

**Condensed Interim Consolidated  
Financial Statements  
(unaudited)**

**Q1 2021**



**FOCUSED | EXECUTING | DELIVERING**

**CONSOLIDATED BALANCE SHEETS**  
(unaudited)

As at (\$ Thousands)	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 141,130	\$ 165,201
Accounts receivable	85,042	62,528
Prepaid expenses and deposits	13,184	11,649
Inventory (Note 3)	37,724	30,350
	277,080	269,728
Restricted cash	135,120	135,624
Long-term deposits (Notes 14 and 16)	44,015	44,407
Property, plant and equipment (Note 5)	986,692	975,987
Exploration and evaluation assets	339	238
	\$ 1,443,246	\$ 1,425,984
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 121,932	\$ 103,999
Risk management contracts (Note 4)	15,495	811
Current portion of provisions and other liabilities (Note 7)	8,539	5,054
Current portion of long-term debt (Note 6)	555,160	—
	701,126	109,864
Long-term debt (Note 6)	—	559,498
Provisions and other liabilities (Note 7)	195,085	189,597
	896,211	858,959
<b>SHAREHOLDERS' EQUITY</b>		
Common shares (Note 8)	2,241,880	2,241,880
Contributed surplus	122,965	125,483
Accumulated deficit	(1,817,810)	(1,800,338)
	547,035	567,025
	\$ 1,443,246	\$ 1,425,984

Commitments and contingencies (Note 16).

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	
	March 31,	
	2021	2020
<b>REVENUE</b>		
Petroleum and natural gas sales (Note 12)	\$ 211,656	\$ 131,154
Interest income	317	1,623
Royalties	(4,025)	(1,919)
	207,948	130,858
Unrealized gain (loss) on commodity risk management contracts (Note 4)	(14,684)	68,111
Realized gain (loss) on commodity risk management contracts (Note 4)	(21,113)	21,426
	172,151	220,395
<b>EXPENSES</b>		
Cost of diluent	73,568	88,218
Operating expenses	44,516	49,612
Transportation and marketing	23,619	27,197
General and administrative	4,694	5,397
Stock-based compensation (Note 9)	4,551	(559)
Financing and interest (Note 13)	21,111	21,553
Depletion and depreciation (Note 5)	24,471	31,292
Impairment loss	—	471,839
Exploration expenses	185	270
Total expenses	196,715	694,819
Revenue less expenses	(24,564)	(474,424)
<b>OTHER INCOME (EXPENSES)</b>		
Foreign exchange gain (loss), net (Note 15)	6,867	(45,789)
Gain (loss) on revaluation of provisions and other	—	3,538
Gain (loss) on sale of assets	225	194
Net income (loss) and comprehensive income (loss)	\$ (17,472)	\$ (516,481)
<b>BASIC NET INCOME (LOSS) PER SHARE (Note 10)</b>	\$ (0.03)	\$ (0.99)
<b>DILUTED NET INCOME (LOSS) PER SHARE (Note 10)</b>	\$ (0.03)	\$ (0.99)

See accompanying notes to the consolidated financial statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(\$ Thousands)	Three months ended	
	March 31,	
	2021	2020
<b>OPERATING ACTIVITIES</b>		
Net income (loss)	\$ (17,472)	\$ (516,481)
Items not affecting cash		
Stock-based compensation (Note 9)	(1,792)	(559)
Net non-cash financing and interest	6,070	5,384
Depletion and depreciation (Note 5)	24,471	31,292
Impairment loss	—	471,839
Non-cash foreign exchange (gain) loss (Note 15)	(6,775)	52,485
Non-cash (gain) loss on risk management contracts (Note 4)	14,684	(68,111)
Non-cash (gain) loss on revaluation of provisions and other	—	(3,538)
(Gain) loss on sale of assets	(225)	(194)
Settlement of provisions (Note 7)	(1,303)	(5,995)
Changes in non-cash working capital and other liabilities (Note 17)	(16,520)	30,857
	1,138	(3,021)
<b>FINANCING ACTIVITIES</b>		
Payments of lease liabilities (Note 7)	(689)	(624)
Proceeds from exercised equity incentives	—	16
	(689)	(608)
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment (Note 5)	(35,464)	(76,150)
Additions to exploration and evaluation assets	(90)	(96)
Recovery of capital-carry proceeds	—	22,740
Proceeds from sale of assets	247	194
(Increase) decrease in restricted cash	(54)	(25)
Changes in non-cash working capital and other liabilities (Note 17)	10,448	2,094
	(24,913)	(51,243)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	393	—
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(24,071)</b>	<b>(54,872)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>165,201</b>	<b>254,389</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 141,130</b>	<b>\$ 199,517</b>

