FOR IMMEDIATE RELEASE
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Athabasca Oil Corporation Reports First Quarter 2014 Financial and Operating Results

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or "the Company") is pleased to report its first quarter 2014 financial and operating results.

First quarter highlights:

- produced an average of 6,299 barrels of oil equivalent per day ("boe/d") with 47% liquids, in line with guidance of 6,000 to 6,500 boe/d;
- obtained initial results from two Duvernay wells, one well was brought on stream with an established 30-day restricted rate of approximately 750 boe/d with a free condensate yield of 475 barrels per million cubic feet ("bbl/mmcf") and a second well was tested over a four day period with an average restricted rate of 1,400 boe/d with 284 bbl/mmcf (condensate) during the last 24 hours of the test;
- reached 80% completion on Hangingstone Project 1, Athabasca's 12,000 barrel per day ("bbl/d") steam assisted gravity drainage ("SAGD") project;
- capital expenditures totaled $241 million including $77 million in Light Oil and $158 million in Thermal Oil.

Subsequent to the quarter, Athabasca received Alberta Environment's approval of the Dover Commercial Project ("DCP") under the *Alberta Environment Protection and Enhancement Act.* Athabasca then exercised its option to divest its 40% interest in the DCP on April 17, 2014 for cash consideration of $1.32 billion gross, approximately $1.23 billion net of closing adjustments.

"This is an important milestone for Athabasca," says Sveinung Svarte, President and CEO. "We have a high quality asset base and are now positioned for profitable growth. Our focus remains on achieving first oil from Hangingstone Project 1 and growing our Duvernay production."

Athabasca also continues to enhance its liquidity position and on May 7, 2014, the Company entered into new credit facilities providing for approximately $425 million of committed funding.

Athabasca has filed its financial statements and management's discussion and analysis for the three months ended March 31, 2014. These documents are available on the Company's website www.atha.com and later this morning from SEDAR www.sedar.com.

Operations Update

Light Oil
Athabasca's light oil production averaged 6,299 boe/d with 47% liquids in the first quarter of 2014, a 5% increase compared to 6,024 boe/d in the first quarter of 2013. The Company recognized a netback of $36.95/boe in the first quarter of 2014 compared to $33.27/boe in the first quarter of 2013 primarily due to higher commodity prices.

In the first quarter of 2014, Light Oil capital expenditures totaled $77 million. Athabasca continues to focus on its Duvernay drilling program with a goal of delineating and maintaining its high-graded land position in the Kaybob region. Athabasca drilled two and successfully completed four horizontal Duvernay wells in the quarter. The four Duvernay wells were completed using multi-stage fracturing techniques with all stages successfully placed in each well.

At Kaybob West, one of the Duvernay wells at 1-7-64-20W5 was brought on stream near the end of the first quarter. Average production for this well in the first 30 days was approximately 750 boe/d (560 bbl/d of condensate, 1.2 mmcf/d of gas) with a free condensate yield of 475 bbl/mmcf. This well has been flowing at a restricted rate with a flowing pressure at the end of the 30 day period of 2,300 pounds per square inch ("psi"). Two additional wells located at Kaybob West were successfully completed and were put on a planned three month soak period. These wells will be tested following the soak period and are expected on stream in July. The Company's 2-34-62-20W5 well remains one of the top performing wells in the play with cumulative production to date of 270 Mboe (57% liquids).

At Simonette, a well located at 1-25-62-25W5 was tested over a four day period after initial clean-up. During the final 24 hours of the test period, this well was flowing at an average rate of 1,400 boe/d (880 bbl/d of condensate, 3.1 mmcf/d of gas) with a free condensate yield of 284 bbl/mmcf. This well was flowing at a restricted rate with a flowing pressure of approximately 5,400 psi at the end of the test period. This well is expected on stream mid-May through a third party facility and the Company remains encouraged by preliminary test data, reservoir pressure and offsetting industry activity.

In total, Athabasca has now drilled eight horizontal Duvernay wells across the fairway, with four wells on production at the end of the first quarter of 2014. These wells are within Athabasca's material land positions. The Company currently holds 350,000 net acres of potential liquids-rich Duvernay land, including 200,000 net acres which contain greater than 20 meters of shale pay and lie in the heart of the Kaybob Duvernay fairway. Athabasca's Duvernay well costs continue to trend in line with its budget ranging from $15 to $19 million per well to drill and complete on single well pads including vertical strat and core work. As the play transitions from appraisal to development, the Company expects costs to reduce with pad drilling and completion refinements.

