Consolidated Financial Statements

December 31, 2024

FOCUSED | EXECUTING | DELIVERING

MANAGEMENT'S REPORT

Management's responsibility for the consolidated financial statements

The accompanying consolidated financial statements of Athabasca Oil Corporation (the "Company") are the responsibility of Management. The consolidated financial statements have been presented and prepared within acceptable limits of materiality by Management in Canadian dollars in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect Management's best judgments.

The Company maintains systems of internal accounting and administrative controls. These systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are properly accounted for and adequately safeguarded. Management's evaluation concluded that the Company's internal controls over financial reporting were effective as of December 31, 2024.

The Company's Board of Directors approves the consolidated financial statements. Their consolidated financial statement related responsibilities are fulfilled primarily through the Audit Committee, which is made up of three independent directors. The Audit Committee has a written mandate that complies with the current requirements of Canadian securities legislation. The Audit Committee meets regularly with Management and the external auditors to discuss reporting and control issues and ensures each party is properly discharging its responsibilities.

Ernst & Young LLP, an independent firm of auditors, has been engaged, as approved by a vote of the shareholders at the Company's most recent Annual General Meeting, to audit and provide their independent audit opinion on the Company's consolidated financial statements as at and for the year ended December 31, 2024. Their report, contained herein, outlines the nature of their audit and expresses their opinion on the consolidated financial statements.

(Signed)

Robert Broen
President and Chief Executive Officer

(Signed)

Matthew Taylor
Chief Financial Officer

March 5, 2025

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Athabasca Oil Corporation

Opinion

We have audited the consolidated financial statements of Athabasca Oil Corporation and its subsidiaries (collectively the "Company"), which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of cash flows, and consolidated statements of changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

The impact of estimated oil and gas reserves on PP&E

We draw attention to notes 3, 7 and 9 to the consolidated financial statements. The Company uses oil and gas reserves to deplete its development and production assets included in property, plant and equipment ("PP&E"), and to assess for indicators of impairment or impairment reversal in the Company's cash generating units ("CGUs"). If any such indicators exist, the Company uses oil and gas reserves to estimate the recoverable amount of the CGU.

The Company had $1,589.0 million of PP&E at December 31, 2024. Depletion and depreciation expense was $115.1 million for the year ended December 31, 2024. For the year ended December 31, 2024, an impairment reversal of $218 million was recorded with respect to the Hangingstone CGU.

Reserves were evaluated by the Company's independent petroleum engineers (management's expert). Key assumptions developed by management used to determine reserves include forward price estimates, expected future rates of production, future production costs and the timing and amount of future development expenditures. For purposes of estimating the recoverable amount of its Hangingstone CGU, management utilized a value-in-use model and also made assumptions with respect to market discount rates.

Our approach to addressing the matter included the following procedures:

- Tested how management determined reserves, which included the following:
  - The competence, capabilities and objectivity of management's expert was evaluated, the work performed was understood and the appropriateness of the work as audit evidence was evaluated. The procedures performed also included evaluation of the methods and assumptions used by management's expert, tests of data used by management's expert and an evaluation of their findings.
  - Evaluated the reasonableness of key assumptions used, including expected future rates of production, future production costs and the timing and amount of future development expenditures by considering current and past performance of the Company and whether these assumptions were consistent with evidence obtained in other areas of the audit, as applicable.
  - Evaluated the reasonableness of forward price estimates by comparing those forecasts with third party industry forecasts.

We considered this a key audit matter due to the judgments by management, including the use of management's expert, and a high degree of auditor judgment, subjectivity and effort in performing procedures relating to the key assumptions.

- Recalculated depletion and depreciation expense.
- Involved our internal valuation specialists to assess the methodology applied in estimating the recoverable amount of the Hangingstone CGU and the various inputs utilized in determining the discount rate by referencing current industry, economic, and comparable company information, as well as company and cash-flow specific risk premiums.
- Evaluated the adequacy of the impairment and impairment reversal note disclosure included in note 9 of the accompanying consolidated financial statements in relation to this matter.

Other Information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

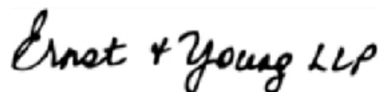
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Troy Jubenvill.



Chartered Professional Accountants

Calgary, Canada
March 5, 2025

CONSOLIDATED BALANCE SHEETS

As at ($ Thousands)		December 31, 2024		December 31, 2023
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$	344,836	$	343,309
Accounts receivable (Note 23)		138,365		100,106
Prepaid expenses and deposits (Note 4)		10,564		12,747
Inventory (Note 5)		43,206		42,488
Risk management contracts (Note 10)		3,647		1,999
		540,618		500,649
Prepaid expenses and deposits (Note 4)		33,369		35,599
Property, plant and equipment (Note 7)		1,588,984		1,106,725
Exploration and evaluation assets (Note 8)		4,332		2,118
Deferred income tax (Note 21)		307,306		403,544
	$	2,474,609	$	2,048,635
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	168,557	$	129,702
Income tax payable (Note 21)		2,738		—
Risk management contracts (Note 10)		293		3,242
Warrant liability (Note 12)		29,530		22,119
Provisions and other liabilities (Note 13)		42,970		30,064
		244,088		185,127
Term debt (Note 11)		195,833		179,705
Provisions and other liabilities (Note 13)		128,347		100,350
Deferred income tax (Note 21)		42,609		—
		610,877		465,182
SHAREHOLDERS' EQUITY				
Common shares (Note 14)		1,964,420		2,273,433
Contributed surplus		136,580		131,699
Non-controlling interest (Note 6)		116,668		—
Accumulated deficit		(353,936)		(821,679)
		1,863,732		1,583,453
	$	2,474,609	$	2,048,635

Commitments (Note 24).

See accompanying notes to the consolidated financial statements.

Approved by the Board:

(Signed) *(Signed)*

Ronald Eckhardt
Chairman

Bryan Begley
Director

CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

($ Thousands, except per share amounts)	Year ended December 31, 2024	2023
REVENUE		
Petroleum, natural gas and midstream sales (Note 18)	$ 1,442,091	$ 1,268,525
Interest income	15,541	11,594
Royalties	(86,099)	(73,448)
	1,371,533	1,206,671
Unrealized gain (loss) on commodity risk mgmt contracts (Note 10)	4,597	6,390
Realized gain (loss) on commodity risk mgmt contracts (Note 10)	(6,462)	(35,935)
	1,369,668	1,177,126
EXPENSES		
Cost of diluent	489,035	491,437
Operating expenses	159,973	193,882
Transportation and marketing	89,122	94,965
General and administrative	22,248	20,646
Stock-based compensation (Note 15)	30,498	54,225
Financing and interest (Note 19)	71,862	39,184
Depletion and depreciation (Note 7)	115,053	110,798
Impairment (reversal) loss (Note 9)	(218,000)	—
Exploration expenses	1,146	1,412
Total expenses	760,937	1,006,549
Revenue less expenses	608,731	170,577
OTHER INCOME (EXPENSES)		
Foreign exchange gain (loss), net (Note 23)	22,220	(2,434)
Gain (loss) on revaluation of provisions and other (Note 20)	(13,142)	(25,895)
Gain (loss) on sale of assets (Note 6)	(469)	(179,382)
Income (loss) before income tax	617,340	(37,134)
Income tax expense (recovery) (Note 21)	145,336	14,086
Net income (loss) and comprehensive income (loss)	$ 472,004	$ (51,220)
Net income (loss) and comprehensive income (loss) attributable to:		
Shareholders of the Parent Company	$ 467,743	$ (51,220)
Non-controlling interest (Note 6)	4,261	—
	$ 472,004	$ (51,220)
BASIC NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE[1] (Note 16)	$ 0.85	$ (0.09)
DILUTED NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE[1] (Note 16)	$ 0.85	$ (0.09)

(1) Based on net income (loss) and comprehensive income (loss) attributable to shareholders of the Parent Company.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

($ Thousands)	Year ended December 31, 2024	2023
OPERATING ACTIVITIES		
Net income (loss)	$ 472,004	$ (51,220)
Items not affecting cash:		
Non-cash transportation and marketing	2,230	2,230
Net non-cash stock-based compensation (Note 15)	6,554	3,557
Net non-cash financing and interest (Note 19)	48,904	13,324
Depletion and depreciation (Note 7)	115,053	110,798
Impairment (reversal) loss (Note 9)	(218,000)	—
Unrealized non-cash foreign exchange (gain) loss (Note 23)	(39,010)	1,141
Realized foreign exchange (gain) loss on redemption of US dollar debt (Note 23)	21,588	2,433
Unrealized (gain) loss on risk management contracts (Note 10)	(4,597)	(6,390)
Non-cash (gain) loss on revaluation of provisions & other (Note 20)	13,142	25,895
(Gain) loss on sale of assets (Note 6)	469	179,382
Deferred income tax (recovery) expense (Note 21)	142,598	14,086
Settlement of provisions (Note 13)	(1,879)	(1,762)
Decrease in long-term deposit (Note 21)	—	12,577
Changes in non-cash working capital and other liabilities (Note 26)	(1,515)	(525)
	557,541	305,526
FINANCING ACTIVITIES		
Repurchased shares for cancellation (Note 14)	(316,957)	(158,582)
Proceeds from Duvernay Energy subscription (Note 6)	18,059	—
Issuance of term debt (Note 11)	195,538	—
Redemption of term debt (Note 11)	(215,592)	(24,868)
Term debt redemption premium (Note 19)	(12,530)	(1,376)
Payments of lease liabilities (Note 13)	(1,938)	(2,620)
Proceeds from exercised warrants (Note 12)	—	11,932
Proceeds from exercised equity incentives (Note 15)	194	2,201
Changes in non-cash working capital and other liabilities (Note 26)	4,549	2,579
	(328,677)	(170,734)
INVESTING ACTIVITIES		
Capital expenditures (Notes 7 & 8)	(268,042)	(139,832)
Proceeds from sale of assets (Note 6)	(469)	148,436
Changes in non-cash working capital and other liabilities (Note 26)	17,171	11,960
	(251,340)	20,564
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	24,003	(9,572)
CHANGE IN CASH AND CASH EQUIVALENTS	1,527	145,784
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	343,309	197,525
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 344,836	$ 343,309

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

($ Thousands)	Year ended December 31, 2024	2023
COMMON SHARES (Note 14)		
Balance, beginning of period	$ 2,273,433	$ 2,352,894
Exercise of warrants (Note 12)	—	70,439
Exercise of stock options and RSUs (Note 15)	7,944	8,682
Repurchased shares for cancellation (Note 14)	(316,957)	(158,582)
Balance, end of period	1,964,420	2,273,433
CONTRIBUTED SURPLUS		
Balance, beginning of period	131,699	128,062
Stock-based compensation (Notes 15 & 21)	12,631	10,118
Exercise of stock options and RSUs (Note 15)	(7,750)	(6,481)
Balance, end of period	136,580	131,699
NON-CONTROLLING INTEREST (Note 6)		
Balance, beginning of period	—	—
Initial recognition	112,407	—
Net income (loss) and comprehensive income (loss)	4,261	—
Balance, end of period	116,668	—
ACCUMULATED DEFICIT		
Balance, beginning of period	(821,679)	(770,459)
Net income (loss) and comprehensive income (loss)	467,743	(51,220)
Balance, end of period	(353,936)	(821,679)
TOTAL SHAREHOLDERS' EQUITY	$ 1,863,732	$ 1,583,453

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended December 31, 2024.

