

ATHABASCA

OIL CORPORATION

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF
SHAREHOLDERS
TO BE HELD ON APRIL 25, 2017**

AND

INFORMATION CIRCULAR - PROXY STATEMENT

DATED MARCH 24, 2017

ATHABASCA OIL CORPORATION

Notice of Annual General and Special Meeting of Shareholders to be held on April 25, 2017

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 25, 2017 in the Grand 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, 2016 and the auditors’ report thereon;
2. fix the number of directors to be elected at the Meeting at six (6);
3. elect six (6) directors of the Corporation;
4. consider, and if thought advisable, pass an ordinary resolution approving all unallocated performance awards under the Corporation’s performance award plan;
5. appoint Ernst & Young LLP as the auditors of the Corporation and authorize the directors to fix their remuneration as such; and
6. 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 out in the Information Circular-Proxy Statement of the Corporation dated March 24, 2017.

The Board of Directors of the Corporation (“**Board**”) has fixed the record date for the Meeting at the close of business on March 7, 2017 (the “**Record Date**”). Shareholders of the Corporation (“**shareholders**”) 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 their shares held 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 (10) 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 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, March 24, 2017.

BY ORDER OF THE BOARD
(Signed) “Ronald Eckhardt”
Ronald Eckhardt
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 25, 2017

Dated March 24, 2017

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 Grand Lecture Theatre at The Metropolitan Conference Centre, 333 Fourth Avenue, S.W., Calgary, Alberta, on April 25, 2017 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 7, 2017. Only shareholders of record on March 7, 2017 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 ten (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 24, 2017. 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 another person (who need not be a shareholder) to represent you at the Meeting. To exercise this right insert the name of your desired representative in the blank space provided in the form 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.

The Corporation may use the Broadridge QuickVote™ service to assist Non-Registered Shareholders with voting their Common Shares. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting Common Shares to be represented at the Meeting.

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. A shareholder has the right to appoint a person or entity (who need not be a shareholder) to attend and act for him/her on his/her behalf at the Meeting other than the persons named in the enclosed Instrument of Proxy. 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 contained 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 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 must be in writing and 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.

QUORUM, VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

We are authorized to issue an unlimited number of Common Shares. As of the Record Date, there were 506,653,627 Common Shares issued and outstanding. As of March 20, 2017 there were 506,699,871 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 7, 2017.

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, 2016 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 to be elected at the Meeting at six, 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 six. In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at six must be passed by a majority of the votes cast by shareholders who vote in respect of this ordinary resolution.

3. Election of Directors

It is proposed that the the following six individuals be nominated as members of the Board at the Meeting: Ronald Eckhardt, Bryan Begley, Robert Broen, Carlos Fierro, Marshall McRae and Henry Sykes. See *"Director Nominees"* below starting at page 6 for information about each of the nominees. The Board recommends that each of these six 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 six 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.

4. Performance Award Plan

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.

The Corporation's performance award plan dated March 18, 2014 (the **"Performance Plan"**): (a) is considered to be a security based compensation arrangement; and (b) provides that the maximum number of Common Shares reserved for issuance from time to time pursuant to outstanding incentive awards (**"Performance Awards"**) 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). Therefore, approval will be sought at the Meeting to approve the grant of unallocated Performance Awards under the Performance Plan. When Performance Awards have been granted, Common Shares that are reserved for issuance under outstanding Performance Awards are referred to as allocated Common Shares. Additional Common Shares that may be reserved for issuance pursuant to future grants of Performance Awards under the Performance Plan, but that are not subject to current Performance Award grants, are referred to as unallocated Performance Awards. The full text of the Performance Plan is attached as Appendix D to this Circular.

As at March 20, 2017, the maximum number of Common Shares that may be issued under the Performance Plan and all other security based compensation arrangements, including the 2010 RSU Plan, 2015 RSU Plan and Option Plan (each as defined herein), was 50,669,987, representing 10% of the number of issued and outstanding Common Shares on that date. As at March 20, 2017, Athabasca had outstanding Options, 2010 RSUs, 2015 RSUs (each as defined herein) and Performance Awards to potentially acquire 21,184,139 Common Shares (representing approximately 4.2% of the outstanding Common Shares), leaving up to 29,485,848 Common Shares available for future grants under the Performance Plan and all other security based compensation arrangements, based on the number of outstanding Common Shares as at that date (representing approximately 5.8% of the outstanding Common Shares).

In early 2017, the Compensation and Governance Committee undertook a review of the Performance Plan to ensure that it is market competitive with the Corporation's current peers and that it continues to satisfy the long-term

incentive and employee retention objectives of such Performance Plan. Based on the results of its review, the Compensation and Governance Committee determined that it would be appropriate to expand the performance measures that will be applied to Performance Awards on a go-forward basis. The performance measures and weightings will be: (a) Total Shareholder Return (“TSR”) - 50%; and (b) operational and corporate strategic measures, which will be established at the start of each performance period - 50%.

The sliding scale payout multiplier range will remain between 0% - 200%, with a payout multiplier of 50% at P25 for the TSR performance measure. See *“Compensation Discussion & Analysis – Long-Term Incentive Compensation – Performance Plan”*.

If approval is obtained at the Meeting, the Corporation will not be required to seek further approval for unallocated Performance Awards under the Performance Plan until April 25, 2020. If approval is not obtained at the Meeting, Performance Awards which have not been allocated as of April 25, 2017 and Common Shares which are reserved for issuance pursuant to Performance Awards which are outstanding as of April 25, 2017 and which are subsequently cancelled, terminated or exercised will not be available for a new grant of Performance Awards under the Performance Plan. Previously allocated Performance Awards will 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, that:

1. the Performance Plan, as described under the heading *“Compensation Discussion & Analysis – Long-Term Equity Incentive Plans”* in the Circular relating to this Meeting is hereby confirmed and approved;
2. all unallocated Performance Awards issuable under the Performance Plan are approved and authorized until April 25, 2020;
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, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders, 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. 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 is provided under the heading “Audit Committee Information” in the Corporation’s annual information form for the year ended December 31, 2016, an electronic copy of which is available on the Corporation’s SEDAR profile at www.sedar.com.

DIRECTOR NOMINEES

Below are the profiles of each of the director nominees, together with information regarding the compensation paid to each director during the year ended December 31, 2016 (other than for Mr. Broen, whose compensation, as a member of management, is described under the heading “*Compensation Discussion & Analysis – Compensation of Named Executive Officers*”).

