offset the negative impacts to operating netback.

General and Administrative Expense

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
General and administrative expense	$ 2,567	$ 1,560	65 %	$ 6,790	$ 6,113	11 %
per mcfe	$ 0.10	$ 0.07	43 %	$ 0.10	$ 0.10	- %
Employees at September 30				30	29	3 %

General and administrative ("G&A") expense increased for the three months ended September 30, 2018 compared to the same period in 2017 but was comparable to the second quarter of 2018. G&A expense for the nine months ended September 30, 2018 was relatively consistent with the same period in 2017.

Share Based Compensation

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Share based compensation						
Stock Options	$ -	$ 32	(100) %	$ 36	$ 184	(80) %
Performance Awards	1,585	1,470	8 %	3,749	3,686	2 %
Net share based compensation	$ 1,585	$ 1,502	6 %	$ 3,785	$ 3,870	(2) %
per mcfe	$ 0.06	$ 0.07	(14) %	$ 0.06	$ 0.06	- %

Share based compensation represents the expense associated with Advantage's stock option plan and restricted and performance incentive plan that are designed to provide for long-term compensation to employees and contractors and to align the interests of these individuals with those of shareholders. Share based compensation for the three and nine months ended September 30, 2018 was consistent with the comparative periods of 2017. During April 2018, 136,631 Performance Awards matured and were settled with the issuance of 239,791 common shares, while 112,057 Performance Awards matured and were net settled for $0.5 million of cash consideration. As at September 30, 2018, a total of 2.0 million Stock Options and 2.8 million Performance Awards are unexercised which represents 2.6% of Advantage's total outstanding common shares.

Finance Expense

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Finance expense						
Cash expense ($000)	$ 2,836	$ 1,598	77 %	$ 7,759	$ 4,963	56 %
per mcfe	$ 0.11	$ 0.08	38 %	$ 0.12	$ 0.08	50 %
Accretion expense ($000)	$ 283	$ 278	2 %	$ 794	$ 728	9 %
per mcfe	$ 0.01	$ 0.01	- %	$ 0.01	$ 0.01	- %
Total finance expense ($000)	**$ 3,119**	**$ 1,876**	**66 %**	**$ 8,553**	**$ 5,691**	**50 %**
per mcfe	**$ 0.12**	**$ 0.09**	**33 %**	**$ 0.13**	**$ 0.09**	**44 %**

Advantage realized higher cash finance expense during the three and nine months ended September 30, 2018 compared to the same periods of 2017 primarily due to higher average outstanding bank indebtedness. Average outstanding bank indebtedness was higher due to the timing of the 2018 capital expenditure program, including costs related to the completion of the Glacier gas plant expansion project. Advantage's interest rates are primarily based on short-term bankers' acceptance rates plus a stamping fee and determined by total debt to the trailing four quarters Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio as calculated pursuant to our Credit Facilities. During 2018, we expected higher cash finance expense resulting from the higher average bank indebtedness and interest rates as determined by our total debt to EBITDA ratio.

Cash Provided by Operating Activities and Adjusted Funds Flow

	Three months ended September 30				Nine months ended September 30			
	2018		2017		2018		2017	
	$000	per mcfe	$000	per mcfe	$000	per mcfe	$000	per mcfe
Cash provided by operating activities	$ 30,786	$ 1.23	$ 56,661	$ 2.69	$ 115,372	$ 1.75	$ 156,553	$ 2.46
Expenditures on decommissioning liability	501	0.02	166	0.01	737	0.01	820	0.01
Changes in non-cash working capital	3,584	0.14	(18,507)	(0.88)	(4,273)	(0.06)	(13,091)	(0.21)
Finance expense (1)	(2,836)	(0.11)	(1,598)	(0.08)	(7,759)	(0.12)	(4,963)	(0.08)
Adjusted funds flow (2)	**$ 32,035**	**$ 1.28**	**$ 36,722**	**$ 1.74**	**$ 104,077**	**$ 1.58**	**$ 139,319**	**$ 2.18**

(1) Finance expense excludes non-cash accretion expense.

(2) Non-GAAP measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Cash provided by operating activities per basic weighted average share	$ 0.17	$ 0.30	$ 0.62	$ 0.84
Adjusted funds flow per basic weighted average share (1)	$ 0.17	$ 0.20	$ 0.56	$ 0.75

(1) Non-GAAP measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".

For the three months ended September 30, 2018, Advantage realized adjusted funds flow of $32.0 million or $1.28/mcfe and adjusted funds flow per share of $0.17. For the nine months ended September 30, 2018, Advantage realized adjusted funds flow of $104.1 million or $1.58/mcfe, and adjusted funds flow per share of $0.56. Advantage has recognized lower adjusted funds flow for 2018 as compared to 2017 primarily due to significantly weaker AECO natural gas prices which reduced natural gas sales. The impact from lower natural gas prices were partially offset by our commodity risk management program that has continued in the recognition of realized gains on derivatives. Adjusted funds flow has also be positively impacted by our increased focus on liquids-rich development that has increased liquids sales from higher liquids production and stronger realized liquids market prices. Adjusted funds flow has been partially reduced by higher finance expense resulting from the timing of capital expenditures associated with the Glacier gas plant expansion, and higher transportation expense to delivery natural gas to the current premium Dawn market in Southern Ontario (see "Transportation Expense").

For the three and nine months ended, cash provided by operating activities was $30.8 million or $1.23/mcfe and $115.4 million or $1.75/mcfe. Cash provided by operating activities has been lower for 2018 as compared to 2017 due to lower adjusted funds flow and a reduction in non-cash operating working capital deficit. Advantage's non-cash working capital can vary significantly depending on the timing and amount of trade payable settlements and accounts receivable collections.

Depreciation Expense

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Depreciation expense ($000)	$ 32,791	$ 29,256	12 %	$ 85,977	$ 88,551	(3) %
per mcfe	$ 1.30	$ 1.39	(6) %	$ 1.30	$ 1.39	(6) %

Depreciation of natural gas and liquids properties is provided on the units-of–production method based on total proved and probable reserves, including future development costs, on a component basis. Depreciation expense for the nine months ended September 30, 2018 decreased as compared to 2017 due to a reduced rate of depreciation expense. Depreciation expense was higher for the three months ended September 30, 2018 compared to the 2017 period due to higher production volumes which more than offset the reduced rate of depreciation expense. The rate of depreciation expense per mcfe decreased during 2018 due to the continued efficiency of our reserve additions.

Taxes

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and nine months ended September 30, 2018, the Corporation recognized deferred income tax recoveries of $2.5 million and $3.8 million as a result of $11.4 million and $17.8 million losses before taxes, respectively. As at September 30, 2018, the Corporation had a deferred income tax liability of $68.7 million.

Net Income (Loss) and Comprehensive Income (Loss)

	Three months ended September 30			Nine months ended September 30		
	2018	2017	% change	2018	2017	% change
Net income (loss) and comprehensive income (loss) ($000)	$ (8,852)	$ 13,026	(168) %	$ (14,043)	$ 73,614	(119) %
per share - basic	$ (0.05)	$ 0.07	(171) %	$ (0.08)	$ 0.40	(120) %
per share - diluted	$ (0.05)	$ 0.07	(171) %	$ (0.08)	$ 0.39	(121) %

Advantage recognized net losses of $8.9 million and $14.0 million for the three and nine months ended September 30, 2018, respectively. Net losses incurred during 2018 as compared to net income generated during 2017 were due primarily to weaker natural gas prices and unrealized losses on derivatives recognized during 2018 as compared to unrealized gains on derivatives recognized in 2017. Unrealized gains and losses on derivatives are non-cash and can fluctuate greatly between periods from changes to the estimated value to settle outstanding contracts (see "Commodity Price Risk Management and Market Diversification").

Contractual Obligations and Commitments

The Corporation has contractual obligations in the normal course of operations including purchases of assets and services, operating agreements, transportation commitments, sales contracts and bank indebtedness. These obligations are of a recurring and consistent nature and impact cash flow in an ongoing manner. The following table is a summary of the Corporation's remaining contractual obligations and commitments. Advantage has no guarantees or off-balance sheet arrangements other than as disclosed.

		Payments due by period						
($ millions)		**Total**	**2018**	**2019**	**2020**	**2021**	**2022**	**After 2022**
Building leases		$ 1.0	$ 0.3	$ 0.7	$ -	$ -	$ -	$ -
Transportation		361.5	11.5	48.7	47.7	46.2	44.9	162.5
Bank indebtedness [(1)]	- principal	263.0	-	-	263.0	-	-	-
	- interest	19.2	2.8	11.1	5.3	-	-	-
Total contractual obligations		**$ 644.7**	**$ 14.6**	**$ 60.5**	**$ 316.0**	**$ 46.2**	**$ 44.9**	**$ 162.5**

(1) As at September 30, 2018, the Corporation's bank indebtedness was governed by a credit facility agreement with a syndicate of financial institutions. Under the terms of the agreement, the facility is reviewed semi-annually, with the next review scheduled in June 2019. The facility is revolving and extendible at each annual review for a further 364 day period at the option of the syndicate. If not extended, the credit facility is converted at that time into a one-year term facility, with the principal payable at the end of such one-year term. Management fully expects that the facility will be extended at each annual review.

