Notice to Reader:

On July 27, 2022, Athabasca Oil Corporation filed its unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2022 (the "Interim Financial Statements") on the System for Electronic Document Analysis and Retrieval ("SEDAR").

It has come to our attention that in Note 13 the summation was incorrect in the Segmented operating results three months ended June 30, 2022 and 2021 table. We have refiled the Interim Financial Statements on SEDAR to rectify the error.

There were no other changes made to these Interim Financial Statements in this amended filing.

Amended Condensed Interim Consolidated Financial Statements

(unaudited)

Q2 2022

ATHABASCA OIL CORPORATION

FOCUSED | EXECUTING | DELIVERING

CONSOLIDATED BALANCE SHEETS
(unaudited)

As at ($ Thousands)	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 154,172	$ 223,056
Accounts receivable	182,773	88,827
Prepaid expenses and deposits (Note 3)	15,322	15,188
Inventory (Note 4)	61,418	43,038
Risk management contracts (Note 6)	4,817	—
	418,502	370,109
Risk management contracts (Note 6)	509	—
Prepaid expenses and deposits (Note 3)	51,521	52,636
Property, plant and equipment (Note 5)	1,344,113	1,318,825
Exploration and evaluation assets	745	561
	$ 1,815,390	$ 1,742,131
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 196,575	$ 111,972
Risk management contracts (Note 6)	90,274	34,894
Warrant liability (Note 8)	64,520	46,406
Current portion of term debt (Note 7)	90,799	74,744
Current portion of provisions and other liabilities (Note 9)	28,288	18,428
	470,456	286,444
Risk management contracts (Note 6)	2,145	—
Term debt (Note 7)	159,957	309,554
Provisions and other liabilities (Note 9)	125,477	120,174
	758,035	716,172
SHAREHOLDERS' EQUITY		
Common shares (Note 10)	2,349,252	2,242,047
Contributed surplus	123,313	126,642
Accumulated deficit	(1,415,210)	(1,342,730)
	1,057,355	1,025,959
	$ 1,815,390	$ 1,742,131

Commitments and contingencies (Note 19).

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(unaudited)

($ Thousands, except per share amounts)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
REVENUE				
Petroleum, natural gas and midstream sales (Note 14)	$ 435,678	$ 232,111	$ 825,102	$ 443,767
Interest income	402	226	538	543
Royalties	(61,521)	(6,600)	(99,886)	(10,625)
	374,559	225,737	725,754	433,685
Unrealized gain (loss) on commodity risk mgmt contracts (Note 6)	31,669	(41,838)	(52,199)	(56,522)
Realized gain (loss) on commodity risk mgmt contracts (Note 6)	(65,706)	(17,824)	(113,352)	(38,937)
	340,522	166,075	560,203	338,226
EXPENSES				
Cost of diluent	123,745	70,971	247,691	144,539
Operating expenses	59,185	40,397	111,660	84,913
Transportation and marketing	22,530	21,319	47,085	44,938
General and administrative	4,941	2,887	9,362	7,581
Stock-based compensation (Note 11)	8,396	6,457	21,761	11,008
Financing and interest (Note 15)	21,601	20,889	56,328	42,000
Depletion and depreciation (Note 5)	29,255	24,810	58,242	49,281
Exploration expenses	282	898	484	1,083
Total expenses	269,935	188,628	552,613	385,343
Revenue less expenses	70,587	(22,553)	7,590	(47,117)
OTHER INCOME (EXPENSES)				
Foreign exchange gain (loss), net (Note 18)	(3,254)	8,477	(1,384)	15,344
Gain (loss) on revaluation of provisions and other (Note 16)	(20,198)	—	(79,075)	—
Gain (loss) on sale of assets	(14)	132	389	357
Net income (loss) and comprehensive income (loss)	$ 47,121	$ (13,944)	$ (72,480)	$ (31,416)
BASIC NET INCOME (LOSS) PER SHARE (Note 12)	$ 0.08	$ (0.03)	$ (0.13)	$ (0.06)
DILUTED NET INCOME (LOSS) PER SHARE (Note 12)	$ 0.08	$ (0.03)	$ (0.13)	$ (0.06)

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

($ Thousands)	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
OPERATING ACTIVITIES				
Net income (loss)	$ 47,121	$ (13,944)	$ (72,480)	$ (31,416)
Items not affecting cash:				
Non-cash transportation and marketing	558	372	1,115	372
Net non-cash stock-based compensation (Note 11)	1,607	836	2,726	(956)
Net non-cash financing and interest (Note 15)	11,816	6,292	35,352	12,362
Depletion and depreciation (Note 5)	29,255	24,810	58,242	49,281
Unrealized non-cash foreign exchange (gain) loss (Note 18)	1,422	(9,844)	(1,733)	(16,619)
Realized foreign exchange (gain) loss on redemption of US dollar debt (Note 7)	4,477	—	5,453	—
Unrealized (gain) loss on risk management contracts (Note 6)	(31,669)	41,838	52,199	56,522
Non-cash (gain) loss on revaluation of provisions & other (Note 16)	20,198	—	79,075	—
(Gain) loss on sale of assets	14	(132)	(389)	(357)
Settlement of provisions (Note 9)	89	(63)	(457)	(1,366)
Changes in non-cash working capital and other liabilities (Note 20)	(16,353)	(13,982)	(30,706)	(30,502)
	68,535	36,183	128,397	37,321
FINANCING ACTIVITIES				
Redemption of term debt (Note 7)	(116,295)	—	(158,049)	—
Term debt redemption premium (Note 7)	(7,513)	—	(9,529)	—
Payments of lease liabilities (Note 9)	(782)	(706)	(1,543)	(1,395)
Proceeds from exercised warrants (Note 8)	36,432	—	36,432	—
Proceeds from exercised equity incentives (Note 11)	1,345	—	3,354	—
Changes in non-cash working capital and other liabilities (Note 20)	(1,153)	—	—	—
	(87,966)	(706)	(129,335)	(1,395)
INVESTING ACTIVITIES				
Capital expenditures (Notes 5)	(51,191)	(22,628)	(82,120)	(58,182)
Proceeds from sale of assets	(14)	192	389	439
(Increase) decrease in restricted cash	—	389	—	335
Changes in non-cash working capital and other liabilities (Note 20)	6,983	(3,136)	12,493	7,312
	(44,222)	(25,183)	(69,238)	(50,096)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	4,291	1,215	1,292	1,608
CHANGE IN CASH AND CASH EQUIVALENTS	(59,362)	11,509	(68,884)	(12,562)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	213,534	141,130	223,056	165,201
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 154,172	$ 152,639	$ 154,172	$ 152,639