Director Nominee Profiles

|  | <p>Mr. Eckhardt is currently retired. Prior thereto, Mr. Eckhardt was 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. Mr. Eckhardt earned a Bachelor of Science in Mechanical Engineering from the University of Manitoba and started his career with Shell Canada Resources in 1977.</p> <p>Other Public Company Board Memberships: NuVista Energy Ltd.</p> <p>Current Committee Memberships: Reserves</p> <p>2016 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th style="text-align: center;"><u>Meeting Attendance</u></th></tr> <tr> <td>Board</td><td style="text-align: center;">18 of 18 (100%)</td></tr> <tr> <td>Reserves</td><td style="text-align: center;">1 of 1 (100%)</td></tr> <tr> <td>Audit</td><td style="text-align: center;">4 of 4 (non-member)</td></tr> <tr> <td>Compensation and Governance</td><td style="text-align: center;">4 of 4 (non-member)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th style="text-align: right;"><u>December 31, 2016</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td style="text-align: right;">340,000</td></tr> <tr> <td>Deferred share units (“DSUs”)</td><td style="text-align: right;">214,064</td></tr> <tr> <td>2010 RSUs</td><td style="text-align: right;">35,596</td></tr> <tr> <td>Total Market Value of Common Shares, DSUs and 2010 RSUs⁽¹⁾</td><td style="text-align: right;">\$1,205,243</td></tr> </table> | | <u>Meeting Attendance</u> | Board | 18 of 18 (100%) | Reserves | 1 of 1 (100%) | Audit | 4 of 4 (non-member) | Compensation and Governance | 4 of 4 (non-member) | | <u>December 31, 2016</u> | Common Shares Owned, Controlled or Directed | 340,000 | Deferred share units (“DSUs”) | 214,064 | 2010 RSUs | 35,596 | Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾ | \$1,205,243 |
|---|---|--|---|-------|-----------------|----------|---------------|-----------------------------|---------------------|-----------------------------|--------------------------|---|--------------------------|---|---------|---|-------------|-----------|--------|--|-------------|
| | <u>Meeting Attendance</u> | | | | | | | | | | | | | | | | | | | | |
| Board | 18 of 18 (100%) | | | | | | | | | | | | | | | | | | | | |
| Reserves | 1 of 1 (100%) | | | | | | | | | | | | | | | | | | | | |
| Audit | 4 of 4 (non-member) | | | | | | | | | | | | | | | | | | | | |
| Compensation and Governance | 4 of 4 (non-member) | | | | | | | | | | | | | | | | | | | | |
| | <u>December 31, 2016</u> | | | | | | | | | | | | | | | | | | | | |
| Common Shares Owned, Controlled or Directed | 340,000 | | | | | | | | | | | | | | | | | | | | |
| Deferred share units (“DSUs”) | 214,064 | | | | | | | | | | | | | | | | | | | | |
| 2010 RSUs | 35,596 | | | | | | | | | | | | | | | | | | | | |
| Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾ | \$1,205,243 | | | | | | | | | | | | | | | | | | | | |
|  | <p>Mr. Begley is currently a Managing Director and Partner at 1901 Partners, a private equity firm formed in 2014 to make private investments in the energy sector. From 2007 to 2014, Mr. Begley served as a Managing Director of ZBI Ventures, LLC, a private equity firm focused on the energy sector. Prior to joining ZBI Ventures, Mr. Begley was a Partner at McKinsey & Co. in the Houston and Dallas offices where he advised clients across the global energy sector. He began his career as an engineer with Phillips Petroleum Company.</p> <p>Other Public Company Board Memberships: None</p> <p>Current Committee Memberships: Reserves (Chair) Compensation and Governance</p> <p>2016 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th style="text-align: center;"><u>Meeting Attendance⁽²⁾</u></th></tr> <tr> <td>Board</td><td style="text-align: center;">14 of 14 (100%)</td></tr> <tr> <td>Reserves</td><td style="text-align: center;">0 of 0</td></tr> <tr> <td>Compensation and Governance</td><td style="text-align: center;">2 of 2 (100%)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th style="text-align: right;"><u>December 31, 2016</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td style="text-align: right;">475,010</td></tr> <tr> <td>DSUs</td><td style="text-align: right;">104,660</td></tr> <tr> <td>Total Market Value of Common Shares and DSUs ⁽¹⁾</td><td style="text-align: right;">\$1,188,324</td></tr> </table> | | <u>Meeting Attendance⁽²⁾</u> | Board | 14 of 14 (100%) | Reserves | 0 of 0 | Compensation and Governance | 2 of 2 (100%) | | <u>December 31, 2016</u> | Common Shares Owned, Controlled or Directed | 475,010 | DSUs | 104,660 | Total Market Value of Common Shares and DSUs ⁽¹⁾ | \$1,188,324 | | | | |
| | <u>Meeting Attendance⁽²⁾</u> | | | | | | | | | | | | | | | | | | | | |
| Board | 14 of 14 (100%) | | | | | | | | | | | | | | | | | | | | |
| Reserves | 0 of 0 | | | | | | | | | | | | | | | | | | | | |
| Compensation and Governance | 2 of 2 (100%) | | | | | | | | | | | | | | | | | | | | |
| | <u>December 31, 2016</u> | | | | | | | | | | | | | | | | | | | | |
| Common Shares Owned, Controlled or Directed | 475,010 | | | | | | | | | | | | | | | | | | | | |
| DSUs | 104,660 | | | | | | | | | | | | | | | | | | | | |
| Total Market Value of Common Shares and DSUs ⁽¹⁾ | \$1,188,324 | | | | | | | | | | | | | | | | | | | | |