Liquidity and Capital Resources

The following table is a summary of the Corporation's capitalization structure:

($000, except as otherwise indicated)	**September 30, 2018**
Bank indebtedness (non-current)	$ 259,179
Working capital deficit	8,169
Total debt [(1)]	**$ 267,348**
Shares outstanding	185,942,141
Shares closing market price ($/share)	$ 3.60
Market capitalization	**$ 669,392**
Total capitalization	**$ 936,740**
Total debt to adjusted funds flow [(2)]	**1.8**

(1) Total debt is a non-GAAP measure that includes bank indebtedness and working capital deficit.

(2) Total debt to adjusted funds flow is calculated by dividing total debt by adjusted funds flow for the previous four quarters.

Advantage has a $400 million credit facility of which $130.5 million or 33% was available at September 30, 2018 after deducting letters of credit of US$5 million outstanding (see "Bank Indebtedness, Credit Facilities and Other Obligations"). The Corporation's adjusted funds flow and bank indebtedness was utilized to fund our capital expenditure program of $151.8 million for the nine months ended September 30, 2018. Due to the timing of the 2018 capital expenditure program that was weighted to the first half of 2018 accompanying lower adjusted funds flow resulting from weaker natural gas prices, total debt to twelve-month trailing adjusted funds flow increased to 1.8 times as at September 30, 2018. Advantage continues to be focused on maintaining a strong balance sheet, a disciplined commodity risk management program, an industry leading low-cost structure, and substantial available liquidity such that it is well positioned to continue successfully executing our multi-year development plan.

Advantage monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The capital structure of the Corporation is composed of working capital, bank indebtedness, and share capital. Advantage may manage its capital structure by issuing new common shares, repurchasing outstanding common shares, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend, or adjusting capital spending. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis. Management of the Corporation's capital structure is facilitated through its financial and operational forecasting processes. Selected forecast information is frequently provided to the Board of Directors. This continual financial assessment process further enables the Corporation to mitigate risks. The Corporation continues to satisfy all liabilities and commitments as they come due.

Shareholders' Equity

Advantage's common shares are publicly traded on the Toronto Stock Exchange. Advantage voluntarily de-listed its common shares from the New York Stock Exchange effective September 21, 2018 to simplify administrative processes and recognize cost savings. During August 2018, in accordance with sunset clauses associated with past common share conversions, 256,387 common shares were cancelled, and in accordance with sunset clauses, $2.0 million of proceeds were recognized as a reduction to deficit.

As at September 30, 2018, a total of 2.0 million Stock Options and 2.8 million Performance Awards were outstanding, which represents 2.6% of Advantage's total outstanding common shares. No Stock Options were exercised during the nine months ended September 30, 2018. During April 2018, 136,631 Performance Awards matured and were settled with the issuance of 239,791 common shares while 112,057 Performance Awards matured and were net settled for $0.5 million of cash consideration. As at November 1, 2018, Advantage had 185.9 million common shares outstanding.

Bank Indebtedness, Credit Facilities and Other Obligations

At September 30, 2018, Advantage had bank indebtedness outstanding of $259.2 million, an increase of $50.2 million since December 31, 2017. The planned increase in bank indebtedness was consistent with the timing and execution of Advantage's 2018 capital expenditure program. Advantage's credit facilities have a borrowing base of $400 million that is collateralized by a $1 billion floating charge demand debenture covering all assets of the Corporation and has no financial covenants (the "Credit Facilities"). The borrowing base for the Credit Facilities is determined by the banking syndicate through an evaluation of our reserve estimates based upon their own commodity price assumptions. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base. In October 2018, the semi-annual redetermination of the Credit Facilities borrowing base was completed, with no changes to the borrowing base of $400 million, comprised of a $20 million extendible revolving operating loan facility from one financial institution and a $380 million extendible revolving loan facility from a syndicate of financial institutions. The next annual review is scheduled to occur in June 2019. There can be no assurance that the Credit Facilities will be renewed at the current borrowing base level at that time.

Advantage's working capital deficit of $8.2 million as at September 30, 2018 was lower than the working capital deficit at December 31, 2017 due to differences in the timing of capital expenditures and related payments. Our working capital includes items expected for normal operations such as cash and cash equivalents, trade receivables, prepaid expenses, deposits, and trade payables and accruals. Working capital varies primarily due to the timing of such items, the current level of business activity including our capital expenditure program, commodity price volatility, and seasonal fluctuations. Our working capital is normally in a deficit position due to our capital development activities. We do not anticipate any problems in meeting future obligations as they become due as they can be satisfied with adjusted funds flow and our available Credit Facilities.

Capital Expenditures

($000)	Three months ended September 30 2018	Three months ended September 30 2017	Nine months ended September 30 2018	Nine months ended September 30 2017
Drilling, completions and workovers	$ 29,922	$ 61,243	$ 67,415	$ 99,017
Well equipping and facilities	18,515	27,486	83,882	68,380
Other	-	-	-	123
Expenditures on property, plant and equipment	48,437	88,729	151,297	167,520
Expenditures on exploration and evaluation assets	-	1,070	537	7,532
Net capital expenditures (1)(2)	**$ 48,437**	**$ 89,799**	**$ 151,834**	**$ 175,052**

(1) Non-GAAP measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".

(2) Net capital expenditures excludes change in decommissioning liability.

Advantage invested $48.4 million and $151.8 million on property, plant, equipment and land purchases during the three and nine months ended September 30, 2018, respectively.

Year to date, 55% of expenditures were related to infrastructure projects including finishing construction and commissioning of the expansion of our 100% owned Glacier gas plant from 250 to 400 mmcf/d raw gas capability including 6,800 bbls/d of liquids. The expanded facility is fully commissioned and provides excess capacity over the next number of years for our drilling program or third party processing. During the third quarter of 2018, Advantage began construction of our first compressor and liquids handling facility at Valhalla. Advantage's strategy of owning and operating our own infrastructure has helped us achieve and maintain an industry leading low cost structure.

During the third quarter of 2018, Advantage resumed our drilling and completion program focusing on liquids-rich Montney opportunities across our acreage position.

Glacier

During the first quarter of 2018, Advantage completed an eight well pad with six of the wells being in the liquids-rich Middle Montney. The six Middle Montney wells further delineated all three layers within the Middle Montney and demonstrated a total combined production rate of 64 mmcf/d with an average rate of 10.6 mmcf/d per well at an average flowing pressure of 15,444 kPa at the end of 48 hours of flow. This represents an increase in the average per well test rate and average flowing pressure of 86% and 126%, respectively, compared to all of our previously drilled Glacier Middle Montney wells. Based on measured gas compositions from the six wells during testing, the average liquids yield was 30 bbls/mmcf consistent with the previous results in this area of Glacier. Average frac count was increased to 34 stages per well which represents a 76% increase over our previous Middle Montney wells.

The two Lower Montney wells on this eight well pad were flowed at an average rate of 12.9 mmcf/d per well at an average flowing pressure of 11,678 kPa at the end of 37 hours of flow. These results are consistent with the exceptional Lower Montney results that have been achieved in the western portion of Glacier over the past number of drilling programs. All wells on the eight well pad are now on production.

Drilling operations resumed in the third quarter of 2018 with activity focused on a 10 well Middle Montney pad on the eastern side of Glacier where liquid yields are as high as 80 bbls/mmcf. Completion operations also resumed with activities started on a separate and previously drilled 10 well pad at Glacier which includes five liquids-rich Middle Montney wells.

Wembley

During the first quarter of 2018, Advantage's first delineation well concluded testing operations. At the conclusion of our production test period, our well demonstrated an average flow rate of 1,312 boe/d consisting of 2.9 mmcf/d of gas and 819 bbls/d of hydrocarbon liquids. The wellhead condensate/oil rate was 624 bbls/d with an additional 195 bbls/d of C3+ liquids based on a shallow cut extraction process. Near term processing capacity is limited in the immediate area; however, longer term options for tie-in of the well and future wells for permanent production include connecting back to our Glacier gas plant, accessing third party processing or a combination of both are being developed. Advantage is in the process of working through stakeholder consultations in anticipation of securing regulatory approvals targeted for 2019 with production targeted for later in 2019 and 2020.

Industry drilling adjacent to our lands have targeted multiple Montney layers with results demonstrating liquids-rich gas accumulations in all layers to date.

