CONSOLIDATED MANAGEMENT'S DISCUSSION & ANALYSIS

The following Management's Discussion and Analysis ("MD&A"), dated as of August 3, 2017, 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 six months ended June 30, 2017 and should be read in conjunction with the unaudited consolidated interim financial statements for the three and six months ended June 30, 2017 and the audited consolidated financial statements and MD&A for the year ended December 31, 2016. 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. 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 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 Corporation's ability to meet its production targets; anticipated annual and quarterly production for the remainder of 2017; the Corporation's future financial flexibility; the Corporation's hedging activities; terms of the Corporation's derivative contracts, including the timing of settlement of such contracts; effect of fluctuations in commodity prices as compared to valuation assumptions on actual gains or losses realized on cash settlement of derivatives; effect of commodity prices on the Corporation's financial results, condition and performance; industry conditions, including effect of changes in commodity prices, weather and general economic conditions on the crude oil and natural gas industry and demand for crude oil and natural gas; average royalty rates and the impact of well depths, well production rates, commodity prices and gas cost allowance on average corporate royalty rates; future anticipated royalty rates; terms of the Corporation's equity compensation plans; the Corporation's expectation that it will realize lower cash finance expense in future periods of 2017; future commitments and contractual obligations; receipt of regulatory approvals and the impact of such approvals on certain agreements and future commitments; 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 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, including a working capital deficit, and meet future obligations as they become due; the Corporation's belief that it is well positioned to successfully execute its multi-year development plan at Glacier, Alberta; expected timing of completion of expansion of the Corporation's Glacier gas plant; the Corporation's drilling and completion plans, including the anticipated timing of certain well completions; the Corporation's expectation that certain wells will meet Advantage's annual and quarterly 2017 production targets; the Corporation's plans to put additional wells on-stream and the expected timing thereof; the focus of the Corporation's capital expenditures and operations, including the Corporation's drilling plans; the Corporation's intentions to monitor debt levels to ensure an optimal mix of financing and cost of capital to provide a maximum return to the Corporation's shareholders; the timing and impact of amendments to the IFRS 2 accounting pronouncements; 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 expansion of the Corporation's Glacier gas plant; the failure to extend our 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 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 funds from operations and debt to trailing cash flow for 2017, contains 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. 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. 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.

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 "funds from operations", "cash netbacks", "net capital expenditures" and "free cash flow", 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.

Funds from operations, as presented, is based on cash provided by operating activities, before expenditures on decommissioning liability and changes in non-cash working capital, reduced for finance expense excluding accretion. Management believes these adjustments to cash provided by operating activities increase comparability between reporting periods. Cash netbacks are dependent on the determination of funds from operations and include the primary cash sales and expenses on a per mcfe basis that comprise funds from operations. Funds from operations reconciled to cash provided by operating activities is as follows:

	Three months ended June 30			Six months ended June 30		
($000)	**2017**	**2016**	**% change**	**2017**	**2016**	**% change**
Cash provided by operating activities	$ 44,382	$ 35,550	25 %	$ 99,892	$ 69,919	43 %
Expenditures on decommissioning liability	91	290	(69) %	654	746	(12) %
Changes in non-cash working capital	5,727	3,460	66 %	5,416	1,722	215 %
Finance expense [1]	(1,575)	(2,417)	(35) %	(3,365)	(5,268)	(36) %
Funds from operations	**$ 48,625**	**$ 36,883**	**32 %**	**$ 102,597**	**$ 67,119**	**53 %**

[1] Finance expense excludes non-cash accretion expense.

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. Free cash flow is calculated as funds from operations, less net capital expenditures incurred during the period. Management considers free cash flow to be a useful measure in assessing the Corporation's liquidity and ability to generate funds for future capital investments and debt repayments.