See accompanying notes to the consolidated financial statements.

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**(unaudited)**

(\$ Thousands)	Three months ended	
	March 31,	
	2021	2020
<b>COMMON SHARES (Note 8)</b>		
Balance, beginning of period	\$ 2,241,880	\$ 2,233,396
Exercise of stock options, RSUs and PSUs (Note 9)	—	360
Balance, end of period	2,241,880	2,233,756
<b>CONTRIBUTED SURPLUS</b>		
Balance, beginning of period	125,483	129,479
Stock-based compensation (Note 9)	(2,518)	1,458
Exercise of stock options, RSUs and PSUs (Note 9)	—	(344)
Balance, end of period	122,965	130,593
<b>ACCUMULATED DEFICIT</b>		
Balance, beginning of period	(1,800,338)	(1,142,813)
Net income (loss)	(17,472)	(516,481)
Balance, end of period	(1,817,810)	(1,659,294)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 547,035</b>	<b>\$ 705,055</b>

See accompanying notes to the consolidated financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

As at and for the three months ended March 31, 2021.

(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 Light and Thermal 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 - 9<sup>th</sup> 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 May 4, 2021.

### 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, 2020. The consolidated financial statements have been prepared using the same accounting policies and methods as the consolidated financial statements for the year ended December 31, 2020. There were no changes to the Company’s operating segments during the period.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. Global commodity prices declined significantly due to a reduction in oil demand as countries around the world, including Canada, enacted emergency measures to combat the spread of the virus. Throughout the second half of 2020, economies started to reopen along with positive developments on the vaccine front leading to a strong recovery in oil prices in late 2020 and into the first quarter of 2021. Estimates and judgements made by management in the preparation of the consolidated financial statements are subject to a higher degree of measurement uncertainty during this volatile period.

### 3. INVENTORY

As at	March 31, 2021	December 31, 2020
Product inventory	\$ 26,994	\$ 19,724
Warehouse inventory	10,730	10,626
TOTAL	\$ 37,724	\$ 30,350

#### 4. 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.

Athabasca is also exposed to foreign exchange risk on the principal and interest components of its US dollar denominated 2022 Notes and may utilize financial contracts to reduce its exposure to foreign currency risk. As at March 31, 2021, no foreign exchange risk management contracts were in place.

##### Financial commodity risk management contracts

As at March 31, 2021, the following financial commodity risk management contracts were in place:

Instrument	Period	Volume	C\$ Average Price <sup>(1)</sup>			US\$ Average Price <sup>(1)</sup>		
<i>Sales contracts</i>								
			<i>C\$/bbl</i>			<i>US\$/bbl</i>		
WTI three way collar	April - June 2021	7,000 bbl/d	\$ 50.30	\$ 56.59	\$ 71.74	\$ 40.00	\$ 45.00	\$ 57.05
WTI sold call options	April - June 2021	8,900 bbl/d	\$		69.16	\$		55.00
WTI sold call options	July - December 2021	15,900 bbl/d	\$		70.30	\$		55.90
WTI/WCS differential swaps	April - September 2021	15,000 bbl/d	\$		(14.69)	\$		(11.68)
WTI/WCS differential swaps	October - December 2021	5,000 bbl/d	\$		(16.28)	\$		(12.95)
<i>Purchase contracts</i>								
			<i>C\$/GJ</i>			<i>US\$/GJ</i>		
AECO fixed price swaps	April - December 2021	10,000 GJ/d	\$		2.73	\$		2.17

(1) The implied C\$ or US\$ Average Price/bbl, as applicable, was calculated using the March 31, 2021 exchange rate of US\$1.00 = C\$1.2575.

