FOR IMMEDIATE RELEASE
July 31, 2023

Athabasca Oil Corporation Announces Sale of Non-Core Light Oil Assets for $160 Million; Retains Strategic Duvernay Assets with 500 Future Drilling Locations

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is pleased to announce that it has entered into a definitive agreement to sell non-core Light Oil assets for total cash proceeds of $160 million (the "Transaction"). The Transaction high-grades the Company's deep resource portfolio, crystallizes value from a non-core asset at an attractive price and bolsters the Company's strong financial position.

Transaction Overview

Athabasca has agreed to sell its 70% operated working interest in Placid targeting the Montney, its 30% non-operated working interest in Saxon and Simonette targeting the Duvernay and other associated non-core Placid Montney assets to a private company for $160 million in cash, prior to adjustments. During the first half of 2023, these assets collectively averaged ~3,000 boe/d (~45% Liquids).

The assets being sold generated significant Free Cash Flow following COVID, supporting Athabasca's deleveraging goals. The Transaction is being completed at attractive and accretive metrics, and crystallizes the value of the assets that have become non-core due to the smaller scale, lower liquids content and lower relative returns versus core assets within the Company's portfolio. The 2023 forecasted Transaction metrics are:

- Transaction Value / Net Operating Income[1]: 7.9x Net Operating Income
- Transaction Value / Production[2]: $54,700/boe/d
- Transaction Value / Proved Reserves[3]: $6.93/boe

The effective date of the Transaction will be March 1, 2023 and closing is expected late in the third quarter of 2023. The Transaction is subject to the satisfaction of customary conditions, including receipt of regulatory approvals under the Competition Act (Canada).

The Transaction further strengthens the Company's balance sheet with an enviable pro forma Net Cash position of ~$90 million[5]. The Transaction is not anticipated to materially impact the Company's growth ambitions and ~$1 billion[4] forecasted Free Cash Flow outlook during the three-year time frame of 2023-25. The strong cash flow outlook is supported by ~$3.1 billion of corporate tax pools available, and the Company does not forecast paying taxes for approximately seven years[5]. Athabasca is committed to its return of capital plans to shareholders and also has a deep inventory of development options. The Company will provide updated corporate guidance on closing of the Transaction.

Footnote: Refer to the "Reader Advisory" section within this news release for additional information on Non-GAAP Financial Measures (e.g. Free Cash Flow & Net Debt/(Cash)).

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(2) Forecasted 2023 production is based on January to June actuals and Athabasca management estimates for July to December.
(3) Year-end 2022 Total Proved Reserves of 23.1 mmboe.
(4) Pricing Assumptions: 2023 realized prices in H1 and flat pricing of US$80 WTI, US$15 Western Canadian Select "WCS" heavy differential, C$3 AECO, and $0.75 C$/US$ FX for H2. 2024+ flat pricing of US$85 WTI, US$12.50 WCS heavy differential, C$5 AECO, and $0.75 C$/US$ FX.
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Strategic Outlook

Athabasca is a liquids-weighted intermediate producer with exposure to Canada's active resource plays (Oil Sands and Duvernay). The Company is focused on maximizing shareholder value though cash flow per share growth. Current capital initiatives are expected to drive production growth of 5 – 7% annually. The portfolio of long-life assets underpin a low corporate decline of ~5%. Athabasca is positioned with a deep inventory of high-quality resource projects across its portfolio.

The Thermal Oil Division has 1.2 billion barrels of Proved plus Probable reserves. The Company is executing an expansion project at its cornerstone Leismer asset that will drive growth to 28,000 bbl/d in mid-2024, and maintains future optionality for additional expansion projects that could support Leismer growth to its regulatory approved capacity of 40,000 bbl/d. Leismer has a significant unrecovered capital balance of ~$1.4 billion (2022 year-end) which ensures a low Crown royalty framework (5 – 9% Crown royalty) as the asset is estimated to remain pre-payout until 2027[4].

