Athabasca Oil Corporation Reports Third Quarter 2013 Results

CALGARY, Oct. 30, 2013 /CNW/ - Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or "the Company") is pleased to report its third quarter 2013 results.

Athabasca has filed its financial statements and management's discussion and analysis for the three and nine month periods ended September 30, 2013. These documents are available on the Company's website www.atha.com and later this morning from SEDAR www.sedar.com.

Operations Update

Safety in the workplace is a prime focus for Athabasca. The Company is proud of the continued commitment to safety by its employees and contractors.

Light Oil
Production in the third quarter averaged 5,826 barrels of oil equivalent per day (boe/d), within the guidance range previously provided. The Company made adjustments for prior period accruals, primarily dating back to February, 2012, resulting in reported production of 5,597 boe/d.

The scheduled shutdown of Keyera's Simonette gas plant for maintenance and completion of the plant modifications in September lasted 25 days, five days longer than planned. Athabasca's sour production was brought back on-line starting on October 1, 2013, with all tied-in wells on production by mid-October, 2013. Athabasca does not anticipate any restrictions from Keyera going forward. The Company expects to average 6,500 to 7,000 boe/d in the fourth quarter of 2013.

Athabasca is pleased with the strong performance of its three Duvernay horizontal wells along with the positive results reported by other industry operators in the Kaybob region. Athabasca is continuing to progress its strategy to hold and delineate its Duvernay land position. The Company currently has two rigs drilling in the Kaybob area, targeting four horizontal wells in the Duvernay formation. Athabasca is continuing with a formal joint venture process for its Duvernay holdings. The Company holds 350,000 acres (net) of liquids-rich Duvernay potential, including 200,000 high-graded acres (net) near Kaybob. This high-graded acreage contains greater than 20 meters of shale pay and lies in the heart of the Duvernay Fairway.

Athabasca has sanctioned a small fourth quarter Montney drilling program in the Kaybob East area along with additional optimization of existing wells.

The Company entered into an option agreement with a third party giving Athabasca the right, at its discretion, to sell up to a 50% interest in its Kaybob area light oil infrastructure for cash consideration of up to $145 million. If exercised, the counterparty will have the right to acquire an equivalent interest in certain infrastructure assets in the Simonette area (also known as the Saxon area) of northwestern Alberta for cash consideration of up to an additional $15 million. Athabasca would remain operator of both the Kaybob and Simonette infrastructure assets. The option agreement does not prevent Athabasca from including the infrastructure related to the option agreement as part of a joint venture, other material transaction involving P&NG rights, or exploring other avenues to monetize the infrastructure.

Thermal Oil
At the end of September, Athabasca had progressed the first phase of Hangingstone, a 12,000 barrel per day (bbl/day) steam assisted gravity drainage (SAGD) project, to 43% completion while remaining on budget and maintaining its schedule for first steam in the fourth quarter of 2014. Athabasca continued with infrastructure and facilities construction and commenced with the drilling of its first SAGD wells.

Earthworks are substantially complete and the site construction has transitioned to pile driving and installing structural foundations. Module fabrication continues on track and equipment has started to arrive on site as planned.

SAGD drilling commenced with one rig in August and with a second rig starting in September. Both rigs are meeting expected cost and schedule performance. At the end of September, four producer wells had been drilled. The reservoir quality is in strong conformance with Athabasca's expectations.

Engineering continues to progress on the Hangingstone expansion.

Corporate Activity

Dover
The Dover Commercial Project (DCP) was approved by the Alberta Energy Regulatory (AER) on August 6, 2013 and on October 9, 2013 the Alberta Court of Appeal heard arguments on the Fort Mackay First Nation's (FMFN) request for the right to appeal the AER approval. On October 18, 2013 the Alberta Court of Appeal issued its decision granting the FMFN leave to appeal a question of constitutional law arising from the AER approval. Leave to appeal is not a judgment on merits of the case and does not impact the validity of the AER approval. The appeal on the specific question will be heard at a later date, yet to be determined.

The Dover Commercial Project, which is operated by Brion Energy Corporation (Brion), is a joint venture between Athabasca and Phoenix Energy Holdings Limited.

"The appeal does not specifically put into question the DCP but rather focuses on the scope of the AER's jurisdiction to consider constitutional legal matters. Athabasca continues to support Brion in its efforts to find a resolution acceptable to all parties," says Sveinung Svarte, president and CEO. "We will be outlining the various possible outcomes of this issue during our conference call and I look forward to discussing this at that time."

