FOR IMMEDIATE RELEASE
January 27, 2016

Athabasca Oil Announces C$475 million (net) Light Oil Joint Venture with Murphy Oil and Exceeds 2015 Corporate Exit Guidance

CALGARY – Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or "the Company") announces that it has entered into an agreement with Murphy Oil Company Ltd. (Canadian subsidiary to Murphy Oil Corporation, "Murphy") to form a strategic joint venture (the "transaction") to develop the Duvernay and Montney in the Kaybob area.

Transaction highlights:

- **Greater Kaybob Assets.** Athabasca is selling a 70% working interest in production, acreage and infrastructure within the Greater Kaybob area (*map in appendix*). Murphy will assume operatorship under a Joint Development Agreement ("JDA") of these assets which includes approximately 200,000 acres of prospective Duvernay land across the condensate rich and volatile oil windows. December gross production within this area averaged approximately 6,900 boe/d (58% liquids).

- **Greater Placid Assets.** Athabasca is selling a 30% working interest in production, acreage and infrastructure within the Greater Placid area (*map in appendix*). Athabasca will be operator of the Montney within this area under a JDA which includes approximately 60,000 acres of prospective Montney land. Specifically, Athabasca is establishing a core area at Placid where it has high graded 25,000 acres in the Montney in two separate intervals. December gross production within this area averaged approximately 900 boe/d (44% liquids).

- **C$475 million Net (C$800 million gross) Consideration**. Murphy will pay approximately C$250 million in cash to Athabasca at closing. Additional consideration of C$225 million will be in the form of a capital carry in the Duvernay whereby Murphy will fund 75% of Athabasca's share of development capital up to a maximum five year period. Expected gross capital investment over this time period will be approximately C$1 billion in the Duvernay with flexibility on spending as commodity prices recover.

- **Midstream Infrastructure.** Athabasca will retain operatorship of the regional midstream infrastructure in the near term.

- **Key Dates.** The effective date of the transaction is January 1, 2016. Closing is expected in late Q1 2016 and is subject to meeting certain conditions and regulatory approvals.

- **Balance Sheet Strength.** At closing, Athabasca forecasts approximately $900 million of liquidity (cash & equivalents and the last promissory note from Brion Energy) with a net cash position of approximately $80 million adjusted for debt. The balance sheet will be further bolstered by the $225 million capital carry in the Duvernay over the mid-term.

“The transaction materially progresses Athabasca’s strategic goal of transitioning the Duvernay play to commercial development over the mid-term,” said Rob Broen, Athabasca’s President and CEO. “We are excited to partner with a leading North American shale operator who has significant experience in the Eagle Ford oil window. Athabasca has now positioned itself with a capital risk profile appropriate to its size while retaining tremendous upside in the Duvernay shale play. The Company is also establishing the Placid Montney as a material and core operated area following a successful appraisal campaign. Athabasca is in a strong financial position to advance its strategic priorities in a lower for longer pricing environment and is very well positioned to accelerate development when prices recover.”

“The Kaybob Duvernay and liquids rich Montney complement our existing North America Onshore unconventional business in the Eagle Ford Shale and Montney,” said Roger W. Jenkins, Murphy’s President and CEO. “This strategic transaction exposes Murphy to a leading position in the Kaybob Duvernay with significant running room in the emerging light oil window.”

Balance Sheet Strength and Outlook

The transaction significantly bolsters Athabasca’s financial position and will enable the Company to achieve its goal of reducing total leverage. The Company intends to proactively enhance its capital structure by retiring a portion of term debt in 2016. Balance sheet strength and flexibility will remain a key priority for Athabasca particularly in the current operating environment. More details around Athabasca’s refinancing plans will be announced after closing.

Corporate Update

Athabasca’s December field volumes averaged approximately 15,200 boe/d (~7,800 boe/d Light Oil and ~7,400 bbl/d Thermal Oil), exceeding upwardly revised 2015 exit guidance of 12,000 – 15,000 boe/d. An updated 2016 budget and guidance will be provided on closing of the transaction.