Valhalla

Construction of Advantage's first compressor and liquids handling facility at Valhalla began during the third quarter. The facility is designed to handle 40 mmcf/d of raw gas and 2,000 bbls/d of liquids and is expandable to accommodate future liquids-rich production growth at Valhalla. The majority of major equipment was sourced from surplus equipment resulting from the Glacier gas plant expansion project. Construction is ongoing with the facility scheduled to be brought-on stream later in the fourth quarter of 2018 or early in January 2019.

Corporate

Advantage's current standing well inventory consists of seventeen total wells. Five are completed and tested and twelve are cased waiting to be completed.

During the nine months ended September 30, 2018, Advantage acquired 11 additional sections of Doig/Montney rights proximal to our existing land holdings. We now hold a total of 200 net sections (128,000 net acres) of Doig/Montney rights with 110 of those net sections outside of Glacier in the Valhalla/Progress/Wembley areas that have potential for liquids-rich and multi-layer development.

Cash Used in Investing Activities

	Three months ended September 30			Nine months ended September 30		
($000)	**2018**	**2017**	**% change**	**2018**	**2017**	**% change**
Cash used in investing activities	$ 39,085	$ 77,286	(49) %	$ 163,011	$ 154,839	5 %
Changes in non-cash working capital	8,417	11,560	(27) %	(13,112)	17,759	(174) %
Capitalized stock-based compensation (1)	935	953	(2) %	1,935	2,454	(21) %
Net capital expenditures (2)	**$ 48,437**	**$ 89,799**	**(46) %**	**$ 151,834**	**$ 175,052**	**(13) %**

(1) Excludes capitalized stock-based compensation related to Performance Awards settled in cash.

(2) Non-GAAP measure which may not be comparable to similar non-GAAP measures used by other entities. Please see "Non-GAAP Measures".

Cash used in investing activities was lower for the third quarter of 2018 compared to the same period in 2017 due to higher drilling and completions activity during the 2017 period. Cash used in investing activities was higher for the nine months ended September 30, 2018 compared to the same period in 2017 due to an increase in Advantage's non-cash investing working capital deficit. Advantage's non-cash working capital can vary significantly depending on the timing and amount of capital accounts payable settlements.

Quarterly Performance

($000, except as otherwise indicated)	2018 Q3	2018 Q2	2018 Q1	2017 Q4	2017 Q3	2017 Q2	2017 Q1	2016 Q4
Daily production								
Natural gas (mcf/d)	262,841	205,712	232,456	237,780	219,812	225,844	230,906	215,369
Liquids (bbls/d)	1,804	1,067	1,105	1,227	1,395	1,098	1,151	949
Total (mcfe/d)	273,665	212,114	239,086	245,142	228,182	232,432	237,812	221,063
Total (boe/d)	45,611	35,352	39,848	40,857	38,030	38,739	39,635	36,844
Average prices								
Natural gas ($/mcf)								
Excluding hedging	$ 1.85	$ 1.63	$ 2.46	$ 2.15	$ 1.84	$ 2.98	$ 2.99	$ 3.02
Including realized hedging (2)	$ 1.93	$ 2.05	$ 3.19	$ 2.69	$ 2.26	$ 3.09	$ 3.24	$ 3.35
AECO daily	$ 1.19	$ 1.18	$ 2.08	$ 1.69	$ 1.46	$ 2.79	$ 2.70	$ 3.09
AECO monthly	$ 1.55	$ 1.03	$ 1.85	$ 1.95	$ 2.04	$ 2.77	$ 2.95	$ 2.81
Liquids ($/bbl)								
Excluding and including hedging	$ 67.90	$ 72.32	$ 66.11	$ 60.48	$ 46.95	$ 57.27	$ 53.73	$ 53.01
Mixed Sweet Blend Edmonton	$ 77.27	$ 78.91	$ 72.34	$ 66.89	$ 57.11	$ 60.38	$ 64.72	$ 60.76
Total sales including realized hedging (1)(2)	$ 57,928	$ 45,319	$ 73,378	$ 65,779	$ 51,706	$ 69,169	$ 72,957	$ 71,090
Net income (loss)	$ (8,852)	$ (15,294)	$ 10,103	$ 21,425	$ 13,026	$ 18,339	$ 42,249	$ (8,845)
per share - basic	$ (0.05)	$ (0.08)	$ 0.05	$ 0.12	$ 0.07	$ 0.10	$ 0.23	$ (0.05)
per share - diluted	$ (0.05)	$ (0.08)	$ 0.05	$ 0.11	$ 0.07	$ 0.10	$ 0.22	$ (0.05)
Cash provided by operating activites	$ 30,786	$ 23,681	$ 60,905	$ 29,848	$ 56,661	$ 44,382	$ 55,510	$ 57,099
Adjusted funds flow	$ 32,035	$ 23,160	$ 48,882	$ 43,883	$ 36,722	$ 48,625	$ 53,972	$ 54,610

(1) Excludes net sales of natural gas purchased from third parties.

(2) Excludes unrealized hedging.

The table above highlights the Corporation's performance for the third quarter of 2018 and for the preceding seven quarters. In the fourth quarter of 2016, Advantage attained production levels in excess of 220 mmcfe/d and continued to increase production thereby substantially filling the Glacier gas plant processing capacity in the first and second quarters of 2017, consistent with our multi-year development plan. Production for the third quarter of 2017 was slightly impacted by TCPL capacity restrictions and planned production decreases due to the ongoing expansion of the Glacier gas plant. Production increased during the fourth quarter of 2017, filling the Glacier gas plant capacity and achieving record production for Advantage. Advantage's production volumes were reduced during the first and second quarter of 2018 as a result of Glacier gas plant expansion activities, with production increasing significantly in the third quarter of 2018 following the completion of the 400 mmcf/d expansion.

Sales and adjusted funds flow remained strong through 2016 and early 2017 in conjunction with continued production growth, low operating, transportation, G&A and finance expenses and gains realized from our commodity risk management program. Sales and adjusted funds flow were weaker in the second half of 2017 as operational achievements were offset by a decline in natural gas prices. As commodity prices strengthened in the first quarter of 2018, both sales and adjusted funds flow recovered briefly but was subsequently followed by natural gas prices weakening significantly in the second quarter of 2018, associated with NGTL system maintenance, resulting in a considerable reduction in both sales and adjusted funds flow. Both sales and adjusted funds flow improved during the third quarter of 2018 largely as a result of higher production, especially increased liquids production with stronger realized prices. From late 2016 to the third quarter of 2018, cash provided by operating activities experienced greater fluctuations than adjusted funds flow due to changes in working capital deficit, which primarily resulted from the amount and timing of trade payable settlements and accounts receivable collections.

Although Advantage has reported net income, the net losses reported in the fourth quarter of 2016 and the second and third quarters of 2018 were primarily due to the recognition of unrealized derivative losses that are non-cash and can fluctuate greatly between periods from changes to the estimated value to settle outstanding contracts (see "Commodity Price Risk Management and Market Diversification"). Net income generated through 2017 and the first quarter of 2018 has been attributable to increased production with strong adjusted funds flow as well as the recognition of unrealized derivative gains resulting from an increase in the fair value of our outstanding derivative contracts (see "Commodity Price Risk Management and Market Diversification"). Despite weak Alberta natural gas prices, Advantage has continuously generated adjusted funds flow and maintained a strong balance sheet. Advantage's production growth, industry leading low-cost structure, strong capital efficiencies and commodity risk management program have achieved long-term profitability despite the natural gas price volatility.

Critical Accounting Estimates

The preparation of financial statements in accordance with IFRS requires Management to make certain judgments and estimates. Changes in these judgments and estimates could have a material impact on the Corporation's financial results and financial condition.

Management relies on the estimate of reserves as prepared by the Corporation's independent qualified reserves evaluator. The process of estimating reserves is critical to several accounting estimates. The process of estimating reserves is complex and requires significant judgments and decisions based on available geological, geophysical, engineering and economic data. These estimates may change substantially as additional data from ongoing development and production activities becomes available and as economic conditions impact natural gas and liquids prices, operating expense, royalty burden changes, and future development costs. Reserve estimates impact net income and comprehensive income through depreciation and impairment of natural gas and liquids properties. The reserve estimates are also used to assess the borrowing base for the Corporation's Credit Facilities. Revision or changes in the reserve estimates can have either a positive or a negative impact on asset values, net income, comprehensive income and the borrowing base of the Corporation.

Management has determined there to be a single cash-generating unit ("CGU"), the Glacier Area, on the basis of its ability to generate independent cash flows, similar reserve characteristics, geographical location, and shared infrastructure, namely a single processing plant owned by Advantage. For purposes of assessment of impairment, Management has allocated all exploration and evaluation assets to the Glacier Area CGU, on the basis of their geographic proximity.

