ADVANTAGEWON
OIL CORP.

CSE: AOC | OTCQB: ANTGF

ADVANTAGEWON OIL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

For The Three & Six Months Ended June 30, 2019

Q2 2019

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

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GENERAL

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Advantagewon Oil Corporation ("AOC" or the "Company") is for the three and six months ended June 30, 2019 is as of August 29, 2019 and should be read in conjunction with the Company's June 30, 2019 unaudited condensed interim consolidated financial statements and December 31, 2018 audited consolidated financial statements and notes thereto.

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

All amounts are expressed in Canadian dollars unless otherwise indicated.

Additional information relating to AOC, including AOC's June 30, 2019 unaudited condensed interim consolidated financial statements and December 31, 2018 audited consolidated financial statements and other filings are available on SEDAR at www.sedar.com.

In the following discussion, the three and six months ended June 30, 2019 may be referred to as "Q2 2019" and "the June 2019 period", respectively, the comparative three and six months ended June 30, 2018 may be referred to as "Q2 2018" and "the June 2018 period", respectively, and the previous three months ended March 31, 2019 may be referred to as "Q1 2019".

CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION

All statements, other than statements of historical fact, contained or incorporated by reference in this MD&A, including any information as to the future financial or operating performance of AOC, constitute "forward-looking statements" within the meaning of certain securities laws, including the "safe harbour" provisions of the Securities Act (Ontario) and are based on expectations, estimates and projections as of the date of this MD&A. Forward-looking statements include, without limitation, statements with respect to future commodity prices, the estimation of oil & gas reserves and resources if any, the realization of oil & gas reserve and resource estimates, the timing and amount of estimated future production, costs of production, expected capital expenditures, costs and timing of development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of oil & gas operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. The words, "plans", "expects", or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might", or "will be taken", "occur", or "be achieved" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by AOC as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors can cause actual results to differ materially from those projected in the forward-looking statements. Such factors include but are not limited to: fluctuations in currency markets; fluctuation in the spot and forward price of commodities; changes in national and local government legislation, taxation, controls, regulations and political or economic developments in countries in which we do or may carry on business in the future; business opportunities that be presented to, or pursued by us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration or development activities; employee relations; the speculative nature of oil & gas exploration and development, including the risks of obtaining necessary licenses and permits; diminishing quantities or grades of reserves; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of oil & gas exploration and development, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, and the risk of inadequate insurance, or inability to obtain insurance, to cover these risks. Many of these uncertainties and contingencies can affect AOC's actual results and could cause actual results to differ materially from those expected or implied in any forward-looking statements made by, or on behalf of, AOC. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. All of the forward-looking statements made in this MD&A are qualified by these cautionary statements, those in the "Risk and Uncertainties" section hereof. These factors are not intended to represent a complete list of the factors that could affect AOC. Forward–looking statements in this MD&A are made as of August 29, 2019 and AOC disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, or to explain any material differences between subsequent actual events and such forward-looking statements, except to the extent required by applicable law.

BOE Presentation

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

Industry Benchmarks

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

Company History and Overview

The Company was incorporated under the laws of the Province of Ontario on July 10, 2013. The Company is engaged in the acquisition, exploration, development and production of oil and gas reserves in North America with a particular focus on onshore development in Texas, United States of America. The Company completed its go-public transaction and commenced trading on the CSE on July 13, 2017 followed by trading on the OTCQB on November 24, 2017.

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

As at June 30, 2019, the Company held over 3,500 acres in oil leases in Texas.

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

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

Oil and Gas Properties

Saratoga Property

The Company closed the sale of its Saratoga CGU comprised of two producing wells on 261 acres in Hardin County, Texas, on May 16, 2019 for consideration of $571,158 (USD 425,000) comprised of $561,217 of cash consideration less $9,941 of working capital adjustments and recognized a $9,950 gain on disposition of oil and gas properties.

La Vernia Field

The La Vernia field is comprised of over 3,400 acres in the Wilson and Guadalupe Counties in Texas. The Company commissioned an independent 51-101 report prepared by MKM Engineering dated December 31, 2018. This report indicates a NPV discounted at 10% of total proved plus probable reserves of $78,692,900 (before income tax).

