FOR IMMEDIATE RELEASE
May 8, 2019

Athabasca Oil Corporation Announces 2019 First Quarter Results

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is pleased to report strong operational and financial performance in the first quarter of 2019. With its resilient business model, the Company is well positioned to generate free cash flow in 2019 and beyond.

2019 First Quarter Highlights

Consolidated Quarterly Results

- Production of 39,206 boe/d (86% liquids)
- Operating income of $76 million (excluding hedging)
- Adjusted funds flow of $42 million ($0.08/share)
- Free cash flow of $10 million with positive contributions from both Light Oil and Thermal Oil

Thermal Oil – Low Decline Production

- Production of 27,494 bbl/d, in-line with Government mandated curtailments
- Operating income of $45 million with a netback of $18.50/bbl
- Leismer L7 sustaining pad rig released in February with first production expected in Q4 2019

Light Oil – High Margin Liquids Rich Returns

- Production of 11,712 boe/d (54% liquids), representing 12% growth year over year
- Operating income of $31 million with a top decile netback of $29.67/boe
- Encouraging Duvernay results at Kaybob West (IP30 ~750 bbl/d) and Two Creeks (IP90 ~400 bbl/d)

Financial Resiliency

- Liquidity of $400 million (cash and available credit facilities)
- Net debt of $263 million; 2019e net debt to funds flow of 1.2x (US$65 WTI & US$17.50 WCS diff)

2019 Outlook

Uniquely Positioned for Current Market Fundamentals

- Annual capital guidance remains unchanged at $95 – $110 million
- Annual production guidance remains unchanged at 37,500 – 40,000 boe/d
- Funds flow forecast of $205 million; free cash flow ~$100 million (US$65 WTI & US$17.50 WCS diff)
- Future flexibility to direct free cash flow to debt reduction, share buy backs or capital projects

Athabasca is a liquids-weighted intermediate producer with exposure to Canada's most active resource plays (Montney, Duvernay, Oil Sands). The Company's high quality, long life assets provide investors with unique exposure to free cash flow which, combined with focus on strong margin opportunities, drives shareholder returns.

Financial and Operational Highlights

($ Thousands, unless otherwise noted)	3 months ended March 31 2019	2018
CONSOLIDATED		
Petroleum and Natural Gas Production (boe/d)	**39,206**	40,572
Operating Income[1,2]	$ **58,602**	$ 16,876
Operating Netback[1,2] ($/boe)	$ **16.77**	$ 4.65
Capital Expenditures	$ **52,964**	$ 82,261
Capital Expenditures Net of Capital-Carry[1]	$ **31,756**	$ 56,661
LIGHT OIL DIVISION		
Oil, Condensate and NGLs Production (bbl/d)	**6,283**	5,243
Natural Gas Production (mcf/d)	**32,576**	31,511
Petroleum and Natural Gas Production (boe/d)	**11,712**	10,495
Operating Income[1]	$ **31,280**	$ 24,292
Operating Netback[1] ($/boe)	$ **29.67**	$ 25.72
Capital Expenditures	$ **29,855**	$ 66,630
Capital Expenditures Net of Capital-Carry[1]	$ **8,647**	$ 41,030
THERMAL OIL DIVISION		
Bitumen Production (bbl/d)	**27,494**	30,077
Operating Income (Loss)[1]	$ **45,128**	$ (6,744)
Operating Netback[1] ($/bbl)	$ **18.50**	$ (2.51)
Capital Expenditures	$ **23,109**	$ 15,631
CASH FLOW AND FUNDS FLOW		
Cash Flow from Operating Activities	$ **(18,572)**	$ (3,241)
per share - basic	$ **(0.04)**	$ (0.01)
Adjusted Funds Flow[1]	$ **41,619**	$ (6,360)
per share - basic	$ **0.08**	$ (0.01)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		
Net Income (Loss) and Comprehensive Income (Loss)	$ **206,796**	$ (93,330)
per share - basic	$ **0.40**	$ (0.18)
per share - diluted	$ **0.39**	$ (0.18)
COMMON SHARES OUTSTANDING		
Weighted Average Shares Outstanding - basic	**516,011,483**	510,191,864
Weighted Average Shares Outstanding - diluted	**524,731,043**	510,191,864

