Athabasca Oil Corporation Announces Initial 2014 Capital Budget

December 17, 2013 (Source: CNW) — Athabasca Oil Corporation (TSX: ATH) ("Athabasca" or "the Company") announces its initial 2014 capital budget. Athabasca's board of directors approved a capital budget of $460 million, comprised of $348 million for Thermal Oil, $106 million for Light Oil and the remainder for Corporate activities, excluding capitalized general and administrative costs and interest.

Athabasca is committed to capital discipline. The Company has undertaken a comprehensive review of its exploration and development priorities with a view to balancing capital expenditures with funding. Accordingly, the completion of Hangingstone Project 1 and Duvernay drilling and completion are the focus of the Company's 2014 budget.

Athabasca's growth strategy is to develop its considerable resources with joint venture partners. The Company seeks to put in place such partnerships in both its Light Oil and Thermal Oil assets. Athabasca looks forward to receiving government approval for the Dover Commercial Project, at which time it has the opportunity to exercise a $1.32 billionput option with PetroChina. Athabasca will review its capital spending program as any of the aforementioned events transpire. Athabasca will not sanction any new projects until funding is secured.

The 2014 capital budget is presented in the table below. The primary components of the budget consist of:

- Hangingstone Project 1: $225 million;
- Hangingstone Regional Infrastructure and Production Support: $58 million;

- Hangingstone Expansion: $45 million for regional activities and to advance the regulatory approval;
- Duvernay: $76 million, includes the drilling of two wells and the completion and tie-in of four wells;
- Light Oil Other: $30 million for Montney which includes capital for the recently announced two well program and general costs primarily made up of lease rentals, production optimization and certain facilities capital.

Athabasca Oil Corporation Initial 2014 Capital Budget			
Project/Activity			
Thermal Oil Division		**$**	**348**
	Hangingstone Project 1 (1)		225
	Hangingstone regional infrastructure and production support		58
	Hangingstone Expansion		45
	Other		20
Light Oil Division (2)		**$**	**106**
	Duvernay		76
	Montney		13
	Other		17
Corporate			**6**
Total		**$**	**460**

(1) Approximately $30 million carryover from 2013
(2) Approximately $20 million carryover from 2013

The Company continues to build its organization to effectively execute its light oil development strategy. Athabascaannounces a new Vice-President, Light Oil, Kevin Smith reporting directly to the Chief Operating Officer, Rob Broen. Kevin has 25 years of experience leading large resource plays in the United States and Western Canada including Horn River, Montney and the Duvernay.

The Company’s average production expected during the first quarter of 2014 is in the range of 6,000 to 6,500 barrels of oil equivalent per day (boe/d).

With a continued focus on liquidity, Athabasca has taken a number of steps to enhance its capacity to meet current commitments. On December 16, 2013 Athabasca exercised its option to sell a 50% interest in the Kaybob area light oil infrastructure to a third-party for cash consideration of $145 million. Closing of this transaction is anticipated in the first quarter of 2014.

Athabasca retains a 50% interest in its light oil pipeline and other infrastructure assets in the Kaybob area and remains operator of both the Kaybob and Simonette infrastructure assets. The Company has the pipeline capacity needed for the next several years of light oil production growth. This sale is not expected to impact the formalDuvernay joint venture process launched by Athabasca in the third quarter of 2013. Interest in the Duvernay asset is strong and the Company expects the process to conclude in 2014.

On December 16, 2013, the Company entered into an amended and restated credit agreement with a syndicate of financial institutions to replace its existing $200 million credit facilities. The credit facilities, totaling $350 million, consists of $200 million which is available on a revolving basis until December 31, 2014 and which may be extended for 364 day revolving periods, and a $150 million credit facility which has a maturity date of December 31, 2014. The debt to earnings before interest, taxes, depreciation and amortization (EBITDA) covenant has also been extended and will not take effect until December 31, 2014. The principal amount of the additional $150 million credit facility will be reduced to $100 million on August 1, 2014 and to $50 million on November 1, 2014, if the facility has not been previously repaid and cancelled.

“We will only undertake new project commitments when we have the necessary funding to complete them,” says Sveinung Svarte, President and CEO. “This 2014 budget focuses on successfully completing Hangingstone Project 1 to demonstrate that it can reach production of 12,000 bbl/d. We are also excited about our continued Duvernay drilling and completion program designed to unlock the potential that exists on our vast land position.”

All figures are in Canadian dollars.

Conference Call and Webcast, December 17, 2013
7:30 am Mountain Time (9:30 am Eastern Time)

A conference call to discuss the 2014 capital budget will be held for the investment community and media onDecember 17, 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 December 17, 2013 until midnight on December 31, 2013 by dialing 1-855-859-2056 (toll-free in North America) or 1-416-849-0833 and entering conference password 99376454.

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/1257307/1385773.

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’scommon 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”, “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 strategies and 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 Company’s ability to secure funding for its projects; estimated average production rates for the first quarter of 2014 and long term production goals; 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 Project 1; the Company’s capital expenditure programs; expected timing of first steam into Hangingstone Project 1; the anticipated production capacity of the Hangingstone Project 1; 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 Company's Dover interests; 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; the Company's business and financing plans; the Company's business and financing strategies, including its plans to develop its resources with joint venture partners, the expected effects that the sale of the Company's light oil infrastructure will have on the Company's light oil joint venture process; the Company's anticipated pipeline capacity requirements; 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; 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 successfully complete a joint venture; the Company's ability to obtain financing on acceptable terms; 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; the impact that the sale of the Company's light oil infrastructure will have on the Company, including on the Company's light oil joint venture process; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which the Company conducts and will conduct its business; and the applicability of technologies for the recovery and production of the Company's reserves and resources. The Company has also assumed that the appeal by the Fort McKay First Nation that is described in the press release that was issued byAthabasca on October 18, 2013, will not have an impact upon the timing of the regulatory review/approval process in respect of the Dover oil sands 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; Aboriginal claims; failure to satisfy certain conditions in connection with the Company's debt and credit facilities; 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, risks arising from future joint venture activities; risks that joint venture arrangements will not perform as expected; 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; 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 and, Hangingstone Expansion project when anticipated or at all; failure to obtain other regulatory approvals, if any, for the completion of the Dover put/call option transaction 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 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; 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; 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 resources described exist in the quantities predicted or estimated, and that the 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 effectiveDecember 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.