



ATHABASCA

OIL CORPORATION

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON APRIL 21, 2015**

AND

INFORMATION CIRCULAR - PROXY STATEMENT

DATED MARCH 17, 2015

ATHABASCA OIL CORPORATION

Notice of Annual General and Special Meeting of Shareholders to be held on April 21, 2015

The annual general and special meeting (the “**Meeting**”) of the holders of common shares of Athabasca Oil Corporation (the “**Corporation**”) will be held at 9:00 a.m. (Calgary time) on Tuesday, April 21, 2015 in the Lecture Theatre at The Metropolitan Conference Centre, 333 Fourth Avenue, S.W., Calgary, Alberta, to:

1. receive and consider the financial statements of the Corporation for the year ended December 31, 2014 and the auditors’ report thereon;
2. fix the number of directors to be elected at the Meeting at eight (8);
3. elect eight (8) directors of the Corporation;
4. consider, and if thought advisable, pass an ordinary resolution approving all unallocated stock options under the Corporation’s stock option plan;
5. consider, and if thought advisable, pass an ordinary resolution approving a new restricted share unit plan for the Corporation;
6. consider, and if thought advisable, pass an ordinary resolution approving the amendment and restatement of the Corporation’s shareholder protection rights plan agreement;
7. appoint Ernst & Young LLP as the auditors of the Corporation and authorize the directors to fix their remuneration as such; and
8. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular-Proxy Statement of the Corporation dated March 17, 2015.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on March 3, 2015 (the “**Record Date**”). Shareholders of the Corporation whose names have been entered in the register of shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers his, her or its shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands not later than ten days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

Registered shareholders of the Corporation who are unable to attend the Meeting in person are requested to complete, date and sign the enclosed instrument of proxy and return it by mail, hand delivery or fax to the Corporation’s transfer agent, Computershare Trust Company of Canada, as follows:

1. **By mail or hand delivery to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1; or**
2. **By facsimile to (416) 263-9524 or 1-866-249-7775.**

Alternatively, shareholders may vote through the internet at www.investorvote.com or by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Shareholders will

require the 15 digit control number that may be found on the instrument of proxy in order to vote through the internet or by telephone.

In order to be valid and acted upon at the Meeting, instruments of proxy as well as votes by internet and telephone must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. Shareholders are cautioned that the use of the mail to transmit proxies is at each shareholder's risk.

Beneficial or non-registered Shareholders should follow the instructions on the voting instruction form provided by their intermediaries with respect to the procedures to be followed for voting at the Meeting.

DATED at Calgary, Alberta, this 17th day of March, 2015.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) *"Thomas W. Buchanan"*

Thomas W. Buchanan
Chief Executive Officer and Chair of the Board

ATHABASCA OIL CORPORATION

INFORMATION CIRCULAR - PROXY STATEMENT

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ATHABASCA OIL CORPORATION

Information Circular - Proxy Statement

For the Annual General and Special Meeting
of Shareholders to be held on April 21, 2015

Dated March 17, 2015

This information circular - proxy statement (the “**Circular**”) is furnished in connection with the solicitation of proxies by management of Athabasca Oil Corporation (“**Athabasca**”, the “**Corporation**”, “**us**”, “**our**” or “**we**”) for use at the annual general and special meeting of holders of common shares (the “**Common Shares**”) to be held in the Lecture Theatre at The Metropolitan Conference Centre, 333 Fourth Avenue, S.W., Calgary, Alberta, on April 21, 2015 at 9:00 a.m. (Calgary time) and any adjournment or adjournments thereof (the “**Meeting**”) for the purposes set forth in the accompanying Notice of Annual General and Special Meeting.

The Board of Directors (the “**Board**”) of the Corporation has fixed the record date for the Meeting at the close of business on March 3, 2015. Only shareholders of record on March 3, 2015 are entitled to receive notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee’s name be included on the list of shareholders.

Unless otherwise stated, the information contained in this Circular is given as at March 17, 2015. All dollar amounts in this Circular, unless otherwise indicated, are stated in Canadian currency.

No person has been authorized by the Corporation to give any information or make any representations in connection with the transactions herein described other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation.

PROXIES

Solicitation of Proxies

The instrument appointing a proxy must be in writing and must be executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation.

The persons named in the enclosed instrument of proxy are officers of the Corporation. As a registered shareholder submitting a proxy you have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the person or persons designated in the instrument of proxy furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other names or submit another appropriate proxy.

In order to be effective, the proxy must be sent by mail, hand delivery or fax to the Corporation’s transfer agent, Computershare Trust Company of Canada, as follows:

1. By mail or hand delivery to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1; or
2. By facsimile to (416) 263-9524 or 1-866-249-7775.

Alternatively, registered shareholders may vote through the internet at www.investorvote.com or by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Registered

shareholders will require the 15 digit control number that may be found on the instrument of proxy in order to vote through the internet or by telephone.

In order to be valid and acted upon at the Meeting, instruments of proxy as well as votes by internet and telephone must be received in each case not less than 48 hours (excluding weekends and holidays) before the time set for the holding of the Meeting or any adjournment(s) thereof. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at his or her discretion, without notice.

Exercise of Discretion by Proxy

The Common Shares represented by proxy in favour of management nominees will be voted or withheld from voting on any ballot that may be called for at the Meeting. Where you specify a choice with respect to any matter to be acted upon your Common Shares will be voted on any ballot in accordance with your instructions. If you do not provide instructions, your Common Shares will be voted in favour of the matters to be acted upon as set out in this Circular. The persons appointed under the form of proxy which we have furnished have discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and the Notice of Annual General and Special Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Circular, we know of no such amendment, variation or other matter.

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name (referred to in this Circular as “**Beneficial Shareholders**”). Only proxies deposited by shareholders whose names appear on the Corporation’s records as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name in the Corporation’s records. Such Common Shares will likely be registered under the name of your broker or an agent of that broker. In Canada, the vast majority of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by your broker or their nominee can only be voted upon your instructions. Without specific instructions, your broker or their nominee is prohibited from voting your Common Shares. Applicable regulatory policy requires your broker to seek voting instructions from you in advance of the Meeting. Every broker has its own mailing procedures and provides its own return instructions, which you should carefully follow in order to ensure that your Common Shares are voted at the Meeting.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”) or another intermediary. If you receive a voting instruction form from Broadridge or another intermediary it cannot be used as a proxy to vote Common Shares directly at the Meeting as the proxy must be returned (or otherwise reported) as described in the voting instruction form well in advance of the Meeting in order to have the Common Shares voted.

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of your broker (or agent of the broker), you may attend the Meeting as proxyholder for the registered shareholder and vote Common Shares in that capacity. If you wish to attend the Meeting and indirectly vote your Common Shares as proxyholder for the registered shareholder, you should enter your own name in the blank space on the form of proxy provided to you and return it to your broker (or the broker’s agent who provided it to you) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

These securityholder materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner, and Athabasca or its agent has sent these materials directly to you, your name and

address and information about your holding of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

The Corporation is not using “notice-and-access” to send its proxy-related materials to shareholders, and paper copies of such materials will be sent to all shareholders. The Corporation will not send proxy-related materials directly to non-objecting Beneficial Shareholders and such materials will be delivered to non-objecting Beneficial Shareholders by Broadridge or through the non-objecting Beneficial Shareholder’s intermediary. The Corporation does not intend to pay for the costs of an intermediary to deliver to objecting Beneficial Shareholders the proxy-related materials and Form 54-101F7 *Request for Voting Instructions Made by Intermediary* of National Instrument 54-101, and objecting Beneficial Shareholders will not receive the materials unless their intermediary assumes the costs of delivery.

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you appoint as your proxy attends personally at the Meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either with us c/o our transfer agent Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, at any time prior to 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chair of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of Athabasca’s management. Athabasca will bear the costs incurred in the preparation and mailing of the form of proxy, Notice of Annual General and Special Meeting and this Circular. In addition to mailing forms of proxy, proxies may be solicited by telephone, personal interviews, or by other means of communication, by our directors, officers and employees who will not be remunerated therefore.

Athabasca has engaged Kingsdale Shareholder Services (“**Kingsdale**”) as proxy solicitation agent and will pay fees of approximately \$30,000 to Kingsdale for the proxy solicitation service in addition to certain out-of-pocket expenses. Athabasca may also retain the services of a managing solicitor dealer to form and manage a soliciting dealer group or other solicitation agents to solicit proxies in connection with the Meeting on terms and conditions, including the payment of fees and reimbursement of expenses, as are customary in such retainer agreements. As at the date hereof, other than Kingsdale, Athabasca has not made a decision to engage soliciting dealers or other proxy solicitation agents to encourage the return of completed proxies and to solicit proxies in favour of the matters to be considered at the Meeting. Athabasca may however do so and, if it does, the costs in respect of such services would be paid by Athabasca. Athabasca will not reimburse shareholders, nominees or agents for the cost incurred in obtaining authorization to execute forms of proxy from their principals.

QUORUM, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of Common Shares. As of March 16, 2015 there were 402,567,172 Common Shares issued and outstanding. The holders of Common Shares are entitled to one vote for each share held. The Board has fixed the Record Date for the Meeting as the close of business on March 3, 2015.

Business may be transacted at the Meeting if not less than two persons are present holding or representing by proxy not less than 10% of the Common Shares entitled to be voted at the Meeting. If a quorum is present at the opening of the Meeting, the shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of

the Meeting, the shareholders present or represented by proxy may adjourn the Meeting to a fixed time and place but may not transact any other business.

To the knowledge of our directors and executive officers, as at the date hereof, there is no person or company who beneficially owns or controls or directs, directly or indirectly, more than 10% of the outstanding Common Shares.

MATTERS TO BE ACTED UPON AT THE MEETING

1. Presentation of Financial Statements

At the Meeting, the financial statements of the Corporation for the fiscal year ended December 31, 2014 and the auditors' report on such statements will be placed before the shareholders. No formal action is required or proposed to be taken at the Meeting with respect to the financial statements.

2. Fixing the Number of Directors



At the Meeting, holders of Common Shares will be asked to consider and, if thought to be appropriate, approve an ordinary resolution fixing the number of directors for the present time at eight (8), as may be adjusted between shareholders' meetings by way of resolution of the Board. Accordingly, unless otherwise directed, it is the intention of management to vote proxies in the accompanying form in favour of the ordinary resolution fixing the number of directors to be elected at the Meeting at eight (8). In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at eight (8) must be passed by a majority of the votes cast by shareholders who vote in respect of this ordinary resolution.



3. Election of Directors

Action is to be taken at the Meeting with respect to the election of directors. The Board presently consists of seven (7) members, the term of each of which expires at the Meeting. It is proposed that the eight (8) persons mentioned below will be nominated at the Meeting. The Board recommends that each of these eight (8) nominees be elected to hold office until the next annual meeting or until his successor is duly elected or appointed, unless his office is earlier vacated.

The enclosed form of proxy permits shareholders to vote "for" or to "withhold" their vote in respect of each director nominee. Except where authority to vote on the election of directors is withheld, the persons named in the accompanying form of proxy intend to vote for the election of each of the eight (8) nominees that are referred to below. Management has no reason to believe that any of the nominees will be unable to serve as director but, should any nominee become unable to do so for any reason prior to the Meeting, the persons named in the accompanying form of proxy, unless directed to withhold from voting, reserve the right to vote for other nominees at their discretion.

The following information relating to the nominees as directors is based partly on our records and partly on information received by us from the nominees, and sets forth the name, province and country of residence of each of the persons proposed to be nominated for election as a director, whether he is an independent director, the year in which he was first elected as a director, his principal occupation for at least the past five (5) years, current committee memberships, attendance at Board meetings in 2014 (if applicable), the number of Common Shares that he has advised were beneficially owned or controlled or directed by him, directly or indirectly, as at December 31, 2014, the number of stock options ("**Stock Options**" or "**Options**") and 2010 RSUs (as defined below) of the Corporation that were held by him as at December 31, 2014 and the market value of his Common Shares, Options and 2010 RSUs as at December 31, 2014.

 <p>Tom Buchanan Chair of the Board and Chief Executive Officer. Effective April 20, 2015, Mr. Buchanan is resigning as CEO and will remain as Chair. Alberta, Canada</p> <p>Status: Not Independent</p> <p>Director since November 14, 2006</p>	<p>Chief Executive Officer of the Corporation since October 1, 2014 and was both President and Chief Executive Officer of the Corporation from October 1, 2014 until January 6, 2015. Chief Executive Officer of Spyglass Resources Corp. from March 2013 until June, 2014. Prior thereto, Chairman and Chief Executive Officer of Charger Energy Corp., a public oil and gas company listed on the TSX Venture Exchange, from September 2010 to March 2013. Prior thereto, a director and President and Chief Executive Officer of Provident Energy Ltd., the administrator of Provident Energy Trust, a public diversified energy income trust listed on the Toronto Stock Exchange ("TSX") with investments in upstream oil and gas production and natural gas liquids midstream services, from March 2001 to April 2010. Mr. Buchanan is a Fellow of the Canadian Institute of Chartered Accountants.</p> <p>Other Public Company Board Memberships: Spyglass Resources Corp.</p> <p>Current Committee Memberships: None.</p> <p>2014 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th><u>Meeting Attendance</u></th></tr> <tr> <td>Board</td><td>8 of 8 (100%)</td></tr> <tr> <td>Audit</td><td>4 of 4 (100%)⁽¹⁾</td></tr> <tr> <td>Compensation and Governance</td><td>3 of 3 (100%)⁽¹⁾</td></tr> <tr> <td>Reserves and HSE</td><td>1 of 1 (non-member)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2014</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>519,723</td></tr> <tr> <td>Stock Options</td><td>1,500,000</td></tr> <tr> <td>2010 RSUs</td><td>57,330</td></tr> <tr> <td>Total Market Value of Common Shares, Stock Options and 2010 RSUs⁽²⁾</td><td>\$1,488,833</td></tr> </table>		<u>Meeting Attendance</u>	Board	8 of 8 (100%)	Audit	4 of 4 (100%) ⁽¹⁾	Compensation and Governance	3 of 3 (100%) ⁽¹⁾	Reserves and HSE	1 of 1 (non-member)		<u>December 31, 2014</u>	Common Shares Owned, Controlled or Directed	519,723	Stock Options	1,500,000	2010 RSUs	57,330	Total Market Value of Common Shares, Stock Options and 2010 RSUs ⁽²⁾	\$1,488,833
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 <p>Gary Dundas, Director Alberta, Canada</p> <p>Status: Independent</p> <p>Director since August 28, 2006</p>	<p>Independent businessman. From January 2011 to March 2013, Vice President, Finance and Chief Financial Officer of AvenEx Energy Corp., a public oil and gas company listed on the TSX, which was the entity resulting from the reorganization of Avenir Diversified Income Trust into a corporate structure, which was completed on January 1, 2011. Prior thereto, Vice President, Finance and Chief Financial Officer of Avenir Operating Corp., the administrator of Avenir Diversified Income Trust, a public oil and gas income trust listed on the TSX, from January 2003 until January 2011.</p> <p>Other Public Company Board Memberships: DirectCash Payments Inc.</p> <p>Current Committee Memberships: Audit Reserves and HSE Compensation and Governance</p> <p>2014 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th><u>Meeting Attendance</u></th></tr> <tr> <td>Board</td><td>8 of 8 (100%)</td></tr> <tr> <td>Audit</td><td>4 of 4 (100%)</td></tr> <tr> <td>Reserves and HSE</td><td>1 of 1 (100%)</td></tr> <tr> <td>Compensation and Governance</td><td>4 of 4 (100%)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2014</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>1,875,000</td></tr> <tr> <td>Stock Options</td><td>-</td></tr> <tr> <td>2010 RSUs</td><td>57,330</td></tr> <tr> <td>Total Market Value of Common Shares, Stock Options and 2010 RSUs⁽²⁾</td><td>\$4,999,001</td></tr> </table>		<u>Meeting Attendance</u>	Board	8 of 8 (100%)	Audit	4 of 4 (100%)	Reserves and HSE	1 of 1 (100%)	Compensation and Governance	4 of 4 (100%)		<u>December 31, 2014</u>	Common Shares Owned, Controlled or Directed	1,875,000	Stock Options	-	2010 RSUs	57,330	Total Market Value of Common Shares, Stock Options and 2010 RSUs ⁽²⁾	\$4,999,001
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 <p>Ronald J. Eckhardt Lead Director Alberta, Canada</p> <p>Status: Independent</p> <p>Director since April 1, 2012</p>	<p>Mr. Eckhardt is currently retired. Prior thereto, Executive Vice President, North American Operations of Talisman Energy Inc., a publicly traded energy company listed on the TSX, from October 2003 to September 2009.</p> <p>Other Public Company Board Memberships: NuVista Energy Ltd.</p> <p>Current Committee Memberships: Reserves and HSE Compensation and Governance</p> <p>2014 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th><u>Meeting Attendance</u></th></tr> <tr> <td>Board</td><td>8 of 8 (100%)</td></tr> <tr> <td>Reserves and HSE</td><td>1 of 1 (100%)</td></tr> <tr> <td>Compensation and Governance</td><td>1 of 1 (100%)⁽¹⁾</td></tr> <tr> <td>Audit</td><td>4 of 4 (non-member)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2014</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>40,000</td></tr> <tr> <td>Stock Options</td><td>-</td></tr> <tr> <td>2010 RSUs</td><td>35,590</td></tr> <tr> <td>Total Market Value of Common Shares, Stock Options and 2010 RSUs⁽²⁾</td><td>\$192,219</td></tr> </table>		<u>Meeting Attendance</u>	Board	8 of 8 (100%)	Reserves and HSE	1 of 1 (100%)	Compensation and Governance	1 of 1 (100%) ⁽¹⁾	Audit	4 of 4 (non-member)		<u>December 31, 2014</u>	Common Shares Owned, Controlled or Directed	40,000	Stock Options	-	2010 RSUs	35,590	Total Market Value of Common Shares, Stock Options and 2010 RSUs ⁽²⁾	\$192,219
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 <p>Carlos Fierro Director Washington, D.C., U.S.A</p> <p>Status: Independent</p> <p>Director since January 6, 2015</p>	<p>Mr. Fierro is an independent investor and serves on public and private corporate boards. From September 2008 to June 2013, Mr. Fierro was a Managing Director and the Global Head of the Natural Resources Group for Barclays PLC. Prior thereto, Mr. Fierro spent 11 years at Lehman Brothers, where his last role was the Global Head of the National Resources Group. Before joining Lehman Brothers, Mr. Fierro was a transactional lawyer with Baker Botts LLP, where he practiced corporate, M&A and securities law.</p> <p>Other Public Company Board Memberships: Shell Midstream Partners, L.P.</p> <p>Current Committee Memberships: Audit</p> <p>2014 Board and Committee Meeting Attendance: N/A</p> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2014</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed ⁽³⁾</td><td>-</td></tr> <tr> <td>Stock Options</td><td>-</td></tr> <tr> <td>2010 RSUs⁽⁴⁾</td><td>-</td></tr> <tr> <td>Total Market Value of Common Shares, Stock Options and 2010 RSUs</td><td>\$ -</td></tr> </table>		<u>December 31, 2014</u>	Common Shares Owned, Controlled or Directed ⁽³⁾	-	Stock Options	-	2010 RSUs ⁽⁴⁾	-	Total Market Value of Common Shares, Stock Options and 2010 RSUs	\$ -										
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Common Shares Owned, Controlled or Directed ⁽³⁾	-																				
Stock Options	-																				
2010 RSUs ⁽⁴⁾	-																				
Total Market Value of Common Shares, Stock Options and 2010 RSUs	\$ -																				



Paul G. Haggis
Director
Alberta, Canada

Status: Independent

Director since January 6,
2015

Mr. Haggis is currently the Chairman of Alberta Enterprise Corporation (a private Alberta Crown Corporation). He also currently sits on the boards of Canadian Pacific Rail Limited and Advantage Oil and Gas Ltd. Mr. Haggis has extensive experience in the institutional investment industry, including as CEO of Ontario Municipal Employees Retirement System from September 2003 to March 2007; Interim Chief Executive Officer of the Public Sector Pension Investment Board during 2003; Executive Vice-President, Development and Chief Credit Officer of Manulife Financial in 2002; and as CEO of Alberta Treasury Branches from 1996 to 2001. Mr. Haggis is also an advisor to the board of the Insurance Corporation of British Columbia (ICBC) and was the former chair of the ICBC's Investment Committee.

Other Public Company Board Memberships:

Advantage Oil & Gas Ltd.
Canadian Pacific Railway Limited

Current Committee Memberships:

Compensation and Governance

2014 Board and Committee Meeting Attendance:

N/A

Ownership:

	<u>December 31, 2014</u>
Common Shares Owned, Controlled or Directed	-
Stock Options	-
2010 RSUs ⁽⁴⁾	-
Total Market Value of Common Shares, Stock Options and 2010 RSUs	\$ -



Marshall McRae
Director
Alberta, Canada

Status: Independent

Director since October 30,
2009

Interim Executive Vice President and Chief Financial Officer of Black Diamond Group Limited, a remote lodging, modular building and energy services company listed on the TSX, from October 2013 to August 2014, and Executive Vice President from August 2014 to December 2014. Mr. McRae has been an independent financial and management consultant since August 2009. Prior thereto, Chief Financial Officer of CCS Inc., administrator of CCS Income Trust, a publicly traded energy and environmental services trust listed on the TSX, and its successor corporation, CCS Corporation, a private energy and environmental services company, from August 2002 until August 2009.

Other Public Company Board Memberships:

Gibson Energy Inc.
Black Diamond Group Limited

Current Committee Memberships:



Audit
Compensation and Governance

2014 Board and Committee Meeting Attendance:

	<u>Meeting Attendance</u>
Board	8 of 8 (100%)
Audit	4 of 4 (100%)
Compensation and Governance	4 of 4 (100%)

Ownership:

	<u>December 31, 2014</u>
Common Shares Owned, Controlled or Directed ⁽⁵⁾	14,800
Stock Options	176,000
2010 RSUs	125,330
Total Market Value of Common Shares, Stock Options and 2010 RSUs ⁽²⁾	\$350,404

	<p>Chief Executive Officer of Alberta Steam and Power Corp., a private company focused on provision of steam and power to the oil and gas industry, since February 2013. Prior thereto, Interim Chief Executive Officer from February 2012 to December 2012, President, Chief Operating Officer and a director from May 2010 to January 2012 and Executive Vice President and Chief Operating Officer from 2005 to 2010 of Connacher Oil and Gas Limited, a bitumen exploration, development and production company listed on the TSX.</p> <p>Other Public Company Board Memberships: Gemini Corporation</p> <p>Current Committee Memberships: Audit Reserves and HSE</p> <p>2014 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th><u>Meeting Attendance</u></th></tr> <tr> <td>Board</td><td>8 of 8 (100%)</td></tr> <tr> <td>Audit</td><td>3 of 4 (100% while a Committee member))⁽¹⁾</td></tr> <tr> <td>Reserves and HSE</td><td>1 of 1 (100%)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2014</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>15,000</td></tr> <tr> <td>Stock Options</td><td>-</td></tr> <tr> <td>2010 RSUs</td><td>6,250</td></tr> <tr> <td>Total Market Value of Common Shares, Stock Options and 2010 RSUs⁽²⁾</td><td>\$54,413</td></tr> </table>		<u>Meeting Attendance</u>	Board	8 of 8 (100%)	Audit	3 of 4 (100% while a Committee member)) ⁽¹⁾	Reserves and HSE	1 of 1 (100%)		<u>December 31, 2014</u>	Common Shares Owned, Controlled or Directed	15,000	Stock Options	-	2010 RSUs	6,250	Total Market Value of Common Shares, Stock Options and 2010 RSUs ⁽²⁾	\$54,413
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	<p>President and Chief Operating Officer of the Corporation since January 6, 2015. Prior thereto, Chief Operating Officer of the Corporation from October 11, 2013 to January 6, 2015, and Senior Vice President, Light Oil of the Corporation from November 26, 2012 to October 11, 2013. Prior thereto, Senior Vice President, North American Shale with Talisman Energy Inc. from April, 2012 to October, 2012 and President, Talisman Energy USA Inc. from December, 2009 to April 2012. Mr. Broen was also a member of the board of directors of Talisman Energy USA Inc. from December, 2009 to April 2012</p> <p>Other Public Company Board Memberships: None</p> <p>Current Committee Memberships: N/A</p> <p>2014 Board and Committee Meeting Attendance: N/A</p> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2014</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td></td></tr> <tr> <td>Stock Options</td><td>699,100</td></tr> <tr> <td>2010 RSUs</td><td>538,700</td></tr> <tr> <td>Performance Awards</td><td>135,700</td></tr> <tr> <td>Units of a fund that hold Common Shares ⁽⁶⁾</td><td>8,644</td></tr> <tr> <td>Total Market Value of Common Shares, Stock Options, 2010 RSUs, Performance Awards and fund Units⁽⁷⁾</td><td>\$1,360,120</td></tr> </table>		<u>December 31, 2014</u>	Common Shares Owned, Controlled or Directed		Stock Options	699,100	2010 RSUs	538,700	Performance Awards	135,700	Units of a fund that hold Common Shares ⁽⁶⁾	8,644	Total Market Value of Common Shares, Stock Options, 2010 RSUs, Performance Awards and fund Units ⁽⁷⁾	\$1,360,120				
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Notes:

- (1) Effective October 1, 2014, Mr. Buchanan replaced Mr. Sveinung Svarte as President and Chief Executive Officer of the Corporation and therefore ceased to be an independent director. As a result, Mr. Eckhardt replaced Mr. Buchanan on the Compensation and Governance Committee and Mr. Sametz replaced Mr. Buchanan on the Audit Committee. Prior to October 1, 2014:

- Mr. Buchanan attended all four Audit Committee meetings (three as a member of the committee) and all four Compensation and Governance Committee meetings (three as a member of the committee) held in 2014;
 - Mr. Eckhardt attended the one Compensation and Governance Committee meeting held after his appointment as a member; and
 - Mr. Sametz attended three Audit Committee meetings (two as a non-member and the one held after his appointment as a member).
- (2) The “Total Market Value of Common Shares, Stock Options and 2010 RSUs” was determined by multiplying the number of Common Shares held by the nominee as of December 31, 2014 by the closing price of the Common Shares on the TSX on such date (\$2.59) and then adding the sum of the number of Common Shares issuable upon exercise of in-the-money Options and 2010 RSUs held multiplied by the difference between the closing price of the Common Shares on the TSX on such date (\$2.59) less the exercise price of the in-the-money Options and 2010 RSUs.
- (3) In January 2015, Mr. Fierro: (a) personally acquired 40,000 Common Shares; and (b) was awarded 15,440 2010 RSUs in connection with his appointment to the Board on January 6, 2015.
- (4) In January 2015, Mr. Haggis was awarded 15,440 2010 RSUs in connection with his appointment to the Board of Directors of the Corporation on January 6, 2015.
- (5) Included for Mr. McRae are 4,800 Common Shares owned by a family member of Mr. McRae, but which are controlled by him.
- (6) The value of a Unit in the fund holding Common Shares was \$2.17 as at December 31, 2014.
- (7) The “Total Market Value of Common Shares, Stock Options, 2010 RSUs, Performance Awards and fund Units” was determined by (a) multiplying the number of Common Shares held by the nominee as of December 31, 2014 by the closing price of the Common Shares on the TSX on such date (\$2.59); and adding (b) the sum of the number of Common Shares issuable upon exercise of in-the-money Options and 2010 RSUs held multiplied by the difference between the closing price of the Common Shares on the TSX on such date (\$2.59) less the exercise price of the in-the-money Options and 2010 RSUs; and adding (c) the sum of multiplying the number of fund Units by the value of Unit. The value of a Performance Award as at December 31, 2014 was \$0.00.

Separation of Chair and CEO Roles

Prior to October 1, 2014, the roles of Chair and CEO had been separate from one another. These roles are currently combined, however, the Board is taking steps to reinstate this governance structure that is preferred by our shareholders and which we support.

On October 1, 2014 Mr. Buchanan, Board Chair, was appointed President and CEO of the Corporation replacing Sveinung Svarte who retired on September 30, 2014. Mr. Buchanan’s tenure as CEO was intended to be short-term for the purpose of assessing and implementing any required changes to the strategic direction, operation, management and business priorities of the Corporation. Mr. Buchanan’s objectives included: (1) working with management to validate Athabasca’s business strategy; (2) improving the Corporation’s cost structure; (3) considering and assessing strategic opportunities to unlock the potential of Athabasca’s substantial resource base and enhance shareholder value; (4) working with the Compensation and Governance Committee to enhance the Board’s governance structure; and (5) developing and mentoring Athabasca’s talented executive team, including, importantly, assessing Mr. Rob Broen’s readiness to assume the CEO role. While the ultimate timeframe needed to achieve these important objectives was not determinable at the time of his appointment it was intended that once Mr. Buchanan had substantially progressed the objectives, Mr. Broen would be appointed as CEO. In recognition of Mr. Broen’s capabilities, and as part of the CEO-role succession plan, Mr. Buchanan relinquished the role of President to Rob Broen in January, 2015, while retaining the Chair and CEO roles.

The Board believes that with Mr. Buchanan’s oversight and guidance as CEO, the Corporation has made significant progress over the past several months on advancing these objectives. We have focused our capital allocation priorities toward the Corporation’s core growth areas of Kaybob Duvernay in its Light Oil division and Hangingstone in the Thermal Oil Division. In addition, we have developed a flexible capital program for the Light Oil division that allows Athabasca to manage through market cycles, preserve its balance sheet strength and better manage capital resources. On March 17, 2015, Athabasca announced that it had completed a successful review and realignment of the Corporation’s cost structure resulting in a significant reduction of annualized general and administration expense. Athabasca now has a cost structure that is properly aligned with its strategic business plan and is competitively aligned with its peers.

In light of this, and in light of the Board’s assessment that Mr. Broen is ready to assume the responsibilities of CEO, Mr. Buchanan is stepping down as CEO effective April 20, 2015 and will remain as Chair to continue his focus on the

Board's renewal process, as further described below (see "*Board Renewal Process*"). Mr. Broen will become President and CEO of Athabasca effective April 21, 2015. The Board expresses its immense gratitude to Mr. Buchanan for having taken on the CEO role, for his intelligent, astute leadership in guiding Athabasca through some challenging times and for his commitment to acting in the best interests of the Corporation.

Board Renewal Process

The Compensation and Governance Committee of the Board, which is comprised entirely of independent directors, annually reviews and assesses the size, independence, operation and competencies and skills of the Board and the individual directors in order to make recommendations to the Board regarding the Board's composition. Following its 2014 review and assessment, the Compensation and Governance Committee recommended to the Board that it complement its composition with the addition two members having certain competencies and backgrounds, including backgrounds in corporate governance. In response to this recommendation, the Board retained Korn Ferry International Inc. to assist the Board with its search for, and recruitment of, qualified candidates who would meet the requirements identified by the Board.

Based upon its assessment of the Board's size, independence and its skills requirements, and based upon an assessment of the merits of the candidates that were considered, the Board appointed two additional independent Directors, Carlos Fierro and Paul Haggis, effective January 6, 2015.

Mr. Buchanan played a key role in the 2014 Board renewal process that included a full review of the Board composition, skills assessment and relevant experience. As Chair, Mr. Buchanan will continue to play a key role in the renewal process in 2015 on behalf of the Compensation and Governance Committee. This will include a further review of the Board's governance and leadership structure. The Board expects to conclude its renewal process within 18 months, after which Mr. Buchanan will step down as Chair and a new, independent Chair will be appointed.

Board Tenure

Athabasca does not currently have a policy regarding term limits for directors. Board composition is assessed by the Compensation and Governance Committee on an annual basis to ensure that the Board has the right mix of skills and experience that will enable the Board to provide strong stewardship for the Corporation. Athabasca believes that it is important to have directors who understand our industry and our company. Long-term directors accumulate extensive company knowledge and experience and can make growing contributions to the Board over time. New directors can bring new experience and perspectives to the Board. Two of the eight Board nominees have been members of the Board since 2006 (the year that Athabasca was formed) and the remaining Board nominees have been, or will be, appointed in 2009, 2012, 2014 and 2015. The evolution of the Corporation's Board reflects the Corporation's growth from being a private oil sands oil exploration company into being the diversified light oil and thermal oil exploration and production company that it has become today. In the Compensation and Governance Committee's current view, term limits for directors will not necessarily further Athabasca's objective of achieving the optimum balance of skill and experience at the Board level.

Board Diversity

While Athabasca recognizes the benefits of diversity and inclusion at all levels within its organization, Athabasca does not currently have any targets, rules or formal policies that specifically require the identification, consideration, nomination or appointment of female board nominees or candidates for executive management positions or that would otherwise force the composition of the Board or Athabasca's executive management team. Board nominations and appointments are assessed solely based upon the merits of the candidates, in the context of the skills, experience and independence which the Board requires in order to be effective. When searching for candidates for senior management positions, Athabasca focusses on attracting and retaining experienced and highly skilled individuals that can add value to its business. Currently, Athabasca has no female Board members. Athabasca's executive management team is comprised of three women (approximately one-third of the total executive management team) holding the positions of Chief Financial Officer, Vice President Legal and Vice President

Human Resources. The Compensation and Governance Committee is expected to consider the benefits of implementing formal policies regarding gender diversity at the Board and executive management levels in 2015.

Experience and Background of Directors

The Compensation and Governance Committee ensures that the Board includes members with relevant experience and expertise so that the Board is able to effectively fulfil its mandates. The skills matrix shown below conveys the experience and expertise that each director nominee contributes to Athabasca's Board.

Skills	Director	Buchanan	Broen	Eckhardt	Dundas	McRae	Sametz	Fierro	Haggis	Count
Accounting & Finance		•			•	•		•	•	5
Engineering/Reserves			•	•			•			3
Governance		•		•	•	•	•	•	•	8
Government/Regulatory/Legal		•	•	•			•	•	•	6
Health, Safety & Environment		•	•	•	•		•			5
Management/ Leadership		•	•	•	•	•	•	•	•	8
Oil & Gas Upstream		•	•	•	•		•	•	•	7
Midstream/Trading		•		•			•	•		4
Oil Sands			•				•			2
Capital Markets		•	•		•	•	•	•	•	7
M&A		•		•	•	•	•	•	•	8
Risk Management		•	•	•	•	•		•	•	7
Count		10	8	9	8	6	10	9	8	

Majority Voting Policy

The Board has adopted a "majority voting" policy which stipulates that if a director nominee receives more "withhold" votes than "for" votes at an uncontested shareholders' meeting where director nominees have been nominated only by the Corporation, then such nominee will tender his or her resignation for consideration by the Compensation and Governance Committee. The Compensation and Governance Committee will consider the director nominee's offer to resign and will make a recommendation to the Board to accept the resignation unless exceptional circumstances exist that would warrant the applicable director continuing to serve on the Board. Within 90 days of the date of the relevant shareholders' meeting, upon considering the Compensation and Governance Committee's recommendation, the Board will accept the director's offer to resign unless exceptional circumstances exist that warrant the director remaining on the Board. A news release will be issued to announce the decision that is reached by the Board and if the Board chooses to not accept a director's offer to resign, the news release will fully describe the reasons for that decision. No director that is required to tender his or her resignation pursuant to the "majority voting" policy shall participate in the deliberations or recommendations of the Compensation and Governance Committee or the Board with respect to the director's offer to resign. The Board may fill any vacancy resulting from a resignation pursuant to the "majority voting" policy in accordance with the Corporation's by-laws and articles and applicable corporate laws.

Additional Disclosure Relating to Directors

Except as set forth below, no proposed director of the Corporation: (a) is, or has been within the past 10 years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that in each case

was in effect for a period of more than 30 consecutive days (collectively, an “**Order**”), or after such person ceased to be a director, chief executive officer or chief financial officer of the relevant company, was the subject of an Order which resulted from an event that occurred while acting in such capacity; (b) is, or has been within the past 10 years, a director or executive officer of any company, including the Corporation, that, while such person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; (c) has, within the past 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets; or (d) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority, or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable shareholder in deciding whether to vote for a proposed director.

Mr. Dundas is a director of Hawthorne Energy Ltd. (formerly Mahalo Energy Ltd.) (“**Mahalo**”). On May 22, 2009, Mahalo was granted protection from its creditors under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) pursuant to an initial order granted by the Court of Queen’s Bench of Alberta. Mahalo concluded a Court approved plan of arrangement to exit CCAA protection on November 12, 2010 that resulted in the cancellation of the existing share capital of the company and the settlement of existing creditor obligations. Mr. Dundas was also a director of Mahalo’s wholly owned subsidiary, Mahalo Energy (USA) Inc. (“**Mahalo USA**”). On May 21, 2009, Mahalo USA filed for and received chapter 11 creditor protection in the United States. On April 20, 2010, the US chapter 11 proceedings concluded with the transfer of Mahalo USA to Mahalo’s creditors. Also, on June 22, 2010, the Alberta Securities Commission issued a cease trade order against Mahalo for failure to file annual financial statements for the year ended December 31, 2009 and for failure to file interim unaudited financial statements for the period ended March 31, 2010. The securities commissions of each of British Columbia, Manitoba, Ontario and Quebec (and together with Alberta, the “**Commissions**”) issued similar orders in respect of failure to file financial statements. On November 12, 2010, each of the Commissions issued a full revocation order of the cease trade order and a cease to be reporting issuer order in connection with the conclusion of Mahalo’s CCAA proceedings.

4. Approval of Unallocated Stock Options

Section 613(a) of the TSX Company Manual provides that every three (3) years after the institution of a security based compensation arrangement all unallocated rights, options or other entitlements under such arrangement which do not have a fixed maximum number of securities issuable must be approved by a majority of the issuer’s directors and by the issuer’s security holders.

As the Corporation’s stock option plan dated September 1, 2009, as amended (the “**Option Plan**”) is considered to be a security based compensation arrangement and the Option Plan provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding Stock Options is not a fixed number and instead shall not exceed a number of Common Shares equal to 10% of the issued and outstanding Common Shares from time to time (less the number of Common Shares issuable pursuant to all other security based compensation arrangements), approval will be sought at the Meeting to approve the grant of unallocated Stock Options under the Option Plan. When Stock Options have been granted pursuant to the Option Plan, Common Shares that are reserved for issuance under outstanding Stock Options are referred to as allocated Common Shares. The Corporation has additional Common Shares that may be reserved for issuance pursuant to future grants of Stock Options under the Option Plan, but as they are not subject to current Stock Option grants, they are referred to as unallocated Stock Options.

As at March 16, 2015, the maximum number of Common Shares that may be issued under the Option Plan and all other security based compensation arrangements, including the 2010 RSU and Performance Plan (each as defined herein), was 40,256,717, representing 10% of the number of issued and outstanding Common Shares on that date. As at March 16, 2015, Athabasca had Options, 2010 RSUs and Performance Awards to potentially acquire 23,473,224 Common Shares outstanding under the Option Plan, 2010 RSU Plan and Performance Plan (representing

approximately 5.8% of the outstanding Common Shares), leaving up to 16,783,493 Common Shares available for future grants under the Option Plan and all other security based compensation arrangements, including the 2010 RSU Plan and Performance Plan, based on the number of outstanding Common Shares as at that date (representing approximately 4.2% of the outstanding Common Shares).

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval for unallocated Stock Options under the Option Plan until April 21, 2018. If approval is not obtained at the Meeting, Stock Options which have not been allocated as of April 21, 2015 and Common Shares which are reserved for issuance pursuant to Stock Options which are outstanding as of April 21, 2015 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Stock Options under the Option Plan. Previously allocated Stock Options will continue to be unaffected by the approval or disapproval of the resolution.

Accordingly, at the Meeting, the following ordinary resolution will be presented:

“BE IT RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

1. the Option Plan, as described under the heading *“Compensation Discussion & Analysis – Long-Term Equity Incentive Plans – Option Plan”* in the Circular relating to this Meeting is hereby ratified, confirmed and approved;
2. all unallocated Stock Options issuable under the Option Plan are approved and authorized until April 21, 2018;
3. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
4. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

It is the intention of the management to vote proxies “FOR” approval of the ordinary resolution above, unless otherwise directed.

5. Approval of New RSU Plan

Athabasca is seeking shareholder approval to implement a new RSU plan to replace its current 2010 RSU Plan (as defined below) to: (a) allow automatic settlement by the Corporation of the New RSUs (as defined below) on the New RSUs’ vesting dates; and (b) remove the \$0.10 exercise price that is applicable under the Corporation’s 2010 RSU Plan (. The New RSU plan is largely similar in other respects to the 2010 RSU Plan, including the level of expected dilution to the shareholders.

