



FOR IMMEDIATE RELEASE

November 3, 2016

Athabasca Oil Corporation Upsizes Contingent Bitumen Royalty with Burgess Energy Holdings L.L.C. to \$257 Million

CALGARY – Athabasca Oil Corporation (TSX: ATH) (“Athabasca” or “the Company”) is pleased to announce an upsizing of the previously completed Contingent Bitumen Royalty on its Thermal assets with Burgess Energy Holdings L.L.C. (the “Royalty”) for additional cash consideration of \$128.5 million. Including the initial Royalty, Athabasca has now raised total cash proceeds of \$257 million through this unique funding structure. The upsizing of the Royalty further supports the significant long-term value of Athabasca’s Hangingstone and other thermal assets, and significantly enhances the financial capability of the Company. The upsized Royalty transaction is expected to close by the end of November.

Throughout 2016, Athabasca has successfully undertaken a series of transactions, including a strategic joint venture with Murphy Oil Company Ltd. in its Light Oil division and the Royalty in its Thermal Oil division. These transactions have allowed Athabasca to reduce its outstanding debt and position the Company to further optimize its capital structure for the future. Following closing of the upsized Royalty transaction, Athabasca’s cash balance will be approximately \$700 million (excluding \$104 million of restricted cash) with a net cash position of approximately \$150 million (adjusted for outstanding debt). Athabasca will also have approximately \$213.5 million of further funding available through the capital carry balance with Murphy on its Duvernay joint venture lands. The incremental Royalty proceeds are expected to be directed towards additional debt retirement and position Athabasca to complete its balance sheet refinancing prior to the end of 2016.

The Upsized Contingent Bitumen Royalty

The upsized Royalty will be calculated on a sliding scale ranging from 0% – 12% (previously 0% – 6%) of Athabasca’s realized bitumen price (C\$) for each Thermal Oil asset (see table below) with the remaining terms of the Royalty unchanged. The realized bitumen price will continue to be determined net of diluent, transportation and storage costs and has been structured so that the assets will not be encumbered at lower pricing levels. For example, at Hangingstone, oil prices would have to reach approximately US\$75/bbl WTI (at nameplate capacity of 12,000 bbl/d) before the first 2% Royalty is triggered. At this pricing level, Hangingstone Project 1 is estimated to have an annual operating netback of approximately \$120 million (net of a \$4 million upsized Royalty payment). The Royalty is not expected to materially impact economics of future Hangingstone expansion phases or other future Thermal Oil development projects and there are no associated commitments for future development.

Hangingstone			Other Thermal Assets		
Realized Bitumen Price	Royalty	Implied WTI*	Realized Bitumen Price	Royalty	Implied WTI*
<i>\$C/bbl</i>	<i>%</i>	<i>US\$/bbl</i>	<i>\$C/bbl</i>	<i>%</i>	<i>US\$/bbl</i>
Below \$50/bbl	0%		Below \$60/bbl	0%	
\$50/bbl to \$69.99/bbl	2%	\$75-91	\$60/bbl to \$79.99/bbl	2%	\$78-94
\$70/bbl to \$89.99/bbl	4%	\$91-108	\$80/bbl to \$99.99/bbl	4%	\$94-110
\$90/bbl to \$109.99/bbl	6%	\$108-124	\$100/bbl to \$119.99/bbl	6%	\$110-126
\$110/bbl to \$129.99/bbl	8%	\$124-141	\$120/bbl to \$139.99/bbl	8%	\$126-142
\$130/bbl to \$149.99/bbl	10%	\$141-157	\$140/bbl to \$159.99/bbl	10%	\$142-159
\$150/bbl and above	12%	>\$157	\$160/bbl and above	12%	>\$159

** Implied WTI based on a 0.8 US\$/C\$ FX assumption & US\$15/bbl heavy differential.*

Royalties calculated & payable on a monthly basis.

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 plans 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 may contain forward-looking information pertaining to the following: the timing of completing the transaction increasing the Royalty (the “Royalty Transaction”); the impact that the Royalty will have on the Company’s financial capability and balance sheet strength; the Company’s expected use of the consideration paid by Burgess for the increased Royalty; the Company’s expectation that it will retire additional debt and complete its balance sheet refinancing prior to the end of 2016; the Company’s forecasted oil price and annual operating netback of Hangingstone Project 1 before the Royalty is triggered; the impact that the Royalty will have on the Company’s corporate competitiveness; the timing of the ramp-up of production and of achieving nameplate production (12,000 bbl/d) from Hangingstone Project 1; the Company’s estimated future commitments; the Company’s business and financing strategies and plans; 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: the Company’s ability to meet the conditions required to close the Royalty Transaction; commodity prices for petroleum and natural gas; the Company’s expectation that the Royalty will not materially impact the economics of future Hangingstone expansions; the Company’s ability to refinance its current debt prior to the end of 2016 or at all; 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 Royalty will have on the Company, including on the Company’s financial condition and results of operations; Athabasca’s cash-flow break-even commodity price; future capital expenditures to be made by the Company; future sources of funding for the Company’s capital programs; and the Company’s future debt levels.

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 10, 2016 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; the potential for management estimates and assumptions to be inaccurate; risks that the conditions to closing the Royalty Transaction will not be met; risks related to Athabasca’s amended credit facilities and senior secured notes; environmental risks and hazards; alternatives to and changing demand for petroleum products; 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 Royalty Transaction, and the possible consequences thereof; the potential for adverse consequences in the event that the Company defaults under certain of the Royalty Transaction agreements; long term reliance on third parties; 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; 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; increases in costs could make Athabasca’s projects uneconomic; the effect of diluent and natural gas supply constraints and increases in the costs thereof; reliance on third party infrastructure; hedging risks; risks associated with maintaining systems of internal controls; insurance risks; claims made in respect of Athabasca’s operations, properties or assets; the failure of Athabasca or the holder of certain licenses, leases or permits to meet specific requirements of such licenses, leases or permits; 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.