Overview

	Three months ended June 30				Six months ended June 30			
	2017		2016		2017		2016	
	$000	per mcfe	$000	per mcfe	$000	per mcfe	$000	per mcfe
Natural gas and liquids sales [1]	$ 66,942	$ 3.16	$ 25,635	$ 1.34	$ 134,705	$ 3.17	$ 52,566	$ 1.53
Realized gains on derivatives	2,227	0.11	19,980	1.04	7,421	0.17	34,674	1.01
Royalty recovery (expense)	(3,192)	(0.15)	1,481	0.08	(5,332)	(0.13)	343	0.01
Operating expense	(5,618)	(0.27)	(5,674)	(0.30)	(10,479)	(0.25)	(10,951)	(0.32)
Transportation expense [1]	(7,798)	(0.37)	(537)	(0.03)	(15,917)	(0.37)	(734)	(0.02)
Operating income and operating netbacks	**52,561**	**2.48**	**40,885**	**2.13**	**110,398**	**2.59**	**75,898**	**2.21**
General and administrative expense [2]	(2,478)	(0.12)	(1,988)	(0.10)	(4,553)	(0.11)	(3,926)	(0.11)
Finance expense [3]	(1,575)	(0.07)	(2,417)	(0.13)	(3,365)	(0.08)	(5,268)	(0.15)
Other income	117	0.01	403	0.02	117	-	415	0.01
Funds from operations and cash netbacks	**$ 48,625**	**$ 2.30**	**$ 36,883**	**$ 1.92**	**$ 102,597**	**$ 2.40**	**$ 67,119**	**$ 1.96**
Per basic weighted average share	**$ 0.26**		**$ 0.20**		**$ 0.55**		**$ 0.37**	

(1) Prior to November 1, 2016, the natural gas prices we realized were reduced for transportation from the sales points to AECO. Commencing on November 1, 2016, gas transportation is no longer deducted from realized natural gas prices, but rather presented as Transportation Expense (see "Transportation Expense"). In the first and second quarters of 2016, transportation expense represented only costs related to our liquids production. Natural gas transportation for the first and second quarters of 2016 was $0.34/mcf and $0.31/mcf, respectively.

(2) General and administrative expense excludes non-cash share based compensation.

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

For the three and six months ended June 30, 2017, Advantage realized funds from operations of $48.6 million and $102.6 million, with cash netbacks of $2.30/mcfe and $2.40/mcfe, respectively. On a per share basis, funds from operations was $0.26 and $0.55 for the three and six months ended June 30, 2017, respectively. Funds from operations increased by $11.7 million or 32% in the second quarter of 2017 as compared to 2016. In addition to higher funds from operations, we reduced bank indebtedness during the second quarter of 2017 by $13.7 million due to free cash flow of $17.2 million while bank indebtedness for the first six months of 2017 has been reduced by $20.0 million. The strong funds from operations combined with debt reductions has resulted in a resilient balance sheet with significant future flexibility as demonstrated by our total debt to twelve-month funds from operations ratio of 0.7 times as at June 30, 2017. Year-to-date 2017 results include a 25% increase in production, a Montney leading lowest cash cost structure of $0.94/mcfe, a 70% increase in the AECO daily natural gas price and realized derivative gains of $7.4 million from our commodity risk management program (see "Commodity Price Risk Management and Market Diversification"). Advantage's cash netback excluding realized gains on derivatives were $2.19/mcfe and $2.23/mcfe for the three and six months ended June 30, 2017, respectively.

Natural Gas and Liquids Sales

($000)	Three months ended June 30 2017	2016	% change	Six months ended June 30 2017	2016	% change
Natural gas sales	$ 61,219	$ 20,448	199 %	$ 123,416	$ 46,192	167 %
Realized gains on derivatives	2,227	19,980	(89) %	7,421	34,674	(79) %
Natural gas sales including hedging	63,446	40,428	57 %	130,837	80,866	62 %
Liquids sales	5,723	5,187	10 %	11,289	6,374	77 %
Total [(1)]	**$ 69,169**	**$ 45,615**	**52 %**	**$ 142,126**	**$ 87,240**	**63 %**

(1) Total excludes unrealized derivative gains and losses.

Total sales including realized derivative gains for the three and six months ended June 30, 2017 increased by $23.6 million or 52% to $69.2 million and by $54.9 million or 63% to $142.1 million compared to the same periods of 2016, respectively. The increases to total sales in the three and six month periods were the result of higher production from Glacier and a 99% and 70% increase in AECO daily natural gas prices, respectively, partially offset by lower realized gains on derivatives due to differences in natural gas prices and contracts outstanding between the periods (see "Commodity Price Risk Management and Market Diversification").

Our liquids sales increased significantly during the six months ended June 30, 2017 compared to 2016 due to additional Middle Montney wells on production from which liquids are extracted at our Glacier gas plant refrigeration facilities and stronger realized liquids prices. Our liquids production was comprised of approximately 79% and 71% condensate during the three and six months ended June 30, 2017, respectively.