As at March 31, 2021, Athabasca's commodity risk management contracts were held with a single counterparty, which is a large reputable financial institution. 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.

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

As at March 31, 2021	Change in WTI		Change in WCS differential	
	Increase of US\$5.00/bbl	Decrease of US\$5.00/bbl	Increase of US\$1.00/bbl	Decrease of US\$1.00/bbl
Increase (decrease) to fair value of commodity risk management contracts	\$ (26,165)	\$ 11,180	\$ 3,916	\$ (3,916)

Additional financial commodity risk management activity related to 2021 has taken place subsequent to March 31, 2021, as noted in the table below:

Instrument	Period	Volume	C\$ Average Price/bbl <sup>(1)</sup>			US\$ Average Price/bbl <sup>(1)</sup>		
<i>Sales contracts</i>								
WTI fixed price swaps	July - December 2021	4,000 bbl/d	\$		78.59	\$		62.50

(1) The implied C\$ or US\$ Average Price/bbl, as applicable, was calculated using the March 31, 2021 exchange rate of US\$1.00 = C\$1.2575.

## 5. PROPERTY, PLANT AND EQUIPMENT (“PP&E”)

BALANCE, DECEMBER 31, 2019	\$	1,505,720
PP&E expenditures		111,322
Non-cash capitalized costs and other <sup>(1)</sup>		(9,639)
Depletion and depreciation <sup>(2)</sup>		(113,165)
Impairment loss		(471,839)
Disposals		(46,412)
BALANCE, DECEMBER 31, 2020	\$	975,987
PP&E expenditures		35,464
Non-cash capitalized costs and other <sup>(1)</sup>		(266)
Depletion and depreciation <sup>(2)</sup>		(24,471)
Disposals		(22)
BALANCE, MARCH 31, 2021	\$	986,692

(1) Non-cash capitalized costs relate to capitalized stock-based compensation and decommissioning obligation assets.

(2) For the three months ended March 31, 2021 and for the year ended December 31, 2020, depletion and depreciation includes \$0.5 million and \$2.1 million of depreciation relating to the Leased Asset, respectively.

PP&E consists of the following:

Net book value (As at)	March 31, 2021	December 31, 2020
PP&E at cost <sup>(1)</sup>	\$ 3,097,686	\$ 3,062,510
Accumulated depletion and depreciation <sup>(1)</sup>	(727,781)	(703,310)
Accumulated impairment losses	(1,383,213)	(1,383,213)
TOTAL PP&E	\$ 986,692	\$ 975,987

(1) As at March 31, 2021, the PP&E cost includes \$12.6 million of Leased Asset cost and accumulated depletion and depreciation includes \$4.7 million of accumulated depreciation relating to the Leased Asset (as at December 31, 2020 – Leased Asset cost of \$12.6 million and accumulated depreciation relating to the Leased Asset of \$4.2 million).

As at March 31, 2021, \$101.6 million (December 31, 2020 - \$74.5 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. INDEBTEDNESS

### Senior Secured Second Lien Notes

On February 24, 2017, Athabasca issued US\$450.0 million of Senior Secured Second Lien Notes (the “2022 Notes”). The 2022 Notes bear interest at a rate of 9.875% per annum, payable semi-annually, and mature on February 24, 2022. As such, starting March 31, 2021 the long-term debt has been classified as current on the consolidated balance sheet.

As at	March 31, 2021	December 31, 2020
Senior Secured Second Lien Notes (“2022 Notes”) <sup>(1)</sup>	\$ 565,875	\$ 572,940
Debt issuance costs	(47,081)	(47,081)
Amortization of debt issuance costs	36,366	33,639
TOTAL LONG-TERM DEBT	\$ 555,160	\$ 559,498

(1) As at March 31, 2021, the 2022 Notes (as defined below) were translated into Canadian dollars at the period end exchange rate of US\$1.00 = C\$1.2575. (December 31, 2020 – C\$1.2732).

