Athabasca Oil Corporation Announces Market Egress Transactions that Increase Corporate Liquidity by ~$100 Million

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CALGARY, Aug. 17, 2021 - Athabasca Oil Corp. (TSX: ATH) ("Athabasca" or the "Company") has executed two strategic market egress transactions that increase corporate liquidity by approximately $100 million through cash consideration and the release of restricted cash that was securing letters of credit. These transactions further bolster the Company's strong liquidity position with a 60% increase in pro forma unrestricted cash balances to approximately $265 million.

Athabasca believes the market for Canadian heavy crude is improving in a lasting way. Expanded basin egress capacity (including Enbridge Line 3 Replacement, the TransMountain Expansion Project "TMX" and DRU implemented crude-by-rail) should provide Canadian producers improved access to the global heavy oil market in the future. At the same time, modest growth forecasts for Canadian oil production are expected to drive excess egress capacity. As a result, Athabasca believes conditions will emerge for lower volatility compared to what has been experienced in recent years and Western Canadian Select ("WCS") heavy oil in Edmonton may be among the most valuable global crude benchmarks. By undertaking a monetization of its TMX and Keystone capacity, the Company will increase its current unrestricted cash balances, reduce future financial commitments and still benefit from an improved outlook for WCS differentials.

Commercial Transactions Overview

Athabasca has assigned its Keystone Base service of approximately 7,200 bbl/d of blended bitumen capacity and the Development Cost Agreement ("DCA") in relation to the Keystone XL pipeline to an industry player. The Company has also entered into a seven-year marketing agreement with the counterparty for 15,000 bbl/d of heavy oil that will diversify the Company's sales to the US Gulf Coast once the incremental Keystone Base service becomes available to industry. The marketing agreement has customary and additional fees including a flow through pipeline tariff when the Gulf Coast service becomes available. This transaction increases corporate liquidity by approximately $80 million through the recovery of a deposit and the release of restricted cash that was securing existing letters of credit.

Additionally, the Company has executed a sale and assignment agreement of its 20,000 bbl/d TMX pipeline service to a downstream player for $20 million cash consideration. Athabasca believes that the timing for monetizing the service is optimal as the Company receives cash consideration today while still being able to participate in the benefits of the construction of the pipeline through an improved local basin differential outlook. The transaction reduces $1.1 billion of transportation commitments over the 20-year term and removes a $50 million future financial assurance requirement once the pipeline is operational.

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: expected in-service dates for Enbridge Line 3 replacement and the TransMountain Expansion project; expectations for WCS heavy oil to be amongst the most valuable global crude benchmarks; 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; the Company's future debt levels; the Company's ability to obtain financing on acceptable terms; impact of increasing competition globally.

Unrestricted cash balances are as of July 30, 2021 pro forma the two commercial transactions referenced in this New Release. 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 July 28, 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.