Production

	Three months ended June 30 2017	2016	% change	Six months ended June 30 2017	2016	% change
Natural gas (mcf/d)	225,844	203,791	11 %	228,363	184,204	24 %
Liquids (bbls/d)	1,098	1,083	1 %	1,124	750	50 %
Total - mcfe/d	**232,432**	**210,289**	**11 %**	**235,107**	**188,704**	**25 %**
Total - boe/d	**38,739**	**35,048**	**11 %**	**39,185**	**31,451**	**25 %**
Natural gas (%)	97%	97%		97%	98%	
Liquids (%)	3%	3%		3%	2%	

Average production for the three and six months ended June 30, 2017 increased 11% to 232 mmcfe/d and 25% to 235 mmcfe/d, compared to the respective periods of 2016. Production increased through the successful execution of our ongoing development plans which includes strong well results and increased Glacier gas plant processing capacity in conjunction with incremental firm transportation service contracts which became effective in 2016 to support the higher production levels. Production for the third quarter of 2017 is expected to be similar to the second quarter of 2017 due to Advantage's scheduled plant construction and maintenance activities as well as maintenance and expansion plans scheduled by TransCanada Pipelines Limited ("TCPL"). Average annual production for 2017 is anticipated to be unchanged from our previously disclosed guidance range of 230 to 240 mmcfe/d with an annual average target of approximately 236 mmcfe/d.

Commodity Prices and Marketing

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Average Realized Pricing						
Natural gas, excluding hedging ($/mcf)	$ 2.98	$ 1.10	171 %	$ 2.99	$ 1.38	117 %
Natural gas, including hedging ($/mcf)	$ 3.09	$ 2.18	42 %	$ 3.17	$ 2.41	32 %
Liquids, excluding and including hedging ($/bbl)	$ 57.27	$ 52.67	9 %	$ 55.47	$ 46.69	19 %
Benchmark Prices						
AECO daily ($/mcf)	$ 2.79	$ 1.40	99 %	$ 2.74	$ 1.61	70 %
AECO monthly ($/mcf)	$ 2.77	$ 1.25	122 %	$ 2.86	$ 1.68	70 %
NYMEX ($US/mmbtu)	$ 3.18	$ 1.95	63 %	$ 2.98	$ 2.00	49 %
Edmonton Light ($/bbl)	$ 60.38	$ 55.02	10 %	$ 62.50	$ 46.93	33 %

Advantage's natural gas production at Glacier is delivered and sold directly into TCPL. Advantage sells production at the AECO monthly price equal to our AECO fixed price contracted volumes (see "Commodity Price Risk Management and Market Diversification"). The remainder of our natural gas production is sold at the AECO daily price. Realized natural gas prices, excluding hedging, for the three and six months ended June 30, 2017 were significantly higher than the comparative periods in 2016 primarily as a result of stronger AECO prices and natural gas transportation expense which was previously deducted from our gas sales price. The continued strength in U.S. domestic natural gas production relative to demand continued to place significant pressure on Canadian natural gas prices through the first half of 2016. The supply and demand imbalance began to improve in the second half of 2016, resulting in stronger natural gas prices as gas storage levels decreased due to an increase in power generation and U.S exports accompanied by lower production, thereby leading to a reduced storage surplus and a more balanced market. Although the first half of 2017 has seen gas storage levels remain lower than the prior year, which has continued to marginally support prices, U.S. domestic natural gas production has progressively increased this year combined with a mild winter and slow start to the summer thereby placing considerable pressure on future Canadian natural gas prices.

Prior to November 1, 2016, the natural gas prices we realized were reduced for transportation from the sales points to AECO. Commencing on November 1, 2016, gas transportation is no longer deducted from realized natural gas prices, but rather presented as Transportation Expense (see "Transportation Expense").

Commodity Price Risk Management and Market Diversification

Natural gas prices have fluctuated widely and are determined by supply and demand factors, including 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 Glacier development plan. Our Credit Facilities allow Advantage to enter derivative contracts up to 75% of total estimated natural gas and liquids production over the first three years and 50% over the fourth year.

