



FOR IMMEDIATE RELEASE
June 6, 2022

Athabasca Oil Corporation Provides Operations Update, Further Debt Redemptions and Inclusion in the S&P TSX Composite Index

CALGARY – Athabasca Oil Corporation (TSX: ATH) (“Athabasca” or the “Company”) is pleased to provide a corporate update highlighted by strong operational performance at Leismer, a steadfast commitment to debt reduction and inclusion to Canada’s headline equity index.

Operations Update

At Leismer, the Company successfully completed a two-week plant turnaround on schedule and on budget in May. Bitumen production has since been restored to ~20,000 bbl/d. The asset is expected to exit the year at ~21,000 bbl/d as the five initial well pairs on Pad L8 ramp-up to plateau production. In June, the Company will spud two infill well pairs at Pad L6, followed by five additional well pairs at Pad L8, that will support production in 2023 and beyond. The asset is expected to grow to ~24,000 bbl/d over the next three years within corporate capital guidance.

The Company is forecasting annual 2022 corporate production to be at the upper end of its guidance range of 33,000 – 34,000 boe/d (92% Liquids). Capital expenditure guidance remains at \$128 million.

Executing Significant Deleveraging with Clear Targets

The Company is planning to utilize 100% of near-term Free Cash Flow to reduce its Term Debt. Year-to-date the Company has redeemed a total of ~C\$141 million (~US\$110 million) with a current US\$240 million principal balance on its Term Debt. This achieves ~63% of its US\$175 million debt reduction target which is anticipated to be reached in H1 2023. Cash balances at the end of May were ~\$190 million and the Company anticipates achieving a net cash position before year-end.

For 2022, Athabasca forecasts Adjusted Funds Flow of ~\$300 million and Free Cash Flow of ~\$180 million (US\$85 WTI, US\$13.50 Western Canadian Select heavy differential). The Company further expects to generate ~\$900 million in Free Cash Flow during the three year timeframe of 2022-24 (US\$85 WTI, US\$12.50 WCS differential flat pricing). Every US\$5 WTI impacts Free Cash Flow by ~\$45 million annually (unhedged).

The transition of enterprise value to equity holders is materializing and is expected to unlock significant shareholder value. Athabasca is committed to further enhancing shareholder returns by utilizing Free Cash Flow and cash balances for share buy-backs or dividends once its debt target is achieved. Additional guidance on the Company’s return of capital strategy will be provided in H2 2022.

Indexation Update

On June 3, 2022, S&P Dow Jones Indices announced the results of their quarterly index rebalance. Athabasca will be added to the S&P/TSX Composite Index (“TSX Composite Index”). The index changes will be effective prior to the opening of trading on June 20, 2022. The TSX Composite Index is the headline index for Canada and is the principal benchmark measure for the Canadian equity markets, represented by the largest companies on the TSX. Inclusion to the index is expected to broaden the Company’s shareholder participation through index and other broader market funds.

Footnote: Refer to the “Reader Advisory” section within this news release for additional information on Non-GAAP Financial Measures (Adjusted Funds Flow, Free Cash Flow, Net Cash).

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.

For more information, please contact:

Matthew Taylor

Chief Financial Officer

1-403-817-9104

mtaylor@atha.com

Robert Broen

President and CEO

1-403-817-9190

rbroen@atha.com

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”, “target”, “forecast”, “goal”, “aspiration”, “commit” 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. In particular, this News Release contains forward-looking information pertaining to, but not limited to, the following: our strategic plans; future debt levels and repayment plans; the allocation of future capital; timing for shareholder returns including share buybacks and dividends, our drilling plans in Leismer; Leismer ramp-up to expected production rates; Adjusted Funds Flow and Free Cash Flow; Net Cash; Expected Production levels; and other matters.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices; foreign exchange rates; 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 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, 2021 (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 risk and uncertainties, including the risk factors set forth in the Company’s Annual Information Form (“AIF”) dated March 2, 2022 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; continued impact of the COVID-19 pandemic; state of capital markets; ability to finance capital requirements; access to capital and insurance; abandonment and reclamation costs; 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; 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.

Also included in this News Release are estimates of Athabasca’s 2022 Outlook and 2022-24 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, however the information may not be appropriate for other purposes. 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 News Release was made 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.

Non-GAAP Measures

The “Adjusted Funds Flow”, “Free Cash Flow” and “Net Debt or Net Cash” are 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, Free Cash Flow Net Debt

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. Free Cash Flow is calculated by subtracting capital expenditures from Adjusted Funds Flow. Net Debt is defined as the face value of term debt, plus accounts payable and accrued liabilities, plus current portion of provisions and other liabilities less current assets, and excluding risk management contracts. Net Cash refers to Net Debt if the calculation is negative.

Footnote: Refer to the “Reader Advisory” section within this news release for additional information on Non-GAAP Financial Measures (Adjusted Funds Flow, Free Cash Flow, Net Cash).