FOR IMMEDIATE RELEASE
December 5, 2024

Athabasca Oil Announces 2025 Budget Focused on Cash Flow Per Share Growth and Directing 100% of Free Cash Flow to Shareholder Returns

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or the "Company") is pleased to announce its 2025 budget with capital projects that will balance cash flow growth while continuing to deliver a durable return of capital framework that will direct 100% of Free Cash Flow to share buybacks in 2025.

Corporate Consolidated Strategy and Outlook

- **Value Creation Strategy.** Athabasca provides a differentiated liquids-weighted growth platform through its low-decline, long-life Thermal Oil assets. Athabasca's subsidiary company, Duvernay Energy Corporation ("DEC"), is designed to enhance value for Athabasca's shareholders by providing a clear path for self-funded production and cash flow growth in the Kaybob Duvernay resource play. Athabasca (Thermal Oil) and DEC have independent strategies and capital allocation frameworks. The primary strategic objective is to generate top-tier cash flow per share growth over the long term.
- **2025 Consolidated Budget.** Athabasca is planning capital expenditures of ~$335 million with average production of 37,500 – 39,500 boe/d (98% Liquids) and an exit rate of ~41,000 boe/d. Growth in production comes from the expansion plans at Leismer and development of the Duvernay assets.
- **Cash Flow Per Share Growth.** The Company forecasts consolidated Adjusted Funds Flow between $525 – $550 million[1]. Every +US$1/bbl move in West Texas Intermediate ("WTI") and Western Canadian Select ("WCS") heavy oil impacts annual Adjusted Funds Flow by ~$10 million and ~$17 million, respectively. Athabasca forecasts generating ~$1.8 billion of Free Cash Flow[1] from its Thermal Oil assets over five years (2025-29), representing ~65% of its current equity market capitalization. Investing in attractive capital projects and prioritizing share buybacks results in ~20% compounded annual cash flow per share[2] growth through this forecast period.
- **Financial Resiliency.** Athabasca maintains a strong and differentiated balance sheet with a $135 million consolidated Net Cash position, including ~$335 million of cash. DEC has no debt and operates within its annual Adjusted Funds Flow and its balance sheet. Athabasca (Thermal Oil) also has $2.4 billion in tax pools, including $1.9 billion of immediately deductible non-capital loses and exploration pools, sheltering cash taxes until beyond 2030.

Athabasca (Thermal Oil) – 2025 Budget Highlights

- **Capital Program**. The Thermal Oil budget is ~$250 million with activity focused primarily on advancing progressive growth to 40,000 bbl/d at Leismer by the end of 2027. The program at Leismer will include the tie-in of six redrills and four new sustaining well pairs on Pad 10 early in 2025, additional development at Pad 10 and 11, and continued facility expansion work. At Hangingstone two new extended reach sustaining well pairs (~1,400 meter average laterals) will be on stream in Q1 2025 and are expected to maintain annual production. The Budget includes routine maintenance at both assets.

Footnote: Refer to the "Reader Advisory" section within this news release for additional information on Non-GAAP Financial Measures (e.g. Adjusted Funds Flow, Free Cash Flow, Sustaining Capital, Net Cash) and production disclosure.

[1]Pricing Assumptions: 2025: US$70 WTI, US$12.50 WCS heavy differential, C$2 AECO, and 0.725 C$/US$ FX. 2026+: US$70 WTI, US$12.50 WCS heavy differential, C$3 AECO, and 0.725 C$/US$ FX.

[2]The Company's illustrative multi-year outlook assumes a 10% annual share buyback program at an implied share price of 4.5x Enterprise Value/Debt Adjusted Cash Flow in 2026 and beyond.