Athabasca Light Oil Development History

Montney

At Placid, the Company recently drilled a three well Montney pad in Section 19-60-23W5 to follow up on two successful wells drilled in the winter of 2014/15. In Q1 2016 Athabasca plans to complete these wells with estimated all-in well costs (drill & complete) averaging less than $8 million. The Company is currently completing the construction of a Placid inter-connect to Athabasca’s extensive Kaybob infrastructure network with an anticipated completion date in Q2 2016. This limited Montney development is expected to be economic in the current commodity environment and provides future growth potential on approximately 25,000 acres of prospective Montney land in two separate intervals, with no near-term expiries.

Athabasca’s Placid well at 8-20-60-23W5 was placed on production through a third party facility in March 2015 and had a restricted IP30 of approximately 900 boe/d and a restricted IP180 of approximately 635 boe/d. Initial free liquids yields were approximately 300 bbl/mmcf and have stabilized at approximately 100 bbl/mmcf after six months of production. The 8-20 well ranks as a top decile producer on cumulative liquids recovery in the Greater Placid area.

Kaybob Duvernay

Over the past four drilling seasons Athabasca has drilled 26 wells (21 horizontals, five verticals) in the Duvernay focused on retaining its core acreage, defining the thermal maturity windows, establishing confidence in reservoir performance and delivering a commercial capital cost structure. Approximately 95% of Athabasca's core 200,000 acre land position at Kaybob is held into intermediate term, allowing considerable flexibility in the pace of development going forward.

Duvernay Volatile Oil Window

Athabasca continues to be encouraged by its results in the volatile oil window and the Company has drilled a total of nine horizontal and three verticals wells. Drilling has extended across the fairway with wells at Simonette, Kaybob West North, Kaybob East and Two Creeks. Although the volatile oil window is still in appraisal stage, it represents tremendous potential.

The Company recently drilled and completed a two well pad at Section 5-65-18W5. Well costs were $8.8 million (implementing a ~1,100 lbs/ft frac design) and $9.4 million (implementing a ~2,000 lbs/ft frac design). These wells are expected to be brought on stream in Q1 2016 following a planned soak period.

Duvernay Condensate Rich Gas Window

At Kaybob West, the Company finished drilling a four well pad in the condensate rich window at Section 36-63-20W5 in early January. The average drilling cost for these wells was approximately $3.8 million including mob/demob costs. These wells are expected to be completed after break-up, with a planned on-stream date in Q3 2016. D&C costs are expected to be below $10 million per well.

In December, the Company brought on three wells in the condensate rich gas window. At Saxon, 12-28-62-23W5, had a restricted IP30 of 1,380 boe/d (62% liquids, 1,686 meter lateral). At Kaybob West 1-36-63-20W5 had a restricted IP30 of 781 boe/d (73% liquids, 1,970 meter lateral) and 8-36-63-20W5 had a restricted IP30 of 581 boe/d (74% liquids, 1,564 meter lateral).

Advisors

TD Securities Inc. is acting as exclusive financial advisor to Athabasca in connection with the transaction and has provided an opinion to the Board that the consideration to be received by Athabasca pursuant to the terms of the transaction is fair from a financial point of view.

Board Renewal Update

As part of Athabasca's commitment to Board Renewal, Mr. Tom Buchanan, current Chair, and Mr. Gary Dundas will not be seeking re-election for Board positions at the Corporation's next annual meeting of shareholders. Mr. Buchanan will step down as Chair upon closing of the Murphy transaction. Mr. Ron

Eckhardt, current Lead Director, will assume the Chair position. Both Mr. Buchanan and Mr. Dundas have been with the Board of Athabasca since inception and this transition is part of a natural evolution for the Company as it continues its transition from early stage resource capture towards development of large scale assets. Athabasca would like to thank both directors for their valuable contributions to the Company and wishes them well on future endeavors.

Conference Call

To provide additional context for the joint venture transaction, Athabasca has posted an updated corporate presentation at www.atha.com and will be hosting a conference call for the investor community.