The 2022 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 2022 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. The 2022 Notes also contain maximum hedging restrictions. As at March 31, 2021, the Company is in compliance with all covenants. At this point to maturity Athabasca may redeem the 2022 Notes at 100% of the principal.



Debt issuance costs associated with the 2022 Notes were initially capitalized and are being amortized to net income (loss) over the life of the 2022 Notes using the effective interest rate method. As at March 31, 2021, the fair value of the 2022 Notes was \$441.5 million (US\$351.1 million), based on observable market quoted prices (Level 1).

### Senior Extendible Revolving Term Credit Facility

In the fourth quarter of 2020, the Company's banking syndicate renewed the reserve-based credit facility (the "Credit Facility") until May 31, 2021. The credit facility is \$37.6 million and reflects the outstanding letters of credit for transportation commitments. The Credit Facility is collateralized by the Company's restricted cash balances. In April the Company's banking syndicate renewed the reserve-based facility until November 30, 2021.

As at March 31, 2021, the Company had no amounts drawn and had \$37.6 million letters of credit issued under the Credit Facility which bear interest at 0.7%. As at December 31, 2020, the Company had no amounts drawn and had \$38.0 million of letters of credit issued under the Credit Facility.

Under the terms of the Credit Facility, Athabasca is required to contribute cash to a cash-collateral account equivalent to 101% of the value of all letters of credit issued under the Credit Facility. As at March 31, 2021, \$37.9 million of restricted cash was held in the cash-collateral account (December 31, 2020 - \$38.5 million). 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 2022 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 Credit Facility also contains certain maximum hedging limitations. The Company is in compliance with all covenants.

### Cash-Collateralized Letter of Credit Facility

Athabasca maintains a \$120.0 million cash-collateralized letter of credit facility (the "Letter of Credit Facility") with a Canadian bank for issuing letters of credit to counterparties. The facility is available on a demand basis and letters of credit issued under the Letter of Credit Facility incur an issuance fee of 0.25%. As at March 31, 2021, Athabasca had \$95.9 million (December 31, 2020 - \$96.0 million) in letters of credit issued under the Letter of Credit Facility.

Under the terms of the Letter of Credit Facility, Athabasca is required to contribute cash to a cash-collateral account equivalent to 101% of the value of all letters of credit issued under the facility. As at March 31, 2021, \$96.9 million of restricted cash was held in the cash-collateral account (December 31, 2020 - \$97.1 million).

### Unsecured Letter of Credit Facility

Athabasca maintains a \$40.0 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. The facility is available on a demand basis and letters of credit issued under this facility incur an issuance and performance guarantee fee of 3.5%. As at March 31, 2021, the Company had \$39.9 million of letters of credit issued under the Unsecured Letter of Credit Facility (December 31, 2020 - \$39.7 million).

## 7. PROVISIONS AND OTHER LIABILITIES

As at	March 31, 2021	December 31, 2020
Decommissioning obligations	\$ 120,116	\$ 116,363
Provision for pipeline project	60,830	61,590
Lease liability	13,030	13,719
Cash settled stock-based compensation liability (Note 9)	9,648	1,737
Other obligations	—	1,242
<b>TOTAL PROVISIONS AND OTHER LIABILITIES</b>	<b>\$ 203,624</b>	<b>\$ 194,651</b>
Presented as:		
Current portion of provisions and other liabilities	\$ 8,539	\$ 5,054
Provisions and other liabilities	\$ 195,085	\$ 189,597

## 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	March 31, 2021	December 31, 2020
DECOMMISSIONING OBLIGATIONS, BEGINNING OF PERIOD	\$ 116,363	\$ 121,832
Liabilities incurred	471	615
Liabilities settled	(61)	(2,242)
Change in discount rate	—	(15,452)
Change in estimates	—	(903)
Accretion expense	3,343	12,513
DECOMMISSIONING OBLIGATIONS, END OF PERIOD	\$ 120,116	\$ 116,363

At March 31, 2021, the Company has calculated the net present value of its decommissioning obligations using an inflation rate of 2.0% (December 31, 2020 - 2.0%) and a credit-adjusted discount rate of 12.0% per annum (December 31, 2020 - 12.0%). 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 \$431.9 million (December 31, 2020 - \$426.6 million). A 1.0% change in the credit-adjusted discount rate would impact the discounted value of the decommissioning obligations by approximately \$6.8 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 March 31, 2021, \$0.6 million was included within the current portion of provisions (December 31, 2020 - \$0.6 million).