Our natural gas production and corresponding derivative contracts are expected to result in the realization of the following fixed and variable market prices for 2017 through 2019:

	January 1 to December 31, 2017			January 1 to December 31, 2018			January 1 to December 31, 2019		
	Volumes Contracted [1]	Average minimum price	Estimated % of Production Target	Volumes Contracted [1]	Average minimum price	Estimated % of Production Target	Volumes Contracted [1]	Average minimum price	Estimated % of Production Target
Fixed Price									
AECO fixed price swaps	96.8 mmcf/d	$3.19/mcf	43%	53.0 mmcf/d	$3.08/mcf	20%	11.9 mmcf/d	$3.00/mcf	4%
Variable Price									
AECO daily price [3]	129.2 mmcf/d	AECO	57%	182.0 mmcf/d	AECO	70%	235.1 mmcf/d	AECO	79%
Henry Hub through basis swaps	-	-	-	25.0 mmcf/d	Henry Hub less US$0.85/mcf	10%	50.0 mmcf/d	Henry Hub less US$0.88/mcf	17%
	129.2 mmcf/d		57%	207.0 mmcf/d		80%	285.1 mmcf/d		96%
Total Natural Gas [2]	226.0 mmcf/d		100%	260.0 mmcf/d		100%	297.0 mmcf/d		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 2017 to 2019 gas volumes (see News Release dated November 28, 2016).

(3) Excludes potential impacts from firm service transportation agreements on TCPL's Canadian Mainline to the Southern Ontario Dawn trading hub. The Corporation has negotiated firm service for a 10-year period estimated to commence in November 2017; however, provision of the service is conditional on, among other factors, TCPL receiving approval from the National Energy Board.

Realized and unrealized derivative gains and losses for the three and six months ended June 30, 2017 and 2016 are summarized below:

	Three months ended June 30			Six months ended June 30		
($000)	**2017**	**2016**	**% change**	**2017**	**2016**	**% change**
Realized gains on derivatives	$ 2,227	$ 19,980	(89) %	$ 7,421	$ 34,674	(79) %
Unrealized gains (losses) on derivatives	7,511	(45,236)	(117) %	43,390	(29,758)	(246) %
Total gains (losses) on derivatives	**$ 9,738**	**$ (25,256)**	**(139) %**	**$ 50,811**	**$ 4,916**	**934 %**

For the three and six months ended June 30, 2016 and 2017, we realized derivative gains as a result of the decline in natural gas prices as compared to our average derivative contract prices. For the three and six months ended June 30, 2017, unrealized derivative gains of $7.5 million and $43.4 million were recognized, resulting from an increase in the fair value of our derivative contracts to a net asset of $20.8 million at June 30, 2017 as compared to a net asset of $13.3 million at March 31, 2017 and a net liability of $22.6 million at December 31, 2016. 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 funds from operations 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. The increases in the fair value of our outstanding derivative contracts over the three and six months ended June 30, 2017 were primarily due to a decrease in natural gas prices during 2017, partially offset by actual cash received from derivative settlements. Remaining derivative contracts will settle between July 1, 2017 and December 31, 2019.

Royalty Expense

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Royalty expense (recovery) ($000)	$ 3,192	$ (1,481)	(316) %	$ 5,332	$ (343)	(1,655) %
per mcfe	$ 0.15	$ (0.08)	(288) %	$ 0.13	$ (0.01)	(1,400) %
Royalty Rate (percentage of natural gas and liquids sales)	4.8 %	(5.8) %	10.6 %	4.0 %	(0.7) %	4.7 %

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. Royalty expense increased during 2017 as compared to 2016 primarily due to a $2.1 million GCA recovery in the second quarter of 2016 and higher corporate production and realized commodity prices. In 2017, we anticipate an average royalty rate of between 4.0% and 6.0%.

Operating Expense

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Operating expense ($000)	$ 5,618	$ 5,674	(1) %	$ 10,479	$ 10,951	(4) %
per mcfe	$ 0.27	$ 0.30	(10) %	$ 0.25	$ 0.32	(22) %

On a per mcfe basis, operating costs for the three and six months ended June 30, 2017 decreased by 10% to $0.27/mcfe and by 22% to $0.25/mcfe, respectively, compared to the same periods of 2016. The lower second quarter 2017 operating costs per mcfe were due to reduced water disposal costs attributable to an additional water disposal well completed in 2016, continued efficiency improvement with equipment maintenance procedures and higher plant throughput. Operating expense and operating expense per mcfe for the second quarter of 2017 were marginally higher than the $0.23/mcfe realized in the first quarter of 2017 due to spring breakup whereby field conditions are normally wet and result in a more challenging operating environment including increased maintenance.