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

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

RJ Huebinger Property

During Q2 2019, the Company completed a horizontal water jet boring enhancement project on an existing well. This horizontal boring operation was conducted by the service supplier at its expense to evaluate their technique on shallow Texas sand reservoir wells. Evaluation of the result has not been completed.

Boldt Property

The Boldt property has three existing producing wells on site, which produced an average of 4.27 bbls of oil per day in 2018. During Q2 2019, the Company completed the drilling of a new well and a horizontal water jet boring enhancement on an existing well.

The completed tests for the new well show oil production capability at 12 to 15 bbls of oil per day ("bopd"). The well was perforated in the two deeper Poth sand zones, the Poth "B" and Poth "C", and production testing in these two zones was completed immediately as planned. Work is underway to install power and production equipment so the Corporation can commence commercial production on this well.

The production potential on the existing well after the horizontal water jet boring enhancement is expected to be between 8 and 15 bopd. This well was originally completed in 1958 in the Poth "A" and now the newly radial jet horizontally drilled Poth "B" is producing large volumes of water, which is believed to be primarily coming from the depleted Poth "A" sand zone. The Company believes that the water from the Poth "A" sand zone is suppressing oil production from the deeper Poth "B" sand zone and the Corporation is now planning operations to seal off the Poth "A" sand zone and produce the well from only the Poth "B" zone. When this operation has been completed, the Corporation will be in a position to accurately announce the barrels per day deliverability from this well.

SELECTED FINANCIAL INFORMATION

Year-to-date	Unaudited 30-Jun-19	Audited 31-Dec-18	Audited 31-Dec-17
Oil sales	$ 232,770	$ 832,026	$ 511,673
Net loss	(548,019)	(7,298,700)	(2,804,832)
Loss per share – basic and diluted	(0.00)	(0.04)	(0.02)
Total assets	9,223,117	10,234,133	14,664,526
Long-term liabilities	1,772,984	1,987,274	1,874,901
Total liabilities	2,262,461	2,864,789	3,313,812
Total shareholders' equity	6,960,656	7,369,344	11,350,714

RESULTS OF OPERATIONS

	Q2 2019	Q2 2018	June 2019 Period	June 2018 Period
Total oil sales volumes (bbls)	873	2,896	3,164	5,254
Daily oil sales volumes (bbls)	10	32	17	29
Oil sales	$ 65,931	$ 239,095	$ 232,770	$ 427,145
Royalties	(19,310)	(74,128)	(66,447)	(123,811)
Production costs	(77,531)	(216,577)	(162,141)	(293,590)
Operating netback	$ (30,910)	$ (51,610)	$ 4,182	$ 9,744
Oil revenue / bbl	$ 75.48	$ 82.57	$ 73.56	$ 81.29
Royalties / bbl	(22.11)	(25.60)	(21.00)	(23.56)
Production costs / bbl	(88.76)	(74.79)	(51.24)	(55.88)
Operating netback / bbl	$ (35.39)	$ (17.82)	$ 1.32	$ 1.85
Royalties as a percentage of revenue	29%	31%	29%	29%

	Q2 2019	Q2 2018	June 2019 Period	June 2018 Period
General and administrative expenses	$ 194,787	$ 335,738	$ 333,624	$ 788,502
Share-based payments	$ 80,995	$ 207,028	$ 167,912	$ 466,008
Interest expense	$ 9,703	$ 29,633	$ 29,248	$ 63,185
Other (income) expense	$ (32,555)	$ 18,294	$ (44,873)	$ 38,509
Loss for the period	$ (306,422)	$ (690,882)	$ (548,019)	$ (1,435,685)
Basic loss per share	$ (0.00)	$ (0.00)	$ (0.00)	$ (0.01)

- Oil volumes are lower in the 2019 periods due to the sale of the Saratoga property on May 16, 2019.
- Revenue per bbl is lower in Q2 2019 (US$56.43/bbl) and the June 2019 period (US$55.24/bbl) than Q2 2018 (US$63.95/bbl) and the June 2018 period (US$63.54/bbl) due to decrease in oil prices across the industry.
- Production costs per bbl are higher in Q2 2019 than Q2 2018 due to a decrease in production volumes which increases the fixed portion of costs per bbl. Production costs per bbl are lower in the June 2019 period than the June 2018 period due to a decrease in repairs and maintenance and fuel and power costs.
- General and administrative expenses were comprised of the following:

	Q2 2019	Q2 2018	June 2019 Period	June 2018 Period
Professional and investor relations fees	$ 101,457	$ 121,680	$ 176,891	$ 394,367
Management fees	(3,750)	59,500	750	127,750
Consulting fees	52,156	86,085	88,310	149,010
General office	36,342	58,166	48,517	93,294
Listing and filing fees	8,582	10,307	19,156	24,081
	$ 194,787	$ 335,738	$ 333,624	$ 788,502

Professional fees, management fees and general office expense were generally lower in the 2019 periods than the 2018 periods due to an overall decrease in corporate activity and cost-savings efforts by management.

- The Company recognized the following share-based payments expense in the 2019 and 2018 periods:

	Q2 2019	Q2 2018	June 2019 Period	June 2018 Period
Stock options	$ 18,496	$ 203,593	$ 43,601	$ 462,573
Performance warrants	62,499	3,435	124,311	3,435
	$ 80,995	$ 207,028	$ 167,912	$ 466,008

LIQUIDITY AND CAPITAL RESOURCES

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

	Q2 2019	Q2 2018	June 2019 Period	June 2018 Period
Cash flows provided by (used in) operating activities	$ (258,975)	$ (264,186)	$ (288,140)	$ (763,127)
Cash flows provided by (used in) financing activities	(241,780)	6,550	(138,561)	441,510
Cash flows provided by (used in) investing activities	489,700	(34,975)	429,231	(413,126)
Change in cash	(11,055)	(292,611)	2,530	(734,743)
Effect of exchange rates on cash held in foreign currencies	(839)	28,446	(2,780)	37,044
Cash, beginning of period	103,033	347,455	91,389	780,989
Cash, end of period	$ 91,139	$ 83,290	$ 91,139	$ 83,290

- On January 17, 2019, the Company closed a non-brokered private placement for the issuance of 3,285,715 units at $0.035 per unit for gross proceeds of $115,000. Each unit is comprised of one common share and one warrant exercisable at $0.06 per share until January 17, 2021.
- During the June 2019 period, the Company repaid $230,000 in connection with the settlement of loans payable.
- During the June 2019 period, the Company received $68,066 of proceeds for the settlement of notes receivable.
- During the June 2019 period, the Company incurred $200,052 of capital expenditures on its oil and gas properties and equipment and received $561,217 of proceeds on the disposition of its Saratoga CGU.

Settlement of loans payable:

On May 16, 2019, the Company entered into a debt settlement agreement with Fountain pursuant to which the Company settled the outstanding debt to Fountain by way of a $230,000 cash payment and the issuance of 4,047,600 common shares of the Company to Fountain:

Balance, December 31, 2018	$ 332,388
Accrued interest	19,039
Cash payment	(230,000)
Share settlement	(101,190)
Gain on settlement of loan	(20,237)
Balance, June 30, 2019	$ –

As at June 30, 2019, the Company had a working capital deficit of $276,784 (December 31, 2018 – $444,667 working capital deficit).

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

The Company does not generate sufficient cash flow from operations to maintain current production, and to achieve breakeven cash flow, the Company needs additional production. The Company believes that with additional funding and the lease acquisitions in the latter part of 2017 will allow us to achieve breakeven cash flows in 2019.

RELATED PARTY TRANSACTIONS

On January 17, 2019, the Company issued 2,428,571 units for gross proceeds of $85,000 to two directors of the Company and a company related through common directors of the Company.

SUBSEQUENT EVENTS

There were no reportable events subsequent to June 30, 2019.

COMMITMENTS AND CONTINGENCIES

a) Office lease

The Company has a lease for office premises in the amount of $4,437 per month ($3,927 plus taxes, comprised of base rent and estimated operating costs) until January 31, 2022. The Company has sublet the office premises for $4,640 per month ($4,106 plus taxes) until January 31, 2022.

b) Management contracts

The Company is party to certain management contracts which require that an additional payment of up to $279,000 be made upon the occurrence of certain events such as termination. As a triggering event has not taken place, the contingent liability has not been reflected in these consolidated financial statements.

c) Consulting agreement

The Company is party to a consulting agreement for management of its operations in Texas pursuant to which the consultant will earn between $3,000 and $8,000 per month, depending on production and sales volumes.

