Advantage Announces Operational Update,
Step Change in Well Productivity

(TSX: AAV)

Calgary, Alberta, January 6, 2021 – Advantage Oil & Gas Ltd. ("Advantage" or the "Corporation") is pleased to provide an operational update, including a step change in well productivity combined with reduced capital costs. All development in the second half of 2020 was focused on the foundational Glacier asset, using existing infrastructure and owned plant capacity, with a focus on highest internal rate of return wells.

Development Program Highlights from the Second Half of 2020:

- Drilled 13 wells with exceptional execution. Average penetration rates for the program increased by 27% compared to the previous two Glacier programs, and average total drill costs (including fixed costs) were reduced by 10%. For the last seven wells, spud to rig-release time was only 9 days.
- Completed and tied-in 6 wells incorporating progressive frac design and geological targeting. Average frac count was increased 13% and total sand placed increased by 8%, using locally sourced sand and a revised fluid design.
- Post clean-up, IP30 of the first 5 wells averaged 10.5 mmcf/d at an average pressure of 9.1MPa. This exceeded the 2017 to 2019 results by approximately 87%. All wells were choked back to minimize erosional risks and impacts on preexisting wells; after 1.5 months of production none of the wells had begun declining. The sixth well tested similarly but has remained shut in because the local gathering line is at capacity.
- Total drill, complete and tie-in costs (normalized to tonnes of sand placed) decreased by 10%.
- Average non-productive time from conclusion of testing to permanent production was reduced to 3 days from approximately 21 days.
- During the first quarter of 2021, 8 wells are planned to be completed. Building on the success of the prior 6 wells these wells will receive increased frac intensity with approximately 50% more sand loading.

Operational Update

- Estimated 2020 production was 44,900 boe/d (243 mmcf/d natural gas, 2,380 bbls/d crude oil and condensate, 2,020 bbls/d NGLs), an increase of 1.3% over 2019. Fourth quarter 2020 production was estimated at 43,500 boe/d (234 mmcf/d natural gas, 2,330 bbls/d crude oil and condensate, 2,180 bbls/d NGLs), lower than third quarter as a result of a third-party facility outage and minor equipment delays. December production was over 45,800 boe/d.

- Estimated 2020 liquid production was 4,400 bbls/d (54% condensate/oil), an increase of 63% over 2019. Fourth quarter 2020 liquids production was estimated at 4,510 bbls/d (52% condensate/oil), an increase of 49% over fourth quarter 2019.
- At year end, there were eight new Glacier wells drilled but not completed plus one shut in well awaiting pipeline capacity.
- Corporate decline rate is under 23%, driving low sustaining capital of less than $80 million/year.
- At Wembley, Advantage benefited from improved 3rd party on-time and capacity during November and December, driving production 30% higher than the prior 7 months.
- At Progress, production continues to exceed expectations. Cumulative production through restricted facilities has exceeded 2.7 bcf and 250,000 bbls of liquids over 11 months in 2020.

Advantage remains on track to deliver strong growth in adjusted funds flow, based on current natural gas futures pricing. The recent operational achievements will increase Advantage's capital flexibility and establish a strong position to achieve production and debt reduction targets. For 2021, free cash flow, debt reduction and modest production growth remain key priorities.

Approximately three-quarters of 2021 capital will be allocated to Glacier gas-weighted development with one quarter directed towards future development initiatives, including oil and liquids developments at Valhalla, Progress and Pipestone/Wembley. Advantage has maintained the flexibility to reallocate capital between assets should prices swing in favor of liquids development.

For further information contact:
Craig Blackwood
Chief Financial Officer
(403) 718-8000
OR
Investor Relations
Toll free: 1-866-393-0393

Advantage Oil & Gas Ltd.
2200, 440 - 2nd Avenue SW
Calgary, Alberta T2P 5E9
Phone: (403) 718-8000
Fax: (403) 718-8332
Web Site: www.advantageog.com
E-mail: ir@advantageog.com

Advisory

The information in this press release contains certain forward-looking statements, including within the meaning of applicable securities laws. These statements relate to future events or our future intentions or performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "guidance", "anticipate", "target", "objectives", "estimates", "continue", "demonstrate", "expect", "may", "can", "will", "believe", "would" and similar expressions and include statements relating to, among other things, Advantage's focus, strategy and development plans; timing for wells to come on-stream; number of wells to be completed in the first quarter of 2021; anticipation that for 2021 three quarters of net capital expenditures will be allocated to Glacier gas-weighted development and one quarter directed towards future development initiatives; operational achievements will increase Advantage's capital flexibility; Advantage's ability to grow 2021 adjusted funds flow based on current natural gas futures pricing; the expected amount of adjusted funds flow; Advantage's estimates of base decline rate, sustaining capital and fourth quarter and full year 2020 production. Advantage's actual decisions, activities, results, performance or achievement could differ materially from those expressed in, or implied by, such forward-looking statements and accordingly, no assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur or, if any of them do, what benefits that Advantage will derive from them.

