FOR IMMEDIATE RELEASE - April 28, 2020

Athabasca Oil Corporation Announces $70 Million Upsized Contingent Bitumen Royalty Along with Additional Resiliency Actions

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is taking further actions in response to the decline in global oil prices to bolster balance sheet strength and corporate resiliency.

Upsized Contingent Bitumen Royalty

Athabasca is pleased to announce an upsizing of the previously completed Contingent Bitumen Royalty with Burgess Energy Holdings L.L.C. (the "Royalty") for additional cash consideration of $70 million. Athabasca has now raised total cash proceeds of $467 million since 2016 through this unique funding structure at an extremely attractive cost of capital. The transaction closed on April 28, 2020.

The upsized Royalty is limited to Leismer, Hangingstone and Corner. The Royalty follows the same structure as the existing contingent bitumen royalties and ensures the Thermal Oil assets are not encumbered at low commodity prices. The Royalty is based on a scale from 0% – 15% with a Western Canadian Select ("WCS") heavy benchmark. At prices below US$60 WCS the rate is 0% (US$75 implied WTI assuming a US$15 WCS differential), the minimum 2.5% rate is triggered at US$60 WCS with a sliding scale up to 15% at US$100 WCS (was US$140 WCS). The Royalty is payable after transportation costs and is not expected to materially impact economics of future expansion phases or development projects.

Additional Resiliency Actions

Athabasca is taking further steps to provide additional financial resiliency during these extreme times.

- At Placid, the Company will curtail its base Montney production to ~3,500 boe/d by the end of April. The 10 development wells from the winter program were all placed on-production by early April. Athabasca is pleased with initial production results and will now defer production from the new wells until commodity prices improve. At Kaybob, the partnership is optimizing Duvernay production levels.
- At Leismer, the Company has flexibility to curtail volumes to as low as ~8,000 bbl/d. It intends to take steps over the next month to reduce production to these levels while managing reservoir integrity through optimized steam levels and with non-condensable gas co-injection.
- Athabasca reassigned 15,000 bbl/d of its Keystone XL transportation commitment to a third party, reducing future financial commitments. The Company retains 10,000 bbl/d of Keystone XL capacity.
- The Company has implemented many G&A cost savings initiatives including moving to an 80% work week for corporate staff in the Calgary office.

Athabasca's 2020 capital program is $85 million ($15 million H2 2020), with $40 million cancelled from the original budget. The Company is suspending its production guidance given the uncertainty associated with duration of the announced curtailments which will be dictated by commodity pricing.

As at March 31, 2020, and pro forma Royalty proceeds, Athabasca had liquidity of ~$355 million ($270 million cash equivalents & $85 million available credit facilities).

Maximizing corporate funds flow and maintaining strong corporate liquidity during the current extreme price volatility remain top priorities for Athabasca.

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 Company’s strategic priorities; the impacts of the Royalty on the Company; plans to reduce production at Leismer; and the Company’s 2020 capital program.

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, including those that may be related to the COVID crisis; 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.