# Condensed Interim Consolidated Financial Statements (unaudited)

## Q2 2023

ATHABASCA OIL CORPORATION

FOCUSED | EXECUTING | DELIVERING

## CONSOLIDATED BALANCE SHEETS
**(unaudited)**

| As at ($ Thousands) | June 30, 2023 | December 31, 2022 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 132,491 | $ 197,525 |
| Accounts receivable | 100,167 | 89,485 |
| Prepaid expenses and deposits (Note 3) | 13,715 | 11,899 |
| Inventory (Note 4) | 45,054 | 56,900 |
| Risk management contracts (Note 6) | 261 | 799 |
| | 291,688 | 356,608 |
| Prepaid expenses and deposits (Note 3) | 36,714 | 50,406 |
| Property, plant and equipment (Note 5) | 1,421,050 | 1,408,891 |
| Exploration and evaluation assets | 1,641 | 1,161 |
| Deferred income tax (Note 17) | 410,998 | 413,288 |
| | $ 2,162,091 | $ 2,230,354 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | $ 114,971 | $ 126,087 |
| Risk management contracts (Note 6) | 8,676 | 8,432 |
| Warrant liability (Note 8) | 47,826 | 53,813 |
| Current portion of term debt (Note 7) | — | 58,302 |
| Current portion of provisions and other liabilities (Note 9) | 24,314 | 27,835 |
| | 195,787 | 274,469 |
| Term debt (Note 7) | 181,577 | 147,831 |
| Provisions and other liabilities (Note 9) | 101,821 | 97,557 |
| | 479,185 | 519,857 |
| SHAREHOLDERS' EQUITY | | |
| Common shares (Note 10) | 2,328,428 | 2,352,894 |
| Contributed surplus | 124,451 | 128,062 |
| Accumulated deficit | (769,973) | (770,459) |
| | 1,682,906 | 1,710,497 |
| | $ 2,162,091 | $ 2,230,354 |

Commitments and contingencies (Note 19).

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
**(unaudited)**

| ($ Thousands, except per share amounts) | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| REVENUE | | | | |
| Petroleum, natural gas and midstream sales (Note 14) | $ 282,614 | $ 435,678 | $ 573,355 | $ 825,102 |
| Interest income | 1,605 | 402 | 4,875 | 538 |
| Royalties | (12,281) | (61,521) | (24,450) | (99,886) |
| | 271,938 | 374,559 | 553,780 | 725,754 |
| Unrealized gain (loss) on commodity risk mgmt contracts (Note 6) | 4,183 | 31,669 | (782) | (52,199) |
| Realized gain (loss) on commodity risk mgmt contracts (Note 6) | (4,596) | (65,706) | (26,651) | (113,352) |
| | 271,525 | 340,522 | 526,347 | 560,203 |
| EXPENSES | | | | |
| Cost of diluent | 107,734 | 123,745 | 248,417 | 247,691 |
| Operating expenses | 46,700 | 59,185 | 101,398 | 111,660 |
| Transportation and marketing | 21,339 | 22,530 | 48,552 | 47,085 |
| General and administrative | 4,670 | 4,941 | 10,417 | 9,362 |
| Stock-based compensation (Note 11) | 184 | 8,396 | 35,231 | 21,761 |
| Financing and interest (Note 15) | 10,516 | 21,601 | 16,798 | 56,328 |
| Depletion and depreciation (Note 5) | 28,466 | 29,255 | 57,691 | 58,242 |
| Exploration expenses | 81 | 282 | 393 | 484 |
| Total expenses | 219,690 | 269,935 | 518,897 | 552,613 |
| Revenue less expenses | 51,835 | 70,587 | 7,450 | 7,590 |
| OTHER INCOME (EXPENSES) | | | | |
| Foreign exchange gain (loss), net (Note 18) | 1,202 | (3,254) | 2,664 | (1,384) |
| Gain (loss) on revaluation of provisions and other (Note 16) | 16,476 | (20,198) | (7,338) | (79,075) |
| Gain (loss) on sale of assets | — | (14) | — | 389 |
| Net income (loss) and comprehensive income (loss) before tax | 69,513 | 47,121 | 2,776 | (72,480) |
| INCOME TAX EXPENSE (RECOVERY) | | | | |
| Deferred (Note 17) | 12,392 | — | 2,290 | — |
| Net income (loss) and comprehensive income (loss) | $ 57,121 | $ 47,121 | $ 486 | $ (72,480) |
| BASIC NET INCOME (LOSS) PER SHARE (Note 12) | $ 0.10 | $ 0.08 | $ 0.00 | $ (0.13) |
| DILUTED NET INCOME (LOSS) PER SHARE (Note 12) | $ 0.07 | $ 0.08 | $ 0.00 | $ (0.13) |

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS
**(unaudited)**

| ($ Thousands) | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| OPERATING ACTIVITIES | | | | |
| Net income (loss) | $ 57,121 | $ 47,121 | $ 486 | $ (72,480) |
| Items not affecting cash: | | | | |
| Non-cash transportation and marketing | 558 | 558 | 1,115 | 1,115 |
| Net non-cash stock-based compensation (Note 11) | 1,425 | 1,607 | 1,709 | 2,726 |
| Net non-cash financing and interest (Note 15) | 4,127 | 11,816 | 3,450 | 35,352 |
| Depletion and depreciation (Note 5) | 28,466 | 29,255 | 57,691 | 58,242 |
| Unrealized non-cash foreign exchange (gain) loss (Note 18) | (1,766) | 1,422 | (4,422) | (1,733) |
| Realized foreign exchange (gain) loss on redemption of US dollar debt | — | 4,477 | 1,829 | 5,453 |
| Unrealized (gain) loss on risk management contracts (Note 6) | (4,183) | (31,669) | 782 | 52,199 |
| Non-cash (gain) loss on revaluation of provisions & other (Note 16) | (16,476) | 20,198 | 7,338 | 79,075 |
| (Gain) loss on sale of assets | — | 14 | — | (389) |
| Deferred income tax (recovery) expense (Note 17) | 12,392 | — | 2,290 | — |
| Settlement of provisions (Note 9) | (120) | 89 | (794) | (457) |
| Decrease in long-term deposit (Note 17) | — | — | 12,577 | — |
| Changes in non-cash working capital and other liabilities (Note 20) | (34,630) | (16,353) | (16,600) | (30,706) |
| | 46,914 | 68,535 | 67,451 | 128,397 |
| FINANCING ACTIVITIES | | | | |
| Repurchased shares for cancellation (Note 10) | (46,922) | — | (46,922) | — |
| Redemption of term debt | — | (116,295) | (18,292) | (158,049) |
| Term debt redemption premium | — | (7,513) | (728) | (9,529) |
| Payments of lease liabilities (Note 9) | (870) | (782) | (1,711) | (1,543) |
| Proceeds from exercised warrants (Note 8) | — | 36,432 | — | 36,432 |
| Proceeds from exercised equity incentives (Note 11) | 1,986 | 1,345 | 2,201 | 3,354 |
| Changes in non-cash working capital and other liabilities (Note 20) | — | (1,153) | — | — |
| | (45,806) | (87,966) | (65,452) | (129,335) |
| INVESTING ACTIVITIES | | | | |
| Capital expenditures (Note 5) | (41,432) | (51,191) | (67,794) | (82,120) |
| Proceeds from sale of assets | — | (14) | — | 389 |
| Changes in non-cash working capital and other liabilities (Note 20) | 3,177 | 6,983 | 4,562 | 12,493 |
| | (38,255) | (44,222) | (63,232) | (69,238) |
| Effect of exchange rate changes on cash and cash equivalents held in foreign currency | (3,642) | 4,291 | (3,801) | 1,292 |
| CHANGE IN CASH AND CASH EQUIVALENTS | (40,789) | (59,362) | (65,034) | (68,884) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 173,280 | 213,534 | 197,525 | 223,056 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | $ 132,491 | $ 154,172 | $ 132,491 | $ 154,172 |