Dover West Carbonates
On September 19, 2013 the AER also approved Athabasca's application for the Thermal Assisted Gravity Drainage (TAGD) Pilot & Demonstration Project for its Dover West carbonate asset. This Project is designed to prove the commercial viability of Athabasca's TAGD technology and its application to the Leduc carbonate formation. Dover West is wholly owned by Athabasca.

Organizational Changes
The executive operational and development committee (EODC), formed in May 2013, has completed its mandate.

As previously announced, the Company established the position of chief operating officer and has appointed Rob Broen to this position.

Funding

Capital expenditures during the third quarter totaled $146 million: $124 million in the Thermal Oil Division and $19 million in the Light Oil Division with the remainder for corporate assets. Including the approval of the previously mentioned Duvernay and Montney programs, the initial 2013 budget of $798 million increases to a forecasted spend of approximately $835 million (excluding capitalized interest).

At the end of the third quarter of 2013 the Company had $372 million in cash and cash equivalents and a $200 million line of credit. Athabasca has the option to exercise the $145 million option to sell a 50% interest in its Kaybob area light oil infrastructure. With this funding Athabasca would have the financial capacity to complete Hangingstone Project 1 and conduct a minimal drilling program in Light Oil.

To the extent that additional sources of funding are realized, the 2014 capital program would be expanded accordingly. The following are potential options for additional funding and associated capital expansion:

- *Exercise the Dover put option at $1,320 million:*
  Expand Duvernay appraisal and development program, complete front end engineering of thermal projects that have been applied for (Hangingstone expansion, Dover West Sands, Dover West Leduc Pilot and Demonstration).

- *Realize a joint venture in Athabasca's Duvernay holdings:*
  Proceed with Duvernay field development upon completion of the appraisal program.

- *Realize a joint venture in Athabasca's Thermal holdings:*
  Proceed with field development of those thermal assets that would now have a partner.

Athabasca is investigating other potential sources of funding including, but not limited to, the issuance of additional debt and/or the sale of assets. In summary, Athabasca has the capacity to meet current commitments and will maintain the discipline of ensuring increased funding capacity before undertaking new spending commitments.

Conference Call, October 30, 2013
7:30 am Mountain Time (9:30 am Eastern Time)

A conference call to discuss the third quarter will be held for the investment community and media on October 30, 2013 at 7:30 a.m. MT (9:30 a.m. ET). To participate, please dial 1-888-231-8191 (toll-free in North America) or 1-647-427-7450 approximately 15 minutes prior to the conference call. An archived recording of the call will be available from approximately 12:30 p.m. ET on October 30, 2013 until midnight on November 13, 2013 by dialing 1-855-859-2056 (toll-free in North America) or 1-416-849-0833 and entering conference password 71074139.

An audio webcast of the conference call will also be available via Athabasca's website, www.atha.com or via the following URL: http://www.newswire.ca/en/webcast/detail/1229835/1354649.

About Athabasca Oil Corporation

Athabasca Oil Corporation is a dynamic, Canadian energy company with a diverse portfolio 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. With 10.6 billion barrels of bitumen resources (contingent resources, best estimate) and growing light oil production, Athabasca is positioned to become a major oil producer. Athabasca's common shares trade on the TSX under the symbol "ATH". For more information, visit www.atha.com.

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", "would", "should", "believe", "predict", "pursue" and "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 receipt of regulatory approval for the Dover oil sands project, the exercise of the Dover Put Option and the receipt of sale proceeds from the sale of the Dover Investment; the anticipated timing of the completion of the regulatory process in respect of the Hangingstone expansion; the timing of the construction of the facilities and infrastructure related to the Hangingstone projects; estimated production and production goals in respect of the Company's projects, including the anticipated production capacity of the Hangingstone projects with the addition of the Hangingstone expansion; the ability to secure funding for the TAGD Pilot and Demonstration Project and the timing of the sanctioning and initiation of that project; the Company's capital expenditure programs; expected timing of first steam into Hangingstone Project 1; expected timing of first steam in to Hangingstone Project 1; the estimated quantity of the Company's Contingent Resources; the Company's drilling plans, in particular, with respect to the Duvernay and Montney, formations; the Company's plans for, and results of, exploration and development activities; the Company's estimated future commitments, including the take or pay commitments; the Company's business plans; the timing of the submission of project regulatory applications; the timing for receipt of regulatory approvals; the sanctioning of projects; the use of in-situ recovery methods such as SAGD and TAGD for production of recoverable bitumen; the commercial viability of the TAGD technology; and Athabasca's plans with respect to the Thermal Oil and Light Oil assets and the expected benefits to be received by Athabasca from such assets.