|  | <p>Mr. Broen is the President and Chief Executive Officer of the Corporation, since April 21, 2015. Prior thereto, he was President and Chief Operating Officer, from January 6, 2015 to April 20, 2015, 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. Mr. Broen is also a member of both the Canadian Association of Petroleum Producers (CAPP) Board of Governors and the In situ Oil Sands Alliance (IOSA) Board of Directors. Before joining Athabasca, Mr. Broen was 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: Reserves</p> <p>2016 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th><u>Meeting Attendance</u></th></tr> <tr> <td>Board</td><td>18 of 18 (100%)</td></tr> <tr> <td>Reserves</td><td>1 of 1 (non-member)</td></tr> <tr> <td>Compensation and Governance</td><td>4 of 4 (non-member)</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, 2016</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>368,591</td></tr> <tr> <td>Options</td><td>1,887,200</td></tr> <tr> <td>2010 RSUs</td><td>515,575</td></tr> <tr> <td>2015 RSUs</td><td>231,200</td></tr> <tr> <td>Performance Awards</td><td>716,800</td></tr> <tr> <td>Units of a Fund that holds Common Shares ("Fund Units")</td><td>47,851</td></tr> <tr> <td>Total Market Value of Common Shares, Options, 2010 RSUs, 2015 RSUs, Performance Awards and Fund Units^{(1), (3)}</td><td>\$4,202,692</td></tr> </table> | | <u>Meeting Attendance</u> | Board | 18 of 18 (100%) | Reserves | 1 of 1 (non-member) | Compensation and Governance | 4 of 4 (non-member) | Audit | 4 of 4 (non-member) | | <u>December 31, 2016</u> | Common Shares Owned, Controlled or Directed | 368,591 | Options | 1,887,200 | 2010 RSUs | 515,575 | 2015 RSUs | 231,200 | Performance Awards | 716,800 | Units of a Fund that holds Common Shares ("Fund Units") | 47,851 | Total Market Value of Common Shares, Options, 2010 RSUs, 2015 RSUs, Performance Awards and Fund Units ^{(1), (3)} | \$4,202,692 |
|---|---|--|---|-------|-----------------|----------|---------------------|-----------------------------|---------------------|-------|--------------------------|---|--------------------------|---|---------|-----------|-----------|--|-----------|-----------|---------|--------------------|---------|---|--------|---|-------------|
| | <u>Meeting Attendance</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Board | 18 of 18 (100%) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reserves | 1 of 1 (non-member) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Compensation and Governance | 4 of 4 (non-member) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Audit | 4 of 4 (non-member) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>December 31, 2016</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Common Shares Owned, Controlled or Directed | 368,591 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Options | 1,887,200 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2010 RSUs | 515,575 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 RSUs | 231,200 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Performance Awards | 716,800 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Units of a Fund that holds Common Shares ("Fund Units") | 47,851 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Market Value of Common Shares, Options, 2010 RSUs, 2015 RSUs, Performance Awards and Fund Units ^{(1), (3)} | \$4,202,692 | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  | <p>Mr. Fierro is a private investor and consultant based in Washington, D.C. Mr. Fierro serves on the board, audit committee and conflicts committee of Shell Midstream Partners. From May 2016 to present, Mr. Fierro has served as a Senior Advisor to Guggenheim Securities, the investment banking arm of Guggenheim Partners. 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 Natural 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 Compensation and Governance</p> <p>2016 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th><u>Meeting Attendance⁽⁶⁾</u></th></tr> <tr> <td>Board</td><td>18 of 18 (100%)</td></tr> <tr> <td>Audit</td><td>4 of 4 (100%)</td></tr> <tr> <td>Compensation and Governance</td><td>2 of 2 (100%)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th><u>December 31, 2016</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>40,000</td></tr> <tr> <td>DSUs</td><td>207,760</td></tr> <tr> <td>2010 RSUs</td><td>15,440</td></tr> <tr> <td>Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾</td><td>\$538,016</td></tr> </table> | | <u>Meeting Attendance⁽⁶⁾</u> | Board | 18 of 18 (100%) | Audit | 4 of 4 (100%) | Compensation and Governance | 2 of 2 (100%) | | <u>December 31, 2016</u> | Common Shares Owned, Controlled or Directed | 40,000 | DSUs | 207,760 | 2010 RSUs | 15,440 | Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾ | \$538,016 | | | | | | | | |
| | <u>Meeting Attendance⁽⁶⁾</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Board | 18 of 18 (100%) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Audit | 4 of 4 (100%) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Compensation and Governance | 2 of 2 (100%) | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | <u>December 31, 2016</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Common Shares Owned, Controlled or Directed | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DSUs | 207,760 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2010 RSUs | 15,440 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾ | \$538,016 | | | | | | | | | | | | | | | | | | | | | | | | | | |

Robert Broen
President and
Chief Executive Officer
Alberta, Canada



Status: Not independent

Director since April 21,
2015

Carlos Fierro
Director
Washington, D.C., U.S.A.

Status: Independent

Director since January 6,
2015

|  <p>Marshall McRae Director Alberta, Canada</p> <p>Status: Independent</p> <p>Director since October 30, 2009</p> | <p>Mr. McRae was the 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.</p> <p>Other Public Company Board Memberships: Gibson Energy Inc. Black Diamond Group Limited</p> <p>Current Committee Memberships: Audit (Chair)</p> <p>2016 Board and Committee Meeting Attendance:</p> <table> <tr> <th></th><th>Meeting Attendance⁽⁴⁾</th></tr> <tr> <td>Board</td><td>17 of 18 (94%)</td></tr> <tr> <td>Audit</td><td>4 of 4 (100%)</td></tr> <tr> <td>Compensation and Governance</td><td>3 of 3 (100%)</td></tr> </table> <p>Ownership:</p> <table> <tr> <th></th><th>December 31, 2016</th></tr> <tr> <td>Common Shares Owned, Controlled or Directed⁽⁵⁾</td><td>53,214</td></tr> <tr> <td>DSUs</td><td>168,155</td></tr> <tr> <td>2010 RSUs</td><td>37,500</td></tr> <tr> <td>Total Market Value of Common Shares, DSUs and 2010 RSUs⁽¹⁾</td><td>\$526,931</td></tr> </table> | | Meeting Attendance ⁽⁴⁾ | Board | 17 of 18 (94%) | Audit | 4 of 4 (100%) | Compensation and Governance | 3 of 3 (100%) | | December 31, 2016 | Common Shares Owned, Controlled or Directed ⁽⁵⁾ | 53,214 | DSUs | 168,155 | 2010 RSUs | 37,500 | Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾ | \$526,931 |
|--|---|--|-----------------------------------|---|----------------|-------|---------------|---|---------------|--|-------------------|--|--------|------|---------|-----------|--------|--|-----------|
| | Meeting Attendance ⁽⁴⁾ | | | | | | | | | | | | | | | | | | |
| Board | 17 of 18 (94%) | | | | | | | | | | | | | | | | | | |
| Audit | 4 of 4 (100%) | | | | | | | | | | | | | | | | | | |
| Compensation and Governance | 3 of 3 (100%) | | | | | | | | | | | | | | | | | | |
| | December 31, 2016 | | | | | | | | | | | | | | | | | | |
| Common Shares Owned, Controlled or Directed ⁽⁵⁾ | 53,214 | | | | | | | | | | | | | | | | | | |
| DSUs | 168,155 | | | | | | | | | | | | | | | | | | |
| 2010 RSUs | 37,500 | | | | | | | | | | | | | | | | | | |
| Total Market Value of Common Shares, DSUs and 2010 RSUs ⁽¹⁾ | \$526,931 | | | | | | | | | | | | | | | | | | |
|  <p>Henry Sykes, QC Director Alberta, Canada</p> <p>Status if elected: Independent</p> <p>Director Nominee</p> | <p>Mr. Sykes currently serves as a director of several public and private companies as well as several not-for-profit organizations. From 2007 until 2014, Mr. Sykes was the president and a director of MGM Energy Corp. Prior to joining MGM Energy Corp., Mr. Sykes was President of ConocoPhillips Canada from 2001 until 2006, and was Executive Vice-President of Gulf Canada Resources from 1998 until 2001. Prior to 1998, Mr. Sykes was a partner of Bennett Jones LLP, specializing in mergers and acquisitions as well as corporate and securities law. Mr. Sykes earned a BA from McGill University and an LLB from the University of Toronto and is currently a member of the Law Society of Alberta as well as the Law Society of England and Wales.</p> <p>Other Public Company Board Memberships: Veresen Inc.</p> <p>Current Committee Memberships N/A</p> <p>2016 Board and Committee Meeting Attendance: N/A</p> <p>Ownership:</p> <table> <tr> <th></th><th>December 31, 2016</th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td>10,000</td></tr> <tr> <td>DSUs</td><td>-</td></tr> <tr> <td>Total Market Value of Common Shares and DSUs ⁽¹⁾</td><td>\$20,500</td></tr> </table> | | December 31, 2016 | Common Shares Owned, Controlled or Directed | 10,000 | DSUs | - | Total Market Value of Common Shares and DSUs ⁽¹⁾ | \$20,500 | | | | | | | | | | |
| | December 31, 2016 | | | | | | | | | | | | | | | | | | |
| Common Shares Owned, Controlled or Directed | 10,000 | | | | | | | | | | | | | | | | | | |
| DSUs | - | | | | | | | | | | | | | | | | | | |
| Total Market Value of Common Shares and DSUs ⁽¹⁾ | \$20,500 | | | | | | | | | | | | | | | | | | |