(Tabular amounts expressed in thousands of Canadian dollars, except where otherwise noted)

1. NATURE OF BUSINESS

Athabasca Oil Corporation (“Athabasca”, the “Company” or the "Parent Company") is an exploration and production company developing Thermal Oil and Light Oil resource plays in the Western Canadian Sedimentary Basin in Alberta, Canada. Development of the Light Oil resource play is through Duvernay Energy Corporation ("Duvernay Energy"), see Note 6 for further details. Athabasca was incorporated on August 23, 2006, under the laws governing the Province of Alberta. The domicile of the Company is 1200, 215 - 9th Avenue SW, Calgary, Alberta. The Company is publicly traded on the Toronto Stock Exchange (“TSX”) under the symbol “ATH”. These Consolidated Financial Statements (“Consolidated Financial Statements”) were authorized for issue by the Board of Directors on March 5, 2025.

2. BASIS OF PRESENTATION

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and have been prepared on a historical cost basis, except for financial instruments which are measured at their estimated fair value. The Consolidated Financial Statements have been prepared using the same accounting policies and methods as the audited consolidated financial statements for the year ended December 31, 2023, except as disclosed in Note 6. Certain comparative figures in Note 17 and Note 19 have been restated to conform to the current period presentation.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Principles of Consolidation and Joint Arrangements

These Consolidated Financial Statements reflect the activities of the Company and its subsidiaries. Subsidiaries include all entities over which the Company has control. Subsidiaries are consolidated from the date on which the Company obtains control. They are deconsolidated from the date that control ceases. Intercompany transactions and balances are eliminated upon consolidation. Athabasca also undertakes certain business activities through joint arrangements. A joint arrangement is established under contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. Athabasca only recognizes its proportionate interests in the assets, liabilities, revenues and expenses associated with joint arrangements.

Material Accounting Estimates and Judgments

The preparation of the Consolidated Financial Statements requires management to use estimates, judgments and assumptions. These judgments and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the applicable reporting period. These estimates relate to unsettled transactions and events as of the date of the Consolidated Financial Statements and may differ from actual results as future confirming events occur. Estimates and underlying assumptions are reviewed by management on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the year in which the estimates are revised. Changes in the Company’s accounting estimates and judgments could have a significant impact on net income (loss) and comprehensive income (loss).

Included in the carrying value of property, plant and equipment ("PP&E") are accumulated depletion, depreciation and impairment charges/reversals that are determined, in part, by utilizing estimates based on Athabasca's reserves, resources, relevant market transactions and land acreage values. The estimates of reserves and resources include estimates of the recoverable volumes of bitumen, light crude oil and medium crude oil, tight oil, conventional natural gas, shale gas and Natural Gas Liquids (“NGLs”), future commodity prices and future costs required to develop and produce the assets. Reserve and resource estimates and future cash flows could be revised either upwards or downwards based on updated information from drilling and operating results as well as changes to future commodity price estimates, changes in cost estimates and changes to the anticipated timing of project development. The rates used to discount future cash flows are based on judgment of economic, regulatory and operating factors. Changes in these factors could increase or decrease the discount rate which may result in material changes to the estimated

recoverable amount of the assets. Exploration and evaluation assets ("E&E") require judgment as to whether future economic benefits exist, including the estimated recoverability of reserves and contingent resources, technology uncertainty, government regulation uncertainty and the ability to finance exploration and evaluation projects, where technical feasibility and commercial viability has not yet been determined.

For purposes of impairment testing, PP&E and E&E are aggregated into cash-generating units ("CGUs") based on separately identifiable and largely independent cash inflows. The determination of the Company's CGUs is subject to judgment. Factors considered in the classification of CGUs include the integration between assets, shared infrastructures, the existence of common sales points, geography, geologic structure and the manner in which management monitors and makes decisions regarding operations. CGUs are not larger than an operating segment. Impairment test calculations require the use of estimates and assumptions and are subject to change as new information becomes available. Factors that are subject to change include estimates of future commodity prices, expected production volumes, development timing, land values, tax pools, directly comparable market transactions, quantity of reserves and resources, discount rates, recovery rates, timing of anticipated ramp-up of production, and future development, regulatory, carbon and operating costs. Changes in assumptions used in determining the recoverable amount could have a prospective material effect on the carrying value of the related PP&E and E&E CGUs.

The provision for decommissioning obligations is based upon numerous assumptions including the ultimate settlement amounts, inflation factors, credit-adjusted discount rates, timing of settlement and changes in the legal, regulatory, environmental and political environments. Actual costs and cash outflows could differ from the estimates as a result of changes in any of the above noted assumptions.

Deferred tax assets are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in net income (loss) and comprehensive income (loss) in the period in which the change occurs. The Company recognizes a deferred tax liability for a tax filing position based on its assessment of the probability that additional taxes may ultimately be due. Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in net income (loss) and comprehensive income (loss) both in the period of change, which would include any impact on cumulative provisions, and in future periods. Income tax filings are subject to audits and re-assessments and changes in facts, circumstances and interpretations of the standards which may result in a material increase or decrease in the Company's provision for income taxes.

Athabasca uses forward commodity price curves as an input in assessing the value of its assets. Refer to Note 9 "Impairment".

All of these estimates and judgments are subject to measurement uncertainty and changes in these estimates could materially impact the consolidated financial statements of future periods and have a significant impact on net income (loss) and comprehensive income (loss).

Accounting Policies

The following are the accounting policies which management considers material to the users of the consolidated financial statements. Accounting policy information is considered to be material if its disclosure is needed for users to understand information provided about material transactions, other events or conditions in the consolidated financial statements.

Segment Reporting

The Company's operating segments are determined based on differences in the nature of operations, products sold, economic characteristics, regulatory environments and management responsibility. Operating segments have been aggregated based on similar characteristics as follows:

- Athabasca (Thermal Oil) - includes the Company's assets, liabilities and operating results for the exploration, development and production of bitumen from sand and carbonate rock formations located in the Athabasca region of Northern Alberta.
- Duvernay Energy - includes the Company's assets, liabilities and operating results for the exploration, development and production of light crude oil and medium crude oil, tight oil, conventional natural gas, shale gas and NGLs located primarily in the Greater Kaybob area near the town of Fox Creek, Alberta. The Company's 2023 results also included the Greater Placid assets which were sold September 14, 2023.

Segment results, assets and liabilities only include items directly attributable to a segment and those items that can be allocated on a reasonable basis. There were no changes to the Company's operating segments during the year. Segmented information is presented in Note 17.

Financial Instruments

All financial instruments are assessed at initial recognition in the context of the Company's business model and the contractual cash flow characteristics of the financial assets and liabilities.

The Company has measured its financial instruments as follows:

Financial Assets and Liabilities	
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Prepaid expenses and deposits	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Risk management contracts	Fair value through net income (loss)
Cash settled stock-based compensation liability	Fair value through net income (loss)
Term debt	Amortized cost
Warrant Liability	Fair value through net income (loss)

Subsequent measurement of financial instruments is based on their classification. Unrealized gains and losses on financial instruments are recognized in net income (loss) and comprehensive income (loss).

The Company classifies its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Transaction costs for all financial assets and liabilities are expensed as incurred, with the exception of term debt and indebtedness. Transaction costs and deferred losses related to term debt are included in the initial carrying value of the debt and the debt is subsequently carried at amortized cost using the effective interest rate method. The fair value of Athabasca's term debt is derived from quoted prices provided by financial institutions.

Cash and cash equivalents consist of cash and investments in money market instruments with an initial maturity date of three months or less.

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Athabasca's receivables are comprised of various accounts receivables.

Derivative financial instruments are used by the Company to manage risks related to commodity prices. All derivatives are classified at fair value through net income (loss) and comprehensive income (loss). Derivative financial instruments are included on the consolidated balance sheet and are classified as current or non-current based on the contractual terms specific to the instrument. Gains and losses on re-measurement of derivatives are shown separately on the consolidated statement of income (loss) and comprehensive income (loss) in the period in which they arise.

The warrants issued were classified as financial liabilities due to a cashless exercise feature and are measured at fair value upon issuance and at each subsequent reporting period, and presented net of deferred losses, with the changes in fair value and amortization of deferred losses recorded in the consolidated statement of income (loss) and comprehensive income (loss). The fair value of these warrants is determined using the Black-Scholes option valuation model.

At each reporting date, the Company uses the expected credit loss model to assess whether any of the financial assets, measured at amortized cost or fair value through other comprehensive income (loss), are impaired. Any necessary impairment loss would be recognized based on the expected credit loss model.

Inventory

Inventory consists of heavy crude oil (i.e. dilbit), NGLs (i.e. diluent) and warehouse consumables. The carrying value of inventory includes all direct expenditures required to bring the inventory to its present location and condition, including transportation expenses. Athabasca values its inventory using the weighted average cost method and inventory is held at the lower of cost and net realizable value at each reporting period. Net realizable value is the estimated selling price less any expected selling costs. If the carrying value exceeds the net realizable value, a write-down is recognized. A change in circumstance could result in a reversal of the write-down for inventory that remains on hand in a subsequent period.

Property, Plant and Equipment ("PP&E")

Items of PP&E are measured using historical cost less accumulated depletion and depreciation and any accumulated impairment losses net of reversals. The initial cost of an asset comprises its purchase price, any cost directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located. Included in PP&E are assets that have been transferred from exploration and evaluation assets upon the establishment of technical feasibility and commercial viability. Once Athabasca's projects are available for use in the manner intended by management, they will either be depleted or depreciated over their useful lives depending on the nature of the asset. The costs of planned major inspection & maintenance, overhaul and turnaround activities that maintain PP&E and benefit future years of operations are capitalized. Recurring planned maintenance activities performed on shorter intervals are expensed as operating costs. Replacements outside of a major inspection & maintenance, overhaul or turnaround are capitalized when it is probable that future economic benefits will be realized, and the replaced component is derecognized. When an asset is disposed of in the PP&E phase, the carrying value of the assets sold are de-recognized from the PP&E asset pool with any difference, relative to the proceeds from the disposal, recognized as a gain or loss in net income (loss) and comprehensive income (loss).