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
**(unaudited)**

| ($ Thousands) | Six months ended June 30, 2023 | 2022 |
|---|---|---|
| COMMON SHARES (Note 10) | | |
| Balance, beginning of period | $ 2,352,894 | $ 2,242,047 |
| Exercise of warrants (Note 8) | 13,774 | 96,933 |
| Exercise of stock options, RSUs and PSUs (Note 11) | 8,682 | 10,272 |
| Repurchased shares for cancellation (Note 10) | (46,922) | — |
| Balance, end of period | 2,328,428 | 2,349,252 |
| | | |
| CONTRIBUTED SURPLUS | | |
| Balance, beginning of period | 128,062 | 126,642 |
| Stock-based compensation (Note 11) | 2,870 | 3,589 |
| Exercise of stock options, RSUs and PSUs (Note 11) | (6,481) | (6,918) |
| Balance, end of period | 124,451 | 123,313 |
| | | |
| ACCUMULATED DEFICIT | | |
| Balance, beginning of period | (770,459) | (1,342,730) |
| Net income (loss) | 486 | (72,480) |
| Balance, end of period | (769,973) | (1,415,210) |
| TOTAL SHAREHOLDERS' EQUITY | $ 1,682,906 | $ 1,057,355 |

See accompanying notes to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
**(unaudited)**

As at and for the three and six months ended June 30, 2023.

(Tabular amounts expressed in thousands of Canadian dollars, except where otherwise noted)

### 1. NATURE OF BUSINESS

Athabasca Oil Corporation ("Athabasca" or the "Company") is an exploration and production company developing Thermal Oil and Light Oil resource plays in the Western Canadian Sedimentary Basin in Alberta, Canada. Athabasca was incorporated on August 23, 2006, under the laws governing the Province of Alberta. The domicile of the Company is 1200, 215 - 9th Avenue SW, Calgary, Alberta. The Company is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "ATH". These unaudited condensed interim Consolidated Financial Statements ("Consolidated Financial Statements") were authorized for issue by the Board of Directors on July 26, 2023.

### 2. BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using International Accounting Standard ("IAS") 34: Interim Financial Reporting. These Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments which are measured at their estimated fair value. They do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2022. The Consolidated Financial Statements have been prepared using the same accounting policies and methods as the audited consolidated financial statements for the year ended December 31, 2022, except as disclosed in Note 11. There were no changes to the Company's operating segments during the period.

### 3. PREPAID EXPENSES AND DEPOSITS

| As at | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| Hangingstone transportation prepayment | $ | 39,022 | $ | 40,137 |
| Prepaid expenses and deposits | | 11,407 | | 9,591 |
| Canada Revenue Agency deposit (Note 17) | | — | | 12,577 |
| TOTAL PREPAID EXPENSES AND DEPOSITS | $ | 50,429 | $ | 62,305 |
| Presented as: | | | | |
| Current portion of prepaid expenses and deposits | $ | 13,715 | $ | 11,899 |
| Long term portion of prepaid expenses and deposits | $ | 36,714 | $ | 50,406 |

### 4. INVENTORY

| As at | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| Product inventory | $ | 33,279 | $ | 44,085 |
| Warehouse inventory | | 11,775 | | 12,815 |
| TOTAL | $ | 45,054 | $ | 56,900 |

## 5. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

| | | |
|---|---|---|
| BALANCE, DECEMBER 31, 2021 | $ | 1,318,825 |
| PP&E capital expenditures | | 146,992 |
| Non-cash capitalized costs and other[1] | | (17,347) |
| Depletion and depreciation[2] | | (119,579) |
| Impairment reversal | | 80,000 |
| BALANCE, DECEMBER 31, 2022 | $ | 1,408,891 |
| PP&E capital expenditures | | 67,458 |
| Non-cash capitalized costs and other[1] | | 2,392 |
| Depletion and depreciation[2] | | (57,691) |
| BALANCE, JUNE 30, 2023 | $ | 1,421,050 |

(1) Non-cash capitalized costs relate to capitalized stock-based compensation, decommissioning obligation assets and leased asset modifications.
(2) Depletion and depreciation for the six months ended June 30, 2023 includes $0.6 million of depreciation relating to the Leased Asset (year ended December 31, 2022 - $2.1 million).

PP&E consists of the following:

| Net book value (As at) | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| PP&E at cost[1] | $ | 3,357,783 | $ | 3,287,933 |
| Accumulated depletion and depreciation[1] | | (979,220) | | (921,529) |
| Accumulated impairment losses | | (957,513) | | (957,513) |
| TOTAL PP&E | $ | 1,421,050 | $ | 1,408,891 |

(1) As at June 30, 2023, the PP&E cost includes $13.3 million of Leased Asset cost and accumulated depletion and depreciation includes $8.9 million of accumulated depreciation relating to the Leased Asset (as at December 31, 2022 – Leased Asset cost of $12.6 million and accumulated depreciation relating to the Leased Asset of $8.3 million).