Notes:

- (1) "Total Market Value" was determined by (a) multiplying the number of Common Shares held by the nominee as of December 31, 2016 by the closing price of the Common Shares on the TSX on December 30, 2016 (\$2.05); adding (b) the sum of the number of Common Shares issuable upon exercise of in-the-money Options (if any) and 2010 RSUs (if any) held, multiplied by the difference between the closing price of the Common Shares on the TSX on December 30, 2016 (\$2.05) less the exercise price of any in-the-money Options and 2010 RSUs; and adding (c) the market or payout value of DSUs held multiplied by the closing price of the Common Shares on the TSX on December 30, 2016 (\$2.05).
- (2) Mr. Begley was appointed a director effective March 9, 2016 and he was appointed as chair of the Reserves Committee and a member of the Compensation and Governance Committee on June 21, 2016. Mr. Begley attended all of the Board meetings and all of the Compensation and Governance meetings that were held after his appointment. No Reserves Committee meetings were held in 2016 following Mr. Begley's appointment.

- (3) Mr. Broen's "Total Market Value" also includes values for Performance Awards, 2015 RSUs, and Fund Units. As at December 31, 2016, the value of each Performance Award, 2015 RSU and Fund Unit was the closing price of the Common Shares on the TSX on December 30, 2016 (\$2.05).
- (4) Mr. McRae ceased to be a member of the Compensation and Governance Committee on June 21, 2016.
- (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) Mr. Fierro was appointed a member of the Compensation and Governance Committee on June 21, 2016. Mr. Fierro attended all of the Compensation and Governance meetings that were held after his appointment.

Mr. Robert Rooney, who, as of the date of this Circular, is currently a member of the Board, will not be seeking re-election at the Meeting as a result of conflicting responsibilities with his new employer. The Board thanks Mr. Rooney for his astute judgement and service as a director and for serving as chair of the Compensation and Governance Committee. The Board wishes Mr. Rooney all the very best.¹

Experience and Background of Directors Nominees

The Compensation and Governance Committee has the responsibility of ensuring that the Board is made up of individuals who have the relevant experience and expertise needed to effectively fulfil the Board's mandates. The skills matrix shown below shows the experience and expertise that each director nominee contributes to Athabasca's Board.

| Experience | Director | Begley | Broen | Eckhardt | McRae | Fierro | Sykes | Count |
|------------------------------|----------|----------|-----------|-----------|----------|----------|-----------|-------|
| Accounting & Finance | | • | • | • | • | • | • | 6 |
| Engineering/Reserves | | • | • | • | | | | 3 |
| Governance | | | • | • | • | • | • | 5 |
| Government/Regulatory/Legal | | | • | • | | • | • | 4 |
| Health, Safety & Environment | | | • | • | | | • | 3 |
| Management/ Leadership | | • | • | • | • | • | • | 6 |
| Oil & Gas Upstream | | • | • | • | | • | • | 5 |
| Midstream/Trading | | | | • | • | • | • | 4 |
| Oil Sands | | • | • | | | | • | 3 |
| Capital Markets | | • | • | | • | • | • | 5 |
| M&A | | • | • | • | • | • | • | 6 |
| Risk Management | | | • | • | • | • | • | 5 |
| Count | | 7 | 10 | 10 | 7 | 9 | 11 | |

Director Orientation and Continuing Education

The Board is responsible for providing each new director with a comprehensive orientation to Athabasca and its business. Each new director is provided a Director Orientation Manual that contains materials to assist familiarizing the new director with the role of the Board and its committees and the Board's governance mandates. The materials include:

- information about Athabasca's organizational structure;
- Athabasca's Individual Director Mandate, Board Mandate and each Board committees' mandate; and

¹ Mr. Rooney attended 100% of the Board meetings held in 2016 after his appointment on May 4, 2016 (11 of 11 meetings) and 100% of the Compensation and Governance Committee meetings held after his appointment (2 of 2 meetings).

- policies and guidelines, including Athabasca's Code of Business Ethics and Conduct, Whistleblower Policy, Trading and Blackout Policy and Equity Ownership and Retention Guidelines for Independent Directors and Executive Officers.

New directors also attend an orientation session with executive management to receive management presentations about Athabasca, its business strategies, operations and financial reporting.

Each month, the Board is provided a written report which summarizes, among other things, Athabasca's monthly operational and financial results, liquidity, health, safety and environmental performance and share performance.

At each quarterly Board meeting, executive management informs the Board of any risks and any market, industry or regulatory changes affecting Athabasca's business and/or the environment in which it operates.

The Board may also hold strategy sessions with Athabasca's executive management team to discuss, review and consider the Corporation's business strategy for the current year and for the next five years. The Board considered the Corporation's current and long-term strategies at each of its quarterly meetings held on March 10, 2016, May 4, 2016, July 27, 2016 and November 3, 2016.

Directors are also provided the opportunity to visit Athabasca's areas of operation.

