FOR IMMEDIATE RELEASE
March 20, 2020

Athabasca Oil Corporation Halts 2020 Capital Program

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is taking swift action in response to the significant decline in global oil prices to bolster balance sheet strength and corporate resiliency, including a $30 million reduction to its 2020 capital program and proactively curtailing heavy oil production at Hangingstone.

$30 million Reduction to 2020 Capital Budget and Operations Update

Athabasca has immediately cancelled $30 million of capital expenditures, representing a 25% reduction from the previously announced 2020 budget. The revised $95 million budget primarily includes the completion of the winter program. The Company already had a minimal capital program in place with market uncertainty and has low capital requirements to sustain its liquids weighted production base.

The Company has completed the tie-in of 10 Placid Montney wells and intends to bring production on-stream in Q2 2020. The Kaybob Duvernay program is nearing completion with 16 wells expected to be placed on-stream in H1 2020. Athabasca's working interest remains protected by the capital carry through Q1 2020 with no activity planned for the balance of the year.

In Thermal Oil, the Company has temporarily deferred long lead projects for Leismer. At Hangingstone, the Company has self-curtailed production by approximately 50% to maximize corporate funds flow and liquidity. The Company is making plans to defer the Hangingstone turnaround to 2021.

Athabasca expects 2020 annual production of 32,500 – 34,000 boe/d, which reflects a self-curtailment at Hangingstone for the balance of the year.

The Company has released all non-essential contract staff effective immediately and is also taking further actions to optimize operating costs in the near-term.

Balance Sheet and Risk Management

As at year-end 2019, Athabasca had liquidity of $340 million ($255 million cash equivalents & $85 million available credit facilities) providing business flexibility during commodity price volatility and market egress constraints. Athabasca's existing high yield debt has term until February 2022 with no financial or maintenance covenants. The Company has a $120 million reserve based credit facility ($80 million undrawn) with a term out date of May 31, 2020, which has been routinely extended with bi-annual reviews, and has a current maturity date of May 31, 2021.

The Company's risk management program will mitigate near term pricing volatility. The current 2020 hedge book has market to market gains of approximately $50 million (Mar. 19).

Athabasca intends to maintain maximum liquidity through this volatile macro environment.

COVID-19 Update

Athabasca has implemented its Business Continuity Plan in response to the global pandemic to ensure the safety of all staff and to mitigate potential risk to operations. The Company is following Alberta Health Guidelines as it manages its internal policies.

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 2020 guidance; timing of the Hangingstone facility turnaround; magnitude and length of Hangingstone production curtailment; plans to bring Placid Montney wells on-stream and expected benefits therefrom; drilling plans at Kaybob Duvernay and plans to bring Kaybob Duvernay wells on-stream; future credit facility reviews and other matters.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices, including for petroleum, natural gas and blended bitumen; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct business and the effects that such regulatory framework will have on the Company, including on the Company’s financial condition and results of operations; the Company’s financial and operational flexibility; Athabasca's cash flow break-even commodity price; the Company’s ability to obtain qualified staff and equipment in a timely and cost-efficient manner; 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; future production levels; operating costs; compliance of counterparties with the terms of contractual arrangements; collection risk of outstanding accounts receivable from third parties; geological and engineering estimates in respect of the Company’s reserves and resources; recoverability of 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 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; 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.