As at June 30, 2023, $121.3 million (December 31, 2022 - $131.5 million) of PP&E was not subject to depletion or depreciation as the underlying oil and gas assets were not ready for use in the manner intended by management.

## 6. RISK MANAGEMENT CONTRACTS

Under the Company's commodity risk management program, Athabasca may utilize financial and/or physical delivery contracts to fix the commodity price associated with a portion of its future production in order to manage its exposure to fluctuations in commodity prices.

Financial commodity risk management contracts are valued on the consolidated balance sheet by multiplying the contractual volumes by the differential between the anticipated market price (i.e. forecasted strip price) and the contractual fixed price at each future settlement date. The corresponding change in the asset or liability is recognized as an unrealized gain or loss in net income (loss). As the commodity derivatives are unwound (i.e. settled in cash), Athabasca recognizes a corresponding realized gain or loss in net income (loss). Physical delivery contracts are not considered financial instruments and therefore, no asset or liability is recognized on the consolidated balance sheet.

### Financial commodity risk management contracts

As at June 30, 2023, the following financial commodity risk management contracts were in place:

| Instrument | Period | Volume | | C$ Average Price[1] | | US$ Average Price[1] |
|---|---|---|---|---|---|---|
| *Sales contracts* | | | | *C$/bbl* | | *US$/bbl* |
| WTI collar | July - September 2023 | 10,000 bbl/d | $ | 66.20 - 141.04 | $ | 50.00 - 106.53 |
| WTI collar | October - December 2023 | 2,330 bbl/d | $ | 66.20 - 138.58 | $ | 50.00 - 104.67 |
| *Purchase contracts* | | | | *C$/GJ/bbl* | | *US$/GJ/bbl* |
| AECO fixed price swaps | July - December 2023 | 20,000 GJ/d | $ | 4.90 | $ | 3.70 |
| WTI/C5+ differential swap | October - December 2023 | 1,000 bbl/d | $ | (4.04) | $ | (3.05) |

(1) The implied C$ or US$ Average Price per bbl or GJ, as applicable, was calculated using the June 30, 2023 exchange rate of US$1.00 = C$1.3240.

Athabasca's commodity risk management contracts are held with three counterparties, all of which are large reputable financial institutions. The Company concluded that credit risk associated with commodity risk management contracts is low. Commodity risk management contracts have been classified as Level 2 on the fair value hierarchy.

In 2021, Athabasca entered into a seven-year marketing agreement for 15,000 bbl/d with an industry counterparty that will diversify the Company's sales to the US Gulf Coast through the Keystone pipeline system. The marketing agreement has a pricing derivative that provides exposure to WCS Gulf Coast pricing. As at June 30, 2023, the pricing derivative had an asset value of $0.3 million (December 31, 2022 - $0.8 million).

At June 30, 2023, a US$5 increase/decrease in the price of WTI has a nil impact on the WTI collar contracts. The following table summarizes the sensitivity to price changes for Athabasca's other commodity risk management contracts:

| | Change in AECO | |
|---|---|---|
| **As at June 30, 2023** | **Increase of C$1.00/GJ** | **Decrease of C$1.00/GJ** |
| Increase (decrease) to fair value of commodity risk management contracts | $ 4,739 | $ (4,739) |

Additional financial commodity risk management has taken place subsequent to June 30, 2023 as noted in the table below:

| Instrument | Period | Volume | C$ Average Price(1) | US$ Average Price(1) |
|---|---|---|---|---|
| *Sales contracts* | | | *C$/bbl* | *US$/bbl* |
| WTI collar | July - September 2023 | 13,000 bbl/d | $ 66.20 - 120.62 | $ 50.00 - 91.11 |
| WTI collar | October - December 2023 | 8,855 bbl/d | $ 66.20 - 130.27 | $ 50.00 - 98.39 |

(1) The implied C$ or US$ Average Price per bbl or GJ, as applicable, was calculated using the June 30, 2023 exchange rate of US$1.00 = C$1.3240.

## 7. INDEBTEDNESS

### Senior Secured Second Lien Notes

On October 22, 2021, Athabasca issued US$350.0 million of Senior Secured Second Lien Notes (the "2026 Notes"). The 2026 Notes, which were issued along with warrants (see Note 8), bear interest at 9.75% per annum, payable semi-annually, and have a term of 5 years maturing on November 1, 2026. As at June 30, 2023, the principal balance on the 2026 Notes was $214.3 million (US$161.8 million).

| As at | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Senior Secured Second Lien Notes ("2026 Notes")(1) | $ 214,267 | $ 237,231 |
| Discount on debt | (62,798) | (62,798) |
| Accretion of discount on debt | 30,108 | 31,700 |
| TOTAL TERM DEBT | $ 181,577 | $ 206,133 |
| Presented as: | | |
| Current term debt | $ — | $ 58,302 |
| Long term debt | $ 181,577 | $ 147,831 |

(1) As at June 30, 2023, the Notes were translated into Canadian dollars at the period end exchange rate of US$1.00 = C$1.3240 (As at December 31, 2022 - US$1.00 = C$1.3544).

The 2026 Notes are not subject to any maintenance or financial covenants and are secured by a second priority lien on substantially all of the assets of the Company. Subject to certain exceptions and qualifications, the 2026 Notes contain certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, and make certain restricted payments, dispositions and transfers of assets. In addition, the Company is subject to certain minimum hedging requirements that are consistent with the Company's risk management policy. As at June 30, 2023, the Company is in compliance with all covenants.

Athabasca may redeem all or part of the 2026 Notes at any time prior to November 1, 2024 at 100% of the principal amount plus an applicable premium, as set out in the 2026 Note indenture. On or after November 1, 2024, Athabasca may redeem all or part of the 2026 Notes at 104.875% from November 1, 2024 to November 1, 2025 and at 100% from November 1, 2025 to November 1, 2026. During the first quarter of 2023 the Excess Cash Flow ("ECF") feature was terminated within the indenture as the principal balance was below US$175 million.

As at June 30, 2023, the fair value of the 2026 Notes was $223.0 million (US$168.4 million) based on observable market quoted prices (Level 1).

### Senior Extendible Revolving Term Credit Facility

In the first quarter of 2023, Athabasca renewed its $110.0 million reserve-based credit facility (the "Credit Facility"). The Credit Facility is a committed facility available on a revolving basis until May 31, 2024, at which point in time it may be extended at the lender's option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and any amounts outstanding would be repayable at the end of the non-revolving term, being May 31, 2025. The Credit Facility is subject to a semi-annual borrowing base review, occurring in May and November of each year. The borrowing base is determined based on the lender's evaluation of the Company's petroleum and natural gas reserves and their commodity price outlook at the time of each renewal.