As at ($ Thousands)	March 31 2019	Dec. 31 2018
LIQUIDITY AND BALANCE SHEET		
Cash and Cash Equivalents	$ **272,240**	$ 73,898
Available Credit Facilities[3]	$ **126,604**	$ 126,491
Capital-Carry Receivable (current & LT portion – undiscounted)	$ **60,467**	$ 81,675
Face Value of Long-term Debt[4]	$ **601,200**	$ 614,070

1) Refer to the "Advisories and Other Guidance" section in the MD&A for additional information on Non-GAAP Financial Measures.
2) Includes realized commodity risk management loss of $17.8 million for the three months ended March 31, 2019 ($0.7 million for the three months ended March 31, 2018).
3) Includes available credit under Athabasca's Credit Facility and Unsecured Letter of Credit Facility.
4) The face value of the 2022 Notes is US$450 million. The 2022 Notes were translated into Canadian dollars at the March 31, 2019 exchange rate of US$1.00 = C$1.3360.

Business Environment

In December, the Alberta Government announced mandatory industry production curtailments starting in January 2019 to alleviate the high differential situation until additional egress is added. Following the announcement, the Western Canadian Select ("WCS") heavy oil pricing outlook has significantly improved. WCS prices averaged C$56.62 in Q1 2019, a 123% increase from C$25.36 in Q4 2018. Athabasca remains supportive of these actions and views them as a necessary step to normalize pricing and provide a bridge to permanent market access initiatives.

Industry and government crude by rail remain an important factor in managing differentials and Alberta inventories. Rail capacity continues to increase and base line utilization is expected to build through 2019 as long term contracts are operationalized.

The global heavy oil market continues to tighten with supply declines in Venezuela and Mexico, OPEC cuts and growing petrochemical demand. These changing dynamics are supporting heavy oil pricing benchmarks with US refineries in the PADD II and III regions requiring a heavier feedstock. The majority of onshore North American liquids production growth is light or condensate spec and slated for export to the international market. Athabasca is well positioned for this changing global supply dynamic with its Thermal Oil weighted production and long life reserve base.

Operations Update

Light Oil

Q1 2019 production averaged 11,712 boe/d (54% liquids), representing 12% growth year over year. The business division generated record operating income of $31.3 million a with top decile netback of $29.67/boe. Capital expenditures for the quarter were $8.6 million (net of capital carry) with free cash flow of $22.6 million.

The liquids rich Montney at Greater Placid (70% operated working interest) is positioned for flexible and efficient development. Robust project economics are supported by strong initial liquids yields (200 – 300 bbl/mmcf), low lifting costs and a ~200 well high graded inventory. The Company has a completion ready pad (seven wells) that was drilled last winter.

Activity in the Greater Kaybob Duvernay (30% non-operated working interest) remains robust and the partnership is planning to execute a jointly approved 2019 budget of ~C$280 million gross (~C$20 million net of capital carry). Activity is focused on volatile oil delineation at Two Creeks, Kaybob East and Kaybob West. The partnership remains encouraged by appraisal results from the first well at Two Creeks 4-21-64-18W5 which had a facility restricted IP90 of ~400 bbl/d (condensate). Athabasca drilled this shorter horizontal well in 2015 for land retention and a future resource appraisal test. Two additional multi-well pads were drilled and completed this winter at Two Creeks with production tests to commence post break-up. A significant northern step-out at Kaybob West 16-25-65-20W5 had a facility restricted IP30 of ~750 bbl/d (condensate). By the end of this year Athabasca believes the majority of the Duvernay acreage (six areas across ~200,000 gross acres) will be de-risked from a resource appraisal perspective and the partnership will be in a position to high-grade development opportunities thereafter. Athabasca remains protected into 2020 with a current capital carry balance of $60.5 million.

Thermal Oil

Q1 2019 production averaged 27,494 bbl/d, in line with mandated Government Curtailments. The business division generated operating income of $45.1 million with an operating netback of $18.50/bbl ($21.97/bbl at Leismer and $11.39/bbl at Hangingstone). The Company's realized bitumen price after blending averaged $42.56/bbl and is the highest quarterly realized bitumen price in corporate history. Capital expenditures for the quarter were $23.1 million with free cash flow of $22.0 million.

