ATHABASCA
OIL CORPORATION

FOR IMMEDIATE RELEASE
January 31, 2017

Athabasca Oil Corporation Closes Transformational Acquisition of High Quality Thermal Oil Assets from Statoil ASA

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is pleased to announce the closing of the Thermal Oil asset acquisition from Statoil Canada Ltd. ("Statoil") establishing the Company as an intermediate oil weighted growth company with a low decline production base. The acquisition complements Athabasca's strategy and positions the Company for strong growth and financial sustainability:

- **Light Oil: Defined and Material Growth** – A scalable operated Montney position and funded Duvernay development through the joint venture with Murphy Oil Company Ltd.
- **Thermal Oil: Leverage to Oil Prices –** A large low decline asset base accelerates free cash flow generation with future low risk expansion options.
- **Financial Sustainability –** Maturing cash flow profile with strong sustainability metrics. A diverse asset base provides flexibility in future capital allocation decisions.

The acquired assets include the producing Leismer lease, delineated Corner lease and strategic regional infrastructure. Consideration consisted of $431 million cash (after closing adjustments), 100 million common shares and at prices above US$65/bbl WTI annual contingent value payments ending in 2020. The effective date of the acquisition is January 1, 2017.

Leismer immediately drives a larger cash flow base and accelerates the Company's transition to sustainable free cash flow generation which is expected in 2018 at strip prices. The asset averaged approximately 23,500 bbl/d in Q4 2016 (field estimate) and the Company intends to maintain a stable production base for the foreseeable future. Over the next five years, the Company estimates that Leismer will generate free cash flow in excess of $575 million and $375 million under US$60/bbl WTI and strip commodity forecasts (Dec. 30, 2016). The assets are resilient to lower oil prices with a current operating break-even of approximately US$44/bbl WTI.

The acquisition enhances Athabasca's financial position and the Company is actively advancing plans to optimize its capital structure. This will include the establishment of a new reserve based credit facility and the term out of the Company's existing second lien notes with a new term debt instrument for which it has already secured a $125 million anchor commitment. These initiatives are expected to be completed in Q1 2017.

Throughout 2016, Athabasca executed a number of strategic transactions aimed at securing a funding model for its core plays and monetizing long dated resources. These transactions have helped Athabasca transform into a unique intermediate oil company with meaningful exposure to several of the largest resource plays in Western Canada.

About Athabasca Oil Corporation

Athabasca Oil Corporation is a Canadian energy company with a focused strategy on the development 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 any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “believe”, “contemplate”, “target”, “potential” 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 benefits expected to be realized by the Company from its acquisition of Canadian Thermal Oil Assets from Statoil Canada Ltd. and its wholly owned affiliate, KKD Oil Sands Parnteship (the “Statoil Transaction”); the expected contingent value payments over a four year term ending in 2020 pursuant to the Statoil Transaction; the impact on the Company’s financial position and balance sheet strength and the benefits expected to be realized from the Statoil Transaction and future performance and characteristics of the assets including their high quality, resilience to lower commodity prices and the Company’s expectation that the assets provide future low risk expansion options; the Company’s expectation that the Statoil Transaction will significantly bolster its credit quality and cash flow profile; the Company’s expectation that the low decline production base in the Leismer, Hangingstone and Corner lands will support the thermal sustaining capital requirements and meaningful economic growth in the Montney and Duvernay resource plays; the Company’s expectation that the Statoil Transaction will accelerate its free cash flow generation; the Company’s expectation that a diverse asset base will provide flexibility in future capital allocation decisions; the availability of key strategic infrastructure and regulatory approvals for leases; scope and timing of drilling, completion and commissioning operations in the Company’s Light Oil division and the costs of such drilling and completion operations; the 2017 joint venture plans with Murphy Oil Company Ltd (“Murphy”); and the Company’s financing including establishing a reserve based loan credit facility and a new term debt instrument; and the securing of a $125 million anchor commitment for such term debt financing.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: that Athabasca and its security holders will obtain the anticipated benefits of the Statoil Transaction; commodity prices for petroleum and natural gas; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business and the effects that such regulatory framework will have on the Company, including on the Company’s financial condition and results of operations; the Company’s ability to optimize its capital structure by establishing the reserve based loan credit facility and the new term debt instrument; the Company’s financial and operational flexibility; the Company’s financial sustainability, the Company’s ability to accelerate development when prices recover; Athabasca’s cash-flow break-even commodity price; geological and engineering estimates in respect of Athabasca’s reserves and resources; the applicability of technologies for the recovery and production of the Company’s reserves and resources; the Company’s ability to demonstrate the quality of its asset base and to build large-scale projects; future capital expenditures to be made by the Company; future sources of funding for the Company’s capital programs; the Company’s future debt levels; the Company’s ability to obtain equipment in a timely and cost-efficient manner; the geography of the areas in which the Company is conducting exploration and development activities; and the Company’s ability to obtain equipment in a timely and cost-efficient manner.

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 Annual Information Form (“AIF”) dated March 10, 2016 that is available on SEDAR at www.sedar.com, including, but not limited to: fluctuations in market prices for crude oil, natural gas and bitumen blend; political and general economic, market and business conditions in Alberta, Canada, the United States and globally; changes to royalty regimes, environmental risks and hazards; alternatives to and changing demand for petroleum products; the potential for management estimates and assumptions to be inaccurate; dependence on Murphy as the Company’s joint venture participant in the Company’s Duvernay and Montney assets; the dependence on Murphy as the operator of the Company’s Duvernay assets; the substantial capital requirements of Athabasca’s projects and the ability to obtain financing for Athabasca’s capital requirements and for the Statoil Transaction; operational and business interruption risks associated with the Company’s facilities; failure by counterparties to make payments or perform their operational or other obligations to Athabasca in compliance with the terms of contractual arrangements between Athabasca and such counterparties, including in respect of the Statoil Transaction, and the possible consequences thereof; the potential for adverse consequences in the event that the Company defaults under the agreement in respect of the Statoil Transaction; the potential for adverse consequences in the event that Statoil defaults under the agreement in respect of the Statoil Transaction; long term reliance on third parties; aboriginal claims; failure to obtain regulatory approvals or maintain compliance with regulatory requirements; failure to meet development schedules and potential cost overruns; variations in foreign exchange and interest rates; factors affecting potential profitability; risks related to future acquisition and joint venture activities; reliance on, competition for, loss of, and failure to attract key personnel; uncertainties inherent in estimating quantities of reserves and resources; changes to Athabasca’s status given the current stage of development; litigation risk; risks and uncertainties inherent in SAGD and other bitumen recovery processes; risks related to hydraulic fracturing, including those related to induced seismicity; expiration of leases and permits; risks inherent in Athabasca’s operations, including those related to exploration, development and production of petroleum, natural gas and oil sands reserves and resources; risks related to gathering and processing facilities and pipeline systems; availability of drilling and related equipment and limitations on access to Athabasca’s assets; increases in costs could make Athabasca’s projects uneconomic; the effect of diluent and natural gas supply constraints and increases in the costs thereof; environmental risks and hazards; failure to accurately estimate abandonment and reclamation costs; reliance on third party infrastructure; seasonality; hedging risks; risks associated with maintaining systems of internal controls; insurance risks; claims made in respect of Athabasca’s operations, properties or assets; competition for, among other things, capital, export pipeline capacity and skilled personnel; the failure of Athabasca or the holder of certain licenses, leases or permits to meet specific requirements of such licenses, leases or permits; risks related to Athabasca’s amended credit facilities and senior secured notes; and risks related to Athabasca’s common shares.