



FOR IMMEDIATE RELEASE
August 29, 2014 (immediate)

Athabasca Oil Corporation Announces Closing of the Dover Transaction

CALGARY – Athabasca Oil Corporation (TSX: ATH) (“Athabasca” or “the Company”) announces that it has closed the sale of its 40% interest in the Dover oil sands project to Phoenix Energy Holdings Limited (“Phoenix”), a wholly owned subsidiary of PetroChina International Investment Limited, for net proceeds of \$1,184 million.

At closing, Athabasca received a cash payment of \$600 million, in addition to three interest bearing promissory notes (the “Promissory Notes”) issued by Phoenix for the remaining \$584 million. The Promissory Notes are unconditional and secured by irrevocable, standby letters of credit issued by HSBC Bank Canada and mature as follows:

- on March 2, 2015 a cash payment of \$300 million;
- on August 28, 2015 a cash payment of \$150 million; and
- on August 29, 2016 a final cash payment of \$134 million.

“Closing of the Dover transaction is an important milestone for Athabasca and marks the beginning of a new chapter for our Company,” says Sveinung Svarte, President and CEO. “We can now finalise our business strategy which will be focused on profitable production and reserve growth, cash flow growth, cost discipline and balance sheet flexibility. We intend to provide a full strategic update in early September including revised guidance and capital plans. The Company now has ample liquidity to continue development of its Duvernay and Hangingstone core assets and the timing of the cash payments under the promissory notes is aligned with our capital spending plans over the next couple of years.”

About Athabasca Oil Corporation

Athabasca Oil Corporation is a Canadian energy company with a diverse portfolio of thermal and light oil assets. Situated in Alberta’s Western Canadian Sedimentary Basin, the Company has amassed a significant land base of extensive, high quality resources. Athabasca’s common shares trade on the TSX under the symbol “ATH”. For more information, visit www.atha.com.

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Reader Advisory:

This News Release contains forward-looking information that involves various risks, uncertainties and other factors. All information other than statements of historical fact is forward-looking information. The use of words such as "will", "plan", "intend" and "continue" and similar expressions are intended to identify forward-looking information. The forward-looking information is not historical fact, but rather is based on the Company's current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company's industry, business and future financial results. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that these expectations will prove to be correct and such forward-looking information included in this News Release should not be unduly relied upon. This information speaks only as of the date of this News Release. In particular, this News Release may contain forward-looking information pertaining to the following: the receipt of proceeds from the Promissory Notes; the Company's expected need for and allocation of capital; the Company's liquidity position; and the Company's plans for and development activities with respect to the Hangingstone and Duvernay assets.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: the receipt of the payment under the Promissory Notes in a timely manner; the Company's capital spending plans over the next several years; future sources of funding for the Company's capital programs; the Company's future debt levels; the Company's ability to obtain financing and/or enter into joint venture arrangements, on acceptable terms; and the impact that the timing of the Company's receipt of payments made by Phoenix under the Promissory Notes will have on the Company, including on the Company's financial condition, capital programs and results of operations.

Actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth in the Company's most recent Annual Information Form ("AIF") dated March 18 2014, available on SEDAR at www.sedar.com, including, but not limited to: the substantial capital requirements of Athabasca's projects and the ability to obtain financing for Athabasca's capital requirements; the potential for adverse consequences in the event that the Company is unable to collect any or all of the amounts owing to it under the Promissory Notes; general economic, market and business conditions in Canada, the United States and globally; including risks affecting the ability of HSBC Bank Canada to honour obligations under the irrevocable letters of credit issued by it to secure the Promissory Notes; the potential for management estimates and assumptions to be inaccurate; competition for, among other things, capital; failure to satisfy certain conditions in connection with the Company's debt and credit facilities; and risks pertaining to the Company's debt and credit facilities.

The forward-looking statements included in this News Release are expressly qualified by this cautionary statement. Athabasca does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.