Transportation Expense

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Transportation expense						
Natural gas ($000)	$ 6,716	$ -	- %	$ 14,130	$ -	- %
per mcf	$ 0.33	$ -	- %	$ 0.34	$ -	- %
Liquids ($000)	$ 1,082	$ 537	101 %	$ 1,787	$ 734	143 %
per bbl	$ 10.83	$ 5.45	99 %	$ 8.78	$ 5.38	63 %
Total transportation expense ($000)	$ 7,798	$ 537	1,352 %	$ 15,917	$ 734	2,069 %
per mcfe	$ 0.37	$ 0.03	1,133 %	$ 0.37	$ 0.02	1,750 %

Transportation expense represents the cost of transporting our natural gas and liquids to the sales points, including associated fuel costs. Natural gas production at Glacier is delivered and sold directly into TCPL. Prior to November 1, 2016, natural gas transportation was presented as a reduction against realized natural gas prices (see "Commodity Prices and Marketing") as our transportation contracts were permanently assigned to our third party marketer. With the increase in transportation commitments corresponding to our continued growth, commencing November 1, 2016 Advantage chose to have these contracts permanently assigned back to Advantage and natural gas transportation expense is presented separately. This change has no effect on funds from operations, cash netbacks, or net income. Higher liquids recoveries and production at our Glacier gas plant has resulted in a corresponding increase in liquids transportation expense (see "Production"). The increase in liquids transportation expense per bbl between the three and six months ended June 30, 2016 and 2017 has been due to wet conditions from spring breakup that typically result in partial truck loads, more trucking of liquids and additional wait times at facilities.

General and Administrative Expense

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
General and administrative expense						
Cash expense ($000)	$ 2,478	$ 1,988	25 %	$ 4,553	$ 3,926	16 %
per mcfe	$ 0.12	$ 0.10	20 %	$ 0.11	$ 0.11	- %
Share based compensation ($000)	$ 966	$ 992	(3) %	$ 2,368	$ 1,467	61 %
per mcfe	$ 0.05	$ 0.05	- %	$ 0.06	$ 0.04	50 %
Total general and administrative expense ($000)	$ 3,444	$ 2,980	16 %	$ 6,921	$ 5,393	28 %
per mcfe	$ 0.17	$ 0.15	13 %	$ 0.17	$ 0.15	13 %
Employees at June 30				29	26	12 %

Cash general and administrative ("G&A") expense for the six months ended June 30, 2017 increased slightly as compared to the same period of 2016, but was consistent at $0.11/mcfe.

Share based compensation represents non-cash G&A expense associated with Advantage's stock option plan and restricted and performance award 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 six months ended June 30, 2017 increased by $0.9 million compared to the same period of 2016 due primarily to an increase in the value of performance awards granted in 2014 that vested in the second quarter of 2017. As at June 30, 2017, a total of 2.1 million stock options and 1.6 million performance awards are unexercised which represents 2.0% of Advantage's total outstanding common shares.

Depreciation Expense

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Depreciation expense ($000)	$ 29,475	$ 31,079	(5) %	$ 59,295	$ 55,794	6 %
per mcfe	$ 1.39	$ 1.62	(14) %	$ 1.39	$ 1.62	(14) %

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. The rate of depreciation expense per mcfe was lower as total costs, including future development costs, as a proportion of total proved and probable reserves declined due to the continued efficiency of reserve additions. Depreciation expense was higher for the six months ended June 30, 2017 than the same period of 2016 due to continued production increases at Glacier (see "Production").

Finance Expense

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Finance expense						
Cash expense ($000)	$ 1,575	$ 2,417	(35) %	$ 3,365	$ 5,268	(36) %
per mcfe	$ 0.07	$ 0.13	(46) %	$ 0.08	$ 0.15	(47) %
Accretion expense ($000)	$ 216	$ 203	6 %	$ 450	$ 426	6 %
per mcfe	$ 0.01	$ 0.01	- %	$ 0.01	$ 0.01	- %
Total finance expense ($000)	$ 1,791	$ 2,620	(32) %	$ 3,815	$ 5,694	(33) %
per mcfe	$ 0.08	$ 0.14	(43) %	$ 0.09	$ 0.16	(44) %

Our bank indebtedness has decreased due to funds from operations exceeding net capital expenditures and proceeds from the equity financing that closed on March 8, 2016. The decrease in bank indebtedness resulted in a 36% decrease in cash finance expense for the six months ended June 30, 2017 as compared to the same period of 2016. 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. In 2017, we expect lower cash finance expense as a result of our lower bank indebtedness, and lower interest rates as determined by our total debt to EBITDA ratio.