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited)

($ Thousands)	Six months ended June 30, 2022	2021
COMMON SHARES (Note 10)		
Balance, beginning of period	$ 2,242,047	$ 2,241,880
Exercise of warrants (Note 8)	96,933	—
Exercise of stock options, RSUs and PSUs (Note 11)	10,272	—
Balance, end of period	2,349,252	2,241,880
CONTRIBUTED SURPLUS		
Balance, beginning of period	126,642	125,483
Stock-based compensation (Note 11)	3,589	(1,279)
Exercise of stock options, RSUs and PSUs (Note 11)	(6,918)	—
Balance, end of period	123,313	124,204
ACCUMULATED DEFICIT		
Balance, beginning of period	(1,342,730)	(1,800,338)
Net income (loss)	(72,480)	(31,416)
Balance, end of period	(1,415,210)	(1,831,754)
TOTAL SHAREHOLDERS' EQUITY	$ 1,057,355	$ 534,330

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

As at and for the three and six months ended June 30, 2022.

(Tabular amounts expressed in thousands of Canadian dollars, except where otherwise noted)

1. NATURE OF BUSINESS

Athabasca Oil Corporation ("Athabasca" or the "Company") is an exploration and production company developing Thermal Oil and Light Oil resource plays in the Western Canadian Sedimentary Basin in Alberta, Canada. Athabasca was incorporated on August 23, 2006, under the laws governing the Province of Alberta. The domicile of the Company is 1200, 215 - 9th Avenue SW, Calgary, Alberta. The Company is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "ATH". These unaudited condensed interim Consolidated Financial Statements ("Consolidated Financial Statements") were authorized for issue by the Board of Directors on July 27, 2022.

2. BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using International Accounting Standard ("IAS") 34: Interim Financial Reporting. These Consolidated Financial Statements have been prepared on a historical cost basis, except for financial instruments which are measured at their estimated fair value. They do not contain all disclosures required by IFRS for annual financial statements and, accordingly, should be read in conjunction with the audited Consolidated Financial Statements and notes thereto for the year ended December 31, 2021. The Consolidated Financial Statements have been prepared using the same accounting policies and methods as the audited consolidated financial statements for the year ended December 31, 2021. There were no changes to the Company's operating segments during the period.

3. PREPAID EXPENSES AND DEPOSITS

As at		June 30, 2022		December 31, 2021
Hangingstone transportation prepayment	$	41,252	$	42,367
Prepaid expenses and deposits		13,014		12,880
Canada Revenue Agency deposit (Note 17)		12,577		12,577
TOTAL PREPAID EXPENSES AND DEPOSITS	$	66,843	$	67,824
Presented as:				
Current portion of prepaid expenses and deposits	$	15,322	$	15,188
Long term portion of prepaid expenses and deposits	$	51,521	$	52,636

4. INVENTORY

As at		June 30, 2022		December 31, 2021
Product inventory	$	49,231	$	31,999
Warehouse inventory		12,187		11,039
TOTAL	$	61,418	$	43,038

5. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

BALANCE, DECEMBER 31, 2020	$	975,987
PP&E capital expenditures		91,870
Non-cash capitalized costs and other[1]		4,015
Depletion and depreciation[2]		(98,640)
Impairment reversal		345,700
Disposals		(107)
BALANCE, DECEMBER 31, 2021	$	1,318,825
PP&E capital expenditures		81,984
Non-cash capitalized costs and other[1]		1,546
Depletion and depreciation[2]		(58,242)
BALANCE, JUNE 30, 2022	$	1,344,113

(1) Non-cash capitalized costs relate to capitalized stock-based compensation and decommissioning obligation assets.
(2) For the six months ended June 30, 2022 and for the year ended December 31, 2021, depletion and depreciation includes $1.0 million and $2.1 million of depreciation relating to the Leased Asset, respectively.

PP&E consists of the following:

Net book value (As at)		June 30, 2022		December 31, 2021
PP&E at cost[1]	$	3,241,818	$	3,158,288
Accumulated depletion and depreciation[1]		(860,192)		(801,950)
Accumulated impairment losses		(1,037,513)		(1,037,513)
TOTAL PP&E	$	1,344,113	$	1,318,825

(1) As at June 30, 2022, the PP&E cost includes $12.6 million of Leased Asset cost and accumulated depletion and depreciation includes $7.2 million of accumulated depreciation relating to the Leased Asset (as at December 31, 2021 – Leased Asset cost of $12.6 million and accumulated depreciation relating to the Leased Asset of $6.2 million).

