CEO CFO

Athabasca Oil Corporation
Bow Valley Square 4, Suite 2000
250 6th Avenue SW
Calgary Alberta Canada T2P 3H7
Phone: 403-237-8227
www.atha.com

Issue:
October 22, 2012

CEOCFO Magazine - The Most Powerful Name In Corporate News and Information

Focused on the Sustainable Development of Oil Sands in Northeastern Alberta and Light Oil Resources in Northwestern Alberta, Canada, Athabasca Oil Corporation has matured a Synergistic Growth Strategy that Adds Shareholder Value

ATHABASCA OIL CORPORATION

Resources
Oil Sands

Sveinung Svarte
President and CEO

BIO:
Mr. Svarte started his career with Conoco working on projects in Norway and the United Kingdom. From 1989 to 2006, he was with Total SA where he held various positions throughout the world until his transfer to Canada as Vice President, Oil Sands for Total E&P Canada. After Total acquired Deer Creek Ltd in 2005, he assumed the position as Vice President, Corporate Development, overseeing four departments: Exploration, Business Development, Planning, Development and Research.

In 2006, Mr. Svarte joined Athabasca Oil Sands as President and CEO. He continues to lead the company through its growth and expansion.

Mr. Svarte was born and raised in Norway. He attended the Norwegian Institute of Technology where he obtained a Master of Science (Petroleum Technology) and received his Master of Business Administration from the University of Chicago.

Mr. Svarte is married with one son and the family is fluent in Norwegian, French and English.

About Athabasca Oil Corporation (TSX: ATH)
Founded in 2006, Athabasca Oil Corporation, an Alberta based company, is focused on the sustainable development of oil sands in the Athabasca region in northeastern Alberta and light oil resources in northwestern Alberta, Canada.

Canada has approximately 175 billion barrels of oil reserves and, of that, 170 billion is in the oil sands and five billion is light oil. The country is unique because it has enough oil to supply Canadians for decades and billions of barrels leftover to sell to the United States and other countries. Today, half of Canada's crude oil production is from the oil sands.

Athabasca holds over 3.5 million net acres of mineral leases in the northwestern and Athabasca regions of Alberta. The company's common shares are listed on the Toronto Stock Exchange under the trading symbol "ATH."

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine

CEOCFO: Mr.Svarte, why the recent company name change?
Mr. Svarte: When we launched Athabasca in 2006, the company was a pure-play oil sands developer. However, a couple of years later, we started purchasing acreage in northwestern Alberta, which contains liquids-rich natural gas. Therefore, we formed two divisions, one to develop the thermal oil and the other to explore and produce light oil.

Athabasca remains bullish on oil prices, a belief that underpins our growth strategy in the two areas where we expect to see considerable future expansion of liquids production: oil sands, carbonates and liquids rich tight formations suitable for multi-stage fracture completions.

Athabasca has matured a growth strategy encompassing the synergies of long-lived oil sands projects with a high return light oil and liquids rich gas development that adds shareholder value. Athabasca is fully funded for all of its wholly owned thermal oil projects filed and its light oil program from: cash on hand; cash from operations; a reasonable level of debt; and, anticipated proceeds from the Dover put/call option.

The company has a fast-paced entrepreneurial culture attracting the very best talents from the industry that deliver quality results on time and on budget. Athabasca's strategic vision is to produce 220,000 barrels of oil equivalent per day by the year 2020, with half from the Thermal Oil Division and half from the Light Oil Division.

CEOCFO: Has it worked so far? Have you changed peoples' perception or is it a little too early to tell?
Mr. Svarte: It is probably too early to tell. Our new name more accurately reflects what our company does. Athabasca is known for our technical excellence. So far, we have not had trouble attracting the top talent into our organization so it has helped our recruitment strategy.

CEOCFO: Athabasca's site, www.atha.com, mentions world-class assets, unparalleled people and strong financial position. Would you tell us about each of these facets of Athabasca today?
Mr. Svarte: What made Athabasca special in the first place is that we had very large and good assets. We saw early on that to be able to finance our operations we would take some venture partners, as we did in 2010 with PetroChina. As well, international oil companies like the asset base we have and want to talk to about forming a joint venture to build large oil sands projects.

Big projects attract talented people. These are engineers who really like to build things. That is what brings them here.

We are very well financed. We have about $70 million in the bank in the last quarter. We have the possible proceeds from exercising the put/call with PetroChina coming in at $1.3 Billion. That is almost unique for a company of our size to be in such a good financial position.

Our employees like our good corporate culture. We like to have fun at work. We are hard working, but at the same time, people should enjoy what they do. I think we have managed to marry that expectation together with delivering large amounts of work from the employees. We have hand picked the very best ones. We phone the high performers in other organizations and ask them to come over to Athabasca and that has worked out very well for us.

CEOCFO: What are the main projects happening on the ground today? What do you anticipate changing in the next year or two?
Mr. Svarte: The Light Oil Division works at a very fast pace. You drill wells and put them into production straight away. In 2012, we are investing about $500 million this year to drill more than 40 wells. We have several hundred people in the field drilling wells every day, fracking them and putting them into production over the next two months.

When you compare that to the Oil Sands Division, it takes years to drill enough wells to prove you have a viable project, apply to the regulatory authorities for the necessary licences and approvals, then build the project and start steaming the reservoir. Then you produce the first barrel of thermal oil.