Directors also participate in continuing education programs and industry and governance related seminars to maintain or enhance their knowledge and understanding of issues affecting Athabasca's business and changing governance issues.

Director Compensation

General

On the recommendation of the Compensation and Governance Committee, the Board has implemented a director compensation program that is intended to compensate non-management directors for their services on the Board and its committees. In setting the directors' annual compensation, the Board considers what is competitive with other comparable public companies and the current market environment. The Board has not approved an increase to the directors' annual cash retainer since March 14, 2014.

The directors' annual compensation is made up of two parts: (1) a cash retainer; and (2) a grant of Director's DSUs, which are not redeemable until after the director has ceased to be a member of the Board. See Appendix "C" – "Deferred Share Unit Plan" for a full description of the deferred share unit plan ("DSU Plan").

Any director who is also a member of management (the only such director currently being Mr. Broen) does not receive retainers, DSUs or other compensation for their services as a director.

Effective March 2015, the Corporation ceased granting stock options ("Options") and restricted share units ("RSUs") to non-management directors.

Cash Retainer

For the year ended December 31, 2016, non-management directors were paid an annual retainer of \$50,000. Additionally, non-management directors were also paid for serving in the following roles:

| Board Role | Retainer Amount |
|---|-----------------|
| Board Chair | \$50,000 |
| Audit Committee Chair | \$15,000 |
| Compensation and Governance Committee Chair | \$7,500 |
| Reserve Committee Chair | \$7,500 |
| Lead Director (when applicable) | \$25,000 |

The Corporation does not pay fees for attendance of Board or committee meetings.

Directors may elect to receive all or any portion of their cash retainers in the form of DSUs (see “DSUs”, immediately below).

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

DSUs

Non-management directors are also eligible to participate in the DSU Plan if awards under such plan are recommended by the Compensation and Governance Committee and approved by the Board. The value of such DSU award may not exceed \$150,000 for the period between meetings of the Corporation’s shareholders. The value of the DSUs awarded to the non-management directors appointed at the Corporation’s June 17, 2016 shareholder meeting was \$105,000.

Other Compensation

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. On July 19, 2016, the Board formed, and appointed Mr. McRae to, a Finance Special Committee to provide financial planning and reporting oversight, advice and guidance to the Corporation while the Corporation’s Chief Financial Officer was on maternity leave. Mr. McRae received 21,094 DSUs having a value at the time of grant of \$27,000 for his participation on the Finance Special Committee. The Finance Special Committee was dissolved effective October 1, 2016 following the Chief Financial Officer’s return from maternity leave.

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, 2016 (other than Mr. Broen who is included in the table that is provided below under the heading “Compensation Discussion & Analysis – Compensation of Named Executive Officers”).

| Name | Year | Fees earned (\$) | Share-based awards ⁽¹⁾ (\$) | Option-based awards (\$) | Non-equity incentive plan compensation (\$) | Pension value (\$) | All other compensation (\$) | Total ⁽²⁾ (\$) |
|--------------------------------|------|------------------|--|--------------------------|---|--------------------|-----------------------------|---------------------------|
| Bryan Begley ⁽³⁾ | 2016 | 0 | 144,354 | - | - | N/A | - | 144,354 |
| Tom Buchanan ⁽⁴⁾ | 2016 | 19,167 | 0 | - | - | N/A | - | 19,167 |
| Gary Dundas ⁽⁴⁾ | 2016 | 9,584 | 0 | - | - | N/A | - | 9,584 |
| Ronald Eckhardt ⁽⁵⁾ | 2016 | 0 | 198,770 | - | - | N/A | - | 198,770 |
| Carlos Fierro ⁽⁶⁾ | 2016 | 0 | 150,000 | - | - | N/A | - | 150,000 |
| Paul Haggis ⁽⁷⁾ | 2016 | 46,750 | 3,562 | - | - | N/A | - | 50,312 |
| Marshall McRae ⁽⁸⁾ | 2016 | 56,000 | 136,000 | - | - | N/A | - | 192,000 |
| Robert Rooney ⁽⁹⁾ | 2016 | 36,854 | 100,000 | - | - | N/A | - | 136,854 |
| Peter Sametz ⁽¹⁰⁾ | 2016 | 46,750 | - | - | - | N/A | - | 46,750 |

Notes:

- (1) The compensation reported under share-based awards is the value of DSUs granted in the year ended December 30, 2016. The fair value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average price per Common Share on the TSX for the 5 trading days immediately preceding the date of grant.
- (2) 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 2016 (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).

- (3) Mr. Begley was appointed as a Director on March 9, 2016. Mr. Begley elected to receive 100% of fees earned in the form of DSUs. As a result, Mr. Begley received 32,197 DSUs in lieu of such fees.
- (4) Messrs. Buchanan and Dundas each retired as Directors effective March 10, 2016.
- (5) Mr. Eckhardt elected to receive 100% of fees earned in the form of DSUs. As a result, Mr. Eckhardt received 74,034 DSUs in lieu of such fees.
- (6) Mr. Fierro elected to receive 100% of fees earned in the form of DSUs. As a result, Mr. Fierro received 37,679 DSUs in lieu of such fees.
- (7) Mr. Haggis elected to receive 13% of fees earned in the form of DSUs. As a result, Mr. Haggis received 2,862 DSUs in lieu of such fees. Mr. Haggis retired as a Director effective June 21, 2016.
- (8) Mr. McRae received 21,094 DSUs as compensation for his participation in the Finance Special Committee and 7,031 DSUs in lieu of a portion of his annual cash retainer. See “DSUs” above.
- (9) Mr. Rooney was appointed a Director on May 4, 2016.
- (10) Mr. Sametz retired as a Director effective June 21, 2016.

Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information regarding all DSUs, and 2010 RSUs (if any) held by each director as at December 31, 2016 (other than Mr. Broen who is included in the table that is provided below under the heading “Compensation Discussion & Analysis - Outstanding Share-Based Awards and Option-Based Awards– NEOs”).

| Name | Option-Based Awards ⁽¹⁾ | | | | Share-Based Awards | | |
|-----------------|---|----------------------------|--------------------------------|---|--|--|---|
| | 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 (\$) ^{(3) (4)} |
| Bryan Begley | - | - | - | - | - | - | 214,553 |
| Thomas Buchanan | - | - | - | - | - | - | 457,400 |
| Gary Dundas | - | - | - | - | - | - | - |
| Ronald Eckhardt | 16,846 18,750 | 0.10 0.10 | April 1, 2017 Sept 10, 2019 | 32,850 36,563 | - | - | 438,831 |
| Carlos Fierro | 15,440 | 0.10 | March 15, 2019 | 30,108 | - | - | 425,908 |
| Marshall McRae | 37,500 | 0.10 | Sept 10, 2019 | 73,125 | - | - | 344,718 |
| Paul Haggis | - | - | - | - | - | - | 153,619 |
| Robert Rooney | - | - | - | - | - | - | 148,549 |
| Peter Sametz | - | - | - | - | - | - | 138,512 |