As at June 30, 2022, $92.2 million (December 31, 2021 - $125.2 million) of PP&E was not subject to depletion or depreciation as the underlying oil and gas assets were not ready for use in the manner intended by management.

6. RISK MANAGEMENT CONTRACTS

Under the Company's commodity risk management program, Athabasca may utilize financial and/or physical delivery contracts to fix the commodity price associated with a portion of its future production in order to manage its exposure to fluctuations in commodity prices.

Financial commodity risk management contracts are valued on the consolidated balance sheet by multiplying the contractual volumes by the differential between the anticipated market price (i.e. forecasted strip price) and the contractual fixed price at each future settlement date. The corresponding change in the asset or liability is recognized as an unrealized gain or loss in net income (loss). As the commodity derivatives are unwound (i.e. settled in cash), Athabasca recognizes a corresponding realized gain or loss in net income (loss). Physical delivery contracts are not considered financial instruments and therefore, no asset or liability is recognized on the consolidated balance sheet.

Financial commodity risk management contracts

As at June 30, 2022, the following financial commodity risk management contracts were in place:

Instrument	Period	Volume		C$ Average Price(1)		US$ Average Price(1)
Sales contracts				*C$/bbl*		*US$/bbl*
WTI collar	July - December 2022	11,300 bbl/d	$	64.43 - 148.19	$	50.00 - 115.00
WTI collar	January - March 2023	13,750 bbl/d	$	67.48 - 104.59	$	52.36 - 81.17
WCS fixed price swap	July - December 2022	12,000 bbl/d	$	69.03	$	53.57
WTI/WCS differential swap	July - September 2022	2,500 bbl/d	$	(15.79)	$	(12.25)
Purchase contracts				*C$/GJ*		*US$/GJ*
AECO fixed price swaps	July - December 2022	26,000 GJ/d	$	4.05	$	3.14
AECO fixed price swaps	January - December 2023	10,000 GJ/d	$	5.48	$	4.25
WTI/C5+ differential swap	October - December 2022	3,000 bbl/d	$	(6.98)	$	(5.42)

(1) The implied C$ or US$ Average Price per bbl or GJ, as applicable, was calculated using the June 30, 2022 exchange rate of US$1.00 = C$1.2886.

Athabasca's commodity risk management contracts are held with three counterparties, all of which are large reputable financial institutions. The Company concluded that credit risk associated with commodity risk management contracts is low. Commodity risk management contracts have been classified as Level 2 on the fair value hierarchy.

In 2021, Athabasca entered into a seven-year marketing agreement for 15,000 bbl/d with an industry counterparty that will diversify the Company's sales to the US Gulf Coast through the Keystone pipeline system. The marketing agreement has a pricing derivative that provides exposure to WCS Gulf Coast pricing. As at June 30, 2022, the pricing derivative had an asset value of $1.1 million (December 31, 2021 - $nil).

The following table summarizes the sensitivity to price changes for Athabasca's commodity risk management contracts:

As at June 30, 2022	Change in WTI: Increase of US$5.00/bbl	Change in WTI: Decrease of US$5.00/bbl	Change in WCS differential: Increase of US$1.00/bbl	Change in WCS differential: Decrease of US$1.00/bbl
Increase (decrease) to fair value of commodity risk management contracts	$ (21,288)	$ 21,288	$ 3,060	$ (3,060)

7. INDEBTEDNESS

Senior Secured Second Lien Notes

On October 22, 2021, Athabasca issued US$350.0 million of Senior Secured Second Lien Notes (the "2026 Notes"). The 2026 Notes, which were issued along with warrants (see Note 8), bear interest at 9.75% per annum, payable semi-annually, and have a term of 5 years maturing on November 1, 2026.

As at		June 30, 2022		December 31, 2021
Senior Secured Second Lien Notes ("2026 Notes")(1)	$	291,881	$	443,730
Discount on debt		(62,798)		(62,798)
Accretion of discount on debt		21,673		3,366
TOTAL TERM DEBT	$	250,756	$	384,298
Presented as:				
Current term debt	$	90,799	$	74,744
Long term debt	$	159,957	$	309,554

(1) As at June 30, 2022, the Notes were translated into Canadian dollars at the period end exchange rate of US$1.00 = C$1.2886 (As at December 31, 2021 - US$1.00 = C$1.2678).

The 2026 Notes are not subject to any maintenance or financial covenants and are secured by a second priority lien on substantially all of the assets of the Company. Subject to certain exceptions and qualifications, the 2026 Notes contain certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, and make certain restricted payments, dispositions and transfers of assets. In addition, the Company is subject to certain minimum hedging requirements and capital expenditure limits that are generally consistent with the Company's annual development plans and risk management policy. As at June 30, 2022, the Company is in compliance with all covenants.