The Corporation’s restricted share unit plan dated February 25, 2010, as amended (the “2010 RSU Plan”), allowed the Board to grant restricted share units (“2010 RSUs”), each of which is a unit that is equivalent in value to a Common Share and that upon vesting and exercise results in the holder thereof being issued a Common Share for a nominal exercise price. For a summary of the terms of the 2010 RSU Plan, see *“Compensation Discussion and Analysis – Long-Term Equity Incentive Plans – 2010 RSU Plan”* in this Circular.

On March 11, 2015, upon the recommendation of the Compensation and Governance Committee, the Board approved the adoption of a new restricted share unit plan (the “New RSU Plan”) and determined that the Corporation would not make any further grants of 2010 RSUs under the 2010 RSU Plan. The New RSU Plan allows the Board to grant restricted share units (“New RSUs”) to Service Providers (as defined below) of Athabasca or any of its subsidiaries (the “Athabasca Group”). For purposes of the New RSU Plan, “Service Provider” means officers or employees of, or persons or companies engaged by the Athabasca Group to provide services for an initial, renewable

or extended period intended to be twelve months or more. Each New RSU is a unit that is equivalent in value to a Common Share and that upon vesting will be automatically settled by the Corporation with a cash payment equal to the number of New RSUs multiplied by the Fair Market Value (as defined in the New RSU Plan) of the Common Shares, with Common Shares acquired by the Corporation on the TSX, or with Common Shares issued out of treasury, subject to applicable laws and stock exchange rules.

As the New RSU Plan is a security based compensation arrangement, approval from shareholders will be sought at the Meeting to ratify the approval of the New RSU Plan. If the Corporation grants New RSUs between the date of this Circular and the date of the Meeting, the Corporation shall only settle the New RSUs in cash or by the payment in Common Shares acquired by the Corporation on the TSX.

A copy of the New RSU Plan is attached as Appendix C hereto. The following description of the New RSU Plan is qualified, in its entirety by the terms of the attached New RSU Plan.

Purpose and Administration of the New RSU Plan

The purposes of the New RSU Plan are to: (i) aid in attracting, retaining and motivating the officers, employees and other eligible Service Providers of the Athabasca Group in the growth and development of the Athabasca Group by providing them with the opportunity through New RSUs to acquire an increased proprietary interest in the Corporation; (b) more closely align their interests with those of the Corporation's shareholders; (c) focus such Service Providers on operating and financial performance and long-term shareholder value; and (d) motivate and reward them for their performance and contributions to the Corporation's long-term success.

The New RSU Plan is administered by the Board. To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board ("RSU Committee"), all or any of the powers conferred on the Board under the New RSU Plan.

Subject to the New RSU Plan, the Board may grant New RSUs on such terms and conditions as it, in its sole and absolute discretion may determine, including: (i) the Service Providers to whom New RSUs may be granted; (ii) the time or times when each New RSU shall vest; (iii) whether restrictions or limitations are to be imposed on the Common Shares the Corporation may elect to issue in settlement of all or a portion of the vested New RSUs and the nature of such restrictions or limitations, if any; and (iv) any acceleration or waiver of termination or forfeiture regarding any New RSUs.

Vesting

The Board or the RSU Committee may, in its sole discretion, determine: (i) the time during which the New RSUs shall vest ("RSU Vesting Date") and whether there shall be any other conditions or performance criteria to vesting; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Board (or the RSU Committee) to the contrary, New RSUs will vest and be payable as to one-third of the total number of New RSUs granted on each of the first, second and third anniversaries of the grant date (if settled in Common Shares, computed in each case to the nearest whole Common Share), provided that no New RSU, or portion thereof, may vest after the RSU Expiry Date (as defined below). Notwithstanding the foregoing, the Board (or the RSU Committee) may, at its sole discretion at any time or in the New RSU agreement in respect of any New RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of New RSUs previously granted.

Expiry Date

The Board determines the expiry dates for grants of New RSUs, provided that unless otherwise determined on the date of grant by the Board, in its sole and absolute discretion, the expiry date ("RSU Expiry Date") shall be the date that is December 15th of the third year following the year in which the New RSUs were granted. Notwithstanding the foregoing, no New RSU will vest beyond the Expiry Date.

Payment in Respect of New RSUs

New RSUs may, in the Corporation's sole and absolute discretion, be settled by any of the following methods or by a combination of such methods: (i) payment in cash; (ii) payment in Common Shares acquired by the Corporation on the TSX; or (iii) payment in Common Shares issued from the treasury of the Corporation. A holder of New RSUs shall not have any right to demand, be paid in, or receive Common Shares as settlement for the New RSUs or any portion thereof, in Common Shares.

Blackout Periods

If an RSU Vesting Date occurs during a period when, pursuant to the policies of Athabasca, any securities of Athabasca may not be traded by that holder (a "Black-out Period"), then the RSU Vesting Date shall be extended to a date which is within seven business days following the end of such Black-Out Period; provided that if any such extension would cause the RSU Vesting Date to extend beyond the Expiry Date and while a Blackout-Period is still in effect, then the Corporation shall settle the applicable New RSUs in cash (and not Common Shares) and the Corporation shall not have any right to settle the New RSUs in whole or in part in Common Shares.

Limitations on Issuances

Unless otherwise approved by shareholders, the aggregate number of Common Shares that may be issuable pursuant to New RSUs granted pursuant to the New RSU Plan and all other security based compensation arrangements of the Corporation is 10% of the Common Shares outstanding from time to time. Any increase in the issued and outstanding Common Shares (including increases resulting from the settlement of New RSUs) will result in an increase in the number of Common Shares that may be issued in the settlement of New RSUs outstanding at any time and any increase in the number of New RSUs granted will, upon settlement, make new grants available under the New RSU Plan. For the purposes of calculating the 10% limitation referred to above only, it shall be assumed that all issued and outstanding New RSUs will be settled by the issuance of Common Shares from treasury, notwithstanding Athabasca's right to settle the New RSUs in cash or by purchasing Common Shares on the open market. New RSUs that are cancelled, surrendered, terminated or expire prior to the settlement of all or a portion thereof and New RSUs that are settled for cash shall result in the Common Shares that were reserved for issuance under the New RSU Plan being available for a subsequent grant of New RSUs pursuant to the New RSU Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired New RSUs.

The maximum number of Common Shares issuable to any one participant under all security based compensation arrangements of the Corporation shall not exceed 5% of the issued and outstanding Common Shares. The number of Common Shares issuable to insiders (as defined by the TSX for this purpose) at any time, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares.

RSUs may not be awarded to directors of the Corporation who are not officers or employees of the Corporation or another member of the Athabasca Group.

Dividends

The New RSU Plan provides for an adjustment to the number of Common Shares to be issued pursuant to New RSUs for any dividends that are paid on the Common Shares during the term of the New RSUs. Upon vesting of any New RSUs, the Common Shares issuable pursuant to such New RSUs will reflect any adjustments for dividends.

Change of Control

If there is a Change of Control (as defined in the New RSU Plan) then, subject to any provision to the contrary contained in a New RSU agreement, all Common Shares awarded pursuant to any New RSUs that have not yet vested and been issued will vest on the date that is immediately prior to the time such Change of Control takes place, or at

such earlier time as may be established by the Board or the RSU Committee, in its absolute discretion, prior to the time such Change of Control takes place.

Additional New RSU Plan Terms

The New RSU Plan provides that unless otherwise determined by the Board (or the RSU Committee) or unless otherwise provided in a New RSU agreement pertaining to a particular grant or any other written agreement, including an employment agreement, if a holder of New RSUs ceases to be Service Provider for any reason other than death, but including retirement, resignation, or involuntary termination (with or without cause) before all of such holder's New RSUs have vested, then all such unvested New RSUs shall be forfeited and any amount corresponding to any vested New RSUs remaining unpaid will be paid to the former participant in accordance with the New RSU Plan.

Notwithstanding the preceding paragraph or anything else contained in the New RSU Plan to the contrary, unless otherwise determined by the Board (or the RSU Committee), or unless the Corporation and a participant agree otherwise in a New RSU agreement or other written agreement (including an employment or consulting agreement), if a participant ceases to be a director, officer of or be in the employ of, or a consultant or other Service Provider to, any of the entities comprising the Athabasca Group due to the death of the participant, any unvested New RSUs shall be deemed to have vested immediately prior to the date of death of the participant with the result that the deceased participant shall not forfeit any unvested New RSUs.

Anti-Dilution

The New RSU Plan contains anti-dilution provisions which allow the Board (or the RSU Committee) to make such adjustments to the New RSU Plan, to any New RSUs and to any New RSU agreements outstanding under the New RSU Plan as the Board (or the RSU Committee) may consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to participants under the New RSU Plan.

Assignment

No assignment, sale, transfer, pledge or charge of New RSUs, whether voluntary, involuntary, by operation of law or otherwise (except by will or the laws of descent and distribution), shall vest any interest or right in New RSUs whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such New RSUs shall terminate and be of no further force or effect.

Amendments

The Board has the right to amend or discontinue the New RSU Plan or amend any New RSUs granted under the New RSU Plan without the consent of a holder of New RSUs, provided that such amendment does not adversely alter or impair any New RSUs previously granted under the New RSU Plan or any related New RSU agreement, except as otherwise permitted under the New RSU Plan. In addition, the Board may, by resolution, amend the New RSU Plan and any New RSUs granted under it (together with any related New RSU agreement) without shareholder approval, provided however, that at any time after the Corporation has obtained the approval of the TSX and shareholders in accordance with the requirements of the TSX to the issuance of Common Shares in respect of the settlement of New RSUs, and thereafter while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the New RSU Plan or any New RSUs granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the New RSU Plan; (ii) to cancel New RSUs and subsequently issue the holder of such New RSUs a new grant of New RSUs in replacement thereof; (iii) to extend the term of New RSUs; (iv) to permit the assignment or transfer of New RSUs, other than as provided for in the New RSU Plan; (v) to add to the categories of persons eligible to participate in the New RSU Plan; (vi) to remove or amend the limitations contained in the New RSU Plan; (vii) to remove or amend the amendment provisions of the New RSU Plan; or (viii) in any other circumstances where TSX and shareholder approval is required by the TSX.

Approval of the New RSU Plan

As at March 16, 2015, the maximum number of Common Shares that may be issued under the New RSU Plan and all other security based compensation arrangements, including the Option Plan, 2010 RSU Plan and Performance Plan (each as defined herein), was 40,256,717, representing 10% of the number of issued and outstanding Common

Shares on that date. As at March 16, 2015, Athabasca had Options, 2010 RSUs and Performance Awards to potentially acquire 23,473,224 Common Shares outstanding under the Option Plan, 2010 RSU Plan and Performance Plan (representing approximately 5.8% of the outstanding Common Shares), leaving up to 16,783,493 Common Shares available for future grants under the New RSU Plan and all other security based compensation arrangements, including the Option Plan and Performance Plan, based on the number of outstanding Common Shares as at that date (representing approximately 4.2% of the outstanding Common Shares).

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the following ordinary resolution:

“BE IT RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

1. the New RSU Plan, substantially in the form attached as Appendix C to this Circular and described under the heading *“Matters to be Acted Upon at the Meeting – Approval of New RSU Plan”* in this Circular is hereby authorized and approved;
2. all unallocated New RSUs issuable under the New RSU Plan are approved and authorized until April 21, 2018;
3. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolutions; and
4. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

It is the intention of the management to vote proxies “FOR” the approval of the ordinary resolution above, unless otherwise directed.

6. Approval of Amended and Restated Shareholder Rights Plan

Background

In connection with the initial public offering by the Corporation of its Common Shares in April of 2010, the Corporation adopted a shareholder rights plan pursuant to a shareholder protection rights plan agreement between the Corporation and Olympia Trust Company, as rights agent, dated April 8, 2010 (the **“Existing Rights Plan”**). The Existing Rights Plan was reconfirmed, ratified and approved by the shareholders of the Corporation on May 10, 2012, for a further term of three years in accordance with its terms.

At the Meeting, shareholders will be asked to consider and, if deemed advisable, to approve the amendments to the Existing Rights Plan that are described under the heading *“Summary of the Proposed Amendments”* below and to confirm, ratify and approve the amended and restated shareholder protection rights plan agreement (the **“Amended Rights Plan”**) which incorporates those amendments. A blackline copy of the Amended Rights Plan showing the proposed amendments is appended to this Circular as Appendix D. If approved, the Amended Rights Plan would be effective until the close of business on the first Business Day (as defined in the Amended Rights Plan) following the annual general meeting of the shareholders of the Corporation that will be held in 2018. If the Amended Rights Plan is not approved at the Meeting, the Existing Rights Plan will expire at the close of business on the first Business Day (as defined in the Existing Rights Plan) following the Meeting (unless it is earlier terminated in accordance with its terms).

Objectives of the Rights Plan

The objective of the Amended Rights Plan is to provide adequate time for the Board and shareholders to assess an unsolicited take-over bid for the Corporation, to provide the Board with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid. The Amended Rights Plan is similar to plans adopted by other Canadian companies.

The Amended Rights Plan encourages a potential acquirer who makes a take-over bid to proceed either by way of a “Permitted Bid” (as described below), which generally requires a take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. If a take-over bid fails to meet these minimum standards, the Rights Plan provides that holders of Common Shares, other than the acquirer, will be able to purchase additional Common Shares at a significant discount to market, thus exposing the acquirer to substantial dilution of its holdings.

It is not the intention of the Board in adopting the Amended Rights Plan to either secure the continuance of the Board or management of the Corporation or to preclude a take-over bid for control of the Corporation. The Amended Rights Plan provides that shareholders may tender to take-over bids as long as they meet the Permitted Bid criteria. Furthermore, even in the context of a take-over bid that does not meet the Permitted Bid criteria, the Board is always bound by its fiduciary duty to consider any take-over bid for the Corporation and consider whether or not it should waive the application of the Rights Plan in respect of such bid. In discharging such responsibility, the Board will be obligated to act honestly and in good faith and in the best interests of the Corporation.

Summary of the Proposed Amendments

The amendments contained in the Amended Rights Plan are intended to transform the Existing Rights Plan into a “new generation” rights plan conforming to those governance practices advocated for by organizations such as Institutional Shareholder Services Inc. The following amendments to the Existing Rights Plan are contained in the Amended Rights Plan:

- “Athabasca Oil Sands Corp.” has been changed to “Athabasca Oil Corporation” to reflect the change of Corporation’s name that occurred on May 10, 2012;
- the Rights Agent has been changed from Olympia Trust Company (“**Olympia**”) to Computershare Investor Services Inc. (“**Computershare**”) to reflect the sale by Olympia of its transfer agency and corporate trust business to Computershare, which was completed on December 12, 2013;
- mutual funds and mutual fund managers (that are acting in their capacity as a manager or trustee of a mutual fund) that acquire greater than 20% of the Common Shares, are specifically exempted from triggering a Flip-in Event (as defined below), provided that they are not making, or are not part of a group making, a take-over bid. In the Existing Rights Plan, investment managers, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans were exempted but mutual funds and mutual fund managers were not specifically listed as being similarly exempt;
- the definition of “Permitted Lock-up Agreement” was revised to reflect that a locked-up person may withdraw shares from a “Lock-up Bid” (as defined in the Amended Rights Plan) to support another bid or transaction that provides for greater consideration than the Lock-up Bid, regardless of the number of Common Shares that are involved in the competing bid (i.e. the requirement that a competing bid must also be for at least the same number of Common Shares as the Lock-up Bid in order for a “Locked-up Person” (as defined in the Amended Rights Plan) to be able to withdraw from the Lock-up Bid to support the competing bid was removed);
- Section 1.7, which describes when a person may be considered to be acting “jointly or in concert” with another person, has been revised to remove the words “for the purpose of”, which could be considered to be discretionary language which could be left open to interpretation;

- the redemption and waiver provisions contained in Section 5.1 were amended such that the Board of Directors would only have authority to waive the application of the rights plan to a “Flip-in Event” (as defined below) without shareholder approval if the applicable takeover bid was made by means of a takeover bid circular to all of the holders of record of the Common Shares;
- the amendment provisions in Section 5.4 were revised to provide that any approval of the holders of Rights (as defined below) pursuant to the Amended Rights Agreement requires the approval of the “Independent Shareholders” (as defined in the Amended Rights Plan);
- the reconfirmation provision contained in Section 5.16 was revised to reflect that if the Amended Rights Plan is approved and confirmed at the Meeting, the Amended Rights Plan and all outstanding Rights (as defined below) issued pursuant thereto will terminate unless it is reconfirmed by a resolution of the shareholders of the Corporation at every third annual meeting of the shareholders of the Corporation that will occur following the Meeting; provided that such termination shall not occur if a Flip-in Event (as defined below) shall have occurred prior to the date upon which the Amended Rights Plan would otherwise terminate; and
- certain other minor conforming amendments, amendments of an administrative nature and amendments to correct clerical or typographical errors.

A blackline copy of the Amended Rights Plan showing each of the proposed amendments is appended to this Circular as Appendix D.

Full Summary of Amended Rights Plan

The following is a summary of the principal terms of the Amended Rights Plan, which summary is qualified by and is subject to the full terms and conditions of the Amended Rights Plan, a blacklined copy of which is appended to this Circular as Appendix D.

Term

If the Amended Rights Plan is approved at the Meeting, it will have a term of three years and would expire at the close of business on the first Business Day following the annual shareholders’ meeting of the Corporation to be held in 2018 (unless at such meeting the shareholders reconfirm the Amended Rights Plan for a further three year period or the Amended Rights Plan has earlier terminated in accordance with its terms).

Issue of Rights

Pursuant to the Amended Rights Plan, one right (“**Right**”) is issued and attached to each outstanding Common Share, subject to the limitations set forth in the Amended Rights Plan.

“Acquiring Person”

Transactions that are exempt from the operation of the Amended Rights Plan include those whereby any person becomes the beneficial owner of 20% or more of the Common Shares as a result of, among other things: (i) an acquisition or redemption by the Corporation or a “Subsidiary” (as defined in the Rights Plan) of Common Shares which, by reducing the number of Common Shares outstanding or which may be voted, increases the proportionate number of Common Shares beneficially owned by any person; (ii) acquisitions pursuant to a Permitted Bid (as described below); or Competing Permitted Bid (as defined in the Amended Rights Plan); (iii) a share acquisition to which the application of the Amended Rights Plan has been waived by the Board; (iv) a share acquisition pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure having similar effect which has been approved by the holders of Common Shares by the requisite majority or majorities of the holders of Common Shares at a meeting of such holders duly called and held for such purpose; and (v) an acquisition of Common Shares as a result of: an acquisition pursuant to a dividend reinvestment plan; a stock dividend, a stock split or other event pursuant to which a person becomes beneficial owner of Common Shares on the same pro rata basis as all other holders of Common Shares; the acquisition or exercise by such person of rights to purchase Common Shares distributed to such person in the course of a distribution to all holders of Common Shares pursuant to a rights

offering or pursuant to a prospectus; or a distribution of Common Shares or securities convertible into or exchangeable for Common Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or a distribution by way of a private placement.

Also excluded from the definition of “Acquiring Person” is a person (a “**Grandfathered Person**”) who was the beneficial owner of 20% or more of the outstanding Common Shares on the date of implementation of the Existing Rights Plan; provided further, however, that this exemption shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the date of implementation of the Rights Plan, become the beneficial owner of more than 1.0% of the number of Common Shares then outstanding in addition to those Common Shares already held by such person, other than through: (i) specified acquisitions of securities of the Corporation (including acquisitions upon the exercise, conversion or exchange of securities convertible, exercisable or exchangeable into Common Shares); (ii) acquisitions pursuant to a Permitted Bid or Competing Permitted Bid; (iii) specified distributions of securities of the Corporation; (iv) certain other specified exempt acquisitions (including for portfolio managers, mutual companies and other similar entities with no present intention to take control of the Corporation); and (v) transactions to which the application of the Rights Plan has been waived by the Board.

Exemptions for Certain Parties

Investment managers, mutual fund managers, mutual funds, trust companies (acting in their capacities as trustees and administrators), statutory bodies whose business includes the management of funds and administrators of registered pension plans acquiring greater than 20% of the Common Shares are exempted from triggering a Flip-in Event (as defined below), provided that they are not making, or are not part of a group making, a take-over bid.

Lock-Up Agreements

An offeror may enter into lock-up agreements with one or more shareholders of the Corporation whereby such shareholders agree to tender their Common Shares to the take-over bid (the “**Subject Bid**”) without a Flip-in Event occurring. Any such agreement must either: (i) permit the shareholder to withdraw the Common Shares from the lock-up to tender to another take-over bid or to support another transaction that in either case will provide greater value to the shareholder than the Subject Bid; or (ii) permit the shareholder to withdraw from the agreement in order to tender or deposit the Common Shares to another transaction or to support another transaction that contains an offering price that exceeds the value of the Subject Bid by as much or more than a specified amount as long as the agreement does not provide for a specified amount that exceeds 7% of the value of the Subject Bid.

Rights Exercise Privilege

The Rights will separate from the Common Shares to which they are attached and will become exercisable at the close of business (the “**Separation Time**”) on the tenth business day after the earliest of: (a) the first date of public announcement that a person and/or others associated, affiliated or otherwise connected to such person, or acting in concert with such person, have become an Acquiring Person; (b) the date of commencement of, or first public announcement of the intent of any person to commence, a take-over bid, other than a Permitted Bid or a Competing Permitted Bid; or (c) such later date as the Board may determine in good faith. Subject to adjustment as provided in the Rights Plan, each Right will entitle the holder to purchase one Common Share at a price (the “**Exercise Price**”) equal to Cdn\$100.00. At any time prior to the Rights becoming exercisable, the Board may waive the operation of the Rights Plan with respect to certain events before they occur.

A transaction in which a person becomes an Acquiring Person is referred to as a “**Flip-in Event**”. Any Rights held by an Acquiring Person on or after the earlier of the Separation Time or the first date of public announcement by the Corporation or an Acquiring Person that an Acquiring Person has become such, will become void upon the occurrence of a Flip-in Event. After the close of business on the tenth business day after the first public announcement of the occurrence of a Flip-in Event, each Right (other than those held by the Acquiring Person) will entitle the holder to purchase, for the Exercise Price, that number of Common Shares having an aggregate market price (based on the prevailing market price at the time of the consummation or occurrence of the Flip-in Event) equal to twice the Exercise Price.

Impact Once Rights Plan is Triggered

Upon a Flip-in Event occurring and the Rights separating from the attached Common Shares, reported earnings per Common Share on a fully diluted or non-diluted basis may be affected. Holders of Rights who do not exercise their Rights upon the occurrence of a Flip-in Event may suffer substantial dilution.

By permitting holders of Rights other than an Acquiring Person to acquire Common Shares at a discount to market value, the Rights may cause substantial dilution to a person or group that acquires 20% or more of the voting securities of the Corporation other than by way of a Permitted Bid or other than in circumstances where the Rights are redeemed or the Board waives the application of the Rights Plan.

Certificates and Transferability

Before the Separation Time, certificates for Common Shares will also evidence one Right for each Common Share represented by the certificate. Certificates issued on or after April 8, 2010, the effective date of the Existing Rights Plan (the “**Effective Date**”) bear a legend to this effect. Rights are also attached to Common Shares that were outstanding on the Effective Date, although certificates issued before such date will not bear such a legend.

Prior to the Separation Time, Rights will not be transferable separately from the attached Common Shares. From and after the Separation Time, the Rights will be evidenced by Rights certificates, which will be transferable and traded separately from the Common Shares. Shareholders will receive no other proof of or document of ownership of the Right.

Permitted Bids

The Amended Rights Plan is not triggered if an offer to acquire Common Shares would allow sufficient time for the shareholders to consider and react to the offer and would allow shareholders to decide to tender or not tender without the concern that they will be left with illiquid Common Shares should they not tender.

A “**Permitted Bid**” is a take-over bid where the bid is made by way of a take-over bid circular and: (i) is made to all holders of Common Shares, other than the offeror, for all or a portion of the Common Shares held by those holders; (ii) the bid must not permit Common Shares tendered pursuant to the bid to be taken up until not less than 60 days following the bid and only if, at such time, more than 50% of the Common Shares held by shareholders other than the bidder, its affiliates and persons acting jointly or in concert with the bidder have been tendered pursuant to the take-over bid and not withdrawn; and (iii) if the condition in subparagraph (ii) is satisfied, the offeror must make a public announcement of that fact and the take-over bid must remain open for deposits and tenders of Common Shares for not less than ten business days from the date of such public announcement.

A Permitted Bid is not required to be approved by the Board and such bids may be made directly to shareholders. Acquisitions of Common Shares made pursuant to a Permitted Bid or a Competing Permitted Bid do not give rise to a Flip-in Event.

Waiver and Redemption

The Board may, before the occurrence of a Flip-in Event, waive the application of the Rights Plan to a particular Flip-in Event that would occur as a result of a take-over bid made under a circular prepared in accordance with applicable securities laws to all holders of Common Shares. In such event, the Board shall be deemed to also have waived the application of the Rights Plan to any other Flip-in Event occurring as a result of any other take-over bid made under a circular prepared in accordance with applicable securities laws to all holders of Common Shares prior to the expiry of any take-over bid for which the Rights Plan has been waived or deemed to have been waived.

The Board may also waive the application of the Rights Plan to an inadvertent Flip-in Event, on the condition that the person who became an Acquiring Person in the Flip-in Event reduces its beneficial ownership of Common Shares such that it is not an Acquiring Person within 10 days of the determination of the Board (or any earlier or later time specified by the Board).

Subject to the prior consent of the holders of Common Shares or Rights, until the occurrence of a Flip-in Event, the Board may elect to redeem all but not less than all of the then outstanding Rights at Cdn\$0.00001 per Right. In the event that a person acquires Common Shares pursuant to a Permitted Bid, a Competing Permitted Bid or pursuant to a transaction for which the Board has waived the application of the Rights Plan, then the Board shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the redemption price.

Supplement and Amendments

Athabasca may, without the approval of the holders of Common Shares or Rights, make amendments: (i) to correct clerical or typographical errors; (ii) to maintain the validity and effectiveness of the Rights Plan as a result of any change in applicable legislation, regulations or rules thereunder; and (iii) as otherwise specifically contemplated therein. Any amendment referred to in (ii) must, if made before the Separation Time, be submitted for approval to the holders of Common Shares at the next meeting of shareholders and, if made after the Separation Time, must be submitted to the holders of Rights for approval.

At any time before the Separation Date, Athabasca may, with prior consent of the Independent Shareholders received at a special meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights. At any time after the Separation Date, Athabasca may, with prior consent of the Independent Shareholders received at the meeting called and held for such purpose, amend, vary or rescind any of the provisions of the Rights Plan or the Rights, whether or not such action would materially adversely affect the interests of the Rights generally.

Approval Required

Shareholders will be asked at the Meeting to consider and, if thought advisable, to approve the Amended Rights Plan. Accordingly, at the Meeting, shareholders will be asked to consider and, if thought fit, approve an ordinary resolution in the following form:

“BE IT RESOLVED, as an ordinary resolution of the shareholders of the Corporation, that:

1. the Amended Rights Plan, on the terms described in the accompanying Circular be and the same is hereby ratified, confirmed and approved until the close of business on the first Business Day (as defined in the Amended Rights Plan) following the annual general meeting of the shareholders of the Corporation to be held in 2018, unless at such meeting shareholders have reconfirmed the Amended Rights Plan for an additional period of time, and the Corporation is authorized to issue Rights pursuant thereto;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors.”

It is the intention of the management to vote proxies “FOR” approval of the ordinary resolution above, unless otherwise directed.

7. Appointment of Auditors

On the recommendation of the Audit Committee of the Board and unless otherwise directed, it is management’s intention to vote proxies in favour of an ordinary resolution to appoint Ernst & Young LLP, Chartered Accountants, of Calgary, Alberta, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize

the directors to fix their remuneration as such. Ernst & Young LLP were first appointed as our auditors on April 16, 2007.

Certain information regarding the Audit Committee of the Board, including the fees paid to the Corporation's auditors in the last fiscal year, that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* ("NI 52-110") of the Canadian Securities Administrators will be provided in the Corporation's annual information form for the year ended December 31, 2014, an electronic copy of which will be available on the Corporation's SEDAR profile at www.sedar.com before March 31, 2015.

CORPORATE GOVERNANCE

Board of Directors

Mandate

The Board has overall responsibility for managing or supervising the management of the business and affairs of Athabasca. The Board has adopted a written mandate that summarizes, among other things, the Board's duties and responsibilities, a copy of which is attached as Appendix A to this Circular.

Membership and Independence

The Board is currently comprised of seven (7) directors, a majority of whom are independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). Assuming the election at the Meeting of the persons nominated as directors in this Circular, following the Meeting the Board will be comprised of eight directors, a majority of whom will be independent for the purposes of NI 58-101. Subject to certain exceptions, a director is independent for the purposes of NI 58-101 if he has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. The Board has determined that Messrs. Dundas, Eckhardt, Fierro, Haggis, McRae and Sametz are independent for the purposes of NI 58-101. Mr. Buchanan is not independent for the purposes of NI 58-101 because he currently serves as Athabasca's Chief Executive Officer ("CEO") and Mr. Broen would not be independent because he currently serves as the COO of the Corporation and will become its CEO in April 2015.

Lead Director

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of Athabasca. In this regard, Mr. Eckhardt, has been appointed as Lead Director. The primary role of the Lead Director is to assist the Chair of the Board in organizing the Board so that it functions effectively and independently of management, and that meets its obligations and responsibilities, including those matters set forth in the mandate of the Board. Among other things, the Lead Director assists the Chair of the Board in endeavoring to ensure that the Board is able to function independently of management. In that regard the Lead Director is responsible for ensuring that "in camera" sessions of the independent directors are held at each regularly scheduled Board meeting without any members of management present, when appropriate as is required by the Board's mandate.

Meetings of the Independent Directors

The Board held eight meetings between January 1, 2014 and December 31, 2014 and the independent directors conducted in-camera session at seven of those meetings without members of management present. Additionally, in-camera sessions were held during each of the four meetings of the Audit Committee that were held between January 1, 2014 and December 31, 2014.

Position Descriptions

The Board has developed and implemented written position descriptions for the Chair of the Board, the Lead Director, the chairs of each committee of the Board and the CEO.

Responsibility of the Chair

The Chair of the Board, together with the Lead Director, provide effective leadership to the Board in the governance of the Corporation. The Board Chair sets the “tone” for the Board and its members to foster ethical and responsible decision making and responsible practices in corporate governance. The Chair of the Board provides leadership on governance, corporate social responsibility, board/management relationships and organizing and conducting meetings of the Board and shareholder meetings.

Ethical Business Conduct

In order to encourage and promote a culture of ethical business conduct, the Board has adopted a written Code of Business Ethics and Conduct (the “Code”) applicable to all directors, officers and employees of Athabasca. The Code is available on SEDAR at www.sedar.com. The Board has also adopted a Whistleblower Policy whereby directors, officers and employees of Athabasca and others are provided with a mechanism by which they can raise complaints or concerns regarding questionable accounting practices, inadequate internal accounting controls, the misleading or coercion of auditors, disclosure of fraudulent or misleading financial information, violations of the Code, violations of Athabasca’s trading and blackout policy and instances of corporate fraud. Reports made under the Whistleblower Policy may be made in a confidential and, if deemed necessary, anonymous manner. The Board monitors compliance with the Code through the Whistleblower Policy.

In accordance with the *Business Corporations Act* (Alberta), directors who are a party to, or are a director or an officer of a person who is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction, are required to disclose the nature and extent of their interest and not vote on any resolution to approve the contract or transaction. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

Compensation and Governance Committee

The Compensation and Governance Committee is comprised of Gary Dundas (who was chair of the committee until March 11, 2015), Marshall McRae, Ronald Eckhardt and Paul Haggis (who was appointed by the Board as chair of the committee on March 11, 2015), all of whom are considered “independent” as determined in accordance with section 1.4 of NI 52-110.

Experience of Members of Compensation and Governance Committee

Each of the directors appointed to the Compensation and Governance Committee has a wide range of business experience in both operational and board positions. This experience provides the committee members with perspective on strategy, goal setting and achievement and compensation practices.

Gary Dundas has over 25 years of oil and gas financial management experience. He is currently an independent businessman and was previously Vice President, Finance and Chief Financial Officer of AvenEx Energy Corp. from January 1, 2011 to March 28, 2013 and was formerly the Chief Financial Officer and Vice President of Finance, General Manager Corporate Development & Marketing and Controller of Maxx Petroleum Ltd., a publicly traded junior exploration and production company. Mr. Dundas has also had prior domestic and international experience with Bow Valley Industries Ltd., North Canadian Oils Limited and Co-Enerco Resources Ltd. Mr. Dundas brings a diverse range of experience, including corporate evaluations and acquisitions, treasury and finance alternatives, financial modeling, strategic planning, marketing and hedging. Mr. Dundas is also a director of DirectCash Payments Inc. Through Mr. Dundas’s executive positions, Mr. Dundas developed expertise in reviewing and approving compensation programs and policies for executive officers and other senior management and ensuring that such compensation programs and policies are relevant to Athabasca’s goals.

Marshall McRae has over 30 years of experience in a variety of financial management roles. McRae has been an independent financial and management consultant since August 2009. Recently, Mr. McRae was the interim Executive Vice President and Chief Financial Officer of Black Diamond Group Limited, from October 2013 to August, 2014, and Executive Vice President from August, 2014 to December 2014. Mr. McRae was also previously Chief

Financial Officer of CCS Inc., administrator of CCS Income Trust (a publicly traded energy and environmental services trust listed on the TSX) and its successor corporation, CCS Corporation (a private energy and environmental services company) from August 2002 until August 2009. Mr. McRae is also a director of Gibson Energy Inc. and Black Diamond Group Limited.

Ronald Eckhardt has over 38 years of experience in the oil and gas industry. He is currently retired and prior to his retirement he served as Executive Vice President, North American Operations of Talisman Energy Inc., a publicly traded energy company listed on the TSX, from October 2003 to September 2009. During his tenure as Executive Vice President, Talisman's North American Operations was comprised of over 1500 employees and Mr. Eckhardt was actively involved in developing and reviewing policies and guidelines for total rewards compensation programs, performance improvement programs, leadership programs and in succession planning. Mr. Eckhardt is also a director of NuVista Energy Ltd.

Paul Haggis, who is certified as a Chartered Director through McMaster University, is currently Chairman of Alberta Enterprise Corporation. He was previously the CEO of Ontario Municipal Employees Retirement Systems and former President and CEO of Alberta Treasury Branches. Mr. Haggis currently sits on the boards of Canadian Pacific Rail Limited (where he held the Chairman role from 2012 to 2014), Advantage Oil and Gas Ltd. and UBC Investment Management Trust. Mr. Haggis is also an advisor to the board of the Insurance Corporation of British Columbia. Through Mr. Haggis's executive positions, Mr. Haggis developed expertise in reviewing and approving compensation programs and policies for executive officers and other senior management and ensuring that such compensation programs and policies are relevant to Athabasca's goals.

Responsibilities of the Compensation and Governance Committee

Compensation

The Compensation and Governance Committee's primary purpose with respect to compensation is to assist the Board in fulfilling its oversight responsibilities of the following: (a) key compensation and human resources policies; (b) establishing short-term and long-term corporate goals and objectives for the CEO, evaluating the performance of the CEO in the context of the CEO's goals and objectives and setting compensation for the CEO; (c) establishing the compensation of senior management of Athabasca; (d) reviewing and recommending to the Board for consideration any significant changes to the Corporation's overall compensation program and the Corporation's objectives related to executive compensation; (e) coordinating management succession and development plans; and (f) reviewing executive compensation disclosure before it is released.

Further particulars of the process by which compensation for the Corporation's directors and executive officers is determined can be found under "*Compensation Discussion & Analysis*" in this Circular.

Director Orientation and Continuing Education

The Compensation and Governance Committee takes responsibility for director orientation and education. All newly elected directors are provided with an orientation as to the nature and operation of the business and affairs of Athabasca and as to the role of the Board and its committees. In order to orient new directors as to the nature and operation of Athabasca's business, they are also given the opportunity to meet with members of Athabasca's executive management team to discuss Athabasca's business and activities. The orientation program is designed to assist the directors in fully understanding the nature and operation of Athabasca's business, the role of the Board and its committees and the contributions that individual directors are expected to make.

In addition, the Compensation and Governance Committee is responsible for making available continuing education opportunities designed to maintain or enhance the skills and abilities of Athabasca's directors and to ensure that their knowledge and understanding of Athabasca's business remains current.

Nomination of Directors

The Compensation and Governance Committee is responsible for identifying and assessing new candidates for appointment or nomination to the Board. The Compensation and Governance Committee will take into

consideration the performance, independence, competencies, skills and financial literacy of each candidate and the ability of the candidate and such other factors as are necessary to ensure the promotion of effective governance and the satisfaction of applicable law. At the Compensation and Governance Committee's discretion, it will make recommendations to the Board regarding new candidates for appointment or nomination to the Board for its consideration. The Compensation and Governance Committee also annually reviews and, in the Compensation and Governance Committee's discretion, recommends to the Board for consideration the individual directors proposed to be nominated for election at the next annual meeting of the Corporation's shareholders.

The Board is responsible for approving directors for nomination and election and filling vacancies among the directors. In connection with the nomination or appointment of individuals as directors, the Board considers the competencies and skills required by the Board, the competencies and skills of the existing directors and the appropriate size of the Board. In all cases, the Board considers the recommendations of the Compensation and Governance Committee.

Assessments

The Compensation and Governance Committee is responsible for establishing and implementing procedures to evaluate the performance and effectiveness of the Board, Board committees, individual directors, the Board Chair, the Lead Director and committee chairs. The Compensation and Governance Committee also takes reasonable steps to circulate for completion an annual directors' evaluation questionnaire in respect of the performance and effectiveness of the Board, Board committees, individual directors, the Board Chair, the Lead Director and committee chairs. The questionnaire addresses, among other things, individual director independence, individual director and overall board skills, and individual director financial literacy.

The Board oversees the process of the Compensation and Governance Committee's annual evaluation of the performance and effectiveness of the Board, Board committees, individual directors, the Board Chair, the Lead Director and the committee chairs in light of the applicable mandates and position descriptions and facilitates the Compensation and Governance Committee's annual evaluation of the Board's performance. To facilitate this process, the Board receives and considers recommendations from the Compensation and Governance Committee regarding the results of the annual evaluation of the performance and effectiveness of the Board, Board committees, individual directors, the Board Chair, the Lead Director and the committee chairs.

Each meeting of the Compensation and Governance Committee that was held in 2014 was attended by each of the members of the Compensation and Governance Committee.

Other Committees

Reserves and Health, Safety and Environmental Committee

The Board has also established a Reserves and Health, Safety and Environmental Committee with the following responsibilities: (a) to assist the Board in fulfilling its oversight responsibilities with respect to the evaluation and reporting of Athabasca's oil and gas reserves and resources and related matters including by reviewing and making recommendations to the Board regarding: (i) the reserves data (oil and gas reserves and associated future net revenues) of Athabasca that will be made publicly available and filed with applicable regulatory authorities; (ii) Athabasca's procedures relating to the disclosure of information with respect to oil and gas activities; and (b) to assist the Board in fulfilling its oversight responsibilities with respect to the development, monitoring and effective implementation of systems, programs and initiatives for the management of health, safety, security and environmental matters that may affect Athabasca.

The meeting of the Reserves and Health, Safety and Environmental Committee that was held in 2014 was attended by each of the members of the Reserves and Health, Safety and Environmental Committee.

Audit Committee

The Board has also established an Audit Committee and its primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to: the integrity of Athabasca's annual and quarterly financial statements to be provided to Athabasca's shareholders and regulatory bodies; Athabasca's compliance with accounting and finance-based legal and regulatory requirements; the external auditor's qualifications, independence and compensation, and communicating with the external auditor; the system of internal accounting and financial reporting controls that management has established; the performance of the external audit process and of the external auditor; financial policies and strategies, including Athabasca's capital structure; financial risk management practices; and transactions or circumstances which could materially affect the financial profile of Athabasca.

In accordance with the Audit Committee mandate, the Audit Committee holds "in camera" sessions without management present at each regularly scheduled Audit Committee meeting. Each meeting of the Audit Committee that was held in 2014 was attended by each of the members of the Audit Committee. A copy of the audit committee mandate is attached as Appendix B to this Circular.

COMPENSATION DISCUSSION & ANALYSIS

Objectives of Compensation Program

Athabasca's historical compensation philosophy was shaped by the fact that the Corporation, which began in 2006 as an early-stage bitumen and oil and natural gas exploration company, needed to attract, retain and incent highly skilled, top-performing professionals to develop the fledgling company. The Corporation's compensation programs were designed to achieve these objectives, as well as to encourage decisions and actions that were consistent with shareholder interests by supporting Athabasca's growth and creating long-term shareholder value.