Athabasca also completed and tied-in two Montney wells in the first quarter of 2014 and continues the optimization of existing Montney wells. Athabasca's drilling to date has extended 95% of the Montney lands to the intermediate term.

Additionally, the Company initiated the installation of a pipeline connecting Athabasca's Kaybob West facility to SemCAMS' KA gas plant. This pipeline will allow the Company's facilities to be connected to two large midstream plants thereby increasing options for processing of Athabasca's production. Construction of the pipeline is expected to be complete during the second quarter of 2014 and the cost of the pipeline is being borne by third parties with Athabasca retaining a 10% working interest.

Thermal Oil
In the first quarter of 2014, Thermal Oil capital expenditures totaled $158 million including $153 million on Hangingstone and $5 million on Thermal Oil exploration areas. This excludes $4 million of capital expenditures associated with the Company's 40% interest in the DCP.

Athabasca made significant progress in its development of Hangingstone Project 1 including infrastructure and facilities construction. Substantial progress was also made in drilling and completion of the SAGD wells and all 25 producer laterals and 25 injector laterals have now been drilled. The drilling program has delivered better than expected cost and schedule performance and the reservoir quality is consistent with expected results derived from Athabasca's extensive appraisal drilling and reservoir modeling. The project was 80% complete at March 31, 2014 and approximately 90% of total costs have now been contracted. Construction of Hangingstone Project 1 is anticipated to be complete around year end 2014, with first steam targeted towards the end of the first quarter 2015.

Credit Facility Refinancing

On May 7, 2014 Athabasca entered into new credit facilities providing for approximately $425 million of committed funding. The new credit facilities replace the Company's existing $350 million credit facility which had a maturity date of December 31, 2014.

The credit facilities consist of a US$225 million senior secured first lien term loan maturing May 7, 2019 as well as an additional US$50 million senior secured first lien term loan from which Athabasca may draw at its option at any time up until May 7, 2016, subject to compliance with covenants. The maturity of the term loans will be accelerated to May 19, 2017 if the Company has not redeemed or refinanced its $550 million of senior secured second lien notes prior to this date. The term loans bear interest at LIBOR plus 7.25%, with a LIBOR floor of 1.0%.

Concurrent with the term loans, Athabasca has also entered into an amended and restated credit agreement with a syndicate of financial institutions providing for a $125 million senior secured first lien revolver that matures on May 7, 2017, and may be extended annually.

The new term loan and revolving credit facilities provide Athabasca with a longer term source of committed financing as well as a more flexible covenant structure than under its previous credit facility.

Outlook

Updated 2014 Guidance
Athabasca's Board of Directors has approved a $29 million increase to its base 2014 capital budget of $480 million. The increase is allocated as follows:

- Light Oil – $15 million primarily for long lead equipment and drilling commitments required in the second quarter to support an expanded Duvernay drilling program in the second half of the year once proceeds from the sale of the DCP are received. The Light Oil budget now stands at $121 million.
- Thermal Oil – $6 million primarily to advance preliminary engineering work for a future Hangingstone Expansion. The Thermal Oil budget now stands at $354 million.
- Corporate – $8 million for leasehold improvements and other capital costs associated with Athabasca's office relocation which will be largely completed in late 2014. The total Corporate budget now stands at $14 million.

Athabasca's revised capital budget includes $20 million for the Dover Joint Venture, which remains unchanged. The Company's total 2014 capital budget is now $509 million, excluding approximately $50 million of anticipated capitalized general and administrative expenses.

Athabasca reconfirms its second quarter production guidance range of 5,500 to 6,000 boe/d. This production range includes the impact of Keyera's Simonette plant shut-down that occurred in April 2014.

Mid-year Strategy Update
Upon receipt of the Dover put option proceeds, affirmation of the productivity of Athabasca's new Duvernay wells and confirmation of its Duvernay development strategy, Athabasca expects to provide an updated 2014 capital budget early in the third quarter of 2014.

Athabasca will continue to evaluate additional funding sources, including joint ventures, to advance the development of its portfolio of Light Oil and Thermal Oil opportunities. Athabasca remains committed to a disciplined approach to growth and will only sanction development of projects that are fully funded.