Conference Call Details:

Date: January 28, 2016

Time: 7:00 am MT (9:00 am ET)

Dial In: 877-648-7976 (toll-free in North America) or 617-826-1698

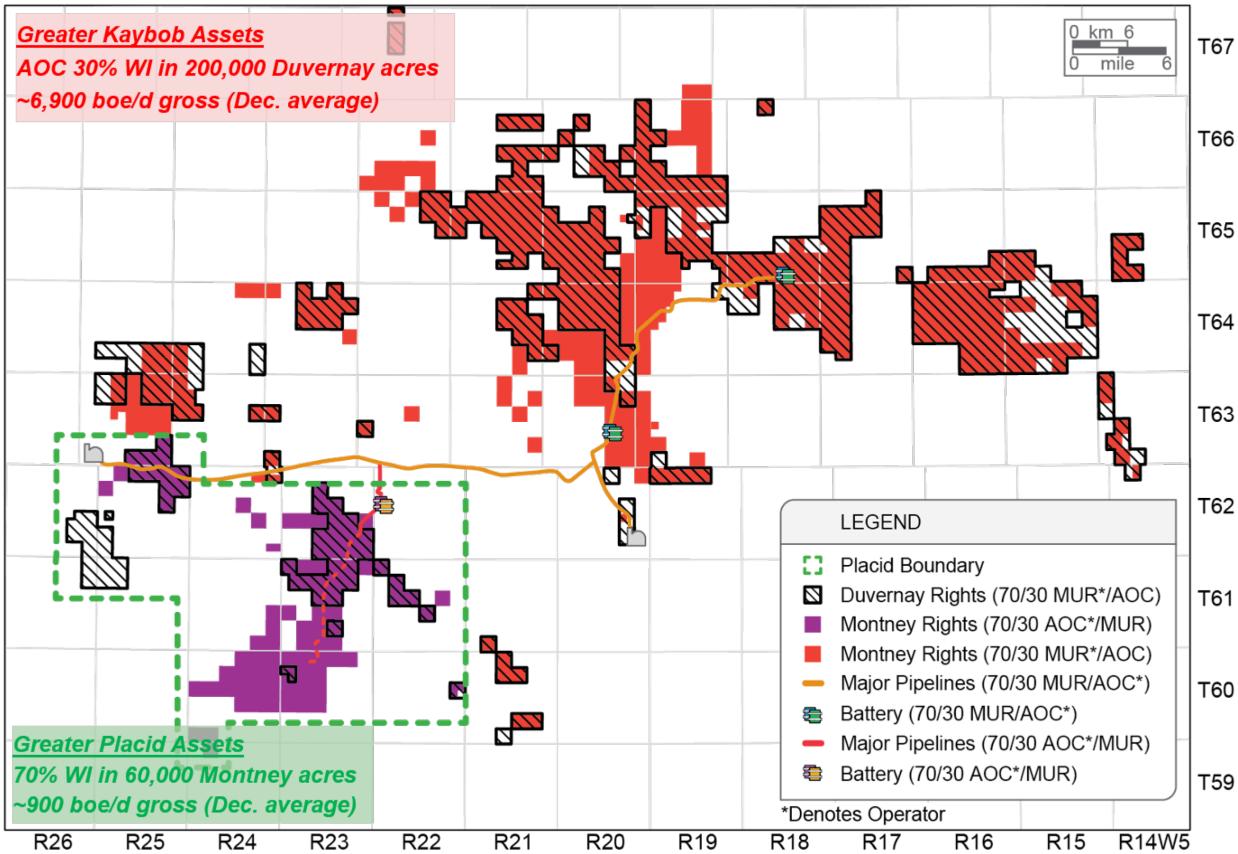
Replay: 855-859-2056 (toll-free in North America) or 404-537-3406

Conference ID / Replay code: 40523806

Webcast Details:

http://www.gowebcasting.com/7277

Appendix – Joint Venture Map



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 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", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", "predict", "pursue", "target", "potential" and similar expressions are intended to identify forward-looking information. The forward-looking information is not historical fact, but rather is based on the Company's current plans, objectives, goals, strategies, estimates, assumptions and projections about the Company's industry, business and future 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 may contain forward-looking information pertaining to the following: the expected timing of the closing of the joint venture transaction with Murphy Oil Corporation ("the Transaction"); the benefits expected to be realized by the Company from the Transaction, including the impact on the Company's financial position and balance sheet strength; the Company's forecasted liquidity and net cash position upon closing of the Transaction; the timing of receipt of regulatory approvals, including in respect of the Transaction; Athabasca's plans to retire a portion of its term debt in 2016; the expected potential of the Duvernay volatile oil window; the growth potential of and the economic returns expected to be realized from, the Company's Montney lands in the Placid area; the timing of completion operations in the Company's Light Oil division; the timing of the on-stream date the Company's Kaybob West and Placid area wells; the benefits expected to be realized from the use of recovery technologies in the Company's Light Oil division, including multi-stage, energized hybrid completion technology and the utilization of a high proppant loading completion design; the Company's expected flexibility in its pace of development; the Company's drilling plans, in particular, with respect to the Duvernay and Montney formations and the costs of such drilling operations; the Company's estimated future commitments; the timing of the transition of the Company's Board's chair role; the Company's business and financing strategies and plans; expectations regarding the Company's 2015 capital budget; and the future allocation of capital.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: commodity prices for petroleum and natural gas; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business and the effects that such regulatory framework will have on the Company, including on the Company's financial condition and results of operations; the impact that the Transaction will have on the Company, including on the Company's financial condition and results of operations; Athabasca's cash-flow break-even commodity price; geological and engineering estimates in respect of Athabasca's reserves and resources; the applicability of technologies for the recovery and production of the Company's reserves and resources; the Company's ability to demonstrate the quality of its asset base and to build large-scale projects; future capital expenditures to be made by the Company; future sources of funding for the Company's capital programs; the Company's future debt levels; the Company's ability to obtain equipment in a timely and cost-efficient manner; and the geography of the areas in which the Company is conducting exploration and development activities.

Actual results could differ materially from those anticipated in this forward-looking information as a result of the risk factors set forth in the Company's Annual Information Form ("AIF") dated March 11, 2015 that is available on SEDAR at www.sedar.com, including, but not limited to: fluctuations in market prices for crude oil, natural gas and bitumen blend; political and general economic, market and business conditions in Alberta, Canada, the United States and globally; changes to royalty regimes, environmental risks and hazards; alternatives to and changing demand for petroleum products; failure to meet the conditions precedent to closing of the Transaction; dependence on Murphy Oil Corporation as the Company's joint venture participant in the Company's Duvernay and Montney assets; dependence on Murphy Oil Corporation as the operator of the Company's Duvernay assets; the substantial capital requirements of Athabasca's projects and the ability to obtain financing for Athabasca's capital requirements; operational and business interruption risks associated with the Company's facilities; failure by counterparties to make payments or perform their operational or other obligations to Athabasca in compliance with the terms of contractual arrangements between Athabasca and such counterparties, including in respect of the Transaction, and the possible consequences thereof; the potential for adverse consequences in the event that the Company defaults under certain of the agreements in respect of the Transaction; long term reliance on third parties; aboriginal claims; failure to obtain regulatory approvals or maintain compliance with regulatory requirements; failure to meet development schedules and potential cost overruns; variations in foreign exchange and interest rates; factors affecting potential profitability; risks related to future acquisition and joint venture activities; reliance on, competition for, loss of, and failure to attract key personnel; uncertainties inherent in estimating quantities of reserves and resources; changes to Athabasca's status given the current stage of development; litigation risk; risks and uncertainties inherent in SAGD and other bitumen recovery processes; risks related to hydraulic fracturing, including those related to induced seismicity; expiration of leases and permits; risks inherent in Athabasca's operations, including those related to exploration, development and production of petroleum, natural gas and oil sands reserves and resources; risks related to gathering and processing facilities and pipeline systems; availability of drilling and related equipment and limitations on access to Athabasca's assets; increases in costs could make Athabasca's projects uneconomic; the effect of diluent and natural gas supply constraints and increases in the costs thereof; environmental risks and hazards; failure to accurately estimate abandonment and reclamation costs; the potential for management estimates and assumptions to be inaccurate; reliance on third party infrastructure; seasonality; hedging risks; risks associated with maintaining systems of internal controls; insurance risks; claims made in respect of Athabasca's operations, properties or assets; competition for, among other things, capital, export pipeline capacity and skilled personnel; the failure of Athabasca or the holder of certain licenses, leases or permits to meet specific requirements of such licenses, leases or permits; risks related to Athabasca's amended credit facilities; senior secured notes and term loans; and risks related to Athabasca's common shares.

The forward-looking statements included in this News Release are expressly qualified by this cautionary statement. Athabasca does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.

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.

Test Results and Initial Production Rates:
The well test results and initial production rates provided in this News Release should be considered to be preliminary. Test results and initial production rates disclosed herein may not necessarily be indicative of long term performance or of ultimate recovery.