- **Production Growth**. Annual Thermal Oil production guidance is 33,500 – 35,500 bbl/d. Leismer is expected to achieve 40,000 bbl/d by the end of 2027 at an attractive capital efficiency of ~$25,000/bbl/d. Hangingstone production will be maintained by utilizing existing plant capacity, resulting in capital efficiencies of ~$15,000/bbl/d. The Company has ~1.2 billion barrels of Proved plus Probable reserves and ~1 billion of Contingent Resource. These Thermal Oil assets underpin decades of reserve life with estimated sustaining capital investment of ~C$8/bbl (five-year annual average) to hold production flat.
- **Robust Free Cash Flow.** During the five-year time frame (2025-29), Athabasca (Thermal Oil) forecasts generating $1.8 billion in Free Cash Flow[1], representing ~65% of its current equity market capitalization.
- **Competitive and Resilient Break-evens.** Thermal Oil is competitively positioned with sustaining capital to hold production flat funded within cash flow below US$50/bbl WTI[1] and growth initiatives fully funded within cash flow below US$60/bbl WTI[1]. The Company's operating break-even is estimated at ~US$40/bbl WTI[1].
- **Exposure to Strong Heavy Oil Pricing.** With the start-up of the Trans Mountain pipeline expansion in May, spare pipeline capacity is driving tighter and less volatile WCS heavy differentials. Regional liquids pricing benchmarks have also been supported by a depreciating Canadian currency relative to the United States. Every +US$1/bbl move in West Texas Intermediate ("WTI") and WCS heavy oil impacts annual Adjusted Funds Flow by ~$10 million and ~$17 million, respectively.
- **Pre-payout Thermal Oil Differentiation.** Strong margins and Free Cash Flow are supported by a Thermal Oil pre-payout Crown royalty structure, with royalty rates between 5 – 9% anticipated to last to the end of 2027 at Leismer and beyond 2030 at Hangingstone.

Duvernay Energy Corporation – 2025 Budget Highlights

- **Capital Program.** The DEC budget is ~$85 million with activity including the completion of a 100% working interest ("WI") three-well pad that was drilled in 2024 and the drilling and completion of a 30% WI multi-well pad. Activity will also include spudding two additional multi-well pads in H2 2025 (one operated 100% WI pad and one 30% WI pad) with completions to follow in 2026. DEC is also constructing strategic water and egress expansions on its operated assets.
- **High Netback Production.** Annual production guidance is ~4,000 boe/d (77% Liquids) with growth to ~5,500 boe/d by the end of 2025. The Kaybob Duvernay's high liquid weighting supports strong margins with current type wells forecasted to payout in ~13 months[1] and further cost improvements are expected as the Company executes larger multi-well pad design.
- **Growth Plans.** Development will be self-funded within DEC through utilization of 100% of its annual Adjusted Funds Flow and its balance sheet. The Company has self-funded growth potential to in excess of ~20,000 boe/d (75% Liquids) by the late 2020s[1].

Return of Capital

- **100% of Free Cash Flow Directed to Share Buybacks.** In 2025, the Company plans to maintain its commitment to return 100% of Thermal Oil Free Cash Flow to shareholders through share buybacks.

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[2]The Company's illustrative multi-year outlook assumes a 10% annual share buyback program at an implied share price of 4.5x Enterprise Value/Debt Adjusted Cash Flow in 2026 and beyond.

In 2024, the Company has completed ~$280 million in share buybacks to the end of November. Share buybacks were initiated in April 2023 and have totaled ~$440 million to date.

- **Focus on Per Share Metrics:** A steadfast commitment to cash flow growth and return of capital has driven a 108 million share reduction (~17%) in the Company's fully diluted share count since March 31, 2023. The Company has realized ~100% cash flow per share growth since 2022 and the corporate strategy is to continue to generate top tier cash flow per share growth over the long term.

About Athabasca Oil Corporation

Athabasca Oil Corporation is a Canadian energy company with a focused strategy on the development of thermal and light oil assets. Situated in Alberta's Western Canadian Sedimentary Basin, the Company has amassed a significant land base of extensive, high quality resources. Athabasca's light oil assets are held in a private subsidiary (Duvernay Energy Corporation) in which Athabasca owns a 70% equity interest. Athabasca's common shares trade on the TSX under the symbol "ATH". For more information, visit www.atha.com.

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Reader Advisory:

This News Release contains forward-looking information that involves various risks, uncertainties and other factors. All information other than statements of historical fact is forward-looking information. The use of any of the words “anticipate”, “plan”, “project”, “continue”, “maintain”, “may”, “estimate”, “expect”, “will”, “target”, “forecast”, “could”, “intend”, “potential”, “guidance”, “outlook” and similar expressions suggesting future outcome are intended to identify forward-looking information. The forward-looking information is not historical fact, but rather is based on the Company’s current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company’s industry, business and future operating and financial results. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. No assurance can be given that these expectations will prove to be correct and such forward-looking information included in this News Release should not be unduly relied upon. This information speaks only as of the date of this News Release. In particular, this News Release contains forward-looking information pertaining to, but not limited to, the following: our strategic plans; the allocation of future capital; timing and quantum for shareholder returns including share buybacks; the terms of our NCIB program; our drilling plans and capital efficiencies; production growth to expected production rates and estimated sustaining capital amounts; timing of Leismer’s and Hangingstone’s pre-payout royalty status; applicability of tax pools and the timing of tax payments; Adjusted Funds Flow and Free Cash Flow over various periods; type well economic metrics; number of drilling locations; forecasted daily production and the composition of production; our outlook in respect of the Company’s business environment, including in respect of the Trans Mountain pipeline expansion and heavy oil pricing; and other matters.