Athabasca is taking deliberate steps to manage reservoir performance and maximize long term profitability at Hangingstone and Leismer. At Leismer operations will focus on production and steam optimization across the field ahead of the start-up of the L7 sustaining pad. The L7 pad was rig released in February and facility construction is underway with steaming anticipated to commence this summer and first production in Q4 2019. This pad is expected to support productive capacity of approximately 20,000 bbl/d. The Company estimates a low average 44% recovery factor on existing wells to date with recoveries expected to reach 65% – 70% long-term. The Company is conducting field and facility maintenance at both assets throughout April and May.

Risk Management and Balance Sheet

Athabasca has prudently protected a base level of capital activity through its risk management program while maintaining cash flow upside to the current pricing environment. The Company has hedged 14,000 bbl/d of apportionment protected volumes for the remainder of 2019 with a WCS floor price of approximately C$53.50, in line with profitable levels realized in Q1 2019.

The Company has access to 130,000 bbl of storage at Edmonton to manage and optimize product sales. Athabasca has secured long term egress to multiple end markets with 25,000 bbl/d of capacity on TransCanada Keystone XL and 20,000 bbl/d of capacity on the Trans Mountain Expansion Project.

Athabasca maintains a strong financial position with funding capacity of $460 million (cash, available credit facilities and Duvernay capital carry) and liquidity of approximately $400 million (cash and available credit facilities). The Company's existing term debt is in place until 2022 with no maintenance covenants.

Outlook and Drive to Free Cash Flow

Athabasca's guidance for 2019 capital remains unchanged with activity levels designed to maintain base production and a strong balance sheet.

The Company is maintaining its $95 – $110 million capital program with production guidance between 37,500 – 40,000 boe/d. Forecasted funds flow for 2019 is estimated at $205 million (US$65 WTI & US$17.50 WCS differential for the balance of 2019) with resulting free cash flow of approximately $100 million.

Delivering consistent free cash flow will afford Athabasca flexibility to direct free cash flow to debt reduction, share buy backs or future capital projects.

2019 Guidance	Full Year
CORPORATE (net)	
Production (boe/d)	37,500 – 40,000
Capital Expenditures ($MM)	$95 - $110

LIGHT OIL (net)	
Production (boe/d)	10,000 – 11,000
Capital Expenditures ($MM)	$15 – $30
THERMAL OIL (net)	
Production (bbl/d)	27,500 – 29,000
Capital Expenditures ($MM)	$80
FUNDS FLOW SENSITIVITY[1] ($MM)	
US$60 WTI / US$17.50 WCS diff	$165
US$65 WTI / US$17.50 WCS diff	$205

1) Funds flow sensitivity includes Q1 2019 actuals, current hedging and flat pricing assumptions for the remainder of 2019 (US$10 MSW differential, US$5 C5 differential, C$1.50 AECO, 0.75 C$/US$ FX).

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”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “believe”, “view”, ”contemplate”, “target”, “potential” and similar expressions are intended to identify forward-looking information. The forward-looking information is not historical fact, but rather is based on the Company’s current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company’s industry, business and future 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: the Company’s 2019 guidance; type well economic metrics; estimated recovery factors and reserve life index; and other matters.

Information relating to "reserves" is also deemed to be forward-looking information, as it involves the implied assessment, based on certain estimates and assumptions, that the reserves described exist in the quantities predicted or estimated and that the reserves 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 outlook; the regulatory framework in the jurisdictions in which the Company conducts business; the Company’s financial and operational flexibility; the Company’s, capital expenditure outlook, financial sustainability and ability to access sources of funding; geological and engineering estimates in respect of Athabasca’s reserves and resources; and other matters.

Actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth in the Company’s Annual Information Form (“AIF”) dated March 6, 2019 available on SEDAR at www.sedar.com, including, but not limited to: fluctuations in commodity prices, foreign exchange and interest rates; political and general economic, market and business conditions in Alberta, Canada, the United States and globally; changes to royalty regimes, environmental risks and hazards; the potential for management estimates and assumptions to be inaccurate; the dependence on Murphy as the operator of the Company’s Duvernay assets; the capital requirements of Athabasca’s projects and the ability to obtain financing; operational and business interruption risks; failure by counterparties to make payments or perform their operational or other obligations to Athabasca in compliance with the terms of contractual arrangements; aboriginal claims; failure to obtain regulatory approvals or maintain compliance with regulatory requirements; uncertainties inherent in estimating quantities of reserves and resources; litigation risk; environmental risks and hazards; reliance on third party infrastructure; hedging risks; insurance risks; claims made in respect of Athabasca’s operations, properties or assets; risks related to Athabasca’s amended credit facilities and senior secured notes; and risks related to Athabasca’s common shares.