DIVIDENDS

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

SHARE CAPITAL

	Common Shares	Warrants	Performance Warrants	Stock Options
Balance, December 31, 2018	210,122,431	72,527,221	16,000,000	12,325,000
Issued	7,333,315	3,285,715	–	200,000
Expired	–	(14,850,000)	–	(2,000,000)
Balance, June 30, 2019	217,455,746	60,962,936	16,000,000	10,525,000
Issued	–	–	–	–
Expired	–	(3,160,000)	–	(550,000)
Balance, August 29, 2019	217,455,746	57,802,936	16,000,000	9,975,000

FINANCIAL INSTRUMENTS

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

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

OFF-BALANCE SHEET ARRANGEMENTS

None

NEW ACCOUNTING STANDARDS

IFRS 16 Leases

On January 1, 2019, the Company adopted IFRS 16 Leases ("IFRS 16") using the modified retrospective approach which does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively.

On adoption of IFRS 16, the Company's lease liabilities related to contracts classified as leases are measured at the discounted present value of the remaining minimum lease payments, excluding short-term and low-value leases. The right-of-use assets recognized were measured at amounts equal to the present value of the lease obligations. The weighted average incremental borrowing rate used to determine the lease liability at adoption was approximately 24%. The right-of-use assets and lease liability recognized relate to office premises. The Company elected to not apply lease accounting to certain leases for which the lease term ends within 12 months of the date of initial application or leases of low-value assets.

The cumulative effect of initially applying IFRS 16 was recognized as a $107,176 right-of-use asset with a corresponding lease liability.

In applying IFRS 16 for the first time, the Company used the following practical expedients permitted by the standard:

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Account for leases with a remaining term of less than 12 months as at January 1, 2019 as short-term leases;
- Account for lease payments as an expense and not recognize a right-of-use asset if the underlying asset is of low dollar value; and
- The use of hindsight in determining the lease term where the contract contains terms to extend or terminate the lease.

Upon the adoption of IFRS 16, the Company adopted the following significant accounting policy effective January 1, 2019:

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease liability is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. At the commencement date, a corresponding right-of-use asset is recognized at the amount of the lease liability, adjusted for lease incentives received, retirement costs and initial direct costs. Depreciation is recognized on the right-of-use asset over the lease term. Interest expense is recognized on the lease liabilities using the effective interest rate method and payments are applied against the lease liability. Payments received for the sublease of right-of-use assets are recognized as sublease revenue.

Key areas where management has made judgments, estimates, and assumptions related to the application of IFRS 16 include:

- The incremental borrowing rates are based on judgments including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the right-of-use assets, lease liabilities, and the resulting interest expense and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements

On January 1, 2019, the Company adopted the amendments to IFRS 3 Business Combinations ("IFRS 3") and IFRS 11 Joint Arrangements ("IFRS 11"). The amendments to IFRS 3 clarify that when a party to a joint arrangement obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation obtains joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3, the previously held interests in the joint operation are not remeasured.

The adoption of these amendments had no impact on the Company's condensed interim consolidated financial statements.

SELECTED CONSOLIDATED QUARTERLY INFORMATION

	Q2 2019 $	Q1 2019 $	Q4 2018 $	Q3 2018 $
Revenue	65,839	166,839	157,062	247,819
Loss for the period	(306,422)	(241,597)	(5,285,288)	(577,727)
Basic loss per share	(0.00)	(0.00)	(0.03)	(0.00)
Cash flow used in operating activities	(258,975)	(29,165)	(31,020)	(380,914)
Total assets	9,223,117	10,172,278	10,234,133	14,801,951
Total liabilities	2,262,461	2,996,571	2,864,789	2,708,700
Expenditures on exploration and evaluation properties and oil and gas properties	(71,517)	(128,535)	(12,950)	(23,722)
Net cash proceeds from the issuance of common shares and units	–	115,000	–	141,902
Working capital (deficit)	(276,784)	(661,747)	(444,667)	(202,783)

