CALGARY, ALBERTA--(Marketwired - Feb. 24, 2017) -

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Athabasca Oil Corp. (TSX:ATH) ("Athabasca" or the "Company") is pleased to announce that it has closed its previously announced balance sheet refinancing transactions, marking the conclusion of a series of strategic steps undertaken over the past year to transform the Company. The comprehensive refinancing plan provides Athabasca multi-year funding certainty and a strong liquidity outlook that will allow the Company to continue to advance its strategic objectives and maintain business flexibility.

Athabasca has established itself as an intermediate oil weighted producer with a funded five-year growth outlook and exposure to several of the largest resource plays in Western Canada including the Montney, Duvernay and oil sands. A complementary asset base of high rate of return light oil opportunities and low decline thermal production positions the Company for strong financial sustainability and free cash flow generation in the current environment while maintaining significant exposure to improving oil prices.

Refinancing Highlights

Athabasca has closed a private placement of US$450 million aggregate principal amount of 9.875% senior secured second lien notes due 2022 (the "New Notes"). Proceeds from the sale of the New Notes will be directed towards the retirement of the Company's existing $550 million second lien notes due November 2017 (the "Notes").

The Company has also closed a $120 million reserve-based credit facility supported by growth in its proved developed producing reserves. The facility is syndicated with seven major financial institutions.

Contingent Bitumen Royalty

Athabasca has granted a contingent bitumen royalty (the "Royalty") on its Leismer and Corner assets to Burgess Energy Holdings LLC ("Burgess Energy"). The transaction closed on February 24, 2017 and the Company received $90 million of cash consideration. The Royalty follows the same structure as the existing thermal oil contingent bitumen royalties and ensures the assets are not encumbered at low commodity prices. Over the past year Athabasca has raised approximately $400 million through the series of Royalty transactions with Burgess Energy. These transactions unlocked long dated resource value and facilitated the recent acquisition of top tier producing Leismer thermal assets.

Tender and Redemption Details

The Early Tender Deadline of the Company's previously announced Tender Offer (the "Offer") to purchase any and all of its outstanding Canadian dollar denominated 7.50% Senior Secured Second Lien Notes due 2017 (CUSIP No. 04682RAB3/04682RAA5; ISIN CA04682RAB39/CA04682RAA55) (the "Notes") was February 23, 2017 at 5:00pm ET. As reported by the tender agent, $439 million principal amount of the Notes has been validly tendered and not withdrawn, representing approximately 80% of the aggregate outstanding principal amount. Athabasca accepted for purchase all of the Notes that were validly tendered and not validly withdrawn prior to the Early Tender Deadline.

Athabasca paid for the Notes validly tendered on February 24, 2017 (the "Early Payment Date"). Holders who validly tendered their Notes and delivered their consents at or prior to the Early Tender Deadline and who did not withdraw their Notes prior to the withdrawal deadline received the total consideration equal to $1,004.25 per $1,000 principal amount of Canadian Notes, which included an Early Tender Payment of $30 per $1,000 principal amount of Canadian Notes, plus accrued and unpaid interest from the last interest payment date up to but not including the Early Payment Date.

Athabasca has also received consents from holders representing a majority in aggregate principal amount of Notes outstanding to adopt the proposed amendments to the indenture governing the Notes. Athabasca has entered into a supplemental indenture effecting the proposed amendments, and the proposed amendments became operative upon payment for the Notes.

The Offer will expire at 11:59pm ET on March 9, 2017 (such time and date, as it may be extended, the "Expiration Time") unless earlier terminated by Athabasca. Holders who have not already tendered their Notes may do so at any time at or prior to the Expiration Time. Holders who tender their Notes and whose Notes are accepted for purchase at or prior to the Expiration Time but after the Early Tender Deadline will be eligible to receive the tender offer consideration equal $974.25 per $1,000 principal amount of Notes, plus accrued and unpaid interest from the last interest payment date up to but not including the final payment date. The final payment date for the Notes is expected to occur promptly following the Expiration Time.

Athabasca is conducting the Offer and consent solicitation in accordance with the terms and conditions described in its Offer to Purchase and Consent Solicitation Statement (the "Statement") dated February 9, 2017. Athabasca's obligation to consummate the Offer is subject to the satisfaction or waiver of certain conditions, which are more fully described in the Statement.