In addition, information and statements in this News Release relating to "Reserves" and “Resources” are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct business and the effects that such regulatory framework will have on the Company, including on the Company’s financial condition and results of operations; the Company’s financial and operational flexibility; the Company’s financial sustainability; Athabasca's cash flow break-even commodity price; the Company’s ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the applicability of technologies for the recovery and production of the Company’s reserves and resources; future capital expenditures to be made by the Company; future sources of funding for the Company’s capital programs; the Company’s future debt levels; future production levels; the Company’s ability to obtain financing and/or enter into joint venture arrangements, on acceptable terms; operating costs; compliance of counterparties with the terms of contractual arrangements; impact of increasing competition globally; collection risk of outstanding accounts receivable from third parties; geological and engineering estimates in respect of the Company’s reserves and resources; recoverability of reserves and resources; the geography of the areas in which the Company is conducting exploration and development activities and the quality of its assets. Certain other assumptions related to the Company’s Reserves and Resources are contained in the report of McDaniel & Associates Consultants Ltd. (“McDaniel”) evaluating Athabasca’s Proved Reserves, Probable Reserves and Contingent Resources as at December 31, 2023 (which is respectively referred to herein as the "McDaniel Report”).

Actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth in the Company’s Annual Information Form (“AIF”) dated February 29, 2024 available on SEDAR at www.sedarplus.ca, including, but not limited to: weakness in the oil and gas industry; exploration, development and production risks; prices, markets and marketing; market conditions; climate change and carbon pricing risk; statutes and regulations regarding the environment including deceptive marketing provisions; regulatory environment and changes in applicable law; gathering and processing facilities, pipeline systems and rail; reputation and public perception of the oil and gas sector; environment, social and governance goals; political uncertainty; state of capital markets; ability to finance capital requirements; access to capital and insurance; abandonment and reclamation costs; changing demand for oil and natural gas products; anticipated benefits of acquisitions and dispositions; royalty regimes; foreign exchange rates and interest rates; reserves; hedging; operational dependence; operating costs; project risks; supply chain disruption; financial assurances; diluent supply; third party credit risk; indigenous claims; reliance on key personnel and operators; income tax; cybersecurity; advanced technologies; hydraulic fracturing; liability management; seasonality and weather conditions; unexpected events; internal controls; limitations and insurance; litigation; natural gas overlying bitumen resources; competition; chain of title and expiration of licenses and leases; breaches of confidentiality; new industry related activities or new geographical areas; water use restrictions and/or limited access to water; relationship with Duvernay Energy Corporation; management estimates and assumptions; third-party claims; conflicts of interest; inflation and cost management; credit ratings; growth management; impact of pandemics; ability of investors resident in the United States to enforce civil remedies in Canada; and risks related to our debt and securities. All subsequent forward-looking information, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements.

Also included in this News Release are estimates of Athabasca's 2024 outlook which are based on the various assumptions as to production levels, commodity prices, currency exchange rates and other assumptions disclosed in this News Release. To the extent any such estimate constitutes a financial outlook, it was approved by management and the Board of Directors of Athabasca and is included to provide readers with an understanding of the Company’s outlook. Management does not have firm commitments for all of the costs, expenditures, prices or other financial assumptions used to prepare the financial outlook or assurance that such operating results will be achieved and, accordingly, the complete financial effects of all of those costs, expenditures, prices and operating results are not objectively determinable. The actual results of operations of the Company and the resulting financial results may vary from the amounts set forth herein, and such variations may be material. The outlook and forward-looking information contained in this New Release was made as of the date of this News release and the Company disclaims any intention or obligations to update or revise such outlook and/or forward-looking information, whether as a result of new information, future events or otherwise, unless required pursuant to applicable law.

Oil and Gas Information

“BOEs" may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet of natural gas to one barrel of oil equivalent (6 Mcf: 1 bbl) is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. As the value ratio between natural gas and crude oil based on the current prices of natural gas and crude oil is significantly different from the energy equivalency of 6:1, utilizing a conversion on a 6:1 basis may be misleading as an indication of value.

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[2]*The Company’s illustrative multi-year outlook assumes a 10% annual share buyback program at an implied share price of 4.5x Enterprise Value/Debt Adjusted Cash Flow in 2026 and beyond.*

Initial Production Rates

Test Results and Initial Production Rates: The well test results and initial production rates provided herein should be considered to be preliminary, except as otherwise indicated. Test results and initial production rates disclosed herein may not necessarily be indicative of long-term performance or of ultimate recovery.