The Credit Facility is secured by a first priority security interest on all present and after acquired property of the Company and is senior in priority to the 2026 Notes. The Credit Facility contains certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, make certain restricted payments, and dispose of or transfer assets. As at June 30, 2023, the Company is in compliance with all covenants.

As at June 30, 2023, amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, secured overnight financing rate or bankers' acceptance rate, plus a margin of 2.00% to 3.00%. The Company incurs an issuance and fronting fee for letters of credit of 3.25% and a standby fee on the undrawn portion of the Credit Facility of 0.75%.

As at June, 2023, the Company had no amounts drawn and $27.1 million of letters of credit outstanding under the Credit Facility. As at December 31, 2022, the company had no amounts drawn and $34.4 million of letters of credit outstanding under the Credit Facility.

### Unsecured Letter of Credit Facility

Athabasca maintains a $60.0 million unsecured letter of credit facility (the "Unsecured Letter of Credit Facility") with a Canadian bank that is supported by a performance security guarantee from Export Development Canada (December 31, 2022 - $60 million). The facility is available on a demand basis and letters of credit issued under this facility incur an issuance and performance guarantee fee of 3.0%. As at June 30, 2023, the Company had $55.1 million of letters of credit outstanding under the Unsecured Letter of Credit Facility (December 31, 2022 - $47.8 million).

## 8. WARRANT LIABILITY

In conjunction with the issuance of the 2026 Notes, Athabasca issued 350,000 warrants at an exercise price of $0.9441 per share that expire on November 1, 2026. Each warrant is exercisable into 227 common shares.

The warrants are classified as a financial liability due to a cashless exercise provision. They are measured at fair value upon issuance and at each subsequent reporting period, and presented net of a deferred loss, with the changes in fair value and amortization of the deferred loss recorded in the consolidated statement of income (loss). The fair value of the warrants is determined using the Black-Scholes option valuation model. The warrants can be exercised at any time and are therefore presented as a current liability on the consolidated balance sheet. The following table reconciles the warrant liability:

| | Six months ended June 30, 2023 | | Year ended December 31, 2022 | |
|---|---|---|---|---|
| As at | Number of Warrants | Amount | Number of Warrants | Amount |
| Balance, beginning of period | 139,217 | $ 53,813 | 350,000 | $ 46,406 |
| Change in fair value | — | 7,338 | — | 68,930 |
| Amortization of deferred loss | — | 449 | — | 2,605 |
| Exercise of warrants | (39,218) | (13,774) | (210,783) | (64,128) |
| BALANCE, END OF PERIOD | 99,999 | $ 47,826 | 139,217 | $ 53,813 |

The fair value as at June 30, 2023 of each common share issuable under the warrant agreement was estimated at $2.14 using a risk-free interest rate of 4.1%, an expected life of 3.3 years, expected volatility of 60.1% and a stock price of $2.87 per share. The fair value as at December 31, 2022 of each common share issuable under the warrant agreement was estimated at $1.74 using a risk-free interest rate of 3.6%, an expected life of 3.8 years, expected volatility of 61.9% and a stock price of $2.41 per share. The change in fair value as at June 30, 2023 of $7.3 million (December 31, 2022 - $68.9 million) was expensed within gain (loss) on revaluation of provisions and other in the Consolidated Statements of Income (Loss). In the second quarter of 2023, 39,218 cashless warrants were exercised, resulting in 6,236,653 common shares being issued. In 2022, 170,001 cash warrants were exercised for $36.4 million in cash proceeds, resulting in 38,590,227 common shares being issued and 40,782 cashless warrants were exercised, resulting in 5,612,075 common shares being issued. The total value of common shares issued in 2023 from warrant exercises was $13.8 million (December 31, 2022 - $100.6 million).

## 9. PROVISIONS AND OTHER LIABILITIES

| As at | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| Decommissioning obligations | $ | 96,819 | $ | 93,132 |
| TOTAL PROVISIONS | | 96,819 | | 93,132 |
| Lease liability | | 6,741 | | 7,693 |
| Cash settled stock-based compensation liability (Note 11) | | 22,575 | | 24,567 |
| TOTAL PROVISIONS AND OTHER LIABILITIES | $ | 126,135 | $ | 125,392 |
| Presented as: | | | | |
| Current portion of provisions and other liabilities | $ | 24,314 | $ | 27,835 |
| Provisions and other liabilities | $ | 101,821 | $ | 97,557 |

### Decommissioning obligations

The total future costs to reclaim the Company's oil and gas assets are estimated by management based on Athabasca's ownership interest in wells and facilities, estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods.

The following table reconciles the change in decommissioning obligations:

| As at | | June 30, 2023 | | December 31, 2022 |
|---|---|---|---|---|
| DECOMMISSIONING OBLIGATIONS, BEGINNING OF PERIOD | $ | 93,132 | $ | 111,419 |
| Liabilities incurred | | 616 | | 976 |
| Liabilities settled | | (794) | | (1,356) |
| Liabilities settled - funded by Site Rehabilitation Program | | — | | (1,742) |
| Change in discount rate | | — | | 15,755 |
| Change in estimates | | — | | (42,439) |
| Accretion expense | | 3,865 | | 10,519 |
| DECOMMISSIONING OBLIGATIONS, END OF PERIOD | $ | 96,819 | $ | 93,132 |

At June 30, 2023, the Company has calculated the net present value of its decommissioning obligations using an inflation rate of 2.0% (December 31, 2022 - 2.0%) and a credit-adjusted discount rate of 8.5% per annum (December 31, 2022 - 8.5%). The payments to settle these obligations are expected to occur during a period of up to 50 years due to the long-term nature of the Company’s oil and gas assets. The undiscounted amount of estimated inflated future cash flows required to settle the obligations is $414.7 million (December 31, 2022 - $409.7 million). A 1.0% change in the credit-adjusted discount rate would impact the discounted value of the decommissioning obligations by approximately $12 million with a corresponding adjustment to PP&E, E&E or net income (loss) if the adjustment is related to fully impaired assets. As at June 30, 2023, $1.7 million was included within the current portion of provisions (December 31, 2022 - $1.7 million).