As part of its maturation process into becoming a bitumen and oil and gas producing company, in 2014 the Compensation and Governance Committee restructured the Corporation's short-term and long-term incentive compensation programs to more closely link those programs to specific performance metrics, which included adopting a "corporate scorecard" approach to its short-term incentive plan and implementing a performance-based equity plan to enhance its long-term incentive program.

This pay-for-performance philosophy, together with the Corporation's continuing objectives of attracting and retaining superior performing employees and aligning employees' interests with our shareholders, form the three basic pillars of Athabasca's current compensation program.

Attract, Retain and Incent

An important element of Athabasca's compensation program in support of the objective of attracting, retaining and incenting employees is an initial grant to all new employees (including NEOs, as defined below) of Options and/or restricted share units ("**RSUs**"). Historically, these grants of Options and/or RSUs have vested as to one-quarter of the total number granted on each of the first, second, third and fourth anniversaries of the grant date, as more particularly described on page 44. Under the New RSU Plan (for which Athabasca is seeking shareholder approval at the Meeting), Athabasca intends that all New RSU grants will vest over a more typical three-year period, with one-third of the total number granted vesting on each of the first, second and third anniversaries of the New RSU grant date. References to "RSUs" in this Compensation Discussion & Analysis are to the 2010 RSUs prior to the date hereof and the New RSUs in the future, if the New RSU Plan is approved by shareholders at the Meeting.

In order to attract and retain superior performing employees, Athabasca also strives to pay its employees (including NEOs) competitively within the marketplace in which it competes for talent. See "*Peer Group - Analysis of Market Pay Practices*" below.

Alignment with Shareholder Interests

In addition to the initial grants to new employees of Options and/or RSUs described above, each year the Compensation and Governance Committee also reviews recommendations from Management with respect to annual grants of equity-based long-term incentive compensation (“**Annual Equity Grants**”). The Corporation’s purpose in granting Annual Equity Grants is to ensure that each executive officer maintains a consistent level of long-term equity-based compensation, which is intended to encourage employees to make decisions that are aligned with the long-term interests of the Corporation’s shareholders, as well to serve as an employee retention tool. The Annual Equity Grants are an “at risk” component of compensation, as the size of an Annual Equity Grant is dependent on an executive officer’s performance and the value of the vested Annual Equity Grants are linked to Athabasca’s share performance (i.e. recipients of Annual Equity Grants realize value only to the extent that Athabasca’s shareholders benefit from an increase in the Corporation’s share price). See “*Long-Term Incentive Compensation*” and “*Long-Term Equity Incentive Plans*” below for additional information.

At-risk Pay: Pay for Performance

To more effectively align short-term incentives with corporate performance, in 2014, Athabasca implemented an annual “corporate scorecard” containing performance metrics linked to Athabasca’s 2014 annual work program as well as its multi-year strategic plan. For the year ended December 31, 2014, fifty percent (50%) of senior management’s (including NEOs) 2014 short-term incentive compensation (i.e. annual bonus) will be based on the Corporation’s performance against these corporate metrics, with the remaining 50% being based on the achievement of individual performance objectives. Pay-out for Athabasca’s 2014 short-term incentive is expected to occur during its annual compensation cycle, which occurs in the later part of the first quarter of 2015.

In 2014, the Corporation also implemented a Performance Plan (as defined below) pursuant to which Performance Awards may be granted to Athabasca’s officers and other employees as part of the long-term equity incentive plan. The value of a Performance Award is tied to Athabasca’s total shareholder return compared to a peer group of companies over a three year period. The Performance Awards are intended to: (i) aid in attracting, retaining and motivating Service Providers (as defined herein) in the growth and development of Athabasca by providing them with the opportunity to acquire an increased proprietary interest in the Corporation; (ii) more closely align their interests with those of the Corporation’s shareholders; (iii) focus such Service Providers on operating and financial performance and long-term shareholder value; and (iv) motivate and reward them for their performance and contributions to Athabasca’s long-term success. See “*Long-Term Equity Incentive Plans*” for a description of the Performance Plan.

As a result of the Corporation’s implementation of its corporate scorecard approach for evaluating short-term incentives and the Performance Plan as part of its long-term equity compensation, a significant portion of the total compensation of Athabasca’s senior management (including the NEOs) is “at-risk” based on the Corporation’s achievement of specific performance targets.

2015: On-going Evaluation of Compensation Philosophy

The Compensation and Governance Committee is continuing its review of the Corporation’s compensation programs, to align them with those of Athabasca’s industry peers and the recommended compensation practices of shareholder and proxy advisory groups. In its review, the Compensation and Governance Committee has also been mindful of the current market conditions that have negatively affected share prices of companies across the energy sector, including Athabasca’s. As a result, and as part of its on-going review, in 2015 the Compensation and Governance Committee intends to implement, or has already implemented, changes to Athabasca’s compensation programs, including:

Base Salary

- Athabasca’s NEOs will not receive a salary increase in 2015.

- Athabasca will benchmark new employees' base salaries at a P50 – P75 level based on analyses of Athabasca's peer group pay practices, based on the experience of the individual and the competitiveness of the market to attract top talent (see "*Peer Group – Analysis of Market Pay Practices*").

Short-Term Incentives

- In 2015, Athabasca's STIP will be based on a detailed 2015 corporate scorecard, which includes industry metrics linked to its annual budget.
- A portion of all of Athabasca's employees' short-term incentive compensation will be based on the Corporation's performance against its annual 2015 corporate scorecard.
- The portion for which the NEOs' 2015 short-term incentive compensation is evaluated will increase from the 2014 level of 50% to 75% (100% for the CEO), with the balance being based on individual performance against personal goals that support the Corporation's 2015 corporate objectives.

See "*Annual Short-Term Incentive Compensation*" below for additional information.

Long-Term Equity Incentives

- On March 11, 2015, upon the recommendation of the Compensation and Governance Committee, the Board approved the adoption of:
 - a new employee restricted share unit plan containing terms that are more typical of plans adopted by Athabasca's peers. With the adoption of this new plan, directors (other than those who are also members of management) are no longer entitled to receive grants of restricted share units (see "*Matters to be Acted Upon at the Meeting – approval of New RSU Plan*"); and
 - a directors' deferred share unit ("DSU") plan that provides that Athabasca's directors (except directors who are members of management) will receive a majority of their compensation in DSUs, which are payable to a director in cash after the director ceases to be a member of the Board. The value of a DSU is based on the then market value of a Common Share.
- To incent top talent to join the young company, Athabasca's new hire compensation packages have historically included large initial grants of long-term equity incentive awards to new employees, that vested one quarter annually over four years. Subsequent annual long-term incentive compensation equity grants to employees would then "cliff vest" four years after the date of grant. This practice was intended to result in employees holding, over time, levels of long-term equity incentive grants that, in the aggregate, were consistent with those of Athabasca's industry peers. However, to better align its long-term incentive compensation practices with its business strategies, current market conditions and the recommended compensation practices of shareholder and proxy advisory groups, Athabasca has re-evaluated its long-term equity incentive granting practices and has implemented a program that is more aligned with industry practices, including the adoption of the New RSU Plan. Athabasca is also capping the aggregate size of its 2015 long-term equity incentive grant pool to remain below 2% of the Common Shares outstanding.

Compensation Clawback

- To deter risk-taking behaviours, the Board has adopted an executive compensation clawback policy (see "*Compensation Risk – Clawback Policy*").

Compensation Governance

Information regarding the members of the Compensation and Governance Committee, the independence, responsibilities, powers and operation of the Compensation and Governance Committee, and the skills and experience of the members of the Compensation and Governance Committee is provided under the heading “*Corporate Governance – Compensation and Governance Committee*” above.

Determining Executive Compensation

As is described in greater detail below, in determining the compensation to be paid to the executive officers, the Compensation and Governance Committee reviews the Corporation’s performance, industry trends, market data and internal equality amongst the executive officers together with recommendations from Management with respect to salary adjustments, to ensure that the Corporation remains competitive with its industry peers and the market generally.

Total compensation for Athabasca’s executive officers is comprised of three elements: an annual salary and two forms of at-risk remuneration: short-term incentives in the form of annual cash bonuses and long-term incentives in the form of equity compensation. Each year, the Compensation and Governance Committee reviews the CEO’s recommendations with respect to the executive officers’ total compensation (other than the CEO’s). The CEO may also provide a self-assessment of his own individual goals and objectives and/or results achieved, if requested by the Compensation and Governance Committee. Additionally, starting in the year ended December 31, 2014, the Compensation and Governance Committee considered the Corporation’s performance against its 2014 corporate scorecard metrics. After its review of this information together with any other information that is determined to be appropriate in the circumstances, the Compensation and Governance Committee makes recommendations to the Board regarding the compensation to be granted to the Corporation’s executive officers, including changes to base salaries, bonuses to be awarded and equity-based compensation to be granted.

Peer Group - Analysis of Market Pay Practices

For Athabasca to attract and retain qualified and experienced officers and employees, its overall compensation levels must be competitive with other participants in the Canadian oil and gas industry. Athabasca has been utilizing the services of Mercer (Canada) Limited (“**Mercer**”), an independent compensation consultant, since 2009, with all such engagements being requested and/or approved by the Compensation and Governance Committee or the Board.

As part of the comparative compensation analysis that was conducted by Athabasca in 2014, the Compensation and Governance Committee reviewed and considered: (i) the results of an annual energy industry compensation survey that was conducted by Mercer in 2014 (the “**Mercer Survey**”); and (ii) compensation information contained in information circulars of peer companies for meetings of their shareholders that were held in 2014 (the “**Proxy Data**”).

Additionally, in 2014, Athabasca retained the services of primeHR Inc. (“**primeHR**”), an independent compensation consultant, to review Athabasca’s overall compensation strategy in the context of current market trends (the “**primeHR Services**”). PrimeHR’s services included analyzing Athabasca’s outstanding long-term incentive equity grants to employees and suggesting go-forward granting strategies to support Athabasca’s retention and pay-for-performance objectives.

The purpose of the primeHR Services, the Mercer Survey and the Proxy Data was to:

- understand the competitiveness of current pay and bonus levels for each executive position relative to companies of similar size;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and

- establish a basis for the development of salary adjustments and short and long-term incentive awards.

The Mercer Survey provided a comprehensive perspective on energy industry reward levels in Canada for all sizes of organizations within each sector of the industry, categorized by industry segment, organization size and location. The modules that were included in the Mercer Survey provided comparative data for every position at Athabasca, including salary, bonus and perquisite benchmarking information, based upon number of years of experience.

The profile for the Mercer Survey in 2014 was as follows:

Total Number of distinct corporations participating in the survey:	204
Total number of organizational entities (corporate, subsidiary, group and division):	276
Number of Positions Surveyed:	241
Effective Date of Data:	April 1, 2014

The Proxy Data provided a comparison of the compensation that was paid to executive officers within Athabasca's industry specific peer group. The Corporation's peer group was selected on the basis of being bitumen and/or oil and gas producing companies of comparable size, and operating in generally similar geographic locations, with which Athabasca believes it competes for employees. The 2014 peer group is comprised of the following companies:

MEG Energy Corp.	Crescent Point Energy Corp.	ARC Resources Ltd.
Pengrowth Energy Corporation	Penn West Petroleum Ltd.	Vermillion Energy Inc.
Trilogy Energy Corp.	Baytex Energy Corp.	Enerplus Corporation
Bellatrix Exploration Ltd.	BlackPearl Resources Inc.	Bonavista Energy Corporation
Cenovus Energy Inc.	Kelt Exploration	NuVista Energy Inc.
Paramount Resources Ltd.	Pengrowth Energy Corporation	RMP Energy Inc.
Tourmaline Oil Corp.		

The information that was contained in the primeHR Services, the Mercer Survey and the Proxy Data assisted the Compensation and Governance Committee and the Board in evaluating and determining the compensation that was granted to the Corporation's executive officers (including the NEOs) and employees in 2014.

During the year ended December 31, 2014, the Board retained Hugessen Consulting Inc. ("**Hugessen**") to provide professional consulting services to the Board in connection with its review and consideration of potential changes to long-term compensation to be implemented during the year ended December 31, 2014, including the introduction of the Performance Plan. Following the review of: (a) the recommendations of Management of the Corporation and the Compensation and Governance Committee; and (b) information and advice received from Hugessen, the Board approved the Performance Plan on March 18, 2014.

Executive Compensation – Consulting and Advisory Related Fees

The aggregate fees billed by Mercer during the year ended December 31, 2013, were \$14,710 and the aggregate fees billed by Mercer during the year ended December 31, 2014, were \$21,966. All such fees were in respect of the provision of the Mercer Survey.

The aggregate fees billed by primeHR for the primeHR Services during the year ended December 31, 2014 were \$13,887.

The aggregate fees billed by Hugessen for consulting services provided during the year ended December 31, 2013, were \$50,140 (including GST) and the aggregate fees billed by Hugessen during the year ended December 31, 2014, were \$92,574 (including GST).

Components of Compensation

The following components comprise the compensation package for all executive officers (including the NEOs) for the year ended December 31, 2014:

- base salary;
- annual short-term incentive compensation in the form of a cash bonus, 50% of which is based on the Corporation's performance against defined corporate metrics with the balance being based on the achievement of individual performance objectives;
- long-term incentive compensation targeted to be comprised 50% of Performance Awards (as defined below), 25% of Options and 25% of RSUs (based upon the estimated value of the Performance Awards, Options and RSUs granted relative to the estimated aggregate value of the long-term incentive compensation granted);
- the opportunity to participate in the Employee Savings Plan (as defined below); and
- the opportunity to participate in the Employee Profit Sharing Plan (as defined below).

All salaries, salary increases, cash bonuses and equity-based compensation for the executive officers (including the NEOs) are reviewed and approved by the Compensation and Governance Committee and the Board, on an annual basis.

Base Salary

Base salary provides employees and executive officers with a level of fixed cash compensation that is consistent with market practice. The base salary of each executive officer (including the NEOs) compensates them for performing day-to-day responsibilities and reflects the complexity of their role in addition to the amount of industry experience that they possess. Salaries are reviewed and compared to industry peers, at least annually, and may be adjusted for individual contribution and performance.

No executive officer (including the NEOs) will receive a salary increase from the Corporation in 2015.

Annual Short-Term Incentive Compensation

The Corporation's executive officers are eligible to receive annual cash bonus awards that are intended to reward for both corporate and individual performance. The cash bonus awards are generally determined by reference to a target percentage of an executive's base salary and are adjusted based upon the results of the Corporation's performance against its annual corporate scorecard metrics, the results of the applicable executive officer's annual performance and the CEO's discussions with and recommendations to the Compensation and Governance Committee.

Starting in 2015, all employees of the Corporation will have a portion of their annual bonus award linked to the Corporation's achievement of specific performance measures within the 2015 corporate scorecard, which will affect the payment of short-term incentive compensation to employees in 2016. The proportion of short-term incentive compensation that is weighted to the corporate scorecard versus individual performance will reflect the degree to which the Compensation and Governance Committee believes an individual's role with the Corporation will have an influence on overall corporate performance.

Cash Bonus Award Targets

For the period from January 1, 2014 to December 31, 2014, the target bonus award for each NEO was 50% of their respective base annual salaries, with the exception of the President and Chief Operating Officer, whose bonus target was 75% and the CEO, whose bonus target was 100%. Each NEO (other than the CEO), may achieve a bonus payout of between 0% and 150% of their base bonus award target. The CEO may achieve a bonus payout of between 0% and 200% of his bonus award target.

For the year ended December 31, 2014, 50% of each executive officers' cash bonus awards will be linked to the Corporation's achievement of specific performance measures in its 2014 corporate scorecard (increasing to 75% in 2015) and 50% will be based on the executive officer's individual performance (decreasing to 25% in 2015).

2014 Corporate Performance

The Corporation's 2014 corporate scorecard metrics, which included key aspects of the Corporation's business, the weightings allocated to each of those metrics and Athabasca's performance against the metrics, are outlined below:

Metric	Weight	Rating	Contribution	Performance
Health and Safety	15%	25%	3.8%	Athabasca improved performance reporting, progressed its goal of embedding front line work practices and achieved a total recordable injury frequency target of 1.2. However, as a result of a contractor fatality occurring on an Athabasca site, the Board determined that a 25% rating was warranted. Program improvements continue.
Light Oil Division: production, operating costs, capital efficiency and development targets	25%	110%	27.5%	The Corporation achieved its 2014 Light Oil Duvernay program objectives, which included preserving lands, refining technical understandings and demonstrating execution capabilities. The Corporation's 52% reserves growth significantly exceeded its 15% target as did its 7.6 reserves replacement ratio (compared to its 3.0 target ratio). The Corporation's 2014 Montney drilling program objectives were delivered as expected.
Thermal Oil Division: progress Hangingstone Project 1 on time and on budget	25%	140%	35.0%	As at December 31, 2014, construction of Hangingstone Project 1 was 99% complete with first steam on target for the end of first quarter 2015. Final costs expected to be within 5% of original sanctioned costs.
Corporate general & administrative expense budget	5%	80%	4.0%	The Corporation's 2014 G&A costs were 10% below its 2014 budget. Notwithstanding this result, the Board exercised its judgement to reduce the Corporation's rating on this metric as it determined that further G&A cost improvements are necessary.
Strategic Corporate Objectives	30%	80%	24.0%	The Corporation closed the sale of its interest in the Dover oil sands project for net proceeds of \$1,185.2 million and entered into new credit facilities providing for approximately \$425 million of committed funding to replace previous credit facilities that had a maturity date of December 31, 2014. Notwithstanding the achievement of these objectives, the Board considered the Corporation's rating in the context of the Corporation's current share price and determined that a 100% rating was not warranted and exercised its judgement to reduce the rating to 80%.
Total			94.3%	

As noted above, in 2014, the Corporation achieved some significant milestones, including growing its Light Oil division reserves by 52%, substantially completing the construction of its first oil sands project at Hangingstone, a 12,000 barrels per day, steam assisted gravity drainage project, closing the sale of its interest in the Dover oil sands project for net proceeds of \$1,185.2 million and entering into new credit facilities providing for approximately \$425 million of committed funding to replace previous credit facilities that had a maturity date of December 31, 2014.

Notwithstanding these and other achievements, the significant decline in oil prices had a detrimental impact on Athabasca's share price.

Individual Performance

With respect to the portion of an executive officer's cash bonus that is based on individual performance, early in 2014, each executive officer developed key strategic personal deliverables that were in support of Athabasca's 2014 corporate objectives. In early 2015, the CEO met with each of the Corporation's executive officers as part of an annual review process to discuss and evaluate their 2014 performance and achievements.

Bonus awards for the executive officers (excluding the CEO) are then recommended by the CEO and are reviewed by the Compensation and Governance Committee and, if deemed appropriate, are recommended to the Board for approval. Bonus awards for the CEO are determined by the Board based on the same or similar factors that are used to determine other executive officers' bonus awards.

Long-Term Incentive Compensation

Equity-Based Awards

Athabasca believes that equity-based awards allow the Corporation to reward its executive officers for their sustained contributions to the Corporation. Equity-based awards are also utilized by the Corporation to promote executive continuity and retention and to align the executives' interests with those of the Corporation's shareholders by providing "at risk" compensation where value is dependent on corporate performance linked to share performance.

Option Plan

The Corporation's Option Plan, allows the Board to grant Options to purchase Common Shares. The Board believes that Options align the interests of executive officers with the interests of shareholders, thereby creating a link between executive compensation, the long-term corporate performance of Athabasca and the creation of shareholder value. The targeted number of Options to be granted to an employee depends upon the employee's position with the Corporation. When considering a grant of Options under the Option Plan, the Board takes into consideration the number of Options that were previously granted to the executive officer, the number of RSUs held by the executive and the number of Performance Awards that are held by the Executive. For 2014 and on a go-forward basis, the Corporation has targeted granting executive officers (including NEOs) 25% of their aggregate long-term incentive compensation in the form of Options (based upon the estimated value of the Options granted relative to the estimated aggregate value of the long-term incentive compensation granted). See "Long-Term Equity Incentive Plans – Option Plan" below.

2010 RSU Plan

The 2010 RSU Plan allows the Board to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting and exercise, results in the holder thereof being issued a Common Share for a nominal exercise price. The Board believes that RSUs align the interests of the executive officers (including the NEOs) with the interests of shareholders, thereby creating a link between executive compensation, the long term corporate performance of Athabasca and the creation of shareholder value. When considering a grant of 2010 RSUs under the 2010 RSU Plan, the Board took into consideration the number of 2010 RSUs that were previously granted to the executive officer, the number of Options held by the executive and the number of Performance Awards held by the executive.

As is described above under "Matters to be Acted Upon at the Meeting – Approval of New RSU Plan", the Board approved the New RSU Plan on March 11, 2015. All grants of RSUs after that date will be in the form of New RSUs, issued pursuant to the New RSU Plan and no further grants will be made under the 2010 RSU Plan.

For the year ended December 31, 2014, the Corporation targeted granting executive officers 25% of their long-term incentive compensation in the form of 2010 RSUs (based upon the estimated value of the 2010 RSUs granted relative to the estimated aggregate value of the long-term incentive compensation granted). On a go-forward basis the Corporation will target granting executive officers a number of New RSUs that when combined with the unexercised 2010 RSUs that were previously granted will result in the executive holding 25% of their long-term incentive compensation in the form of RSUs (based upon the estimated value of the combined 2010 RSUs and New RSUs granted relative to the estimated aggregate value of the long-term incentive compensation granted). See “*Long-Term Equity Incentive Plans – 2010 RSU Plan*” and “*Matters to be Acted Upon at the Meeting – Approval of New RSU Plan*”.

Performance Plan

On March 18, 2014, upon the recommendation of the Compensation and Governance Committee, the Board approved the adoption of a performance award plan (the “**Performance Plan**”), pursuant to which the Corporation may grant long-term incentive awards (“**Performance Awards**”) to eligible officers and other employees. The Performance Awards are intended to align the interests of executive officers and other eligible service providers with those of Athabasca’s shareholders and to focus such service providers on operating and financial performance and long-term shareholder value. The Performance Plan was ratified, approved and confirmed by the shareholders of the Corporation on May 8, 2014. When considering a grant of Performance Awards, the Board will take into consideration the number of Performance Awards that were previously granted to an executive officer, the number of Options held by the executive officer and the number of RSUs that are held by the executive officer. For 2014 and on a go-forward basis, the Corporation has targeted granting executive officers 50% of their long-term incentive compensation in the form of Performance Awards (based upon the estimated value of the Performance Awards granted relative to the estimated aggregate value of the long-term incentive compensation granted).

The sole performance measure applicable to the Performance Awards granted in 2014 is total shareholder return (“TSR”) relative to a group of peer companies. Twenty percent of the value of those Performance Awards will be based on the TSR compared to a specified peer group of companies for the period from January 1, 2014 to December 31, 2014 (“**First Tranche Awards**”). The Corporation’s TSR for the First Tranche Awards was -62%, and therefore based on the terms of the Corporation’s Performance Plan, the payout multiplier for the First Tranche Awards is zero. See “*Long-Term Equity Incentive Plans – Performance Plan*” below for specific details.

Other Compensation

Employee Savings Plan

On September 1, 2012, the Corporation established a group employee savings plan (the “**Employee Savings Plan**” or “**ESP**”) to assist employees in meeting their retirement and savings goals. Under the Employee Savings Plan, employees (including the NEOs) may elect to contribute between 1% and 4% of their salary to the ESP and a matching contribution is made by the Corporation. The amount of the matching contribution depends on the number of years of service that an employee has provided to the Corporation, as is set forth below:

- less than 3 years of service, the Corporation will provide a matching contribution equal to 100% of an employee’s contribution;
- between 3 years of service and 8 years of service, the Corporation will provide a matching contribution equal to 150% of an employee’s contribution; and
- over 8 years of service, the Corporation will provide a matching contribution equal to 200% of an employee’s contribution.

Pursuant to the Employee Savings Plan, contributions are deposited on a semi-monthly basis into an individual registered retirement savings plan that is maintained by a third-party investment and retirement savings company

(the “**Administrator**”) on an employee’s behalf. Employees who reach or exceed the prescribed contribution limit that is set forth pursuant to the *Income Tax Act* (Canada) in a given year may elect to direct additional contributions into a non-registered savings plan that is also maintained by the Administrator. Employees have the ability to allocate the contributions among a variety of professionally managed investment funds which are available under the Employee Savings Plan. Once the contributions have been deposited with the Administrator, investment decisions are made by the employees and any transfers, withdrawals or other transactions are completed directly between the employees and the Administrator. Employees may withdraw their own contributions; however, pursuant to the terms of the ESP all monies deposited by the Corporation shall remain under the ESP until an employee leaves the Corporation or retires.

Employee Profit Sharing Plan

On September 1, 2012, the Corporation instituted an employee profit sharing plan (the “**Employee Profit Sharing Plan**” or “**EPSP**”) in order to give all employees (including the NEOs) the opportunity to participate in the growth potential of the Corporation and to help further align their interests with the long-term goals of the Corporation. Pursuant to the EPSP, the Corporation contributes on an annual basis on each participating employee’s behalf an amount equal to 5% of the participating employee’s base salary, which is used to purchase units in a segregated investment fund (the “**AOC Stock Fund**”) that invests solely in Common Shares of Athabasca and is administered by the Administrator. The amounts invested in the AOC Stock Fund on behalf of the participating employees vest on December 31st each year. Once vested, participating employees may make investment decisions regarding the units of the AOC Stock Fund that they own by dealing directly with the Administrator.

Deferred Cash Bonus Payments

As a result of extended trading blackouts imposed by the Corporation during the year ended December 31, 2014, in 2014, the Corporation entered into agreements with certain of the NEOs, which provided for the potential payment of deferred cash bonuses to the NEOs by the Corporation. The deferred cash bonus commitments made by the Corporation to the NEOs were intended to serve as a retention tool in lieu of a grant of long-term equity incentives. Pursuant to the agreements for the deferred cash bonuses, the Corporation had the right, subject to applicable law, stock exchange rules and the provisions of the 2010 RSU Plan, as applicable, to satisfy its obligations with respect to the deferred cash bonuses in whole or in part at any time and from time to time by issuing a number of Common Shares or 2010 RSUs having a fair market value equal to the deferred cash bonus amounts owing, as determined by the Board in its sole discretion, acting reasonably. If issued, the 2010 RSUs would vest on the same basis as the deferred cash bonuses would have been earned and paid and they would otherwise be subject to the terms and conditions of the 2010 RSU Plan and the related agreements for 2010 RSUs, applicable law and stock exchange rules. The Corporation exercised this right in 2014 and satisfied its obligations with respect to the deferred cash bonuses that were payable to certain of the NEOs in full through the issuance of 2010 RSUs, all of which are scheduled to vest on July 1, 2018.

Compensation Risk

Risk Assessment

As part of its annual review of the Corporation’s compensation program, one of the Compensation and Governance Committee’s objectives is to ensure that the Corporation’s compensation program provides executive officers with adequate incentives to achieve both short term and long-term corporate objectives, without motivating them to take inappropriate or excessive risks. As part of its annual review, the Compensation and Governance Committee did not identify any significant areas of risk arising from the Corporation’s compensation policies and practices that would be reasonably likely to have a material adverse effect on the Corporation.

In 2014 the Compensation and Governance Committee considered the following aspects of the Corporation’s compensation program, among others:

- a significant portion of executive compensation is at-risk (not guaranteed) and is variable year over year. For example, annual short-term incentive compensation is granted in the form of annual cash bonus awards that are determined by the Board with reference to a target percentage of annual base salary, adjusted for corporate and personal performance during the performance period. Additionally, the value of other long-term incentives that are granted to executives, such as Options, RSUs and Performance Awards, are based upon share performance or the value of the Common Shares;
- the Corporation's 2014 compensation program for its executive officers is substantially similar to the overall compensation program for the other employees of the Corporation; and
- the Corporation's 2014 long-term incentive plans are designed such that RSUs have a term of five years, Options have a term of seven years and Performance Awards have a term that expires on December 15th of the third year following the year the Performance Award is granted, which the Corporation believes should reduce the risk of executives taking actions which may only have short term benefits.

Compensation risk has also been mitigated through the Corporation's policies that are described below.

Restrictions on Short-Selling and Derivative Transactions

In accordance with the Corporation's Trading and Blackout Policy, executive officers (including the NEOs) and the directors of the Corporation are prohibited from: (a) short selling securities of the Corporation ("**Securities**") or otherwise speculating in Securities with the intention of reselling or buying back such Securities in a relatively short period of time in the expectation of a rise or fall in the market price of Securities; (b) buying or selling put or call options or other derivatives in respect of Securities; or (c) entering into other transactions which have the effect of hedging the economic value of any direct or indirect interest in Securities, including financial instruments such as prepaid variable forward contracts, equity swaps or collars.

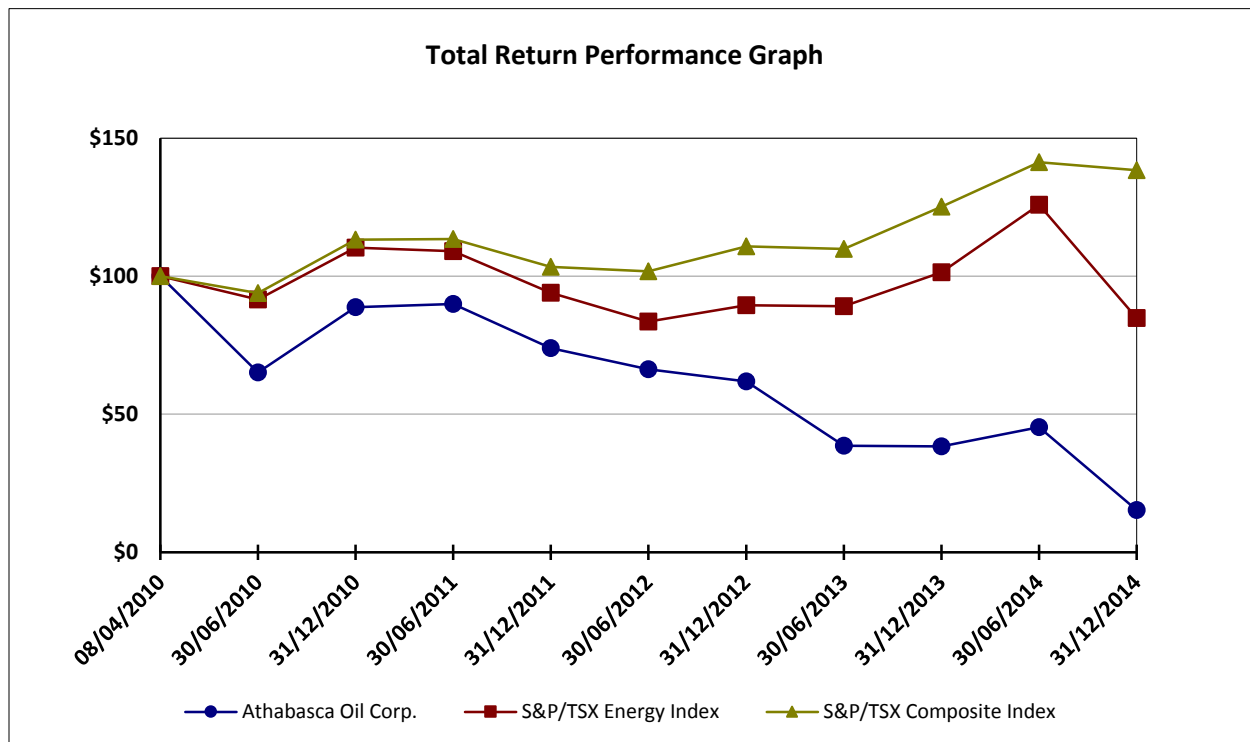
Share Ownership Guidelines

In 2014, the Board adopted a mandatory equity ownership policy for directors and executive officers. Independent directors and the CEO are required to acquire and hold equity securities worth five times their base annual salary or annual cash retainer. The executive officers of the Corporation other than the CEO are required to acquire and hold equity securities of the Corporation with a minimum aggregate market value ranging from one times to three times their base annual salary depending on their position. The independent directors and executive officers have a period of five years from the date of the implementation of the policy on March 18, 2014, or from the date of their appointment as an executive officer of the Corporation, whichever is later, to acquire the value required. Non-compliance with this policy as a result of share price volatility will be dealt with on an exceptional basis. Compliance with such policy will be confirmed on December 31st each year.

Clawback Policy

At the recommendation of the Compensation and Governance Committee, the Board adopted an Executive Compensation Clawback Policy (the "**Clawback Policy**"). Pursuant to the Clawback Policy, the independent directors of the Corporation may rectify or prevent the unjust enrichment of an executive who, through his or her own misconduct, improperly receives incentive compensation beyond what he or she would, in the absence of such misconduct, have otherwise been entitled to receive.

Performance Graph



The above graph compares the cumulative shareholder return over the period indicated of a \$100 investment in the Common Shares, with the cumulative shareholder return of the S&P/TSX Energy Index and the S&P/TSX Composite Index, assuming the reinvestment of dividends, where applicable.

The trend shown by the above performance graph is a decrease in the price of the Common Shares from April 8, 2010 to the end of the second quarter in 2010, followed by an increase in the price of the Common Shares until the end of the second quarter in 2011. The trend from the end of the second quarter in 2011 until the end of the third quarter in 2013 was negative, and between the end of the third quarter in 2013 and the end of the fourth quarter in 2013, the trend was stable. From the end of 2013 until the end of the second quarter in 2014 the price of the Common Shares trended upwards. This was followed by a decline in the price of the Common Shares from the end of the second quarter in 2014 to the end of the year.

The trend shown in the above graph does not generally correlate with the compensation that was awarded to the NEOs over the same period as the Compensation and Governance Committee does not look at shareholder return in isolation, but rather considers the overall performance of the Corporation viewed holistically in the context of the Corporation's compensation objectives discussed above.

As described in more detail above, the Compensation and Governance Committee considers a number of factors in connection with its determination of appropriate levels of compensation, including corporate and individual performance, which is not linked exclusively to the trading price of the Common Shares on the TSX. The trading price of the Common Shares on the TSX is also subject to fluctuation based on a number of factors, many of which are outside the control of the Corporation. These include but are not limited to, fluctuations and volatility in commodity prices for crude oil and natural gas, fluctuations and volatility in foreign exchange rates, global economic conditions, environmental policies and legislation and royalty regimes.

Compensation of Named Executive Officers

Individuals who acted as CEO or as Chief Financial Officer (“CFO”) during 2014, and each of the three most highly compensated executive officers other than the CEO and the CFO, for the year ended December 31, 2014, are collectively referred to as the “Named Executive Officers” or “NEOs”. The NEOs, for the year ended December 31, 2014 were as follows:

- Thomas Buchanan, CEO;
- Sveinung Svarte, Former President and CEO;
- Robert Broen, President and Chief Operating Officer
- Kimberly Anderson, CFO;
- Brent Heagy, former CFO;
- Kevin Smith, Vice President Light Oil; and
- Matthew Taylor, Vice President Capital Markets & External Communications.

Summary Compensation Table – NEOs

The following table sets out information concerning the compensation paid by the Corporation to the NEOs during the years ended December 31, 2014, December 31, 2013 and December 31, 2012.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) ⁽³⁾	Option-based awards ⁽⁴⁾⁽⁵⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$) ⁽⁸⁾	All other compensation (\$) ⁽⁹⁾	Total compensation (\$)
					Annual incentive plans ⁽⁶⁾	Long-term incentive plans ⁽⁷⁾			
Thomas Buchanan CEO ⁽¹⁾	2014	125,000	-	3,580,875 ⁽¹⁰⁾	-	-	N/A	66,249 ⁽¹¹⁾	3,772,124
	2013	-	-	-	-	-	N/A	35,000 ⁽¹²⁾	35,000
	2012	-	-	-	-	-	N/A	35,000 ⁽¹²⁾	35,000
Sveinung Svarte (former President and Chief Executive Officer) ⁽¹⁾	2014	365,749	-	-	225,000	-	N/A	88,732 ⁽¹³⁾	679,481
	2013	475,000	-	-	450,000	-	N/A	100,250 ⁽¹⁴⁾	1,025,250
	2012	437,500	-	-	450,000	-	N/A	65,416 ⁽¹⁵⁾	954,104
Robert Broen, President and Chief Operating Officer) ⁽¹⁾	2014	473,090	994,681	2,244,244 ⁽¹⁶⁾	215,300	-	N/A	302,577 ⁽¹⁹⁾	4,229,892
	2013	397,800	-	746,235 ⁽¹⁷⁾	228,100	-	N/A	35,802 ⁽²⁰⁾	1,407,937
	2012	40,000	-	3,683,876 ⁽¹⁸⁾	-	-	N/A	182,825 ⁽²¹⁾	3,906,801
Kimberly Anderson, Chief Financial Officer ⁽²⁾	2014	273,403	114,348	2,634,737 ⁽²²⁾	-	-	N/A	21,271 ⁽²³⁾	3,073,759
	2013	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
Brent Heagy (former Chief Financial Officer) ⁽²⁾	2014	53,733	-	-	-	-	N/A	4,836 ⁽²⁵⁾	58,569
	2013	257,578	-	1,849,365 ⁽²⁴⁾	66,000	-	N/A	21,482 ⁽²⁵⁾	2,194,425
	2012	-	-	-	-	-	-	-	-
Kevin Smith, Vice President, Light Oil	2014	361,329	169,323	2,920,101 ⁽²⁶⁾	-	-	N/A	30,237 ⁽²⁷⁾	3,480,990-
	2013	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-
Matthew Taylor, Vice President Capital Markets and External Communications	2014	201,181	47,645	2,137,555 ⁽²⁸⁾	-	-	N/A	-	2,386,381
	2013	-	-	-	-	-	-	-	-
	2012	-	-	-	-	-	-	-	-

Notes:

- (1) Effective October 1, 2014, Mr. Buchanan replaced Mr. Svarte as President and Chief Executive Officer of the Corporation. Effective January 6, 2014, Rob Broen was promoted from Chief Operating Officer to President and Chief Operating Officer and Mr. Buchanan continued as Chief Executive Officer.
- (2) Mr. Heagy was appointed Chief Financial Officer of the Corporation effective March 11, 2013. Mr. Heagy resigned as Chief Financial Officer of the Corporation and Ms. Anderson was appointed Chief Financial Officer of the Corporation effective February 18, 2014.
- (3) See “Long-Term Equity Incentive Plans – Performance Plan”. The value of Share-based awards is based on the 20 day volume weighted average price (“VWAP”) prior to the date of grant on April 1, 2014. The VWAP for the share based awards on April 1, 2014 was \$7.33.
- (4) See “Long-Term Equity Incentive Plans – Option Plan” and “Long-Term Equity Incentive Plans –2010 RSU Plan”. The value of Option-based awards is based on the grant date fair value of the applicable awards calculated using the Black-Scholes-Merton formula in accordance with International Financial Reporting Standards 2 *Share-based Payment*. The weighted average assumptions used in valuation of Option-based awards are outlined in the table below:

Assumption/Estimate	2014	2013	2012
Risk free interest rate	1.4%	1.4%	1.2%
Estimated forfeiture rate	7.1%	6.9%	5.0%
Expected life (years)	4.3	3.9	4.3
Dividend rate	0%	0%	0%
Volatility	42.1%	43.1%	41.0%
Grant date fair value (per Option)	\$2.21	\$2.41	\$3.76
Grant date fair value (per RSU)	\$7.09	\$6.86	\$10.79

- (5) Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of \$0.10 per Common Share upon the issuance of Common Shares pursuant to 2010 RSUs.
- (6) Reflects bonuses earned and paid to the NEOs. See “Compensation Discussion and Analysis – Annual Short-Term Incentive Compensation”.
- (7) The Corporation did not have any cash-based long-term incentive plans as at December 31, 2014.
- (8) The Corporation has an Employee Savings Plan (the “ESP”). Since the ESP is not considered a “defined contribution plan”, employer contributions that have been made to the ESP for the benefit of the NEOs have been included under the heading “All Other Compensation”.
- (9) Except as otherwise shown for Mr. Svarte, the value of perquisites received by each of the other NEOs, including property or other personal benefits provided to the NEOs includes benefits generally available to all employees, including employer contributions to the Corporation’s ESP and EPSP.
- (10) Includes the value of 1,500,000 Options granted to Mr. Buchanan upon his appointment as President and CEO of the Corporation on October 1, 2014. See “Termination and Change of Control Benefits – Executive Employment Agreements” regarding the vesting provisions of these Options. Also includes the value of 37,500 2010 RSUs granted to Mr. Buchanan in 2014 as compensation for his services as a director of the Corporation for the years 2012 and 2013.
- (11) \$58,750 represents annual fees paid to Mr. Buchanan as compensation for his services as a director. Upon his appointment as CEO on October 1, 2014, Mr. Buchanan ceased receiving director’s fees. The additional amount of \$7,499 represents employer contributions that were made by the Corporation on Mr. Buchanan’s behalf to the ESP and EPSP.
- (12) Represents annual fees paid to Mr. Buchanan as compensation for his services as a director in the year indicated.
- (13) Represents \$36,000 that was paid to Mr. Svarte as a housing allowance, \$40,232 in employer matching contributions that were made by the Corporation on Mr. Svarte’s behalf pursuant to the ESP and EPSP and \$12,500 in annual fees as compensation for his services as a director following his resignation as President and CEO on September 30, 2014.
- (14) Represents \$48,000 that was paid to Mr. Svarte as a housing allowance, \$52,250 in employer matching contributions that were made by the Corporation on Mr. Svarte’s behalf pursuant to the ESP and EPSP.
- (15) Represents \$48,000 that was paid to Mr. Svarte as a housing allowance, and \$17,416 represents employer matching contributions that were made by the Corporation on Mr. Svarte’s behalf pursuant to the ESP and EPSP.
- (16) Represents Mr. Broen’s annual long-term incentive grant, (which vests on the 4th anniversary of the date of grant), as well as a grant made to Mr. Broen upon his promotion to the position of Chief Operating Officer (which vests as to one-quarter on each of the 1st, 2nd, 3rd, and 4th anniversaries of the grant date).
- (17) Represents Mr. Broen’s annual long-term incentive grant which vest on the 4th anniversary of the grant date.
- (18) Represents Mr. Broen’s new hire grant of Options and RSUs (which each vest as to one-quarter on each of the 1st, 2nd, 3rd, and 4th anniversaries of the grant date).
- (19) \$260,000 of the all other compensation amount was paid to Mr. Broen as a cash alternative for Stock based compensation he was unable to receive due to blackout provisions.
- (20) Represents employer matching contributions that were made by the Corporation on Mr. Broen’s behalf pursuant to the ESP and the EPSP.
- (21) Represents \$180,000 that was paid to Mr. Broen as a signing bonus. The balance of \$2,825 represents employer contributions made on Mr. Broen’s behalf pursuant to the ESP and EPSP.
- (22) Represents Ms. Anderson’s new hire grant of Options and RSUs (which each vest as to one-quarter on each of the 1st, 2nd, 3rd, and 4th anniversaries of the grant date).
- (23) Represents employer matching contributions that were made by the Corporation on Ms. Anderson’s behalf pursuant to the ESP and the EPSP.
- (24) Represents Mr. Heagy’s new hire grant, which would have vested one-quarter on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date.