Athabasca (Thermal Oil) assets that are ready for use in the manner intended by management are depleted or depreciated based on three separate components. The central processing facilities are depreciated on a unit-of-production basis over the total productive capacity of the facility. The supporting infrastructure, pumps and turnaround costs are depreciated using a straight-line basis over the estimated useful life of the components, which ranges from two to forty years. The producing oil sands assets are depleted using the unit-of-production method based on estimated proved developed producing reserves.

Duvernay Energy's light oil producing assets that are ready for use in the manner intended by management are depleted using the unit-of-production method based on the production in the year relative to the proved plus probable reserve base, taking into account estimated future development costs necessary to bring those reserves into production. Depreciation of the Duvernay Energy light oil infrastructure assets is calculated using the straight-line method over the estimated useful life of the assets, which ranges from thirty-five to fifty years.

Depreciation of corporate assets is calculated using the straight-line method over the estimated useful life of the asset, ranging from three to ten years.

Exploration and Evaluation ("E&E") Assets

Costs of exploring for and evaluating oil and gas activities are initially capitalized and primarily consist of lease acquisition costs, exploratory drilling to delineate resource formations, geological and geophysical costs, engineering, licensing and regulatory fees, carrying charges on non-productive assets, estimates of the reclamation and abandonment obligations incurred as a result of the exploration activities, employee salaries and stock-based compensation directly related to E&E activities. Tangible assets acquired and utilized to develop an E&E asset are also recorded as part of the cost of the E&E asset. When an asset is disposed of in the E&E phase the proceeds of the assets sold are de-recognized from the E&E asset pool with no gain or loss recognized unless the balance is fully de-recognized. E&E costs do not include general prospecting or evaluation costs incurred prior to having obtained the legal rights to explore an area, and as a result, these costs are expensed directly to the consolidated statement of income (loss) and comprehensive income (loss) as they are incurred.

E&E assets are carried at cost on the consolidated balance sheet until both the technical feasibility and commercial viability of extracting a mineral resource is established. Upon technical feasibility and commercial viability being established, E&E assets are tested for impairment and then reclassified from E&E assets to PP&E. Technical feasibility and commercial viability of the Athabasca (Thermal Oil) and Duvernay Energy activities are considered achieved when proved reserves are determined to exist and the Company has received approval to proceed with commercial development by its Board of Directors and, in some cases, approval from regulatory authorities.

If the technical feasibility and commercial viability cannot be proved or if a full impairment is recognized, subsequent expenditures are no longer capitalized and are recognized as exploration expense.

Impairment and Impairment Reversal

PP&E and E&E assets are tested for impairment at the CGU level at each reporting date when facts and circumstances suggest that the carrying amount may exceed the recoverable amount due to significant changes in the technological, market, regulatory, economic or legal environment. Athabasca combines PP&E and E&E assets that are in the same CGU together for the purposes of testing for impairment. The recoverable amount is determined as the greater of the CGU's Value In Use ("VIU") and Fair Value Less Costs To Sell ("FVLCTS"). In assessing VIU, the recoverable amounts of the CGUs are estimated based on after-tax discounted cash flows from the Company's Proved and/or Proved plus Probable Reserves adjusted for general and administrative expenses. FVLCTS is defined as the amount obtainable from the sale of a CGU in an arm's length transaction between knowledgeable parties, less the costs to dispose of the CGU. In assessing the FVLCTS, the recoverable amounts of the CGUs are estimated based on after-tax discounted cash flows from the Company's Proved and/or Proved plus Probable Reserves and/or any directly comparable market transactions/trading metrics. The FVLCTS estimates are classified as Level 3 on the fair value hierarchy. The VIU and FVLCTS recoverable amounts also include estimated land values for acreages which do not, at present, have Proved plus Probable Reserves assigned and future cash flows are estimated using appropriate inflation and discount rates which are based on the individual nature of the properties included in the CGU and the extent of future funding and development risk.

At each reporting period, PP&E and E&E assets are tested for impairment reversal at the CGU level when facts and circumstances suggest that the recoverable amount of the CGU may significantly exceed the carrying value. An impairment charge is reversed to the extent that the CGU's recoverable amount does not exceed the carrying amount that would have been determined, net of accumulated depletion and depreciation, if no impairment charge had been recognized.

Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing development or use. This condition is met when the sale is highly probable, and the asset is available for immediate sale in its present condition. For the sale to be highly probable, there must be an active program to locate a buyer and plan to complete the sale must be initiated. The asset must be actively marketed, and the sale should be expected to be completed within one year from the date of classification. Certain events or circumstances beyond the Company's control may extend the period to complete the sale beyond one year.

Immediately before the PP&E and E&E are classified as held for sale, they are assessed for indicators of impairment or reversal of impairment and are measured at the lower of their carrying amount and recoverable amount, with any impairment charge or reversal of impairment recognized in the consolidated statement of income (loss) and comprehensive income (loss). Non-current assets held for sale and their associated liabilities are classified and presented in current assets and liabilities within the consolidated balance sheet. Assets held for sale are not depleted, depreciated or amortized.

Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities & contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets acquired, the difference is recognized immediately in net income (loss) and comprehensive income (loss). Transaction costs associated with business combinations are expensed as incurred.

Basis of Consolidation

The consolidated financial statements include the accounts of Athabasca and the subsidiaries it controls. Control exists when the Company has power over the subsidiary, is exposed, or has rights, to variable returns from involvement with the subsidiary and has the ability to affect the returns through the use of its power over the subsidiary. The financial statements of the Athabasca subsidiaries are prepared for the same reporting period and apply policies that are consistent with the Parent Company. All intercompany balances and transactions between Athabasca and each of its subsidiaries have been eliminated.

Non-Controlling Interest

Non-controlling interests arise from business combinations in which Athabasca acquires less than a 100 percent interest. Non-controlling interests are initially measured at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable assets. With respect to the Duvernay Energy transaction, the non-controlling interest was valued based on cost which approximated fair value. Subsequently, the carrying amount of the non-controlling interest is increased or decreased by the non-controlling interest's share of subsequent changes in net income (loss) and comprehensive income (loss).

Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are

determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The Company's oil and gas activities give rise to abandonments and reclamations relating to wells and facilities. Provisions are made for the estimated cost of abandoning and reclaiming the wells and facilities and are capitalized to the corresponding asset. Decommissioning obligations are measured at the present value of management's best estimate of the expenditure required to settle the obligation discounted using the Company's credit-adjusted discount rate. Subsequent to initial measurement, the obligation is adjusted at the end of each reporting period to reflect the passage of time, changes in the estimated future cash outflows underlying the obligation and changes in discount rates. The increase in the obligation due to the passage of time is recognized as a finance cost whereas changes due to revisions in the estimated future cash outflows and discount rate are capitalized to the extent the related asset is not impaired. If the related asset is fully impaired, the change in estimate is recognized in net income (loss) and comprehensive income (loss). Actual costs incurred upon settlement of the obligations are charged against the provision, net of any government grants received.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lease obligation and corresponding right-of-use asset ("Leased Asset") are recognized at the commencement of the lease. Lease liabilities are initially measured at the present value of the unavoidable lease payments and discounted using the Company's incremental borrowing rate when an implicit rate in the lease is not readily available. Interest expense is recognized on the lease obligations using the effective interest rate method. The Leased Asset is recognized at the amount of the lease liability, adjusted for lease incentives received and initial direct costs, on commencement of the lease. The Leased Asset is depreciated on a straight-line basis over the lease term. The Company is required to make judgments and assumptions on incremental borrowing rates and lease terms. The carrying balance of the Leased Assets and lease liabilities, and related interest and depreciation expense, may differ due to changes in market conditions and expected lease terms.

Revenue Recognition

Athabasca classifies its revenue as being earned from sales of heavy crude oil (i.e. blended bitumen), sales from light crude oil (i.e. light/medium crude oil, tight oil and NGL condensate), sales from natural gas (i.e. conventional natural gas and shale gas), sales from other NGLs and midstream sales.

Revenue is measured based on the consideration specified in the contracts Athabasca has with its customers. Athabasca recognizes revenue when it transfers control of the product to the buyer. This is generally at the time the customer obtains legal title to the product and when it is physically transferred to the delivery mechanism agreed with the customer, including pipelines or other transportation methods.

Athabasca sells substantially all of its production pursuant to variable-priced contracts. The transaction price for variable priced contracts is based on a benchmark commodity price, adjusted for quality, location or other factors, whereby each component of the pricing formula can be either fixed or variable, depending on the contract terms.

The contracts generally have a term of one year or less, whereby delivery takes place throughout the contract period. Revenues are typically collected on the 25th day of the month following production.

Midstream revenues are recognized in the period the product is delivered and the service is provided.

Interest income on cash and cash equivalents is recorded as earned. For outstanding investments that mature in future periods, revenue is accrued up to and including the final day of the applicable reporting period based on the terms and conditions of the individual instruments. Incidental revenues are recognized in net income (loss) and comprehensive income (loss) as earned. Royalty expenses are recognized as production occurs.

Income Taxes

Income tax is comprised of current and deferred tax. Income tax expense is recognized in the consolidated statement of income (loss) and comprehensive income (loss) except to the extent that it relates to share capital, in which case it is recognized in equity. Current tax is the expected tax payable (receivable) on the taxable income (loss) for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and does not affect profit, other than temporary differences that arise in shareholder's equity. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset on the consolidated balance sheet if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are not recognized until such time that it is more likely than not that the related tax benefit will be realized. Athabasca also recognizes deferred tax liabilities on temporary differences associated with investments in subsidiaries unless the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Stock-based Compensation

The Company's stock-based compensation plans for employees, directors and consultants consist of stock options, restricted share units ("RSUs"), performance share units ("PSUs"), deferred share units ("DSUs") and phantom share units ("PUPs"). The stock options and RSUs are accounted for as equity-settled share-based compensation plans, while the DSUs, PUPs and PSUs are accounted for as cash-settled share-based compensation plans.

The fair values of the equity settled awards are initially measured using the Black-Scholes model using an estimated forfeiture rate, volatility, risk-free rate and expected life. The fair value is recorded as stock-based compensation over the vesting period with a corresponding amount reflected in contributed surplus. When stock options are exercised, the cash proceeds along with the amount previously recorded as contributed surplus are recorded as share capital. If the Company elects to pay the equity settled awards in cash, the amount previously recorded as contributed surplus is reversed up to the cash payment amount, with any additional amount being expensed immediately.