Athabasca has also issued a notice of redemption for remaining aggregate outstanding principal amount of the Notes, which will be redeemed on March 27, 2017 at their principal amount plus any accrued and unpaid interest. The Company has satisfied and discharged the indenture governing the Notes.

The tender agent for the Offer and consent solicitation is TSX Trust Company. Holders with questions or who would like additional copies of the offer documents may call the tender agent, TSX Trust Company, toll-free at 1-866-600-5869 or 416-342-1091. Questions regarding the terms of the Offer and consent solicitation can be directed to the dealer manager for the Offer and solicitation agent for the consent solicitation, RBC Capital Markets, LLC (1-877-381-2099 toll-free or 416-842-6311 collect or 212-618-7822 collect).

This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the New Notes in any state in which such offer, solicitation or sale would be unlawful. The New Notes have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements thereof.

About Athabasca Oil Corporation

Athabasca Oil Corp. 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.

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", "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 five-year growth outlook and that such growth outlook is fully funded; the Company's liquidity outlook; the benefits expected to be realized by the Company from offering of New Notes and the $120 million credit facility; estimates of sustainable free cash flow generation; the Company's expectations regarding its rates of return from its light oil assets; that its thermal oil assets have a low production decline; the impact that the Company's grant of the Royalty will have on Athabasca; the Company's forecasted price of oil before the Royalty is payable; the Company's use of the proceeds from the grant of the Royalty; the capability of the Company's five-year development outlook to deliver potential growth in per share production; the estimated impact of the Royalty on the economics of future expansion phases and development projects; and other matters.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: that Athabasca and its security holders will obtain the anticipated benefits from the offering of New Notes and the $120 million credit facility; commodity prices for petroleum and natural gas; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its 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; the Company's financial sustainability, the Company's ability to accelerate development when prices recover; Athabasca's cash-flow break-even commodity price; geological and engineering estimates in respect of Athabasca's reserves and resources; the applicability of technologies for the recovery and production of the Company's reserves and resources; the Company's ability to demonstrate the quality of its asset base and to build large-scale projects; 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 equipment in a timely and cost-efficient manner; the geography of the areas in which the Company is conducting exploration and development activities; and the Company's ability to obtain equipment in a timely and cost-efficient manner.

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 10, 2016 that is available on SEDAR at www.sedar.com, including, but not limited to: fluctuations in market prices for crude oil, natural gas and bitumen blend; political and general economic, market and business conditions in Alberta, Canada, the United States and globally;
changes to royalty regimes, environmental risks and hazards; alternatives to and changing demand for petroleum products; the potential for management estimates and assumptions to be inaccurate; dependence on Murphy as the Company's joint venture participant in the Company's Duvernay and Montney assets; the dependence on Murphy as the operator of the Company's Duvernay assets; the potential for adverse consequences in the event that the Company defaults under certain of the agreements

in respect of the Royalty; the substantial capital requirements of Athabasca's projects and the ability to obtain financing for Athabasca's capital requirements; operational and business interruption risks associated with the Company's facilities; failure by counterparties to make payments or perform their operational or other obligations to Athabasca in compliance with the terms of contractual arrangements between Athabasca and such counterparties, and the possible consequences thereof; long term reliance on third parties; aboriginal claims; 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; uncertainties inherent in estimating quantities of reserves and resources; changes to Athabasca's status given the current stage of development; litigation risk; risks and uncertainties inherent in SAGD and other bitumen recovery processes; risks related to hydraulic fracturing, including those related to induced seismicity; 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; 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 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; failure to accurately estimate abandonment and reclamation costs; reliance on third party infrastructure; seasonality; hedging risks; risks associated with maintaining systems of internal controls; insurance risks; claims made in respect of Athabasca's operations, properties or assets; competition for, among other things, capital, 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; risks related to Athabasca's $120 million credit facility and the New Notes; and risks related to Athabasca's common shares.

The forward-looking information contained in this news release is made as of the date hereof and unless required by law, the Company does not undertake any obligation to update publicly or revise any of such forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information contained in this news release is expressly qualified by this cautionary statement.

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