Management's process of determining the provision for deferred income taxes and the provision for decommissioning liability costs and related accretion expense are based on estimates. Estimates used in the determination of deferred income taxes provisions are significant and can include expected future tax rates, expectations regarding the realization or settlement of the carrying amount of assets and liabilities and other relevant assumptions. Estimates used in the determination of decommissioning liability cost provisions and accretion expense are significant and can include proved and probable reserves, future production rates, future commodity prices, future costs, future interest rates and other relevant assumptions. Revisions or changes in any of these estimates can have either a positive or a negative impact on asset and liability values, net income and comprehensive income.

In accordance with IFRS, derivative assets and liabilities are recorded at their fair values at the reporting date, with gains and losses recognized directly into comprehensive income in the same period. The fair value of derivatives outstanding is an estimate based on pricing models, estimates, assumptions and market data available at that time. As such, the recognized amounts are non-cash items and the actual gains or losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions.

Changes in Accounting Policies

During the nine months ended September 30, 2018, the Corporation adopted IFRS 9 and IFRS 15. Additional information regarding the adoption of the standards and their impact can be found in the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2018.

Accounting Pronouncements not yet Adopted

A description of additional accounting standards and interpretations that will be adopted in future periods can be found in the notes to the Interim Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2018.

Evaluation of Disclosure Controls and Procedures

Advantage's Chief Executive Officer and Chief Financial Officer have designed disclosure controls and procedures ("DC&P"), or caused it to be designed under their supervision, to provide reasonable assurance that material information relating to the Corporation is made known to them by others, particularly during the period in which the annual filings are being prepared, and information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's DC&P annually.

Evaluation of Internal Controls Over Financial Reporting

Advantage's Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining internal control over financial reporting ("ICFR"). They have designed ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework Advantage's officers used to design the Corporation's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations. Management of Advantage, including our Chief Executive Officer and Chief Financial Officer, evaluate the effectiveness of the Corporation's ICFR annually.

Advantage's Chief Executive Officer and Chief Financial Officer are required to disclose any change in the ICFR that occurred during our most recent interim period that has materially affected, or is reasonably likely to materially affect, the Corporation's ICFR. No material changes in the ICFR were identified during the interim period ended September 30, 2018 that have materially affected, or are reasonably likely to materially affect, our ICFR.

It should be noted that while the Chief Executive Officer and Chief Financial Officer believe that the Corporation's design of DC&P and ICFR provide a reasonable level of assurance that they are effective, they do not expect that the control system will prevent all errors and fraud. A control system, no matter how well conceived or operated, does not provide absolute, but rather is designed to provide reasonable assurance that the objective of the control system is met. The Corporation's ICFR may not prevent or detect all misstatements because of inherent limitations. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Corporation's policies and procedures.

Non-GAAP Measures

The Corporation discloses several financial and performance measures in the MD&A that do not have any standardized meaning prescribed under GAAP. These financial and performance measures include "net capital expenditures", "adjusted funds flow", "operating netback", and "net sales of natural gas purchased from third parties", which should not be considered as alternatives to, or more meaningful than "net income", "comprehensive income", "cash provided by operating activities", "cash used in investing activities", or individual expenses presented within the condensed consolidated statement of comprehensive income as determined in accordance with GAAP. Management believes that these measures provide an indication of the results generated by the Corporation's principal business activities and provide useful supplemental information for analysis of the Corporation's operating performance and liquidity. Advantage's method of calculating these measures may differ from other companies, and accordingly, they may not be comparable to similar measures used by other companies.

Net Capital Expenditures

Net capital expenditures include total capital expenditures related to property, plant and equipment and exploration and evaluation assets incurred during the period. Management considers this measure reflective of actual capital activity for the period as it excludes changes in working capital related to other periods. Please see the 'Cash Used in Investing Activities section for a reconciliation to the nearest measure calculated in accordance with GAAP, cash used in investing activities.

Adjusted Funds Flow

The Corporation considers adjusted funds flow to be a useful measure of Advantage's ability to generate cash from the production of natural gas and liquids, which may be used to settle outstanding debt and obligations, and to support future capital expenditures plans. Changes in non-cash working capital are excluded from adjusted funds flow as they may vary significantly between periods and are not considered to be indicative of the Corporation's operating performance as they are a function of the timeliness of collecting receivables or paying payables. Expenditures on decommissioning liabilities are excluded from the calculation as the amount and timing of these expenditures are unrelated to current production, highly variable and discretionary. Please see the 'Cash Provided by Operating Activities and Adjusted Funds Flow" section for a reconciliation to the nearest measure calculated in accordance with GAAP, cash provided by operating activities.

Operating Netback

Operating netback is comprised of sales revenue and realized gains of derivatives, net of expenses resulting from field operations, including royalty expense, operating expense and transportation expense. Operating netback provides Management and users with a measure to compare the profitability of field operations between companies, development areas and specific wells. Please see the "Operating Netback" section.

Net Sales of Natural Gas Purchased from Third Parties

Net sales of natural gas purchased from third parties represents the revenue or loss generated from the sale of natural gas volumes purchased from third parties, after deducting the cost to purchase the volumes. The purchase and sale transactions are non-routine and are considered by Management to be related for analytical purposes.

Conversion Ratio

The term "boe" or barrels of oil equivalent and "mcfe" or thousand cubic feet equivalent may be misleading, particularly if used in isolation. A boe or mcfe conversion ratio of six thousand cubic feet of natural gas equivalent to one barrel of oil (6 mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

Forward-Looking Information and Other Advisories

This MD&A contains certain forward-looking statements and forward-looking information (collectively, "forward-looking statements"), which are based on our current internal expectations, estimates, projections, assumptions and beliefs. These forward-looking statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "would" and similar or related expressions. These statements are not guarantees of future performance.

In particular, forward-looking statements included in this MD&A include, but are not limited to, the potential that Advantage may restrict natural gas production levels from time-to-time; the Corporation's expectations with respect to the market for natural gas and volatility in natural gas prices; effect of commodity prices on the Corporation's financial results, condition and performance; industry conditions, including the effect of changes in commodity prices, weather and general economic conditions on the natural gas industry and demand for natural gas; the Corporation's hedging activities; terms of the Corporation's derivative contracts, including the timing of settlement of such contracts; the fixed market prices and variable market exposure of the Corporation; effect of fluctuations in commodity prices as compared to valuation assumptions on actual gains or losses realized on cash settlement of derivatives; anticipated average operating expense in the fourth quarter of 2018 and estimated operating costs for 2018; the Corporation's expectation that it will realize higher cash finance expense in 2018; future commitments and contractual obligations; terms of the Corporation's credit facilities, including timing of the next review of the credit facilities, effect of revisions or changes in reserve estimates and commodity prices on the borrowing base, and limitations on the utilization of hedging contracts; the Corporation's expectations regarding extension of Advantage's credit facilities at each annual review; the Corporation's belief that it is well positioned to successfully execute its multi-year development plan; the Corporation's strategy for managing its capital structure, including the use of equity financing arrangements, share repurchases, obtaining additional financing through bank indebtedness, refinancing current debt, issuing other financial or equity-based instruments, declaring a dividend or adjusting capital spending; the timing of reviews of capital structure and forecast information by Management and the Board of Directors; effect of the Corporation's continual financial assessment processes on the Corporation's ability to mitigate risks; the Corporation's ability to satisfy all liabilities and commitments and meet future obligations as they become due; the Corporation's drilling and completion plans, including the expected timing of resuming its drilling and completion program and the focus of such program, test rates from certain of the Corporation's wells, potential longer term options for the tie-in of current and future wells at Wembley and the status and expected timing of receipt of stakeholder communications and regulatory approvals and commencing production, expected capacity at the Corporation's compressor and liquids handling facility at Valhalla, the anticipated timing of construction of the Corporation's compressor and liquids handling facility at Valhalla and the timing of bringing such facility on stream, the status of the Corporation's well inventory, and other matters; the Corporation's intentions to monitor debt levels to ensure an optimal mix of financing and cost of capital; and the statements under "critical accounting estimates" in this MD&A.

These forward-looking statements involve substantial known and unknown risks and uncertainties, many of which are beyond our control, including, but not limited to, risks related to changes in general economic, market and business conditions; continued volatility in market prices for oil and natural gas; the impact of significant declines in market prices for oil and natural gas; stock market volatility; changes to legislation and regulations and how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; actions by governmental or regulatory authorities including increasing taxes, regulatory approvals, changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; the effect of acquisitions; our success at acquisition, exploitation and development of reserves; unexpected drilling results; failure to achieve production targets on timelines anticipated or at all; changes in commodity prices, currency exchange rates, capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties; 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; changes or fluctuations in production levels; individual well productivity; delays in anticipated timing of drilling and completion of wells; lack of available capacity on pipelines; delays in timing of completion of the Corporation's facility installation at Valhalla; delays in obtaining stakeholder and regulatory approvals; the failure to extend the credit facilities at each annual review; competition from other producers; the lack of availability of qualified personnel or management; ability to access sufficient capital from internal and external sources; credit risk; and the risks and uncertainties described in the Corporation's Annual Information Form which is available at www.sedar.com and www.advantageog.com. Readers are also referred to risk factors described in other documents Advantage files with Canadian securities authorities.