## Provision for pipeline project

As disclosed previously, during the third quarter of 2019 Athabasca participated in TC Energy's ("TCE") 50,000 bbl/d open season on the existing Keystone system with service from Hardisty to the US Gulf Coast. Athabasca entered into a 20 year firm service transportation agreement with TCE for 7,200 bbl/d of service that was anticipated to be made available in 2020 and timing is currently undetermined. In consideration for the Keystone service, Athabasca concurrently entered into a development cost agreement ("DCA") in relation to the Keystone XL pipeline. This agreement provides for a US\$48.4 million (\$60.8 million) conditional payment, which is only payable if shipper agreements on the Keystone XL pipeline were terminated on or before March 31, 2021. Athabasca and TCE have extended the DCA sunset date to allow time for both parties to jointly explore other commercial opportunities. At December 31, 2020 the Company recorded a provision related to the DCA following the US Administration revoking the Presidential Permit on January 20, 2021. The provision is included within the long-term portion of provisions and other liabilities.

## Lease liability

On January 1, 2019, upon adoption of IFRS 16, the Company recognized a lease liability relating to its head office lease. The liability was measured at the present value of the remaining lease payments as at January 1, 2019 discounted at 10.0%. The following table reconciles the change in the lease liability:

As at	March 31, 2021	December 31, 2020
LEASE LIABILITY, BEGINNING OF PERIOD	\$ 13,719	\$ 16,311
Interest expense	329	1,480
Liability settled <sup>(1)</sup>	(1,018)	(4,072)
LEASE LIABILITY, END OF PERIOD	\$ 13,030	\$ 13,719

(1) In the consolidated statements of cash flows, the liability settled is reported as \$0.7 million of financing activities and \$0.3 million of operating activities for the three months ended March 31, 2021 (year ended December 31, 2020 - \$2.6 million of financing activities and \$1.5 million of operating activities).

Short-term leases and low value leases have not been included in the measurement of the lease liability. For the three months ended March 31, 2021, Athabasca incurred \$1.2 million of expenditures related to short-term and low value leases which have been recognized as incurred (three months ended March 31, 2020 - \$1.8 million).

## Cash settled stock-based compensation liability

The phantom share units (“PUPs”) and deferred share units (“DSUs”) stock-based compensation plans and the restricted share units (“RSUs”) and performance share units (“PSUs”) vesting on April 1, 2021 have been accounted for as cash-settled share-based compensation plans and are recognized as liabilities on the consolidated balance sheet. The following table reconciles the Company’s cash settled stock-based compensation liability:

As at	March 31, 2021	December 31, 2020
CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, BEGINNING OF PERIOD	\$ 1,737	\$ 2,111
Stock-based compensation expense (recovery) - cash based (Note 9)	7,911	(302)
Settlement of liabilities	—	(72)
CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, END OF PERIOD	\$ 9,648	\$ 1,737

## 8. 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:

As at	Three months ended March 31, 2021		Year ended December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	530,675,391	\$ 2,241,880	523,452,277	\$ 2,233,396
Exercise of stock options, RSUs and PSUs (Note 9)	—	—	7,223,114	8,484
BALANCE, END OF PERIOD	530,675,391	\$ 2,241,880	530,675,391	\$ 2,241,880

## 9. STOCK-BASED COMPENSATION

The Company’s stock-based compensation plans for employees, directors and consultants currently consist of stock options, RSUs, PSUs, PUPs and DSUs. The following table summarizes the Company’s outstanding stock-based compensation units:

As at	March 31, 2021	December 31, 2020
Stock options <sup>(1)</sup>	7,045,233	7,045,233
RSUs (2015 RSU Plan)	11,008,216	11,198,843
PSUs	8,340,300	8,340,300
Equity based	26,393,749	26,584,376
PUPs	8,193,343	8,442,900
DSUs	6,802,932	6,697,979
Cash based	14,996,275	15,140,879
TOTAL OUTSTANDING STOCK-BASED COMPENSATION UNITS	41,390,024	41,725,255

(1) The weighted average exercise price of the Company’s outstanding stock options as at March 31, 2021 was \$1.90 per share with a range of \$0.41 - \$7.31 per share.