Up until an aggregate amount of US$175 million principal has been redeemed, the Company must direct at least 75% of Free Cash Flow ("FCF") towards the redemption of the 2026 Notes at a cash price equal to 105% of the principal, plus accrued and unpaid interest. The redemption dates are semiannual with the October to March (Q4 – Q1) FCF redemption payable in May and the April to September (Q2 – Q3) FCF redemption payable in November. Athabasca may redeem up to 35% of the aggregate principal amount of the 2026 Notes at any time prior to November 1, 2024 at 109.75% of the principal amount with cash received from equity offerings, provided that at least 50% of the aggregate principal amount of the 2026 Notes remains outstanding after such redemption. Athabasca may also redeem all or part of the 2026 Notes at any time prior to November 1, 2024 at 100% of the principal amount plus an applicable premium, as set out in the 2026 Note Indenture. On or after November 1, 2024, Athabasca may redeem all or part of the 2026 Notes at 104.875% from November 1, 2024 to November 1, 2025 and at 100% from November 1, 2025 to November 1, 2026.

Year-to-date the Company has redeemed a total of $167.4 million (US$130.7 million) of principal through open market purchases, equity redemptions through warrant proceeds and the FCF payment feature within the indenture. The current principal balance is $282.6 million (US$219.3 million), compared to $291.9 million (US$226.5 million) as at June 30, 2022.

As at June 30, 2022, the fair value of the 2026 Notes was $306.0 million (US$237.5 million), based on observable market quoted prices (Level 1).

Senior Extendible Revolving Term Credit Facility

In the fourth quarter of 2021, Athabasca entered into a $110.0 million reserve-based credit facility (the "Credit Facility"). The Credit Facility is a 364 day committed facility available on a revolving basis until October 22, 2022, at which point in time it may be extended at the lenders' option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and any amounts outstanding would be repayable at the end of the non-revolving term, being October 22, 2023. The Credit Facility is subject to semi-annual borrowing base reviews, occurring approximately in April and September of each year. The Credit Facility was reconfirmed at the April 2022 review. The borrowing base is determined based on the lenders' evaluation of the Company's petroleum and natural gas reserves and their commodity price outlook at the time of each renewal, which could result in an increase or a reduction to the Credit Facility.

The Credit Facility is secured by a first priority security interest on all present and after acquired property of the Company and is senior in priority to the 2026 Notes. The Credit Facility contains certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, make certain restricted payments, and dispose of or transfer assets. The Company is in compliance with all covenants.

As at June 30, 2022, amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, LIBOR or bankers' acceptance rate, plus a margin of 2.30% to 3.30%. The Company incurs an issuance and fronting fee for letters of credit of 3.55% and a standby fee on the undrawn portion of the Credit Facility of 0.8250%.

As at June 30, 2022 and December 31, 2021, the Company had no amounts drawn and $34.4 million of letters of credit outstanding under the Credit Facility.

Unsecured Letter of Credit Facility

Athabasca maintains a $50.0 million unsecured letter of credit facility (the "Unsecured Letter of Credit Facility") with a Canadian bank and is supported by a performance security guarantee from Export Development Canada (December 31, 2021 - $50 million). The facility is available on a demand basis and letters of credit issued under this facility incur an issuance and performance guarantee fee of 3.3%. As at June 30, 2022, the Company had $47.8 million of letters of credit outstanding under the Unsecured Letter of Credit Facility (December 31, 2021 - $47.8 million).

8. WARRANT LIABILITY

In conjunction with the issuance of the 2026 Notes, Athabasca issued 350,000 warrants at an exercise price of $0.9441 per share that expire on November 1, 2026. Each warrant is exercisable into 227 common shares.

The Warrants are classified as a financial liability due to a cashless exercise provision. They are measured at fair value upon issuance and at each subsequent reporting period, and presented net of a deferred loss, with the changes in fair value and amortization of the deferred loss recorded in the consolidated statement of income (loss). The fair value of the warrants is determined using the Black-Scholes option valuation model. The warrants can be exercised at any time and are therefore presented as a current liability on the consolidated balance sheet. The following table reconciles the warrant liability:

	Six months ended June 30, 2022			Year ended December 31, 2021		
As at	Number of Warrants		Amount	Number of Warrants		Amount
Balance, beginning of period	350,000	$	46,406	—	$	—
Initial recognition of warrant liability	—		—	350,000		31,485
Change in fair value	—		76,369	—		14,768
Amortization of deferred loss	—		2,245	—		153
Exercise of warrants	(190,000)		(60,500)	—		—
BALANCE, END OF PERIOD	160,000	$	64,520	350,000	$	46,406

The fair value as at June 30, 2022 of each common share issuable under the warrant agreement was estimated at $1.82 using a risk-free interest rate of 3.11%, an expected life of 4.3 years, expected volatility of 59.0% and a stock price of $2.49 per share. The fair value as at December 31, 2021 of each common share issuable under the warrant agreement was estimated at $0.63 using a risk-free interest rate of 1.25%, an expected life of 4.8 years, expected volatility of 55.0% and a stock price of $1.19 per share. The change in fair value of $76.4 million was expensed within gain (loss) on revaluation and provisions and other in the Consolidated Statements of Income (Loss). In the second quarter of 2022, 41,462,732 common shares were issued related to both cash and cashless warrant exercises.

9. PROVISIONS AND OTHER LIABILITIES

As at		June 30, 2022		December 31, 2021
Decommissioning obligations	$	119,668	$	111,419
TOTAL PROVISIONS		119,668		111,419
Lease liability		9,313		10,856
Cash settled stock-based compensation liability (Note 11)		24,784		16,327
TOTAL PROVISIONS AND OTHER LIABILITIES	$	153,765	$	138,602
Presented as:				
Current portion of provisions and other liabilities	$	28,288	$	18,428
Provisions and other liabilities	$	125,477	$	120,174

Decommissioning obligations

The total future costs to reclaim the Company's oil and gas assets are estimated by management based on Athabasca's ownership interest in wells and facilities, estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods.

