FOR IMMEDIATE RELEASE
May 6, 2020

Athabasca Oil Corporation Announces Q1 2020 Results

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is pleased to report its operating and unaudited consolidated financial results for the three months ended March 31, 2020.

Operations Highlights

- **Q1 Production: ~**36,550 boe/d including ~28,300 bbl/d in Thermal Oil & ~8,250 boe/d in Light Oil.
- **Leismer:** Q1 production of ~19,800 bbl/d supported by strong results at Pad 7.
- **Placid Montney:** Encouraging initial results from 10 wells that were placed on production for clean-up in April with plans to defer new volumes until commodity prices improve.
- **Kaybob Duvernay:** Continued strong results in the oil window with recent pads at Kaybob East IP30s averaging ~1,000 boe/d per well (88% liquids). These results compare favorably to the East Shale Basin Duvernay due to low capital costs and higher sustained liquids rates.

Resiliency Measures Taken in Response to COVID19

- **Halted Capital Program:** 2020 budget of $85 million reflects a $40 million reduction from the original budget. Minimal activity planned for the balance of the year ($31.5 million Q2-Q4 2020).
- **Production Curtailments:** Shut in production indefinitely at Hangingstone and planning to curtail production at Leismer to ~8,000 bbl/d by June and Light Oil to ~7,500 boe/d starting in May. The duration of curtailments will be dictated by commodity prices.
- **G&A Reductions:** Moved to 80% work week for corporate staff in the Calgary office.
- **Contingent Bitumen Royalty:** $70 million cash consideration for an upsized Royalty agreement with Burgess Energy at a highly attractive cost of capital (the "Royalty").
- **Reduced Future Financial Commitments:** Reassigned 15,000 bbl/d of Keystone XL transportation commitment to a third party while retaining 10,000 bbl/d of capacity.
- **Risk Management:** Protection in place to mitigate near term pricing volatility including 18,000 bbl/d of WTI hedged for Q2 at ~US$42.50 vs. strip at ~US$20.50 (May 4).

Balance Sheet and Financial Highlights

- **Balance Sheet:** Liquidity of $352 million (cash, cash equivalents and available credit facilities at March 31, 2020 and pro forma the Royalty transaction announced on April 28, 2020).
- **Financial Results:** Q1 Operating Income of $1.1 million with financial results impacted by realized price declines related to the onset of the COVID-19 pandemic.

Athabasca remains focused on maximizing corporate funds flow and maintaining strong corporate liquidity. Athabasca maintains long-term optionality across a deep inventory of high-quality Thermal Oil projects and flexible Light Oil development opportunities. This balanced portfolio provides shareholders with differentiated exposure to liquids weighted production and significant long reserve life assets.

Business Environment and the Impact of COVID19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The COVID-19 pandemic has caused a material disruption to global business and a slowdown of the global economy. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

Global commodity prices have declined significantly as countries around the world enact emergency measures to combat the spread of the virus. The decrease in oil demand has been unprecedented with an estimated 22.5 MMbbl/d off market in April, 2020 (Goldman Sachs Global Investment Research). Additionally, Saudi Arabia and Russia could not agree on extending production cuts in March 2020 resulting in world supply increasing. Global inventories have reached all-time highs recently, including in North America. The result has seen WTI prices drop from ~US$57.50 in January to ~US$16.75 in April (monthly average prices). Physical markets and regional benchmark prices (e.g. Western Canadian Select "WCS" heavy oil) have also been impacted by inventory balances and underlying commodity price volatility.

In April, OPEC and non-OPEC countries agreed to supply cuts amounting to 10 MMbbl/d in response to the over-supply situation along with other global producer curtailments. Athabasca expects improving global oil fundamentals through H2 2020 due to these supply cuts and demand support as countries implement relaunch programs for businesses and day-to-day life.

Corporate Update and Response to COVID19

Athabasca's first priority is the safety of its employees and contractors and ensuring the Company is doing its part to flatten the curve. Athabasca's field operations have been reduced to essential personnel and the Company is strictly complying with Alberta Health Guidelines. The Company has successfully implemented remote work access for its Calgary staff since mid-March.

The Company has taken swift action in response to the pandemic and economic crisis. Major initiatives to date include halting the 2020 capital program, significant production curtailments, partnering with service companies to reduce operating costs and reducing future financial commitments on the Keystone XL pipeline. Finally, the Company recently bolstered its liquidity by $70 million through an upsized Contingent Bitumen Royalty.

The Company is well positioned to navigate the current challenging environment with $352 million in liquidity ($270 million cash and cash equivalents, $82 million undrawn credit capacity as at March 31, 2020 and pro forma the Royalty transaction announced on April 28). The low decline nature of Athabasca's assets allows for minimal capital investment while maintaining its production base for a crude oil demand recovery. Strong current liquidity in conjunction with swift operational actions should allow Athabasca to remain resilient under strip commodity prices through this cycle with significant upside potential as oil prices recover. Athabasca is continuing to explore opportunities to increase liquidity to further insulate from market volatility including potentially accessing the recently announced Federal Government support programs.