## 10. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares. There are no first or second preferred shares outstanding at the reporting date and none of the Company's share capital has a par value. The following table summarizes changes to the Company's common share capital:

| As at | Six months ended June 30, 2023 Number of Shares | | Amount | Year ended December 31, 2022 Number of Shares | | Amount |
|---|---|---|---|---|---|---|
| Balance, beginning of period | 586,489,001 | $ | 2,352,894 | 530,844,591 | $ | 2,242,047 |
| Exercise of warrants (Note 8) | 6,236,653 | | 13,774 | 44,202,302 | | 100,561 |
| Exercise of stock options, RSUs and PSUs (Note 11) | 8,611,020 | | 8,682 | 11,442,108 | | 10,286 |
| Repurchased shares for cancellation | (15,613,300) | | (46,922) | — | | — |
| BALANCE, END OF PERIOD | 585,723,374 | $ | 2,328,428 | 586,489,001 | $ | 2,352,894 |

Subsequent to June 30, 2023, the Company repurchased for cancellation 4.3 million common shares under its Normal Course Issuer Bid ("NCIB") program, for total consideration of $14.0 million.

## 11. STOCK-BASED COMPENSATION

In May 2021, Athabasca adopted an omnibus incentive plan (the "Omnibus Incentive Plan"). The Omnibus Incentive Plan is a long-term incentive plan that permits the grant of options, RSUs and PSUs and other security based rewards to eligible individuals. In respect of future rewards, the Omnibus Incentive Plan replaces the Performance Plan, the 2015 RSU Plan and the Option Plan (collectively the "Prior Plans"). The Company also has PUPs and DSUs stock-based compensation plans. The following table summarizes the Company's outstanding stock-based compensation units:

| As at | June 30, 2023 | December 31, 2022 |
|---|---|---|
| Stock options | 5,635,000 | 7,159,800 |
| RSUs | 9,066,568 | 14,181,514 |
| PSUs | — | 6,483,300 |
| Equity based | 14,701,568 | 27,824,614 |
| PSUs | 2,575,700 | — |
| PUPs | 1,496,325 | 5,522,391 |
| DSUs | 6,201,264 | 5,911,434 |
| Cash based | 10,273,289 | 11,433,825 |
| TOTAL OUTSTANDING STOCK-BASED COMPENSATION UNITS | 24,974,857 | 39,258,439 |

The stock options, RSUs and PSUs are rolling plans and the number of common shares that may be issued on exercise under the plans is limited to an aggregate of 10% of the common shares outstanding. The stock options and RSUs plans have been accounted for as equity-settled stock-based compensation plans. In the first quarter of 2023, the Company elected for the 2020 PSUs vesting April 1, 2023 to be settled in cash to reduce share dilution in advance of its proposed share buyback program which commenced in the second quarter of 2023. The PSUs plan was historically accounted for as an equity-settled stock-based compensation plan and has now been accounted for with the PUPs and DSUs as cash-settled stock-based compensation plans and are recognized as liabilities on the Consolidated Balance Sheet. The March 31, 2023 PSUs election resulted in the recognition of a $26.3 million liability on the Consolidated Balance Sheet and a $24.2 million cash based stock-based compensation expense on the Consolidated Statements of Income (Loss).

The following table summarizes the Company's stock-based compensation expense (recovery):

| | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| Stock-based compensation expense (recovery) - equity based | $ 1,903 | $ 2,104 | $ 2,870 | $ 3,589 |
| Capitalized to PP&E and E&E assets | (478) | (497) | (1,161) | (863) |
| Net stock-based compensation expense (recovery) - equity based | 1,425 | 1,607 | 1,709 | 2,726 |
| Stock-based compensation expense (recovery) - cash based | (1,241) | 7,543 | 34,550 | 21,543 |
| Capitalized to PP&E and E&E assets | — | (754) | (1,028) | (2,508) |
| Net stock-based compensation expense (recovery) - cash based | (1,241) | 6,789 | 33,522 | 19,035 |
| NET STOCK-BASED COMPENSATION EXPENSE (RECOVERY) | $ 184 | $ 8,396 | $ 35,231 | $ 21,761 |

The following table reconciles the Company's cash settled stock-based compensation liability:

| As at | June 30, 2023 | December 31, 2022 |
|---|---|---|
| CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, BEGINNING OF PERIOD | $ 24,567 | $ 16,327 |
| Stock-based compensation expense (recovery) - cash based | 34,550 | 23,960 |
| Liabilities settled | (36,542) | (15,720) |
| CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, END OF PERIOD | $ 22,575 | $ 24,567 |

## 12. PER SHARE AMOUNTS

Dilutive securities will have a dilutive effect on the weighted average shares outstanding when the average market price of the common shares during the period exceeds the sum of the exercise price of the securities and the unamortized stock-based compensation expense. The following table calculates the basic and diluted net income (loss) per share:

| | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| Net income (loss) and comprehensive income (loss) | $ 57,121 | $ 47,121 | $ 486 | $ (72,480) |
| Dilutive effect of warrants and PSUs | (16,366) | — | — | — |
| DILUTED NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) | $ 40,755 | $ 47,121 | $ 486 | $ (72,480) |
| | | | | |
| WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC | 592,223,832 | 568,728,441 | 589,442,937 | 550,013,742 |
| Dilutive effect of stock options, RSUs, PSUs and warrants | 24,565,269 | 17,205,586 | 11,027,280 | — |
| WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED | 616,789,101 | 585,934,027 | 600,470,217 | 550,013,742 |
| | | | | |
| BASIC NET INCOME (LOSS) PER SHARE | $ 0.10 | $ 0.08 | $ 0.00 | $ (0.13) |
| DILUTED NET INCOME (LOSS) PER SHARE | $ 0.07 | $ 0.08 | $ 0.00 | $ (0.13) |

For the three and six months ended June 30, 2023, securities of 905,500 and 27,404,173, respectively, were excluded from the diluted net income (loss) per share calculation as their effect is anti-dilutive (three and six months ended June 30, 2022 – 38,979,800 and 68,830,247).

