ATHABASCA
OIL CORPORATION

FOR IMMEDIATE RELEASE
February 6, 2024

Athabasca Oil Announces Closing of "Duvernay Energy Corporation" with Cenovus Energy and Provides Updated 2024 Guidance

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or "the Company") is pleased to announce it has closed its previously announced transaction agreements ("Transaction") to create Duvernay Energy Corporation ("Duvernay Energy") with Cenovus Energy Inc. ("Cenovus").

Transaction Overview

Duvernay Energy is a privately held subsidiary of Athabasca. Athabasca and Cenovus have contributed assets into Duvernay Energy combining Athabasca's existing Duvernay assets, Athabasca's new 100% working interest Duvernay assets and Cenovus' 100% working interest Kaybob Duvernay assets. Athabasca owns a 70% equity interest in Duvernay Energy with Cenovus owning the remaining 30% equity interest. The Transaction closed on February 6, 2024 with an effective date of January 1, 2024.

The creation of Duvernay Energy is designed to enhance value for Athabasca's shareholders by providing a clear path for self-funded production and cash flow growth in the Kaybob Duvernay resource play. This will be achieved without compromising Athabasca's capacity to fund capital in its Thermal Oil division or its return of capital strategy. Athabasca and Duvernay Energy have independent strategies and capital allocation frameworks.

Duvernay Energy will be managed by Athabasca through a management and operating services agreement.

Duvernay Energy Corporation – 2024 Guidance

Production. Current production is ~2,000 boe/d (75% Liquids) and 2024 production guidance is ~3,000 boe/d (75% Liquids). Development plans are underway and are expected to drive strong production momentum into 2025 with estimated production of ~6,000 boe/d.

Capital. The 2024 capital program is ~$82 million and includes the drilling of 12 gross (7.1 net) Duvernay wells. The program includes 5 net 100% working interest ("WI") wells and 2.1 net 30% WI wells on the JV lands. Capital will be funded through the initial seed capital and cash flow from existing operations.

Balance Sheet. Duvernay Energy's capitalization includes ~$40 million of seed capital (~$21 million contribution from Athabasca after closing adjustments) and a $50 million undrawn credit facility.

Growth Plans. The plan is to allocate 100% of Adjusted Funds Flow from Duvernay Energy to drive near-term production growth. Assuming a constructive commodity price outlook, Duvernay Energy has self-funded growth potential to ~25,000 boe/d (75% Liquids) by the late 2020s.

Operations Update. Duvernay Energy recently rig released a two well pad (100% working interest) at 03-18-64-17W5 with an average horizontal length of ~4,150 meters per well. Completion operations are planned for Q1 2024 with on-stream timing at the end of Q2 2024. A three well pad (30% working interest)

Footnote: Refer to the "Reader Advisory" section within this news release for additional information on Non-GAAP Financial Measures (e.g. Adjusted Funds Flow, Free Cash Flow, Excess Cash Flow, Sustaining Capital) and production disclosure.
[1] Pricing Assumptions: 2024 US$80 WTI, US$15 Western Canadian Select "WCS" heavy differential, C$3 AECO, and $0.75 C$/US$ FX. 2025-26 US$85 WTI, US$12.50 WCS heavy differential, C$3 AECO, and $0.75 C$/US$ FX.

is expected to spud in February with completions and tie-in to follow in the spring. Activity through the fall is anticipated to drive strong momentum into 2025.

Athabasca Oil Corporation – 2024 Thermal Oil Guidance

Athabasca's Thermal Oil division underpins the Company's strong free cash flow outlook, with an unchanged $135 million capital budget and production guidance of 32,000 – 33,000 bbl/d. At Leismer, the Company is currently steaming well pairs at Pad L8 South and infills on Pad 7. The facility expansion is on track to be commissioned in the spring and following the tie-in of behind pipe wells production is expected to reach ~28,000 bbl/d mid-year. At Hangingstone, two 1,400 meter well pairs will spud in Q3 2024. These well pairs will support base production in 2025 and beyond with the objective of ensuring Hangingstone continues to deliver meaningful cash flow contributions to the Company.

2024 Guidance	Athabasca Oil Original Budget Dec 6, 2023	Athabasca Oil 100% Thermal Oil Maintained	Duvernay Energy Corporation[2,3]
Production (boe/d)	35,000 – 36,000	32,000 – 33,000	~3,000
Capital Expenditures ($MM)	$175	$135	$82
Adjusted Funds Flow ($MM)	$500	$460	$50
Free Cash Flow ($MM)	$325	$325	-

[2] Duvernay Energy reflects gross production and financial metrics before taking into consideration Athabasca's 70% equity interest
[3] Duvernay Energy capital program funded by seed capital and Adjusted Funds Flow forecast

Capital Allocation Framework

In 2023, Athabasca completed $158 million in share buybacks (44 million shares at an average price of $3.58 per share) exceeding its commitment of returning a minimum of 75% of Excess Cash Flow to shareholders.

Athabasca is committed to executing on its 2024 return of capital commitment with 100% of Free Cash Flow returned to shareholders through share buybacks. The Company intends to renew its Normal Course Issuer Bid with the Toronto Stock Exchange mid-March for another 12 month period.

Excluding its 70% equity interest in Duvernay Energy, Athabasca forecasts Adjusted Funds Flow of ~$460 million in 2024 (US$80/bbl WTI & US$15/bbl WCS heavy differential)[1]. The Duvernay Energy transaction does not reduce Athabasca's 2024 Free Cash Flow forecast that is maintained at ~$325 million. The Company's low Sustaining Capital requirements are fully funded within cash flow to US$55/bbl WTI. During the timeframe of 2024 – 2026, Athabasca forecasts >$1 billion in Free Cash Flow[1].