The PSUs, DSUs and PUPs are cash-settled share-based compensation plans. DSUs are expensed immediately upon grant and a liability is recognized. PUPs and PSUs fair value is expensed over the vesting period with a corresponding liability recognized. The liability under the plans is revalued at each reporting date based on the Company's closing share price.

For employees who are working on capital projects, a portion of stock-based compensation is capitalized to PP&E or E&E assets. For the remainder of employees, the compensation is expensed.

Per Share Amounts

Basic net income (loss) and comprehensive income (loss) per share is calculated by dividing net income (loss) and comprehensive income (loss) by the weighted average number of common shares outstanding during the period. Diluted income per share reflects the potential dilution that would occur if dilutive securities were exercised using the treasury stock method. To determine the dilutive effect of its dilutive instruments, the Company assumes that proceeds received from the exercise of "in-the-money" equity instruments are used to repurchase common shares. In any period in which there is a loss, diluted per share amounts are calculated excluding potentially dilutive securities.

Share Repurchases

The shares that are repurchased for cancellation are accounted for as a reduction in shareholders' equity. Total consideration paid includes any taxes and commissions or fees paid as part of the transaction.

Commitments and contingencies

Athabasca discloses its financial commitments, yet to be incurred, based on the minimum contractual costs at the reporting date. A contingent liability is disclosed when the possibility is considered more than remote but not yet probable, where the existence of an obligation will only be confirmed by future events, or where the amount of a present obligation cannot be measured reliably or will likely not result in an economic outflow. Contingent assets are disclosed if a future economic benefit is probable but are only recorded when recovery of the contingent asset is considered virtually certain.

Foreign Currency Translation

Transactions in foreign currencies are translated into the functional currency using the exchange rate on the transaction date. The Consolidated Financial Statements are presented in Canadian dollars which is the Company's functional currency. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss) and comprehensive income (loss).

New Accounting Policies

Effective January 1, 2024, the Company adopted the amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* related to supplier finance arrangements, which specify disclosure requirements intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The adoption of these amendments did not have a material impact on the Company's Consolidated Financial Statements.

Effective January 1, 2024, the Company adopted the amendments to IAS 1 *Presentation of Financial Statements* related to non-current liabilities with covenants, which clarified how conditions that an entity must meet within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The adoption of these amendments did not have a material impact on the Company's Consolidated Financial Statements.

Effective January 1, 2024, the Company adopted amendments to IFRS 16 *Leases* related to sale and leaseback arrangements that include requirements to explain how an entity accounts for a sale and leaseback after the date of the transaction. The adoption of these amendments did not have a material impact on the Company's Consolidated Financial Statements.

Recent Accounting Pronouncements

On August 15, 2023, the IASB issued amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates* that contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for reporting periods beginning on or after January 1, 2025. Athabasca does not anticipate any material impact from these amendments on its Consolidated Financial Statements.

On May 30, 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* that clarify the recognition and derecognition of certain financial assets and liabilities, including an exception for those settled via electronic cash transfer systems. New disclosure requirements are introduced for instruments with terms that can change cash flows and for equity instruments designated at fair value through other comprehensive income. The amendments are effective for reporting periods beginning on or after January 1, 2026. Athabasca does not anticipate any material impact from these amendments on the Consolidated Financial Statements.

On April 9, 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements*, this is a new standard on financial statement presentation and disclosure with a focus on updates to the statement of profit or loss. The standard is effective for reporting periods beginning on or after January 1, 2027. Athabasca is currently reviewing the new disclosure requirements for IFRS 18.

4. PREPAID EXPENSES AND DEPOSITS

As at	December 31, 2024	December 31, 2023
Hangingstone transportation prepayment	$ 35,677	$ 37,907
Prepaid expenses and deposits	8,256	10,439
TOTAL PREPAID EXPENSES AND DEPOSITS	$ 43,933	$ 48,346
Presented as:		
Current portion of prepaid expenses and deposits	$ 10,564	$ 12,747
Long term portion of prepaid expenses and deposits	$ 33,369	$ 35,599

In the second quarter of 2021, Athabasca executed an amending Transportation and Storage Service Agreement at Hangingstone that resulted in a $43.9 million prepayment and corresponding reduction in the financial assurances. The agreement is amortized over 20 years.

5. INVENTORY

As at	December 31, 2024	December 31, 2023
Product inventory	$ 29,581	$ 29,977
Warehouse inventory	13,625	12,511
TOTAL INVENTORY	$ 43,206	$ 42,488

During the year ended December 31, 2024, a total of $775.5 million (December 31, 2023 - $772.6 million) in inventory product costs were charged to net income (loss) through cost of diluent, operating expenses and transportation expenses.

6. ACQUISITIONS AND DISPOSITIONS

Duvernay Energy Corporation

Duvernay Energy, a privately held subsidiary of Athabasca, commenced operations on February 6, 2024 following the transfer of certain assets, pursuant to an agreement involving Athabasca and Cenovus Energy ("Cenovus") (the "Transaction"). Duvernay Energy is managed by Athabasca through a management and operating services agreement.

Athabasca received a 70% equity interest in exchange for cash, petroleum and natural gas assets and the transferred interest of its wholly owned Kaybob partnership. Since Athabasca and Duvernay Energy share common control, transactions between the two entities have been eliminated upon consolidation.

Cenovus received a 30% equity interest valued at $112.4 million in exchange for $18.1 million in cash and $94.3 million in petroleum and natural gas assets. The PP&E assets acquired from Cenovus do not constitute a business and were accounted for as an asset acquisition. The measurement of the PP&E was recorded at its estimated fair value of $94.9 million (including $0.6 million in capitalized decommissioning obligations). The 30% equity in Duvernay Energy not attributable to Athabasca has been reported as a non-controlling interest on the consolidated balance sheet and on the consolidated statements of income (loss).

Light Oil Non-Core Asset Sale

In 2023, Athabasca completed the sale of its 70% operated working interest in Greater Placid targeting the Montney, its 30% non-operated working interest in Saxon and Simonette targeting the Duvernay and other associated non-core Placid Montney assets to a private company for $160 million in cash before closing adjustments and transaction costs ($149.2 million net). The transaction closed on September 14, 2023 with an effective date of March 1, 2023. Athabasca de-recognized $333.9 million of PP&E and $6.0 million in decommissioning obligations resulting in a loss of $178.7 million on the asset sale.

7. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

BALANCE, DECEMBER 31, 2022	$	1,408,891
PP&E capital expenditures		139,113
Non-cash capitalized costs and other[1]		3,415
Depletion and depreciation[2]		(110,798)
Disposals (Note 6)		(333,896)
BALANCE, DECEMBER 31, 2023	$	1,106,725
PP&E capital expenditures		266,053
Acquired through the Transaction (Note 6)		94,930
Non-cash capitalized costs and other[1]		18,329
Depletion and depreciation[2]		(115,053)
Impairment reversal (loss) (Note 9)		218,000
BALANCE, DECEMBER 31, 2024	$	1,588,984

(1) Non-cash capitalized costs relate to capitalized stock-based compensation, decommissioning obligation assets and leased asset modifications.
(2) Depletion and depreciation for the year ended December 31, 2024 includes $0.6 million of depreciation relating to the Leased Asset (year ended December 31, 2023 - $0.9 million).

PP&E consists of the following:

Net book value (As at)		December 31, 2024		December 31, 2023
PP&E at cost[1]	$	3,110,574	$	2,731,262
Accumulated depletion and depreciation[1]		(840,070)		(725,017)
Accumulated impairment losses		(681,520)		(899,520)
TOTAL PP&E	$	1,588,984	$	1,106,725

(1) As at December 31, 2024, the PP&E cost includes $13.3 million of Leased Asset cost and accumulated depletion and depreciation includes $9.8 million of accumulated depreciation relating to the Leased Asset (as at December 31, 2023 – Leased Asset cost of $13.3 million and accumulated depreciation relating to the Leased Asset of $9.2 million).

As at December 31, 2024, $257.6 million (December 31, 2023 - $83.2 million) of PP&E was not subject to depletion or depreciation as the underlying oil and gas assets were not ready for use in the manner intended by management. Included in the depletion calculation for the period ended December 31, 2024, are $1.4 billion of future development expenditures required to develop total proved plus probable reserves (December 31, 2023 - $411.8 million).

8. EXPLORATION AND EVALUATION ASSET ("E&E")

BALANCE, DECEMBER 31, 2022	$	1,161
E&E capital expenditures		719
Non-cash capitalized costs(1)		238
BALANCE, DECEMBER 31, 2023	$	2,118
E&E capital expenditures		1,989
Non-cash capitalized costs(1)		225
BALANCE, DECEMBER 31, 2024	$	4,332

(1) Non-cash capitalized costs relate to capitalized stock-based compensation and decommissioning obligation assets.

9. IMPAIRMENT

At each financial reporting date, the Company considers potential indicators of impairment or reversal of previous impairments for its Athabasca (Thermal Oil) and Duvernay Energy CGUs. The Athabasca (Thermal Oil) CGUs consist of Leismer/Corner, Hangingstone and Dover West. The Duvernay Energy CGU consists of the Greater Kaybob area. This assessment includes an analysis of current market and regulatory conditions as well as a review of the Company's assets, future development plans and pending land expiries.

As at December 31, 2024, Athabasca identified indicators of impairment reversal within the Hangingstone CGU related to the operating performance of the CGU in conjunction with the current commodity price environment. As a result, the Company completed an impairment test on its Hangingstone CGU which resulted in an estimated recoverable value of $536 million based on VIU, which was above the CGU’s carrying value of $318 million, resulting in an impairment reversal of $218 million at December 31, 2024. No indicators of impairment or impairment reversal were identified in the Company’s other CGUs. At December 31, 2023, no indicators of impairment or impairment reversal were identified.

The $536 million recoverable amount of the Hangingstone CGU was based on VIU. Within the December 31, 2024 impairment test, future cash flows utilized proved reserves and were estimated using an after-tax discount rate of 13.5%. If the discount rate was increased 1% to 14.5% the recoverable amount would decrease by $26 million. If the price forecasts decreased 5% the recoverable amount would decrease by $64 million.