With respect to forward-looking statements contained in this MD&A, in addition to other assumptions identified herein, Advantage has made assumptions regarding, but not limited to: current and future prices of oil and natural gas; that the current commodity price and foreign exchange environment will continue or improve; conditions in general economic and financial markets; effects of regulation by governmental agencies; receipt of required stakeholder and regulatory approvals; royalty regimes; future exchange rates; royalty rates; future operating costs; availability of skilled labour; availability of drilling and related equipment; timing and amount of capital expenditures; the impact of increasing competition; the price of crude oil and natural gas; that the Corporation will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's crude oil and natural gas properties in the manner currently contemplated; availability of pipeline capacity; that current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated as described herein; and that the estimates of the Corporation's production, reserves and resources volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

Management has included the above summary of assumptions and risks related to forward-looking information provided in this MD&A in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage will derive there from. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this MD&A and Advantage disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

This MD&A and, in particular, the information in respect of the Corporation's prospective operating costs, transportation costs, and cash finance expense may contain future-oriented financial information ("FOFI") within the meaning of applicable securities laws. The FOFI has been prepared by management to provide an outlook of the Corporation's activities and results and may not be appropriate for other purposes. The FOFI has been prepared based on a number of assumptions, including the assumptions discussed above, and assumptions with respect to the costs and expenditures to be incurred by the Corporation, capital equipment and operating costs, foreign exchange rates, taxation rates for the Corporation, general and administrative expenses and the prices to be paid for the Corporation's production. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the FOFI or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of the operations of the Corporation and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The Corporation and management believe that the FOFI has been prepared on a reasonable basis, reflecting management's best estimates and judgments. However, because this information is highly subjective and subject to numerous risks including the risks discussed above, it should not be relied upon as necessarily indicative of future results. FOFI contained in this MD&A was made as of the date of this MD&A and the Corporation disclaims any intention or obligations to update or revise any FOFI contained in this MD&A, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

References in this MD&A to production test rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long-term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Advantage. A pressure-transient analysis or well-test interpretation has not been carried out in respect of all wells. Accordingly, the Corporation cautions that the test results should be considered preliminary.

Additional Information

Additional information relating to Advantage can be found on SEDAR at www.sedar.com and the Corporation's website at www.advantageog.com. Such other information includes the annual information form, the management information circular, press releases, material change reports, material contracts and agreements, and other financial reports. The annual information form will be of particular interest for current and potential shareholders as it discusses a variety of subject matter including the nature of the business, description of our operations, general and recent business developments, risk factors, reserves data and other oil and gas information.

November 1, 2018

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

(unaudited, expressed in thousands of Canadian dollars)	Notes	September 30, 2018	December 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	3	$ 3,716	$ 6,916
Trade and other receivables		21,531	28,678
Prepaid expenses and deposits		3,559	1,602
Derivative asset	6	21,445	33,093
Total current assets		**50,251**	**70,289**
Non-current assets			
Derivative asset	6	4,650	17,777
Exploration and evaluation assets	4	22,680	22,143
Property, plant and equipment	5	1,642,935	1,580,973
Total non-current assets		**1,670,265**	**1,620,893**
Total assets		**$ 1,720,516**	**$ 1,691,182**
LIABILITIES			
Current liabilities			
Trade and other accrued liabilities		$ 36,975	$ 51,004
Derivative liability	6	746	111
Total current liabilities		**37,721**	**51,115**
Non-current liabilities			
Derivative liability	6	6,451	-
Bank indebtedness	7	259,179	208,978
Decommissioning liability	8	43,613	46,913
Deferred income tax liability		68,709	72,500
Total non-current liabilities		**377,952**	**328,391**
Total liabilities		**415,673**	**379,506**
SHAREHOLDERS' EQUITY			
Share capital	10	2,342,689	2,340,801
Contributed surplus		113,384	110,077
Deficit		(1,151,230)	(1,139,202)
Total shareholders' equity		**1,304,843**	**1,311,676**
Total liabilities and shareholders' equity		**$ 1,720,516**	**$ 1,691,182**

See accompanying Notes to the Condensed Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (Loss)

(unaudited, expressed in thousands of Canadian dollars, except for per share amounts)	Notes	Three months ended September 30 2018	Three months ended September 30 2017	Nine months ended September 30 2018	Nine months ended September 30 2017
Sales of natural gas and liquids from production	13	$ 55,935	$ 43,282	$ 151,477	$ 177,987
Sales of natural gas purchased from third parties	14	-	-	5,078	-
Royalty recovery (expense)		(787)	520	(929)	(4,812)
Natural gas and liquids revenue		55,148	43,802	155,626	173,175
Operating expense		(6,755)	(5,283)	(20,331)	(15,762)
Transportation expense		(12,948)	(7,250)	(37,344)	(23,167)
Natural gas purchased from third parties	14	-	-	(3,967)	-
General and administrative expense		(2,567)	(1,560)	(6,790)	(6,113)
Share based compensation	12	(1,585)	(1,502)	(3,785)	(3,870)
Depreciation expense	5	(32,791)	(29,256)	(85,977)	(88,551)
Finance expense		(3,119)	(1,876)	(8,553)	(5,691)
Gains (losses) on derivatives	6	(6,735)	21,139	(6,713)	71,950
Other income		-	187	-	304
Income (loss) before taxes		**(11,352)**	**18,401**	**(17,834)**	**102,275**
Income tax recovery (expense)	9	2,500	(5,375)	3,791	(28,661)
Net income (loss) and comprehensive income (loss)		**$ (8,852)**	**$ 13,026**	**$ (14,043)**	**$ 73,614**
Net income (loss) per share	11				
Basic		**$ (0.05)**	**$ 0.07**	**$ (0.08)**	**$ 0.40**
Diluted		**$ (0.05)**	**$ 0.07**	**$ (0.08)**	**$ 0.39**

See accompanying Notes to the Condensed Consolidated Financial Statements

Consolidated Statement of Changes in Shareholders' Equity

(unaudited, expressed in thousands of Canadian dollars)	Notes	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance, December 31, 2017		$ 2,340,801	$ 110,077	$ (1,139,202)	**$ 1,311,676**
Net loss and comprehensive loss		-	-	(14,043)	**(14,043)**
Share based compensation	12(b)	-	6,018	-	**6,018**
Settlement of Performance Awards	12(b)	1,906	(2,711)	-	**(805)**
Proceeds on share cancellations	10(b)	-	-	2,015	**2,015**
Share repurchases	10(b)	(18)	-	-	**(18)**
Balance, September 30, 2018		**$ 2,342,689**	**$ 113,384**	**$ (1,151,230)**	**$ 1,304,843**

(unaudited, expressed in thousands of Canadian dollars)	Notes	Share capital	Contributed surplus	Deficit	Total shareholders' equity
Balance, December 31, 2016		$ 2,334,199	$ 108,315	$ (1,234,241)	**$ 1,208,273**
Net income and comprehensive income		-	-	73,614	**73,614**
Share based compensation	12(b)	-	6,324	-	**6,324**
Settlement of Performance Awards	12(b)	5,374	(5,374)	-	**-**
Exercise of Stock Options	12(a)	1,204	(1,204)	-	**-**
Balance, September 30, 2017		**$ 2,340,777**	**$ 108,061**	**$ (1,160,627)**	**$ 1,288,211**

See accompanying Notes to the Condensed Consolidated Financial Statements

Consolidated Statement of Cash Flows

(unaudited, expressed in thousands of Canadian dollars)	Notes	Three months ended September 30 2018	Three months ended September 30 2017	Nine months ended September 30 2018	Nine months ended September 30 2017
Operating Activities					
Income (loss) before taxes		$ (11,352)	$ 18,401	$ (17,834)	$ 102,275
Add (deduct) items not requiring cash:					
Share based compensation	12	1,585	1,502	3,785	3,870
Depreciation expense	5	32,791	29,256	85,977	88,551
Unrealized (gains) losses on derivatives	6	8,728	(12,715)	31,861	(56,105)
Finance expense		3,119	1,876	8,553	5,691
Settlement of Performance Awards	12(b)	-	-	(506)	-
Expenditures on decommissioning liability	8	(501)	(166)	(737)	(820)
Changes in non-cash working capital	15	(3,584)	18,507	4,273	13,091
Cash provided by operating activities		**30,786**	**56,661**	**115,372**	**156,553**
Financing Activities					
Increase in bank indebtedness		10,000	22,537	52,999	3,465
Proceeds on share cancellations	10(b)	2,015	-	2,015	-
Share repurchases	10(b)	-	-	(18)	-
Interest paid		(3,846)	(1,912)	(10,557)	(5,179)
Cash provided by (used in) financing activities		**8,169**	**20,625**	**44,439**	**(1,714)**
Investing Activities					
Payments on property, plant and equipment	5, 15	(39,085)	(76,216)	(162,474)	(147,307)
Payments on exploration and evaluation assets	4	-	(1,070)	(537)	(7,532)
Cash used in investing activities		**(39,085)**	**(77,286)**	**(163,011)**	**(154,839)**
Net change in cash		(130)	-	(3,200)	-
Cash, beginning of period		3,846	-	6,916	-
Cash, end of period		$ 3,716	$ -	$ 3,716	$ -

See accompanying Notes to the Condensed Consolidated Financial Statements

September 30, 2018 (unaudited)

All tabular amounts are in thousands of Canadian dollars except as otherwise indicated.