The following table reconciles the change in decommissioning obligations:

As at		June 30, 2022		December 31, 2021
DECOMMISSIONING OBLIGATIONS, BEGINNING OF PERIOD	$	111,419	$	116,363
Liabilities incurred		165		870
Liabilities settled		(457)		(440)
Liabilities settled - funded by Site Rehabilitation Program		(367)		(151)
Change in discount rate		9,976		18,138
Change in estimates		(6,337)		(37,368)
Accretion expense		5,269		14,007
DECOMMISSIONING OBLIGATIONS, END OF PERIOD	$	119,668	$	111,419

At June 30, 2022, the Company has calculated the net present value of its decommissioning obligations using an inflation rate of 2.0% (December 31, 2021 - 2.0%) and a credit-adjusted discount rate of 9.0% per annum (December 31, 2021 - 10.0%). The payments to settle these obligations are expected to occur during a period of up to 50 years due to the long-term nature of the Company's oil and gas assets. The undiscounted amount of estimated inflated future cash flows required to settle the obligations is $369.8 million (December 31, 2021 - $434.9 million). A 1.0% change in the credit-adjusted discount rate would impact the discounted value of the decommissioning obligations by approximately $10 million with a corresponding adjustment to PP&E, E&E or net income (loss) if the adjustment is related to fully impaired assets. As at June 30, 2022, $1.5 million was included within the current portion of provisions (December 31, 2021 - $1.5 million).

10. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares. There are no first or second preferred shares outstanding at the reporting date and none of the Company's share capital has a par value. The following table summarizes changes to the Company's common share capital:

	Six months ended June 30, 2022			Year ended December 31, 2021		
As at	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period	530,844,591	$	2,242,047	530,675,391	$	2,241,880
Exercise of warrants (Note 8)	41,462,732		96,933	—		—
Exercise of stock options, RSUs and PSUs (Note 11)	11,432,875		10,272	169,200		167
BALANCE, END OF PERIOD	583,740,198	$	2,349,252	530,844,591	$	2,242,047

11. STOCK-BASED COMPENSATION

In May 2021, Athabasca adopted a new omnibus incentive plan (the "Omnibus Incentive Plan"). The Omnibus Incentive Plan is a long-term incentive plan that permits the grant of options, RSUs and PSUs and other security based rewards to eligible individuals. In respect of future rewards, the Omnibus Incentive Plan replaces the Performance Plan, the 2015 RSU Plan and the Option Plan (collectively the "Prior Plans"). The Company also has PUPs and DSUs stock-based compensation plans.

The following table summarizes the Company's outstanding stock-based compensation units:

As at	June 30, 2022	December 31, 2021
Stock options	7,169,033	6,470,033
RSUs	13,934,214	17,528,229
PSUs	6,407,000	6,450,700
Equity based	27,510,247	30,448,962
PUPs	5,608,590	10,116,522
DSUs	6,801,016	8,135,796
Cash based	12,409,606	18,252,318
TOTAL OUTSTANDING STOCK-BASED COMPENSATION UNITS	39,919,853	48,701,280

The stock options, RSUs and PSUs are rolling plans and the number of common shares that may be issued on exercise under the plans is limited to an aggregate of 10% of the common shares outstanding. Those plans have been accounted for as equity-settled stock-based compensation plans with the exception of the units vested April 1, 2021, that were paid in cash. The PUPs and DSUs plans and RSUs and PSUs that vested April 1, 2021 have been accounted for as cash-settled stock-based compensation plans and are recognized as liabilities on the consolidated balance sheet. The following table summarizes the Company's stock-based compensation expense (recovery):

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Stock-based compensation expense (recovery) - equity based	$ 2,104	$ 1,239	$ 3,589	$ (1,279)
Capitalized to PP&E and E&E assets	(497)	(403)	(863)	(705)
Net stock-based compensation expense (recovery) - equity based	1,607	836	2,726	(1,984)
Stock-based compensation expense (recovery) - cash based	7,543	6,282	21,543	14,193
Capitalized to PP&E and E&E assets	(754)	(661)	(2,508)	(1,201)
Net stock-based compensation expense (recovery) - cash based	6,789	5,621	19,035	12,992
NET STOCK-BASED COMPENSATION EXPENSE (RECOVERY)	$ 8,396	$ 6,457	$ 21,761	$ 11,008

The following table reconciles the Company's cash settled stock-based compensation liability:

As at	June 30, 2022	December 31, 2021
CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, BEGINNING OF PERIOD	$ 16,327	$ 1,737
Stock-based compensation expense (recovery) - cash based	21,543	19,593
Liabilities settled	(13,086)	(5,003)
CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, END OF PERIOD	$ 24,784	$ 16,327

12. PER SHARE AMOUNTS

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC	568,728,441	530,675,391	550,013,742	530,675,391
Dilutive effect of stock options, RSUs, PSUs and warrants	17,205,586	—	—	—
WEIGHTED AVERAGE SHARES OUTSTANDING - DILUTED	585,934,027	530,675,391	550,013,742	530,675,391

Dilutive securities will have a dilutive effect on the weighted average shares outstanding when the average market price of the common shares during the period exceeds the sum of the exercise price of the securities and the unamortized stock-based compensation expense. With a net loss for the six months ended June 30, 2022, securities of 68,830,247 were excluded from the diluted net loss per share calculation as their effect is anti-dilutive (three and six months ended June 30, 2021 – 31,843,359).