The following table summarizes the price forecasts used in the Hangingstone impairment test as at December 31, 2024:

	2025	2026	2027	2028	2029	2030	2031	2032	Thereafter
WTI (US$/bbl)	$71.58	$74.48	$75.81	$77.66	$79.22	$80.80	$82.42	$84.06	+2.0%/yr
WCS (C$/bbl)	$82.69	$84.27	$83.81	$85.70	$87.45	$89.25	$91.04	$92.85	+2.0%/yr
Edm Par (C$/bbl)	$94.79	$97.04	$97.37	$99.80	$101.79	$103.83	$105.91	$108.03	+2.0%/yr
AECO (C$/Mcf)	$2.36	$3.33	$3.48	$3.69	$3.76	$3.83	$3.91	$3.99	+2.0%/yr
FX (CAD:USD)	0.71	0.73	0.74	0.74	0.74	0.74	0.74	0.74	0.74

10. RISK MANAGEMENT CONTRACTS

Under the Company's commodity risk management program, Athabasca may utilize financial and/or physical delivery contracts to fix the commodity price associated with a portion of its future production in order to manage its exposure to fluctuations in commodity prices.

Financial commodity risk management contracts are valued on the consolidated balance sheet by multiplying the contractual volumes by the differential between the anticipated market price (i.e. forecasted strip price) and the contractual fixed price at each future settlement date. The corresponding change in the asset or liability is recognized as an unrealized gain or loss in net income (loss). As the commodity derivatives are unwound (i.e. settled in cash), Athabasca recognizes a corresponding realized gain or loss in net income (loss). Physical delivery contracts are not considered financial instruments and therefore, no asset or liability is recognized on the consolidated balance sheet.

Financial commodity risk management contracts

As at December 31, 2024, the following financial commodity risk management contracts were in place:

Instrument	Period	Volume		C$ Average Price[1]		US$ Average Price[1]
Sales contracts				*C$/bbl*		*US$/bbl*
WCS fixed price swaps	January - March 2025	12,000 bbl/d	$	19.25	$	13.38
Purchase contracts				*C$/GJ*		*US$/GJ*
AECO fixed price swaps	January - December 2025	27,000 GJ/d	$	2.02	$	1.40

(1) The implied C$ or US$ Average Price per bbl or GJ, as applicable, was calculated using the December 31, 2024 exchange rate of US$1.00 = C$1.4389.

Athabasca's commodity risk management contracts are held with three counterparties, all of which are large reputable financial institutions. The Company concluded that credit risk associated with commodity risk management contracts is low. Commodity risk management contracts have been classified as Level 2 on the fair value hierarchy.

In 2021, Athabasca entered into a seven-year marketing agreement for 15,000 bbl/d with an industry counterparty that diversifies the Company's sales to the US Gulf Coast through the Keystone pipeline system. The marketing agreement has a pricing derivative that provides exposure to WCS Gulf Coast pricing. The agreement has been classified as Level 2 on the fair value hierarchy. As at December 31, 2024, the pricing derivative had an asset value of $3.3 million (December 31, 2023 - asset value of $2.0 million).

Financial commodity risk management contracts assets and liabilities are offset and the net amount presented on the consolidated balance sheet when the Company has a legal right to offset the amounts and intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The following table summarizes the gross asset and liability positions of the Company's individual risk management contracts that are offset on the consolidated balance sheet:

	December 31, 2024			December 31, 2023		
As at	Asset	Liability	Net	Asset	Liability	Net
RISK MANAGEMENT CONTRACTS, GROSS	$ 5,623	$ (2,269)	$ 3,354	$ 1,999	$ (3,242)	$ (1,243)
Individual counterparty offsets	(1,976)	1,976	—	—	—	—
RISK MANAGEMENT CONTRACTS, NET	$ 3,647	$ (293)	$ 3,354	$ 1,999	$ (3,242)	$ (1,243)

The following table summarizes the sensitivity to price changes for Athabasca's commodity risk management contracts as at December 31, 2024:

	Change in WCS differential		Change in AECO	
As at December 31, 2024	Increase of US$1.00/bbl	Decrease of US$1.00/bbl	Increase of C$1.00/GJ	Decrease of C$1.00/GJ
Increase (decrease) to fair value of commodity risk management contracts	$ 1,556	$ (1,526)	$ 9,627	$ (9,627)

11. INDEBTEDNESS

Senior Unsecured Notes

On August 9, 2024, Athabasca repaid its existing US$157 million ($215.6 million) of Senior Secured Second Lien Notes (the "2026 Notes") using the net proceeds of $195.5 million from the August 9, 2024 issuance of its new $200 million Senior Unsecured Notes ("2029 Notes") and cash on hand. The 2029 Notes bear interest at 6.75% per annum, payable semi-annually, and have a term of 5 years maturing on August 9, 2029.

As at		December 31, 2024		December 31, 2023
Senior Secured Second Lien Notes ("2026 Notes")[1]	$	—	$	207,648
Senior Unsecured Notes ("2029 Notes")		200,000		—
Discount on debt		(4,462)		(62,798)
Accretion of discount on debt		295		34,855
TOTAL TERM DEBT	$	195,833	$	179,705

(1) As at December 31, 2023, the 2026 Notes were translated into Canadian dollars at the period end exchange rate of US$1.00 = C$1.3226.

The 2029 Notes are unsecured, ranking equal in right of payment to all existing and future unsecured indebtedness, and are not subject to any maintenance or financial covenants. The 2029 Notes contain certain covenants that limit the Company's ability to,

among other things, incur additional indebtedness, create or permit liens to exist, and make certain restricted payments, dispositions and transfers of assets. As at December 31, 2024, the Company is in compliance with all covenants.

Athabasca may redeem all or part of the 2029 Notes at any time prior to August 9, 2026 at 100% of the principal amount plus an applicable premium, as set out in the 2029 Notes indenture. On or after August 9, 2026, Athabasca may redeem all or part of the 2029 Notes at 103.375% from August 9, 2026 to August 8, 2027, at 101.688% from August 9, 2027 to August 8, 2028, and at 100% from August 9, 2028 onwards.

As at December 31, 2024, the fair value of the 2029 Notes was $202.6 million based on observable market quoted prices (Level 1).

Senior Extendible Revolving Term Credit Facility

Athabasca has a $110.0 million reserve-based credit facility (the "Credit Facility"). The Credit Facility is a committed facility available on a revolving basis until May 31, 2025, at which point in time it may be extended at the lender's option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and any amounts outstanding would be repayable at the end of the non-revolving term being May 31, 2026. The Credit Facility is subject to a semi-annual borrowing base review, occurring by May 31 and November 30 of each year. In the fourth quarter of 2024, the semi-annual borrowing base review was completed and the borrowing base was confirmed at $110.0 million. The borrowing base is determined based on the lender's evaluation of the Company's petroleum and natural gas reserves and their commodity price outlook at the time of each renewal.

The Credit Facility is secured by a first priority security interest on all present and after acquired property of the Company and is senior in priority to the 2029 Notes. The Credit Facility contains certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, make certain restricted payments, and dispose of or transfer assets. As at December 31, 2024, the Company is in compliance with all covenants.

As at December 31, 2024, amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, Secured Overnight Financing Rate ("SOFR") or Canadian Overnight Repo Rate Average ("CORRA"), plus a margin of 2.00% to 3.00%. The Company incurs an issuance and fronting fee for letters of credit of 3.25% and a standby fee on the undrawn portion of the Credit Facility of 0.75%.

As at December 31, 2024, the Company had no amounts drawn and $41.1 million of letters of credit outstanding under the Credit Facility. As at December 31, 2023, the Company had no amounts drawn and $27.1 million of letters of credit outstanding under the Credit Facility.

Unsecured Letter of Credit Facility

Athabasca maintains a $75.0 million unsecured letter of credit facility (the "Unsecured Letter of Credit Facility") with a Canadian bank that is supported by a performance security guarantee from Export Development Canada (December 31, 2023 - $60 million). The facility is available on a demand basis and letters of credit issued under this facility incur an issuance and performance guarantee fee of 3.25%. As at December 31, 2024, the Company had $56.4 million of letters of credit outstanding under the Unsecured Letter of Credit Facility (December 31, 2023 - $57.5 million).

Duvernay Energy Credit Facility

Duvernay Energy has a $50.0 million reserve-based credit facility (the "Credit Facility"). The Credit Facility is a committed facility available on a revolving basis until November 30, 2025, at which point in time it may be extended at the lender's option. If the revolving period is not extended, the undrawn portion of the facility will be cancelled and any amounts outstanding would be repayable at the end of the non-revolving term, being November 30, 2026. The Credit Facility is subject to a semi-annual borrowing base review, occurring by May 31 and November 30 of each year. The borrowing base is determined based on the lender's evaluation of the Company's petroleum and natural gas reserves and their commodity price outlook at the time of each renewal.

The Credit Facility is secured by a first priority security interest on all present and after acquired property of the Company. The Credit Facility contains certain covenants that limit the Company's ability to, among other things, incur additional indebtedness, create or permit liens to exist, make certain restricted payments, and dispose of or transfer assets. As at December 31, 2024, the Company is in compliance with all covenants.

As at December 31, 2024, amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, Secured Overnight Financing Rate ("SOFR") or Canadian Overnight Repo Rate Average ("CORRA"), plus a margin of 2.00% to 3.00%. The Company incurs an issuance and fronting fee for letters of credit of 3.25% and a standby fee on the undrawn portion of the Credit Facility of 0.75%.

As at December 31, 2024, Duvernay Energy had no amounts drawn and $1.2 million of letters of credit outstanding under the Duvernay Credit Facility.

12. WARRANT LIABILITY

In conjunction with the issuance of the 2026 Notes in the fourth quarter of 2021, Athabasca issued 350,000 warrants at an exercise price of $0.9441 per share that expire on November 1, 2026. Each warrant is exercisable into 227 common shares. As at December 31, 2024, 92% of the original 350,000 warrants have been exercised.

The warrants are classified as a financial liability due to a cashless exercise provision. They are measured at fair value upon issuance and at each subsequent reporting period, and presented net of a deferred loss, with the changes in fair value and amortization of the deferred loss recorded in the consolidated statement of income (loss). The fair value of the warrants is determined using the Black-Scholes option valuation model. The warrants have been classified as Level 2 on the financial hierarchy. The warrants can be exercised at any time and are therefore presented as a current liability on the consolidated balance sheet. The following table reconciles the warrant liability:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Number of Warrants		Amount	Number of Warrants		Amount
Balance, beginning of period	29,324	$	22,119	139,217	$	53,813
Change in fair value	—		7,224	—		25,801
Amortization of deferred loss	—		187	—		1,013
Exercise of warrants	—		—	(109,893)		(58,508)
BALANCE, END OF PERIOD	29,324	$	29,530	29,324	$	22,119

The fair value as at December 31, 2024 of each common share issuable under the warrant agreement was estimated at $4.44 using a risk-free interest rate of 3.0%, an expected life of 1.8 years, expected volatility of 52.3% and a stock price of $5.33 per share. The fair value as at December 31, 2023 of each common share issuable under the warrant agreement was estimated at $3.35 using a risk-free interest rate of 3.7%, an expected life of 2.8 years, expected volatility of 57.4% and a stock price of $4.17 per share. The change in fair value as at December 31, 2024 of $7.2 million (December 31, 2023 - $25.8 million) was expensed within gain (loss) on revaluation of provisions and other in the consolidated statements of income (loss).