Notes:

- (1) Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of an exercise price of \$0.10 per share upon the issuance of Common Shares pursuant to 2010 RSUs.
- (2) The value of the unexercised 2010 RSUs has been determined by subtracting the exercise price of the 2010 RSUs from \$2.05 being the closing price of the Common Shares on the TSX on December 30, 2016 and multiplying the difference by the number of Common Shares that may be acquired upon the exercise of the 2010 RSUs.
- (3) All DSUs vest immediately upon the grant of such DSUs, but cannot be redeemed until after the director ceases to be a director of the Corporation.
- (4) The market or payout value of vested share-based awards not paid out or distributed has been calculated based on the number of DSUs held at December 30, 2016 multiplied by \$2.05, being the closing price of the Common Shares on the TSX on December 30, 2016.

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, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016 for each director (other than Mr. Broen who is included in the table that is provided below under the heading “Compensation Discussion & Analysis - Incentive Plan Awards – Value Vested or Earned During the Year – NEOs”).

| Name | Option-based awards – Value vested during the year ⁽¹⁾ (\$) | Share-based awards – Value vested during the year ⁽²⁾⁽³⁾ (\$) | Non-equity incentive plan compensation – Value earned during the year (\$) |
|-----------------|---|---|---|
| Bryan Begley | - | 144,354 | - |
| Thomas Buchanan | - | - | - |
| Gary Dundas | - | - | - |
| Ronald Eckhardt | 29,665 | 198,770 | - |
| Carlos Fierro | 6,176 | 150,000 | - |
| Paul Haggis | - | - | - |
| Marshall McRae | 25,875 | 136,000 | - |
| Robert Rooney | - | 100,000 | - |
| Peter Sametz | - | - | - |

Notes:

- (1) The value vested during the year for option-based awards (2010 RSUs) has been calculated by determining the difference between the trading price of the Common Shares and the exercise price of the vested 2010 RSUs on the applicable vesting dates (or the next trading day if the 2010 RSUs vested on a date when the TSX was closed).
- (2) All DSUs vest immediately upon the grant of such DSUs, but cannot be redeemed until after the director ceases to be a director of the Corporation.
- (3) Represents the value of DSUs granted in the year ended December 31, 2016. The fair value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average price per Common Share on the TSX for the 20 trading days immediately preceding the date of grant.

Additional Disclosure Relating to Directors

Except as noted 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. Sykes was a director of Parallel Energy Trust (“**Parallel**”) from March 2011 to February 2016. On February 25, 2016, Parallel obtained an Initial Order from the Alberta Court of Queen's Bench (the “**Court**”) for creditor protection pursuant to the *Companies' Creditors Arrangement Act* (“**CCAA**”). Contemporaneously with Parallel's CCAA filing, Parallel's wholly owned U.S. based subsidiaries, Parallel Energy LP and Parallel Energy GP LLC (the “**U.S. Parallel Entities**”) each filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code in the United States Bankruptcy Court of Delaware. On March 1, 2016, the Court terminated the CCAA proceedings, discharged the monitor and authorized assigning Parallel into bankruptcy under the *Bankruptcy and Insolvency Act*.

CORPORATE GOVERNANCE

Board of Directors

Mandate

The Board has overall responsibility for overseeing 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 the mandate is attached as Appendix A to this Circular.

Board Renewal and Tenure

The Board is committed to providing the Corporation with qualified directors who have appropriate skill sets to meet the evolving needs of the Corporation and who can provide strong stewardship for the Corporation. Through its Compensation and Governance Committee, which is comprised entirely of independent directors, the Board regularly reviews and assesses the size, independence, operation, competencies and skills of the Board and the individual directors.

Following a specifically targeted board renewal process that started in 2014, the six Board nominees reflect a range of complementary but different experiences and skills to support the Corporation. The length of director tenure of the Board nominees ranges from less than 1 year to just over 7 years, including appointments in 2009, 2012, 2015 and 2016, and a new nominee in 2017, which the Compensation and Governance Committee believes is an appropriate size and mix of longer-term directors who have accumulated extensive knowledge and understanding of the Corporation, and newer directors who are bringing additional experience and fresh perspectives to the Board.

Athabasca does not currently have a policy regarding term limits for directors. In the Compensation and Governance Committee's view, Athabasca is meeting its objective of achieving the optimum balance of skill and experience at the Board level without the need to impose such term limits.

Membership and Independence

Assuming the election at the Meeting of the persons nominated as directors in this Circular, the Board will be comprised of six directors, a majority of whom will be independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("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. Begley, Eckhardt, Fierro, McRae and Sykes are independent for the purposes of NI 58-101. Mr. Broen is not independent because he is the President and CEO of the Corporation.

Mr. Rooney, who is a currently a member of the Board as of the date of this Circular, will not be seeking re-election at the Meeting as a result of conflicting responsibilities with his new employer. During his tenure on the Board, Mr. Rooney was also independent for the purposes of NI 58-101.

Independent Board Chair

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. Mr. Eckhardt, an independent director, became Chair of the Board effective March 10, 2016. From October 1, 2014 to March 10, 2016, while the roles of CEO and Chair were held by the same individual, the Board had appointed Mr. Eckhardt as Lead Director in order to ensure that the Board's leadership and responsibilities were conducted in a manner that continued to enhance the Board's effectiveness and independence.

Meetings of the Independent Directors

The Board held eighteen meetings between January 1, 2016 and December 31, 2016 and the independent directors conducted in-camera sessions without members of management present, at a majority of these meetings, including at each of the Board's quarterly meetings. Additionally, in-camera sessions were held during each of the four meetings of the Audit Committee that were held between January 1, 2016 and December 31, 2016.

Board and Executive 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. Currently, Athabasca has no female Board members. Athabasca's executive management team is comprised of two women (approximately 25% of the total executive management team) holding the positions of Chief Financial Officer and Vice President, General Counsel and Corporate Secretary.

Majority Voting Policy

In 2015, the Board adopted a "majority voting" policy which stipulates that if a director nominee receives more "withhold" votes than "for" votes at an uncontested shareholders' meeting, then such nominee must immediately 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. The resignation will be effective when accepted by the Board. A news release will be issued promptly 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.

Position Descriptions

The Board has developed and implemented written position descriptions for the Chair of the Board, the Lead Director (for when such role is needed), the chairs of each committee of the Board and the CEO.