13. SEGMENTED INFORMATION

Segmented operating results

Three months ended June 30,	Thermal Oil 2022	Thermal Oil 2021	Light Oil 2022	Light Oil 2021	Eliminations[(1)] 2022	Eliminations[(1)] 2021	Consolidated 2022	Consolidated 2021
SEGMENT REVENUES								
Petroleum, natural gas & midstream sales	$ 399,793	$ 207,503	$ 53,825	$ 36,365	$ (17,940)	$ (11,757)	$ 435,678	$ 232,111
Royalties	(55,911)	(4,395)	(5,610)	(2,205)	—	—	(61,521)	(6,600)
	343,882	203,108	48,215	34,160	(17,940)	(11,757)	374,157	225,511
SEGMENT EXPENSES & OTHER								
Cost of diluent	141,685	82,728	—	—	(17,940)	(11,757)	123,745	70,971
Operating expenses	51,442	34,469	7,743	5,928	—	—	59,185	40,397
Transportation and marketing	20,246	18,715	2,284	2,604	—	—	22,530	21,319
Depletion and depreciation	18,102	11,704	10,420	12,363	—	—	28,522	24,067
Exploration expenses	282	898	—	—	—	—	282	898
(Gain) loss on sale of assets	14	(132)	—	—	—	—	14	(132)
	231,771	148,382	20,447	20,895	(17,940)	(11,757)	234,278	157,520
Gain (loss) on commodity risk management contracts, net							(34,037)	(59,662)
Segment income (loss)	$ 112,111	$ 54,726	$ 27,768	$ 13,265	$ —	$ —	105,842	8,329
CORPORATE								
Interest income							402	226
Financing and interest							(21,601)	(20,889)
General and administrative							(4,941)	(2,887)
Stock-based compensation							(8,396)	(6,457)
Depreciation							(733)	(743)
Foreign exchange gain (loss), net							(3,254)	8,477
Gain (loss) on revaluation of provisions and other							(20,198)	—
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)							$ 47,121	$ (13,944)

(1) Eliminations include adjustments for NGL's (i.e. condensate) produced by the Light Oil segment used for internal consumption (i.e. diluent) by the Thermal Oil segment. Sales between segments are made at prices that approximate market prices.

Six months ended June 30,	Thermal Oil 2022	Thermal Oil 2021	Light Oil 2022	Light Oil 2021	Eliminations[1] 2022	Eliminations[1] 2021	Consolidated 2022	Consolidated 2021
SEGMENT REVENUES								
Petroleum, natural gas & midstream sales	$ 760,074	$ 394,213	$ 98,933	$ 70,937	$ (33,905)	$ (21,383)	$ 825,102	$ 443,767
Royalties	(88,407)	(6,567)	(11,479)	(4,058)	—	—	(99,886)	(10,625)
	671,667	387,646	87,454	66,879	(33,905)	(21,383)	725,216	433,142
SEGMENT EXPENSES & OTHER								
Cost of diluent	281,596	165,922	—	—	(33,905)	(21,383)	247,691	144,539
Operating expenses	96,938	72,273	14,722	12,640	—	—	111,660	84,913
Transportation and marketing	42,344	40,087	4,741	4,851	—	—	47,085	44,938
Depletion and depreciation	35,601	22,749	21,175	25,049	—	—	56,776	47,798
Exploration expenses	484	1,083	—	—	—	—	484	1,083
(Gain) loss on sale of assets	(389)	(257)	—	(100)	—	—	(389)	(357)
	456,574	301,857	40,638	42,440	(33,905)	(21,383)	463,307	322,914
Gain (loss) on commodity risk management contracts, net							(165,551)	(95,459)
Segment income (loss)	$ 215,093	$ 85,789	$ 46,816	$ 24,439	$ —	$ —	96,358	14,769
CORPORATE								
Interest income							538	543
Financing and interest							(56,328)	(42,000)
General and administrative							(9,362)	(7,581)
Stock-based compensation							(21,761)	(11,008)
Depreciation							(1,466)	(1,483)
Foreign exchange gain (loss), net							(1,384)	15,344
Gain (loss) on revaluation of provisions and other							(79,075)	—
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)							$ (72,480)	$ (31,416)

(1) Eliminations include adjustments for NGL's (i.e. condensate) produced by the Light Oil segment used for internal consumption (i.e. diluent) by the Thermal Oil segment. Sales between segments are made at prices that approximate market prices.

Segmented capital expenditures

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
THERMAL OIL				
Property, plant and equipment	$ 43,053	$ 21,349	$ 64,139	$ 54,273
Exploration and evaluation	40	39	136	129
	43,093	21,388	64,275	54,402
LIGHT OIL				
Property, plant and equipment	1,221	544	9,208	1,512
CORPORATE				
Corporate assets[1]	6,877	696	8,637	2,268
TOTAL CAPITAL EXPENDITURES[1][2][3]	$ 51,191	$ 22,628	$ 82,120	$ 58,182

(1) For the three and six months ended June 30, 2022, expenditures include cash capitalized stock-based compensation costs of $0.8 million and $2.5 million (three and six months ended June 30, 2021 - $0.7 million and $1.2 million).

(2) For the three and six months ended June 30, 2022, expenditures include cash capitalized staff costs of $2.2 million and $3.7 million (three and six months ended June 30, 2021 - $1.7 million and $3.3 million).

(3) Excludes non-cash capitalized stock-based compensation and non-cash capitalized decommissioning obligation asset costs.