## 13. SEGMENTED INFORMATION

### Segmented operating results

| Three months ended June 30, | Thermal Oil 2023 | Thermal Oil 2022 | Light Oil 2023 | Light Oil 2022 | Eliminations[1] 2023 | Eliminations[1] 2022 | Consolidated 2023 | Consolidated 2022 |
|---|---|---|---|---|---|---|---|---|
| SEGMENT REVENUES | | | | | | | | |
| Petroleum, natural gas & midstream sales | $ 265,304 | $ 399,793 | $ 24,006 | $ 53,825 | $ (6,696) | $ (17,940) | $ 282,614 | $ 435,678 |
| Royalties | (10,944) | (55,911) | (1,337) | (5,610) | — | — | (12,281) | (61,521) |
| | 254,360 | 343,882 | 22,669 | 48,215 | (6,696) | (17,940) | 270,333 | 374,157 |
| SEGMENT EXPENSES & OTHER | | | | | | | | |
| Cost of diluent | 114,430 | 141,685 | — | — | (6,696) | (17,940) | 107,734 | 123,745 |
| Operating expenses | 39,605 | 51,442 | 7,095 | 7,743 | — | — | 46,700 | 59,185 |
| Transportation and marketing | 19,262 | 20,246 | 2,077 | 2,284 | — | — | 21,339 | 22,530 |
| Depletion and depreciation | 18,929 | 18,102 | 9,170 | 10,420 | — | — | 28,099 | 28,522 |
| Exploration expenses | 81 | 282 | — | — | — | — | 81 | 282 |
| (Gain) loss on sale of assets | — | 14 | — | — | — | — | — | 14 |
| | 192,307 | 231,771 | 18,342 | 20,447 | (6,696) | (17,940) | 203,953 | 234,278 |
| Gain (loss) on commodity risk management contracts, net | | | | | | | (413) | (34,037) |
| Segment income (loss) | $ 62,053 | $ 112,111 | $ 4,327 | $ 27,768 | $ — | $ — | 65,967 | 105,842 |
| CORPORATE | | | | | | | | |
| Interest income | | | | | | | 1,605 | 402 |
| Financing and interest | | | | | | | (10,516) | (21,601) |
| General and administrative | | | | | | | (4,670) | (4,941) |
| Stock-based compensation | | | | | | | (184) | (8,396) |
| Depreciation | | | | | | | (367) | (733) |
| Foreign exchange gain (loss), net | | | | | | | 1,202 | (3,254) |
| Gain (loss) on revaluation of provisions and other | | | | | | | 16,476 | (20,198) |
| Deferred income tax recovery (expense) | | | | | | | (12,392) | — |
| NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) | | | | | | | $ 57,121 | $ 47,121 |

(1) Eliminations include adjustments for NGL's (i.e. condensate) produced by the Light Oil segment used for internal consumption (i.e. diluent) by the Thermal Oil segment. Sales between segments are made at prices that approximate market prices.

| Six months ended June 30, | Thermal Oil 2023 | 2022 | Light Oil 2023 | 2022 | Eliminations[1] 2023 | 2022 | Consolidated 2023 | 2022 |
|---|---|---|---|---|---|---|---|---|
| SEGMENT REVENUES | | | | | | | | |
| Petroleum, natural gas & midstream sales | $ 534,406 | $ 760,074 | $ 53,895 | $ 98,933 | $ (14,946) | $ (33,905) | $ 573,355 | $ 825,102 |
| Royalties | (17,557) | (88,407) | (6,893) | (11,479) | — | — | (24,450) | (99,886) |
| | 516,849 | 671,667 | 47,002 | 87,454 | (14,946) | (33,905) | 548,905 | 725,216 |
| SEGMENT EXPENSES & OTHER | | | | | | | | |
| Cost of diluent | 263,363 | 281,596 | — | — | (14,946) | (33,905) | 248,417 | 247,691 |
| Operating expenses | 87,374 | 96,938 | 14,024 | 14,722 | — | — | 101,398 | 111,660 |
| Transportation and marketing | 44,109 | 42,344 | 4,443 | 4,741 | — | — | 48,552 | 47,085 |
| Depletion and depreciation | 37,387 | 35,601 | 19,206 | 21,175 | — | — | 56,593 | 56,776 |
| Exploration expenses | 393 | 484 | — | — | — | — | 393 | 484 |
| (Gain) loss on sale of assets | — | (389) | — | — | — | — | — | (389) |
| | 432,626 | 456,574 | 37,673 | 40,638 | (14,946) | (33,905) | 455,353 | 463,307 |
| Gain (loss) on commodity risk management contracts, net | | | | | | | (27,433) | (165,551) |
| Segment income (loss) | $ 84,223 | $ 215,093 | $ 9,329 | $ 46,816 | $ — | $ — | 66,119 | 96,358 |
| CORPORATE | | | | | | | | |
| Interest income | | | | | | | 4,875 | 538 |
| Financing and interest | | | | | | | (16,798) | (56,328) |
| General and administrative | | | | | | | (10,417) | (9,362) |
| Stock-based compensation | | | | | | | (35,231) | (21,761) |
| Depreciation | | | | | | | (1,098) | (1,466) |
| Foreign exchange gain (loss), net | | | | | | | 2,664 | (1,384) |
| Gain (loss) on revaluation of provisions and other | | | | | | | (7,338) | (79,075) |
| Deferred income tax recovery (expense) | | | | | | | (2,290) | — |
| NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) | | | | | | | $ 486 | $ (72,480) |

(1) Eliminations include adjustments for NGL's (i.e. condensate) produced by the Light Oil segment used for internal consumption (i.e. diluent) by the Thermal Oil segment. Sales between segments are made at prices that approximate market prices.

Seasonality can have an impact on Operating Income (Loss) generated by the Thermal Oil business. In the first and fourth quarters of a given year, dilution costs will generally increase as more diluent is required to meet pipeline specifications.

## Segmented capital expenditures

| | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| THERMAL OIL | | | | |
| Property, plant and equipment | $ 29,773 | $ 43,053 | $ 52,412 | $ 64,139 |
| Exploration and evaluation | 139 | 40 | 336 | 136 |
| | 29,912 | 43,093 | 52,748 | 64,275 |
| LIGHT OIL | | | | |
| Property, plant and equipment | 10,753 | 1,221 | 12,629 | 9,208 |
| CORPORATE | | | | |
| Corporate assets[1] | 767 | 6,877 | 2,417 | 8,637 |
| TOTAL CAPITAL EXPENDITURES[1][2][3] | $ 41,432 | $ 51,191 | $ 67,794 | $ 82,120 |

(1) For the three and six months ended June 30, 2023, expenditures include cash capitalized stock-based compensation costs of $nil and $1.0 million (three and six months ended June 30, 2022 - $0.8 million and $2.5 million).
(2) For the three and six months ended June 30, 2023, expenditures include cash capitalized staff costs of $1.9 million and $3.8 million (three and six months ended June 30, 2022 - $2.2 million and $3.7 million).
(3) Excludes non-cash capitalized costs related to stock-based compensation, decommissioning obligation assets and leased asset modifications.