These statements involve substantial known and unknown risks and uncertainties, certain of which are beyond Advantage's control, including, but not limited to: changes in general economic, market and business conditions; industry conditions, including as a result of demand and supply effects resulting from the COVID-19 pandemic; actions by governmental or regulatory authorities including increasing taxes and changes in investment or other regulations; changes in tax laws, royalty regimes and incentive programs relating to the oil and gas industry; Advantage's success at acquisition, exploitation and development of reserves; unexpected drilling results; changes in commodity prices, currency exchange rates, net capital expenditures, reserves or reserves estimates and debt service requirements; the occurrence of unexpected events involved in the exploration for, and the operation and development of, oil and gas properties, including hazards such as fire, explosion, blowouts, cratering, and spills, each of which could result in substantial damage to wells, production and processing facilities, other property and the environment or in personal injury; changes or fluctuations in production levels; delays in anticipated timing of drilling and completion of wells; individual well productivity; competition from other producers; the lack of availability of qualified personnel or management; credit risk; changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced; our ability to comply with current and future environmental or other laws; stock market volatility and market valuations; liabilities inherent in oil and natural gas operations; competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; geological, technical, drilling and processing problems and other difficulties in producing petroleum reserves; ability to obtain required approvals of regulatory authorities; and ability to access sufficient capital from internal and external sources. Many of these risks and uncertainties and additional risk factors are described in the Corporation's Annual Information Form which is available at www.sedar.com ("SEDAR") 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 press release, Advantage has made assumptions regarding, but not limited to: conditions in general economic and financial markets; the impact and duration thereof that the COVID-19 pandemic will have on (i) the demand for crude oil, NGLs and natural gas, (ii) the supply chain including the Corporation's ability to obtain the equipment and services it requires, and (iii) the

Corporation's ability to produce, transport and/or sell its crude oil, NGLs and natural gas; effects of regulation by governmental agencies; current and future commodity prices and royalty regimes; the Corporation's current and future hedging program; future exchange rates; royalty rates; future operating costs; future transportation costs and availability of product transportation capacity; availability of skilled labor; availability of drilling and related equipment; timing and amount of net capital expenditures; the number of new wells required to achieve the budget objectives; that the Corporation will have sufficient adjusted funds flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Corporation's conduct and results of operations will be consistent with its expectations; that the Corporation will have the ability to develop the Corporation's properties in the manner currently contemplated; current or, where applicable, proposed assumed industry conditions, laws and regulations will continue in effect or as anticipated; and the estimates of the Corporation's production and reserves volumes and the assumptions related thereto (including commodity prices and development costs) are accurate in all material respects.

Management has included the above summary of assumptions and risks related to forward-looking information in order to provide shareholders with a more complete perspective on Advantage's future operations and such information may not be appropriate for other purposes. Advantage's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits that Advantage will derive therefrom. Readers are cautioned that the foregoing lists of factors are not exhaustive. These forward-looking statements are made as of the date of this press release 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 press release contains a number of oil and gas and finance metrics, including corporate decline rate and sustaining capital, which do not have standardized meanings or standard methods of calculation and therefore such measures may not be comparable to similar measures used by other companies and should not be used to make comparisons. Such metrics have been included herein to provide readers with additional measures to evaluate the Corporation's performance; however, such measures are not reliable indicators of the future performance of the Corporation and future performance may not compare to the performance in previous periods and therefore such metrics should not be unduly relied upon. Corporate decline rate is Management's estimated annual reduction in corporate production from currently producing wells that is expected to occur in the subsequent year. Sustaining capital is Management's estimate of the capital required to drill, complete, equip and tie-in new wells to existing infrastructure thereby offsetting the corporate decline rate and maintain production at existing levels. Management uses these oil and gas and finance metrics for its own performance measurements and to provide securityholders with measures to compare Advantage's operations over time. Readers are cautioned that the information provided by these metrics, or that can be derived from the metrics presented in this press release, should not be relied upon for investment or other purposes.

References in this press release to IP30 rates and other short-term production rates are useful in confirming the presence of hydrocarbons, however such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not indicative of long term performance or of ultimate recovery. Additionally, such rates may also include recovered "load oil" fluids used in well completion stimulation. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production of Advantage.

Non-GAAP Measures

The Corporation discloses several financial and performance measures in this press release that do not have any standardized meaning prescribed under GAAP. These financial and performance measures include "net capital expenditures", "adjusted funds flow", "free cash flow", "net debt", "operating netback", "working capital deficit" and "net debt to adjusted funds 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 "bank indebtedness" presented within the consolidated financial statements 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. Please see the Corporation's most recent Management's Discussion and Analysis, which is available at www.sedar.com and www.advantageog.com, for additional information about these financial measures, including a reconciliation to the nearest GAAP measures.

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

The following terms and abbreviations used in this press release have the meanings set forth below:

bbl	*one barrel*
bbls	*barrels*
bbls/d	*barrels per day*
boe	*barrels of oil equivalent of natural gas, on the basis of one barrel of oil or NGLs for six thousand cubic feet of natural gas*
boe/d	*barrels of oil equivalent of natural gas per day*
mcf	*thousand cubic feet*
mcf/d	*thousand cubic feet per day*
mcfe	*thousand cubic feet equivalent on the basis of six thousand cubic feet of natural gas for one barrel of oil or NGLs*
mmbtu	*million British thermal units*
mmcf/d	*million cubic feet per day*
Crude oil and condensate	*Light crude oil and medium crude oil as defined in National Instrument 51-101*
NGLs	*Natural Gas Liquids as defined in National Instrument 51-101*
Natural gas	*Conventional Natural Gas as defined in National Instrument 51-101*