Athabasca's 2020 capital program is $85 million ($31.5 million Q2 – Q4 2020), with $40 million cancelled from the original budget. The Company is suspending its production guidance given the uncertainty associated with the duration of the announced curtailments which will be dictated by commodity pricing.

The Company has 18,000 bbl/d of WTI hedged for Q2 2020 at ~US$42.50 and 9,000 bbl/d for H2 2020 at ~US$41. For the balance of the year (Q2 – Q4), the Company has 15,000 bbl/d of WCS differentials hedged at ~US$18.

There have been recent positive developments on market egress. TC Energy and the Alberta Government announced on March 31, 2020 that the Alberta Government would provide financial support in the form of a $1.5 billion equity investment in 2020 and $6 billion of loan guarantees in 2021, enabling completion of the Keystone XL pipeline. As a result, the project resumed construction on April 1, 2020. Despite these encouraging advancements, overall broader market uncertainty has delayed returns that our investors expect. Canada is fortunate to have an abundance of resources and the technical strength for responsible development. Our Company is firm in its belief that we develop Energy responsibly to make lives better. The world needs Canadian Energy and so does Canada.

Financial and Operational Highlights

($ Thousands, unless otherwise noted)	Three months ended March 31, 2020	2019
CONSOLIDATED		
Petroleum and natural gas production (boe/d)	36,557	39,206
Operating Income[1][2]	$ 1,098	$ 58,602
Operating Netback[1][2] ($/boe)	$ 0.33	$ 16.77
Capital expenditures	$ 76,246	$ 52,964
Capital Expenditures Net of Capital-Carry[1]	$ 53,506	$ 31,756
LIGHT OIL DIVISION		
Petroleum and natural gas production (boe/d)	8,242	11,712
Percentage liquids (%)	59%	54%
Operating Income (Loss)[1]	$ 12,783	$ 31,280
Operating Netback[1] ($/boe)	$ 17.04	$ 29.67
Capital expenditures	$ 58,527	$ 29,855
Capital Expenditures Net of Capital-Carry[1]	$ 35,787	$ 8,647
THERMAL OIL DIVISION		
Bitumen production (bbl/d)	28,315	27,494
Operating Income (Loss)[1]	$ (33,111)	$ 45,128
Operating Netback[1] ($/bbl)	$ (12.50)	$ 18.50
Capital expenditures	$ 17,696	$ 23,109
CASH FLOW AND FUNDS FLOW		
Cash flow from operating activities	$ (3,021)	$ (18,572)
per share - basic	$ (0.01)	$ (0.04)
Adjusted Funds Flow[1]	$ (27,883)	$ 41,619
per share - basic	$ (0.05)	$ 0.08
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		
Net income (loss) and comprehensive income (loss)	$ (516,481)	$ 206,796
per share - basic	$ (0.99)	$ 0.40
per share - diluted	$ (0.99)	$ 0.39
COMMON SHARES OUTSTANDING		
Weighted average shares outstanding - basic	523,595,977	516,011,483
Weighted average shares outstanding - diluted	523,595,977	524,731,043

As at ($ Thousands)	March 31, 2020	December 31, 2019
LIQUIDITY AND BALANCE SHEET		
Cash and cash equivalents	$ 199,517	$ 254,389
Available credit facilities[3]	$ 82,240	$ 85,815
Capital-carry receivable (current portion - undiscounted)	$ —	$ 22,740
Face value of long-term debt[4]	$ 638,415	$ 583,425

(1) Refer to the Advisories in this News Release and the "Advisories and Other Guidance" section within this in the Company's Q1 2020 MD&A for additional information on Non-GAAP Financial Measures.

(2) Includes realized commodity risk management gain of $21.4 million for the three months ended March 31, 2020 (three months ended March 31, 2019 - $17.8 million loss).

(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, 2020 exchange rate of US$1.00 = C$1.4187.

Operations Update

Thermal Oil

In Q1 2020, production averaged 28,315 bbl/d with a strong contribution from Leismer which averaged 19,818 bbl/d. Leismer had a 13% improvement in its steam oil ratio ("SOR") to 3.4x compared with Q4 2019. The improvement at Leismer was due to increased co-injection of non-condensable gas and the impact of Pad 7's low SOR.

The Company has recently voluntarily curtailed Leismer volumes to optimize operating cash flows while conserving valuable reserves for a more constructive pricing environment. In the near term, the Company anticipates managing volumes down to ~8,000 bbl/d by June. Operations are focused on maintaining reservoir integrity through optimizing steam levels and non-condensable gas co-injection. The duration of curtailments will be dictated by commodity pricing. Leismer's operating break-even is estimated at US$23 WCS (US$35 WTI assuming a US$12.50 WCS differential) at current production capacity (~19,000 bbl/d).