Athabasca has matured a growth strategy encompassing the synergies of long-lived oil sands projects with a high return light oil and liquids rich gas development that adds shareholder value. - Sveinung Svarte

On October 4, Athabasca received the necessary approvals for the development of its first 12,000 barrels/day oil sands project. Located less than 20 kilometres (15 miles) from Fort McMurray, the Hangingstone Project 1 will use steam assisted gravity drainage (SAGD). This will be followed by additional SAGD projects, bringing the area's potential production to more than 80,000 bbl/d. In 2013, the company plans to file regulatory applications for development of Hangingstone Projects 2 and 3.

CEOCFO: What is your take on the general energy and oil situation worldwide? How much affect does the macro environment have for you, if any?
Mr. Svarte: As the International Energy Agency (IEA) predicts, the world will need 40% more energy by 2030 than is used today. We believe that Canada can provide an enormous amount of all kinds of energy that is safe, secure and reliable.

From the beginning, Athabasca decided to become an energy producer. We think the demand for oil will always be there. North America has an excellent pipeline system to efficiently take crude oil to refineries and then to consumers. Canada is looking at building several pipelines west to export crude to Asia. Looking at the growth projections and the aspirations of people in countries like China and India, there are hundreds of millions of people who want to live as we do.

CEOCFO: What are some of the different processes that you are using and the different types of properties that hold?
Mr. Svarte: Athabasca is developing thermal assisted gravity drainage (TAGD), an innovative process for the in-situ recovery of bitumen.

TAGD uses an array of downhole heaters installed in horizontal wells to heat the reservoir via thermal conduction. Although several types of heaters could be used, Athabasca currently employs electric resistance heaters. The bitumen reservoir is heated to approximately 140-160 °C — a modest temperature when compared to SAGD operations — producing a viscosity similar to that of medium crude oil. Via gravity drainage, the bitumen flows to the bottom of the reservoir where it is recovered by several horizontal production wells. The company believes that ultimate recovery efficiencies from TAGD could be similar to SAGD. TAGD offers several potential advantages over SAGD: the ability to use a lower temperature which increases energy efficiency and improves operational costs; and no water is required for the bitumen recovery process.

In the Light Oil Division, the team uses hydraulic fracturing in low permeability reservoirs to achieve economic hydrocarbon production rates from the wells. Hydraulic fracturing of the reservoir enhances permeability networks within the rock, enabling hydrocarbons to flow more freely into the wellbore. Fracture networks are created within the reservoir by pumping fluids under pressure into the geological formation. The type of fracture fluid used depends primarily upon the reservoir characteristics. 'Frac' fluid is generally either water-based or oil-based — it may also be pumped along with a gas (nitrogen or carbon dioxide). Chemicals may be added in order to alter the fluid characteristics. As part of the fracturing process, sand is also pumped into the formation; the sand (or proppant) is injected after the initial fluid (pad) in order to hold/prop the fracture networks open, providing a conduit for the reservoir fluids to flow to the wellbore. Numerous fracture stages (multi-stages) are placed along a horizontal wellbore.

CEOCFO: Athabasca is focused on achieving lower development and operational costs. What are you able to do to help contain the cost that maybe others are not?

Mr. Svarte: At a smaller company, we can be very “lean.” We try to tie up field personnel with stock price compensation, so they actually feel like a part or the Athabasca family. That way we always feel that we can get the very best people, which is very important. Even though the costs are going up, it is not so much the cost per hour that really kills them. It is the fact that they get lower quality personnel that are much less efficient. If you have incentives in place that can attract the very best employees you can actually look after the development and production costs in a much better way. That is what we try to do.

The company is also ordering equipment from abroad, trying to make it into modular units that are as small as possible to make transportation easier and less expensive. This avoids having highly expensive workers in the field. It is much better to have them in a warmer, lower paid place somewhere in North America where we can transport from.

CEOCFO: Why should investors look at Athabasca Oil today?

Mr. Svarte: Investors should realize that we have a tremendous potential when it comes to resources. Athabasca offers a rich portfolio of oil assets in Alberta.

The company has significant bitumen resources in thermal oil and considerable light oil and liquids-rich natural gas holdings. The company has amassed a land base of over 3.5 million acres (net) and delineated more than 12 billion barrels (gross) of contingent resource (best estimate) of which it holds approximately 9.2 billion barrels (best estimate) since the sale of its remaining 40% interest in the MacKay River thermal oil project on March 15, 2012.

The company has matured a growth strategy encompassing the synergies of long-lived thermal oil projects with light oil and liquids-rich gas developments that are expected to build significant short-term cash flow. We have accomplished this thanks to the dedication and hard work of a talented team of professionals in a manner that is sustainable and respectful of our stakeholders.

2012 is a pivotal year for the company as Athabasca has moved into the development phase of its projects. The infrastructure and development projects we have launched lay the foundation for sustainable production growth for many years to come. The company targets a 2012 exit rate of 8,000 to 10,000 barrels of oil equivalent/day (boe) from the Light Oil division and first oil from the Thermal Oil division in 2014. The company’s goal is to grow the production to between 200,000 and 260,000 boe/d by 2020, half extra heavy oil and half light oil.

Athabasca Oil Corporation
Bow Valley Square 4, Suite 2000
250 6th Avenue SW
Calgary Alberta Canada T2P 3H7
Phone: 403-237-8227
www.atha.com