1. Business and structure of Advantage Oil & Gas Ltd.

Advantage Oil & Gas Ltd. and its subsidiaries (together "Advantage" or the "Corporation") is an intermediate natural gas and liquids development and production corporation with a significant position in the Montney resource play located in Western Canada.

Advantage is domiciled and incorporated in Canada under the Business Corporations Act (Alberta). Advantage's head office address is 300, 440 – 2nd Avenue SW, Calgary, Alberta, Canada. The Corporation's common shares are listed on the Toronto Stock Exchange under the symbol "AAV".

2. Basis of preparation

(a) Statement of compliance

The Corporation prepares its interim condensed consolidated financial statements in accordance with Canadian generally accepted accounting principles ("GAAP") as defined in the Chartered Professional Accountants Canada Handbook (the "CPA Canada Handbook"). The CPA Canada Handbook incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, including IAS 34, Interim Financial Reporting. The Corporation has consistently applied the same accounting policies as those set out in the audited consolidated financial statements for the year ended December 31, 2017, except as noted below. Certain disclosures included in the notes to the annual consolidated financial statements have been condensed in the following note disclosures or have been disclosed on an annual basis only. Accordingly, these interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of November 1, 2018, the date the Board of Directors approved the statements.

(b) Basis of measurement

The interim consolidated financial statements have been prepared on the historical cost basis, except as detailed in the Corporation's accounting policies in the audited consolidated financial statements for the year ended December 31, 2017.

The methods used to measure fair values of derivative instruments are discussed in note 6.

(c) Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Changes to significant accounting policies

(i) *IFRS 9, Financial Instruments*

Adoption

The Corporation adopted IFRS 9 effective January 1, 2018. The standard was applied retrospectively. Comparative figures have not been restated, in accordance with transitional provisions. The Corporation's condensed consolidated financial statements were substantially unchanged by the adoption of IFRS 9.

Transition

On January 1, 2018, the Corporation determined the appropriate classification category and measurement for each of its financial assets and financial liabilities under IFRS 9 and compared each to their original classification and measurement under IAS 39. Under IFRS 9, financial instruments are classified as amortized cost, fair value through other comprehensive income or fair value through profit and loss. No adjustments were made to the carrying amounts of financial instruments as a result of the adoption of IFRS 9.

2. Basis of preparation (continued)

Financial Instrument	Measurement Category (IAS 39)	Measurement Category (IFRS 9)
Cash and cash equivalents	Loans and receivables (measured at amortized cost)	Amortized cost
Trade and other receivables	Loans and receivables (measured at amortized cost)	Amortized cost
Prepaid expenses and deposits	Loans and receivables (measured at amortized cost)	Amortized cost
Derivative asset	Fair value through profit and loss	Fair value through profit and loss
Trade and other accrued liabilities	Financial liabilities (measured at amortized cost)	Amortized cost
Derivative liability	Fair value through profit and loss	Fair value through profit and loss
Bank indebtedness	Financial liabilities (measured at amortized cost)	Amortized cost

Derivative assets and liabilities

The Corporation's derivative assets and liabilities are classified as fair value through profit and loss and are recorded on the Consolidated Statement of Financial Position as derivatives assets and liabilities measured at fair value. Gains and losses on these instruments are recorded as gains and losses on derivatives in the Consolidated Statement of Comprehensive Income (Loss) in the period they occur. Gains and losses on derivative instruments are comprised of cash receipts and payments associated with periodic settlement that occurs over the life of the instrument, and non-cash gains and losses associated with changes in the fair values of the instruments, which are remeasured at each reporting date.

Impairment of Financial Assets

IFRS 9 requires the application of an expected credit loss ("ECL") model to financial assets measured at amortized cost, contract assets and debt investments measured at fair value through other comprehensive income. For the Corporation's financial assets measured at amortized cost, loss allowances are determined based on the expected credit loss over the asset's lifetime. ECLs are a probability-weighted estimate of credit losses, considering possible default events over the expected life of a financial asset. ECLs are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Corporation expects to receive) over the life of the financial asset, discounted at the effective interest rate specific to the financial asset. Substantially all of the Corporation's trade and other receivables are with counterparties with high credit ratings. At September 30, 2018, the average expected credit loss for trade and other receivables was 0.01% and no expected credit loss was recognized.

(ii) *IFRS 15, Revenue from Contracts with Customers*

Adoption

The Corporation adopted IFRS 15 effective January 1, 2018. The standard was adopted using the Modified Retrospective approach. The Corporation elected to apply IFRS 15 retrospectively only to contracts that were not completed as at January 1, 2018 and, for modified contracts, elected to evaluate the original contract together with any contract modifications at the date of initial application. The Corporation's revenue recognition was substantially unchanged by the adoption of IFRS 15 and did not result in an adjustment to the Deficit balance at January 1, 2018.

Revenue recognition

The Corporation's revenue is comprised of natural gas and liquids sales to customers under fixed and variable volume contracts. Revenue is recognized when the Corporation has satisfied its performance obligations which occurs upon the delivery of volumes to the customer. The transaction price used to determine revenue from natural gas and liquids sales is the market price, net of any marketing and fractionation fees for liquids sales as specified in the contract. Payments are normally received from customers within 30 days following the end of the production month. The Corporation's revenue transactions do not include any financing components. The Corporation does not have any long-term contracts with unfulfilled performance obligations and does not disclose information about remaining performance obligations with an original expected duration of 12 months or less.

2. Basis of preparation (continued)

During periods in which production is restricted, such as plant expansions and turnarounds or third party transportation restrictions, the Corporation may purchase natural gas to satisfy physical sales commitments. Revenue generated from the sale of purchased natural gas is presented as 'sales of natural gas purchased from third parties' on the Corporation's Consolidated Statement of Comprehensive Income (Loss). The cost to purchase natural gas volumes is presented as 'natural gas purchased from third parties' on the Corporation's Consolidated Statement of Comprehensive Income (Loss). The Corporation did not incur significant natural gas purchases prior to January 1, 2018.

(e) Accounting pronouncements not yet adopted

IFRS 16 *Leases* applies to annual periods beginning on or after January 1, 2019. Under IFRS 16, lease assets and liabilities will be required to be recognized on the balance sheet for most leases, where the entity is acting as a lessee. Certain leases of low-value assets and leases with short-terms (less than 12 months) will be exempt from the balance sheet recognition requirements, and may continue to be treated as operating leases. The Corporation has identified leases and arrangements qualifying as leases under IFRS 16 in which the Corporation is currently a party and which will be subject to the recognition requirements of IFRS 16. The Corporation is currently determining the financial impact of identified leases on the financial statements.

3. Cash and cash equivalents

	September 30, 2018	December 31, 2017
Cash at financial institutions	$ 3,716	$ 6,916

Cash at financial institutions earns interest at floating rates based on daily deposit rates. As at September 30, 2018, cash at financial institutions included US$0.5 million (December 31, 2017: US$0.1 million). The Corporation only deposits cash with major financial institutions of high quality credit ratings.

4. Exploration and evaluation assets

Balance at December 31, 2016	$	**16,012**
Additions		7,207
Lease expiries		(168)
Transferred to property, plant and equipment (note 5)		(908)
Balance at December 31, 2017	$	**22,143**
Additions		537
Balance at September 30, 2018	**$**	**22,680**

5. Property, plant and equipment

Cost		Natural gas and liquids properties		Furniture and equipment		Total
Balance at December 31, 2016	**$**	**1,993,684**	**$**	**5,648**	**$**	**1,999,332**
Additions		241,449		118		241,567
Change in decommissioning liability (note 8)		6,160		-		6,160
Transferred from exploration and evaluation assets (note 4)		908		-		908
Balance at December 31, 2017	**$**	**2,242,201**	**$**	**5,766**	**$**	**2,247,967**
Additions		151,296		-		151,296
Change in decommissioning liability (note 8)		(3,357)		-		(3,357)
Balance at September 30, 2018	**$**	**2,390,140**	**$**	**5,766**	**$**	**2,395,906**

Accumulated depreciation		Natural gas and liquids properties		Furniture and equipment		Total
Balance at December 31, 2016	**$**	**544,790**	**$**	**4,259**	**$**	**549,049**
Depreciation		117,643		302		117,945
Balance at December 31, 2017	**$**	**662,433**	**$**	**4,561**	**$**	**666,994**
Depreciation		85,796		181		85,977
Balance at September 30, 2018	**$**	**748,229**	**$**	**4,742**	**$**	**752,971**

Net book value		Natural gas and liquids properties		Furniture and equipment		Total
At December 31, 2017	$	1,579,768	$	1,205	$	1,580,973
At September 30, 2018	**$**	**1,641,911**	**$**	**1,024**	**$**	**1,642,935**

During the nine months ended September 30, 2018, Advantage capitalized general and administrative expenditures directly related to development activities of $3.0 million (year ended December 31, 2017 - $4.1 million) and capitalized share based compensation directly related to development activities of $2.2 million (year ended December 31, 2017 - $3.2 million).