Also included in this press release are estimates of Athabasca's 2019 capital expenditures, adjusted funds flow, operating netbacks and operating income levels, free cash flow, which are based on the various assumptions as to production levels, commodity prices and 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 as of the date of this press 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.

Initial Production Rates

The initial production rates provided in this News Release should be considered to be preliminary. Initial production rates disclosed herein may not necessarily be indicative of long term performance or of ultimate recovery.

Drilling Locations

The 1,000 Duvernay drilling locations referenced include: 50 proved undeveloped or non-producing locations and 35 probable undeveloped locations for a total of 85 booked locations with the balance being unbooked locations. The 200 Montney drilling locations referenced include: 77 proved undeveloped locations and 12 probable undeveloped locations for a total of 89 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, 2018 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, oil and natural gas prices, provincial fiscal and royalty policies, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Non-GAAP Financial Measures

The "Adjusted Funds Flow", "Light Oil Operating Income", "Light Oil Operating Netback", "Light Oil Capital Expenditures Net of Capital-Carry", "Thermal Oil Operating Income (Loss)", "Thermal Oil Operating Netback", "Consolidated Operating Income", "Consolidated Operating Netback", "Consolidated Capital Expenditures Net of Capital-Carry", "Thermal Oil Free Cash Flow", "Light Oil Free Cash FLow" and "Consolidated Free Cash Flow" 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 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 is 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 measure allows 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 per share is calculated as Adjusted Funds Flow divided by the applicable number of weighted average shares outstanding.

The Light Oil Operating Income and Light Oil Operating Netback measures in this News Release are calculated by subtracting royalties, operating expenses and transportation & marketing expenses from petroleum and natural gas sales. The Light Oil Operating Netback measure is presented on a per boe basis. The Light Oil Operating Income and the Light Oil Operating Netback measures allow management and others to evaluate the production results from the Company's Light Oil assets.

The Operating Income (Loss) and Operating Netback measures in this News Release with respect to the Leismer Project and Hangingstone Project are calculated by subtracting the cost of diluent blending, royalties, operating expenses and transportation & marketing expenses from blended bitumen sales. The Thermal Oil Operating Netback measure is presented on a per bbl basis of bitumen sales. The Thermal Oil Operating Income (Loss) and the Thermal Oil Operating Netback measures allow management and others to evaluate the production results from the Company's Thermal Oil assets.

The Consolidated Operating Income and Consolidated Operating Netback measures in this News Release are calculated by adding or subtracting realized gains (losses) on commodity risk management contracts, royalties, the cost of diluent blending, operating expenses and transportation & marketing expenses from petroleum and natural gas sales. The Consolidated Operating Netback measure is presented on a per boe basis. The Consolidated Operating Income and the Consolidated Operating Netback measures allow management and others to evaluate the production results from the Company's Light Oil and Thermal Oil assets combined together including the impact of realized commodity risk management gains or losses.

The Consolidated Capital Expenditures Net of Capital-Carry and Light Oil Capital Expenditures Net of Capital-Carry measures in this News Release are outlined in the Company's Q1 2019 MD&A. These measures allow management and others to evaluate the true net cash outflow related to Athabasca's capital expenditures.

The Consolidated Free Funds Flow measure in this News Release is calculated by subtracting the Capital Expenditures Net of Capital-Carry from the Consolidated Operating Income. The Light Oil Free Funds Flow measure in this MD&A is calculated by subtracting the Light Oil Capital Expenditures Net of Capital-Carry from the Light Oil Operating Income. The Thermal Oil Free Funds Flow measure in this MD&A is calculated by subtracting the Thermal Oil Capital Expenditures from the Thermal Oil Operating Income (Loss). The Light Oil Free Funds Flow and Thermal Oil Free Funds Flow measures allow management and others to evaluate Athabasca's ability to generate funds to finance our operations.

Net debt is defined as face value of term debt plus current liabilities (adjusted for risk management contracts) less current assets (adjusted for risk management contracts).