13. PROVISIONS AND OTHER LIABILITIES

As at	December 31, 2024	December 31, 2023
Decommissioning obligations	$ 122,640	$ 93,842
TOTAL PROVISIONS	122,640	93,842
Lease liability	3,894	5,832
Cash settled stock-based compensation liability (Note 15)	44,783	30,740
TOTAL PROVISIONS AND OTHER LIABILITIES	$ 171,317	$ 130,414
Presented as:		
Current provisions and other liabilities	$ 42,970	$ 30,064
Long term provisions and other liabilities	$ 128,347	$ 100,350

Decommissioning obligations

The total future costs to reclaim the Company's oil and gas assets are estimated by management based on Athabasca's ownership interest in wells and facilities, estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The following table reconciles the change in decommissioning obligations:

	December 31, 2024	December 31, 2023
DECOMMISSIONING OBLIGATIONS, BEGINNING OF PERIOD	$ 93,842	$ 93,132
Liabilities incurred	2,223	1,088
Liabilities acquired (Note 6)	582	—
Liabilities settled	(1,879)	(1,762)
Liabilities disposed (Note 6)	—	(6,078)
Change in discount rate	19,755	—
Change in estimates	167	(318)
Accretion expense	7,950	7,780
DECOMMISSIONING OBLIGATIONS, END OF PERIOD	$ 122,640	$ 93,842

At December 31, 2024, the Company has calculated the net present value of its decommissioning obligations using an inflation rate of 2.0% (December 31, 2023 - 2.0%) and a credit-adjusted discount rate ranging from 7.0% to 8.0% per annum (December 31, 2023 - 8.5%). The payments to settle these obligations are expected to occur during a period of up to 50 years due to the long-term nature of the Company’s oil and gas assets. The undiscounted amount of estimated inflated future cash flows required to settle the obligations is $392.5 million (December 31, 2023 - $379.8 million). A 1.0% change in the credit-adjusted discount rate would impact the discounted value of the decommissioning obligations by approximately $16 million with a corresponding adjustment to PP&E, E&E or net income (loss) and comprehensive income (loss) if the adjustment is related to fully impaired assets. As at December 31, 2024, $1.5 million was included within the current portion of provisions (December 31, 2023 - $1.7 million).

Lease liability

Athabasca recognizes a lease liability related to its head office lease. The liability is measured at the present value of the remaining lease payments discounted at a rate of 8.5% (December 31, 2023 - 8.5%). The following table reconciles the change in the lease liability:

	December 31, 2024	December 31, 2023
LEASE LIABILITY, BEGINNING OF PERIOD	$ 5,832	$ 7,693
Interest expense	405	588
Liability settled[1]	(2,343)	(3,208)
Modifications	—	759
LEASE LIABILITY, END OF PERIOD	$ 3,894	$ 5,832

(1) In the consolidated statements of cash flows, the liability settled is reported as $1.9 million of financing activities and $0.4 million of operating activities for the year ended December 31, 2024 (December 31, 2023 - $2.6 million of financing activities and $0.6 million of operating activities).

The following table summarizes Athabasca's estimated future minimum payments associated with the lease liability as at December 31, 2024:

As at		December 31, 2024
Within one year	$	195
Later than one year but not later than five years		3,787
After five years		1,225
Minimum lease payments		5,207
Amounts representing finance charges		(1,313)
Present value of net minimum lease payments	$	3,894

Property taxes associated with the head office lease are considered a variable lease component which have not been included in the measurement of the lease liability and are expensed as incurred. For the year ended December 31, 2024, Athabasca incurred $0.6 million of variable lease expense which has been included within general and administrative expenses in the consolidated statements of income (loss) and comprehensive income (loss) (year ended December 31, 2023 - $0.5 million). Lease operating costs are a non-lease component of the head office lease and have therefore been excluded from the measurement of the lease liability and are expensed as incurred.

Short-term leases and low value leases have not been included in the measurement of the lease liability. For the year ended December 31, 2024, Athabasca incurred $20.2 million of expenditures related to short-term and low value leases which have been recognized as incurred (year ended December 31, 2023 - $11.7 million).

14. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares. There are no first or second preferred shares outstanding at the reporting date and none of the Company's share capital has a par value. The following table summarizes changes to the Company's common share capital:

	Year ended December 31, 2024			Year ended December 31, 2023		
	Number of Shares		Amount	Number of Shares		Amount
Balance, beginning of period	572,352,204	$	2,273,433	586,489,001	$	2,352,894
Exercise of warrants (Note 12)	—		—	21,465,483		70,439
Exercise of stock options and RSUs (Note 15)	6,497,369		7,944	8,611,020		8,682
Repurchased shares for cancellation	(61,268,889)		(316,957)	(44,213,300)		(158,582)
BALANCE, END OF PERIOD	517,580,684	$	1,964,420	572,352,204	$	2,273,433

In the first quarter of 2024, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 55.4 million common shares during the twelve-month period commencing on March 18, 2024 and ending March 17, 2025. The Company fully completed its previous NCIB and purchased and cancelled a total of 58.0 million common shares for the twelve-month period ended March 15, 2024.

Subsequent to December 31, 2024, the Company repurchased for cancellation 4.3 million common shares under its NCIB program.

15. STOCK-BASED COMPENSATION

The Omnibus Incentive Plan is a long-term incentive plan that permits the grant of options, RSUs and PSUs and other security-based rewards to eligible individuals. The Company also has a DSUs stock-based compensation plan and previously a PUPs stock-based compensation plan. The following table summarizes the Company's outstanding stock-based compensation units:

As at	December 31, 2024	December 31, 2023
Stock options	2,690,506	3,613,600
RSUs	4,377,164	9,272,304
Equity based	7,067,670	12,885,904
PSUs	3,251,400	2,625,700
PUPs	—	1,454,994
DSUs	5,283,094	5,036,925
Cash based	8,534,494	9,117,619
TOTAL OUTSTANDING STOCK-BASED COMPENSATION UNITS	15,602,164	22,003,523

The stock options, RSUs and PSUs are rolling plans and the number of common shares that may be issued on exercise under the plans is limited to an aggregate of 8% of the common shares outstanding. The stock options and RSUs have been accounted for as equity-settled stock-based compensation plans. The PSUs, PUPs and DSUs have been accounted for as cash-settled stock-based compensation plans. The liabilities under the cash settled plans are revalued at each reporting date based on the Company's closing share price.

The following table summarizes the Company's stock-based compensation expense (recovery):

	Year ended December 31, 2024		2023	
Stock-based compensation expense (recovery) - equity based	$	8,880	$	5,776
Capitalized to PP&E and E&E assets		(2,326)		(2,219)
Net stock-based compensation expense (recovery) - equity based		6,554		3,557
Stock-based compensation expense (recovery) - cash based		24,471		52,314
Capitalized to PP&E and E&E assets		(527)		(1,646)
Net stock-based compensation expense (recovery) - cash based		23,944		50,668
NET STOCK-BASED COMPENSATION EXPENSE (RECOVERY)	$	30,498	$	54,225

The following table reconciles the Company's cash settled stock-based compensation liability:

	December 31, 2024		December 31, 2023	
CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, BEGINNING OF PERIOD	$	30,740	$	24,567
Stock-based compensation expense (recovery) - cash based		24,471		52,314
Liabilities settled		(10,428)		(46,141)
CASH SETTLED STOCK-BASED COMPENSATION LIABILITY, END OF PERIOD	$	44,783	$	30,740

Stock Options

Stock options issued by the Company permit the holder to purchase one common share of the Company at the stated exercise price or to receive a cash payment equal to the appreciated value of the stock option, at the sole discretion of the Company. Currently, options generally vest within three years and have a life of five to seven years.

	December 31, 2024			December 31, 2023		
	Number of options		Exercise price[1]	Number of options		Exercise price[1]
Outstanding stock options, beginning of period	3,613,600	$	1.64	7,159,800	$	1.56
Exercised	(923,094)		0.84	(3,546,200)		1.47
OUTSTANDING STOCK OPTIONS, END OF PERIOD	2,690,506	$	1.92	3,613,600	$	1.64
EXERCISABLE STOCK OPTIONS, END OF PERIOD	30,706	$	0.85	953,800	$	0.84

(1) Exercise price determined by weighted average.

The Company granted no stock options in 2024 or 2023. The exercise prices of the Company's outstanding stock options as at December 31, 2024 range from $0.85 - $1.93 as follows:

	Options outstanding					Options exercisable		
Range of exercise prices ($)	Number of options		Exercise price[1]	Years to Expiry[1]	Number of options		Exercise price[1]
0.85 - 1.39	30,706	$	0.85	1.25	30,706	$	0.85
1.40 - 1.93	2,659,800	$	1.93	4.17	—	$	—
	2,690,506	$	1.92	4.13	30,706	$	0.85

(1) Exercise price and years to expiry determined by weighted average.

Restricted Share Units

RSUs granted generally vest evenly over three years, have no exercise price and automatically settle at each vesting date in either cash, shares issued from treasury or through the purchase of shares on the open market, at the Company's discretion.

	December 31, 2024	December 31, 2023
Outstanding RSUs, beginning of period	9,272,304	14,181,514
Granted	1,675,300	2,438,600
Forfeited	(312,771)	(261,591)
Settled	(6,257,669)	(7,086,219)
OUTSTANDING RSUs, END OF PERIOD	4,377,164	9,272,304

The average fair value of RSUs granted during the year ended December 31, 2024 was $5.27 (year ended December 31, 2023 - $3.27).

Performance Share Units

PSUs granted cliff vest over approximately three years and vested awards are settled in cash, shares issued from treasury or through the purchase of shares on the open market, at the Company's discretion. The settlement value is based on a multiplier, which ranges from 0% to 200%, based on the Company's total shareholder return relative to a performance peer group and corporate scorecard performance over the vesting period. The PSUs plan is accounted for as a cash-settled stock-based compensation plan and is recognized as a liability on the consolidated balance sheet. As at December 31, 2024, Athabasca recognized a liability for this plan within the provisions and other liabilities of $16.6 million (December 31, 2023 - $4.3 million) (Note 13).

	December 31, 2024	December 31, 2023
Outstanding PSUs, beginning of period	2,625,700	6,483,300
Granted	718,500	968,600
Performance adjustment[1]	—	2,958,764
Forfeited	(92,800)	(54,000)
Settled	—	(7,730,964)
OUTSTANDING PSUs, END OF PERIOD	3,251,400	2,625,700

(1) Relates to PSUs granted in 2020 and settled in 2023.

