FOR IMMEDIATE RELEASE
December 2, 2014 (for immediate release)

Athabasca Oil Corporation Announces Initial 2015 Capital Budget

CALGARY – Athabasca Oil Corporation's (TSX: ATH) ("Athabasca" or "the Company") Board of Directors has approved an initial 2015 capital budget of $266 million which includes $58 million of carryover from the 2014 budget. Athabasca's capital budget aligns with its strategic priorities, including delivering near-term production and cash flow growth from its cornerstone Kaybob Duvernay and Hangingstone assets and maintaining a strong balance sheet with flexibility to respond to economic cycles. The 2015 capital program is fully funded, with Athabasca anticipating an ending 2014 funding position of approximately $1.3 billion, including cash, undrawn credit facilities and promissory notes receivable.

Light Oil Division

Maintaining balance sheet strength is a key priority and Athabasca views its balance sheet as a competitive asset. As a result, and in the context of the current commodity price environment Athabasca has approved an initial Light Oil capital budget of $167 million which is primarily comprised of drilling and completion activities for the remainder of the 2014/15 winter program. The program includes a total of 11 Duvernay wells (nine horizontals) and two Montney appraisal wells at Placid. Five rigs are currently active in the field with four targeting the Duvernay. Initial well results are anticipated towards the end of the first quarter of 2015. Light Oil activity levels for the balance of 2015 will be set following an assessment of the winter drilling results and prevailing commodity prices.

The primary objectives of this program are to add near term production and cash flow at Saxon and Kaybob West and to retain Duvernay lands that are prospective for commercial development into the intermediate term. Approximately 95 percent of Athabasca's core 200,000 acre Duvernay land position at Kaybob will be held into intermediate term at the end of the winter drilling program. As the winter drilling program meets all of the Company's near term land retention objectives, Athabasca has significant flexibility to adapt its Light Oil capital plans during the remainder of the year to respond to market conditions and technical learnings.

Thermal Oil Division

In the Thermal Oil division, Athabasca has approved a capital budget of $93 million with $63 million focused on the commissioning and ramp-up of Hangingstone Project 1. This project remains on track with targeted timelines and the sanctioned budget. The Company will continue to advance pre-engineering internally for Hangingstone Project 2A, an 8,000 bbl/d incremental debottleneck project. Sanctioning of expansion phases will only be considered following a successful ramp-up of Hangingstone Project 1 and after assessing broader market conditions.

2015 Capital Budget ($ Millions)[1,2]		
LIGHT OIL DIVISION (Winter program)		
Duvernay (drill & completion)	$	135
Montney (drill & completion)		13
Other (facilities, equipment and roads)		19
		167
THERMAL OIL DIVISION		
Hangingstone Project 1		17
Hangingstone Project 1 Start-up Cost		46
Hangingstone Expansion (pre-engineering)		14
Other		16
		93
CORPORATE	**$**	**6**
TOTAL CAPITAL SPENDING	**$**	**266**

[1] Excludes capitalized general and administrative expenses and capitalized interest.
[2] Includes approximately $58 million of carryover from 2014.

Preliminary 2015 Guidance

Recognizing that Athabasca's 2014/15 winter drilling program will not have a material contribution to production until the second half of 2015, first quarter guidance is approximately 5,000 boe/d largely reflecting base declines. Assuming no additional spending beyond the winter program the Company's exit guidance for 2015 is between 7,000 to 8,000 boe/d and only incorporates production from seven of the 11 Duvernay wells. Four of the wells, which are land retention wells, are not included in the exit guidance (two verticals and two horizontals). The Company will provide further details on capital plans and production guidance for the balance of the year in the first quarter of 2015.

Hangingstone Project 1 first steam remains on track for the end of the first quarter of 2015 with a production ramp-up starting approximately mid-year and trending into 2016. The Company forecasts a 2015 production exit rate between 3,000 – 6,000 bbls/d from Hangingstone.