Reserves Information

The McDaniel Report was prepared using the assumptions and methodology guidelines outlined in the COGE Handbook and in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities, effective December 31, 2023. There are numerous uncertainties inherent in estimating quantities of bitumen, light crude oil and medium crude oil, tight oil, conventional natural gas, shale gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth above are estimates only. In general, estimates of economically recoverable reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and natural gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Company's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material. Reserves figures described herein have been rounded to the nearest MMbbl or MMboe. For additional information regarding the consolidated reserves and information concerning the resources of the Company as evaluated by McDaniel in the McDaniel Report, please refer to the Company's AIF.

Reserve Values (i.e. Net Asset Value) is calculated using the estimated net present value of all future net revenue from our reserves, before income taxes discounted at 10%, as estimated by McDaniel effective December 31, 2023 and based on average pricing of McDaniel, Sproule and GLJ as of January 1, 2024.

The 500 gross Duvernay drilling locations referenced include: 37 proved undeveloped locations and 76 probable undeveloped locations for a total of 113 booked locations with the balance being unbooked locations. Proved undeveloped locations and probable undeveloped locations are booked and derived from the Company's most recent independent reserves evaluation as prepared by McDaniel as of December 31, 2023 and account for drilling locations that have associated proved and/or probable reserves, as applicable. Unbooked locations are internal management estimates. Unbooked locations do not have attributed reserves or resources (including contingent or prospective). Unbooked locations have been identified by management as an estimation of Athabasca's multi-year drilling activities expected to occur over the next two decades based on evaluation of applicable geologic, seismic, engineering, production and reserves information. There is no certainty that the Company will drill all unbooked drilling locations and if drilled there is no certainty that such locations will result in additional oil and gas reserves, resources or production. The drilling locations on which the Company will actually drill wells, including the number and timing thereof is ultimately dependent upon the availability of funding, commodity prices, provincial fiscal and royalty policies, costs, actual drilling results, additional reservoir information that is obtained and other factors.

Non-GAAP and Other Financial Measures, and Production Disclosure

The "Corporate Consolidated Adjusted Funds Flow", "Athabasca (Thermal Oil) Adjusted Funds Flow", "Duvernay Energy Adjusted Funds Flow", "Corporate Consolidated Free Cash Flow", "Athabasca (Thermal Oil) Free Cash Flow" and "Duvernay Energy Free Cash Flow" financial measures contained in this News Release do not have standardized meanings which are prescribed by IFRS and they are considered to be non-GAAP financial measures or ratios. These measures may not be comparable to similar measures presented by other issuers and should not be considered in isolation with measures that are prepared in accordance with IFRS. Sustaining Capital and Net Cash are supplementary financial measures. The Leismer and Hangingstone operating results are supplementary financial measures that when aggregated, combine to the Athabasca (Thermal Oil) segment results.

Adjusted Funds Flow and Free Cash Flow

Adjusted Funds Flow and Free Cash Flow are non-GAAP financial measures and are not intended to represent cash flow from operating activities, net earnings or other measures of financial performance calculated in accordance with IFRS. The Adjusted Funds Flow and Free Cash Flow measures allow management and others to evaluate the Company's ability to fund its capital programs and meet its ongoing financial obligations using cash flow internally generated from ongoing operating related activities.

Sustaining Capital

Sustaining Capital is managements' assumption of the required capital to maintain the Company's production base.

Net Cash

Net Cash is defined as the face value of term debt, plus accounts payable and accrued liabilities, plus current portion of provisions and other liabilities plus income tax payable less current assets, excluding risk management contracts.

Production volumes details

This News Release also makes reference to Athabasca's forecasted average daily Thermal Oil production of 33,500 - 35,500 bbl/d for 2025. Athabasca expects that 100% of that production will be comprised of bitumen. Duvernay Energy's forecasted total average daily production of ~4,000 boe/d for 2025 is expected to be comprised of approximately 68% tight oil, 23% shale gas and 9% NGLs.

Liquids is defined as bitumen, tight oil, light crude oil, medium crude oil and natural gas liquids.

Break Even is an operating metric that calculates the US$WTI oil price required to fund operating costs (Operating Break-even), sustaining capital (Sustaining Break-even), or growth capital (Total Capital) within Adjusted Funds Flow.

Enterprise Value to Debt Adjusted Cash Flow is a valuation metric calculated by dividing Enterprise Value (Market Capitalization plus Net Debt) divided by Cash Flow before interest costs.

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