Accretion expense represents non-cash charges that increase the carrying value of decommissioning liabilities to their maturity values as a result of the passage of time.

Taxes

Deferred income taxes arise from differences between the accounting and tax bases of our assets and liabilities. For the three and six months ended June 30, 2017, the Corporation recognized deferred income tax expenses of $7.1 million and $23.3 million as a result of $25.5 million and $83.9 million income before taxes, respectively. As at June 30, 2017, the Corporation had a deferred income tax liability of $58.5 million.

Net Income (Loss) and Comprehensive Income (Loss)

	Three months ended June 30			Six months ended June 30		
	2017	2016	% change	2017	2016	% change
Net income (loss) and comprehensive income (loss) ($000)	$ 18,339	$ (29,765)	(162) %	$ 60,588	$ (15,074)	(502) %
per share - basic	$ 0.10	$ (0.16)	(163) %	$ 0.33	$ (0.08)	(513) %
per share - diluted	$ 0.10	$ (0.16)	(163) %	$ 0.32	$ (0.08)	(500) %

Advantage reported net income of $18.3 million and $60.6 million for the three and six months ended June 30, 2017, respectively. Net income for 2017 has been most significantly impacted by increased production and higher commodity prices, which contributed to strong funds from operations, and unrealized gains on derivatives of $7.5 million and $43.4 million for the three and six months ended June 30, 2017, respectively. Unrealized gains and losses on derivatives are non-cash, can fluctuate greatly between periods and result from changes to the estimated value to settle outstanding derivative 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 as at June 30, 2017. Advantage has no guarantees or off-balance sheet arrangements other than as disclosed.

		Payments due by period							
($ millions)		Total	2017	2018	2019	2020	2021	2022	After 2022
Building leases		$ 2.4	$ 0.6	$ 1.1	$ 0.7	$ -	$ -	$ -	$ -
Transportation [1]		177.3	13.1	26.9	28.6	22.7	18.8	18.5	48.7
Bank indebtedness [2]	- principal	134.1	-	-	134.1	-	-	-	-
	- interest	12.5	3.2	6.3	3.0	-	-	-	-
Total contractual obligations		**$ 326.3**	**$ 16.9**	**$ 34.3**	**$ 166.4**	**$ 22.7**	**$ 18.8**	**$ 18.5**	**$ 48.7**

(1) Transportation excludes potential impacts from firm service transportation agreements on TCPL's Canadian Mainline to the Southern Ontario Dawn trading hub. The Corporation has negotiated firm service for a 10-year period estimated to commence in November 2017; however, provision of the service is conditional on, among other factors, TCPL receiving approval from the National Energy Board.

(2) As at June 30, 2017, 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 annually, with the next review scheduled in June 2018. 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)		June 30, 2017
Bank indebtedness (non-current)	$	134,128
Working capital deficit		6,950
Total debt [1]	**$**	**141,078**
Shares outstanding		185,947,660
Shares closing market price ($/share)	$	8.77
Market capitalization	**$**	**1,630,761**
Total capitalization	**$**	**1,771,839**
Total debt to funds from operations [2]		**0.7**

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

[2] Total debt to funds from operations is calculated by dividing total debt by funds from operations for the previous four quarters.

Advantage has a $400 million credit facility of which $266 million or 66% was available at June 30, 2017 (see "Bank Indebtedness, Credit Facilities and Other Obligations"). The Corporation's twelve-month trailing funds from operations of $202 million exceeded net capital expenditures over the same period by $51 million, with the surplus cash flow used to reduce bank indebtedness, resulting in a June 30, 2017 total debt to twelve-month trailing funds from operations of 0.7 times. Advantage has 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 its multi-year development plan at Glacier, Alberta.

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

As at June 30, 2017, Advantage had 185.9 million common shares outstanding. During the six months ended June 30, 2017, Advantage issued 1.3 million common shares to employees and contractors in exchange for the exercise of 1.0 million stock options and the settlement of 0.4 million performance shares. As at June 30, 2017, a total of 2.1 million stock options and 1.6 million performance awards were outstanding, which represents 2.0% of Advantage's total outstanding common shares. On March 8, 2016, Advantage closed the equity financing of 13,427,075 common shares issued for net proceeds of $95.1 million which was used initially to reduce bank indebtedness. As at August 3, 2017, Advantage had 185.9 million common shares outstanding.