At September 30, 2018, Advantage included future development costs of $1.7 billion (December 31, 2017 – $1.7 billion) in property, plant and equipment costs subject to depreciation.

6. Financial risk management

Financial instruments of the Corporation include cash and cash equivalents, trade and other receivables, prepaids and deposits, trade and other accrued liabilities, bank indebtedness, and derivative assets and liabilities.

Trade and other receivables, prepaids and deposits, trade and other accrued liabilities and bank indebtedness are classified as 'amortized cost'. As at September 30, 2018, there were no significant differences between the carrying amounts reported on the Consolidated Statement of Financial Position and the estimated fair values of these financial instruments due to the short terms to maturity and the floating interest rate on the bank indebtedness.

Fair value is determined following a three level hierarchy:

Level 1: Quoted prices in active markets for identical assets and liabilities. The Corporation does not have any financial assets or liabilities that require level 1 inputs.

Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly. Such inputs can be corroborated with other observable inputs for substantially the complete term of the contract. Derivative assets and liabilities are measured at fair value on a recurring basis. For derivative assets and liabilities, pricing inputs include quoted forward prices for commodities, foreign exchange rates, volatility and risk-free rate discounting, all of which can be observed or corroborated in the marketplace. The actual gains and losses realized on eventual cash settlement can vary materially due to subsequent fluctuations in commodity prices as compared to the valuation assumptions.

Level 3: Fair value is determined using inputs that are not observable. Advantage has no assets or liabilities that use level 3 inputs.

6. Financial risk management (continued)

(a) Price risk

The Corporation's derivative contracts are classified as Level 2 within the fair value hierarchy. As at September 30, 2018, the Corporation had the following derivative contracts in place:

Description of Derivative	Term	Volume	Price
Natural gas – AECO			
Call option sold	April 2017 to December 2018	23,695 mcf/d	Cdn $3.17/mcf [1]
Fixed price swap	October 2017 to September 2018	4,739 mcf/d	Cdn $3.01/mcf
Call option sold	October 2017 to December 2018	4,739 mcf/d	Cdn $3.01/mcf [2]
Fixed price swap	October 2017 to September 2018	4,739 mcf/d	Cdn $3.01/mcf
Call option sold	October 2017 to December 2018	4,739 mcf/d	Cdn $3.06/mcf [3]
Fixed price swap	October 2017 to September 2018	4,739 mcf/d	Cdn $3.01/mcf
Call option sold	October 2017 to December 2018	4,739 mcf/d	Cdn $3.11/mcf [4]
Put option bought	June 2018 to September 2018	61,608 mcf/d	Cdn $1.42/mcf
Fixed price swap	October 2018 to March 2019	18,956 mcf/d	Cdn $3.00/mcf
Fixed price swap	October 2018 to March 2019	18,956 mcf/d	Cdn $3.00/mcf
Fixed price swap	October 2018 to March 2019	9,478 mcf/d	Cdn $3.00/mcf
Fixed price swap	October 2018 to December 2019	25,000 mcf/d	Cdn $2.58/mcf
Fixed price swap	November 2018 to March 2019	9,478 mcf/d	Cdn $2.64/mcf
Fixed price swap	April 2019 to October 2019	61,608 mcf/d	Cdn $1.77/mcf
Natural gas – Dawn			
Fixed price swap	April 2018 to October 2018	15,000 mcf/d	US $2.70/mcf
Fixed price swap	April 2018 to October 2018	25,000 mcf/d	US $2.79/mcf
Fixed price swap	November 2018 to March 2019	25,000 mcf/d	US $3.13/mcf
Fixed price swap	November 2018 to October 2019	20,000 mcf/d	US $2.87/mcf [5]
Natural gas – AECO/Henry Hub Basis Differential			
Basis swap	January 2020 to December 2020	5,000 mcf/d	Henry Hub less US $1.20/mcf
Basis swap	January 2020 to December 2024	15,000 mcf/d	Henry Hub less US $1.20/mcf
Basis swap	January 2021 to December 2024	5,000 mcf/d	Henry Hub less US $1.135/mcf
Basis swap	January 2021 to December 2024	2,500 mcf/d	Henry Hub less US $1.185/mcf
Basis swap	January 2021 to December 2024	17,500 mcf/d	Henry Hub less US $1.20/mcf

(1) Call option sold is only exercisable by the counterparty if AECO exceeds Cdn $3.43/mcf.
(2) Call option sold is only exercisable by the counterparty if AECO exceeds Cdn $3.32/mcf.
(3) Call option sold is only exercisable by the counterparty if AECO exceeds Cdn $3.38/mcf.
(4) Call option sold is only exercisable by the counterparty if AECO exceeds Cdn $3.43/mcf.
(5) Contract entered into subsequent to September 30, 2018.

6. Financial risk management (continued)

(a) Price risk

As at September 30, 2018, the fair value of the derivatives outstanding resulted in an aggregate asset of $26.1 million (December 31, 2017 – $50.9 million) and an aggregate liability of $7.2 million (December 31, 2017 – $0.1 million). The fair value of the commodity risk management derivatives have been allocated to current and non-current assets and liabilities based on the expected timing of cash settlements.

The table below summarizes realized and unrealized gains (losses) on derivatives recognized in net income (loss).

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Realized gains on derivatives	$ 1,993	$ 8,424	$ 25,148	$ 15,845
Unrealized gains (losses) on derivatives	(8,728)	12,715	(31,861)	56,105
Gains (losses) on derivatives	**$ (6,735)**	**$ 21,139**	**$ (6,713)**	**$ 71,950**

(b) Capital management

Advantage's capital structure as at September 30, 2018 and December 31, 2017 is as follows:

	September 30, 2018	December 31, 2017
Bank indebtedness (non-current) (note 7)	$ 259,179	$ 208,978
Working capital deficit	8,169	13,808
Total debt [(1)]	**$ 267,348**	**$ 222,786**
Shares outstanding (note 10)	185,942,141	185,963,186
Share closing market price ($/share)	$ 3.60	$ 5.40
Market capitalization	669,392	1,004,201
Total capitalization	**$ 936,740**	**$ 1,226,987**

[(1)] Total debt is a non-GAAP measure that includes bank indebtedness and working capital deficit.

7. Bank indebtedness

	September 30, 2018	December 31, 2017
Revolving credit facility	$ 263,000	$ 210,001
Discount on Bankers Acceptances and other fees	(3,821)	(1,023)
Balance, end of period	**$ 259,179**	**$ 208,978**

In October 2018, the semi-annual redetermination of the Credit Facilities borrowing base was completed, with no changes to the borrowing base of $400 million, comprised of a $20 million extendible revolving operating loan facility from one financial institution and a $380 million extendible revolving loan facility from a syndicate of financial institutions. The revolving period for the Credit Facilities will end in June 2019 unless extended at the option of the syndicate for a further 364 day period. If not extended, the credit facility will be converted at that time into a one-year term facility, with the principal payable at the end of such one-year term. The Corporation had letters of credit of US$5 million outstanding at September 30, 2018. The Corporation did not have any financial covenants at September 30, 2018 and December 31, 2017.

8. Decommissioning liability

The Corporation's decommissioning liability results from net ownership interests in natural gas and liquids assets including well sites, gathering systems and processing facilities, all of which will require future costs of decommissioning under environmental legislation. These costs are expected to be incurred between 2018 and 2078. A risk-free rate of 2.42% (December 31, 2017 – 2.20%) and an inflation factor of 2.0% (December 31, 2017 – 2.0%) were used to calculate the fair value of the decommissioning liability at September 30, 2018. A reconciliation of the decommissioning liability is provided below:

	Nine months ended September 30, 2018	Year ended December 31, 2017
Balance, beginning of year	$ 46,913	$ 40,992
Accretion expense	794	951
Property acquisitions	-	751
Liabilities incurred	763	2,175
Change in estimates	(1,081)	(2,665)
Effect of change in risk-free rate and inflation rate factor	(3,039)	5,899
Liabilities settled	(737)	(1,190)
Balance, end of period	**$ 43,613**	**$ 46,913**

9. Income taxes

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Income tax recovery (expense)	$ 2,500	$ (5,375)	$ 3,791	$ (28,661)

Income tax expense is recognized based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

10. Share capital

(a) Authorized

The Corporation is authorized to issue an unlimited number of shares without nominal or par value.