On April 30, 2021 Athabasca had total outstanding stock-based compensation units of 49.3 million. Refer to the December 31, 2020 consolidated financial statements of the Company for further information on the Company’s stock-based compensation plans.

The following table summarizes the Company’s stock-based compensation expense (recovery):

	Three months ended March 31,	
	2021	2020
Stock-based compensation expense (recovery) - equity based	\$ (2,518)	\$ 1,458
Stock-based compensation expense (recovery) - cash based	7,911	(1,567)
GROSS STOCK-BASED COMPENSATION EXPENSE (RECOVERY)	5,393	(109)
Stock-based compensation capitalized to PP&E and E&E assets	(842)	(450)
NET STOCK-BASED COMPENSATION EXPENSE (RECOVERY)	\$ 4,551	\$ (559)

## 10. PER SHARE AMOUNTS

	Three months ended March 31,	
	2021	2020
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	530,675,391	523,595,977

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. For the three months ended March 31, 2021, anti-dilutive securities of 19,110,159 were excluded from the diluted net income (loss) per share calculation as their effect is anti-dilutive (three months ended March 31, 2020 – 25,467,665).

## 11. SEGMENTED INFORMATION

### Segmented operating results

Three months ended March 31,	Light Oil		Thermal Oil		Eliminations <sup>(1)</sup>		Consolidated	
	2021	2020	2021	2020	2021	2020	2021	2020
SEGMENT REVENUES								
Petroleum & natural gas sales	\$ 34,572	\$ 24,347	\$ 186,710	\$ 114,153	\$ (9,626)	\$ (7,346)	\$ 211,656	\$ 131,154
Royalties	(1,853)	(984)	(2,172)	(935)	—	—	(4,025)	(1,919)
	32,719	23,363	184,538	113,218	(9,626)	(7,346)	207,631	129,235
SEGMENT EXPENSES & OTHER								
Cost of diluent	—	—	83,194	95,564	(9,626)	(7,346)	73,568	88,218
Operating expenses	6,712	6,991	37,804	42,621	—	—	44,516	49,612
Transportation and marketing	2,247	3,589	21,372	23,608	—	—	23,619	27,197
Depletion and depreciation	12,686	15,326	11,045	15,119	—	—	23,731	30,445
Impairment loss	—	263,955	—	207,884	—	—	—	471,839
Exploration expenses	—	—	185	270	—	—	185	270
(Gain) loss on sale of assets	(100)	—	(125)	(194)	—	—	(225)	(194)
	21,545	289,861	153,475	384,872	(9,626)	(7,346)	165,394	667,387
Gain (loss) on commodity risk management contracts, net							(35,797)	89,537
Segment income (loss)	\$ 11,174	\$ (266,498)	\$ 31,063	\$ (271,654)	\$ —	\$ —	\$ 6,440	\$ (448,615)
CORPORATE								
Interest income							317	1,623
Financing and interest							(21,111)	(21,553)
General and administrative							(4,694)	(5,397)
Stock-based compensation							(4,551)	559
Depreciation							(740)	(847)
Foreign exchange gain (loss), net							6,867	(45,789)
Gain (loss) on revaluation of provisions and other							—	3,538
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)							\$ (17,472)	\$ (516,481)

(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	
	March 31,	
	2021	2020
LIGHT OIL <sup>(1)</sup>		
Property, plant and equipment	\$ 968	\$ 58,527
THERMAL OIL		
Property, plant and equipment	32,924	17,600
Exploration and evaluation	90	96
	33,014	17,696
CORPORATE		
Corporate assets <sup>(2)</sup>	1,572	23
<b>TOTAL CAPITAL SPENDING<sup>(1)(2)(3)(4)</sup></b>	<b>\$ 35,554</b>	<b>\$ 76,246</b>

(1) Including the recovery of the capital-carry, Athabasca's net cash outflow from capital expenditures during the three months ended March 31, 2020 was \$53.5 million and in the Light Oil Division was \$35.8 million.