With respect to forward-looking information contained in this News Release, assumptions have been made regarding, among other things: the Company's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the Company's ability to successfully complete a joint venture; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business; 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; geological and engineering estimates in respect of the Company's reserves and resources; the geography of the areas in which the Company is conducting exploration and development activities; the impact that the agreements relating to the PetroChina transaction (the "PetroChina Transaction Agreements") will have on the Company, including on the Company's financial condition and results of operations; and the Company's ability to obtain financing on acceptable terms. The Company has also assumed that the appeal by the Fort McKay First Nation that is described in the press release that was issued by Athabasca on October 18, 2013, will not have an impact upon the timing of the regulatory review/approval process in respect of the Dover Commercial Project.

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 most recent Annual Information Form filed on March 28, 2013 ("AIF"), available on SEDAR at www.sedar.com, including, but not limited to: fluctuations in market prices for crude oil, natural gas and bitumen blend; general economic, market and business conditions; dependence on Phoenix as the joint venture participant in the Dover oil sands project; failure to satisfy certain conditions in connection with the Company's debt and credit facilities; risk of reassessments of the Company's tax filings by taxation authorities; variations in foreign exchange and interest rates; factors affecting potential profitability; factors affecting funding, including the development of new business opportunities, the availability of financing, the priorities of the Company and of its current and future joint venture partners; general economic conditions, uncertainties inherent in estimating quantities of reserves and resources; Athabasca's status and stage of development; uncertainties inherent in SAGD and TAGD; the potential impact of the exercise of the Dover put/call options on the Company; failure to receive regulatory approval for the Dover oil sands project, Hangingstone expansion, Dover West Sands or Dover West Carbonates projects when anticipated or at all; failure to obtain necessary regulatory approvals for completion of the Dover put/call option transaction, if any, on the terms and conditions set forth in the Put/Call Option Agreement; failure to meet development schedules and potential cost overruns; increases in operating costs making projects uneconomic; the effect of diluent and natural gas supply constraints; the potential for adverse consequences in the event that the Company defaults under certain of the PetroChina Transaction Agreements; failure to retain key personnel; the substantial capital requirements of the Company's projects; the need to obtain regulatory approvals and maintain compliance with regulatory requirements; extent of, and cost of compliance with, government

laws and regulations and the effect of changes in such laws and regulations from time to time; changes to royalty regimes; political risks; risks inherent in the Company's operations, including those related to exploration, development and production of oil sands, crude oil and natural gas reserves and resources, including the production of oil sands reserves and resources using SAGD or TAGD and the production of crude oil and natural gas using multi-stage fracture and other stimulation technologies; the potential for management estimates and assumptions to be inaccurate; long-term reliance on third parties; reliance on third party infrastructure for project facilities; failure by counterparties (including without limitation Phoenix) to comply with the terms of contractual arrangements between the Company and such counterparties; the potential lack of available drilling equipment and limitations on access to the Company's assets; Aboriginal claims; claims made in respect of the Company's operations, properties or assets; the potential for adverse consequences as a result of the change of control provisions in the PetroChina Transaction Agreements; competition for, among other things, capital and export pipeline; the failure of the Company or the holder of certain licenses or leases to meet specific requirements of such licenses or leases; risks arising from future acquisition and joint venture activities; risks that joint venture arrangements will not perform as expected; and volatility in the market price of the common shares; . In addition, information and statements in this News Release relating to "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. The assumptions relating to the Company's reserves and resources are contained in the reports of GLJ Petroleum Consultants Ltd. ("GLJ" or the "GLJ Report") and DeGolyer and MacNaughton Canada Limited (the "D&M Report") each dated effective December 31, 2012.
The forward-looking information included in this News Release is expressly qualified by this cautionary statement and is made as of the date of this News Release. The Company does not undertake any obligation to publicly update or revise any forward-looking information 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.

SOURCE: Athabasca Oil Corporation

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