(b) Issued

	Common Shares		Amount
Balance at December 31, 2016	184,654,333	$	2,334,199
Shares issued on Performance Award settlements (note 12(b))	825,359		-
Contributed surplus transferred on Performance Award settlements (note 12(b))	-		5,374
Shares issued on exercise of stock options (note 12(a))	483,494		-
Contributed surplus transferred on exercise of stock options (note 12(a))	-		1,228
Balance at December 31, 2017	185,963,186	$	2,340,801
Shares issued on Performance Award settlements (note 12(b))	239,791		-
Contributed surplus transferred on Performance Award settlements (note 12(b))	-		1,906
Share cancellations	(256,387)		-
Share repurchases	(4,449)		(18)
Balance at September 30, 2018	**185,942,141**	**$**	**2,342,689**

The Corporation's common shares continue to be publicly traded on the Toronto Stock Exchange. The Corporation voluntarily de-listed its common shares from the New York Stock Exchange effective September 21, 2018.

During August 2018, in accordance with sunset clauses associated with past common share conversions, 256,387 common shares were cancelled, and in accordance with sunset clauses, $2.0 million of proceeds were recognized as a reduction to deficit.

On March 27, 2018, Advantage commenced an odd-lot share repurchase program for registered and beneficial shareholders of Advantage who owned 99 or fewer common shares. The program was voluntary and allowed odd-lot holders to sell all, but not less than all, of their common shares without incurring brokerage fees. The program expired on June 19, 2018 and 4,449 shares were repurchased under the program for a total of $18 thousand.

11. Net income (loss) per share

The calculations of basic and diluted net income (loss) per share are derived from both net income (loss) and weighted average shares outstanding, calculated as follows:

	Three months ended September 30				Nine months ended September 30			
		2018		2017		2018		2017
Net income (loss)								
Basic and diluted	$	(8,852)	$	13,026	$	(14,043)	$	73,614
Weighted average shares outstanding								
Basic		186,064,761		185,953,423		186,072,907		185,532,542
Stock Options		-		472,722		-		579,147
Performance Awards		-		3,382,488		-		4,187,652
Diluted		186,064,761		189,808,633		186,072,907		190,299,341
Net income (loss) per share								
Basic	$	(0.05)	$	0.07	$	(0.08)	$	0.40
Diluted	$	(0.05)	$	0.07	$	(0.08)	$	0.39

12. Share based compensation

(a) Stock Option Plan

The following tables summarize information about changes in Stock Options outstanding at September 30, 2018:

	Stock Options	Weighted-Average Exercise Price
Balance at December 31, 2016	3,109,915	$ 5.75
Exercised	(1,085,681)	4.72
Forfeited	(18,377)	6.82
Balance at December 31, 2017	2,005,857	$ 6.30
Forfeited	(4,396)	6.82
Balance at September 30, 2018	**2,001,461**	**$ 6.29**

	Stock Options Outstanding			Stock Options Exercisable	
Range of Exercise Price	Number of Stock Options Outstanding	Weighted Average Remaining Contractual Life - Years	Weighted Average Exercise Price	Number of Stock Options Exercisable	Weighted Average Exercise Price
$5.87 - $6.81	1,110,009	0.54	$ 5.87	1,110,009	$ 5.87
$6.82	891,452	1.52	6.82	891,452	6.82
$5.87 - $6.82	2,001,461	0.98	$ 6.29	2,001,461	$ 6.29

No Stock Options were exercised during the nine months ended September 30, 2018.

(b) Performance Incentive Plan

Under the Performance Incentive Plan, service providers can be granted two types of Incentive Awards: Restricted Awards and Performance Awards. As at September 30, 2018, no Restricted Awards have been granted.

The following table is a continuity of Performance Awards:

	Performance Awards
Balance at December 31, 2016	1,327,663
Granted	723,676
Settled	(402,582)
Forfeited	(68,458)
Balance at December 31, 2017	1,580,299
Granted	1,514,751
Settled	(248,688)
Forfeited	(13,414)
Balance at September 30, 2018	**2,832,948**

During April 2018, 136,631 Performance Awards matured and were settled with the issuance of 239,791 common shares, while 112,057 Performance Awards matured and were net settled for $0.5 million of cash consideration.

12. Share based compensation (continued)

(b) Performance Incentive Plan

Share based compensation recognized by plan for the three and nine months ended September 30, 2018 and 2017 is as follows:

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Stock Options	$ -	$ 53	$ 57	$ 301
Performance Awards	2,519	2,402	5,961	6,023
Total share based compensation	2,519	2,455	6,018	6,324
Capitalized	(934)	(953)	(2,233)	(2,454)
Net share based compensation expense	**$ 1,585**	**$ 1,502**	**$ 3,785**	**$ 3,870**

13. Sales of natural gas and liquids from production

Advantage's revenue is comprised of natural gas and liquids sales to multiple customers. Revenue from the transfer of natural gas and liquids volumes to customers is recognized at a point of time, when Advantage's performance obligations are fully satisfied upon transfer of these volumes to customers. For the three and nine months ended September 30, 2018 and 2017, revenue realized from natural gas and liquids sales was as follows:

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Natural gas sales	$ 44,666	$ 37,257	$ 126,611	$ 160,673
Liquids sales	11,269	6,025	24,866	17,314
Sales of natural gas and liquids from production	**$ 55,935**	**$ 43,282**	**$ 151,477**	**$ 177,987**

14. Sales of natural gas purchased from third parties

During the nine months ended September 30, 2018, the Corporation purchased natural gas volumes from third parties in order to satisfy physical sales commitments. No natural gas volumes were purchased during the three and nine months ended September 30, 2017.

	Three months ended September 30		Nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Sales of natural gas purchased from third parties	$ -	$ -	$ 5,078	$ -
Natural gas purchased from third parties	$ -	$ -	$ (3,967)	$ -

15. Supplementary cash flow information

Changes in non-cash working capital is comprised of:

	Three months ended September 30				Nine months ended September 30			
		2018		2017		2018		2017
Source (use) of cash:								
Trade and other receivables	$	(3,976)	$	6,628	$	7,147	$	10,755
Prepaid expenses and deposits		(407)		(940)		(1,957)		(1,384)
Trade and other accrued liabilities		9,216		24,379		(14,029)		21,479
	$	4,833	$	30,067	$	(8,839)	$	30,850
Related to operating activities	$	(3,584)	$	18,507	$	4,273	$	13,091
Related to financing activities		-		-		-		-
Related to investing activities		8,417		11,560		(13,112)		17,759
	$	4,833	$	30,067	$	(8,839)	$	30,850

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Stephen E. Balog [(1)(2)(3)]
Grant B. Fagerheim [(2)(3)]
Paul G. Haggis [(1)(2)(3)]
Andy J. Mah
Ronald A. McIntosh [(2)(3)]

[(1)] Member of Audit Committee
[(2)] Member of Reserve Evaluation Committee
[(3)] Member of Human Resources, Compensation & Corporate Governance Committee

Officers

Andy J. Mah, President and CEO
Mike Belenkie, COO
Craig Blackwood, Vice President, Finance and CFO
Neil Bokenfohr, Senior Vice President
David Sterna, Vice President, Marketing and Commercial

Corporate Secretary

Jay P. Reid, Partner
Burnet, Duckworth and Palmer LLP

Auditors

PricewaterhouseCoopers LLP

Bankers

The Bank of Nova Scotia
National Bank of Canada
Royal Bank of Canada
Canadian Imperial Bank of Commerce
The Bank of Tokyo-Mitsubishi UFJ, Ltd., Canada Branch
Alberta Treasury Branches
Wells Fargo Bank N.A., /Canada Branch

Independent Reserve Evaluators

Sproule Associates Limited

Legal Counsel

Burnet, Duckworth and Palmer LLP

Transfer Agent

Computershare Trust Company of Canada

Abbreviations

bbls	- barrels
bbls/d	- barrels per day
boe	- barrels of oil equivalent (6 mcf = 1 bbl)
boe/d	- barrels of oil equivalent per day
mcf	- thousand cubic feet
mcf/d	- thousand cubic feet per day
mmcf	- million cubic feet
mmcf/d	- million cubic feet per day
mcfe	- thousand cubic feet equivalent (1 bbl = 6 mcf)
mcfe/d	- thousand cubic feet equivalent per day
bcf	- billion cubic feet
gj	- gigajoules
NGLs	- natural gas liquids
WTI	- West Texas Intermediate

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Toronto Stock Exchange Trading Symbol

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