Phantom Share Units

The units previously granted under this plan vested evenly over three years, had no exercise price and automatically settled in cash on each vesting date at an amount equivalent to the share price at that date. Accordingly, the "Phantom Share Unit" plan was a cash-settled stock-based compensation plan. As at December 31, 2024, Athabasca recognized no liability for this plan within provisions and other liabilities as the PUPs fully vested on April 1, 2024 (December 31, 2023 - $5.4 million).

	December 31, 2024	December 31, 2023
Outstanding PUPs, beginning of period	1,454,994	5,522,391
Forfeited	(20,813)	(134,279)
Settled	(1,434,181)	(3,933,118)
OUTSTANDING PUPs, END OF PERIOD	—	1,454,994

Deferred Share Units

The Company has a DSUs plan for Athabasca's non-management directors. DSUs vest immediately on the date of grant, have no exercise price and are settled in cash when an individual ceases to be a director of the Company. The DSUs are expensed immediately upon grant and the resulting liability is revalued at each reporting date based on the closing share price. As at December 31, 2024, Athabasca recognized a DSUs liability within the current portion of provisions and other liabilities of $28.2 million (December 31, 2023 - $21.0 million) (Note 13).

	December 31, 2024	December 31, 2023
Outstanding DSUs, beginning of period	5,036,925	5,911,434
Granted	246,169	338,618
Settled	—	(1,213,127)
OUTSTANDING DSUs, END OF PERIOD	5,283,094	5,036,925

16. PER SHARE AMOUNTS

Dilutive securities will have a dilutive effect on the weighted average shares outstanding when the average market price of the common shares during the period exceeds the sum of the exercise price of the securities and the unamortized stock-based compensation expense. The following table calculates the basic and diluted net income (loss) and comprehensive income (loss) per share:

	Year ended December 31, 2024	2023
BASIC & DILUTED NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)[1]	$ 467,743	$ (51,220)
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	547,795,407	583,757,575
Dilutive effect of RSUs and stock options	5,587,268	—
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	553,382,675	583,757,575
BASIC NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE[1]	$ 0.85	$ (0.09)
DILUTED NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE[1]	$ 0.85	$ (0.09)

(1) Based on net income (loss) and comprehensive income (loss) attributable to shareholders of the Parent Company.

For the year ended December 31, 2024, securities of 9,928,560 were excluded from the diluted net income (loss) and comprehensive income (loss) per share calculation as their effect is anti-dilutive (year ended December 31, 2023 – 22,168,152).

17. SEGMENTED INFORMATION

The Company's Light Oil operating segment from the audited consolidated financial statements for the year ended December 31, 2023 has been renamed to Duvernay Energy. The Duvernay Energy operating segment includes the Company's assets, liabilities, and operations located primarily in the Greater Kaybob area near the town of Fox Creek, Alberta.

Segmented operating results

	Athabasca (Thermal Oil)		Duvernay Energy		Eliminations[1]		Consolidated	
Year ended December 31,	2024	2023	2024	2023	2024	2023	2024	2023
REVENUES								
Petroleum, natural gas & midstream sales	$ 1,419,670	$ 1,204,245	$ 83,194	$ 91,062	$ (60,773)	$ (26,782)	$ 1,442,091	$ 1,268,525
Interest income	14,562	11,594	979	—	—	—	15,541	11,594
Royalties	(75,064)	(60,865)	(11,035)	(12,583)	—	—	(86,099)	(73,448)
	1,359,168	1,154,974	73,138	78,479	(60,773)	(26,782)	1,371,533	1,206,671
Unrealized gain (loss) on commodity risk mgmt contracts	4,597	6,390	—	—	—	—	4,597	6,390
Realized gain (loss) on commodity risk mgmt contracts	(6,462)	(35,935)	—	—	—	—	(6,462)	(35,935)
	1,357,303	1,125,429	73,138	78,479	(60,773)	(26,782)	1,369,668	1,177,126
EXPENSES								
Cost of diluent	549,808	518,219	—	—	(60,773)	(26,782)	489,035	491,437
Operating expenses	142,857	168,885	17,116	24,997	—	—	159,973	193,882
Transportation and marketing	85,088	87,774	4,034	7,191	—	—	89,122	94,965
General and administrative	17,823	20,646	4,425	—	—	—	22,248	20,646
Stock-based compensation	30,498	54,225	—	—	—	—	30,498	54,225
Financing and interest	70,953	39,184	909	—	—	—	71,862	39,184
Depletion and depreciation	87,319	78,967	27,734	31,831	—	—	115,053	110,798
Impairment (reversal) loss	(218,000)	—	—	—	—	—	(218,000)	—
Exploration expenses	1,146	1,412	—	—	—	—	1,146	1,412
Total expenses	767,492	969,312	54,218	64,019	(60,773)	(26,782)	760,937	1,006,549
Revenue less expenses	589,811	156,117	18,920	14,460	—	—	608,731	170,577
OTHER INCOME (EXPENSES)								
Foreign exchange gain (loss), net	22,220	(2,434)	—	—	—	—	22,220	(2,434)
Gain (loss) on revaluation of provisions and other	(13,142)	(25,895)	—	—	—	—	(13,142)	(25,895)
Gain (loss) on sale of assets	(469)	—	—	(179,382)	—	—	(469)	(179,382)
Income (loss) before tax	598,420	127,788	18,920	(164,922)	—	—	617,340	(37,134)
Income tax expense (recovery)	140,934	14,086	4,402	—	—	—	145,336	14,086
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 457,486	$ 113,702	$ 14,518	$ (164,922)	$ —	$ —	$ 472,004	$ (51,220)

(1) Eliminations include adjustments for NGL's (i.e. condensate) produced by the Duvernay Energy segment used for internal consumption (i.e. diluent) by the Athabasca (Thermal Oil) segment. Sales between segments are made at prices that approximate market prices.

Seasonality can have an impact on Operating Income (Loss) generated by the Athabasca (Thermal Oil) business. In the first and fourth quarters of a given year, dilution costs will generally increase as more diluent is required to meet pipeline specifications.

Segmented capital expenditures

	Year ended December 31, 2024	2023
ATHABASCA (THERMAL OIL)		
Property, plant and equipment	$ 192,913	$ 118,256
Exploration and evaluation	1,989	719
	194,902	118,975
DUVERNAY ENERGY		
Property, plant and equipment	73,140	20,857
TOTAL CAPITAL EXPENDITURES[(1)(2)(3)]	$ 268,042	$ 139,832

(1) For the year ended December 31, 2024, expenditures include cash capitalized stock-based compensation costs of $0.5 million (December 31, 2023 - $1.6 million).
(2) For the year ended December 31, 2024, expenditures include cash capitalized staff costs of $8.5 million (December 31, 2023 - $7.6 million).
(3) Excludes non-cash capitalized costs related to stock-based compensation, decommissioning obligation assets and leased asset modifications.

Segmented assets

Net book value (As at)	December 31, 2024	December 31, 2023
ATHABASCA (THERMAL OIL)		
Current assets	$ 502,443	$ 500,649
Non-current prepaid expenses and deposits (Note 4)	33,369	35,599
Deferred income tax (Note 21)	307,306	403,544
Property, plant and equipment	1,212,304	895,107
Exploration and evaluation	4,332	2,118
	2,059,754	1,837,017
DUVERNAY ENERGY		
Current assets	38,175	—
Property, plant and equipment	376,680	211,618
	414,855	211,618
TOTAL ASSETS	$ 2,474,609	$ 2,048,635

18. REVENUE

The following table summarizes Athabasca’s revenue by product:

	Year ended December 31, 2024	2023
Heavy oil (blended bitumen)	$ 1,408,797	$ 1,192,680
Oil and condensate	76,800	69,375
Natural gas	2,559	12,275
Other natural gas liquids	3,835	9,412
Eliminations - inter-segment sales	(60,773)	(26,782)
Petroleum and natural gas sales	1,431,218	1,256,960
Midstream sales	10,873	11,565
TOTAL REVENUE	$ 1,442,091	$ 1,268,525

19. FINANCING AND INTEREST

	Year ended December 31, 2024	2023
Financing and interest expense on indebtedness (Note 11)	$ 22,553	$ 25,272
2026 Notes redemption premium	12,530	1,376
Accretion and loss on extinguishment of 2026 Notes (Note 11)	27,942	3,155
Accretion of 2029 Notes (Note 11)	295	—
Accretion of warrants (Note 12)	187	1,013
Accretion of provisions (Note 13)	7,950	7,780
Interest expense on lease liability	405	588
TOTAL FINANCING AND INTEREST	$ 71,862	$ 39,184

For the years ended December 31, 2024 and 2023, financing and interest expense on indebtedness were primarily attributable to the Company's 2026 Notes. On August 9, 2024 the Company redeemed the 2026 Notes and paid a term debt redemption premium of $12.5 million. As a result of the early redemption of the 2026 Notes a $23.2 million loss on extinguishment was expensed for the year ended December 31, 2024.

20. GAIN (LOSS) ON REVALUATION OF PROVISIONS AND OTHER

	Year ended December 31, 2024	2023
Change in fair value of warrant liability (Note 12)	$ (7,224)	$ (25,801)
Change in estimated decommissioning obligations, fully impaired assets (Note 13)	(5,918)	(94)
TOTAL GAIN (LOSS) ON REVALUATION OF PROVISIONS AND OTHER	$ (13,142)	$ (25,895)

21. INCOME TAXES

The following table reconciles the expected income tax (recovery) expense calculated at the Canadian statutory rate of 23.0% (2023 – 23.0%) to the actual income tax (recovery) expense:

	Year ended December 31, 2024	2023
INCOME (LOSS) BEFORE INCOME TAX	$ 617,340	$ (37,134)
Effective Canadian statutory income tax rate	23%	23%
Expected income tax expense (recovery)	141,988	(8,540)
ADJUSTMENTS RELATED TO THE FOLLOWING:		
Non-taxable portion on foreign exchange (gains) losses, net	914	(542)
Stock-based compensation	(84)	(4,420)
Warrants	1,705	6,167
Recognition of outside basis difference on partnership	—	20,506
Other	813	915
INCOME TAX EXPENSE (RECOVERY)	$ 145,336	$ 14,086
Comprised of:		
Current income tax expense (recovery)	$ 2,738	$ —
Deferred income tax expense (recovery)	142,598	14,086
INCOME TAX EXPENSE (RECOVERY)	$ 145,336	$ 14,086

The following table summarizes the components and the movements of the deferred tax liabilities and tax assets:

		Recognized in		
As at	December 31, 2023	Net Income (Loss) and Comprehensive Income (Loss)	Equity	December 31, 2024
Deferred tax liabilities				
Property, plant and equipment	$ (72,284)	$ (151,267)	$ —	$ (223,551)
Risk management	286	(1,058)	—	(772)
Recognition of outside basis difference on partnership	(20,506)	20,506	—	—
Other	(2,349)	(1,491)	—	(3,840)
Deferred tax assets				
Stock-based compensation	13,835	(2,040)	3,751	15,546
Debt issue costs	(739)	5,553	—	4,814
Decommissioning obligations	21,584	7,599	—	29,183
Unrealized foreign exchange	1,569	(1,569)	—	—
Non-capital losses	462,148	(18,831)	—	443,317
DEFERRED TAX ASSET (LIABILITY)	$ 403,544	$ (142,598)	$ 3,751	$ 264,697

At December 31, 2024, a deferred tax asset of $307.3 million has been recognized and a deferred tax liability of $42.6 million has been recognized as a result of the assets transferred in the Duvernay Energy Transaction (Note 6). When factoring in updated commodity price forecasts at December 31, 2024, it is probable Athabasca will generate sufficient taxable profits against which the deferred tax asset can be offset. As at December 31, 2024, the Company has recognized approximately $2.3 billion in tax pools, including approximately $1.8 billion in non-capital loss tax pools available for immediate deduction against future income.