- (25) Represents employer matching contributions that were made by the Corporation on Mr. Heagy's behalf pursuant to the ESP and the EPSP.
- (26) Represents Mr. Smith's new hire grant of Options and RSUs (which each vest as to one-quarter on each of the 1st, 2nd, 3rd, and 4th anniversaries of the grant date).
- (27) Represents employer matching contributions that were made by the Corporation on Mr. Smith's behalf pursuant to the ESP and the EPSP.
- (28) Represents Mr. Taylor's new hire grant of Options and RSUs (which each vest as to one-quarter on each of the 1st, 2nd, 3rd, and 4th anniversaries of the grant date).

Long-Term Equity Incentive Plans

The following is a description of Athabasca's long-term equity incentive plans. The maximum number of Common Shares issuable to any one participant under all of Athabasca's security based compensation arrangements shall not exceed 5% of the issued and outstanding Common Shares. The number of Common Shares issuable to insiders (as defined by the TSX for this purpose) at any time, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares.

Option Plan

The Corporation's Option Plan permits the granting of Options to purchase Common Shares to directors, officers, employees, consultants and other service providers ("**Optionees**") of the Corporation and its subsidiaries. The purpose of the Option Plan is to aid in attracting, retaining and motivating eligible service providers in the growth and development of the Corporation and its subsidiaries by providing them with an opportunity to acquire an increased proprietary interest in the Corporation. The Option Plan is administered by the Board or a Committee of the Board appointed by the Board to administer the Option Plan.

The maximum number of Common Shares that may be issued on the exercise of outstanding Options at any time is limited to 10% of the number of Common Shares that are issued and outstanding, less the number of Common Shares that are issuable pursuant to all other security based compensation arrangements of Athabasca. Options cancelled, terminated or expired prior to exercise of all or a portion thereof will result in the Common Shares that were reserved for issuance being available for subsequent grants of Options. As the Option Plan is a "rolling plan", the issuance of additional Common Shares by the Corporation or the exercise of Options will also give rise to additional availability under the Option Plan.

Options are not assignable.

Options granted prior to May 8, 2014 have a term not exceeding five years and Options granted after May 8, 2014 have a term not exceeding seven years. Options vest and are exercisable as to one-quarter on each of the first, second, third and fourth anniversaries of the grant date, unless otherwise determined by the Board.

If Options cannot be exercised due to a Black-Out Period (as such term is defined in the Option Plan) at any time within the three business day period prior to the normal expiry date of the Options, the expiry date of all those Options will be extended by seven business days following the end of the Black-Out Period (or such longer period as is permitted by the TSX or such stock exchange on which the Common Shares may be listed).

The exercise price of the Options granted pursuant to the Option Plan is determined by the Board at the time of grant, provided that the exercise price cannot be less than the five-day volume weighted average trading price of the Common Shares on the TSX (or such stock exchange on which the Common Shares may be listed) immediately preceding the date of grant.

Unless the Corporation and Optionee agree otherwise in an option agreement or other written agreement (such as an agreement of employment), each Option will terminate:

- (a) if an Optionee dies, on the date that is determined by the Board, which cannot be more than twelve months from the date of death and, in the absence of a determination to the contrary, on the date that is twelve months from the date of death;
- (b) if the Optionee ceases to be a service provider to Athabasca or one of its subsidiaries (other than by reason of death or termination for cause), on the expiry of the period not in excess of six months as prescribed by the Option Committee at the time of the grant, following the date that the Optionee ceases to be a service provider and, in the absence of any determination to the contrary, ninety days following the date that the Optionee ceases to be a service provider; and
- (c) if the Optionee is terminated for cause, immediately on the date of such termination;

The number of Common Shares that an Optionee (or his or her heirs or successors) will be entitled to purchase until such date of termination shall: (i) in the case of the death of an Optionee, be all of the Common Shares that may be acquired on exercise of the Options held by such Optionee (or his or her heirs or successors) whether or not previously vested, and the vesting of all such Options shall be accelerated on the date of death for such purpose; and (ii) in any case other than death or termination for cause, shall be the number of Common Shares which the Optionee was entitled to purchase on the date the Optionee ceased to be a service provider.

The Option Plan also provides that Optionees may make an offer (a “**Surrender Offer**”), at any time, for the disposition and surrender by the Optionee to Athabasca of any Option for an amount not to exceed the five-day volume weighted average trading price of the Common Shares on the TSX (or such stock exchange on which the Common Shares may be listed) on the date of the Surrender Offer less the exercise price of the Options that are specified in the Surrender Offer. The Corporation may accept or reject a Surrender Offer, in its sole discretion.

The Option Plan provides that, subject to any provision to the contrary contained in an option agreement or other written agreement (such as an agreement of employment) between the Corporation and an Optionee, if there is a Change of Control of the Corporation (as defined in the Option Plan), all issued and outstanding Options will be exercisable (whether or not then vested) immediately prior to the time such Change of Control takes place and will terminate on the 90th day after the Change of Control occurs, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the Change of Control.

The Option Plan contains certain anti-dilution provisions which provide that in the event of: (a) any change in the Common Shares of the Corporation through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to holders of Common Shares to purchase Common Shares at prices substantially below fair market value; or (c) that as a result of any recapitalization, merger, consolidation or otherwise, the Common Shares are converted into or exchangeable for any other securities or property; then in any such case the Board may make such adjustments to the Option Plan and in the Options granted under the Option Plan as the Board may in its sole discretion deem appropriate to prevent substantial dilution or enlargement of the rights granted to, or available for, Optionees and the Optionees will be bound by any such adjustments. If the Corporation fixes a record date for a distribution to all or substantially all the holders of the Common Shares of cash or other assets (other than a dividend in the ordinary course of business), the Board may, in its sole discretion, but is not required to, make adjustments to the exercise price of any Options outstanding on the record date for such distribution, and make such amendments to any option agreements outstanding under the Option Plan to give effect thereto as the Board considers to be appropriate in the circumstances.

The Board may amend or discontinue the Option Plan at any time without the consent of an Optionee, provided that such amendment does not adversely alter or impair any Option previously granted under the Option Plan or any related option agreement, except as otherwise permitted by the Option Plan. In addition, the Board may, by resolution, amend the Option Plan and any Option granted under it (together with any related option agreement) without shareholder approval, provided however, that the Board may not amend the Option Plan or any Option granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the Option Plan; (ii) to reduce the exercise price of an Option or cancel an

Option and subsequently issue the holder of such Option a new Option in replacement thereof; (iii) to extend the term of an Option; (iv) to permit the assignment or transfer of an Option other than as provided for in the Option Plan; (v) to add to the categories of persons eligible to participate in the Option Plan; (vi) make any amendment to increase the maximum limits on the number of securities that may be issued to Insiders; (vii) make any amendment to increase the maximum number of Common Shares issuable on exercise of Options to directors who are not officers or employees of the Corporation; or (viii) to remove or amend the restrictions on amendments that are provided in the Option Plan.

Revised Option Agreements

In order to provide the Corporation with an employee retention mechanism in the event of a Change of Control, on March 27, 2012, the Board approved certain changes to the forms of option agreement (the “**Revised Option Agreements**”) that are entered between the Corporation and Optionees in which Options are granted. The Revised Option Agreements provide that if an Optionee is provided with a notice in writing by the Corporation that the Optionee’s employment or service with the Corporation will be terminated within thirty days of the date of a Change of Control (an “**Optionee Termination Notice**”), then the Options granted pursuant to an applicable Revised Option Agreement will vest immediately and will be terminated on the 90th day after the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place.

However, if an Optionee is not provided with an Optionee Termination Notice (i.e. the Optionee will continue to be employed by the Corporation or its successor following the Change of Control), then the vesting of the Options granted pursuant to an applicable Revised Option Agreement will not be accelerated as a result of a Change of Control, but instead such Optionee’s unvested, unexercised Options will terminate at the time that is the first to occur of: (i) the Change of Control; (ii) the expiration date of the Options; or (iii) the earlier termination of the Options in connection with the cessation of the Optionee’s service to the Corporation or its subsidiaries. In this event, any applicable Option Cash Bonus Agreement between Athabasca and an Optionee will become effective, as described below (the revisions described in this paragraph are referred to herein as the “**Revised Change of Control Provisions**”).

Option Cash Bonus Agreements

Optionees that have been granted Options pursuant to a Revised Option Agreement (including NEOs) have also entered into cash bonus agreements (“**Option Cash Bonus Agreements**”) with the Corporation which provide the Optionees with the right to receive cash amounts (an “**Option Cash Bonus**”) if they are not provided with an Optionee Termination Notice and they continue to be a service provider to Athabasca or its subsidiaries following a Change of Control. Pursuant to the Option Cash Bonus Agreements, if an Optionee remains in the continuous employ or service of the Corporation or its subsidiaries from the date of a Change of Control until a vesting date that is set out in an applicable Revised Option Agreement (an “**Option Bonus Vesting Date**”), then an Option Cash Bonus (calculated in accordance with the formula that is set forth below) divided by the number of Option Bonus Vesting Dates described in the applicable Revised Option Agreement, shall be paid by the Corporation to the Optionee on each such Bonus Vesting Date:

(A x B) + C where:

- (i) “A” equals the number of Options that had not vested as at the date of the termination of the Options pursuant to the Revised Change of Control Provisions (“**Unvested Options**”);
- (ii) “B” equals the difference, if positive, between the consideration per Common Share received by the holders of Common Shares pursuant to the transaction that constitutes a Change of Control and the exercise price per Unvested Option that is provided in the applicable Revised Option Agreement;

- (iii) "C" equals $\frac{[(AxB)/2] \times \text{Marginal Tax Rate}}{1 - \text{Marginal Tax Rate}}$;
- (iv) "Marginal Tax Rate" means the ordinary rate of income tax charged on the Service Provider's last dollar of income.

Additionally, pursuant to the Option Cash Bonus Agreements, if an Optionee remains in the continuous employ or service of the Corporation or its subsidiaries from the date of a Change of Control until either the second or third anniversary of the date of the Change of Control (depending on which period is specified in the applicable Option Cash Bonus Agreement), any remaining Option Cash Bonus which has not previously been paid to the Optionee in accordance with the above shall be accelerated and paid to such Optionee on the second or third anniversary of the date of the Change of Control (again, depending on which period is specified in the applicable Option Cash Bonus Agreement).

Restricted Share Units

2010 RSU Plan

The purpose of the 2010 RSU Plan is to aid in attracting, retaining and motivating the officers, directors, employees and other eligible service providers of the Corporation and its subsidiaries in the growth and development of the Corporation and its subsidiaries by providing them with an opportunity to acquire an increased proprietary interest in the Corporation. The 2010 RSU Plan is administered by the Board or a Committee of the Board appointed by the Board to administer the 2010 RSU. The Board has the responsibility for determining which service providers to the Corporation and its subsidiaries could be participants ("**Participants**") in the 2010 RSU Plan.

The maximum number of Common Shares that may be issued on the exercise of outstanding 2010 RSUs at any time is limited to 10% of the number of Common Shares that are issued and outstanding, less the number of Common Shares that are issuable pursuant to all other security based compensation arrangements of Athabasca. As the 2010 RSU Plan is a "rolling plan", the termination, cancellation or expiry of 2010 RSUs, or the issuance of additional Common Shares by the Corporation, or the exercise of outstanding 2010 RSUs provides additional availability for grants under the 2010 RSU Plan.

2010 RSUs are not assignable.

2010 RSUs have a term not exceeding five years and vest in such manner as is determined by the RSU Committee. In the absence of any determination to the contrary by the RSU Committee, 2010 RSUs vest and are exercisable as to one-quarter on each of the first, second, third and fourth anniversaries of the grant date, unless otherwise determined by the Board.

If Common Shares cannot be issued pursuant to any 2010 RSUs due to a Black-Out Period (as such term is defined in the 2010 RSU Plan) at any time within the three business day period prior to the normal expiry date of such 2010 RSUs, the expiry date of the 2010 RSUs will be extended by seven business days following the end of the Black-Out Period (or such longer period as is permitted by the TSX or such stock exchange on which the Common Shares may be listed).

Unless otherwise determined by the Board, or unless the Corporation and Participant agree otherwise in a 2010 RSU agreement or other written agreement (including an employment or consulting agreement), each 2010 RSU shall provide that if a Participant ceases to be service provider to the Corporation or its subsidiaries for any reason whatsoever including, without limitation, retirement, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the Participant's 2010 RSUs have vested or are forfeited pursuant to any other provision of the 2010 RSU Plan: (a) such Participant shall cease to be a participant in the 2010 RSU Plan as of the Forfeiture Date (as defined below); (b) the former Participant shall forfeit all unvested awards respecting 2010 RSUs effective as at the Forfeiture Date; (c) any Common Shares corresponding to any

remaining vested award of 2010 RSUs shall be delivered to the former Participant in accordance with the 2010 RSU Plan as soon as practicable after the Forfeiture Date (or, in the case of death, to the legal representative of the deceased former Participant's estate as soon as practicable after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant); and (d) the former Participant shall not be entitled to any further distribution of Common Shares or any payment in respect of the 2010 RSU Plan.

For the purposes of the 2010 RSU Plan, "**Forfeiture Date**" means the date, as determined by the Board, on which a Participant ceases to be a Participant pursuant to the 2010 RSU Plan, and if the Participant is an employee and the Participant's employment is terminated without cause, the date shall be extended to include the applicable period of statutory notice, if any, pursuant to the governing employment standards legislation, but does not include any period of reasonable notice that the Corporation may be required at common law to provide to the Participant.

Notwithstanding the preceding, if a Participant dies, any unvested awards respecting 2010 RSUs held by the deceased Participant shall vest immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested awards respecting 2010 RSUs.

The Corporation must, as soon as practicable after the vesting and exercise of any 2010 RSUs, issue from treasury to the Participant the number of Common Shares required to be delivered upon the vesting of such Participant's 2010 RSUs. The Participant may exercise any vested 2010 RSU by delivering to the Corporation a notice of exercise in writing stating the Participant's intention to exercise a particular 2010 RSU together with payment of the exercise price of \$0.10 per 2010 RSU so exercised. Upon receipt of the exercise notice and aggregate exercise price from the Participant, the Corporation will cause the Common Shares in respect of which the 2010 RSUs have been exercised to be issued to the Participant.

The 2010 RSU Plan also provides that a Participant may make an offer (an "**Offer to Surrender**"), for the disposition and surrender by the Participant to the Corporation of any 2010 RSUs for an amount not to exceed the five-day volume weighted average trading price of the Common Shares on the TSX (or such stock exchange on which the Common Shares may be listed) on the date of the Offer to Surrender less the exercise price of the 2010 RSUs specified in the Offer to Surrender. The Corporation may accept or reject any Offer to Surrender, in its sole discretion.

The 2010 RSU Plan provides that subject to any provision to the contrary contained in an 2010 RSU agreement or other written agreement (such as an agreement of employment) between the Corporation and a Participant, if there is a Change of Control (as defined in the 2010 RSU Plan) of the Corporation, all issued and outstanding 2010 RSUs will vest and be exercisable immediately prior to the time such Change of Control takes place and will terminate on the 90th day after the Change of Control, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change of Control.

The 2010 RSU Plan further provides for certain anti-dilution provisions which provide that in the event of: (a) of any change in the Common Shares of the Corporation through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or (b) that any rights are granted to holders of Common Shares to purchase Common Shares at prices substantially below fair market value; or (c) that as a result of any recapitalization, merger, consolidation or otherwise, the Common Shares are converted into or exchangeable for any other securities or property; then in any such case the Board may make such adjustments to the 2010 RSU Plan and in the 2010 RSUs granted under the 2010 RSU Plan as the Board may in its sole discretion deem appropriate to prevent substantial dilution or enlargement of the rights granted to, or available for, Participants and the Participants will be bound by any such adjustments.

The Board may amend or discontinue the 2010 RSU Plan or amend any 2010 RSU at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any 2010 RSU previously granted under the 2010 RSU Plan or any related 2010 RSU agreement, except as otherwise permitted by the 2010 RSU Plan. In addition, the Board may, by resolution, amend the 2010 RSU Plan and any 2010 RSU granted under it (together with any related 2010 RSU agreement) without shareholder approval, provided however, that at any time while the

Common Shares are listed for trading on the TSX, the Board may not amend the 2010 RSU Plan or any 2010 RSU granted under it without shareholder and, if applicable, TSX approval: (a) to increase the maximum number of Common Shares issuable pursuant to the 2010 RSU Plan; (b) to reduce the exercise price of an RSU or cancel an 2010 RSU and subsequently issue the holder of such 2010 RSU a new 2010 RSU in replacement thereof; (c) to extend the term of a 2010 RSU; (d) to permit the assignment or transfer of a 2010 RSU other than as provided for in the RSU Plan; (e) to add to the categories of persons eligible to participate in the 2010 RSU Plan; (f) to remove or amend the participation limitations and restrictions; (g) to remove or amend the restrictions on amendments that are provided in the 2010 RSU Plan.

On termination of the 2010 RSU Plan, any outstanding awards of 2010 RSUs will immediately vest and the number of Common Shares corresponding to the 2010 RSUs that have been awarded will be delivered to the Participant in accordance with and upon compliance with the terms of the 2010 RSU Plan. The 2010 RSU Plan will finally cease to operate for all purposes when: (a) the last remaining Participant receives delivery of all Common Shares corresponding to 2010 RSUs; or (b) all unexercised 2010 RSUs expire in accordance with the terms of the RSU Plan and the relevant RSU agreements.

Revised 2010 RSU Agreements

In order to provide the Corporation with an employee retention mechanism in the event of a Change of Control, on March 27, 2012, the Board approved certain changes to the forms of 2010 RSU agreement (the “**Revised RSU Agreements**”) that are entered into between the Corporation and Participants to which 2010 RSUs are granted. The Revised RSU Agreements provide that if a Participant is provided with a notice in writing by the Corporation that the Participant’s employment or service with the Corporation will be terminated within thirty days of the date of a Change of Control (a “**Participant Termination Notice**”), then the 2010 RSUs granted pursuant to an applicable Revised RSU Agreement will vest immediately and will be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place.

However, if a Participant is not provided with a Participant Termination Notice (i.e. the Participant will continue to be employed by the Corporation or its successor following the Change of Control), then the vesting of the 2010 RSUs granted pursuant to an applicable Revised RSU Agreement will not be accelerated as a result of a Change of Control, but instead, such Participant’s unvested, unexercised 2010 RSUs shall terminate at the time that is the first to occur of: (i) the Change of Control; (ii) the expiration date of the 2010 RSUs; or (iii) the Forfeiture Date. In this event, any applicable Option RSU Cash Bonus Agreement between Athabasca and Participant will become effective, as described below (the revisions described in this paragraph are referred to herein as the “**New Change of Control Provisions**”).

New RSU Plan

On March 11, 2015, upon the recommendation of the Compensation and Governance Committee, the Board approved the New RSU Plan. All grants of RSUs subsequent to March 11, 2015 will be New RSUs, issued pursuant to the New RSU Plan. See “*Matters to be Acted Upon at the Meeting – Approval of New RSU Plan*” for additional information.

The form of RSU agreement to be entered into between the Corporation and Participants receiving New RSUs (“**New RSU Agreements**”) will incorporate the same New Change of Control Provisions described above.

RSU Cash Bonus Agreements

Participants that have been granted 2010 RSUs pursuant to a Revised RSU Agreement and who may be granted New RSUs under a New RSU Agreement (including NEOs) have entered into, or will enter into, cash bonus agreements (“**RSU Cash Bonus Agreements**”) with the Corporation, which provide such Participants with the right to receive cash amounts (an “**RSU Cash Bonus**”) if they are not provided with a Participant Termination Notice and they

continue to be a service provider to the Corporation or its subsidiaries following a Change of Control. Pursuant to the RSU Cash Bonus Agreements, if a Participant remains in the continuous employ or service of the Corporation or its subsidiaries from the date of a Change of Control until a vesting date that is set out in an applicable Revised RSU Agreement (an “**RSU Bonus Vesting Date**”), then an RSU Cash Bonus (calculated in accordance with the formula that is set forth below) divided by the number of RSU Bonus Vesting Dates described in the Revised RSU Agreement (or New RSU Agreement, as applicable), shall be paid by the Corporation to the Participant on each such Bonus Vesting Date:

(D x E) where:

- (i) “D” equals the number of 2010 RSUs that had not vested as at the date of the termination of the 2010 RSUs (or New RSUs, as applicable) pursuant to the New Change of Control Provisions (“**Unvested RSUs**”); and
- (ii) “E” equals the difference, if positive, between the consideration per Common Share received by the holders of Common Shares pursuant to the transaction that constitutes a Change of Control and the exercise price per Unvested RSU, as provided in the applicable Revised RSU Agreement (or New RSU Agreement, as applicable).

Additionally, pursuant to the RSU Cash Bonus Agreements, if a Participant remains in the continuous employ or service of the Corporation or its subsidiaries from the date of a Change of Control until either the second or third anniversary of the date of the Change of Control (depending on which period is specified in the applicable RSU Cash Bonus Agreement), any remaining RSU Cash Bonus which has not previously been paid to the Participant in accordance with the above shall be accelerated and paid to such Participant on the second or third anniversary of the date of the Change of Control (again, depending on which period is specified in the applicable RSU Cash Bonus Agreement).

Performance Plan

The principal purposes of the Performance Plan are to: (i) aid in attracting, retaining and motivating the officers, employees and other eligible service providers (“Service Providers”) of Athabasca and any of its subsidiaries in the growth and development of Athabasca by providing them with the opportunity through Performance Awards to acquire an increased proprietary interest in the Corporation; (ii) more closely align their interests with those of the Corporation’s shareholders; (iii) focus such Service Providers on operating and financial performance and long-term shareholder value; and (iv) motivate and reward them for their performance and contributions to the Corporation’s long-term success. Directors of the Corporation are not eligible to receive grants of Performance Awards.

The Performance Plan is administered by the Board. To the extent permitted by applicable law, the Board may delegate all or any of the powers conferred on the Board under the Performance Plan to a committee of the Board.

Pursuant to the Performance Plan, the Board may grant Performance Awards on such terms and conditions as it, in its sole and absolute discretion may determine, including determining the Service Providers to whom Performance Awards may be awarded; the number of Performance Awards to be credited to a recipient of a Performance Award; the time or times at which Performance Awards may be awarded; the time or times when each Performance Award shall vest (the “Vesting Date”); the applicable performance measures to be taken into consideration in granting Performance Awards (“Performance Measures”); the weighting of such Performance Measures; the Performance Multiplier (as defined below) that shall apply to an Performance Award, if any; and any acceleration or waiver of termination or forfeiture regarding any Performance Award. The Board determines the expiry dates for each Performance Award, provided that unless otherwise determined on the date of grant by the Board, the expiry date (“Expiry Date”) shall be the date that is December 15th of the third year following the year in which the Performance Award was granted. Notwithstanding the foregoing, no Performance Award will vest beyond the Expiry Date.

The sole Performance Measure applicable to Performance Awards, granted during the year ending December 31, 2014 and to be granted in 2015, is Athabasca's total shareholder return ("TSR") compared to the TSR range of its Peer Companies (see below for further detail) .

The value of a Performance Award (the "Award Value") is an amount equal to the number of Performance Awards, as such number may be adjusted in accordance with the terms of the Performance Plan, multiplied by the Fair Market Value (as defined in the Performance Plan) of the Common Shares, and shall be determined by the Board as of the applicable Vesting Date. The weighting of the Corporation's TSR relative to its Peer Companies shall not be less than 0% and not more than 200%.

The performance award agreements entered into during the year ending December 31, 2014 between the Service Providers (including, the NEOs) to which Performance Awards have been granted and the Corporation (the "Performance Award Agreements"), include the following provisions regarding vesting (the "Vesting Provisions"):

The Vesting Date is April 1, 2017 and on such date the following number of Performance Awards shall vest (unless there is a Change of Control prior to the Vesting Date, in which case the PSU Change of Control Provisions (described below) will apply):

- (a) the number of Performance Awards equal to the First Tranche Awards (i.e. 20% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the First Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation's TSR calculated in accordance with the Performance Award Agreement) compared to a specified peer group of companies (the "**Peer Companies**") for the period from January 1, 2014 to December 31, 2014, plus;
- (b) the number of Performance Awards equal to the Second Tranche Awards (i.e. 20% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the Second Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation's TSR compared to the Peer Companies for the period from January 1, 2015 to December 31, 2015, plus;
- (c) the number of Performance Awards equal to the Third Tranche Awards (i.e. 20% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the Third Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation's TSR compared to the Peer Companies for the period from January 1, 2016 to December 31, 2016, plus;
- (d) the number of Performance Awards equal to the Fourth Tranche Awards (i.e. 40% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the Fourth Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation's TSR compared to the Peer Companies for the period from January 1, 2014 to December 31, 2016.

"Performance Multiplier" is defined in the Performance Award Agreements as follows: if the Corporation's TSR compared to the TSR range for all Peer Companies during the relevant Performance Period is: (i) at or below the 25th percentile the Performance Multiplier will be 0%, (ii) equal to the 50th percentile the Performance Multiplier will be 100%, and (iii) at or above the 75th percentile the Performance Multiplier will be 200%. If the Corporation's TSR compared to the TSR range for all Peer Companies during the relevant Performance Period is above the 25th and below the 50th percentiles or above the 50th and below the 75th percentiles, the Performance Multiplier shall be calculated using a linear sliding scale based on the endpoints noted in (i) and (ii) or between (ii) and (iii) above, respectively. In no event will the Performance Multiplier exceed 200%.

The “**Peer Companies**” for the purposes of the Performance Award Agreements entered into during the year ended December 31, 2014 are:

ARC Resources Ltd.	Baytex Energy Corp.	Bellatrix Exploration Ltd.
BlackPearl Resources Ltd.	Bonavista Energy Corporation	Cenovus Energy Inc.
Crew Energy Inc.	Enerplus Corporation	Kelt Exploration Ltd.
MEG Energy Corp.	Paramount Resources Ltd.	Pengrowth Energy Corporation
Southern Pacific Resource Corp.	Tourmaline Oil Corp.	Trilogy Energy Corp.

Performance Awards may, in the Board’s sole and absolute discretion, be settled by any of the following methods or by a combination of such methods: (i) payment in cash; (ii) payment in Common Shares acquired by the Corporation on the TSX; or (iii) payment in Common Shares issued from the treasury of the Corporation. A holder of Performance Awards has no right to demand, be paid in, or receive Common Shares in respect of the Award Value or any portion thereof.

If a Vesting Date occurs during a black-out period, then the Vesting Date shall be extended to a date that is within seven business days following the end of such blackout-out; provided that if any such extension would cause the Vesting Date to extend beyond the Expiry Date and while a black-out is still in effect, then the Corporation shall pay the holder the entire Award Value in cash (and not Common Shares) and the Corporation shall not have any right to pay the Award Value in whole or in part in Common Shares.

The maximum number of Common Shares that may be issuable pursuant to Performance Awards together with all other security based compensation arrangements of the Corporation, is 10% of the Common Shares outstanding from time to time. Any increase in the issued and outstanding Common Shares (including increases resulting from the settlement of Performance Awards) will result in an increase in the number of Common Shares that may be issued on Performance Awards outstanding at any time. For the purposes of calculating the 10% limitation referred to above only, it shall be assumed that all issued and outstanding Performance Awards will be settled by the issuance of Common Shares from treasury, notwithstanding Athabasca’s right to settle the Award Value underlying Performance Awards in cash or by purchasing Common Shares on the open market and that a Performance Multiplier of 1.0 will be applied to all Performance Awards. Performance Awards that are cancelled, surrendered, terminated or expire prior to the settlement of all or a portion thereof and Performance Awards that are settled for cash shall result in the Common Shares that were reserved for issuance under the Performance Plan being available for a subsequent grant of Performance Awards.

The Performance Plan provides for an adjustment to the number of Common Shares to be issued pursuant to Performance Awards for dividends paid on the Common Shares during the term of the Performance Awards.

Pursuant to the Performance Plan, if there is a Change of Control (as defined in the Performance Plan) then, subject to any provision to the contrary contained in a Performance Award Agreement, all Common Shares awarded pursuant to any Performance Award that have not yet vested and been issued will vest on the date which is immediately prior to the time a Change of Control is completed.

However, in order to assist the Corporation with the retention of employees if there is a Change of Control, the Performance Award Agreements entered into by the Corporation and its Service Providers during the year ended December 31, 2014, include the following provisions (the “PSU Change of Control Provisions”):

- (a) If a Service Provider is provided notice in writing (a “**Service Provider Termination Notice**”) that the Service Provider’s employment or service to the Corporation will be terminated within thirty days of the date of a Change of Control (“**Change of Control Date**”), then:
 - (i) the Vesting Date of the Performance Awards granted pursuant to the applicable Performance Award Agreement shall be the date which is immediately prior to the Change of Control Date, or

on such earlier date as may be established by the Board in its absolute discretion, prior to the Change of Control Date (the “**Change of Control Vesting Date**”); and

- (ii) the number of Performance Awards which shall vest shall be determined in accordance with the Vesting Provisions, subject to the following adjustments: (A) if the Change of Control Date occurs on or before December 31, 2014, then the First Tranche Awards shall be deemed to be 100% of the Performance Awards and the Second Tranche Awards, Third Tranche Awards and Fourth Tranche Awards shall be deemed to be nil% of the Performance Awards; (B) if the Change of Control Date occurs after December 31, 2014, and on or before December 31, 2015, then the First Tranche Awards shall be deemed to be 50% of the Performance Awards, the Second Tranche Awards shall be deemed to be 50% of the Performance Awards, and the Third Tranche Awards and Fourth Tranche Awards shall be deemed to be nil% of the Performance Awards; and (C) if the Change of Control Date occurs after December 31, 2015, and on or before December 31, 2016, then the First Tranche Awards shall be deemed to be 33 1/3% of the Performance Awards, the Second Tranche Awards shall be deemed to be 33 1/3% of the Performance Awards, the Third Tranche Awards shall be deemed to be 33 1/3% of the Performance Awards, and the Fourth Tranche Awards shall be deemed to be nil% of the Performance Awards; and for purposes of calculating the TSR for the Corporation for any Performance Period that has not been completed as at the Change of Control Date the trading price of the Common Shares at the end of such Period shall be deemed to be equal to the price received per Common Share pursuant to the Change of Control (being in the case of consideration other than cash, the fair market value thereof as determined by the Board in its sole discretion);
 - (iii) the Award Value of the Performance Awards that so vest (the “**Change of Control Award Value**”) shall be determined as at the Change of Control Vesting Date; and
- (b) If the Service Provider is not provided with a Service Provider Termination Notice, then the Service Provider shall be contingently entitled to the Change of Control Award Value (the “**Contingent Change of Control Award Value**”) subject to the following:
- (i) provided the Service Provider has remained in the continuous employ or service of one or more members of the Athabasca Group from the Change of Control Date until April 1, 2017, the Contingent Change of Control Award Value, less any required withholdings, shall be paid to the Grantee within five business days of April 1, 2017;
 - (ii) if the grantee ceases to be a Service Provider of, or consultant to, any of the entities comprising the Athabasca Group prior to April 1, 2017 by reason of termination of Service Provider’s employment or service for cause or by reason of the resignation or retirement of the Service Provider, the Service Provider’s right to receive the Contingent Change of Control Award Value shall terminate and become null and void on the date of the cessation of the grantee’s employment or service and the Service Provider shall not be entitled to any further payment hereunder; and
 - (iii) if the Service Provider ceases to be a Service Provider of, or consultant to, any of the entities comprising the Athabasca Group prior to April 1, 2017 by reason of termination of the Service Provider’s employment for any reason other than as described above including, without limitation, by reason of the death of the Service Provider or the termination of the Service Provider’s employment other than for cause, the Contingent Change of Control Award Value, less any required withholdings, shall be paid to the grantee within five business days of such cessation of employment or service.

The Performance Plan provides that unless otherwise determined by the Committee or unless otherwise provided in a Performance Award agreement pertaining to a particular grant or any other written agreement, including an employment agreement, if a holder of a Performance Award ceases to be Service Provider for any reason including

retirement, resignation, or involuntary termination (with or without cause) before all of such holder's Performance Awards have vested, then all such unvested Performance Awards shall be forfeited and any Award Value corresponding to any vested Performance Awards remaining unpaid will be paid to the former participant in accordance with the Performance Plan.

Notwithstanding the preceding paragraph if a participant dies, any unvested Performance Awards shall be deemed to have vested immediately prior to the date of death of the participant with the result that the deceased participant shall not forfeit any unvested Performance Awards.

The Performance Plan contains anti-dilution provisions which allow the committee to make such adjustments to the Performance Plan, to any Performance Awards and to any Performance Award agreements outstanding under the Performance Plan as the committee may consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to participants under the Performance Plan.

Performance Awards are not assignable.

The Board has the right to amend or discontinue the Performance Plan or amend any Performance Award without the consent of a holder of a Performance Award, provided that such amendment does not adversely alter or impair any Performance Award previously granted under the Performance Plan or any related Performance Award Agreement, except as otherwise permitted under the Performance Plan. In addition, the Board may, by resolution, amend the Performance Plan and any Performance Award granted under it (together with any related Performance Award Agreement) without shareholder approval, provided however, that at any time after the Corporation has obtained the approval of the TSX and shareholders in accordance with the requirements of the TSX to the issuance of Common Shares in respect of the Award Value in respect of Performance Awards, and thereafter while the Common Shares are listed for trading on the TSX, the Board may not amend the Performance Plan or any Performance Award granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the Performance Plan; (ii) to cancel a Performance Award and subsequently issue the holder of such Performance Award a new Performance Award in replacement thereof; (iii) to extend the term of a Performance Award; (iv) to permit the assignment or transfer of a Performance Award other than as provided for in the Performance Plan; (v) to add to the categories of persons eligible to participate in the Performance Plan; (vi) to remove or amend the limitations contained in the Performance Plan; (vii) to remove or amend the amendment provisions of the Performance Plan; or (viii) in any other circumstances where TSX and shareholder approval is required by the TSX.

Outstanding Share-Based Awards and Option-based Awards – NEOs

The following table sets forth information regarding all Options, 2010 RSUs and Performance Units held by each NEO as of December 31, 2014.

Name	Option-Based Awards ⁽¹⁾				Share-Based Awards ⁽³⁾		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Thomas Buchanan	1,500,000	5.91	Oct. 1, 2021	0	-	-	-
	37,500	0.10	Sept 10, 2019	93,375			
	19,830	0.10	July 1, 2016	49,376			
Sveinung Svarte	80,400	15.13	July 1, 2016	0	-	-	-
	26,800	0.10	July 1, 2016	66,732			

Name	Option-Based Awards ⁽¹⁾				Share-Based Awards ⁽³⁾		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) ⁽⁴⁾	Market or payout value of vested share-based awards not paid out or distributed (\$)
Robert Broen	363,600	7.27	Sept 10, 2021	0	135,700	0	0
	203,200	0.10	Sept 10, 2019	505,968			
	80,500	6.49	Oct 31 2018	0			
	80,500	0.10	Oct 31 2018	200,445			
	255,000	10.99	Dec 1, 2017	0			
	255,000	0.10	Dec 1, 2017	634,950			
Kimberly Anderson	23,500	7.27	Sept 10, 2021	0	15,600	0	0
	275,000	7.84	Feb 18, 2019	0			
	275,000	0.10	Feb 18, 2019	684,750			
	7,800	0.10	Sept 10, 2019	19,422			
Brent Heagy ⁽⁵⁾	-	-	-	-	-	-	-
Kevin Smith	34,600	7.27	Sept 10, 2021	0	23,100	0	0
	11,500	0.10	Sept 10, 2019Jan 1,	28,635			
	297,000	6.49	2019	0			
	297,000	0.10	Jan 1, 2019	739,530			
Matthew Taylor	9,800	7.27	Sept 10, 2021	0	6,500	0	0
	3,300	0.10	Sept 10, 2019May	8,217			
	225,000	8.12	8, 2019	0			
	225,000	0.10	May 8, 2019	560,250			

Notes:

- (1) See "Long-Term Equity Incentive Plans – Option Plan" and "Long-Term Equity Incentive Plans – RSU Plan". Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of \$0.10 per Common Share upon the issuance of Common Shares pursuant to 2010 RSUs.
- (2) The value of unexercised in-the-money Options or 2010 RSUs has been calculated by subtracting the exercise price of such securities from \$2.59, being the closing price of the Common Shares on the TSX on December 31, 2014, and multiplying the difference by the number of unexercised in-the-money Options or 2010 RSUs, as applicable.
- (3) See "Long -Term Equity Incentive Plans – Performance Plan".
- (4) The Share-Based Awards (which, for the Corporation are Performance Awards described above under the heading "Long-Term Equity Incentive Plans – Performance Plan") provide for a single payout upon vesting. The Award Value of these Share-Based Awards is based on the Company's TSR and the minimum Award Value may be \$0.
- (5) Mr. Heagy resigned as Chief Financial Officer of the Corporation effective February 18, 2014 and all unvested Option-Based Awards thereupon terminated. Mr. Heagy had 90 days from February 18, 2014 in which to exercise vested Option-Based Awards, if any. Mr. Heagy had received no Share-Based Awards.

Incentive Plan Awards – Value Vested or Earned During the Year – NEOs

The following table sets forth for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year ⁽²⁾ (\$)	Non-equity incentive plan compensation – Value earned during the year ⁽³⁾ (\$)
Thomas Buchanan	45,741	0	0
Sveinung Svarte	46,363	0	225,000
Rob Broen	165,112	0	215,300
Kimberly Anderson	0	0	0
Brent Heagy	0	0	0
Kevin Smith	0	0	0
Matt Taylor	0	0	0

Notes:

- (1) The value vested during the year for in the money option-based awards (2010 RSUs and Options) has been calculated by determining the difference between the trading price of the Common Shares and the exercise price of the vested securities on the applicable vesting dates (or the next trading day if the securities vested on a date when the TSX was closed). See “*Long-Term Equity Incentive Plans – Option Plan*” and “*Long-Term Equity Incentive Plans – 2010 RSU Plan*” for a description of the Option Plan and 2010 RSU Plan.
- (2) No share-based awards of the Corporation vested during the year ended December 31, 2014. See “*Long-Term Equity Incentive Plans – Performance Plan*” for a description of the Performance Awards.
- (3) Reflects 2013 annual bonuses paid to the NEOs in the year ended December 31, 2014. See “*Compensation Discussion and Analysis – Annual Short-Term Incentive Compensation*”.