Responsibility of the Chair

The Chair of the Board provides 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.

Board Committees

To assist it in fulfilling its mandate, the Board has formed the following three committees:

Compensation and Governance Committee

The responsibilities of the Compensation and Governance Committee include:

- Assisting the Board in fulfilling its oversight responsibilities of the key compensation and human resources policies of Athabasca.
- Orienting new directors as to the nature and operation of the business and affairs of Athabasca and the role of the Board and its committees.
- 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.
- Identifying, assessing and recommending to the Board new director candidates for appointment or nomination. See "*Corporate Governance – Board of Directors – Board Renewal and Tenure*" above.
- Establishing and implementing procedures to evaluate the performance and effectiveness of the Board, Board committees, individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and committee chairs. The procedures include utilizing an annual directors' evaluation questionnaire, which addresses, among other things, individual director independence, individual director and overall board skills, board effectiveness and individual director financial literacy.
- Reviewing and making recommendations to the Board regarding the CEO's short-term and long-term corporate goals and objectives and performance measurement indicators.
- Making recommendations regarding the results of the annual evaluation to the Board.

Reserves Committee

The Reserves Committee assists 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:

- Reviewing, at least annually, the Company's procedures relating to its disclosures under National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities* and making recommendations to the Board regarding such procedures.
- Making recommendations to the Board regarding the engagement of independent, qualified reserves evaluators or auditors to report to the Board on Athabasca's reserve data.
- Making recommendations to the Board regarding the reserves and resource data of Athabasca that will be made publicly available and filed with applicable regulatory authorities.

In response to the Corporation's commitment to the health and safety of its employees, contractors and other stakeholders and to the health of the environment, in 2015 the Board amended the mandate for the previous "Reserves and Health, Safety and Environmental Committee" to instead place directly within the Board's own mandate the oversight responsibility for 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.

Audit Committee

The Audit Committee's 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.
- 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 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. A copy of the Audit Committee Mandate is attached as Appendix B to this Circular.

COMPENSATION DISCUSSION & ANALYSIS

Introduction

The Compensation and Governance Committee is committed to providing a clear and comprehensive discussion of our approach to executive compensation, including our overarching philosophy and objectives of aligning executive compensation with Athabasca's performance. The Corporation's compensation philosophy will remain an important focus area for the Board as we continue to be of the view that Athabasca's delivery of profitable growth can only be achieved if we attract, retain and motivate talented executives.

Over the previous several years, Athabasca has undertaken a substantial review of all of its compensation programs in order to align them with competitive market practice, as well as ensure its incentive programs evolve as the Corporation matures to an intermediate oil and gas producer. Changes implemented up to 2016 include:

- Implementing a structured corporate scorecard for determining annual bonus payouts.
- Implementing a Performance Award equity plan for executive management, linking long-term success of the Corporation with executive compensation.
- Implementing a director DSU program in conjunction with the elimination of director RSU and Option grants.
- Eliminating the large initial grants of long-term equity incentive awards to new employees, and adopting a practice that is more aligned with industry practices.

2016 was a transformative year in establishing Athabasca as an intermediate, oil-weighted growth company with low decline base production. Management successfully delivered the following key strategic milestones for our shareholders in 2016:

- Completed a \$486 million asset sale to Murphy Oil Company Ltd. ("**Murphy**") and formed a strategic joint venture securing \$1 billion of gross investment over the next four years to develop the Corporation's Duvernay interests while minimizing Athabasca's near term capital exposure to \$75 million.
- Monetized a portion of Athabasca's long-dated thermal oil resources by granting contingent bitumen royalties to Burgess Energy Holdings L.L.C. on the Corporation's thermal oil assets, generating \$307 million of cash proceeds.
- Established a new core Montney growth area in its Placid (light oil) area.
- Entered into a purchase agreement with Statoil Canada Ltd. ("**Statoil**") to acquire Statoil's top-tier Leismer and Corner thermal oil assets in northeastern Alberta. The acquisition will drive a larger cash flow base and accelerates the Company's transition to sustainable free cash flow generation.
- Reduced its outstanding corporate debt by approximately \$250 million through the retirement of a first lien term debt instrument.

The Compensation and Governance Committee will continue to ensure our incentive programs promote the successful integration of acquired assets and continued drive for operational excellence.

Named Executive Officers

Athabasca's Named Executive Officers ("**NEOs**") are those individuals who served as Chief Executive Officer ("**CEO**"), Chief Financial Officer ("**CFO**") and the three other most highly compensated executive officers during the year ended December 31, 2016:

- Robert Broen, President and CEO
- Kim Anderson, CFO
- Kevin Smith, Vice President Light Oil
- Rod Sousa, Vice President Corporate Development
- Anne Schenkenberger, Vice President, General Counsel and Corporate Secretary

Athabasca's Approach to Compensation

Philosophy and Objectives

Our compensation program is designed to align executive pay with corporate performance and the experience of our shareholders. With significant proportions of “at-risk” pay, Athabasca’s compensation framework is competitive among Canadian oil and gas companies, with significant upside for out-performance and downside for under-performance.

Our compensation program has been designed to achieve these key objectives:

- Link compensation to Athabasca’s performance.
- Align employees’ interests with the interests of Athabasca’s shareholders.
- Continue to attract and retain superior performing employees.

Compensation Governance

Oversight for Athabasca’s executive compensation program is provided by the Board’s Compensation and Governance Committee. Among other responsibilities, this Compensation and Governance Committee’s mandate includes: (a) establishing key compensation and human resources policies; (b) annually establishing short-term and long-term corporate goals and objectives for the CEO and evaluating the CEO’s performance in the context of those goals; (c) setting the CEO’s compensation; and (d) establishing the compensation of Athabasca’s executive management, including that of the NEOs.