Overall Thermal Oil financial results in Q1 were impacted by the severe selloff in commodity prices following the global COVID-19 outbreak with an Operating Loss of $33.1 million. Capital expenditures were $17.7 million and were primarily associated with Leismer and included the completion of the water disposal project as well as drilling observation wells and purchasing long-lead items for Pad 8. Minimal capital activity is budgeted for the balance of 2020 and only includes routine pump-changes on wells.

Athabasca suspended the Hangingstone SAGD operation on April 2, 2020. This suspension involved shutting in the well pairs, halting steam injection to the reservoir, and taking measures to preserve the processing facility and pipelines in a safe manner so that it could be re-started at a future date when the economy has recovered. The Hangingstone asset has an operating break-even of approximately US$37 WCS (US$50 WTI assuming $12.50/bbl WCS differential) and this action is expected to significantly improve corporate resiliency in the current environment.

Light Oil

In Q1 2020, production averaged 8,242 boe/d (59% liquids). The division generated Operating Income of $12.8 million ($17.04/boe netback). The Company's Light Oil Netbacks are top tier when compared to Alberta's other liquids-rich Montney and Duvernay resource producers and are supported by a high liquids weighting and low operating expenses. Capital Expenditures were $35.8 million. The Company has no additional Light Oil activity planned for the balance of the year.

At Greater Placid, the 10 Montney development wells from the winter program were all placed on-production by April for clean-up. Athabasca is pleased with initial production results and has elected to defer new volumes from the development wells until commodity prices improve. The Company anticipates managing base Montney volumes to ~3,500 boe/d through May and June. Greater Placid is positioned for flexible future development with no near-term land retention requirements.

In the Greater Kaybob Duvernay, Athabasca concluded an active winter campaign that included the drilling of 8 wells, 13 completions and a total of 16 tie-ins expected by mid-year. In the volatile oil window, production results have been consistently strong. Recent multi-well pads at Kaybob East (10 wells) had IP30s averaging ~1,000 boe/d per well (80% liquids). Drilling and completion costs have been reduced to

~C$7.5 million on recent wells (2-well pads) with line of sight to further improvements with multi-well pad development. These results compare favorably to the East Shale Basin Duvernay due to low capital costs and higher sustained liquids rates.

Annual General Meeting

Athabasca will hold its 2020 Annual General Meeting on Thursday, May 7, 2020 at 9:00am (MDT). The Meeting will be held at Athabasca's Calgary office located at Suite 1200, 215 - 9 Avenue SW.

Due to restrictions on gatherings implemented by the Government of Alberta in response COVID-19, guidelines issued with respect to social distancing and out of concern for the wellbeing of all participants, we strongly recommend that shareholders not attend the meeting in-person.

Shareholders can listen to the Meeting via live webcast at https://www.atha.com/investors/presentation-events.html. An archived recording of the webcast will be available on the Company's website for those unable to listen live.

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: our strategic plans and growth strategies; plans to curtail production; the Company’s 2020 capital budget; expectations on global oil fundamentals; and other matters.

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 4, 2020 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, including those that may be related to the COVID pandemic; 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.

The risks and uncertainties referred to above are described in more detail in Athabasca’s most recent AIF, which is available on the Company’s SEDAR profile at www.sedar.com. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. The forward-looking information included in this News Release is expressly qualified by this cautionary statement and is made as of the date of this News Release. The Company does not undertake any obligation to publicly update or revise any forward-looking information except as required by applicable securities laws.

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.

Operating break-even reflects the estimated WCS oil price per barrel required to generate an asset level operating income of Cdn $0. Break-even is used to assess the impact of changes in WCS oil prices on operating income of an asset and could impact future investment decisions. Break-even does not have any standardized meaning and therefore should not be used to make comparisons to similar measures presented by other issuers.

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.

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”, and “Consolidated Capital Expenditures Net of Capital-Carry” 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. Adjusted Funds Flow is calculated by adding certain non-cash changes to working capital and settlement of provisions to cash flow from operating activities. 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 measure in this News Release is calculated by subtracting royalties, operating expenses and transportation & marketing expenses from petroleum and natural gas sales. The Light Oil Operating Netback measure is calculated by dividing the Light Oil Operating Income (Loss) by the Light Oil production and 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 Thermal Oil Operating Income (Loss) measure in this News Release with respect to the Leismer Project and Hangingstone Project is calculated by subtracting the cost of diluent blending, royalties, operating expenses and transportation & marketing expenses from blended bitumen sales and adjusting for the impacts of inventory write-downs. The Thermal Oil Operating Netback measure is calculated by dividing the respective projects Operating Income (Loss) by its respective bitumen sales volumes and is presented on a per barrel basis. 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 (Loss) measure in this News Release is 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 and adjusting for the impacts of inventory write-downs. The Consolidated Operating Netback measure is calculated by dividing Consolidated Operating Income (Loss) by the total sales volumes and is presented on a per boe basis. The Consolidated Operating Income (Loss) 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 2020 MD&A. These measures allow management and others to evaluate the true net cash outflow related to Athabasca's capital expenditures.