### Segmented assets

| Net book value (As at) | June 30, 2023 | December 31, 2022 |
|---|---|---|
| THERMAL OIL | | |
| Prepaid expense (Note 3) | $ 39,022 | $ 40,137 |
| Inventory (Note 4) | 45,054 | 56,900 |
| Property, plant and equipment | 845,147 | 827,934 |
| Exploration and evaluation | 1,641 | 1,161 |
| | 930,864 | 926,132 |
| LIGHT OIL | | |
| Property, plant and equipment | 547,230 | 553,336 |
| CORPORATE | | |
| Current assets[1] | 244,326 | 297,400 |
| Long-term deposit (Note 17) | — | 12,577 |
| Deferred income tax (Note 17) | 410,998 | 413,288 |
| Property, plant and equipment | 28,673 | 27,621 |
| | 683,997 | 750,886 |
| TOTAL ASSETS | $ 2,162,091 | $ 2,230,354 |

(1) Current assets under Corporate exclude inventory and the current portion of the Hangingstone transportation prepayment which have been included under the Thermal Oil segment.

## 14. REVENUE

The following table summarizes Athabasca's revenue by product:

| | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|
| Heavy oil (blended bitumen) | $ 262,629 | $ 397,201 | $ 528,223 | $ 755,135 |
| Oil and condensate | 18,105 | 36,763 | 39,501 | 68,820 |
| Natural gas | 3,347 | 11,775 | 8,154 | 20,026 |
| Other natural gas liquids | 2,554 | 5,287 | 6,240 | 10,087 |
| Eliminations - inter-segment sales | (6,696) | (17,940) | (14,946) | (33,905) |
| Petroleum and natural gas sales | 279,939 | 433,086 | 567,172 | 820,163 |
| Midstream sales | 2,675 | 2,592 | 6,183 | 4,939 |
| TOTAL REVENUE | $ 282,614 | $ 435,678 | $ 573,355 | $ 825,102 |

## 15. FINANCING AND INTEREST

| | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|
| Financing and interest expense on indebtedness (Note 7) | $ 6,241 | $ 17,063 | $ 13,751 | $ 30,013 |
| Accretion of 2026 Notes (Note 7) | 1,810 | (330) | (1,592) | 18,307 |
| Accretion of warrants (Note 8) | 371 | 2,047 | 449 | 2,245 |
| Accretion of provisions (Note 9) | 1,946 | 2,584 | 3,865 | 5,269 |
| Interest expense on lease liability (Note 9) | 148 | 237 | 325 | 494 |
| TOTAL FINANCING AND INTEREST | $ 10,516 | $ 21,601 | $ 16,798 | $ 56,328 |

## 16. GAIN (LOSS) ON REVALUATION OF PROVISIONS AND OTHER

| | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| Change in fair value of warrant liability (Note 8) | $ 16,476 | $ (17,424) | $ (7,338) | $ (76,369) |
| Change in estimated decommissioning obligations related to fully impaired E&E assets | — | (3,073) | — | (3,073) |
| Other | — | 299 | — | 367 |
| TOTAL GAIN (LOSS) ON REVALUATION OF PROVISIONS AND OTHER | $ 16,476 | $ (20,198) | $ (7,338) | $ (79,075) |

## 17. INCOME TAXES

The following table reconciles the expected income tax (recovery) expense calculated at the Canadian statutory rate of 23.0% (2022 – 23.0%) to the actual income tax (recovery) expense:

| | Three months ended June 30, 2023 | 2022 | Six months ended June 30, 2023 | 2022 |
|---|---|---|---|---|
| INCOME (LOSS) BEFORE INCOME TAXES | $ 69,513 | $ 47,121 | $ 2,776 | $ (72,480) |
| Effective Canadian statutory income tax rate | 23% | 23% | 23% | 23% |
| Expected income tax (recovery) expense | 15,988 | 10,838 | 638 | (16,670) |
| ADJUSTMENTS RELATED TO THE FOLLOWING: | | | | |
| Non-taxable portion on foreign exchange (gains) losses, net | (544) | 1,386 | (536) | 713 |
| Stock-based compensation | 235 | 3,537 | (76) | 2,984 |
| Warrants | (3,704) | 4,478 | 1,791 | 18,081 |
| Other | 417 | 3 | 473 | (18) |
| Unrecognized deferred income tax asset | — | (20,242) | — | (5,090) |
| DEFERRED INCOME TAX (RECOVERY) EXPENSE | $ 12,392 | $ — | $ 2,290 | $ — |

From time to time, Athabasca undergoes income tax audits in the normal course of business. In 2018, the Company received a notice of reassessment from the Canada Revenue Agency ("CRA") and Alberta Finance with regards to its 2012 taxation year resulting in a $12.6 million deposit posted with the CRA. In the second quarter of 2023, Athabasca successfully appealed the reassessment and the $12.6 million was fully refunded.

As at June 30, 2023, the Company has approximately $3.1 billion in tax pools, including approximately $2.4 billion in non-capital losses and exploration tax pools available for immediate deduction against future income.

## 18. FINANCIAL INSTRUMENTS RISK

As at June 30, 2023, the Company's consolidated financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, deposits, risk management contracts, accounts payable, warrant liability and term debt. The risk management contracts have been classified as Level 2 on the fair value hierarchy and the warrant liability has been classified as Level 3 on the fair value hierarchy.

### Credit risk

Credit risk is the risk of financial loss to Athabasca if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Athabasca's cash balances and accounts receivables from petroleum and natural gas marketers, joint interest partners and risk management contract counterparties.

Athabasca's cash and cash equivalents are held with two counterparties, which are large reputable financial institutions, and management concluded that credit risk associated with the investments is low. Management concluded that collection risk of the outstanding accounts receivables is low given the high credit quality of the Company's material counterparties. No material receivables were past due as at June 30, 2023. Athabasca's risk management contracts are held with three counterparties, all of which are large reputable financial institutions, and management concluded that credit risk associated with these risk management contracts is low.

## Liquidity risk

The Company’s objective in managing liquidity risk is to maintain sufficient available reserves to meet its liquidity requirements at any point in time. The Company expects to achieve this objective through prudent capital spending, an active commodity risk management program (Note 6) and by maintaining sufficient liquidity to manage periods of volatility within its cash, cash equivalents and available credit facilities.