Segmented assets

Net book value (As at)	June 30, 2022	December 31, 2021
THERMAL OIL		
Prepaid expense (Note 3)	$ 41,252	$ 42,367
Inventory (Note 4)	61,418	43,038
Property, plant and equipment	841,388	810,947
Exploration and evaluation	745	561
	944,803	896,913
LIGHT OIL		
Property, plant and equipment	489,658	499,476
CORPORATE		
Current assets[(1)]	354,776	324,763
Risk management contracts (Note 6)	509	—
Long-term deposit (Note 3)	12,577	12,577
Property, plant and equipment	13,067	8,402
	380,929	345,742
TOTAL ASSETS	$ 1,815,390	$ 1,742,131

(1) Current assets under Corporate exclude inventory and the current portion of the Hangingstone transportation prepayment which have been included under the Thermal Oil segment.

14. REVENUE

The following table summarizes Athabasca's revenue by product:

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Heavy oil (blended bitumen)	$ 397,201	$ 207,503	$ 755,135	$ 394,213
Oil and condensate	36,763	25,817	68,820	50,351
Natural gas	11,775	6,794	20,026	13,830
Other natural gas liquids	5,287	3,754	10,087	6,756
Eliminations - inter-segment sales	(17,940)	(11,757)	(33,905)	(21,383)
Petroleum and natural gas sales	433,086	232,111	820,163	443,767
Midstream sales	2,592	—	4,939	—
TOTAL REVENUE	$ 435,678	$ 232,111	$ 825,102	$ 443,767

15. FINANCING AND INTEREST

	Three months ended June 30, 2022	Three months ended June 30, 2021	Six months ended June 30, 2022	Six months ended June 30, 2021
Financing and interest expense on indebtedness (Note 7)	$ 17,063	$ 14,286	$ 30,013	$ 28,998
Accretion of 2022 Notes (Note 7)	—	2,840	—	5,567
Accretion of 2026 Notes (Note 7)	(330)	—	18,307	—
Accretion of warrants (Note 8)	2,047	—	2,245	—
Accretion of provisions (Note 9)	2,584	3,452	5,269	6,795
Interest expense on lease liability (Note 9)	237	311	494	640
TOTAL FINANCING AND INTEREST	$ 21,601	$ 20,889	$ 56,328	$ 42,000

16. GAIN (LOSS) ON REVALUATION OF PROVISIONS AND OTHER

	Three months ended June 30, 2022	2021	Six months ended June 30, 2022	2021
Change in fair value of warrant liability (Note 8)	$ (17,424)	$ —	$ (76,369)	$ —
Change in estimated decommissioning obligations related to fully impaired E&E assets	(3,073)	—	(3,073)	—
Other	299	—	367	—
TOTAL GAIN (LOSS) ON REVALUATION OF PROVISIONS AND OTHER	$ (20,198)	$ —	$ (79,075)	$ —

17. INCOME TAXES

From time to time, Athabasca undergoes income tax audits in the normal course of business. The Company has received a notice of reassessment from the Canada Revenue Agency ("CRA") and Alberta Finance. While the final outcome of the reassessment cannot be predicted with certainty, Athabasca has received legal advice that confirms its position as filed and believes it is likely to be successful in appealing the reassessment. As such, the Company has not recognized any provision in its Consolidated Financial Statements with respect to the reassessment and previously posted a $12.6 million deposit with the CRA while objecting the reassessment.

As at June 30, 2022, the Company has approximately $3.1 billion in tax pools, including approximately $2.4 billion in non-capital losses and exploration tax pools available for immediate deduction against future income.

18. FINANCIAL INSTRUMENTS RISK

As at June 30, 2022, the Company's consolidated financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, deposits, risk management contracts, accounts payable, warrant liability and term debt. The risk management contracts have been classified as Level 2 on the fair value hierarchy and the warrant liability has been classified as Level 3 on the fair value hierarchy.

Credit risk

Credit risk is the risk of financial loss to Athabasca if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Athabasca's cash balances, accounts receivables from petroleum and natural gas marketers and joint interest partners and risk management contract counterparties.

Athabasca's cash and cash equivalents are held with two counterparties, which are large reputable financial institutions, and management concluded that credit risk associated with the investments is low. Management concluded that collection risk of the outstanding accounts receivables is low given the high credit quality of the Company's material counterparties. No material receivables were past due as at June 30, 2022. Athabasca's risk management contracts are held with three counterparties, all of which are large reputable financial institutions, and management concluded that credit risk associated with these risk management contracts is low.

Liquidity Risk

The Company's objective in managing liquidity risk is to maintain sufficient available reserves to meet its liquidity requirements at any point in time. The Company expects to achieve this objective through prudent capital spending, an active commodity risk management program (Note 6) and by maintaining sufficient liquidity to manage periods of volatility within its cash, cash equivalents and available credit facilities.

For the balance of 2022, it is anticipated that Athabasca's Light Oil and Thermal Oil capital and operating activities will be funded through cash flow from operating activities and existing cash and cash equivalents. Beyond 2022, depending on the Company's level of capital spend and the commodity price environment, the Company may require additional funding which could include debt, equity, joint ventures, asset sales or other external financing. The availability of any additional future funding will depend on, among other things, the current commodity price environment, operating performance, the Company's credit rating and its ability to access the equity and debt capital markets.

As at June 30, 2022 all material financial liabilities are current except for the long-term portion of the 2026 Notes. In addition, the Company has provisions and other liabilities as disclosed in Note 9. The Company's future unrecognized commitments are disclosed in Note 19.