Bank Indebtedness, Credit Facilities and Other Obligations

At June 30, 2017, Advantage had bank indebtedness outstanding of $134.1 million, a decrease of $19.0 million since December 31, 2016. The change in bank indebtedness was consistent with lower capital expenditure activity during spring breakup as in our approved 2017 budget. 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 expectations. Revisions or changes in the reserve estimates and commodity prices can have either a positive or a negative impact on the borrowing base.

On April 28, 2017, the Credit Facilities borrowing base was renewed at $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 2018. 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 $7.0 million as at June 30, 2017 increased slightly from $6.2 million at December 31, 2016. Our working capital includes items expected for normal operations such as 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 funds from operations and our available Credit Facilities.

Capital Expenditures

	Three months ended June 30		Six months ended June 30	
($000)	**2017**	**2016**	**2017**	**2016**
Drilling, completions and workovers	$ 3,973	$ 1,406	$ 37,774	$ 10,561
Well equipping and facilities	23,449	14,229	40,894	46,083
Other	123	-	123	-
Expenditures on property, plant and equipment	27,545	15,635	78,791	56,644
Expenditures on exploration and evaluation assets	3,917	1,960	6,462	5,687
Net capital expenditures [1]	**$ 31,462**	**$ 17,595**	**$ 85,253**	**$ 62,331**

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

Advantage invested $85.3 million on property, plant, equipment and land purchases during the six months ended June 30, 2017.

During the second quarter of 2017, final design work concluded on the announced expansion of our 100% owned Glacier gas plant to 400 mmcf/d raw gas capability with 6,800 bbls/d of liquids capability and Advantage received license approval from the Alberta Energy Regulator ("AER") for the expansion. Construction of all major pieces of equipment continued with $36 million spent to-date on the expansion. The majority of the expenditures relate to vendor progress payments made towards such equipment. On-site construction has started with an anticipated completion date of early second quarter 2018. Advantage's strategy of owning and operating our own infrastructure has helped us achieve an industry leading cost structure.

In the first quarter of 2017 Advantage concluded drilling operations on a 16-well pad. The pad was drilled utilizing two drilling rigs running concurrently with 6 wells rig released in 2016 and the remaining 10 wells rig released in the first quarter of 2017. Advantage did not have any drilling activity in the second quarter of 2017; however, we resumed our drilling program in July which will consist of running two drilling rigs to March 2018.

Preparation work for completion of the 16-well pad began in June 2017 with fracing operations scheduled to begin during August. Permanent production from this pad is planned to begin by the end of 2017 with wells continuing to be brought on production into 2018 to support our growth targets. Completion activity during the first quarter of 2017 consisted of activity on 11 Montney gas wells that were drilled prior to 2017.

Advantage's Upper, Middle and Lower Montney wells are continuing to demonstrate strong production performance. Advantage's current standing well inventory consists of twenty-four total wells of which seven are drilled and completed and seventeen remain uncompleted.

Year-to-date, Advantage has acquired 26 additional sections of Doig/Montney rights in the Valhalla and Progress areas proximal to our existing land holdings for an aggregate cash consideration of $6.5 million. Advantage now holds a total of 180 net sections (115,200 net acres) of Montney rights with 90 of those sections being in the Valhalla/Progress/Wembley areas that have potential for liquids-rich and multi-layer development.

Sources and Uses of Funds

The following table summarizes the various funding requirements during the six months ended June 30, 2017 and 2016 and the sources of funding to meet those requirements:

	Six months ended June 30	
($000)	**2017**	**2016**
Sources of funds		
Funds from operations	$ 102,597	$ 67,119
Net proceeds of equity financing	-	95,130
Change in non-cash working capital and other	2,382	-
	$ 104,979	**$ 162,249**
Uses of funds		
Decrease in bank indebtedness	$ 19,072	$ 92,809
Net capital expenditures	85,253	62,331
Change in non-cash working capital and other	-	6,363
Expenditures on decommissioning liability	654	746
	$ 104,979	**$ 162,249**

Bank indebtedness decreased during the six months ended June 30, 2017 as a result of funds from operations and changes in non-cash working capital exceeding net capital expenditures. Advantage continuously monitors the debt levels to ensure an optimal mix of financing and cost of capital.