Termination and Change of Control Benefits

Except as described below, Athabasca has not entered into any contract, agreement, plan or arrangement that provides for payments to an NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Athabasca or a change in an NEO’s responsibilities.

Executive Employment Agreements

The Corporation has entered into executive employment agreements with each of the NEOs. These agreements provide for base salary, benefits, a discretionary annual bonus and grants of Options and 2010 RSUs. As a result of their resignations in 2014, the executive employment agreements with Mr. Svarte, the Corporation’s President and CEO until September 30, 2014 and Mr. Heagy, the Corporation’s CFO until February 18, 2014 have terminated and will not be described here.

As a result of Mr. Buchanan’s April 20, 2015 retirement as CEO (see “*Matters to Be Acted Upon at the Meeting – Election of Directors – Separation of Chair and CEO Roles*”), Mr. Buchanan’s executive employment agreement will terminate effective April 20, 2015. Mr. Broen, who will assume the role of President and CEO effective April 21, 2015, has entered in a new executive employment agreement dated effective the same date that includes certain modified terms, as specifically identified below.

Pursuant to the current executive employment agreements that are in effect as of the date of this Circular (except in respect of the executive employment agreement with Mr. Buchanan, the Corporation’s CEO) Athabasca may immediately terminate the employment of an NEO: (a) at any time on or before the first anniversary of the effective date of the agreement (other than for just cause) and with payment to the NEO of a retiring allowance (“**Retiring Allowance #1**”) equal to the sum of: (i) one times the then current annual salary of the NEO (“**Salary Allowance #1**”); (ii) one times the amount of any cash bonus paid to the NEO in the year prior to the termination date; and (iii) an

amount equal to 15% of Salary Allowance #1 to compensate the NEO for the loss of benefits; and (b) at any time after the first anniversary of the effective date of the agreement (other than for just cause) and with payment to the NEO of a retiring allowance ("**Retiring Allowance #2**") equal to the sum of: (i) two times the then current annual salary of the NEO ("**Salary Allowance #2**"); (ii) two times the average of any cash bonus paid to the NEO in the two years prior to the termination date; and (iii) an amount equal to 15% of Salary Allowance #2 to compensate the NEO for the loss of benefits.

With respect to the agreement with Mr. Buchanan, Athabasca may immediately terminate his employment: (a) at any time (other than for just cause) and with payment to the CEO of a retiring allowance equal to Salary Allowance #2 (as defined above); (ii) an amount equal to the greater of: (A) two times the average of any cash bonus paid to the CEO in the two years prior to the termination date; or (B) two times the average of the cash bonus paid in the year immediately preceding the termination date and the bonus target amount the CEO would have received in the full year in which the termination occurs; provided that if the CEO is terminated prior to October 1, 2016, the retiring allowance payable to Mr. Buchanan shall be determined in accordance with (B) immediately above; and (iii) an amount equal to 20% of Salary Allowance #2 to compensate Mr. Buchanan for the loss of benefits. Mr. Broen's executive employment agreement in respect of his appointment as CEO, which is effective April 21, 2015, contains substantially similar termination provisions.

Additionally, if Mr. Buchanan ceases to be a Director of the Corporation as a result of receiving more "withhold" votes than "for" votes at any shareholders meeting where the shareholders have been asked to consider the election of directors, which results in Mr. Buchanan providing and the Board accepting his resignation as a director in accordance with the Corporation's Majority Voting Policy or any similar policy that may be in place from time to time, then Mr. Buchanan has the right for a period of 90 days following the acceptance of his resignation by the Board, to terminate his executive employment agreement with Athabasca by providing two weeks' notice and to cause the Corporation to pay to him the termination payments described immediately above. Mr. Broen's executive employment agreement in respect of his CEO appointment, which is effective April 21, 2015, does not contain this provision.

With respect to the agreements for each of the NEOs (other than Mr. Svarte and Mr. Heagy, whose agreements have each terminated) if there is a change of control of Athabasca, and within one year of the change of control there is an event or events that constitute Good Reason (as defined below), the NEO shall have the right, for a period of 90 days following the event or events that constitute Good Reason, to elect to terminate his or her employment agreement and his or her employment with Athabasca upon providing Athabasca with two weeks advance written notice, and unless Athabasca makes the request described below, Athabasca must pay Retiring Allowance #1 or Retiring Allowance #2 (as applicable) to the NEO. If the NEO elects to resign from his or her employment within one year of a change of control of Athabasca, he or she must, at the request of Athabasca, continue his or her employment with Athabasca for a period of up to six months (three months in respect of Mr. Buchanan's executive employment agreement and Mr. Broen's executive employment agreement that comes into effect on April 21, 2015) (the "**Continuation Period**") at his or her then existing compensation and benefits to assist Athabasca by providing such transition services and duties as are requested by Athabasca. Any changes to the NEO's position or his or her duties during the transition period will not constitute constructive dismissal. Athabasca will, within five days of the end of the Continuation Period, pay Retiring Allowance #1 or Retiring Allowance #2 (as applicable) to the NEO, depending upon the timing of the termination of the Continuation Period.

"Good Reason" is defined to mean "any adverse change, by the Corporation and without the agreement of the NEO, in any of the duties, powers, rights, discretions, responsibilities, salary, title, lines of reporting or the requirement that the NEO be based anywhere other than the Corporation's Calgary executive office on a normal and regular basis, such that immediately after such change or series of changes, the responsibilities and status of the NEO, taken as a whole, are not at least substantially equivalent to those assigned to the NEO immediately prior to such change.

In order to receive Retiring Allowance #1 or Retiring Allowance #2 (as applicable): (i) an NEO must execute a full and final release in favour of Athabasca and its affiliates in a form satisfactory to Athabasca; and (ii) an NEO who is a

director of Athabasca and/or its affiliates, or who is an officer of Athabasca's affiliates, must resign as a director and/or officer if requested to do so by the Board.

Pursuant to the terms of the executive employment agreements, the NEOs have an obligation to not reveal confidential or proprietary information of Athabasca during employment or at any time thereafter. In addition, for a period of one year after employment ceases, regardless of the reason for the cessation of employment, the NEOs cannot, directly or indirectly, solicit, induce, encourage or facilitate any employees or consultants of Athabasca to leave the employment of, or consulting relationship with, Athabasca.

If the executive employment agreements had been terminated as of December 31, 2014 and Retiring Allowance #1 or Retiring Allowance #2 (as applicable) had been payable by Athabasca pursuant to such agreements, the following aggregate amounts would have been paid to the following NEOs: Mr. Buchanan – \$2,200,000; Ms. Anderson – \$362,250; Mr. Broen – \$1,735,100; Mr. Smith – \$402,500 and Mr. Taylor – \$350,750.

No retiring allowance or any other termination payments were paid or were payable to either of Mr. Svarte or Mr. Heagy, who each resigned from their employment with Athabasca in 2014.

Options, 2010 RSUs and Performance Awards

In the event of a Change of Control of the Corporation (as defined in the Option Plan, 2010 RSU Plan and Performance Plan, respectively):

- (a) Options granted to NEOs pursuant to Revised Option Agreements that receive an Optionee Termination Notice will vest immediately and will be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place;
- (b) NEOs that were granted Options pursuant to Revised Option Agreements that do not receive an Optionee Termination Notice in connection with the Change of Control will have the right to receive future Option Cash Bonus payments in accordance with the terms of the applicable Option Cash Bonus Agreements;
- (c) 2010 RSUs granted pursuant to Revised RSU Agreements to NEOs that receive a Participant Termination Notice will vest immediately and be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place;
- (d) 2010 RSUs granted pursuant to Revised RSU Agreements to NEOs that do not receive a Participant Termination Notice in connection with the Change of Control will have the right to receive future RSU Cash Bonus payments in accordance with the terms of the applicable RSU Cash Bonus Agreements;
- (e) NEOs that were granted Performance Awards who receive a Service Provider Termination Notice in connection with a Change of Control will have the right to receive the Change of Control Award Value on the Change of Control Vesting Date; and
- (f) NEOs that were granted Performance Awards who do not receive a Service Provider Termination Notice will be contingently entitled to the Contingent Change of Control Award Value.

For additional information, see “Long-Term Equity Incentive Plans – Option Plan”, “Long-Term Equity Incentive Plans – 2010 RSU Plan” and “Long-Term Equity Incentive Plans – Performance Plan”.

The following table outlines the estimated incremental payments, payables and benefits that theoretically would have been obtained by the NEO's pursuant to their Options, 2010 RSUs and Performance Awards if a Change of

Control were to have occurred on December 31, 2014 (other than in respect of Mr. Heagy whose unvested Options and 2010 RSUs terminated upon his resignation from his employment with the Corporation on February 18, 2014).

Name	Options Issued Prior to the Revised Option Agreement ⁽¹⁾	Options Issued Under the Revised Option Plan Agreement w/ Optionee Termination Notice ⁽²⁾	Option Cash Bonus (w/o Optionee Termination Notice) ⁽³⁾	2010 RSUs Issued Prior to the Revised RSU Agreement (\$) ⁽⁴⁾	2010 RSUs Issued Under the Revised RSU Agreement (w/ Participant Termination Notice) (\$) ⁽⁵⁾	2010 RSU Cash Bonus (w/o Optionee Termination Notice)(\$) ⁽⁶⁾	Performance Award Change of Control Award Value (w/ Service Provider Termination Notice)(\$)	Performance Award Contingent Change of Control Award Value (w/o Service Provider Termination Notice)(\$)
Thomas Buchanan	-	-	-	-	93,375	93,375	-	-
Sveinung Svarte	-	-	-	16,683	-	-	-	-
Rob Broen	-	-	-	-	1,023,888	1,023,888	0	0
Kim Anderson	-	-	-	-	704,172	704,172	0	0
Kevin Smith	-	-	-	-	768,165	768,165	0	0
Matthew Taylor	-	-	-	-	568,467	568,467	0	0

Notes:

- (1) None of the Options granted prior to the implementation of the Revised Option Agreements would have been in-the-money assuming a Common Share price of \$2.59 (the closing price of the Common Shares on the TSX on December 31, 2014).
- (2) None of the Options granted pursuant to Revised Option Agreements would have been in-the-money assuming a Common Share price of \$2.59 (the closing price of the Common Shares on the TSX on December 31, 2014).
- (3) No Option Cash Bonus would be payable on the Options granted, assuming a Change of Control price of \$2.59 (the closing price of the Common Shares on the TSX on December 31, 2014).
- (4) Calculated by subtracting the exercise price of \$0.10 from \$2.59 (the closing price of the Common Shares on the TSX on December 31, 2014) and multiplying the difference by the total number of 2010 RSUs granted.
- (5) Calculated by subtracting the exercise price of \$0.10 from \$2.59 (the closing price of the Common Shares on TSX on December 31, 2014) and multiplying the difference by the number of 2010 RSUs granted.
- (6) Assuming a Change of Control occurred on December 31, 2014 each NEOs RSU Cash Bonus would have been payable no later than December 31, 2017.

Director Compensation

General

For the year ended December 31, 2014, Directors who were not also members of management were paid an annual retainer of \$50,000. The chair of the Board's Audit Committee is paid an additional annual fee of \$15,000. The chairs of the Board's Compensation and Governance and Reserves and Health, Safety and Environmental Committees are also each paid an additional annual fee of \$7,500.

From time to time, the Board, in its discretion, may also compensate directors with fees for services in their capacity as directors or Board committee members on Board projects or special committees of the Board. Board members are also eligible to participate in the Option Plan and the 2010 RSU Plan if awards under such plans are recommended by the Compensation and Governance Committee and approved by the Board.

Board members are also entitled to receive compensation in the form of long-term incentive equity grants. In 2014, "make-up" equity awards of 2010 RSUs were granted to Board members who were entitled to receive, but did not

receive, equity awards in 2012 and 2013 as a result of trading blackout restrictions being in place at the time that equity compensation awards would normally have been made in those years.

The Corporation also reimburses directors for all reasonable expenses incurred in order to attend Board or Committee meetings.

Summary Compensation Table

The following table sets out information concerning the compensation paid by the Corporation to its directors during the year ended December 31, 2014, other than: (i) Mr. Buchanan and Mr. Svarte, who have been included in the table that is provided above under the heading “*Compensation of Named Executive Officers*”; and (ii) Mr. Fierro and Haggis, who were appointed as directors on January 6, 2015.

Name	Year	Fees earned (\$)	Share- based awards⁽¹⁾ (\$)	Option- based awards⁽¹⁾⁽²⁾⁽³⁾ (\$)	Non-equity incentive plan compensati on (\$)	Pension value (\$)	All other compen- sation (\$)	Total (\$)
Gary Dundas	2014	53,625	-	265,875	-	N/A	-	319,500
Ronald Eckhardt	2014	51,875	-	140,625	-	N/A	-	192,500
William Gallacher ⁽⁴⁾	2014	319,250	-	-	-	N/A	\$59,658	378,908
Marshall McRae	2014	59,250	-	265,875	-	N/A	-	325,125
Peter Sametz	2014	39,000	-	44,313	-	N/A	-	83,313

Notes:

- (1) Except as otherwise noted in the table, neither the Corporation nor any of its subsidiaries paid, awarded, granted, gave, or otherwise provided, directly or indirectly, additional compensation to the directors in any capacity under any other arrangement in 2014 (including any plan or non-plan compensation, direct or indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite to be paid, payable, awarded, granted, given, or otherwise provided to the directors for services provided, directly or indirectly, to the Corporation or a subsidiary thereof).
- (2) Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of \$0.10 per share upon the issuance of Common Shares pursuant to 2010 RSUs.
- (3) The 2014 grants made to Mr. Dundas and Mr. McRae represent grants for their services as directors in 2012 and 2013 that the Corporation was unable to grant as a result of a trading blackout.
- (4) Mr. Gallacher resigned from the Board of Directors effective March 14, 2014 and was replaced as Chair of the Board by Mr. Buchanan upon his resignation. Mr. Gallacher’s \$59,658 “other compensation” was a payment approved by the Board and paid by the Corporation, being the fair market value in connection with Mr. Gallacher’s surrender and termination of 8,263 2010 RSUs held by him at the time of his resignation.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information regarding all Options and 2010 RSUs held by each director, as at December 31, 2014, other than: (i) Mr. Buchanan and Mr. Svarte, who have been included in the table that is provided above under the heading “*Outstanding Share-Based Awards and Option-Based Awards– NEOs*”; and (ii) Mr. Fierro and Haggis, who were appointed as directors on January 6, 2015.

Name	Option-Based Awards ⁽¹⁾				Share-Based Awards ⁽³⁾		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Gary Dundas	19,830	0.10	July 1, 2016	49,377	-	-	-
	37,500	0.10	Sept 10, 2019	93,375	-	-	-
Ronald Eckhardt	16,846	0.10	April 1, 2017	41,947	-	-	-
William Gallacher ⁽⁴⁾	-	-	-	-	-	-	-
Marshall McRae	126,000	12.38	Nov 30, 2015	0	-	-	-
	68,000	0.10	Nov 30, 2015	169,320	-	-	-
	19,830	0.10	July 1, 2016	49,377	-	-	-
	37,500	0.10	Sept 10, 2019	93,375	-	-	-
Peter Sametz	6,250	0.10	Sept 10, 2019	15,563	-	-	-

Notes:

- (1) See “*Long-Term Equity Incentive Plans – Option Plan*” and “*Long-Term Equity Incentive Plans – RSU Plan*”. Grants of RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of \$0.10 per share upon the issuance of Common Shares pursuant to 2010 RSUs.
- (2) The value of the unexercised in-the-money Options and 2010 RSUs has been determined by subtracting the exercise price of such securities from \$2.59, being the closing price of the Common Shares on the TSX on December 31, 2014 and multiplying the difference by the number of Common Shares that may be acquired upon the exercise of the Options or 2010 RSUs.
- (3) The directors did not hold any unvested share-based awards or vested share-based awards as at December 31, 2014.
- (4) Mr. Gallacher resigned from the Board of Directors effective March 14, 2014 and was replaced as Chair of the Board by Thomas Buchanan upon his resignation.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested during the year ended December 31, 2014 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2014 for each director, other than: (i) Mr. Buchanan and Mr. Svarte, who have been included in the table that is provided above under the heading “*Incentive Plan Awards – Value Vested or Earned During the Year – NEOs*”; and (ii) Mr. Fierro and Haggis, who were appointed as directors on January 6, 2015.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Gary Dundas	45,741	0	0
Ronald Eckhardt	33,233	0	0
William Gallacher ⁽²⁾	0	0	0
Marshall McRae	45,741	0	0
Peter Sametz	0	0	0

Notes:

- (1) The value vested during the year for option-based awards (which for the purposes of this table includes both 2010RSUs and Options) has been calculated by determining the difference between the trading price of the Common Shares and the exercise price of the vested Options or 2010 RSUs on the applicable vesting dates (or the next trading day if the Options and/or 2010 RSUs vested on a date when the TSX was closed). See “Long-Term Equity Incentive Plans – Option Plan” and “Long-Term Equity Incentive Plans – 2010 RSU Plan” for a description of the Option Plan and 2010 RSU Plan.
- (2) Mr. Gallacher resigned from the Board of Directors effective March 14, 2014 and was replaced as Chair of the Board by Mr. Buchanan upon his resignation.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following sets forth information in respect of securities authorized for issuance under the Corporation’s equity compensation plans at December 31, 2014.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by securityholders	23,622,772	\$5.63	16,589,175 ⁽¹⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	23,622,772	\$5.63	16,589,175

Notes:

- (1) Pursuant to the Option Plan, 2010 RSU Plan and Performance Plan, the maximum number of Common Shares issuable on exercise of Options, 2010 RSUs and Performance Awards, respectively, at any time is limited to 10% of the outstanding Common Shares, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as defined in the TSX Company Manual), which includes the Option Plan, 2010 RSU Plan and Performance Plan. See “Compensation Discussion & Analysis – Long-Term Equity Incentive Plans – Option Plan”, “Compensation Discussion & Analysis – Long-Term Equity Incentive Plans – 2010 RSU Plan” and “Compensation Discussion & Analysis – Long-Term Equity Incentive Plans – Performance Plan” for additional information.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

There were no material interests, direct or indirect, of any proposed director or any Informed Person (as defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) or any known associate or affiliate of such persons, in any transaction since the commencement of the last completed financial year of the Corporation or in any proposed transaction which has materially affected or would materially affect the Corporation or any of its subsidiaries.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Except as set forth in this Circular, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any director or nominee for director, executive officer, or anyone who has held office as such since the commencement of the last completed financial year of the Corporation, or of any associate or affiliate of any of the foregoing individuals, in any matter to be acted on at the Meeting, other than the election of directors or the appointment of auditors.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OTHERS

No director, proposed nominee for election as a director of the Corporation, executive officer or former executive officer or director of the Corporation, or any associate of any such director or officer is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation, nor, at any time since the beginning of the most recently completed financial year of the Corporation, has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

OTHER MATTERS COMING BEFORE THE MEETING

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Annual General and Special Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgment of the person voting such proxy.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available electronically on SEDAR at www.sedar.com. Financial information is provided in our comparative financial statements and management's discussion and analysis for our most recently completed financial year. Copies of our comparative financial statements and related management's discussion and analysis for our most recently completed financial year may be obtained by shareholders by contacting our Chief Financial Officer at Athabasca Oil Corporation, Suite 1200, 215 – 9th Avenue SW, Calgary, Alberta T2P 1K3 (Telephone: (403) 237-8227).

APPENDIX A

ATHABASCA OIL CORPORATION

BOARD OF DIRECTORS MANDATE

GENERAL

The board of directors (**Board**) of Athabasca Oil Corporation (**Company**) is responsible for managing or supervising the management of the business and affairs of the Company. In the discharge of this responsibility, the Board is responsible for appointing the executive officers (**Executive Officers**) who are responsible for the day-to-day management of the business and affairs of the Company within the strategic direction approved by the Board.

In discharging their duties, the directors shall: (a) act honestly and in good faith with a view to the best interests of the Company; (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and (c) comply with the *Business Corporations Act* (Alberta) and the Company's articles and bylaws.

The Board has the oversight responsibility and specific duties described below. In addition, individual directors have the responsibility and specific duties set out in the Individual Director Mandate and any other Mandate or Position Description that applies to them.

COMPOSITION

The Board will be comprised of between three (3) and eleven (11) directors, as determined by the shareholders.

A majority of the Company's directors will be "independent" within the meaning of National Instrument 58-101 (**NI 58-101**) issued by the Canadian Securities Administrators or its successor instrument.

All Board members will have the skills and abilities appropriate to their appointment as directors. It is recognized that the right mix of experiences and competencies will aid in ensuring that the Board will carry out its duties and responsibilities in the most effective manner.

Except as set out in the articles or bylaws, Board members will be elected at the annual meeting of the Company's shareholders each year and will serve until their successors are duly elected.

RESPONSIBILITY

The Board is responsible for the stewardship of the Company and the Company's strategy, providing independent, effective leadership to supervise the management of the Company's business and affairs.

SPECIFIC DUTIES

The Board will:

Leadership

1. Provide leadership and vision to supervise the management of the Company in managing the Company and its subsidiaries in the best interests of the Company's shareholders.
2. In conjunction with the Chief Executive Officer (**CEO**), provide leadership in the development of the Company's mission, vision, principles, values, Strategic Plan and Annual Operating and Capital Plan.

Strategy

3. Approve the development of the Company's strategic direction.
4. Adopt a strategic planning process and, at least annually, approve a Strategic Plan for the Company to maximize shareholder value that takes into account, among other things, the opportunities and risks of the Company's business.
5. Monitor the Company's performance in light of the approved Strategic Plan.

CEO

6. Select, appoint, evaluate and, if necessary, terminate the CEO.
7. Receive and approve recommendations on appropriate or required CEO competencies and skills from the Compensation and Governance Committee (**CG Committee**).
8. Approve or develop the corporate objectives that the CEO is responsible for meeting and assess the CEO against those objectives.

Succession and Compensation

9. Review and approve the Company's succession plan, including appointing, training and monitoring the performance of senior management of the Company.
10. With the advice of the CG Committee, approve the compensation of senior management and approve appropriate compensation programs for the Company's employees.

Corporate Social Responsibility, Ethics and Integrity

11. Provide leadership to the Company in support of its commitment to corporate social responsibility.
12. Foster ethical and responsible decision-making by management.
13. Set the ethical tone for the Company and its management.
14. Take all reasonable steps to satisfy itself of the integrity of the CEO and management and satisfy itself that the CEO and management create a culture of integrity throughout the organization.
15. At the recommendation of the CG Committee, approve the Company's Code of Business Ethics and Conduct.
16. Monitor compliance with the Company's Code of Business Ethics and Conduct and grant and disclose, or decline, any waivers of the Code of Business Ethics and Conduct for officers and directors.
17. With the CG Committee and/or the Audit Committee and the Board Chair and/or Lead Director (if a Lead Director has been appointed), as appropriate, respond to potential conflict of interest situations.

Governance

18. With the CG Committee, develop the Company's approach to corporate governance, including adopting a Corporate Governance Policy that sets out the principles and guidelines applicable to the Company.

19. At least annually, as the CG Committee decides, receive for consideration each Board committee's (**Board Committee**) evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to the Company's governance and related policies including the Board and Board Committee mandates.
20. With the CG Committee, ensure that the Company's governance practices and policies are appropriately disclosed.
21. At the recommendation of the CG Committee, annually determine those directors to be designated as independent and ensure appropriate disclosures are made.
22. At the recommendation of the CG Committee, annually determine those directors on the Audit Committee possessing "financial literacy" under applicable law and ensure appropriate disclosures are made.

Communications, Disclosure and Compliance

23. Adopt an External Communications Policy for the Company that addresses disclosure matters and matters related to trading in the Company's securities.
24. At least annually, review the External Communications Policy and consider any recommended changes.
25. Ensure policies and procedures are in place to ensure the Company's compliance with applicable law, including timely disclosure of relevant corporate information and regulatory reporting.
26. Establish and disclose a process to permit stakeholders to directly contact the independent directors as a group.

Health, Safety and Environmental Leadership

27. Encourage, assist and counsel management in maintaining and improving and dealing with current and emerging issues in health, safety, security and environment.
28. Lead discussions of current and emerging issues (including the establishment of appropriate plans) relevant to the Company's operations with respect to health, safety, security and environment.

Health, Safety and Environmental Performance

29. Review a report from management with respect to operational risks, health, safety, security and environment at each regularly scheduled meeting. This report will provide an update of current activities and an analysis of performance compared with annual plans and objectives. Review reports prepared by management with respect to any extraordinary event or condition involving significant environmental damage, significant risk to public health or safety, major public controversy, material liability, or potential therefore.
30. Consider the recommendations of management in its reports, assess proposed action plans.
31. Review any other reports the Committee deems appropriate, including internal and external audit reports including the findings of any significant examination by regulatory agencies concerning the Company's physical assets, health, safety, security or environment matters.

Health, Safety and Environmental Compliance and Risk

32. Monitor compliance and risk with applicable law related to health, safety, security and environment.

33. Monitor compliance and risk with the Company's policies related to health, safety, security and environment.
34. Assess the impact of proposed or enacted laws and regulations related to health, safety, security and environment.

Health, Safety and Environmental Risk Management

35. Take reasonable steps to ensure that there are long range preventative programs in place to limit the potential for future liability. Review reports required to adequately monitor the long range preventative programs.
36. Take reasonable steps to oversee strategies for risk mitigation and to ensure all necessary corrective measures are taken by the Company when health, safety, security or environment issues are identified.
37. Review with management health, safety, security and environment emergency response planning procedures of the Company.
38. Periodically review the health, safety, security and environment policies of the Company.
39. Monitor current, pending or threatened legal actions by or against the Company related to matters of health, safety, security and environment.

Board Chair

40. Annually appoint the Chair of the Board.

Lead Director

41. If the Chair of the Board is not "independent" within the meaning of NI 58-101 or its successor instrument, then the Board will appoint an independent Lead Director. In appropriate circumstances, at its discretion, the Board may also appoint a Lead Director to assist an independent Board Chair to ensure Board leadership and responsibilities are conducted in a manner to further enhance the Board's effectiveness and independence.

Committees

42. Appoint an Audit Committee with the responsibility to assist the Board in fulfilling its audit oversight responsibilities with respect to: (i) the integrity of annual and quarterly financial statements to be provided to shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that management has established; and (v) performance of the external audit process and of the external auditor. The Audit Committee will also have the responsibility to assist the Board in fulfilling its financial oversight responsibilities with respect to: (i) financial policies and strategies including capital structure; (ii) financial risk management practices; and (iii) transactions or circumstances which could materially affect the financial profile of the Company.
43. Appoint the CG Committee with the responsibility to assist the Board in fulfilling its governance oversight responsibilities with respect to: (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for director and Board Committee appointments; (iii) evaluations of the Board, Board Committees, all individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and Board

Committee Chairs; and (iv) implementation and effectiveness of, and the compliance programs under, the Code of Business Ethics and Conduct. The CG Committee will also have the responsibility to assist the Board in fulfilling its compensation oversight responsibilities with respect to: (i) key compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) executive management compensation; (iv) executive management succession and development; and (v) reviewing executive compensation disclosure before its release.

44. Appoint a Reserves and Health, Safety and Environmental Committee with the responsibility to assist the Board in fulfilling its reserves and resources oversight responsibilities with respect to the evaluation and reporting of the Company's oil and gas reserves and resources and related matters including by reviewing and making recommendations to the Board with respect to: (i) the reserves data (oil and gas reserves and associated future net revenues) and resources data of the Company that will be made publicly available and filed with applicable regulatory authorities; and (ii) the Company's procedures relating to the disclosure of information with respect to oil and gas activities. The Reserves and Health, Safety and Environmental Committee will also have the responsibility to assist the Board in fulfilling its health, safety and environmental oversight responsibilities with respect to the development, monitoring, reporting and effective implementation of systems, programs and initiatives for the management of health, safety, security and environment matters that may affect the Company.
45. In the Board's discretion, appoint any other Board Committees that the Board decides are needed or beneficial, and delegate to those Board Committees any appropriate powers of the Board.
46. In the Board's discretion, annually appoint the Chair of each Board Committee.

Delegations and Approval Authorities

47. Annually delegate approval authorities to the CEO and review and revise them as appropriate.
48. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
49. Require the Audit Committee to recommend to the Board for consideration the annual and quarterly results, financial statements, MD&A and earnings related news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered.
50. Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve dividends, if any.
51. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
52. Consider and, in the Board's discretion, approve any matters proposed by management.

Annual Operating and Capital Plan

53. At least annually, approve an Annual Operating and Capital Plan for the Company including business plans, operational requirements, organizational structure, staffing and budgets, which support the Strategic Plan.
54. Monitor the Company's performance in light of the approved Annual Operating and Capital Plan.

Risk Management

55. Ensure policies and procedures are in place to: identify the principal business risks and opportunities of the Company; address what risks are acceptable to the Company; and ensure that appropriate systems are in place to manage the risks.
56. Ensure policies and procedures designed to maintain the integrity of the Company's disclosure controls and procedures are in place.
57. As required by applicable law, ensure policies and procedures designed to maintain the integrity of the Company's internal controls over financial reporting and management information systems are in place.
58. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
59. Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.

Orientation / Education

60. With the CG Committee, oversee the development and implementation of a director orientation program covering the role of the Board and the Board Committees, the contribution individual directors are expected to make and the nature and operation of the Company's business.
61. With the CG Committee, oversee the development and implementation of an ongoing director education program designed to maintain and enhance skills and abilities of the directors and to ensure their knowledge and understanding of the Company's business remains current.

Board Performance

62. Oversee the process of the CG Committee's annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and the Board Committee Chairs, in light of the applicable Mandates and Position Descriptions.
63. Participate in an annual evaluation of Board performance by the CG Committee.
64. Receive and consider a report and recommendations from the CG Committee on the results of the annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and the Board Committee Chairs.

Board Meetings

65. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Board may in appropriate circumstances hold meetings by telephone conference call.
66. Meet in separate non-management and independent director only "in camera" sessions at each regularly scheduled meeting.
67. Meet in separate, non-management and/or independent director only closed sessions with any internal personnel or outside advisors, as needed or appropriate.

Advisors/Resources

- 68. Retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.
- 69. Receive adequate funding for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

Other

- 70. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Corporate Secretary, who will report any amendments to the CG Committee at its next meeting.
- 71. Once or more annually, as the CG Committee decides, this Mandate will be evaluated and updates recommended to the Board for consideration.

STANDARDS OF LIABILITY

Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of any Board Committee. The purposes and responsibilities outlined in this Mandate are meant to serve as guidelines rather than inflexible rules and, subject to applicable law and the articles and bylaws of the Company, the Board may adopt such additional procedures and standards, as it deems necessary from time to time to fulfill its responsibilities.

Approved: December 11, 2009

Revised: March 11, 2015

APPENDIX B

ATHABASCA OIL CORPORATION

AUDIT COMMITTEE MANDATE

The Audit Committee (**Committee**) of the board of directors (**Board**) of Athabasca Oil Corporation (**Company**) has the oversight responsibility and specific duties described below and shall comply with the requirements of applicable laws.

COMPOSITION

The Committee will be comprised of at least three directors or such greater number as the Board may determine from time to time. Except to the extent that the Board determines that an exemption contained in National Instrument 52-110 issued by the Canadian Securities Administrators or its successor instrument ("**NI 52-110**") is available and determines to rely thereon, all Committee members will be independent within the meaning of NI 52-110.

All Committee members will be "financially literate" (as defined in NI 52-110) unless the Board determines that an exemption under NI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon.

Committee members will be appointed and removed by the Board. The Committee Chair will be appointed by the Board.

RESPONSIBILITIES

The Committee's primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to (i) the integrity of annual and quarterly financial statements to be provided to the Company's shareholders and regulatory bodies; (ii) compliance with accounting and finance based legal and regulatory requirements; (iii) the external auditor's qualifications, independence and compensation, and communicating with the external auditor; (iv) the system of internal accounting and financial reporting controls that management has established; (v) performance of the external audit process and of the external auditor; (vi) financial policies and strategies including capital structure; (vii) financial risk management practices; and, (viii) transactions or circumstances which could materially affect the financial profile of the Company.

Management of the Company is responsible for preparing the quarterly and annual financial statements of the Company and for maintaining a system of risk assessment and internal controls to provide reasonable assurance that assets are safeguarded and that transactions are authorized, recorded and reported properly. The Committee is responsible for reviewing management's actions and has the authority to investigate any activity of the Company.

SPECIFIC DUTIES

The Committee will:

Audit Leadership

1. Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the Committee, as representatives of the shareholders of the Company.

2. Provide an avenue for communication between each of the external auditor, financial and senior management and the Board, and the Committee has the authority to communicate directly with the external auditors and financial and senior management.

Auditor Qualifications and Selection

3. Subject to required shareholder approval of the appointment of auditors of the Company, be solely responsible for recommending to the Board: (i) the external auditor for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company; and (ii) the compensation of the external auditor. The Committee is directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting. In all circumstances the external auditor reports directly to the Committee. The Committee is entitled to adequate funding to compensate the external auditor for completing an audit and audit report or performing other audit, review or attest services.
4. Evaluate the external auditor's qualifications, performance and independence. Take all reasonable steps to ensure that the external auditor does not provide non-audit services that would disqualify it as independent under applicable law.
5. Review the experience and qualifications of the senior members of the external audit team and the quality control procedures of the external auditor. Ensure that the lead audit partner of the external auditor is replaced periodically, according to applicable law. Take all reasonable steps to ensure continuing independence of the external audit firm. Present the Committee's conclusions on auditor independence to the Board.
6. Review and approve policies for the Company's hiring of senior employees and former employees of the external auditor who were engaged on the Company's account to the Board for consideration.

Process

7. Pre-approve all audit services (which may include consent and comfort letters in connection with securities offerings). Pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Company or any of its subsidiaries permitted under applicable law. In the discretion of the Committee, annually delegate to one or more of its independent members the authority to grant pre-approvals. Approve all audit fees and terms and all non-audit fees.
8. Meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including (i) the planning and staffing of the audit; and, (ii) an explanation from the external auditor of the factors considered in determining the audit scope, including the major risk factors.
9. Require the external auditor to provide a timely report setting out (i) all critical accounting policies, significant accounting judgments and practices to be used; (ii) all alternative treatments of financial information within International Financial Reporting Standards (**IFRS**) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and, (iii) other material written communications between the external auditor and management.
10. Take all reasonable steps to ensure that officers and directors or persons acting under their direction are aware that they are prohibited from coercing, manipulating, misleading or fraudulently influencing the external auditor when the person knew or should have known that the action could result in rendering the financial statements materially misleading.

11. Upon completion of the annual audit, review the following with management and the external auditor:
 - (a) The annual financial statements, including related notes and the Management's Discussion and Analysis of Financial Condition and Results of Operations (**MD&A**) of the Company for filing with applicable securities regulators and provision to shareholders, as required, as well as all annual earnings press releases before their public disclosure.
 - (b) The significant estimates and judgements and reporting principles, practices and procedures applied by the Company in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.
 - (c) The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.
 - (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Company.
 - (e) The cooperation received by the external auditor during its audit, including access to all requested records, data and information.
 - (f) Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

Financial Statements and Disclosure

12. At least quarterly, as part of the review of the annual and quarterly financial statements, receive an oral report from the Company's counsel concerning legal and regulatory matters that may have a material impact on the financial statements.
13. Based on discussions with management and the external auditor, in the Committee's discretion, recommend to the Board whether the annual financial statements and MD&A of the Company, together with any annual earnings press releases should be approved for filing with applicable securities regulators and provision to the Company's shareholders, as required, prior to their disclosure.
14. Review the general types and presentation format of information that it is appropriate for the Company to disclose in earnings news releases or other earnings guidance provided to analysts and rating agencies.
15. Review with management and the external auditor the quarterly financial statements and MD&A and quarterly earnings releases prior to their release and recommend to the Board for consideration the quarterly results, financial statements, MD&A and news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including a written report of the results of the external auditor's reviews of the quarterly financial statements, significant adjustments, new accounting policies, any disagreements between the external auditor and management and the impact on the financial statements of significant events, transactions or changes in accounting principles or estimates that potentially affect the quality of financial reporting.

Internal Control Supervision

16. As required by applicable law, review with management and the external auditor the Company's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
17. Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.
18. Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious". Review responses of management to any significant recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.
19. Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies of the Company (as required).
20. Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Company.
21. Review with management and the external auditor any material related party transactions.
22. Review with the external auditor the quality of the Company's accounting personnel. This review may occur without the presence of management. Review with management the responsiveness of the external auditor to the needs of the Company.

Disclosure Controls and Procedures

23. Periodically assess and be satisfied with the adequacy of procedures in place for the review of public disclosure of financial information extracted or derived from the applicable financial statements (other than the annual and quarterly required filings) for the Company.

Financial Leadership

24. Review the Company's financial strategy considering current and future business needs, capital markets and the Company's credit rating (if any).
25. Review the Company's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures and, in the Committee's discretion, make recommendations to the Board for consideration.
26. Review the financing of the Company's Annual Operating and Capital Plan and, in the Committee's discretion, make recommendations to the Board for consideration.
27. Periodically review and, in the Committee's discretion, recommend changes to the Company's dividend policy to the Board for consideration.

Financial Management

28. Review proposed dividends to be declared and, in the Committee's discretion, make recommendations to the Board for consideration.
29. Regularly review current and expected future compliance with covenants under all financing agreements.
30. Annually review the instruments the Company and its subsidiaries are permitted to use for short-term investments of excess cash and, in the Committee's discretion, make recommendations to the Board for consideration.
31. Review the Company's compliance with required tax remittances and other deductions required by applicable law.

Financial Risk Management

32. Discuss guidelines and policies with respect to financial risk assessment and financial risk management, including the processes management uses to assess and manage the Company's financial risk. Discuss major financial risk exposures and steps management has taken to monitor and control such exposures. Receive reports from management with respect to risk assessment, risk management and major financial risk exposures.
33. Regularly review the financial risks arising from the Company's exposure to changes in interest rates, foreign currency exchange rates and credit. Review the management of these risks including any proposed hedging of the exposures. Review a summary report of the hedging activities including a summary of the hedge-related instruments.
34. Annually review the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers.
35. Review any other significant financial exposures of the Company to the risk of a material financial loss including tax audits or other activities.
36. Establish procedures (through approval of the relevant sections of the Code of Business Conduct) for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting and financial reporting controls, or auditing matters; and, (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Transactions

37. Review any proposed issues of securities of the Company or proposed issues of securities of the subsidiaries of the Company to parties not affiliated with the Company and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.
38. Review any proposed material issues of debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases and, in the Committee's discretion, make recommendations to the Board for consideration. When applicable, review the related securities filings and make recommendations to the Board for consideration.
39. Receive reports on significant, non-material issues of or changes to debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases.

40. Review any proposed repurchases of shares, public and private debt or other securities and, in the Committee's discretion, make recommendations to the Board for consideration.

Committee Reporting

41. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.
42. Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with applicable law and the performance and independence of the external auditor of the Company.
43. Annually review and approve the information regarding the Committee required to be disclosed in the Company's Annual Information Form and Committee's report for inclusion in the annual Proxy Circular.
44. Prepare any reports required to be prepared by the Committee under applicable law.

Committee Meetings

45. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Committee may, on occasion and in appropriate circumstances, hold meetings by telephone conference call.
46. Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.
47. Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.
48. Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.

Committee Governance

49. Once or more annually, as the Compensation and Governance Committee (CG Committee) decides, receive for consideration that Committee's evaluation of this Mandate and any recommended changes. Review and assess the CG Committee's recommended changes and make recommendations to the Board for consideration.

Advisors/Resources

50. Have the sole authority to retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.
51. Receive adequate funding from the Company for independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

Other

52. With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.
53. Carry out any other appropriate duties and responsibilities assigned by the Board.

54. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the CG Committee at its next meeting.

STANDARDS OF LIABILITY

Nothing contained in this Mandate is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in this Mandate are meant to serve as guidelines rather than inflexible rules and, subject to applicable law and the articles and bylaws of the Company, the Committee may adopt such additional procedures and standards, as it deems necessary from time to time to fulfill its responsibilities.