Foreign exchange risk

Athabasca is exposed to foreign currency risk on the principal and interest components of its US dollar denominated 2026 Notes (Note 7) and US dollar denominated cash, cash equivalents, receivables and payables. As at June 30, 2022, Athabasca's net foreign exchange risk exposure was a US$5.0 million asset (December 31, 2021 - US$171.4 million liability), and a 5.0% change in the foreign exchange rate (USD:CAD) would result in a $0.3 million change in the foreign exchange gain/loss (December 31, 2021 - $10.9 million).

The following table provides a breakdown of the foreign exchange gain (loss):

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Unrealized foreign exchange gain (loss)	$ (1,422)	$ 9,844	$ 1,733	$ 16,619
Realized foreign exchange gain (loss)	(1,832)	(1,367)	(3,117)	(1,275)
FOREIGN EXCHANGE GAIN (LOSS), NET	$ (3,254)	$ 8,477	$ (1,384)	$ 15,344

The unrealized foreign exchange gain (loss) primarily relates to the principal and interest components of the Company's US dollar denominated term debt.

The Company is also exposed to foreign currency risk on oil sales based on US dollar benchmark prices.

Commodity price risk

Athabasca is exposed to commodity price risk on its petroleum and natural gas sales due to fluctuations in market commodity prices. Athabasca manages this exposure through an active commodity risk management program as well as managing capital programs and production levels to maximize the value of recoverable resources. Refer to Note 6 for further details.

Interest Rate Risk

The Company's exposure to interest rate fluctuations on interest earned on its floating rate cash and cash equivalents balance at June 30, 2022 of $154.2 million (December 31, 2021 - $223.1 million), from a 1.0% change in interest rates, would have an annualized impact of approximately $1.5 million (year ended December 31, 2021 - $2.2 million). The 2026 Notes and letters of credit issued are subject to fixed interest rates and are not exposed to changes in interest rates.

19. COMMITMENTS AND CONTINGENCIES

The following table summarizes Athabasca's estimated future unrecognized minimum commitments as at June 30, 2022 for the following five years and thereafter:

	Remaining 2022	2023	2024	2025	2026	Thereafter	Total
Transportation and processing(1)	$ 59,971	$117,643	$112,572	$108,685	$108,117	$1,146,005	$1,652,993
Interest expense on term debt (Note 7)(1)	14,229	28,458	28,458	28,458	23,717	—	123,320
Purchase commitments and other(1)	34,737	7,444	—	—	—	—	42,181
TOTAL COMMITMENTS	$ 108,937	$153,545	$141,030	$137,143	$131,834	$1,146,005	$1,818,494

(1) Commitments which are denominated in US dollars were converted into Canadian dollars at the June 30, 2022 exchange rate of US$1.00 = C$1.2886.

The Company is, from time to time, involved in claims arising in the normal course of business. The Company is currently undergoing income tax and partner related audits in the normal course of business. The final outcome of such audits cannot be predicted with certainty, however, management concluded that it has appropriately assessed any impact to the consolidated financial statements.

20. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital and other liabilities

The following table reconciles the net changes in non-cash working capital and other liabilities from the consolidated balance sheet to the consolidated statement of cash flows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
Change in accounts receivable	$ (24,027)	$ (5,041)	$ (93,946)	$ (27,555)
Change in prepaid expenses and deposits	(3,428)	(37,439)	(134)	(38,974)
Change in inventory	(6,196)	(5,666)	(18,380)	(13,040)
Change in accounts payable and accrued liabilities	26,809	(4,251)	84,603	13,682
	(6,842)	(52,397)	(27,857)	(65,887)
Other items impacting changes in non-cash working capital:				
Long-term assets reclassified to working capital	—	32,488	—	32,488
Change in cash stock-based compensation liability (Note 11)	(5,543)	1,279	8,457	9,190
Unrealized foreign exchange gain (loss) related to working capital	1,862	1,512	1,187	1,019
	$ (10,523)	$ (17,118)	$ (18,213)	$ (23,190)
RELATED TO:				
Operating activities	$ (16,353)	$ (13,982)	$ (30,706)	$ (30,502)
Financing activities	(1,153)	—	—	—
Investing activities	6,983	(3,136)	12,493	7,312
NET CHANGE IN NON-CASH WORKING CAPITAL	$ (10,523)	$ (17,118)	$ (18,213)	$ (23,190)
Cash interest paid	$ 1,222	$ 523	$ 14,377	$ 29,121
Cash interest received	$ 342	$ 226	$ 442	$ 509

CORPORATE INFORMATION

MANAGEMENT

Robert Broen
President & Chief Executive Officer

Matthew Taylor
Chief Financial Officer

Karla Ingoldsby
Vice President, Thermal Oil

Mike Wojcichowsky
Vice President, Light Oil

DIRECTORS

Ronald Eckhardt(1)(2)
Chair

Angela Avery

Bryan Begley(1)(3)

Robert Broen

Thomas Ebbern(1)(3)

John Festival(2)(3)

Marty Proctor(2)

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Detailed biographies of Athabasca's Board of Directors and Management are available on the Company's website.

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ATB Financial

AUDITORS

Ernst & Young LLP

INDEPENDENT EVALUATORS

McDaniel & Associates Consultants Ltd.

STOCK SYMBOL

ATH
Toronto Stock Exchange

Member of:

(1) Audit Committee
(2) Reserves and Health, Safety & Environment Committee
(3) Compensation and Governance Committee