Quarterly Performance

($000, except as otherwise indicated)	2017 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3
Daily production								
Natural gas (mcf/d)	225,844	230,906	215,369	207,332	203,791	164,618	154,241	147,574
Liquids (bbls/d)	1,098	1,151	949	1,205	1,083	418	179	212
Total (mcfe/d)	232,432	237,812	221,063	214,562	210,289	167,126	155,315	148,846
Average prices								
Natural gas ($/mcf)								
Excluding hedging	$ 2.98	$ 2.99	$ 3.02	$ 2.08	$ 1.10	$ 1.72	$ 2.34	$ 2.66
Including hedging	$ 3.09	$ 3.24	$ 3.35	$ 2.71	$ 2.18	$ 2.70	$ 2.96	$ 3.25
AECO daily	$ 2.79	$ 2.70	$ 3.09	$ 2.32	$ 1.40	$ 1.84	$ 2.46	$ 2.90
AECO monthly	$ 2.77	$ 2.95	$ 2.81	$ 2.20	$ 1.25	$ 2.11	$ 2.65	$ 2.80
Liquids ($/bbl)								
Including hedging	$ 57.27	$ 53.73	$ 53.01	$ 45.58	$ 52.67	$ 31.21	$ 43.24	$ 45.43
Edmonton Light ($/bbl)	$ 60.38	$ 64.72	$ 60.76	$ 54.34	$ 55.02	$ 38.85	$ 51.99	$ 55.58
Total sales including realized hedging	$ 69,169	$ 72,957	$ 71,090	$ 56,697	$ 45,615	$ 41,625	$ 42,654	$ 44,980
Net income (loss)	$ 18,339	$ 42,249	$ (8,845)	$ 8,185	$ (29,765)	$ 14,691	$ 12,408	$ 6,959
per share - basic	$ 0.10	$ 0.23	$ (0.05)	$ 0.04	$ (0.16)	$ 0.08	$ 0.08	$ 0.04
per share - diluted	$ 0.10	$ 0.22	$ (0.05)	$ 0.04	$ (0.16)	$ 0.08	$ 0.07	$ 0.04
Funds from operations	$ 48,625	$ 53,972	$ 54,610	$ 45,132	$ 36,883	$ 30,236	$ 31,656	$ 34,474

The table above highlights the Corporation's performance for the second quarter of 2017 and also for the preceding seven quarters. In July 2015, Advantage completed the first phase of commissioning operations at our expanded Glacier gas plant whereby processing capability reached 183 mmcfe/d. The Corporation's production for the second half of 2015 and first quarter of 2016 was negatively impacted by TCPL unplanned firm and interruptible service restrictions in addition to Advantage's planned outages required to install new equipment for the subsequent Glacier gas plant expansion to 250 mmcfe/d. In the second half of 2016, we were less affected by TCPL restrictions and we attained production levels in excess of 220 mmcfe/d. Advantage has 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.

Sales and funds from operations did not increase as rapidly as production through 2015 and early 2016 due to an offsetting decline in natural gas prices. This decrease has been partially offset by continued production growth, lower cash costs and gains realized from our commodity risk management program. Although Advantage has generally reported net income, the net losses reported in the second and fourth quarters of 2016 were due primarily to the recognition of unrealized derivative losses. Net income reported for the first and second quarters of 2017 was attributable to increased production with strong funds from operations 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"). 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'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

There have been no changes in accounting policies during the three months ended June 30, 2017.

Accounting Pronouncements not yet Adopted

Amendments to IFRS 2 *Share-based Payment* are designed to eliminate diversity in the classification and measurement of specific share-based payment transactions. Amendments to IFRS 2 are effective for annual periods beginning on or after January 1, 2018. Advantage does not anticipate any material changes or effects resulting from the adoption of IFRS 2.

IFRS 9 *Financial Instruments* will replace IAS 39 and introduce new classification and measurement requirements, an impairment model and a hedge accounting model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Advantage does not anticipate any material changes or effects resulting from the adoption of the amendments to IFRS 9.

IFRS 15 *Revenue from Contracts with Customers* requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. The standard is to be adopted beginning on or after January 1, 2018, either retrospectively or using a modified retrospective approach. Advantage is currently reviewing our contractual agreements to evaluate the impact of this standard to our financial statements.

IFRS 16 *Leases* provides an accounting model for leases which requires the recognition of assets and liabilities for many leases. The standard also addresses the measurement, presentation and disclosure of leases. The standard applies to annual financial reports beginning on or after January 1, 2019. Advantage is currently reviewing the impact of IFRS 16 to our financial statements.

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 June 30, 2017 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.

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.

August 3, 2017