For the balance of 2023, it is anticipated that Athabasca’s Light Oil and Thermal Oil capital and operating activities will be funded through cash flow from operating activities and existing cash and cash equivalents. Beyond 2023, depending on the Company's level of capital spend and the commodity price environment, the Company may require additional funding which could include debt, equity, joint ventures, asset sales or other external financing. The availability of any additional future funding will depend on, among other things, the current commodity price environment, operating performance, the Company's credit rating and its ability to access the equity and debt capital markets.

As at June 30, 2023 all material financial liabilities are current except for the 2026 Notes. In addition, the Company has provisions and other liabilities as disclosed in Note 9. The Company’s future unrecognized commitments are disclosed in Note 19.

## Foreign exchange risk

Athabasca is exposed to foreign currency risk on the principal and interest components of its US dollar denominated 2026 Notes (Note 7) and US dollar denominated cash, cash equivalents, receivables and payables. As at June 30, 2023, Athabasca’s net foreign exchange risk exposure was a US$41.3 million liability (December 31, 2022 - US$19.1 million liability), and a 5.0% change in the foreign exchange rate (USD:CAD) would result in a $2.7 million change in the foreign exchange gain/loss (December 31, 2022 - $1.3 million).

The following table provides a breakdown of the foreign exchange gain (loss):

| | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|
| Unrealized foreign exchange gain (loss) | $ 1,766 | $ (1,422) | $ 4,422 | $ 1,733 |
| Realized foreign exchange gain (loss) | (564) | (1,832) | (1,758) | (3,117) |
| FOREIGN EXCHANGE GAIN (LOSS), NET | $ 1,202 | $ (3,254) | $ 2,664 | $ (1,384) |

The unrealized foreign exchange gain (loss) primarily relates to the principal and interest components of the Company’s US dollar denominated term debt.

The Company is also exposed to foreign currency risk on oil sales based on US dollar benchmark prices.

## Commodity price risk

Athabasca is exposed to commodity price risk on its petroleum and natural gas sales due to fluctuations in market commodity prices. Athabasca manages this exposure through an active commodity risk management program as well as managing capital programs and production levels to maximize the value of recoverable resources. Refer to Note 6 for further details.

## Interest rate risk

The Company’s exposure to interest rate fluctuations on interest earned on its floating rate cash and cash equivalents balance at June 30, 2023 of $132.5 million (December 31, 2022 - $197.5 million), from a 1.0% change in interest rates, would have an annualized impact of approximately $1.3 million (year ended December 31, 2022 - $2.0 million). The 2026 Notes and letters of credit issued are subject to fixed interest rates and are not exposed to changes in interest rates.

## 19. COMMITMENTS AND CONTINGENCIES

The following table summarizes Athabasca's estimated future unrecognized minimum commitments as at June 30, 2023 for the following five years and thereafter:

| | Remaining 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Transportation and processing[1] | $ 58,282 | $ 112,940 | $ 109,053 | $ 108,486 | $ 104,975 | $ 1,051,466 | $ 1,545,202 |
| Interest expense on term debt (Note 11)[1] | 10,446 | 20,891 | 20,891 | 17,409 | — | — | 69,637 |
| Purchase commitments and other[1] | 9,447 | 3,679 | — | — | — | — | 13,126 |
| TOTAL COMMITMENTS | $ 78,175 | $ 137,510 | $ 129,944 | $ 125,895 | $ 104,975 | $ 1,051,466 | $ 1,627,965 |

(1) Commitments which are denominated in US dollars were converted into Canadian dollars at the June 30, 2023 exchange rate of US$1.00 = C$1.3240.

The Company is, from time to time, involved in claims arising in the normal course of business. The Company is currently undergoing income tax and partner related audits in the normal course of business. The final outcome of such audits cannot be predicted with certainty, however, management concluded that it has appropriately assessed any impact to the consolidated financial statements.

## 20. SUPPLEMENTAL CASH FLOW INFORMATION

### Net change in non-cash working capital and other liabilities

The following table reconciles the net changes in non-cash working capital and other liabilities from the consolidated balance sheet to the consolidated statement of cash flows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Change in accounts receivable | $ 3,527 | $ (24,027) | $ (10,682) | $ (93,946) |
| Change in prepaid expenses and deposits | 8,769 | (3,428) | (1,816) | (134) |
| Change in inventory | (2,614) | (6,196) | 11,846 | (18,380) |
| Change in accounts payable and accrued liabilities | (4,018) | 26,809 | (11,116) | 84,603 |
| | 5,664 | (6,842) | (11,768) | (27,857) |
| Other items impacting changes in non-cash working capital: | | | | |
| Change in cash stock-based compensation liability (Note 11) | (37,783) | (5,543) | (1,992) | 8,457 |
| Unrealized foreign exchange gain (loss) related to working capital | 666 | 1,862 | 1,722 | 1,187 |
| | $ (31,453) | $ (10,523) | $ (12,038) | $ (18,213) |
| RELATED TO: | | | | |
| Operating activities | $ (34,630) | $ (16,353) | $ (16,600) | $ (30,706) |
| Financing activities | — | (1,153) | — | — |
| Investing activities | 3,177 | 6,983 | 4,562 | 12,493 |
| NET CHANGE IN NON-CASH WORKING CAPITAL | $ (31,453) | $ (10,523) | $ (12,038) | $ (18,213) |
| | | | | |
| Cash interest paid | $ 601 | $ 1,222 | $ 14,772 | $ 14,377 |
| Cash interest received | $ 2,804 | $ 342 | $ 4,865 | $ 442 |

# CORPORATE INFORMATION

### MANAGEMENT

Robert Broen
President & Chief Executive Officer

Matthew Taylor
Chief Financial Officer

Cam Danyluk
General Counsel & Vice President, Business Development

Karla Ingoldsby
Vice President, Thermal Oil

Mike Wojcichowsky
Vice President, Light Oil

### DIRECTORS

Ronald Eckhardt(1)(2)
Chair

Angela Avery

Bryan Begley(1)(3)

Robert Broen

John Festival(2)(3)

Marty Proctor(2)

Marnie Smith

Member of:

(1) Audit Committee
(2) Reserves and Health, Safety & Environment Committee
(3) Compensation and Governance Committee

### CORPORATE OFFICE

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### WEBSITE

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Detailed biographies of Athabasca's Board of Directors and Management are available on the Company's website.

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### BANK

ATB Financial

### AUDITORS

Ernst & Young LLP

### INDEPENDENT EVALUATORS

McDaniel & Associates Consultants Ltd.

### STOCK SYMBOL

ATH
Toronto Stock Exchange