Athabasca anticipates releasing its 2023 year-end results and reserves on February 29th after market close.

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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 light oil assets are held in a private subsidiary (Duvernay Energy Corporation) in which Athabasca owns a 70% equity interest. 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. Within this Reader Advisory, references to the "Company" means Athabasca Oil and Duvernay Energy, as and where applicable. All information other than statements of historical fact is forward-looking information. The use of any of the words "anticipate", "plan", "forecast", "continue", "estimate", "expect", "may", "will", "project", "target", "should", "believe", "predict", "pursue", "potential", "view" and "contemplate" 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 operating and 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 and, except as required by applicable securities laws, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. In particular, this News Release contains forward-looking information pertaining to, but not limited to, the following: the Company's 2024 capital expenditures, production and financial guidance, Free Cash Flow outlook, financial metrics, timing for development projects in Thermal Oil and Duvernay Energy, return of capital strategy and other matters.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct 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 financial and operational flexibility; the Company's financial sustainability; the Company's funds flow, and free cash flow outlook; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the applicability of technologies for the recovery and production of the Company's reserves and resources; 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; future production levels; the Company's ability to obtain financing and/or enter into joint venture arrangements on acceptable terms; operating costs; compliance of counterparties with the terms of contractual arrangements; impact of increasing competition globally; collection risk of outstanding accounts receivable from third parties; geological and engineering estimates in respect of the Company's reserves and resources; recoverability of reserves and resources; the geography of the areas in which the Company is conducting exploration and development activities and the quality of its assets. Certain other assumptions related to the Company's Reserves are contained in the report of McDaniel & Associates Consultants Ltd. ("McDaniel") evaluating Athabasca's Proved Reserves, Probable Reserves and Contingent Resources as at December 31, 2022 (which is respectively referred to herein as the "McDaniel Report").

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 Revised Annual Information Form ("AIF") dated May 11, 2023 and Management's Discussion and Analysis dated October 31, 2023, available on SEDAR at www.sedarplus.ca, including, but not limited to: weakness in the oil and gas industry; exploration, development and production risks; prices, markets and marketing; market conditions; continued impact of the COVID-19 pandemic; ability to finance capital requirements; climate change and carbon pricing risk; regulatory environment and changes in applicable law; gathering and processing facilities, pipeline systems and rail; statutes and regulations regarding the environment; political uncertainty; state of capital markets; anticipated benefits of acquisitions and dispositions; abandonment and reclamation costs; changing demand for oil and natural gas products; royalty regimes; foreign exchange rates and interest rates; reserves; hedging; operational dependence; operating costs; project risks; financial assurances; diluent supply; third party credit risk; indigenous claims; reliance on key personnel and operators; income tax; cybersecurity; advanced technologies; hydraulic fracturing; liability management; seasonality and weather conditions; unexpected events; internal controls; insurance; litigation; natural gas overlying bitumen resources; competition; chain of title and expiration of licenses and leases; breaches of confidentiality; new industry related activities or new geographical areas; and risks related to our debt and securities.

Also included in this News Release are estimates of the Company's 2024 Outlook which are based on the various assumptions as to production levels, commodity prices, currency exchange rates and other assumptions disclosed in this News Release. To the extent any such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Athabasca, and is included to provide readers with an understanding of the Company's outlook. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The financial outlook contained in this New Release was made

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as of the date of this News release and the Company disclaims any intention or obligations to update or revise such financial outlook, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

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.

Reserves Information

The McDaniel Report was prepared using the assumptions and methodology guidelines outlined in the COGE Handbook and in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, effective December 31, 2022. There are numerous uncertainties inherent in estimating quantities of bitumen, light crude oil and medium crude oil, tight oil, conventional natural gas, shale gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. Reserves figures described herein have been rounded to the nearest MMbbl or MMboe. For additional information regarding the consolidated reserves and information concerning the resources of the Company as evaluated by McDaniel in the McDaniel Report, please refer to the Company’s AIF.

Non-GAAP and Other Financial Measures, and Production Disclosure

The “Adjusted Funds Flow”, “Free Cash Flow”, “Excess Cash Flow” and “Sustaining Capital” financial measures contained in this News Release do not have standardized meanings which are prescribed by IFRS and they are considered to be non-GAAP financial measures. These measures may not be comparable to similar measures presented by other issuers and should not be considered in isolation with measures that are prepared in accordance with IFRS.

Adjusted Funds Flow and Free Cash Flow are non-GAAP financial measures and are not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. The Adjusted Funds Flow and Free Cash Flow measures allow management and others to evaluate the Company’s ability to fund its capital programs and meet its ongoing financial obligations using cash flow internally generated from ongoing operating related activities. Adjusted Funds Flow is calculated by adjusting for changes in non-cash working capital and settlement of provisions from cash flow from operating activities. The Free Cash Flow measure is calculated by subtracting Capital Expenditures from Adjusted Funds Flow.

The Excess Cash Flow and Sustaining Capital measures allow management and others to evaluate the Company’s ability to return capital to Shareholders. Sustaining Capital is managements' assumption of the required capital to maintain the Company’s production base. The Excess Cash Flow measure is calculated by Adjusted Funds Flow less Sustaining Capital.

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