(2) For the three months ended March 31, 2021, expenditures include cash capitalized stock-based compensation costs of \$1.6 million (three months ended March 31, 2020 - \$nil).

(3) For the three months ended March 31, 2021, expenditures include cash capitalized staff costs of \$1.6 million (three months ended March 31, 2020 - \$2.3 million).

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

## Segmented assets

Net book value (As at)	March 31,		December 31,	
	2021		2020	
LIGHT OIL				
Property, plant and equipment	\$ 457,215	\$ 468,640		
THERMAL OIL				
Inventory (Note 3)	37,724	30,350		
Property, plant and equipment	518,884	496,017		
Exploration and evaluation	339	238		
	556,947	526,605		
CORPORATE				
Current assets <sup>(1)</sup>	239,356	239,378		
Restricted cash	135,120	135,624		
Long-term deposits (Notes 14 and 16)	44,015	44,407		
Property, plant and equipment	10,593	11,330		
	429,084	430,739		
<b>TOTAL ASSETS</b>	<b>\$ 1,443,246</b>	<b>\$ 1,425,984</b>		

(1) Current assets under Corporate exclude inventory which has been included under the Thermal Oil segment.

## 12. REVENUE

The following table summarizes Athabasca's revenue by product:

	Three months ended	
	March 31,	
	2021	2020
Heavy oil (blended bitumen)	\$ 186,710	\$ 114,153
Oil and condensate	24,534	19,768
Natural gas	7,036	3,724
Other natural gas liquids	3,002	855
Eliminations - inter-segment sales	(9,626)	(7,346)
<b>TOTAL REVENUE</b>	<b>\$ 211,656</b>	<b>\$ 131,154</b>

### 13. FINANCING AND INTEREST

	Three months ended	
	March 31,	
	2021	2020
Financing and interest expense on indebtedness (Note 6)	\$ 14,712	\$ 15,739
Amortization of debt issuance costs (Note 6)	2,727	2,482
Accretion of provisions (Note 7)	3,343	2,938
Interest expense on lease liability (Note 7)	329	394
<b>TOTAL FINANCING AND INTEREST</b>	<b>\$ 21,111</b>	<b>\$ 21,553</b>

### 14. INCOME TAXES

From time to time, Athabasca undergoes income tax audits in the normal course of business. The Company has received notice of reassessments from the Canada Revenue Agency ("CRA") and Alberta Finance. While the final outcome of such reassessments 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 reassessments. As such, the Company has not recognized any provision in its consolidated financial statements with respect to the reassessments and has posted a \$12.6 million deposit with the CRA while objecting the reassessments.

As at March 31, 2021, the Company has approximately \$3.3 billion in tax pools, including approximately \$2.4 billion in non-capital losses and exploration tax pools available for immediate deduction against future income.

### 15. FINANCIAL INSTRUMENTS RISK

As at March 31, 2021, the Company's consolidated financial assets and liabilities are comprised of cash and cash equivalents, restricted cash, accounts receivable, long-term deposits, risk management contracts, accounts payable and long-term debt. The risk management contracts have been classified as Level 2 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, cash equivalents and restricted cash are held with five counterparties, all of which are large reputable financial institutions, and management concluded that credit risk associated with these 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 March 31, 2021. Athabasca's risk management contracts are held with a single counterparty, which is a large reputable financial institution, 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 4) and by maintaining sufficient liquidity to manage periods of volatility within its cash, cash equivalent and short-term investment accounts, as well as through available credit facilities.

For the balance of 2021, 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 2021, depending on the Company's level of capital spend and the commodity price environment, the Company will need to re-finance its 2022 Notes and 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.

The Company's significant outstanding financial liabilities consist of the 2022 Notes which mature on February 24, 2022. All other material financial liabilities mature within one year. In addition, the Company has provisions and other liabilities as disclosed in Note 7. The Company's future unrecognized commitments are disclosed in Note 16.

