

Athabasca Oil Corporation Announces Further Hangingstone Cost Reductions

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CALGARY, May 10, 2021 - [Athabasca Oil Corp.](#) (TSX: ATH) ("Athabasca" or the "Company") is pleased to announce that it has executed an amending Hangingstone Transportation and Storage Services Agreement ("TSSA") that resulted in a \$44 million prepayment from restricted cash and a ~\$5 million reduction to annual tolls. The amended TSSA reduces Hangingstone's dilbit financial assurances by ~\$44 million to ~\$27 million. The reduction in financial assurances unlocked restricted cash on the Company's balance sheet that was concurrently used to fund the amending prepayment. There is no change to the Company's unrestricted cash balance that is expected to grow from \$141 million at March 31, 2021 to ~\$210 million at year-end (US\$60 WTI & US\$11 WCS differentials). The transaction is effective as of May 7, 2021 and the deal is now closed.

As previously released with the Company's first quarter results, Athabasca executed a commercial arrangement with an industry leading marketing company to construct a truck-in terminal at no cost to Athabasca. Operations are expected to commence in July with up to 5,000 bbl/d of third party truck-in capacity. The additional volumes are expected to generate up to \$5 million in annual savings through a processing fee and by leveraging existing volume commitments under Athabasca's transportation agreements.

Inclusive of both transactions, Hangingstone's cost structure is expected to be reduced by up to \$10 million annually. Hangingstone now has improved resiliency and profitability with an estimated US\$31.50/bbl WCS operating break-even. The Company's corporate operating break-even is approximately US\$43/bbl WTI (US\$11 WCS heavy differentials) including these transactions.

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.

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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", "forecast", "continue", "estimate", "expect", "may", "will", "project", "target", "should", "believe", "predict", "pursue", "potential", "view" and "contemplate" 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 and, except as required by applicable securities laws, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such

statement is made or to reflect the occurrence of unanticipated events. In particular, this News Release contains forward-looking information pertaining to, but not limited to, the following: the Company's 2021 Outlook; forecasted Liquidity; expected costs savings resulting from the Hangingstone truck-in terminal; and other matters.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices; 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; the Company's financial sustainability; 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; the Company's future debt levels; future production levels; the Company's ability to obtain financing on acceptable terms; operating costs; compliance of counterparties with the terms of contractual arrangements; impact of increasing competition globally; collection risk of outstanding accounts receivable from third parties.

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 3, 2021 and Management's Discussion and Analysis dated May 4, 2021, available on SEDAR at www.sedar.com, including, but not limited to: weakness in the oil and gas industry; exploration, development and production risks; prices, markets and marketing; market conditions; continued impact of the COVID-19 pandemic; climate change and carbon pricing risk; regulatory environment and changes in applicable law; gathering and processing facilities, pipeline systems and rail; statutes and regulations regarding the environment; political uncertainty; state of capital markets; changing demand for oil and natural gas products; royalty regimes; foreign exchange rates and interest rates; hedging; operational dependence; operating costs; project risks; financial assurances; diluent supply; third party credit risk; indigenous claims; reliance on key personnel and operators; income tax; cybersecurity; hydraulic fracturing; liability management; seasonality and weather conditions; unexpected events; internal controls; insurance; litigation; competition; chain of title and expiration of licenses and leases; breaches of confidentiality; new industry related activities or new geographical areas; and risks related to our debt and securities.

Oil and Gas Information

Operating break-even reflects the estimated WCS oil price per barrel required to generate an asset level operating income of Cdn \$0. Break-even is used to assess the impact of changes in WCS oil prices on operating income of an asset and could impact future investment decisions. Break-evens economics based on 2021 forecasted production and 0.79FX, -1% C5 diff and C\$2.50 AECO pricing assumptions.

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