From time to time, Athabasca undergoes income tax audits in the normal course of business. In 2018, the Company received a notice of reassessment from the Canada Revenue Agency ("CRA") and Alberta Finance with regards to its 2012 taxation year resulting in a $12.6 million deposit posted with the CRA. In the second quarter of 2023, Athabasca successfully appealed the reassessment and the $12.6 million was refunded.

22. CAPITAL MANAGEMENT

Athabasca's objectives when managing its capital structure are to ensure the Company has sufficient funding to develop its core operating properties and a resilient balance sheet to manage periods of market volatility. Athabasca's capital structure consists of:

As at	December 31, 2024	December 31, 2023
Face value of Term Debt (Note 11)	$ 200,000	$ 207,648
Shareholders' equity	1,863,732	1,583,453
Working capital	(296,530)	(315,522)
NET MANAGED CAPITAL	$ 1,767,202	$ 1,475,579

Net managed capital is not a standardized measure and may not be comparable with the calculation of similar measures of other companies.

23. FINANCIAL INSTRUMENTS RISK

As at December 31, 2024, the Company's consolidated financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, deposits, risk management contracts, accounts payable, warrant liability and term debt. The risk management contracts and warrant liability have been classified as Level 2 on the fair value hierarchy.

Credit risk

Credit risk is the risk of financial loss to Athabasca if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from Athabasca's cash balances and accounts receivables as per below:

As at		December 31, 2024		December 31, 2023
Petroleum and natural gas receivables	$	132,018	$	97,290
Joint interest billings		4,614		2,771
Risk management (realized), government and other receivables		1,733		45
TOTAL ACCOUNTS RECEIVABLE	$	138,365	$	100,106

Athabasca's cash and cash equivalents are held with two counterparties, which are large reputable financial institutions, and management has therefore concluded that credit risk associated with the investments is low. Management concluded that collection risk of the outstanding accounts receivables is low given the high credit quality of the Company's material counterparties. No material receivables were past due as at December 31, 2024. Athabasca's risk management contracts are held with three counterparties, all of which are large reputable financial institutions, and management has therefore concluded that credit risk associated with these risk management contracts is low.

For the year ended December 31, 2024, the Company had sales to five customers which each ranged from 10% to 23% of total sales. Sales to such customers totaled $1.2 billion, or 86%, of total 2024 sales. For the year ended December 31, 2023, the Company had sales to four customers which each ranged from 11% to 31% of total sales. Sales to such customers totaled $1.0 billion, or 81%, of total 2023 sales.

Liquidity risk

The Company's objective in managing liquidity risk is to maintain sufficient available reserves to meet its liquidity requirements at any point in time. The Company expects to achieve this objective through prudent capital spending, a commodity risk management program (Note 10) and by maintaining sufficient liquidity to manage periods of volatility within its cash, cash equivalents and available credit facilities.

For 2025, it is anticipated that Athabasca's capital and operating activities will be funded through cash flow from operating activities and existing cash and cash equivalents. Beyond 2025, depending on the Company's level of capital spend and the commodity price environment, the Company may require additional funding which could include debt, equity, joint ventures, asset sales or other external financing. The availability of any additional future funding will depend on, among other things, the current commodity price environment, operating performance, the Company's credit rating and its ability to access the equity and debt capital markets.

As at December 31, 2024 all material financial liabilities are current except for the 2029 Notes. In addition, the Company has provisions and other liabilities as disclosed in Note 13. The Company's future unrecognized commitments are disclosed in Note 24.

Foreign exchange risk

Athabasca is exposed to foreign currency risk on its US dollar denominated cash, cash equivalents, receivables and payables. As at December 31, 2024, Athabasca's net foreign exchange risk exposure was a US$241.2 million asset (December 31, 2023 - US$109.4 million asset), and a 5.0% change in the foreign exchange rate (USD:CAD) would result in a $17.4 million change in the foreign exchange gain/loss (December 31, 2023 - $7.2 million).

The following table provides a breakdown of the foreign exchange gain (loss):

	Year ended December 31,			
		2024		2023
Unrealized foreign exchange gain (loss)	$	39,010	$	(1,141)
Realized foreign exchange gain (loss)		(16,790)		(1,293)
FOREIGN EXCHANGE GAIN (LOSS), NET	$	22,220	$	(2,434)

The unrealized foreign exchange gain (loss) primarily relates to the principal and interest components of the Company's US dollar denominated 2026 Notes and US denominated cash. The realized foreign exchange loss for year ended December 31, 2024 includes a $21.6 million realized foreign exchange loss on the US dollar denominated 2026 Notes redeemed on August 9, 2024.

The Company is also exposed to foreign currency risk on oil sales based on US dollar benchmark prices.

Commodity price risk

Athabasca is exposed to commodity price risk on its petroleum and natural gas sales due to fluctuations in market commodity prices. Athabasca manages this exposure through a strong balance sheet, a commodity risk management program and managing capital programs and production levels to maximize the value of recoverable resources.

Interest rate risk

The Company has exposure to interest rate fluctuations on interest earned on its floating rate cash and cash equivalents balance at December 31, 2024 of $344.8 million (December 31, 2023 - $343.3 million). A 1.0% change in interest rates would have an annualized impact of approximately $3.4 million (year ended December 31, 2023 - $3.4 million) on interest income. The 2029 Notes and letters of credit issued are subject to fixed interest rates and are not exposed to changes in interest rates.

24. COMMITMENTS

The following table summarizes Athabasca's estimated future unrecognized minimum commitments as at December 31, 2024 for the following five years and thereafter:

	2025	2026	2027	2028	2029	Thereafter	Total
Transportation and processing[1]	$ 113,214	$ 120,668	$ 149,824	$ 131,310	$ 120,220	$ 1,696,128	$ 2,331,364
Interest expense on term debt (Note 11)	13,500	13,500	13,500	13,500	7,875	—	61,875
Purchase commitments and other[1]	15,816	2,200	—	—	—	—	18,016
TOTAL COMMITMENTS	$ 142,530	$ 136,368	$ 163,324	$ 144,810	$ 128,095	$ 1,696,128	$ 2,411,255

(1) Commitments which are denominated in US dollars were converted into Canadian dollars at the December 31, 2024 exchange rate of US$1.00 = C$1.4389.

At December 31, 2024, Athabasca's commitments included new agreements or amended existing agreements resulting in additional net commitments of $0.9 billion compared to December 31, 2023, related to the progressive growth program at Leismer to 40,000 bbl/d.

25. RELATED PARTY TRANSACTIONS

Athabasca has determined that the Company's key management personnel consist of the Company's directors and officers. The compensation and other benefits paid to key management personnel are as follows:

	Year ended December 31, 2024	2023
Salaries, fees and short-term employee benefits	$ 4,323	$ 4,408
Stock-based compensation	23,870	52,114
TOTAL EXECUTIVE COMPENSATION	$ 28,193	$ 56,522

The stock-based compensation to key management personnel is primarily driven by the increase in the Company's share price and its impact on the stock-based awards.

26. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital and other liabilities

The following table reconciles the net changes in non-cash working capital and other liabilities from the consolidated balance sheet to the consolidated statement of cash flows:

	Year ended December 31, 2024	2023
Change in accounts receivable	$ (38,259)	$ (10,621)
Change in prepaid expenses and deposits	2,183	(848)
Change in inventory	(718)	14,412
Change in accounts payable and accrued liabilities	38,855	3,615
Change in income tax payable	2,738	—
	4,799	6,558
Other items impacting changes in non-cash working capital:		
Change in cash stock-based compensation liability (Note 15)	14,043	6,173
Unrealized foreign exchange gain (loss) related to working capital	1,363	1,283
	$ 20,205	$ 14,014
RELATED TO:		
Operating activities	$ (1,515)	$ (525)
Financing activities	4,549	2,579
Investing activities	17,171	11,960
NET CHANGE IN NON-CASH WORKING CAPITAL	$ 20,205	$ 14,014
Cash interest paid	$ 23,927	$ 26,633
Cash interest received	$ 15,626	$ 11,045

CORPORATE INFORMATION

MANAGEMENT

Robert Broen
President & Chief Executive Officer

Matthew Taylor
Chief Financial Officer

Bruce Beynon
Vice President, Light Oil

Cam Danyluk
General Counsel & Vice President, Business Development

Karla Ingoldsby
Vice President, Thermal Oil

DIRECTORS

Ronald Eckhardt[2]
Chair

Angela Avery[3]

Bryan Begley[1][3]

Robert Broen

John Festival[2][3]

Marty Proctor[2]

Marnie Smith[1]

Theresa Roessel[1]

Member of:

(1) Audit Committee
(2) Reserves Committee
(3) Compensation and Governance Committee

CORPORATE OFFICE

1200, 215 - 9 Avenue SW
Calgary, Alberta T2P 1K3
Telephone: (403) 237-8227

WEBSITE

www.atha.com

Detailed biographies of Athabasca's Board of Directors and Management are available on the Company's website.

TRANSFER AGENT

Computershare Trust Company of Canada
Suite 800, 324 - 8th Avenue SW
Calgary, Alberta, T2P 2Z2
Telephone: (403) 267-6800
Fax: (403) 267-6529

BANK

ATB Financial

AUDITORS

Ernst & Young LLP

INDEPENDENT EVALUATORS

McDaniel & Associates Consultants Ltd.

STOCK SYMBOL

ATH
Toronto Stock Exchange