## Foreign exchange risk

Athabasca is exposed to foreign currency risk on the principal and interest components of its US dollar denominated 2022 Notes (Note 6), the deposits related to the firm service transportation agreement entered into during the third quarter of 2019 (Note 16), US dollar denominated cash, cash equivalents, receivables and payables. As at March 31, 2021, Athabasca's net foreign exchange risk exposure was a US\$368.5 million liability (December 31, 2020 - US\$374.4 million), and a 5.0% change in the foreign exchange rate (USD:CAD) would result in a \$23.2 million change in the foreign exchange gain/loss (December 31, 2020 - \$23.8 million).

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

	Three months ended	
	March 31,	
	2021	2020
Unrealized foreign exchange gain (loss)	\$ 6,775	\$ (52,485)
Realized foreign exchange gain (loss)	92	6,696
FOREIGN EXCHANGE GAIN (LOSS), NET	\$ 6,867	\$ (45,789)

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 4 for further details.

## Interest Rate Risk

The Company's exposure to interest rate fluctuations on interest earned on its floating rate cash, cash equivalents and restricted cash balance at March 31, 2021 of \$276.3 million (December 31, 2020 - \$300.8 million), from a 1.0% change in interest rates, would have an annualized impact of approximately \$2.8 million (year ended December 31, 2020 - \$3.0 million). The 2022 Notes and letters of credit issued are subject to fixed interest rates and are not exposed to changes in interest rates.

## 16. COMMITMENTS AND CONTINGENCIES

The following table summarizes Athabasca's estimated future unrecognized minimum commitments as at March 31, 2021 for the following five years and thereafter:

	Remaining						Total
	2021	2022	2023	2024	2025	Thereafter	
Transportation and processing <sup>(1)</sup>	\$ 85,596	\$ 127,560	\$ 168,422	\$ 165,044	\$ 162,221	\$ 2,517,086	\$ 3,225,929
Interest expense on long-term debt (Note 6) <sup>(1)</sup>	22,352	27,940	—	—	—	—	50,292
Purchase commitments	23,224	4,739	—	—	—	—	27,963
TOTAL COMMITMENTS	\$ 131,172	\$ 160,239	\$ 168,422	\$ 165,044	\$ 162,221	\$ 2,517,086	\$ 3,304,184

(1) Commitments which are denominated in US dollars were converted into Canadian dollars at the March 31, 2021 exchange rate of US\$1.00 = C\$1.2575.

With the shipper agreements on the Keystone XL pipeline terminated the related transportation commitments of \$529.1 million were removed from the above disclosure.

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

## 17. 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	
	March 31,	
	2021	2020
Change in accounts receivable	\$ (22,514)	\$ 21,007
Change in prepaid expenses and deposits	(1,535)	(1,800)
Change in inventory	(7,374)	22,268
Change in accounts payable and accrued liabilities	17,933	(11,103)
	(13,490)	30,372
Other items impacting changes in non-cash working capital:		
Change in other liabilities	7,911	—
Unrealized foreign exchange gain (loss) related to working capital	(493)	2,579
	\$ (6,072)	\$ 32,951
RELATED TO:		
Operating activities	\$ (16,520)	\$ 30,857
Investing activities	10,448	2,094
NET CHANGE IN NON-CASH WORKING CAPITAL	\$ (6,072)	\$ 32,951
Cash interest paid	\$ 28,598	\$ 30,431
Cash interest received	\$ 283	\$ 1,831



# 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<sup>(2)</sup>  
Chair

Bryan Begley<sup>(1)(3)</sup>

Robert Broen

Anne Downey<sup>(2)</sup>

Thomas Ebborn<sup>(1)(3)</sup>

John Festival<sup>(2)</sup>

Carlos Fierro<sup>(1)(3)</sup>

## CORPORATE OFFICE

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Calgary, Alberta T2P 1K3  
Telephone: (403) 237-8227

## WEBSITE

[www.atha.com](http://www.atha.com)

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

## TRUSTEE AND TRANSFER AGENT

Computershare Trust Company of Canada  
Suite 600, 530 - 8th Avenue SW  
Calgary, Alberta, T2P 3S8  
Telephone: (403) 267-6800  
Fax: (403) 267-6529

## BANKS

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