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," "forecast", "plan," "continue", "estimate", "expect", "may", "will", "project", "target", "should", "believe", "pursue" and "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 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 may contain forward-looking information pertaining to the following: the Company's anticipated 2014 ending funding position, the expected timing of the completion of the construction and commissioning of Hangingstone Project 1 and of first steam into Hangingstone Project 1; the expected timing of the first production from Hangingstone Project 1; the estimated production and production goals in respect of the Company's projects, including the anticipated production capacity of the Hangingstone Project 1 and Hangingstone Project 2A; , the receipt of proceeds from the Promissory Notes; the Company's drilling and development plans, including in particular with respect to the Duvernay and Montney formations; the Company's capital expenditure programs and expected future capital expenditures; targets and guidance for production of the Company's Light Oil division; the number of drilling rigs to be utilized; the number of wells to be completed and tied-in a part of the 2014/2015 winter drilling program; the Company's first quarter 2015 production guidance and 2015 production exit rate; the expected timing of material production from the Company's Light Oil Division; the Company's other plans for, and results of, exploration and development activities with respect to the Thermal Oil and Light Oil assets and the expected benefits to be received by Athabasca from such assets; allocations of capital; and the Company's business plans.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices for crude oil, natural gas and bitumen blend; the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business; the applicability of technologies for the recovery and production of the Company's reserves and resources; future capital expenditures to be made by the Company; future sources of funding for the Company's capital programs; the Company's future debt levels; the Company's ability to obtain financing and/or enter into joint venture arrangements, on acceptable terms; geological and engineering estimates in respect of the Company's reserves and resources; the geography of the areas in which the Company is conducting exploration and development activities; and the quality of its assets.

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 most recent Annual Information Form ("AIF") dated March 18 2014, available on SEDAR at www.sedar.com, including, but not limited to: the substantial capital requirements of Athabasca's projects and the ability to obtain financing for Athabasca's capital requirements; failure by counterparties to make payments or perform their obligations to the Company in compliance with the terms of contractual arrangements between the Company and such counterparties, including in compliance with the expressed or implied time schedules set out in such contractual arrangements, and the possible consequences thereof; aboriginal claims; fluctuations in market prices for crude oil, natural gas and bitumen blend; general economic, market and business conditions in Canada, the United States and globally; failure to obtain regulatory approvals or maintain compliance with regulatory requirements; failure to meet development schedules and potential cost overruns; variations in foreign exchange and interest rates; factors affecting potential profitability; risks related to future acquisition and joint venture activities; reliance on, competition for, loss of, and failure to attract key personnel; global financial uncertainty; uncertainties inherent in estimating quantities of reserves and resources; uncertainties inherent in SAGD and other bitumen recovery processes; expiration of leases and permits; risks inherent in Athabasca's operations, including those related to exploration, development and production of petroleum, natural gas and oil sands reserves and resources, including the production of oil sands reserves and resources using SAGD or other in-situ technologies; risks related to gathering and processing facilities and pipeline systems; availability of drilling and related equipment and limitations on access to Athabasca's assets; increases in operating costs could make Athabasca's projects uneconomic; the effect of diluent and natural gas supply constraints and increases in the costs thereof; environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations and potential Canadian and U.S. climate change legislation; extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations from time to time; risks related to tax reviews and reassessments; changes to royalty regimes; political risks; failure to accurately estimate abandonment and reclamation costs; exploration, development and production risks inherent in crude oil and natural gas operations, including the production of crude oil and natural gas using multi-

stage hydraulic fracture and other stimulation technologies; the potential for management estimates and assumptions to be inaccurate; long term reliance on third parties; reliance on third party infrastructure for project facilities; seasonality; hedging risks; risks associated with establishing and maintaining systems of internal controls; insurance risks; claims made in respect of Athabasca's operations, properties or assets; competition for, among other things, capital, the acquisition of reserves and resources, export pipeline capacity and skilled personnel; the failure of Athabasca or the holder of certain licenses, leases or permits to meet specific requirements of such licenses, leases or permits; failure to satisfy certain conditions in connection with the Company's debt and credit facilities; breaches of confidentiality; costs of new technologies; alternatives to and changing demand for petroleum products; risks related to the Common Shares; and risks pertaining to the Company's debt facilities.

The forward-looking statements included in this News Release are expressly qualified by this cautionary statement. Athabasca does not undertake any obligation to publicly update or revise any forward-looking statements 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.