	Q2 2018 $	Q1 2018 $	Q4 2017 $	Q3 2017 $
Revenue	239,095	188,050	161,851	85,222
Loss for the period	(690,882)	(744,803)	(843,121)	(885,910)
Basic loss per share	(0.00)	(0.00)	(0.00)	(0.00)
Cash flow provided by (used in) operating activities	(264,186)	(498,941)	1,096,909	(1,726,432)
Total assets	15,647,188	15,753,282	14,664,526	13,311,275
Total liabilities	3,204,987	3,075,047	3,313,812	2,559,239
Expenditures on exploration and evaluation properties and oil and gas properties	(34,975)	(378,151)	(1,628,078)	(209,466)
Net cash proceeds from the issuance of common shares and units	–	477,500	725,600	315,000
Working capital (deficit)	(38,513)	380,395	(361,739)	443,139

- Revenue decreased in Q2 2019 as compared to Q1 2019 due to a decrease in production volumes associated with the disposition of the Saratoga CGU in May 2019; the loss for Q2 2019 increased due to a decrease in revenue and an increase in general and administrative expenses; working capital improved due to the receipt of disposition proceeds offset by the repayment of the loan payable.
- Revenue increased in Q1 2019 as compared to Q4 2018 due to an increase in production volumes offset by a decrease in prices; the loss for Q1 2019 decreased due to a reduction in production and general and administrative expenses combined with no impairment as was recognized in Q4 2018; working capital decreased due to an increase in capital expenditures on oil and gas properties.
- Revenue decreased in Q4 2018 as compared to Q3 2018 due to a reduction in production volumes combined with a decrease in oil prices; the loss for Q4 2018 increased due primarily to $4,793,368 of impairment recognized on the Saratoga CGU; working capital decreased due to a decrease in trade and other receivables and an increase in trade and other payables.
- Revenue increased in Q3 2018 as compared to Q2 2018 due to an increase in oil prices; the loss for Q3 2018 decreased due to a reduction in operating costs, G&A expenses and share-based payments; working capital decreased due to a decrease in cash and other current assets which was not sufficiently offset by a reduction in loans payable.
- Revenue increased in Q2 2018 as compared to Q1 2018 due to higher production volumes and an increase in oil prices; the Q2 2018 loss decreased due to a decrease in general and administrative expenses and share-based payments expense; working capital decreased due to a decrease in cash and an increase in accounts payable.
- Revenue increased in Q1 2018 as compared to Q4 2017 due to higher production volumes and an increase in oil prices; the Q1 2018 loss decreased due to a decrease in production costs; working capital increased due to proceeds from the

issuance of common shares and units and the settlement of certain accounts payable through the issuance of common shares.

- Revenue increased in Q4 2017 as compared to Q3 2017 due to higher production volumes and an increase in oil prices; the Q4 2017 loss was comparable to the Q3 2017 loss; working capital decreased due to cash flows used by operating activities and capital expenditures offset by proceeds from the issuance of common shares and units.

RISKS AND UNCERTAINTIES

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

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

FORWARD LOOKING INFORMATION (ADDITIONAL DISCLOSURE)

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

Forward-looking statements	Assumptions	Risk factors
Potential of the Company's properties to produce economic quantities of boe	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company; the price of oil and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties	Oil price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff
The Company's ability to meet its working capital needs at the current level for the twelve-month period ending June 30, 2020 The Company expects to incur further losses in the development of its business Should the Company not raise sufficient capital, it may cease to be a reporting issuer	The operating and exploration activities of the Company for the twelve-month period ending June 30, 2020, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions
The Company's ability to carry out anticipated exploration on its property interests	The exploration/acquisition activities of the Company for the twelve-month period ending June 30, 2020, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions; receipt of applicable permits
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets,	Oil price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff

	exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of oil will be favourable to the Company; no title disputes exist with respect to the Company's properties	
Management's outlook regarding future trends	Financing will be available for the Company's exploration and operating activities; the price of oil will be favourable to the Company	Oil price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for oil	The price of oil will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of oil will be favourable	Changes in debt and equity markets and the price of oil; interest rate and exchange rate fluctuations; changes in economic and political conditions

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