Approved: December 11, 2009

Revised: March 14, 2012

APPENDIX C

ATHABASCA OIL CORPORATION

RESTRICTED SHARE UNIT PLAN

ARTICLE I

DEFINITIONS AND INTERPRETATION

1.1 Definitions

For purposes of this Plan:

- (a) **"Account"** means an account maintained by the Corporation for each Participant and which will be credited with RSUs in accordance with the terms of this Plan;
- (b) **"All or Substantially All of the Assets"** means greater than 90% of the aggregate of the net working interest reserves and best estimate contingent resources of the Corporation and its Subsidiaries, on a consolidated basis;
- (c) **"Athabasca Group"** means, collectively, the Corporation, AOC Dover West Ltd., AOC Dover West Partnership, AOC Grosmont Corp., AOC Grosmont Partnership, AOC Carbonates Corp., AOC Carbonates Partnership, AOC Hangingstone Corp., AOC Hangingstone Partnership, AOC Birch Corp., AOC Birch Partnership,, AOC Light Oil Corp. and AOC Light Oil Partnership, any entity that is a Subsidiary of the Corporation from time to time, and any other entity designated by the Board from time to time as a member of the Athabasca Group for the purposes of this Plan (and, for greater certainty, including any successor entity of any of the aforementioned entities);
- (d) **"Award Date"** means the date or dates on which an award of RSUs is made to a Participant in accordance with Section 4.1;
- (e) **"Award Value"** means, with respect to any RSUs, an amount equal to the number of RSUs, as such number may be adjusted in accordance with the terms of this Plan, multiplied by the Fair Market Value of the Shares;
- (f) **"Black-Out Period"** means the period of time when, pursuant to any policies of the Corporation, any securities of the Corporation may not be traded by certain persons as designated by the Corporation, including any Participant that holds an RSU;
- (g) **"Board"** means the board of directors of the Corporation as constituted from time to time;
- (h) **"Change of Control"** means:
 - (i) a successful takeover bid; or
 - (ii) (A) any change in the beneficial ownership or control of the outstanding securities or other interests of the Corporation which results in:
 - (I) a person or group of persons "acting jointly or in concert" (within the meaning of MI 62-104); or
 - (II) an affiliate or associate of such person or group of persons;

holding, owning or controlling, directly or indirectly, more than 50% of the outstanding voting securities or interests of the Corporation; and

- (B) members of the Board who are members of the Board immediately prior to the earlier of such change and the first public announcement of such change cease to constitute a majority of the Board at any time within sixty days of such change; or
- (iii) Incumbent Directors no longer constituting a majority of the Board; or
- (iv) the winding up of the Corporation or the sale, lease or transfer of All or Substantially All of the Assets to any other person or persons (other than pursuant to an internal reorganization or in circumstances where the business of the Corporation is continued and where the shareholdings or other securityholdings, as the case may be, in the continuing entity and the constitution of the board of directors or similar body of the continuing entity is such that the transaction would not be considered a "Change of Control" if paragraph (h)(ii) above was applicable to the transaction); or
- (v) any determination by a majority of the Board that a Change of Control has occurred or is about to occur and any such determination shall be binding and conclusive for all purposes of this Plan;
- (i) "**Committee**" has the meaning ascribed thereto in Section 2.4;
- (j) "**Corporation**" means Athabasca Oil Corporation, and includes any successor corporation thereof;
- (k) "**Dividend Equivalent**" means a bookkeeping entry whereby each RSU is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 4.2;
- (l) "**Dividend Market Value**" means the Fair Market Value per Share on the dividend record date;
- (m) "**Exchange**" means the TSX or, if the Shares are not then listed and posted for trading on the TSX, such stock exchange on which such Shares are listed and posted for trading as may be selected for such purpose by the Board;
- (n) "**Expiry Date**" means, with respect to any RSU, December 15th of the third year following the year in which the RSU was granted;
- (o) "**Fair Market Value**" with respect to a Share, as at any date, means the volume weighted average of the prices at which the Shares traded on the TSX (or, if the Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one stock exchange, on such stock exchange on which the majority of the trading volume and value of the Shares occurs) for the five (5) trading days on which the Shares traded on the said exchange immediately preceding such date. In the event that the Shares are not listed and posted for trading on any stock exchange, the Fair Market Value shall be the fair market value of the Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
- (p) "**Forfeiture Date**" means the date that is the earlier of: (i) the effective date of the Service Provider's termination or resignation, as the case may be; and (ii) the date that the Service Provider ceases to be in the active performance of the usual and customary day-to-day duties of the Service Provider's position or job, regardless of whether adequate or proper advance notice of termination or resignation shall have been provided in respect of such cessation of being a Service Provider;

- (q) **"Incumbent Directors"** means any member of the Board who was a member of the Board at the effective date of this Plan and any successor to an Incumbent Director who was recommended or elected or appointed to succeed any Incumbent Director by the affirmative vote of the Board, including a majority of the Incumbent Directors then on the Board, prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control;
- (r) **"Insider", "associate" and "affiliate"** each have the meaning ascribed thereto in Part I of the Company Manual of the TSX, as amended from time to time;
- (s) **"MI 62-104"** means Multilateral Instrument 62-104 – *Take-Over Bids and Issuer Bids*, as amended from time to time;
- (t) **"Participant"** means a Service Provider determined to be eligible to participate in this Plan in accordance with Section 3.1 and, where applicable, a former Service Provider deemed eligible to continue to participate in this Plan in accordance with Section 4.5;
- (u) **"Plan"** means this Restricted Share Unit Plan;
- (v) **"RSU"** means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the Participants' Accounts;
- (w) **"RSU Agreement"** has the meaning set forth in Section 3.2;
- (x) **"Security Based Compensation Arrangements"** has the meaning ascribed thereto in Part VI of the Company Manual of the TSX, as amended from time to time;
- (y) **"Service Provider"** means an officer or employee of, or a person or company engaged by, one or more of the entities comprising the Athabasca Group to provide services for an initial, renewable or extended period intended to be twelve months or more;
- (z) **"Share"** means a common share of the Corporation;
- (aa) **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (bb) **"Successor"** has the meaning ascribed thereto in Section 5.2;
- (cc) **"takeover bid"** means a "take-over bid" as defined in MI 62-104 pursuant to which the "offeror" would as a result of such takeover bid, if successful, beneficially own, directly or indirectly, in excess of 50% of the outstanding Shares;
- (dd) **"TSX"** means the Toronto Stock Exchange; and
- (ee) **"Vesting Date"** means, with respect to any RSU, the date upon which the Award Value to which the Participant is entitled pursuant to such RSU shall irrevocably vest and become irrevocably payable by the Corporation to the Participant in accordance with the terms hereof.

1.2 Interpretation

Words in the singular include the plural and words in the plural include the singular. Words importing male persons include female persons, corporations or other entities, as applicable. The headings in this document are for convenience and reference only and shall not be deemed to alter or affect any provision hereof. The words "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions mean or refer to this document as a whole and not to any particular Article, Section, paragraph or other part hereof.

ARTICLE II
PURPOSE AND ADMINISTRATION OF THE PLAN

2.1 Purpose

The purpose of this Plan is to: (a) aid in attracting, retaining and motivating the officers, employees and other eligible Service Providers of the Athabasca Group in the growth and development of the Athabasca Group by providing them with the opportunity through RSUs to acquire an increased proprietary interest in the Corporation; (b) more closely align their interests with those of the Corporation's shareholders; (c) focus such Service Providers on operating and financial performance and long-term shareholder value; and (d) motivate and reward for their performance and contributions to the Corporation's long-term success.

2.2 Administration of the Plan

Subject to Section 2.4, this Plan shall be administered by the Board.

2.3 Authority of the Board

The Board shall have the full power to administer this Plan, including, but not limited to, the authority to:

- (a) interpret and construe any provision hereof and decide all questions of fact arising in their interpretation;
- (b) adopt, amend, suspend and rescind such rules and regulations for administration of this Plan as the Board may deem necessary in order to comply with the requirements of this Plan, or in order to conform to any law or regulation or to any change in any laws or regulations applicable thereto;
- (c) determine the individuals to whom RSUs may be awarded;
- (d) award such RSUs on such terms and conditions as it determines including, without limitation: the time or times at which RSUs may be awarded; the time or times when each RSU shall vest and the term of each RSU; whether restrictions or limitations are to be imposed on the Shares the Corporation may elect to issue in settlement of all or a portion of the Award Value of vested RSUs and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any RSU; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;
- (e) take any and all actions permitted by this Plan; and
- (f) make any other determinations and take such other action in connection with the administration of this Plan that it deems necessary or advisable.

2.4 Delegation of Authority

To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee (the "**Committee**") of the Board all or any of the powers conferred on the Board under this Plan. In such event, the Committee will exercise the powers delegated to it by the Board in the manner and on the terms authorized by the Board. Any decision made or action taken by the Committee arising out of or in connection with the administration or interpretation of this Plan in this context is final and conclusive.

The Board or the Committee may delegate or sub-delegate to any director or officer of the Corporation the whole or any part of the administration of this Plan and shall determine the scope of such delegation or sub-delegation in its sole discretion.

2.5 Discretionary Relief

Notwithstanding any other provision hereof, the Board may, in its sole discretion, waive any condition set out herein if it determines that specific individual circumstances warrant such waiver.

2.6 Amendment or Discontinuance of the Plan

- (a) The Board may amend or discontinue this Plan or amend any RSU at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the Plan or any related RSU Agreement, except as otherwise permitted hereunder. In addition, the Board may, by resolution, amend this Plan and any RSU granted under it (together with any related RSU Agreement) without shareholder approval, provided however, that at any time after the Corporation has obtained the approval of the TSX and shareholders in accordance with the requirements of the TSX to the issuance of Shares in respect of the Award Value of the RSUs referred to in Section 6.1, and thereafter while the Shares are listed for trading on the TSX, the Board will not be entitled to amend this Plan or any RSU granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Shares issuable pursuant to this Plan; (ii) to cancel an RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (iii) to extend the term of an RSU; (iv) to permit the assignment or transfer of an RSU other than as provided for in this Plan; (v) to add to the categories of persons eligible to participate in this Plan; (vi) to remove or amend Section 4.4(c), Section 4.4(d) or Section 4.4(e) of this Plan; (vii) to remove or amend this Section 2.6(a); or (viii) in any other circumstances where TSX and shareholder approval is required by the TSX.
- (b) Without limitation of Section 2.6(a), the Board may correct any defect or supply any omission or reconcile any inconsistency in this Plan in the manner and to the extent deemed necessary or desirable, may establish, amend, and rescind any rules and regulations relating to this Plan, and may make such determinations as it deems necessary or desirable for the administration of this Plan.
- (c) On termination of this Plan, any outstanding awards of RSUs under this Plan shall immediately vest and the Award Value underlying the RSUs shall be paid to the Participants in accordance with and upon compliance with Section 4.6. This Plan will finally cease to operate for all purposes when (i) the last remaining Participant receives payment in respect of the Award Value underlying all RSUs credited to the Participant's Account, or (ii) all unvested RSUs expire in accordance with the terms of this Plan and the relevant RSU Agreements.

2.7 Final Determination

Any determination or decision by, or opinion of, the Board, the Committee or a director or officer of the Corporation made or held pursuant to the terms set out herein shall be made or held reasonably and shall be final, conclusive and binding on all parties concerned, including, but not limited to, the Corporation, the Participants and their beneficiaries and legal representatives.

Subject to Section 2.5, all rights, entitlements and obligations of Participants under this Plan are set forth in the terms hereof and cannot be modified by any other documents, statements or communications, except by amendment to the terms set out herein referred to in Section 2.6.

2.8 Withholding Taxes

When a Participant or other person becomes entitled to receive a payment in respect of any RSUs, the Corporation shall have the right to require the Participant or such other person to remit to the Corporation an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Committee or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Participant of cash payment to the Corporation in an amount less than or equal to the total withholding tax obligation;
- (b) where the Corporation has elected to issue Shares to the Participant, the withholding by the Corporation or a member of the Athabasca Group, as the case may be, from the Shares otherwise payable to the Participant such number of Shares as it determines are required to be sold by the Corporation, as trustee, to satisfy the total withholding tax obligation (net of selling costs, which shall be paid by the Participant). The Participant consents to such sale and grants to the Corporation an irrevocable power of attorney to effect the sale of such Shares and acknowledges and agrees that the Corporation does not accept responsibility for the price obtained on the sale of such Shares; or
- (c) the withholding by the Corporation or a member of the Athabasca Group, as the case may be, from any cash payment otherwise due to the Participant such amount of cash as is less than or equal to the amount of the total withholding tax obligation;.

provided, however, that the sum of any cash so paid or withheld and the Fair Market Value of any Shares so withheld is sufficient to satisfy the total withholding tax obligation. Any reference in this Plan to the Award Value or payment of cash or issuance of Shares in settlement thereof is expressly subject to this Section 2.8.

2.9 Taxes

Participants (or their beneficiaries) shall be responsible for reporting and paying all taxes with respect to any RSUs under the Plan, whether arising as a result of the grant or vesting of RSUs or otherwise. Neither the Corporation nor the Board make any guarantees to any person regarding the tax treatment of an RSU or payments made under the Plan and none of the Corporation or any of its employees or representatives shall have any liability to a Participant with respect thereto. The Corporation will provide each Participant with (or cause each Participant to be provided with) a T4 slip or such information return as may be required by applicable law to report income, if any, arising upon the grant or vesting of rights under this Plan by a Participant for income tax purposes.

2.10 Information

Each Participant shall provide the Corporation with all of the information (including personal information) that it requires in order to administer this Plan.

2.11 Account Information

Information pertaining to the RSUs in Participants' Accounts will be made available to the Participants at least annually in such manner as the Corporation may determine and shall include such matters as the Board or the Committee may determine from time to time or as otherwise may be required by law.

2.12 Indemnification

Each member of the Board or Committee is indemnified and held harmless by the Corporation against any cost or expense (including any sum paid in settlement of a claim with the approval of the Corporation) arising out of any act or omission to act in connection with the terms hereof to the extent permitted by applicable law. This indemnification is in addition to any rights of indemnification a Board or Committee member may have as director or otherwise under the by-laws of the Corporation, any agreement, any vote of shareholders, or disinterested directors, or otherwise.

ARTICLE III
ELIGIBILITY AND PARTICIPATION IN the PLAN

3.1 Participation

The Board, in its sole discretion, shall determine, or shall delegate to the Committee the authority to determine, which Service Providers will participate in this Plan.

3.2 RSU Agreement

A Participant shall confirm acknowledgement of an award of RSUs made to such Participant in such form as determined by the Board from time to time (the "**RSU Agreement**"), within such time period and in such manner as specified by the Board. If acknowledgement of an award of RSUs is not confirmed by a Participant within the time specified, the Corporation reserves the right to revoke the crediting of RSUs to the Participant's Account.

3.3 Participant's Agreement to be Bound

Participation in this Plan by any Participant shall be construed as irrevocable acceptance by the Participant of the terms and conditions set out herein and all rules and procedures adopted hereunder and as amended from time to time.

ARTICLE IV
Terms of the Plan

4.1 Grant of RSUs

Subject to Section 3.2, an award of RSUs pursuant to this Plan will be made and the number of such RSUs awarded will be credited to each Participant's Account, effective as of the Award Date. The number of RSUs to be credited to each Participant's Account shall be determined by the Board, or the Committee delegated by the Board to do so, each in its sole discretion.

4.2 Credits for Dividends

A Participant's Account shall be credited with a Dividend Equivalent in the form of additional RSUs only if the Board, in its sole discretion, so determines. Such Dividend Equivalent, if any, shall be computed by dividing: (a) the amount obtained by multiplying the amount of the dividend declared and paid per Share by the number of RSUs recorded in the Participant's Account on the record date for the payment of such dividend, by (b) the Dividend Market Value, with fractions computed to three decimal places.

4.3 Vesting

The Board or the Committee may, in its sole discretion, determine: (i) the time during which RSUs shall vest (except that no RSU, or portion thereof, may vest after the Expiry Date) and whether there shall be any other conditions or performance criteria to vesting; (ii) the method of vesting; or (iii) that no vesting restriction shall exist. In the absence of any determination by the Board or the Committee to the contrary, RSUs (and any corresponding Dividend Equivalents) will vest and be payable as to one third (1/3) of the total number of RSUs granted (together with a proportionate number of Dividend Equivalents) on each of the first, second and third anniversaries of the Award Date (computed in each case to the nearest whole RSU). Notwithstanding the foregoing, the Committee may, at its sole discretion at any time or in the RSU Agreement in respect of any RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of RSUs previously granted. The Award Value of any RSU shall be determined as of the applicable Vesting Date.

4.4 Limits on Issuances

Notwithstanding any other provision of this Plan:

- (a) the maximum number of Shares issuable pursuant to outstanding RSUs at any time shall be limited to 10.0% of the aggregate number of issued and outstanding Shares, less the number of Shares issuable pursuant to all other Security Based Compensation Arrangements;
- (b) the number of Shares reserved for issuance to any one Participant under all Security Based Compensation Arrangements will not exceed 5.0% of the issued and outstanding Shares;
- (c) the number of Shares issuable to Insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares;
- (d) the number of Shares issued to Insiders, within any one year period, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Shares; and
- (e) RSUs may not be awarded to directors of the Corporation who are not officers or employees of the Corporation or another member of the Athabasca Group.

For the purposes of this Section 4.4, any increase in the issued and outstanding Shares (whether as a result of the issue of Shares from treasury in settlement of the Award Value underlying vested RSUs or otherwise) will result in an increase in the number of Shares that may be issued pursuant to RSUs outstanding at any time and any increase in the number of RSUs granted will, upon vesting and settlement of the Award Value underlying such vested RSUs by the issuance of Shares from treasury, make new grants available under this Plan.

RSUs (or the Award Value thereof) that are cancelled, surrendered, terminated or that expire prior to the final Vesting Date or in respect to which the Corporation has not elected to issue Shares from treasury in respect thereof shall result in such Shares that were reserved for issuance thereunder being available for being available to be issued, at the election of Corporation, in respect of a subsequent grant of RSUs pursuant to this Plan to the extent of any Shares which have not been issued from treasury in respect of any such RSU.

For purposes of the calculations in this Section 4.5 only, it shall be assumed that all issued and outstanding RSUs will be settled by the issuance of Shares from treasury, notwithstanding the Corporation's right pursuant to Section 4.6 to settle the Award Value underlying vested RSUs in cash or by purchasing Shares on the open market.

4.5 RSU Terms

The term during which a RSU may be outstanding shall, subject to the provisions of this Plan requiring or permitting the acceleration or the extension of the term, be such period as may be determined from time to time by the Board or the Committee, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (but in no case shall the term of an RSU extend beyond the Expiry Date).

In addition, unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), each RSU shall provide that if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Service Provider to, any of the entities comprising the Athabasca Group for any reason whatsoever (other than death) including, without limitation, retirement, resignation or involuntary termination (with or without cause), as determined by the Board in its sole discretion, before all of the awards respecting RSUs credited to the Participant's Account have vested or are forfeited pursuant to any other provision hereof, (i) such Participant shall cease to be a Participant as of the Forfeiture Date, (ii) the former Participant shall forfeit all unvested awards respecting RSUs in the Participant's Account effective as at the Forfeiture

Date, (iii) any Award Value corresponding to any vested RSUs remaining unpaid as of the Forfeiture Date shall be paid to the former Participant in accordance with Section 4.6 (or, in the case of death, to the legal representative of the deceased former Participant's estate as soon as practicable after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant), and (iv) the former Participant shall not be entitled to any further payment from this Plan.

Notwithstanding the preceding paragraph or anything else contained in this Plan to the contrary, unless otherwise determined by the Board or the Committee, or unless the Corporation and a Participant agree otherwise in an RSU Agreement or other written agreement (including an employment or consulting agreement), if a Participant shall cease to be a director or officer of or be in the employ of, or a consultant or other Service Provider to, any of the entities comprising the Athabasca Group due to the death of the Participant, any unvested RSUs in the deceased Participant's Account effective as at the time of the Participant's death shall be deemed to have vested immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested RSUs and the Award Value corresponding to any such vested RSUs shall be paid to the legal representative of the deceased former Participant's estate in accordance with Section 4.6 after receipt of satisfactory evidence of the Participant's death from the authorized legal representative of the deceased Participant.

Where a Vesting Date occurs on a date when a Participant is subject to a Black-Out Period, such Vesting Date shall be extended to a date which is within seven business days following the end of such Black-Out Period, and further provided that (i) if any such extension would cause the Vesting Date or Vesting Dates to extend beyond the Expiry Date, the amounts to be paid on such Vesting Date or Vesting Dates shall be paid on the Expiry Date notwithstanding the Black-out Period, and (ii) if a Forfeiture Date occurs in respect of a Participant after the original Vesting Date then any unvested RSUs in the Participant's Account effective as of the Forfeiture Date that would have vested as of the original Vesting Date but for the Black-Out Period, shall be deemed to have vested immediately prior to the Forfeiture Date, but, subject to subparagraph (i), the Award Value of any such-vested RSUs shall be determined as of the Vesting Date as so extended by the provisions above, and any payment thereof shall be made only after such determination. If the Expiry Date occurs and as a result of the previous sentence of this paragraph the Vesting Date will occur while a Black-Out Period is still in effect, then the Corporation shall pay the Participant the entire Award Value of the vested RSUs in cash (and not Shares) and, for greater certainty, the Corporation shall not have any right to pay the Award Value in whole or in part in Shares notwithstanding any other provision of this Plan or any RSU Agreement.

This Plan does not confer upon a Participant any right with respect to continuation of employment by or service provision to any of the entities comprising the Athabasca Group, nor does it interfere in any way with the right of the Participant or any of the entities comprising the Athabasca Group to terminate the Participant's employment or service provision at any time.

4.6 Payment in Respect of RSUs

On the Vesting Date, the Corporation, at its sole and absolute discretion, shall have the option of settling the Award Value payable in respect of an RSU by any of the following methods or by a combination of such methods:

- (a) payment in cash;
- (b) payment in Shares acquired by the Corporation on the Exchange; or
- (c) payment in Shares issued from the treasury of the Corporation.

The Corporation shall not determine whether the payment method shall take the form of cash or Shares until the Vesting Date, or some reasonable time prior thereto. A holder of RSUs shall not have any right to demand, be paid in, or receive Shares in respect of the Award Value underlying any RSU at any time. Notwithstanding any election by the Corporation to settle the Award Value of any vested RSUs, or portion thereof,

in Shares, the Corporation reserves the right to change its election in respect thereof at any time up until payment is actually made, and the holder of such vested RSUs shall not have the right, at any time to enforce settlement in the form of Shares of the Corporation.

Any amount payable to a Participant in respect of vested RSUs shall be paid to the Participant as soon as practicable following the Vesting Date and in any event within thirty (30) days of the Vesting Date (provided that any amount payable with respect to a Vesting Date that occurs after the Forfeiture, but before the RSU has terminated in accordance with an applicable provision of Section 4.6, must occur not later than the Expiry Date) and the Corporation shall withhold from any such amount payable all amounts as may be required by law and in the manner contemplated by Section 2.8 hereof.

Where the Corporation elects to pay any amounts pursuant to vested RSUs by issuing Shares, and the determination of the number of Shares to be delivered to a Participant in respect of a particular Vesting Date would result in the issuance of a fractional Share, the number of Shares deliverable on the Vesting Date shall be rounded down to the next whole number of Shares. No certificates representing fractional Shares shall be delivered pursuant to this Plan nor shall any cash amount be paid at any time in lieu of any such fractional interest.

ARTICLE V

Effect of Corporate Events

5.1 Alterations in Shares

In the event:

- (a) of any change in the Shares through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; or
- (b) that any rights are granted to all or substantially all shareholders to purchase Shares at prices substantially below Fair Market Value; or
- (c) that, as a result of any recapitalization, merger, consolidation or other transaction, the Shares are converted into or exchangeable for any other securities or property;

then the Board may make such adjustments to this Plan, to any RSUs and to any RSU Agreements outstanding under this Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of amounts to be paid to Participants hereunder.

5.2 Merger and Sale, etc.

Except in the case of a transaction that is a Change of Control and to which Section 5.3 applies, if the Corporation enters into any transaction or series of transactions whereby the Corporation or All or Substantially All of the Assets would become the property of any other trust, body corporate, partnership or other person (a "**Successor**"), whether by way of takeover bid, acquisition, reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale or otherwise, prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor will execute such instruments and do such things as the Board or the Committee may determine are necessary to establish that upon the consummation of such transaction the Successor will assume the covenants and obligations of the Corporation under this Plan and the RSU Agreements outstanding on consummation of such transaction. Any such Successor shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Plan and RSU Agreements with the same effect as though the Successor had been named as the Corporation herein and therein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Plan and such RSU Agreements and the obligation of the Corporation to the Participants in respect of the RSUs shall terminate and be at an end and the Participants shall cease to have any further rights in respect thereof including, without limitation, any right to acquire Shares upon vesting of the RSUs.

5.3 Change of Control

Notwithstanding any other provision in this Plan but subject to any provision to the contrary contained in an RSU Agreement or other written agreement (such as an agreement of employment) between the Corporation and a Participant, if there takes place a Change of Control, all issued and outstanding RSUs shall vest (whether or not then vested) and the Vesting Date shall be the date which is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board or the Committee, in its absolute discretion, prior to the time such Change of Control takes place.

ARTICLE VI GENERAL

6.1 Compliance with Laws

The Corporation, in its sole discretion, may postpone the issuance or delivery of any Shares that it elects to issue pursuant to any RSU to such date as the Committee may consider appropriate, and may require any Participant to make such representations and furnish such information as it may consider appropriate in connection with the issuance or delivery of Shares in compliance with applicable laws, rules and regulations, except that in no event may the issuance of such Shares occur after the Expiry Date. The Corporation shall not be required to qualify for resale pursuant to a prospectus or similar document any Shares that it elects to issue pursuant to the Plan, provided that, if required, the Corporation shall notify the Exchange and any other appropriate regulatory bodies in Canada and the United States of the existence of the Plan and the granting of RSUs hereunder in accordance with any such requirements.

Notwithstanding anything provided herein, the issuance of any Shares in respect of the Award Value of any vested RSUs granted herein shall be subject to and shall not be made unless approved by the TSX and approved by shareholders in accordance with the requirements of the TSX. For greater certainty, prior to receipt of such approval, the Corporation shall only be permitted to pay the Award Value for vested RSUs in cash or by the payment in Shares acquired by the Corporation on the Exchange.

6.2 RSUs to Companies

The provisions herein in respect of the grant of RSUs shall apply, with appropriate modifications, to the grant of RSUs to a company either: (i) wholly-owned by any person to whom RSUs may otherwise be granted hereunder; or (ii) controlled by any person to whom RSUs may otherwise be granted hereunder (and the shares of which are held directly or indirectly by any such person and such person's spouse, minor children and/or minor grandchildren); subject to any requirements of any applicable regulatory authority having jurisdiction.

6.3 General Restrictions and Assignment

Except as required by law, the rights of a Participant hereunder are not capable of being assigned, transferred, alienated, sold, encumbered, pledged, mortgaged or charged and are not capable of being subject to attachment or legal process for the payment of any debts or obligations of the Participant.

The rights and obligations hereunder may be assigned by the Corporation to a Successor to the business of the Corporation.

6.4 Market Fluctuations

No amount will be paid to, or in respect of, a Participant under this Plan to compensate for a downward fluctuation in the price of Shares, nor will any other form of benefit be conferred upon, or in respect of, a Participant for such purpose.

The Corporation makes no representations or warranties to Participants with respect to this Plan or the RSUs whatsoever. Participants are expressly advised that the value of any RSUs and Shares under this Plan will fluctuate as the trading price of Shares fluctuates.

In seeking the benefits of participation in this Plan, a Participant agrees to exclusively accept all risks associated with a decline in the market price of Shares and all other risks associated with the holding of RSUs.

6.5 No Shareholder Rights

Until Shares have actually been issued and delivered should the Corporation elect to so issue Shares in accordance with the terms of the Plan, a Participant to whom RSUs have been granted shall not possess any incidents of ownership of such Shares including, for greater certainty and without limitation, the right to receive dividends, if any, on such Shares and the right to exercise voting rights in respect of such Shares.

6.6 Governing Law

The validity, construction and effect of this Plan and any actions taken or relating to this Plan shall be governed by the laws of the Province of Alberta and the federal laws of Canada applicable therein.

6.7 Currency

All amounts paid or values to be determined under this Plan shall be in Canadian dollars.

6.8 Severability

The invalidity or unenforceability of any provision of this document shall not affect the validity or enforceability of any other provision and any invalid or unenforceable provision shall be severed from this document.

6.9 Effective Time

This Plan shall be effective as of March 11, 2015.

APPENDIX D
SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT

MADE AS OF

~~to~~ April 8, 2010

AND AMENDED AND RESTATED AS OF

[•], 2015

BETWEEN

ATHABASCA OIL ~~SANDS CORP.~~ CORPORATION

AND

~~OLYMPIA TRUST COMPANY~~
COMPUTERSHARE INVESTOR SERVICES INC.

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EXHIBIT A

Form of Rights Certificate

THIS SHAREHOLDER PROTECTION RIGHTS AGREEMENT made as of April 8, 2010 and amended and restated as of [••], 2010, 2015.

BETWEEN:

ATHABASCA OIL ~~SANDS CORP.~~CORPORATION, a corporation incorporated under *Business Corporation Act* (Alberta) (hereinafter referred to as the "Corporation")

OF THE FIRST PART

AND

~~OLYMPIA TRUST COMPANY~~COMPUTERSHARE INVESTOR SERVICES INC., a trust company ~~incorporated~~existing under the laws of Canada and registered to carry on business in, the Province of Alberta (hereinafter referred to as the "Rights Agent")

OF THE SECOND PART

WHEREAS the ~~Board of Directors has determined that it is in the best interests of the~~ Corporation and ~~all of its shareholders to adopt~~the Rights Agent entered into a shareholder protection rights plan; ~~agreement~~made as of April 8, 2010 respecting a shareholder protection rights plan (the "Original Plan") that was effective until the termination of the annual meeting of the shareholders of the Corporation to be held in 2013.

AND WHEREAS the Original Plan was reconfirmed by the shareholders of the Corporation at the annual meeting of the shareholders of the Corporation held in 2012 and was effective until the termination of the annual meeting of the shareholders of the Corporation to be held in 2015.

AND WHEREAS the Board of Directors (as hereinafter defined), in the exercise of its fiduciary duties to the Corporation, has determined that it is advisable and in the best interests of the Corporation to continue to have a shareholder protection rights plan for the Corporation by adopting an amended and restated shareholder protection rights plan as provided herein (the "Rights Plan") to take effect on the approval by the Independent Shareholders (as hereinafter defined) at the Shareholders' Meeting (as hereinafter defined), to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any take-over offer or bid for the Corporation, and to ensure that the Board of Directors is provided with sufficient time to evaluate unsolicited take-over bids and to explore and develop alternatives to maximize shareholder value.

AND WHEREAS, in order to ~~implement the adoption of a shareholder protection rights plan~~continue the Rights Plan, as amended and restated herein, the Board of Directors has:

- (a) ~~authorized~~confirmed the issuance ~~and distribution~~ of one Right (as hereinafter defined) effective at the Record Time (as hereinafter defined) in respect of each Common Share (as hereinafter defined) outstanding at the Record Time; ~~and~~
- (b) ~~authorized~~confirmed the issuance of one Right in respect of each Common Share issued after the Record Time and prior to the earlier of the Separation Time (as hereinafter defined) and the Expiration Time; ~~(as hereinafter defined); and~~
- (c) confirmed the issuance of Rights Certificates (as hereinafter defined) to holders of Rights pursuant to the terms and subject to the conditions set forth herein.

AND WHEREAS each Right entitles the holder thereof, after the Separation Time, to purchase securities ~~or other assets~~ of the Corporation pursuant to the terms and subject to the conditions set forth herein^{7.2}.

AND WHEREAS the Corporation desires to ~~appoint~~ confirm the appointment of the Rights Agent to continue to act on behalf of the Corporation and ~~the~~ holders of Rights, and the Rights Agent is willing to so act, in connection with the issuance, transfer, exchange and replacement of Rights Certificates, the exercise of Rights and other matters referred to herein^{7.2}.

NOW THEREFORE, in consideration of the foregoing premises and the respective covenants and agreements set forth herein, the parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Certain Definitions

In this agreement, as amended or supplemented from time to time (the "**Agreement**"):

- (a) **"Acquiring Person"** means, subject to Section 1.5, any Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares; provided, however, that the term "Acquiring Person" shall not include:
 - (i) the Corporation or any Subsidiary of the Corporation;
 - (ii) any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares as a result of any one or any combination of: (A) Voting Share Reductions; (B) Permitted Bid Acquisitions; (C) Exempt Acquisitions; or (D) Pro Rata Acquisitions; provided that if a Person shall become the Beneficial Owner of 20% or more of the outstanding Voting Shares by reason of any one or any combination of Voting Share Reductions, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions, if thereafter, such Person, while such Person is the Beneficial Owner of 20% or more of the outstanding Voting Shares, becomes the Beneficial Owner of additional Voting Shares which result in an increase of such Person's Beneficial Ownership of Voting Shares by more than 1% of the number of such Voting Shares outstanding as at the time of acquisition (other than pursuant to one or any combination of Voting Share Reduction, Permitted Bid Acquisitions, Exempt Acquisitions or Pro Rata Acquisitions), then, as of the date such Person becomes the Beneficial Owner of such additional outstanding Voting Shares, such Person shall be an "Acquiring Person"; or
 - (iii) an underwriter or members of a banking or selling group that becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares in connection with a distribution of securities pursuant to a prospectus or by way of private placement;
- (b) **"Affiliate"**, when used to indicate a relationship with a specified Person, means a Person that, directly or indirectly (including through one or more intermediaries), controls, is controlled by or is under common control with, such specified Person;
- (c) **"Associate"**, when used to indicate a relationship with a specified Person, means:
 - (i) a spouse of such specified Person or any Person of the same or opposite sex with whom such specified Person is living in a conjugal relationship outside marriage or a child of such specified Person; and
 - (ii) any relative of such specified Person or of a spouse or other Person mentioned in subparagraph 1.1(c)(i), if that relative has the same residence as such specified Person;

(d) A Person shall be deemed the "**Beneficial Owner**" of, and to have "**Beneficial Ownership**" of, and to "**Beneficially Own**":

- (i) any securities as to which such Person, or any of such Person's Affiliates or Associates is the direct or indirect owner at law or in equity;
- (ii) any securities as to which such Person or any of such Person's Affiliates or Associates has the right to become the owner at law or equity ([where such right is exercisable](#) within 60 days of the date of determination of Beneficial Ownership and whether or not on condition or the occurrence of any contingency) pursuant to any agreement, arrangement, pledge or understanding (whether or not in writing) (other than customary agreements with and between underwriters and banking group or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of private placement and other than pledges of securities in the ordinary course of business); and
- (iii) any securities which are Beneficially Owned within the meaning of subparagraphs (i) or (ii) of this definition by any other Person with which such Person, [or any of such Person's Affiliates](#), is acting jointly or in concert;

provided, however, that a Person shall not be deemed the "**Beneficial Owner**" or to have "**Beneficial Ownership**" of, or to "**Beneficially Own**", any security:

- (iv) because either: (A) the holder of such security has agreed pursuant to a Permitted Lock-up Agreement to deposit or tender such security to a Take-over Bid made by such Person, any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition; or (B) such security has been deposited or tendered pursuant to any Take-over Bid made by such Person or by any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition, in either case until such deposited or tendered security has been unconditionally accepted for payment or exchange or taken up and paid for, whichever shall first occur;
- (v) because such Person, any of such Person's Affiliates or Associates or any other Person referred to in subparagraph (iii) of this definition holds such security provided that:
 - (A) the ordinary business of such Person (the "**Investment Manager**") includes the management of investment funds for others (which others, for greater certainty, may include and be limited to one or more employee benefit plans or pension plans) and such security is held in the ordinary course of such business in the performance of the duties of the Investment Manager for the account of any other Person (the "**Client**") [including non-discretionary accounts held on behalf of a Client by a broker or dealer appropriately registered under applicable law](#);
 - [\(B\) such Person is: \(1\) the manager or trustee \(the "**Fund Manager**"\) of a mutual fund \(a "**Mutual Fund**"\) that is registered or qualified to issue its securities to investors under the securities laws of any province of Canada or the securities laws of the United States and such security is held in the ordinary course of business in the performance of the Fund Manager's duties with respect to the Mutual Fund; or \(2\) a Mutual Fund;](#)
 - [\(C\) ~~\(B\)~~ such Person \(the "**Trust Company**"\) is licensed to carry on the business of a trust company under applicable law and, as such, acts as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent Persons \(each an "**Estate Account**"\) or in relation to other accounts \(each an "**Other Account**"\) and holds such](#)

security in the ordinary course of such duties for the estate of any such deceased or incompetent Person or for such other accounts;

- (D) ~~(C)~~ such Person is a Crown agent or agency (in this definition, the "**Crown Agency**");
- (E) ~~(D)~~ the Person is established by statute for purposes that include, and the ordinary business or activity of such Person (in this definition, a "**Statutory Body**") includes, the management of investment funds for employee benefit plans, pension plans, insurance plans of various public bodies and the Statutory Body holds such security for the purposes of its activities as such; or
- (F) ~~(E)~~ the person (in this definition, an "**Administrator**") is the administrator or trustee of one or more pension funds or plans (each, in this definition, a "**Plan**") registered under the laws of Canada or any province thereof or the corresponding laws of the jurisdiction by which such Plan is governed or is such a Plan and the Administrator or Plan holds such security for the purposes of its activities as such;

but only if the Investment Manager, the Fund Manager, the Mutual Fund, the Trust Company, the Crown Agency, the Statutory Body, the Administrator of a Plan, as the case may be, is not then making and has not announced a current intention to make a Take-over Bid, other than an Offer to Acquire Common Shares or other securities pursuant to a distribution by the Corporation or by means of ordinary market transactions (including prearranged trades entered into in the ordinary course of business of such Person) executed through the facilities of a stock exchange or an organized over-the-counter market, alone or by acting jointly or in concert with any other Person;

(vi) because such Person:

- (A) is a Client of the same Investment Manager as another Person on whose account the Investment Manager holds such security;
- (B) has an Estate Account or an Other Account with the same Trust Company as another Person on whose account the Trust Company holds such security; or
- (C) is a Plan with the same Administrator as another Plan on whose account the Administrator holds such security,

(vii) because such Person:

- (A) is a Client of an Investment Manager and such security is owned at law or in equity by the Investment Manager;
- (B) has an Estate Account or an Other Account with a Trust Company and such security is owned at law or in equity by the Trust Company; or
- (C) is a Plan and such security is owned at law or in equity by the Administrator of the Plan,

(viii) because such Person is the registered holder of securities as a result of carrying on the business of, or acting as nominee for, a securities depository.