Updated 2014 Corporate Presentation
An updated presentation has been posted on the Company's website at www.atha.com.

Conference Call, May 8, 2014
7:30 am Mountain Time (9:30 am Eastern Time)

A conference call to discuss the first quarter will be held for the investment community and media on May 8, 2014 at 7:30 a.m. MT (9:30 a.m. ET). To participate, please dial 888-231-8191 (toll-free in North America) or 647-427-7450 approximately 15 minutes prior to the conference call. An archived recording of the call will be available from approximately 2:30 p.m. ET on May 8 until midnight on May 15, 2014 by dialing 855-859-2056 (toll-free in North America) or 416-849-0833 and entering conference password 31148024.

An audio webcast of the conference call will also be available on Athabasca's website, www.atha.com or the following link below:
http://www.newswire.ca/en/webcast/detail/1339343/1480583.

Athabasca's Annual General and Special Meeting of Shareholders will be held the same day in Calgary at the Calgary Marriott Downtown Hotel, Acadia Room A and B, 110 – 9th Avenue SE at 10:00 am MT. Thomas Buchanan, Chairman of the Board, will conduct the business of the meeting and Sveinung Svarte, President and CEO, will provide an overview of 2013 and discuss the Company's future outlook.

To view the video-stream webcast and presentation slides please visit Athabasca's website, www.atha.com or the link below:
http://event.on24.com/r.htm?e=753687&s=1&k=3DD31FEB6EB5179691952D2CDEF730E4.

About Athabasca Oil Corporation

Athabasca Oil Corporation is a dynamic, 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 any of the words "anticipate," "plan," "continue," "estimate," "expect," "may," "will," "project," "should," "believe," "predict," "pursue" and "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 timing of the completion of the construction of Hangingstone Project 1 and of first steam for Hangingstone Project 1; expected production from the light oil division in second quarter of 2014; the receipt of sale proceeds from the sale of the Company's Dover interests; the Company's drilling plans, in particular, with respect to the Duvernay and Montney formations; the Company's plans for, and results of, exploration and development activities; the Company's estimated future commitments; the Company's business and financing plans; the Company's business and financing strategies; the timing of the completion of construction of the pipeline connecting the Company's Kaybob West facility to SemCAM's KA gas plant and the result expected therefrom; expectations regarding the review and revision of the 2014 capital budget; the evaluation of funding sources, potential joint ventures and the future allocation of capital.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: 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 geography of the areas in which the Company is conducting exploration and development activities; the Company's ability to obtain equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business; the impact that the agreements relating to the PetroChina transaction (the "PetroChina Transaction Agreements") will have on the Company, including on the Company's financial condition 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 Annual Information Form dated March 18, 2014 that is 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 Athabasca defaults under certain of the PetroChina Transaction Agreements; failure by counterparties (including, without limitation, PetroChina International and Phoenix Energy Holdings Limited ("Phoenix")) 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 compliance with the time schedules set out in such contractual arrangements, and the possible consequences thereof; failure to meet the conditions precedent to the closing of the Dover put transaction; risks arising from future joint venture activities; risk of failing to complete a joint venture arrangement; aboriginal claims; fluctuations in market prices for crude oil, natural gas and bitumen blend; general economic, market and business conditions in Canada, the United States and globally; failure to obtain regulatory approvals or maintain compliance with regulatory requirements; dependence on Phoenix as the joint venture participant in the Dover Oil Sands Project, until such time as Athabasca's interests in the Dover assets have been sold to Phoenix; 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; global financial uncertainty; uncertainties inherent in estimating quantities of reserves and resources; changes to Athabasca's status given the current stage of development; uncertainties inherent in SAGD and other bitumen recovery processes; risks related to hydraulic fracturing; 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; the potential for management estimates and assumptions to be inaccurate; long term reliance on third parties; 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 the Athabasca's amended credit facilities; senior secured notes and term loans; and risks related to the Athabasca's common shares.

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.

Oil and Gas Information:
"BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (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. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil 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.

Test Results and Initial Production Rates:
The well test results and initial production rates provided in this News Release should be considered to be preliminary. Test results and initial production rates disclosed herein may not necessarily be indicative of long term performance or of ultimate recovery.