The Light Oil Division will now consist exclusively of the Duvernay in the Greater Kaybob area with ~155,000 gross acres across Kaybob West, Kaybob North, Kaybob East and Two Creeks. The Company's joint venture has seen in excess of $1 billion in capital invested since 2016. Athabasca is uniquely positioned in the liquids-rich and shallower oil window of the play with a de-risked inventory of ~500 gross wells. The Company anticipates additional development in this top-tier play in the upcoming drilling season and beyond. The Duvernay also provides a synergistic natural hedge for condensate and gas utilization in its Thermal Oil operations.

The Company is committed to executing on its return of capital commitment that will see a minimum of 75% of Excess Cash Flow (Adjusted Funds Flow less Sustaining Capital) in 2023 returned to shareholders through share buybacks. Since April the Company has completed $61 million in share buybacks (~20 million shares at an average price of $3.04 per share).

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", "project", "continue", "maintain", "estimate", "expect", "will", "target", "forecast", "could", "intend", "potential", "guidance", "outlook" and similar expressions suggesting future outcome 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. In particular, this News Release contains forward-looking information pertaining to, but not limited to, the following: our strategic plans; future debt levels and cash position; the allocation of future capital; the expected closing of the Transaction and expected timing thereof; the expected update of the Company's guidance; anticipated additional development in the Duvernay play and timing thereof; timing and quantum for shareholder returns including share buybacks; our drilling plans in Leismer; Leismer ramp-up to expected production rates; timing of Leismer's pre-payout royalty status; Adjusted Funds Flow and Free Cash Flow in 2023 to 2025; forecasted daily production and the composition of production; our outlook in respect of the Corporation's business environment; and other matters.

In addition, information and statements in this News Release relating to "Reserves" and "Resources" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. 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; Athabasca's cash flow break-even commodity price; 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 and Resources 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 available on SEDAR at www.sedar.com, including, but not limited to: weakness in the oil and gas industry; exploration, development and production risks; prices, markets and marketing; market conditions; climate change and carbon pricing risk; statutes and regulations regarding the environment; regulatory environment and changes in applicable law; gathering and processing facilities, pipeline systems and rail; reputation and public perception of the oil and gas sector; environment, social and governance goals; political uncertainty; state of capital markets; ability to finance capital requirements; access to capital and insurance; abandonment and reclamation costs; continued impact of the COVID-19 pandemic; changing demand for oil and natural gas products; anticipated benefits of acquisitions and dispositions; royalty regimes; foreign exchange rates and interest rates; reserves; hedging; operational dependence; operating costs; project risks; supply chain disruption; labour supply, 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; limitations of 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, including level of indebtedness, restrictions in our debt instruments, additional indebtedness and issuance of additional securities. Readers are cautioned that the foregoing list of factors is not exhaustive. Unpredictable or unknown factors not discussed in this News Release could also have adverse effects on forward-looking statements. Although the Company believes that the expectations conveyed by the forward-looking information are reasonable based on information available to it on the date such forward-looking information are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent forward-looking information, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Also included in this News Release are estimates of Athabasca's 2023 and 2023-25 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 outlook and forward-looking information contained in this New Release was made as of the date of this News release and the Company disclaims any intention or obligations to update or revise such outlook and/or forward-looking information, 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

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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 Revised Annual Information Form.

The 500 gross total Duvernay drilling locations referenced include: 5 proved undeveloped locations and 77 probable undeveloped locations for a total of 82 booked locations with the balance being unbooked locations. Proved undeveloped locations and probable undeveloped locations are booked and derived from the Company's most recent independent reserves evaluation as prepared by McDaniel as of December 31, 2022 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal management estimates. Unbooked locations do not have attributed reserves or resources (including contingent or prospective). Unbooked locations have been identified by management as an estimation of Athabasca's multi-year drilling activities expected to occur over the next two decades based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, commodity prices, provincial fiscal and royalty policies, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Non-GAAP and Other Financial Measures Disclosure

The "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 or ratios. 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. Net Debt and Liquidity are a supplementary financial measure.

Free Cash Flow is defined as Adjusted Funds Flow less Capital Expenditures.

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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