(e) "**Board of Directors**" means the board of directors of the Corporation or any duly constituted and empowered committee thereof;

- (f) "Business Corporations Act (Alberta)" means Business Corporations Act (Alberta), as amended from time to time, and the regulations made thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;
- (g) ~~(f)~~ "Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in Calgary, Alberta are authorized or obligated by law to close;
- (h) ~~(g)~~ "Canadian Dollar Equivalent" of any amount which is expressed in United States dollars means, on any date, the Canadian dollar equivalent of such amount determined by multiplying such amount by the U.S. - Canadian Exchange Rate on such date;
- (i) ~~(h)~~ "close of business" on any given date means the time on such date (or, if such date is not a Business Day, the time on the next succeeding Business Day) at which the Calgary office of the principal transfer agent for the Common Shares (or, after the Separation Time, the Calgary office of the Rights Agent) is closed to the public;
- (j) ~~(i)~~ "Common Shares" means the common shares without nominal or par value in the capital of the Corporation and any other shares in the capital of the Corporation into which such shares may be subdivided, consolidated, reclassified or changed; provided, however, that "common shares", when used with reference to any Person other than the Corporation, shall mean the class or classes of shares (or similar equity interest) with the greatest per share voting power entitled to vote generally in the election of all directors of such other Person;
- (k) ~~(j)~~ "Competing Permitted Bid" means a Take-over Bid made while another Permitted Bid is in existence and that satisfies all of the provisions of a Permitted Bid except that the condition set forth in subparagraph 1.1(~~eeff~~)(ii)(A)(I) may provide that the Voting Shares may be taken up or paid for on a date which is not earlier than the later of 35 days after the date of the Take-over Bid or the earliest date on which Voting Shares may be taken up or paid for under any other Permitted Bid that is then in existence for the Voting Shares;
- (l) ~~(k)~~ "control" means
- (i) ~~in respect of~~ controlled a corporation is "controlled" by another Person if:
- (i) ~~(A)~~ securities entitled to vote in the election of directors carrying more than 50 percent of the votes for the election of directors are held, directly or indirectly, by or on behalf of ~~a~~ the other Person; and
- (ii) ~~(B)~~ the votes carried by such securities are entitled, if exercised, to elect a majority of the board of directors of such corporation; ~~and,~~
- (ii) ~~in respect of an association, partnership or other organization (other than a corporation) if more than 50% of the ownership interests of such association, partnership or other organization are beneficially owned by a Person and such Person is able to direct the business and affairs of the association, partnership or other organization;~~
- and ~~"controlled"~~ control", "controls" and "controlling" shall be interpreted accordingly;
- (m) ~~(l)~~ "Co-Rights Agent" has the meaning ascribed thereto in subparagraph 4.1(a);
- (n) ~~(m)~~ "Dividend Reinvestment Acquisition" means an acquisition of Voting Shares pursuant to a Dividend Reinvestment Plan;

(o) ~~(+)~~ **"Dividend Reinvestment Plan"** means a regular dividend reinvestment or other plan of the Corporation made available by the Corporation to holders of its securities where such plan permits the holder to direct that some or all of:

- (i) dividends paid in respect of shares of any class of the Corporation;
- (ii) proceeds of redemption of shares of the Corporation;
- (iii) interest paid on evidences of indebtedness of the Corporation; or
- (iv) optional cash payments;

be applied to the purchase from the Corporation of Voting Shares;

(p) ~~(+)~~ **"Election to Exercise"** has the meaning ascribed thereto in subparagraph 2.2(d);

(q) ~~(+)~~ **"Exempt Acquisition"** means a share acquisition: (i) in respect of which the Board of Directors has waived the application of Section 3.1 pursuant to the provisions of subparagraph 5.1(d) or 5.1(e); (ii) which was made on or prior to the date of this Agreement; or (iii) pursuant to an amalgamation, merger, plan of arrangement or other statutory procedure having similar effect which has been approved by the holders of Voting Shares by the requisite majority or majorities of the holders of Voting Shares at a meeting of such holders duly called and held for such purpose in accordance with the provisions of *Business Corporations Act* (Alberta), the by-laws of the Corporation and any other applicable legal requirements;

(r) ~~(+)~~ **"Exercise Price"** means the price at which a holder may purchase the securities issuable upon exercise of one whole Right and, until adjustment thereof in accordance with the terms hereof, the Exercise Price shall be equal to One Hundred (\$100.00) dollars;

(s) ~~(+)~~ **"Expansion Factor"** has the meaning ascribed thereto in subparagraph 2.3(a);

(t) ~~(+)~~ **"Expiration Time"** means the earlier of:

- (i) the Termination Time; or
- (ii) the close of business on the first Business Day following the annual general meeting of the shareholders of the Corporation held in ~~2013~~, 2018, unless at such meeting shareholders have reconfirmed this Agreement for an additional period of time in which case "Expiration Time" shall mean the end of such additional period of time, and so on from time to time; provided that the "Expiration Time" shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which the "Expiration Time" would otherwise have occurred;

(u) ~~(+)~~ **"Flip-in Event"** means a transaction in or pursuant to which any Person becomes an Acquiring Person;

(v) ~~(+)~~ **"holder"** has the meaning ascribed thereto in Section 2.8;

(w) ~~(+)~~ **"Independent Shareholders"** means holders of Voting Shares other than:

- (i) any Acquiring Person;
- (ii) any Offeror;
- (iii) any Associate or Affiliate of any Acquiring Person or Offeror;

- (iv) any Person acting jointly or in concert with any Acquiring Person or any Offeror; and
- (v) any employee benefit plan, deferred profit sharing plan, stock participation plan ~~or trust~~ and other similar plans or trusts for the benefit of employees of the Corporation or any Subsidiary of the Corporation but excluding in any event a plan or trust in respect of which the employee directs the manner in which the Voting Shares are to be voted and directs whether the Voting Shares be tendered to a Take-over Bid;

(x) ~~(w)~~ "**Market Price**" per share of any securities on any date of determination shall mean the average of the daily closing prices per share of such securities (determined as described below) on each of the 20 consecutive Trading Days through and including the Trading Day immediately preceding such date; provided, however, that if an event of a type analogous to any of the events described in Section 2.3 shall have caused the closing price in respect of any Trading Day used to determine the Market Price not to be fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day, each such closing price so used shall be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in order to make it fully comparable with the closing price on such date of determination or, if the date of determination is not a Trading Day, on the immediately preceding Trading Day. The closing price per share of any securities on any date shall be:

- (i) the closing board lot sale price or, if no such sale takes place on such date, the average of the closing bid and ~~asked~~ask prices, as reported by the principal Canadian stock exchange on which such securities are listed or admitted to trading; or
- (ii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange, the closing board lot sale price or, if no such sale takes place on such date, the average of the closing bid and ~~asked~~ask prices, as reported by the principal national United States securities exchange on which such securities are listed or admitted to trading; or
- (iii) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low ~~asked~~ask prices for each share of such securities in the over-the-counter market, as reported by any reporting system then in use; or
- (iv) if for any reason none of such prices is available on such day or the securities are not listed or admitted to trading on a Canadian stock exchange or a national United States securities exchange or quoted by any such reporting system, the average of the closing bid and ~~asked~~ask prices as furnished by a professional market maker making a market in the securities;

provided, however, that if for any reason none of such prices is available on any such date, the closing price per share of such securities on such date shall mean the fair value per share of such securities on such date as determined by a nationally or internationally recognized Canadian investment dealer or investment banker with respect to the fair value per share of such securities. The Market Price shall be expressed in Canadian dollars and, if initially determined in respect of any day forming part of the 20 consecutive Trading Day period in United States dollars, such amount shall be translated into Canadian dollars at the Canadian Dollar Equivalent thereof on the relevant Trading Day;

(y) ~~(z)~~ "**1933 Securities Act**" means the *Securities Act of 1933* of the United States, as amended, and the rules and regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;

- (z) ~~(y)~~ **"1934 Exchange Act"** means the *Securities Exchange Act of 1934* of the United States, as amended, and the rules and regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;
- (aa) ~~(z)~~ **"Nominee"** has the meaning ascribed thereto in subparagraph 2.2(c);
- (bb) ~~(aa)~~ **"Offer to Acquire"** shall include:
- (i) an offer to purchase, or a solicitation of an offer to sell, Voting Shares, and
 - (ii) an acceptance of an offer to sell Voting Shares, whether or not such offer to sell has been solicited, or any combination thereof, and the Person accepting an offer to sell shall be deemed to be making an Offer to Acquire to the Person that made the offer to sell;
- (cc) ~~(bb)~~ **"Offeror"** means a Person who has announced an intention to make or who has made a Take-over Bid (including a Permitted Bid or Competing Permitted Bid, but excluding an Offer to Acquire made by an Investment Manager, Fund Manager, Trust Company, Crown Agency, Statutory Body, Administrator or Plan referred to ~~clause~~ in subparagraph 1.1(d)(v) of the definition of Beneficial Owner pursuant to a distribution by the Corporation or by means of ordinary market transactions (including pre-arranged trades entered into in the ordinary course of business of such Person) in the circumstances contemplated in ~~clause~~ subparagraph 1.1(d)(v)), but only so long as the Take-over Bid so announced or made has not been withdrawn or terminated or has not expired;
- (dd) ~~(cc)~~ **"Offeror's Securities"** means the Voting Shares Beneficially Owned by an Offeror on the date of an Offer to Acquire;
- (ee) ~~(dd)~~ **"ordinary course dividends"** means cash dividends paid in any fiscal year of the Corporation to the extent that such cash dividends, in the aggregate, do not exceed the greatest of:
- (i) 200% of the aggregate amount of cash dividends declared payable by the Corporation on its Common Shares in its immediately preceding fiscal year;
 - (ii) 300% of the arithmetic mean of the aggregate amounts of cash dividends declared payable by the Corporation on its Common Shares in its three immediately preceding fiscal years; and
 - (iii) 100% of the aggregate consolidated net income of the Corporation, before extraordinary items, for its immediately preceding fiscal year;
- (ff) ~~(ee)~~ **"Permitted Bid"** means a Take-over Bid made by an Offeror by way of a Take-over bid circular which also complies with the following additional provisions:
- (i) the Take-over Bid is made to all holders of record of Voting Shares wherever resident as registered on the books of the Corporation, other than the Offeror;
 - (ii) the Take-over Bid contains, and the take up and payment for securities tendered or deposited thereunder shall be subject to, an irrevocable and unqualified provision that:
 - (A) no Voting Shares will be taken up or paid for pursuant to the Take-over Bid:
 - (I) prior to the close of business on the 60th day following the date of the Take-over Bid; and

- (II) if less than 50% of the Voting Shares held by Independent Shareholders have been deposited pursuant to the Take-over Bid and not withdrawn;
- (B) Voting Shares may be deposited pursuant to such Take-over Bid at any time during the period described in subparagraph (ii)(A)(I) of this definition and that any Voting Shares deposited pursuant to the Take-over Bid may be withdrawn until taken up and paid for; and
- (C) if the condition set forth in subparagraph (ii)(A)(II) of this definition is satisfied, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of Voting Shares for not less than ten Business Days from the date of such public announcement;

provided that if a Take-over Bid constitutes a Competing Permitted Bid, the term "Permitted Bid" shall also mean the Competing Permitted Bid;

(gg) ~~(ff)~~ **"Permitted Bid Acquisition"** means an acquisition made pursuant to a Permitted Bid or a Competing Permitted Bid;

(hh) ~~(gg)~~ **"Permitted Lock-up Agreement"** means an agreement between an Offeror and another Person (the **"Locked-up Person"**) whereby the Locked-up Person agrees to deposit or tender the Voting Shares held by the Locked-up Person to the Offeror's Take-over Bid that is a Permitted Bid (the **"Lock-up Bid"**) and the agreement:

- (i) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that is higher than the consideration contained in or proposed to be contained in the Lock-up Bid ~~and is made for at least the same number of Voting Shares as the Lock-up Bid~~; or
- (ii) (A) permits the Locked-up Person to withdraw the Voting Shares from the agreement in order to tender or deposit the Voting Shares to another Take-over Bid, or to support another transaction, that provides for a consideration for each Voting Share that exceeds by as much as or more than a specified amount (the **"Specified Amount"**) the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid ~~and is made for at least the same number of Voting Shares as the Lock-up Bid~~; and (B) does not by its terms provide for a Specified Amount that is greater than 7% of the consideration for each Voting Share contained in or proposed to be contained in the Lock-up Bid;

and, for greater certainty, at the Permitted Lock-up Agreement may: (1) contain a right of first refusal in favour of the Offeror; or (2) require a period of delay to give the Offeror an opportunity to match or exceed the consideration offered in another Take-over Bid or transaction; or (3) contain other similar limitations on a Locked-up Person's right to withdraw Voting Shares from the Permitted Lock-up Agreement and not tender such Voting Shares to the Lock-up Bid, so long as the limitation does not preclude the exercise by the Locked-up Person of the right to withdraw Voting Shares in sufficient time to tender to the other Take-over Bid or participate in the other transaction; and

- (iii) does not provide for the payment by the Locked-up Person, in the event that the Locked-up Person fails to deposit or tender Voting Shares to the Lock-up Bid or withdraws the Voting Shares in order to tender to another Take-over Bid or participate in another transaction, of any "break-up" fees, "top-up" fees, penalties, expense reimbursement or other amounts that exceed in the aggregate the greater of:

- (A) the cash equivalent of 2.5% of the consideration that the Locked-up Person would have received under the Lock-up Bid; and
 - (B) 50% of the amount by which the consideration payable to the Locked-up Person under another Take-over Bid or transaction exceeds the consideration such Locked-up Person would have received under the Lock-up Bid; and
- (iv) is disclosed to the public, including the Corporation, by making copies thereof available not later than the date on which the Lock-up Bid has been publicly announced (or, if the Lock-up Bid has been publicly announced prior to the date on which the Permitted Lock-up Agreement is entered into, not later than such date);
- (ii) ~~(hh)~~ **"Person"** shall include any individual, firm, partnership, association, trust, trustee, executor, administrator, legal personal representative, body corporate, corporation, unincorporated organization, syndicate or other entity;
- (jj) ~~(ii)~~ **"Pro Rata Acquisition"** means an acquisition by a Person of Beneficial Ownership of Voting Shares as a result of: a Dividend Reinvestment Acquisition; a stock dividend, a stock split or other event pursuant to which a Person becomes Beneficial Owner of Voting Shares on the same pro rata basis as all other holders of Voting Shares; the acquisition or exercise by such Person of rights to purchase Voting Shares distributed to such Person in the course of a distribution to all holders of Voting Shares pursuant to a rights offering or pursuant to a prospectus; or a distribution of Voting Shares or securities convertible into or exchangeable for Voting Shares (and the conversion or exchange of such convertible or exchangeable securities), made pursuant to a prospectus or a distribution by way of a private placement; provided that the Person does not thereby acquire a greater percentage of such Voting Shares, or securities convertible into or exchangeable for Voting Shares, so offered than the Person's percentage of Voting Shares Beneficially Owned immediately prior to such acquisition;
- (kk) ~~(jj)~~ **"Record Time"** means ~~{5:00 p.m.}~~ (Calgary time) on ~~{**April 8,** 2010}~~;
- (ll) ~~(kk)~~ **"Redemption Price"** has the meaning ascribed thereto in subparagraph 5.1(a);
- (mm) ~~(ll)~~ **"Right"** means a right to purchase one Common Share, upon the terms and subject to the conditions set forth in this Agreement;
- (nn) ~~(mm)~~ **"Rights Certificate"** has the meaning ascribed thereto in subparagraph 2.2(c) and shall be in substantially the form of Exhibit A to this Agreement;
- (oo) ~~(nn)~~ **"Rights Register"** has the meaning ascribed thereto in subparagraph 2.6(a);
- (pp) ~~(oo)~~ **"Securities Act (Alberta)"** shall mean the *Securities Act*, R.S.A. 2000, c. S-4, as amended, and the regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;
- (qq) ~~(pp)~~ **"Securities Act (Ontario)"** shall mean the *Securities Act*, R.S.O. 1990, c. S.5, as amended, and the regulations thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;
- (rr) ~~(qq)~~ **"Separation Time"** means the close of business on the tenth Trading Day after the earlier of:
 - (i) the Stock Acquisition Date; and

- (ii) the date of the commencement of or first public announcement of the intent of any Person (other than the Corporation or any Subsidiary of the Corporation) to commence a Take-over Bid (other than a Permitted Bid or Competing Permitted Bid);

or such later time as may be determined by the Board of Directors, provided that:

- (iii) if any Take-over Bid referred to in subparagraph (ii) of this definition expires, or is cancelled, terminated or otherwise withdrawn prior to the Separation Time, such Take-over Bid shall be deemed, for the purposes of this definition, never to have been made; and
- (iv) if the Board of Directors determines pursuant to subparagraph 5.1(d) or (e) to waive the application of Section 3.1 to a Flip-in Event, the Separation Time in respect of such Flip-in Event shall be deemed never to have occurred;

(ss) "Shareholders' Meeting" means the annual and special meeting of Shareholders to be held on or about [●], 2015, or any adjournment or adjournments thereof;

(tt) ~~(tt)~~ **"Stock Acquisition Date"** means the first date of public announcement (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to the provisions of Section 5.2 of Multilateral Instrument 62-104, 104 – Take-Over Bids and Issuer Bids, Section 102 of the *Securities Act* (Ontario) or Section 13(d) of the *1934 Exchange Act*) by the Corporation or an Acquiring Person indicating that a Person has become an Acquiring Person;

(uu) ~~(ss)~~ **"Subsidiary"**: a ~~corporation~~Person shall be deemed to be a Subsidiary of another ~~corporation~~Person if:

- (i) it is controlled by:
 - (A) that other Person; or
 - (B) that other Person and one or more ~~corporations~~Persons each of which is controlled by that other Person; or
 - (C) two or more ~~corporations~~Persons each of which is controlled by that other Person; or
- (ii) it is a Subsidiary of a ~~corporation~~Person that is that other's Subsidiary;

(vv) ~~(tt)~~ **"Take-over Bid"** means an Offer to Acquire Voting Shares or other securities if, assuming the Voting Shares or other securities subject to the Offer to Acquire are acquired and are Beneficially Owned at the date of the Offer to Acquire by the Person making the Offer to Acquire, such Voting Shares (including all Voting Shares that may be acquired upon exercise of all rights of conversion, exchange or purchase attaching to the other securities) together with the Offeror's Securities would constitute in the aggregate 20% or more of the outstanding Voting Shares at the date of the Offer to Acquire;

(ww) ~~(uu)~~ **"Termination Time"** means the time at which the right to exercise Rights shall terminate pursuant to Section 5.1;

~~(vv) **"Business Corporations Act (Alberta)" means Business Corporations Act (Alberta), as amended from time to time, and the regulations made thereunder, as in effect on the date of this Agreement or as the same may be amended, re-enacted or replaced by any comparable or successor laws or regulations thereto;**~~

(xx) ~~(ww)~~ **"Trading Day"**, when used with respect to any securities, means a day on which the principal Canadian stock exchange on which such securities are listed or admitted to trading is open for the transaction of

business or, if the securities are not listed or admitted to trading on any Canadian stock exchange, a Business Day;

(yy) ~~(xx)~~ **"U.S. - Canadian Exchange Rate"** means, on any date:

- (i) if on such date the Bank of Canada sets an average noon spot rate of exchange for the conversion of one United States dollar into Canadian dollars, such rate, and
- (ii) in any other case, the rate for such date for the conversion of one United States dollar into Canadian dollars which is calculated in the manner which shall be determined by the Board of Directors from time to time acting in good faith;

~~(yy) **"U.S. Dollar Equivalent"** of any amount which is expressed in Canadian dollars means, on any date, the United States dollar equivalent of such amount determined by multiplying such amount by the Canadian-U.S. Exchange Rate in effect on such date;~~

(zz) **"Voting Shares"** means the Common Shares and any other shares of capital stock or voting interests of the Corporation entitled to vote generally in the election of all directors; and

(aaa) **"Voting Share Reduction"** means an acquisition or redemption by the Corporation or a Subsidiary of the Corporation of Voting Shares which, by reducing the number of Voting Shares outstanding or which may be voted, increases the proportionate number of Voting Shares Beneficially Owned by any Person.

1.2 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise specified.

1.3 Headings

The division of this Agreement into Articles, Sections, subparagraphs, paragraphs and subparagraphs and the insertion of headings, subheadings and a table of contents are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.4 References to Agreement

References to "this Agreement", "hereto", "herein", "hereby", "hereunder", "hereof" and similar expressions refer to this Agreement, as amended or supplemented from time to time, and not to any particular Article, Section, subsection, paragraph, subparagraph or other provision hereof and include any and every instrument supplemental or ancillary hereto. Unless the context otherwise requires, references in this Agreement to an Article, Section, subsection, paragraph, subparagraph or Exhibit by number, letter or otherwise refer to the Article, Section, subsection, paragraph, subparagraph or Exhibit, respectively, bearing that designation in this Agreement.

1.5 Grandfathered Person

For the purposes of determining whether a Person is an Acquiring Person and interpreting the definition of "Acquiring Person", a Person shall not be and shall not be deemed to be an Acquiring Person if such Person (a **"Grandfathered Person"**):

- (a) is the Beneficial Owner of more than 20% of the outstanding Voting Shares determined as at the Record Time; or

- (b) becomes the Beneficial Owner of more than 20% of the outstanding Voting Shares after the Record Time and such Person's Beneficial Ownership of Voting Shares does not exceed the number of Voting Shares Beneficially Owned by such Person immediately prior to the Record Time by more than 1% of the issued and outstanding Voting Shares as at the Record Time,

provided:

~~(c) — the Grandfathered Person has complied with all legal disclosure requirements;~~

(c) ~~(d)~~ that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall after the Record Time become the Beneficial Owner of additional Voting Shares constituting more than 1% of the then outstanding Voting Shares otherwise than pursuant to one or more Permitted Bid Acquisitions, Exempt Acquisitions, Pro Rata Acquisitions or the issuance or exercise of stock options granted by the Corporation, if applicable to such Person;

(d) ~~(e)~~ that such Grandfathered Person shall not become an Acquiring Person as a result of one or more Voting Share Reductions; and

(e) ~~(f)~~ that, if this exception shall cease to be applicable to a Grandfathered Person as aforesaid, such a Grandfathered Person shall be and shall be deemed to be an Acquiring Person as at and from the time that this exception shall not be so applicable.

1.6 Calculation of Number and Percentage of Beneficial Ownership of Outstanding Voting Shares

For purposes of this Agreement:

- (a) in determining the percentage of outstanding Voting Shares Beneficially Owned by any Person, all unissued Voting Shares as to which such Person is deemed the Beneficial Owner shall be deemed to be outstanding; and
- (b) the percentage of outstanding Voting Shares Beneficially Owned by any Person shall be and be deemed to be the product (expressed as a percentage) determined by the formula:

$$100 \times \frac{A}{B}$$

where:

A = the number of votes for the election of all directors generally attaching to the outstanding Voting Shares Beneficially Owned by such Person; and

B = the number of votes for the election of all directors generally attaching to all outstanding Voting Shares.

1.7 Acting Jointly or in Concert

For purposes of this Agreement, a Person is acting jointly or in concert with every other Person who is a party to any agreement, commitment or understanding, whether formal or informal and whether or not in writing, with the first mentioned Person ~~for the purpose of acquiring or offering to acquire or offer~~ to acquire Voting Shares (other than pursuant to an agreement contemplated by subparagraph 1.1(d)(iv) hereof, or customary agreements with and between underwriters and/or banking group and/or selling group members with respect to a distribution of securities pursuant to a prospectus or by way of private placement and other than pursuant to pledges of securities in the ordinary course of business).

1.8 Generally Accepted Accounting Principles

Wherever in this Agreement reference is made to generally accepted accounting principles, such reference shall be deemed to be the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor institute, applicable on a consolidated basis (unless otherwise specifically provided herein to be applicable on an unconsolidated basis) as at the date on which a calculation is made or required to be made in accordance with generally accepted accounting principles. Where the character or amount of any asset or liability or item of revenue or expense is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with generally accepted accounting principles applied on a consistent basis.

ARTICLE 2 THE RIGHTS

2.1 Legend on Common Share Certificates

Certificates representing Common Shares issued after the Record Time but prior to the earlier of the Separation Time and the Expiration Time shall evidence, in addition to the Common Shares, one Right for each Common Share evidenced thereby and shall have impressed on, printed on, written on or otherwise affixed to them the following legend:

Until the Separation Time (as defined in the Rights Agreement referred to below), this certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Shareholder Protection Rights Plan Agreement made as of April 8, 2010, as amended and restated as of [●], 2010~~2015~~ (the "**Rights Agreement**"), between Athabasca Oil ~~Sands—Corp.~~Corporation (the "**Corporation**") and ~~Olympia Trust Company~~Computershare Investor Services Inc., as rights agent, as amended from time to time, the terms of which are hereby incorporated herein by reference and a copy of which may be inspected during normal business hours at the principal office of the Corporation. Under certain circumstances, as set out in the Rights Agreement, the Rights may be amended, redeemed, may expire, may become null and void or may be evidenced by separate certificates and no longer evidenced by this certificate.

Certificates representing Common Shares that are issued and outstanding at the Record Time shall also evidence one Right for each Common Share evidenced thereby, notwithstanding the absence of the foregoing legend, until the earlier of the Separation Time and the Expiration Time.

2.2 Initial Exercise Price; Exercise of Rights; Detachment of Rights

- (a) Subject to adjustment as herein set forth, each Right will entitle the holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase, for the Exercise Price, one Common Share. Notwithstanding any other provision of this Agreement, any Rights held by the Corporation or any of its Subsidiaries shall be void.
- (b) Until the Separation Time:
 - (i) the Rights shall not be exercisable and no Right may be exercised; and
 - (ii) each Right will be evidenced by the certificate for the associated Common Share and will be transferable only together with, and will be transferred by a transfer of, such associated Common Share.

(c) From and after the Separation Time and prior to the Expiration Time:

- (i) the Rights shall be exercisable; and
- (ii) the registration and transfer of the Rights shall be separate from and independent of Common Shares.

Promptly following the Separation Time, the Corporation will prepare and the Rights Agent will mail or arrange to be mailed to each holder of record of Rights as of the Separation Time (other than an Acquiring Person and, in respect of any Rights Beneficially Owned by such Acquiring Person which are not held of record by such Acquiring Person, the holder of record of such Rights (a "**Nominee**")), at such holder's address as shown by the records of the Corporation (the Corporation hereby agreeing to furnish copies of such records to the Rights Agent for this purpose):

- (A) a rights certificate ("**Rights Certificate**") representing the number of Rights held by such holder at the Separation Time and having such markers of identification or designation and such legends, summaries or endorsements printed thereon as the Corporation may deem appropriate and as are not inconsistent with the provisions of this Agreement, or as may be required to comply with any law, rule, regulation or judicial or administrative order or with any rule or regulation of any self-regulatory organization, stock exchange or quotation system on which the Rights may from time to time be listed or traded, or to conform to usage; and
- (B) a disclosure statement describing the Rights;

provided that a Nominee shall be sent the materials provided for in subparagraphs (A) and (B) above in respect of all Common Shares held of record by it which are not Beneficially Owned by an Acquiring Person. In order for the Corporation to determine whether any Person is holding Voting Shares which are Beneficially Owned by another Person, the Corporation may require such first-mentioned Person to furnish such information and documentation as the Corporation deems necessary or appropriate to make such determination.

(d) Rights may be exercised in whole or in part on any Business Day after the Separation Time and prior to the Expiration Time by submitting to the Rights Agent at its principal office in the city of Calgary the Rights Certificate evidencing such Rights together with:

- (i) an election to exercise such Rights (an "**Election to Exercise**") substantially in the form attached to the Rights Certificate duly completed and executed by the holder or his executors or administrators or other personal representatives or his or their legal attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Rights Agent; and
- (ii) payment by certified cheque, banker's draft or money order payable to the order of the Rights Agent, of a sum equal to the Exercise Price multiplied by the number of Rights being exercised and a sum sufficient to cover any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for Common Shares in a name other than that of the holder of the Rights being exercised.

(e) Upon receipt of a Rights Certificate, which is accompanied by a completed Election to Exercise that does not indicate that such Right is null and void as provided by subparagraph 3.1(b) and payment as set forth in subparagraph 2.2(d), the Rights Agent (unless otherwise instructed by the Corporation if the Corporation is of the opinion that the Rights cannot be exercised in accordance with this Agreement) will thereupon promptly:

- (i) requisition from the transfer agent for the Common Shares certificates representing the number of such Common Shares to be purchased (the Corporation hereby irrevocably authorizing its transfer agent to comply with all such requisitions),
 - (ii) after receipt of such certificate, deliver the same to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder,
 - (iii) when appropriate, requisition from the Corporation the amount of cash to be paid in lieu of issuing fractional Common Shares,
 - (iv) when appropriate, after receipt of such cash, deliver the same to or to the order of the registered holder of the Rights Certificate, and
 - (v) tender to the Corporation all payments received on exercise of the Rights.
- (f) If the holder of any Rights shall exercise less than all the Rights evidenced by such holder's Rights Certificate, a new Rights Certificate evidencing the Rights remaining unexercised (subject to Section 5.5) will be issued by the Rights Agent to such holder or to such holder's duly authorized assigns.
- (g) The Corporation covenants and agrees that it will:
- (i) take all such action as may be necessary and within its power to ensure that all securities delivered upon exercise of Rights shall, at the time of delivery of the certificates for such securities (subject to payment of the Exercise Price), be duly and validly authorized, executed, issued and delivered as fully paid and non-assessable;
 - (ii) take all such action as may be necessary and within its power to comply with any applicable requirements of *Business Corporations Act* (Alberta), the *Securities Act* (Alberta), the *Securities Act* (Ontario) and any other applicable laws in connection with the issuance and delivery of the Rights, the Rights Certificates and the issuance of any securities upon exercise of Rights;
 - (iii) use reasonable efforts to cause all securities issued upon exercise of Rights to be listed on the stock exchanges on which the Common Shares were traded immediately prior to the Stock Acquisition Date;
 - (iv) cause to be reserved and kept available out of its authorized and unissued classes of securities, the number of securities that, as provided in this Agreement, will from time to time be sufficient to permit the exercise in full of all outstanding Rights;
 - (v) pay when due and payable any and all Canadian and, if applicable, United States, federal, provincial and state transfer taxes and charges (not including any income or capital taxes of the holder or exercising holder or any liability of the Corporation to withhold tax) which may be payable in respect of the original issuance or delivery of the Rights Certificates or certificates for Common Shares issued upon exercise of any Rights, provided that the Corporation shall not be required to pay any transfer tax or charge which may be payable in respect of any transfer involved in the transfer or delivery of Rights Certificates or the issuance or delivery of certificates for securities in a name other than that of the holder of the Rights being transferred or exercised; and
 - (vi) after the Separation Time, except as permitted under Section 5.1, not take (or permit any Subsidiary to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.

2.3 Adjustments to Exercise Price; Number of Rights

The Exercise Price, the number and kind of securities subject to purchase upon exercise of each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 2.3.

- (a) If the Corporation shall at any time after the Record Time and prior to the Expiration Time:
- (i) declare or pay a dividend on its Common Shares payable in Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) other than pursuant to any optional stock dividend program;
 - (ii) subdivide or change the outstanding Common Shares into a greater number of Common Shares;
 - (iii) combine or change the outstanding Common Shares into a smaller number of Common Shares; or
 - (iv) issue any Common Shares (or other securities exchangeable for or convertible into or giving a right to acquire Common Shares) in respect of, in lieu of or in exchange for existing Common Shares;

except as otherwise provided in this Section 2.3, the Exercise Price and the number of Rights outstanding, or, if the payment or effective date therefor shall occur after the Separation Time, the securities purchasable upon exercise of Rights shall be adjusted as of the payment or effective date such that:

- (A) if the Exercise Price and number of Rights outstanding are to be adjusted;
 - (I) the Exercise Price in effect after such adjustment will be equal to the Exercise Price in effect immediately prior to such adjustment divided by the number of Common Shares (or other capital stock) (the "**Expansion Factor**") that a holder of one Common Share immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof; and
 - (II) each Right held prior to such adjustment will become that number of Rights equal to the Expansion Factor;

and the adjusted number of Rights will be deemed to be distributed among the Common Shares with respect to which the original Rights were associated (if they remain outstanding) and the shares issued in respect of such dividend, subdivision, change, combination or issuance, so that each such Common Share (or other capital stock) will have exactly one Right associated with it; and

- (B) if the securities purchasable upon exercise of Rights are to be adjusted, the securities purchasable upon exercise of each Right after such adjustment will be the securities that a holder of the securities purchasable upon exercise of one Right immediately prior to such dividend, subdivision, change, combination or issuance would hold thereafter as a result thereof.

If after the Record Time and prior to the Expiration Time the Corporation shall issue any securities other than Common Shares in a transaction of a type described in subparagraphs 2.3(a)(i) or (iv), such securities shall be treated herein as nearly equivalent to Common Shares as may be practicable and appropriate under the circumstances and the Corporation and the Rights Agent agree to amend this Agreement in order to effect such treatment.

- (b) If the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period

expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares (or securities convertible into or exchangeable for or carrying a right to purchase Common Shares) at a price per Common Share (or, if a security convertible into or exchangeable for or carrying a right to purchase or subscribe for Common Shares having a conversion, exchange or exercise price, including the price required to be paid to purchase such convertible or exchangeable security or right per share) less than the Market Price per Common Share on such record date, the Exercise Price to be in effect after such record date shall be adjusted to that price determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:

- (i) the numerator of which shall be the number of Common Shares outstanding on such record date, plus the number of Common Shares that the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion, exchange or exercise price of the convertible or exchangeable securities or rights so to be offered, including the price required to be paid to purchase such convertible or exchangeable securities or rights) would purchase at such Market Price per Common Share; and
- (ii) the denominator of which shall be the number of Common Shares outstanding on such record date, plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible or exchangeable securities or rights so to be offered are initially convertible, exchangeable or exercisable).

If such subscription price may be paid by delivery of consideration, part or all of which may be in a form other than cash, the value of such consideration shall be as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of the Rights. Such adjustment shall be made successively whenever such a record date is fixed, and in the event that such rights or warrants are not so issued, the Exercise Price shall be adjusted to be the Exercise Price which would then be in effect if such record date had not been fixed.

For purposes of this Agreement, the granting of the right to purchase Common Shares (whether from treasury shares or otherwise) pursuant to any dividend or interest reinvestment plan and/or any Common Share purchase plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and/or the investment of periodic optional payments and/or employee benefit, stock option or similar plans (so long as such right to purchase is in no case evidenced by the delivery of rights or warrants) shall not be deemed to constitute an issue of rights or warrants by the Corporation; provided, however, that, in the case of any Dividend Reinvestment Plan, the right to purchase Common Shares is at a price per share of not less than 90 percent of the Market Price of the Common Shares.

- (c) If the Corporation shall at any time after the Record Time and prior to the Separation Time fix a record date for a distribution to all holders of Common Shares (including any such distribution made in connection with a merger or amalgamation in which the Corporation is the continuing corporation) of evidences of indebtedness, cash (other than an ordinary course dividend or a dividend referred to in subparagraph 2.3(a)(i)), assets or rights or warrants (excluding those referred to in subparagraph 2.3(b)), the Exercise Price to be in effect after such record date shall be determined by multiplying the Exercise Price in effect immediately prior to such record date by a fraction:
 - (i) the numerator of which shall be the Market Price per Common Share on such record date, less the fair market value (as determined in good faith by the Board of Directors, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and the holders of Rights), on a per share basis, of the portion of the cash, assets, evidences of indebtedness, rights, options or warrants so to be distributed; and
 - (ii) the denominator of which shall be such Market Price per Common Share.

Such adjustments shall be made successively whenever such a record date is fixed, and in the event that such a distribution is not so made, the Exercise Price shall be adjusted to be the Exercise Price which would have been in effect if such record date had not been fixed.

- (d) Each adjustment made pursuant to this Section 2.3 shall be made as of
 - (i) the payment or effective date for the applicable dividend, subdivision, change, combination or issuance, in the case of an adjustment made pursuant to subparagraph (a) above; and
 - (ii) the record date for the applicable distribution, in the case of an adjustment made pursuant to subparagraph (b) or (c) above, subject to readjustment to reverse the same if such distribution shall not be made.
- (e) Notwithstanding anything herein to the contrary, no adjustment in the Exercise Price shall be required unless such adjustment would require an increase or decrease of at least one percent in the Exercise Price; provided, however, that any adjustments which by reason of this subparagraph 2.3(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 2.3 shall be made to the nearest cent or to the nearest hundredth of a share. Notwithstanding the first sentence of this subparagraph 2.3(e), any adjustment required by this Section 2.3 shall be made no later than the earlier of (i) three years from the date of the transaction which mandates such adjustment and (ii) the Termination Date. Whenever an adjustment to the Exercise Price is made pursuant to this Section 2.3, the Corporation shall:
 - (i) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment,
 - (ii) promptly file with the Rights Agent and with each transfer agent for the Common Shares a copy of such certificate, mail a brief summary thereof to each holder of Rights, and issue a press release advising of the relevant adjustment.
- (f) If the Corporation shall at any time after the Record Time and prior to the Separation Time issue any shares of capital stock (other than Common Shares), or rights or warrants to subscribe for or purchase any such capital stock, or securities convertible into or exchangeable for any such capital stock, in a transaction referred to in subparagraph (a)(i) or (a)(iv) above, if the Board of Directors acting in good faith determines that the adjustments contemplated by subparagraphs (a), (b) and (c) above in connection with such transaction will not appropriately protect the interests of the holders of Rights, the Board of Directors may determine what other adjustments to the Exercise Price, number of Rights and/or securities purchasable upon exercise of Rights would be appropriate and, notwithstanding subparagraphs (a), (b) and (c) above, but subject to the prior consent of the holders of Common Shares or Rights obtained in accordance with section 5.4, such adjustments, rather than the adjustments contemplated by subparagraphs (a), (b) and (c) above, shall be made. The Corporation and the Rights Agent shall amend this Agreement as appropriate to provide for such adjustments.
- (g) Each Right originally issued by the Corporation subsequent to any adjustment made to the Exercise Price hereunder shall evidence the right to purchase, at the adjusted Exercise Price, the number of Common Shares purchasable from time to time hereunder upon exercise of a Right, all subject to further adjustment as provided herein.
- (h) Irrespective of any adjustment or change in the Exercise Price or the number of Common Shares issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Exercise Price per Common Share and the number of Common Shares which were expressed in the initial Rights Certificates issued hereunder.

- (i) In any case in which this Section 2.3 shall require that an adjustment in the Exercise Price be made effective as of a record date for a specified event, the Corporation may elect to defer until the occurrence of such event the issuance to the holder of any Right exercised after such record date the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise over and above the number of Common Shares and other securities of the Corporation, if any, issuable upon such exercise on the basis of the Exercise Price in effect prior to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional shares (fractional or otherwise) or securities upon the occurrence of the event requiring such adjustment.
- (j) Notwithstanding anything in this Section 2.3 to the contrary, the Corporation shall be entitled to make such reductions in the Exercise Price, in addition to those adjustments expressly required by this Section 2.3, as and to the extent that the Board of Directors shall in good faith determine to be advisable in order that any (i) consolidation or subdivision of the Common Shares, (ii) issuance wholly or in part for cash or Common Shares or securities that by their terms are convertible into or exchangeable for Common Shares, (iii) stock dividends or (iv) issuance of rights, options or warrants referred to in this Section 2.3, hereafter made by the Corporation to holders of its Common Shares shall not be taxable to such shareholders.
- (k) The Corporation covenants and agrees that, after the Separation Time, it will not, except as permitted by Section 5.1 or Section 5.4, take (or permit any Subsidiary of the Corporation to take) any action if at the time such action is taken it is reasonably foreseeable that such action will diminish substantially or otherwise eliminate the benefits intended to be afforded by the Rights.
- (l) If an event occurs which would require an adjustment under both this Section 2.3 and Section 3.1, the adjustment provided for in this Section 2.3 shall be in addition to and shall be made prior to, any adjustment required pursuant to Section 3.1.
- (m) If the Corporation shall at any time after the Record Time and prior to the earlier of the Separation Time and the Expiration Time issue any Common Shares otherwise than in a transaction referred to in subparagraph 2.3(a) each such Common Share so issued shall automatically have one new Right associated with it, which Right shall be evidenced by the certificate representing such share.

2.4 Date on Which Exercise is Effective

Each Person in whose name any certificate for Common Shares or other securities, property or assets, if applicable, is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the Common Shares or other securities, property or assets, if applicable, represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly surrendered (together with a duly completed Election to Exercise) and payment of the Exercise Price for such Rights (and any applicable transfer taxes and other governmental charges payable by the exercising holder hereunder) was made; provided, however, that if the date of such surrender and payment is a date upon which the Common Share transfer books of the Corporation are closed, such Person shall be deemed to have become the record holder of such Common Shares or other securities, property or assets on, and such certificate shall be dated, the next succeeding Business Day on which the Common Share transfer books of the Corporation are open.

2.5 Execution, Authentication, Delivery and Dating of Rights Certificates

- (a) The Rights Certificates shall be executed on behalf of the Corporation by any two of its Chairman, President, Vice Presidents or Corporate Secretary. The signature of any of these officers on the Rights Certificates may be manual or facsimile. Rights Certificates bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation shall bind the Corporation notwithstanding that such individuals or any of them have ceased to hold such offices prior to the countersignature and delivery of such Rights Certificates.

- (b) Promptly after the Corporation learns of the Separation Time, the Corporation will notify the Rights Agent in writing of such Separation Time and will deliver Rights Certificates executed by the Corporation to the Rights Agent for countersignature, and disclosure statements describing the Rights, and the Rights Agent shall countersign (manually or by facsimile signature in a manner satisfactory to the Corporation) and send such Rights Certificates to the holders of the Rights pursuant to subparagraph 2.2(c). No Rights Certificate shall be valid for any purpose until countersigned by the Rights Agent as aforesaid.
- (c) Each Rights Certificate shall be dated the date of countersignature thereof.

2.6 Registration, Registration of Transfer and Exchange

- (a) After the Separation Time, the Corporation will cause to be kept a register (the "**Rights Register**") in which, subject to such reasonable regulations as it may prescribe, the Corporation will provide for the registration and transfer of Rights. The Rights Agent is hereby appointed registrar for the Rights (the "**Rights Registrar**") for the purpose of maintaining the Rights Register for the Corporation and registering Rights and transfers of Rights as herein provided and the Rights Agent hereby accepts such appointment. If the Rights Agent shall cease to be the Rights Registrar, the Rights Agent will have the right to examine the Rights Register at all reasonable times.
- (b) After the Separation Time and prior to the Expiration Time, upon surrender for registration of transfer or exchange of any Rights Certificate, and subject to the provisions of subparagraphs 2.6(d) and 3.1(b), the Corporation will execute, and the Rights Agent will countersign and deliver, in the name of the holder or the designated transferee or transferees, as required pursuant to the holder's instructions, one or more new Rights Certificates evidencing the same aggregate number of Rights as did the Rights Certificates so surrendered.
- (c) All Rights issued upon any registration of transfer or exchange of Rights Certificates shall be the valid obligations of the Corporation, and such Rights shall be entitled to the same benefits under this Agreement as the Rights surrendered upon such registration of transfer or exchange.
- (d) Every Rights Certificate surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Corporation or the Rights Agent, as the case may be, duly executed by the holder thereof or such holder's attorney duly authorized in writing. As a condition to the issuance of any new Rights Certificate under this Section 2.6, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.
- (e) The Corporation shall not be required to register the transfer of Rights after the Rights have been terminated pursuant to the provisions of this Agreement.

2.7 Mutilated, Destroyed, Lost and Stolen Rights Certificates

- (a) If any mutilated Rights Certificate is surrendered to the Rights Agent prior to the Expiration Time, the Corporation shall execute and the Rights Agent shall countersign and deliver in exchange therefor a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so surrendered.
- (b) If there shall be delivered to the Corporation and the Rights Agent prior to the Expiration Time:
 - (i) evidence to their reasonable satisfaction of the destruction, loss or theft of any Rights Certificate; and

- (ii) such security or indemnity as may be reasonably required by each of them in their sole discretion to save each of them and any of their agents harmless,

then, in the absence of notice to the Corporation or the Rights Agent that such Rights Certificate has been acquired by a *bona fide* purchaser, the Corporation shall execute and upon the Corporation's request the Rights Agent shall countersign and deliver, in lieu of any such destroyed, lost or stolen Rights Certificate, a new Rights Certificate evidencing the same number of Rights as did the Rights Certificate so destroyed, lost or stolen.

- (c) As a condition to the issuance of any new Rights Certificate under this Section 2.7, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Rights Agent) connected therewith.
- (d) Every new Rights Certificate issued pursuant to this Section 2.7 in lieu of any destroyed, lost or stolen Rights Certificate shall evidence the contractual obligation of the Corporation, whether or not the destroyed, lost or stolen Rights Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Rights duly issued by the Corporation.

2.8 Persons Deemed Owners

The Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the Person in whose name a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and the Rights evidenced thereby for all purposes whatsoever. As used in this Agreement, unless the context otherwise requires, the term "holder" of any Rights shall mean the registered holder of such Rights (or, prior to the Separation Time, the associated Common Shares).

2.9 Delivery and Cancellation of Certificates

All Rights Certificates surrendered upon exercise or for redemption, registration of transfer or exchange shall, if surrendered to any Person other than the Rights Agent, be delivered to the Rights Agent and, in any case, shall be promptly cancelled by the Rights Agent. The Corporation may at any time deliver to the Rights Agent for cancellation any Rights Certificates previously countersigned and delivered hereunder which the Corporation may have acquired in any manner whatsoever, and all Rights Certificates so delivered shall be promptly cancelled by the Rights Agent. No Rights Certificate shall be countersigned in lieu of or in exchange for any Rights Certificates cancelled as provided in this Section 2.9, except as expressly permitted by this Agreement. The Rights Agent shall destroy all cancelled Rights Certificates and deliver a certificate of destruction to the Corporation on request.

2.10 Agreement of Rights Holders

Every holder of Rights, by accepting the same, consents and agrees with the Corporation and the Rights Agent and with every other holder of Rights:

- (a) to be bound by and subject to the provisions of this Agreement, as amended from time to time in accordance with the terms hereof, in respect of all Rights held;
- (b) that, prior to the Separation Time, each Right will be transferable only together with, and will be transferred by a transfer of, the associated Common Share;
- (c) that after the Separation Time, the Rights Certificate will be transferable only upon registration of the transfer on the Rights Register as provided herein;

- (d) that, prior to due presentment of a Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) for registration of transfer, the Corporation, the Rights Agent and any agent of the Corporation or the Rights Agent may deem and treat the person in whose name the Rights Certificate (or, prior to the Separation Time, the associated Common Share certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on such Rights Certificate or the associated Common Share certificate made by anyone other than the Corporation or the Rights Agent) for all purposes whatsoever, and neither the Corporation nor the Rights Agent shall be affected by any notice to the contrary;
- (e) that such holder of Rights has waived his right to receive any fractional Rights or any fractional shares upon exercise of a Right (except as provided herein);
- (f) that, in accordance with the provisions of Section 5.4, without the approval of any holder of Rights or Voting Shares and upon the sole authority of the Board of Directors acting in good faith, this Agreement may be supplemented or amended from time to time pursuant to and as provided herein; and
- (g) that notwithstanding anything in this Agreement to the contrary, neither the Corporation nor the Rights Agent shall have any liability to any holder of a Right or any other Person as a result of its inability to perform any of its obligations under this Agreement by reasons of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation.

2.11 Rights Certificate Holder not Deemed a Shareholder

No holder, as such, of any Rights or Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose whatsoever the holder of any Common Share or any other share or security of the Corporation which may at any time be issuable on the exercise of the Rights represented thereby, nor shall anything contained herein or in any Rights Certificate be construed or deemed or confer upon the holder of any Right or Rights Certificate, as such, any of the rights, titles, benefits or privileges of a holder of Common Shares or any other shares or securities of the Corporation or any right to vote at any meeting of shareholders of the Corporation whether for the election of directors or otherwise or upon any matter submitted to holders of shares of the Corporation at any meeting thereof, or to give or withhold consent to any action of the Corporation, or to receive notice of any meeting or other action affecting any holder of Common Shares or any other shares or securities of the Corporation except as expressly provided herein, or to receive dividends, distributions or subscription rights, or otherwise, until the Right or Rights evidenced by Rights Certificates shall have been duly exercised in accordance with the terms and provisions hereof.

ARTICLE 3

ADJUSTMENTS TO THE RIGHTS IN THE EVENT OF CERTAIN TRANSACTIONS

3.1 Flip-in Event

- (a) Subject to subparagraphs 3.1(b), 5.1(d) and 5.1(e), if prior to the Expiration Time a Flip-in Event occurs, each Right shall constitute, effective at the close of business on the tenth Trading Day after the Stock Acquisition Date, the right to purchase from the Corporation, upon payment of the Exercise Price and otherwise exercising such Right in accordance with the terms hereof, that number of Common Shares having an aggregate Market Price on the date of consummation or occurrence of such Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price (such Right to be appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 in event that after the Stock Acquisition Date an event of a type analogous to any of the events described in Section 2.3 has occurred).

- (b) Notwithstanding anything in this Agreement to the contrary, upon the occurrence of any Flip-in Event, any Rights that are or were Beneficially Owned on or after the earlier of the Separation Time and the Stock Acquisition Date by:
- (i) an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person); or
 - (ii) a transferee of Rights, direct or indirect, of an Acquiring Person (or of any Affiliate or Associate of an Acquiring Person or of any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person) who becomes a transferee in a transfer that the Board of Directors has determined is part of a plan, arrangement or scheme of an Acquiring Person (or any Affiliate or Associate of an Acquiring Person or any Person acting jointly or in concert with an Acquiring Person or any Associate or Affiliate of an Acquiring Person), that has the purpose or effect of avoiding subparagraph 3.1(b)(i);

shall become null and void without any further action, and any holder of such Rights (including any transferee of, or other successor to, such Rights, whether directly or indirectly) shall not have any right whatsoever to exercise such Rights under any provision of this Agreement and shall not have thereafter any right whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The holder of any Rights represented by a Rights Certificate which is submitted to the Rights Agent upon exercise or for registration of transfer or exchange which does not contain the necessary certifications set forth in the Rights Certificate establishing that such Rights are not void under this subparagraph 3.1(b) shall be deemed to be an Acquiring Person for the purposes of this subparagraph 3.1(b) and such Rights shall become null and void.

- (c) Any Rights Certificate that represents Rights Beneficially Owned by a Person described in either subparagraph 3.1(b)(i) or (ii) or transferred to any Nominee of any such Person, and any Rights Certificate issued upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were Beneficially Owned by a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person (as such terms are defined in the Rights Agreement) or a Person acting jointly or in concert with any of them. This Rights Certificate and the Rights represented hereby are void in the circumstances specified in subparagraph 3.1(b) of the Rights Agreement.

provided that the Rights Agent shall not be under any responsibility to ascertain the existence of facts that would require the imposition of such legend but shall be required to impose such legend only if instructed to do so in writing by the Corporation or if a holder fails to certify upon transfer or exchange in the space provided on the Rights Certificate that such holder is not a Person described in either subparagraph 3.1(b)(i) or (ii).

- (d) From and after the Separation Time, the Corporation shall do all such acts and things as shall be necessary and within its power to ensure compliance with the provisions of this Section 3.1, including without limitation, all such acts and things as may be required to satisfy the requirements of the *Business Corporations Act* (Alberta) and the *Securities Act* (Alberta) and any other applicable laws in respect of the issue of Common Shares upon the exercise of Rights in accordance with this Agreement.

3.2 Fiduciary Duties of the Board of Directors of the Corporation

For clarification it is understood that nothing contained in this Article 3 shall be considered to affect the obligations of the Board of Directors to exercise its fiduciary duties. Without limiting the generality of the foregoing, nothing

contained herein shall be construed to suggest or imply that the Board of Directors shall not be entitled to recommend that holders of the Voting Shares reject or accept any Take-over Bid or take any other action (including, without limitation, the commencement, prosecution, defence or settlement of any litigation and the submission of additional or alternative Take-over Bids or other proposals to the shareholders of the Corporation with respect to any Take-over Bid or otherwise that the Board of Directors believes is necessary or appropriate in the exercise of its fiduciary duties).

ARTICLE 4 THE RIGHTS AGENT

4.1 General

- (a) The Corporation hereby appoints the Rights Agent to act as agent for the Corporation in accordance with the terms and conditions hereof, and the Rights Agent hereby accepts such appointment. The Corporation may from time to time appoint such co-Rights Agents ("**Co-Rights Agents**") as it may deem necessary or desirable, subject to the approval of the Rights Agent. In the event the Corporation appoints one or more Co-Rights Agents, the respective duties of the Rights Agents and the Co-Rights Agents shall be as the Corporation may determine with the approval of the Rights Agent and the Co-Rights Agent. The Corporation agrees to pay to the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties hereunder, including the reasonable fees and disbursements of any expert retained by the Rights Agent. The Corporation also agrees to indemnify the Rights Agent, its officers, directors, employees and agents for, and to hold them harmless against, any loss, liability, costs, claims, actions, damages or expenses, incurred without negligence, bad faith or wilful default on the part of the Rights Agent, for anything done or suffered or omitted by the Rights Agent in connection with the acceptance, execution and administration of this Agreement and the performance of its duties hereunder, including the costs and expenses of defending against any claim of liability, which right to indemnification will survive the termination of this Agreement or the resignation or removal of the Rights Agent.
- (b) The Rights Agent shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its acceptance, execution and administration of this Agreement in reliance upon any certificate for Voting Shares or Common Shares, or any Rights Certificate or certificate for other securities of the Corporation, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement, or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged, by the proper Person or Persons.
- (c) The Corporation shall inform the Rights Agent in a reasonably timely manner of events which may materially affect the administration of this Agreement by the Rights Agent and at any time upon request, shall provide to the Rights Agent an incumbency certificate with respect to the then current directors of the Corporation, provided that failure to inform the Rights Agent of any such event, or any defect therein, shall not affect the validity of any action taken hereunder in relation to such events.

4.2 Merger or Amalgamation or Change of Name of Rights Agent

- (a) Any corporation into which the Rights Agent or any successor Rights Agent may be merged or amalgamated or with which it may be consolidated, or any corporation resulting from any merger, amalgamation, statutory arrangement or consolidation to which the Rights Agent or any successor Rights Agent is a party, or any corporation succeeding to the shareholder or stockholder services business of the Rights Agent or any successor Rights Agent, will be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of

Section 4.4. In case at the time each successor Rights Agent succeeds to the agency created by this Agreement any of the Rights Certificates have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates have not been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor Rights Agent or in the name of the successor Rights Agent; and in all such cases such Rights Certificates will have the full force provided in the Rights Certificates and in this Agreement.

- (b) If at any time the name of the Rights Agent is changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificate shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and in all such cases such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

4.3 Duties of Rights Agent

The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, by all of which the Corporation and the holders of Right Certificates, by their acceptance thereof, shall be bound:

- (a) the Rights Agent may retain, at the expense of the Corporation, and consult with legal counsel (who may be legal counsel for the Corporation) and the opinion of such counsel will be full and complete authorization and protection to the Rights Agent as to any action taken, suffered or omitted by it in good faith and in accordance with such opinion; the Rights Agent may also, with the approval of the Corporation (such approval not to be unreasonably withheld), consult with such other experts as the Rights Agent shall consider necessary or appropriate to properly carry out the duties and obligations imposed under this Agreement and the Rights Agent shall be entitled to act and rely in good faith on the advice of any such expert;
- (b) whenever in the performance of its duties under this Agreement the Rights Agent deems it necessary or desirable that any fact or matter be proved or established by the Corporation prior to taking or suffering any action hereunder, such fact or matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate signed by a Person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation and delivered to the Rights Agent; and such certificate will be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate;
- (c) the Rights Agent will be liable hereunder only for its own negligence, bad faith or wilful misconduct;
- (d) the Rights Agent will not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the certificates for Voting Shares or Common Shares or the Rights Certificates (except its countersignature thereof) or be required to verify the same, but all such statements and recitals are and will be deemed to have been made by the Corporation only;
- (e) the Rights Agent will not be under any responsibility in respect of the validity of this Agreement or the authorization, execution and delivery hereof (except the due authorization, execution and delivery hereof by the Rights Agent) or in respect of the validity or execution of any Common Share certificate or Rights Certificate (except its countersignature thereof); nor will it be responsible for any breach by the Corporation of any covenant or condition contained in this Agreement or in any Rights Certificate; nor will it be responsible for any change in the exercisability of the Rights (including the Rights becoming void pursuant to subparagraph 3.1(b)) or any adjustment required under the provisions of Section 2.3 or be responsible

for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights after receipt of the certificate contemplated by Section 2.3 describing any such adjustment); nor will it by any act hereunder be deemed to make any representation or warranty as to the authorization of any Common Shares to be issued pursuant to this Agreement or any Rights or as to whether any Common Shares will, when issued, be duly and validly authorized, executed, issued and delivered and fully paid and non-assessable;

- (f) the Corporation agrees that it will perform, execute, acknowledge and deliver or cause to be performed, executed, acknowledged and delivered all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement;
- (g) the Rights Agent is hereby authorized and directed to accept written instructions with respect to the performance of its duties hereunder from any person believed by the Rights Agent to be the Chairman of the Board, the President, any Vice President or the Corporate Secretary of the Corporation, and to apply to such individual for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered by it in good faith in reliance upon instructions of any such individual;
- (h) the Rights Agent and any shareholder or stockholder, director, officer or employee of the Rights Agent may buy, sell or deal in Common Shares, Rights or other securities of the Corporation or become pecuniarily interested in any transaction in which the Corporation may be interested, or contract with or lend money to the Corporation or otherwise act as fully and freely as though it were not Rights Agent under this Agreement. Nothing herein shall preclude the Rights Agent from acting in any other capacity for the Corporation or for any other legal entity; and
- (i) the Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorneys or agents, and the Rights Agent will not be answerable or accountable for any act, default, neglect or misconduct of any such attorneys or agents or for any loss to the Corporation resulting from any such act, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

4.4 Change of Rights Agent

The Rights Agent may resign and be discharged from its duties under this Agreement upon 30 days' notice (or such lesser notice as is acceptable to the Corporation) in writing delivered or mailed to the Corporation and to each transfer agent of Common Shares by registered or certified mail in accordance with Section 5.9 at the expense of the Corporation. The Corporation may remove the Rights Agent upon 30 days' notice in writing, mailed to the Rights Agent and to each transfer agent of the Common Shares by registered or certified mail in accordance with Section 5.9. If the Rights Agent should resign or be removed or otherwise become incapable of acting, the Corporation will appoint a successor to the ~~Right~~Rights Agent. If the Corporation fails to make such appointment within a period of 30 days after such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent then the resigning Rights Agent (at the Corporation's expense) or the holder of any Rights may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Corporation or by such a court, shall be a corporation incorporated under the laws of Canada or a province thereof authorized to carry on the business of a trust company. After appointment, the successor Rights Agent will be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent without further act or deed; but upon payment of its outstanding fees and expenses the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it hereunder, and execute and deliver any further assurance, conveyance, act or deed necessary for the purpose. Not later than the effective date of any such appointment, the Corporation will file notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Shares and give notice thereof to the holders of the Rights in accordance with Section 5.9. Failure to give any notice provided for in this Section 4.4, however, or any

defect therein, shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

ARTICLE 5 MISCELLANEOUS

5.1 Redemption and Waiver

- (a) Subject to the prior consent of the holders of the Voting Shares or the Rights as set forth in ~~Subsection~~subparagraph 5.4(c), the Board of Directors acting in good faith may, at its option, at any time prior to the occurrence of a Flip-in Event, elect to redeem all but not less than all of the then outstanding Rights at a redemption price of \$0.00001 per Right appropriately adjusted in a manner analogous to the applicable adjustment provided for in Section 2.3 if an event of the type analogous to any of the events described in Section 2.3 shall have occurred (such redemption price being herein referred to as the "Redemption Price").
- (b) If the Board of Directors elects or is deemed to have elected to redeem the Rights, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price.
- (c) Within 10 days after the Board of Directors electing or having been deemed to have elected to redeem the Rights, the Corporation shall give notice of redemption to the holders of the Rights in accordance with Section 5.9. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made. The Corporation may not redeem, acquire or purchase for value any Rights at any time in any manner other than that specifically set forth in this Section 5.1 or other than in connection with the purchase of Common Shares prior to the Separation Time.

(d)

- (i) Subject to the prior consent of the holders of the Voting Shares as set forth in subparagraph 5.4(b), the Board of Directors may, at any time prior to the occurrence of a Flip-in Event as to which the application of Section 3.1 hereof has not been waived pursuant to this Section 5.1, if such Flip-in Event would occur by reason of an acquisition of Voting Shares otherwise than pursuant to a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Voting Shares and otherwise than in the circumstances set forth in subparagraph 5.1(e) hereof, waive the application of Section 3.1 hereof to such Flip-in Event. In such event, the Board of Directors shall extend the Separation Time to a date at least ten (10) Business Days subsequent to the meeting of shareholders called to approve such waiver.
- (ii) ~~(d)~~ The Board of Directors may, until a Flip-in Event shall occur, upon written notice delivered to the Rights Agent, determine to waive the application of Section 3.1 to ~~such particular Flip-in Event~~ a Flip-in Event that may occur by reason of a Take-over Bid made by means of a Take-over Bid circular to all holders of record of Voting Shares; provided that if the Board of Directors waives the application of Section 3.1 to a particular Flip-in Event ~~that may occur by reason of a Take-over Bid made to all holders of record of Voting Shares pursuant to this subparagraph 5.1(d)(ii)~~, the Board of Directors shall be deemed to have waived the application of Section 3.1 to any future Flip-in Event in respect of any other Take-over Bid made by means of a Take-over Bid circular to all holders of record of Voting Shares prior to the expiry of the Take-over Bid in respect of which the waiver is, or is deemed to have been granted under this subparagraph 5.1(d)(ii).
- (e) The Board of Directors may waive the application of Section 3.1 in respect of the occurrence of any Flip-in Event if the Board of Directors has determined within eight Trading Days following a Stock Acquisition Date that a Person became an Acquiring Person by inadvertence and without any intention to become, or

knowledge that it would become, an Acquiring Person under this Agreement and, in the event that such a waiver is granted by the Board of Directors, such Stock Acquisition Date shall be deemed not to have occurred. Any such waiver pursuant to this subparagraph 5.1(e) must be on the condition that such Person, within 10 days after the foregoing determination by the Board of Directors or such earlier or later date as the Board of Directors may determine (the "**Disposition Date**"), has reduced its Beneficial ownership of Voting Shares such that the Person is no longer an Acquiring Person. If the Person remains an Acquiring Person at the close of business on the Disposition Date, the Disposition Date shall be deemed to be the date of occurrence of a further Stock Acquisition Date and Section 3.1 shall apply thereto.

- (f) If a Person makes a Permitted Bid or a Competing Permitted Bid pursuant to which Voting Shares are taken up and paid for by such Person, then the Board of Directors shall, immediately upon the consummation of such acquisition, without further formality, be deemed to have elected to redeem the Rights at the Redemption Price on the expiry date of the Permitted Bid or Competing Permitted Bid, as the case may be.
- (g) Where a Take-over Bid that is not a Permitted Bid Acquisition is withdrawn or otherwise terminated after the Separation Time has occurred and prior to the occurrence of a Flip-in Event, the Board of Directors may elect to redeem all the outstanding Rights at the Redemption Price.
- (h) Upon the Rights being redeemed pursuant to subparagraph 5.1(g), all the provisions of this Agreement shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Common Shares as of the Separation Time had not been mailed to each such holder and for all purposes of this Agreement the Separation Time shall be deemed not to have occurred.

5.2 Expiration

No Person shall have any rights whatsoever pursuant to or arising out of this Agreement or in respect of any Right after the Expiration Time, except the Rights Agent as specified in subparagraphs 4.1(a) and (b).

5.3 Issuance of New Rights Certificates

Notwithstanding any of the provisions of this Agreement or of the Rights to the contrary, the Corporation may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board of Directors to reflect any adjustment or change in the number or kind or class of shares purchasable upon exercise of Rights made in accordance with the provisions of this Agreement.

5.4 Supplements and Amendments

- (a) Without the approval of any holders of Voting Shares or Rights, the Corporation may make amendments or supplements to this Agreement to correct any clerical or typographical error or which are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder. Notwithstanding anything in this Section 5.4 to the contrary, no supplement or amendment shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent to such change, supplement or amendment.
- (b) Subject to ~~subsection~~subparagraph 5.4(a), the Corporation may, with the prior consent of the holders of Voting Shares obtained as set forth below, at any time before the Separation Time, amend, vary, rescind, supplement any of the provisions of this Agreement and the Rights ~~(whether or not such action would materially adversely affect the interests of the holders of Rights generally)~~. Such consent shall be deemed to have been given if the action requiring such approval is approved by the affirmative vote of a majority of the votes cast by Independent Shareholders represented in person or by proxy at ~~the Special Meeting~~a meeting of the holders of Voting Shares.

- (c) The Corporation may, with the prior consent of the holders of Rights obtained as set forth below, at any time after the Separation Time amend, vary or rescind any of the provisions of this Agreement and the Rights (whether or not such action would materially adversely affect the interests of the holders of Rights generally), provided that no such amendment, variation or deletion shall be made to the provisions of Article 4 except with the written concurrence of the Rights Agent thereto. Such consent shall be deemed to have been given if such amendment, variation or deletion is authorized by the affirmative votes of the holders of Rights which have not become void pursuant to section 3.1(b) present or represented at and entitled to vote at a meeting of the holders and representing a majority of the votes cast in respect thereof.
- (d) Any approval of the holders of Rights shall be deemed to have been given if the action requiring such approval is authorized by the affirmative votes of the holders of Rights present or represented and entitled to vote at a meeting of the holders of Rights and representing a majority of the votes cast in respect thereof. For the purposes hereof, each outstanding Right (other than Rights which are void pursuant to the provisions hereof or which, prior to the Separation Time, are held otherwise than by Independent Shareholders) shall be entitled to one vote, and the procedures for the calling, holding and conduct of the meeting shall be those, as nearly as may be, which are provided in the Corporation's by-laws and the *Business Corporations Act* (Alberta) with respect to meetings of shareholders of the Corporation.
- (e) Any amendments or supplements made by the Corporation to this Agreement pursuant to ~~subsection~~subparagraph 5.4(a), which are required to maintain the validity of the Agreement as a result of any change in any applicable legislation, regulations or rules thereunder, shall:
 - (i) if made before the Separation Time, be submitted to the holders of the Voting Shares of the Corporation at the next meeting of such shareholders and the holders of Voting Shares may, by the majority referred to in subparagraph 5.4(b) confirm or reject such amendment;
 - (ii) if made after the Separation Time, be submitted to the holders of Rights at a meeting to be called for on a date not later than immediately following the next meeting of holders of Voting Shares and the holders of Rights may, by resolution passed by the majority referred to in subparagraph 5.4(d) confirm or reject such amendment.

Any such amendment shall be effective from the date of the resolution of the Board of Directors adopting such amendment, until it is confirmed or rejected or until it ceases to be effective (as described in the next sentence) and, where such amendment is confirmed, it continues in effect in the form so confirmed. If such amendment is rejected by the holders of Voting Shares or the holders of Rights or is not submitted to the Shareholders or holders of Rights as required, then such amendment shall cease to be effective from and after the termination of the meeting at which it was rejected or to which it should have been but was not submitted or from and after the date of the meeting of holders of Rights that should have been but was not held, and no subsequent resolution of the Board of Directors to amend this Agreement to substantially the same effect shall be effective until confirmed by the holders of Voting Shares or holders of Rights as the case may be.

- (f) The Corporation shall be required to provide the Rights Agent with notice in writing of any such amendment, variation or rescission to this Agreement and/or the Rights as referred to in this Section 5.4 within five days of effecting such amendment, variation or rescission.

5.5 Fractional Rights and Fractional Shares

- (a) The Corporation shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. In lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable an amount in cash equal to the same fraction of the Market Price of a whole Right determined on the date on which such fractional Right would otherwise be issuable.

- (b) The Corporation shall not be required to issue fractions of Common Shares upon exercise of the Rights or to distribute certificates which evidence fractional Common Shares. Fractions of Common Shares may, at the election of the Corporation, be evidenced by scrip certificates or in lieu of issuing fractional Common Shares, the Corporation shall pay to the registered holders of Rights Certificates, at the time such Rights are exercised as herein provided, an amount in cash equal to the same fraction of the Market Price of one Common Share at the date of such exercise.
- (c) The Rights Agent shall have no obligation to make any payments in lieu of issuing fractions of Rights or Common Shares pursuant to subparagraph (a) or (b), respectively, unless and until the Corporation shall have provided to the Rights Agent the amount of cash in full to be paid in lieu of issuing such fractional Rights or Common Shares, as the case may be, in accordance with Section 2.2(e)(iii).

5.6 Rights of Action

Subject to the terms of this Agreement, all rights of action in respect of this Agreement, other than rights of action vested solely in the Rights Agent, are vested in the respective registered holders of the Rights; and any registered holder of any Rights, without the consent of the Rights Agent or of the registered holder of any other Rights, may, on such holder's own behalf and for such holder's own benefit and the benefit of other holders of Rights, enforce, and may institute and maintain any suit, action or proceeding against the Corporation to enforce such holder's right to exercise such holder's Rights in the manner provided in such holder's Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any person subject to, this Agreement.

5.7 Regulatory Approvals

Any obligation of the Corporation or action or event contemplated by this Agreement shall be subject to the receipt of any requisite approval or consent from any governmental or regulatory authority, and, without limitation, necessary approval of the Toronto Stock Exchange shall be obtained, such as to the issuance of Common Shares upon the exercise of Rights under subparagraph 2.2(d). Notwithstanding any provision of this Agreement, any amendment to this Agreement will be subject to the prior written consent of the Toronto Stock Exchange.

5.8 Unlawful Distributions

If in the opinion of the Board of Directors (who may rely upon the advice of counsel) any action or event contemplated by this Agreement would require compliance by the Corporation with the securities laws or comparable legislation of a jurisdiction outside Canada or the United States, the Board of Directors acting in good faith shall take such actions as it may deem appropriate to ensure that such compliance is not required, including, without limitation, establishing procedures for the issuance to a Canadian or the United States resident trustee of Rights or securities issuable on exercise of Rights, the holding thereof in trust for the Persons entitled thereto (but reserving to the trustee or to the trustee and the Corporation, as the Corporation may determine, absolute investment discretion with respect thereto) and the sale thereof and remittance of proceeds of such sale, if any, to the Persons entitled thereto. In no event shall the Corporation or the Rights Agent be required to issue or deliver Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any jurisdiction other than Canada or the United States, in which such issue or delivery would be unlawful without registration of the relevant Persons or securities for such purposes. Notwithstanding the foregoing, to the extent that the issuance or delivery of the Rights or securities issuable on exercise of Rights to Persons who are citizens, residents or nationals of any such jurisdiction in which such issue or delivery would be so unlawful, such Rights or securities shall be issued and delivered to such Persons to the extent the same may be so issued and delivered in reliance upon applicable exemptions from registration requirements in such jurisdictions.

5.9 Notices

Any notice or demand authorized or required by this Agreement to be given or made by the Rights Agent or by the holder of any Rights to or on the Corporation shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Athabasca Oil ~~Sands Corp.~~
~~2000, 250 6th Ave SW~~
[Corporation](#)
[Suite 1200, 215 - 9th Avenue S.W.](#)
 Calgary, Alberta T2P ~~1K3H7~~

Fax: ~~(403)~~ [\(403\) 264-4640](#)
 Attention: ~~(403)~~ [Chief Financial Officer](#)

Any such notice or demand shall be deemed to have been received if delivered, on the date of delivery, or if sent by prepaid first class mail, on the fifth Business Day after mailing thereof, except in the case of interruption of regular mail service, in which case such notice shall be delivered.

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or by the holder of any Rights to or on the Rights Agent shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Corporation) as follows:

~~Olympia Trust Company~~
~~2300, 125 9th Ave SE~~
[Computershare Investor Services Inc.](#)
[600, 530 - 8th Avenue S.W.](#)
 Calgary, Alberta T2G ~~0P6~~ [3S8](#)

Fax: ~~(403)~~ [\(403\) 267-6529](#)
 Attention: ~~(403)~~ [Senior Manager, Client Services](#)

Any such notice or demand shall be deemed to have been received if delivered, on the date of delivery, or if sent by prepaid first class mail, on the fifth Business Day after mailing thereof, except in the case of interruption of regular mail service, in which case such notice shall be delivered.

Any notice or demand authorized or required by this Agreement to be given or made by the Corporation or the Rights Agent to or on the holder of any Rights shall be sufficiently given or made if delivered or sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as it appears upon the register of the Rights Agent or, prior to the Separation Time, on the register of the Corporation for its Common Shares. Any notice which is mailed in the manner herein provided shall be deemed given, whether or not the holder receives the notice. In the event of any interruption of mail service, such notice required or permitted to be given hereunder will be deemed to be sufficiently given by advertisement of such notice in daily newspapers published in each of the cities of Calgary and Toronto.

5.10 Costs of Enforcement

The Corporation agrees that if the Corporation or any other Person the securities of which are purchasable upon exercise of Rights fails to fulfil any of its obligations pursuant to this Agreement, then the Corporation or such Person will reimburse the holder of any Rights for the costs and expenses (including legal fees) incurred by such holder in actions to enforce his rights pursuant to any Rights or this Agreement.

5.11 Successors

All the covenants and provisions of this Agreement by or for the benefit of the Corporation or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

5.12 Benefits of this Agreement

Nothing in this Agreement shall be construed to give to any Person other than the Corporation, the Rights Agent and the holders of the Rights any legal or equitable right, remedy or claim under this Agreement; but this Agreement shall be for the sole and exclusive benefit of the Corporation, the Rights Agent and the holders of the Rights.

5.13 Governing Law

This Agreement and each Right issued hereunder shall be deemed to be a contract made under the laws of the Province of Alberta and for all purposes shall be governed by and construed in accordance with the laws of such province applicable to contracts to be made and performed entirely within such province.

5.14 Severability

If any Section, subsection, paragraph, subparagraph or other provision hereof or the application hereof to any circumstances or any right hereunder shall, in any jurisdiction and to any extent, be invalid or unenforceable, such Section, subsection, paragraph, subparagraph or other provision or such right shall be ineffective only as to such jurisdiction and to the extent of such invalidity or unenforceability in such jurisdiction without invalidating or rendering unenforceable or ineffective the remaining Sections, subsections, paragraphs, subparagraphs and other provisions hereof or rights hereunder in such jurisdiction or the application of such Section, subsection, paragraph, subparagraph or other provision or rights hereunder in any other jurisdiction or to circumstances other than those as to which it is specifically held invalid or unenforceable.

5.15 Effective Date

~~This~~ Notwithstanding its amendment and restatement as of the date hereof, this Agreement is effective ~~and in full force and effect in accordance with its terms~~ from and after the ~~date hereof~~ Record Time.

5.16 Reconfirmation

~~If~~ Assuming this Agreement is approved and confirmed by a resolution passed by shareholders at the Shareholders' Meeting by the majority referred to in subparagraph 5.4(b), if this Agreement is not subsequently reconfirmed by a resolution passed by holders of the Voting Shares by the majority referred to in subparagraph 5.4(b) at every third annual meeting of the Corporation ~~after following~~ the ~~Record Time~~ Shareholders' Meeting, or if this Agreement is not presented for reconfirmation prior to such dates, as the case may be, this Agreement and all outstanding Rights shall terminate and be void and of no further force and effect on and after the date of termination of such applicable meeting of shareholders; provided that termination shall not occur if a Flip-in Event has occurred (other than a Flip-in Event which has been waived pursuant to Section 5.1 hereof), prior to the date upon which this Agreement would otherwise terminate pursuant to this Section 5.16.

5.17 Determinations and Actions by the Board of Directors

All actions, calculations and determinations (including, ~~for purposes of Clause (ii) below,~~ all omissions with respect to the foregoing) which are done or made by the Board of Directors in good faith, shall: ~~(i) be final, conclusive and binding on the Corporation, the Rights Agent, the holders of the Rights and all other parties; and (ii)~~ not subject the Board of Directors to any liability to the holders of the Rights.

5.18 Time of the Essence

Time shall be of the essence in this Agreement.

5.19 Execution in Counterparts

This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

5.20 Language

Les parties aux présentes ont exigé que la présente convention ainsi que tous les documents et avis qui s'y rattachent et/ou que en découlent soient rédigés en langue anglaise. The parties hereto have required that this Agreement and all documents and notices related thereto and/or resulting therefrom be drawn up in English.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

~~ATHABASCA OIL SANDS CORP.~~

By: _____

By: _____

~~OLYMPIA TRUST COMPANY~~

By: _____

By: _____

ATHABASCA OIL CORPORATION

Per: _____
Authorized Signatory

Per: _____
Authorized Signatory

COMPUTERSHARE INVESTOR SERVICES INC.

Per: _____
Authorized Signatory

Per:

Authorized Signatory

EXHIBIT A
[Form of Rights Certificate]

Certificate No. _____

_____ Rights

THE RIGHTS ARE SUBJECT TO TERMINATION ON THE TERMS SET FORTH IN THE SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT. UNDER CERTAIN CIRCUMSTANCES (SPECIFIED IN SECTION 3.1(b) OF THE SHAREHOLDER PROTECTION RIGHTS PLAN AGREEMENT), RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON OR TRANSFEREES OF AN ACQUIRING PERSON OR ITS AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY PERSON ACTING JOINTLY OR IN CONCERT WITH ANY OF THEM MAY BECOME VOID.

Rights Certificate

This certifies that _____, or its registered assigns, is the registered holder of the number of Rights set forth above, each of which entitles the registered holder thereof, subject to the terms, provisions and conditions of the Shareholder Protection Rights Plan Agreement dated as of the 8th day of April, 2010, as amended and restated as of the [●] day of [●], 2010 (the "**Rights Agreement**") between Athabasca Oil Sands Corp. Corporation, a corporation incorporated under the *Business Corporations Act* (Alberta) (the "**Corporation**") and Olympia Trust Company Computershare Investor Services Inc., a trust company, as rights agent (the "**Rights Agent**") (which term shall include any successor Rights Agent under the Rights Agreement), to purchase from the Corporation at any time after the Separation Time (as such term is defined in the Rights Agreement) and prior to the Expiration Time (as such term is defined in the Rights Agreement), one fully paid common share of the Corporation (a "**Common Share**") at the Exercise Price referred to below, upon presentation and surrender of this Rights Certificate together with the Form of Election to Exercise duly executed and submitted to the Rights Agent at its principal office in the city of Toronto. Until adjustment thereof in certain events as provided in the Rights Agreement, the Exercise Price is One Hundred (\$100.00) dollars.

In certain circumstances described in the Rights Agreement, each Right evidenced hereby may entitle the registered holder thereof to purchase or receive securities of an entity other than the Corporation, assets, debt, equity or other securities or property or assets of the Corporation, or more or less than one Common Share (or a combination thereof), all as provided in the Rights Agreement.

The Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement which terms, provisions and conditions are hereby incorporated herein by reference and made a part thereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Rights Agent, the Corporation and the holders of the Rights Certificates. Copies of the Rights Agreement are on file at the principal office of the Corporation and are available upon written request.

The Rights Certificate, with or without other Rights Certificates, upon surrender at any of the offices of the Rights Agent designated for such purpose, may be exchanged for another Rights Certificate or Rights Certificates of like tenor and the date evidencing an aggregate number of Rights equal to the aggregate number of Rights evidenced by the Rights Certificate or Rights Certificates surrendered. If this Rights Certificate shall be exercised in part, the registered holder shall be entitled to receive, upon surrender hereof, another Rights Certificate or Rights Certificates for the number of whole Rights now exercised.

No fractional Common Shares will be issued upon the exercise of any Rights evidenced hereby, but in lieu thereof a cash payment will be made as provided in the Rights Agreement.

Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Corporation at a redemption price of \$0.00001 per Right, subject to adjustment in certain events, under certain circumstances at its option.

No holder of this Rights Certificate, as such, shall be entitled to vote or receive dividends or be deemed for any purpose the holder of Common Shares or of any other securities which may at any time be issuable upon the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a shareholder of the Corporation or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting shareholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

The Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

WITNESS the facsimile signature of the proper officers of the Corporation and its corporate seal.

DATE: _____

ATHABASCA OIL ~~SANDS CORP.~~ CORPORATION

By: _____

By: _____

Countersigned:

~~OLYMPIA TRUST COMPANY~~

COMPUTERSHARE INVESTOR SERVICES INC.

By: _____
Authorized Signature

FORM OF ASSIGNMENT

(To be executed by the registered holder if such holder desires to transfer the Rights Certificates)

FOR VALUE RECEIVED _____ hereby sells, assigns and transfers unto

(please print name and address of transferee)

the Rights represented by this Rights Certificate, together with all right, title and interest therein, and does hereby irrevocably constitute and appoint _____ attorney, to transfer the within Rights Certificate on the books of the within-named Corporation, with full power of substitution.

Date: _____

Signature

Signature Guarantee:

(Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed by the assignor if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert therewith. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

Signature

(please print name of Signatory)

(To be attached to each Rights Certificate)

FORM OF ELECTION TO EXERCISE

TO: ~~OLYMPIA TRUST COMPANY~~ COMPUTERSHARE INVESTOR SERVICES INC.

RE: ATHABASCA OIL ~~SANDS CORP.~~ CORPORATION

The undersigned hereby irrevocably elects to exercise _____ whole Rights represented by the Rights Certificate to purchase the Common Shares issuable upon the exercise of such Rights and requests that certificates for such shares be issued in the name of:

Address

Social Insurance, Social Security or Other Taxpayer Identification Number

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

Address

Social Insurance, Social Security or Other Taxpayer Identification Number

Date: _____

Signature

Signature Guaranteed: (Signature must correspond to name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever)

Note: Signature must be guaranteed by a major Canadian trust company, a Schedule I Canadian chartered bank, or a member of a recognized Medallion Guarantee program.

(To be completed by exercisor if true)

The undersigned hereby represents, for the benefit of all holders of Rights and Common Shares, that the Rights evidenced by this Rights Certificate are not, and, to the knowledge of the undersigned, have never been, Beneficially

Owned by an Acquiring Person or an Affiliate or Associate thereof or by any Person acting jointly or in concert therewith. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.

Signature

(please print name of Signatory)

NOTICE

In the event the Certificate set forth above in the applicable Forms of Assignment or Election is not completed, the Corporation will deem the Beneficial Owner of the Rights evidenced by this Rights Certificate to be an Acquiring Person or an Affiliate or Associate thereof and, in the case of an Assignment, will affix a legend to that effect on any Rights Certificates issued in exchange for this Rights Certificate. Capitalized terms shall have the meaning ascribed thereto in the Rights Agreement.