The Compensation and Governance Committee was completely reconstituted following the 2016 AGM and is currently comprised of three members: Robert Rooney, Carlos Fierro and Bryan Begley, all of whom were appointed to the committee on June 21, 2016 and who are each considered “independent” as determined in accordance with section 1.4 of NI 52-110. Mr. Rooney, who is currently the chair of the Compensation and Governance Committee, will not be seeking re-election at the Meeting as a result of conflicting responsibilities with his new employer. A new chair of the Compensation and Governance Committee will be appointed following the Meeting. Each member’s previous executive management experience and current board roles are described under “*Director Nominees – Director Nominee Profiles*” above.

| <u>Member</u> | <u>Independent</u> | <u>Skills and Experience Relevant to the Compensation and Governance Committee</u> |
|----------------------|---------------------------|--|
| Robert Rooney | Yes | Mr. Rooney has over 25 years of experience in the oil and gas industry. Through Mr. Rooney’s experience as a director, former director and as an executive with several large public companies, he has knowledge and expertise in developing and managing executive compensation programs. Mr. Rooney has served on the compensation committees of seven other public companies, including as chair of the compensation committee for three of those companies (MGM Energy Corp., Mission Resources Corp. and Temple Energy Inc.). |
| Carlos Fierro | Yes | Mr. Fierro has over 17 years of experience in the investment banking business (with a primary focus on the energy sector). As a managing director and the global head of the natural resources group at both Lehman Brothers and Barclays PLC, he dealt with compensation matters related to members of his global banking team. |
| Bryan Begley | Yes | Mr. Begley has over 10 years of management and executive experience as a managing director of several investment firms. In these roles, Mr. Begley was directly involved in determining and managing compensation programs. |

External Consultants and Advisors

To ensure that Athabasca’s overall executive compensation is reasonable and competitive with other participants in the Canadian oil and gas industry, Athabasca and the Compensation and Governance Committee engage external

advisors to provide advice and information regarding the development of compensation policies, to benchmark Athabasca's pay and performance against a group of peer companies and to conduct comparative pay analyses.

In 2016, the Compensation and Governance Committee engaged the firm Lane Caputo Compensation Inc. ("**Lane Caputo**") to provide the Board with advice regarding appropriate and customary granting cycles for equity-based compensation for directors.

The Compensation and Governance Committee also retained Hugessen Consulting Inc. ("**Hugessen**") to assist the Corporation with its drafting of the Corporation's 2016 Information Circular.

Athabasca participates in: (a) Mercer Canada's annual energy industry compensation survey ("**Mercer Survey**"), which entitles the Corporation to access and use Mercer's compensation data to benchmark the Corporation's compensation against other market participants; and (b) the "Calgary Exchange Group", which is a group of approximately 90 mid-sized Calgary-based energy companies that share information about compensation trends.

Executive Compensation-Related Fees:

| Consultant | Fees Paid | |
|---------------|-----------|----------|
| | 2015 | 2016 |
| Lane Caputo | \$39,635 | \$18,195 |
| Hugessen | \$54,933 | \$28,138 |
| Mercer Survey | \$10,983 | \$12,768 |

Pay Comparator Group

Athabasca benchmarks executive compensation against a comparator group of companies that we compete with for executive talent. In determining the appropriate peers, the Compensation and Governance Committee sets a range of size and operational criteria to identify comparably sized companies with a comparable production profile (including companies that use steam assisted gravity drainage (SAGD) processes to recover bitumen from oil sands and/or companies that produce oil and natural gas) and that generally operate in similar geographic locations as the Corporation. Athabasca's 2016 peer group was comprised of the following:

| | | |
|------------------------------|--------------------------|-------------------------------|
| Advantage Oil & Gas Ltd. | Delphi Energy Corp. | Pengrowth Energy Corporation |
| Baytex Energy Ltd. | Enerplus Corporation | RMP Energy Inc. |
| Bellatrix Exploration Ltd. | Kelt Exploration Ltd. | Seven Generations Energy Ltd. |
| BlackPearl Resources Inc. | MEG Energy Corp. | Storm Resources Ltd. |
| Bonavista Energy Corporation | NuVista Energy Ltd. | Tourmaline Oil Corp. |
| Cequence Energy Ltd. | Paramount Resources Ltd. | Trilogy Energy Corp. |
| Crew Energy Inc. | | |

The group of 19 companies provide a balanced perspective to inform the Compensation and Governance Committee on compensation levels and design. The table below outlines Athabasca's positioning relative to the peer group on various size metrics in order to show our alignment for the purposes of benchmarking and setting executive pay levels.

| Market | Total Enterprise Value ⁽¹⁾ | Market Capitalization ⁽¹⁾ | Total Revenues ⁽²⁾ | Total Assets ⁽²⁾ | Production (boe/d) ⁽³⁾ |
|----------------------------------|---------------------------------------|--------------------------------------|-------------------------------|-----------------------------|-----------------------------------|
| 75th Percentile | \$2,514 | \$961 | \$644 | \$3,641 | 66,187 |
| 50th Percentile | \$1,111 | \$571 | \$273 | \$1,517 | 24,283 |
| 25th Percentile | \$625 | \$356 | \$128 | 895 | 11,498 |
| Athabasca Oil Corporation | \$781 | \$622 | \$85 | \$3,462 | 11,630 |
| Percentile Rank | P28 | P55 | P17 | P72 | P26 |

Notes:

- (1) As of December 31, 2015
- (2) Last twelve months as of December 31, 2015
- (3) December 31, 2015 exit production

The Compensation and Governance Committee collects publicly available compensation data of the named executive officers for each of the compensation peers to compare base salaries, short and long-term incentive opportunities to our own executives with similar scope and responsibilities. Athabasca targets paying between the median and P75 compensation levels among the peer group for each component of our executives' pay, with the opportunity to achieve above these levels of compensation in the event of superior corporate and individual performance.

The Compensation and Governance Committee reviews the comparator group annually to ensure the on-going relevance of the constituents.

In addition, Athabasca also reviews the results of the Mercer Survey, which provides comparative data for most positions at Athabasca, including salary, bonus and perquisite benchmarking information.

Elements of Executive Compensation: Linking the Elements to the Compensation Objectives

In fulfilling its mandate, the Compensation and Governance Committee seeks to link Athabasca's executive compensation programs to its three compensation objectives described above.

Total compensation for Athabasca's executive officers (including its NEOs) is comprised of fixed and variable (or "at risk") compensation and includes:

| Element | Risk | Description | Objective |
|------------------------------|----------------------|---|---|
| Base salary | No risk | Fixed cash compensation for the services provided by the executive officer | Provide competitive level of fixed compensation |
| Annual short-term incentives | At risk | Cash bonus, 75% (100% for the CEO) of which is based on the Corporation's performance against defined corporate metrics with the balance based on the achievement of pre-determined individual performance objectives | Rewards for individual contribution to and achievement of corporate performance and individual objectives |
| Long-term incentives | Variable and at risk | Annual grants comprised of 45% of Performance Awards (having a 0-200% performance multiplier and cliff vesting after three years), 30% of Options (seven-year term and ratable vesting over three years) and 25% of RSUs (ratable vesting over three years) | Rewards performance results and creates incentive to enhance creation of sustainable long-term value aligning management with shareholder interests |
| Other | No risk | NEOs have the opportunity to participate in other programs and benefits that are generally available to all Athabasca employees, including an Employee Registered Retirement Savings Plan and an Employee Profit Sharing Plan (each described below) | Provides a comprehensive and attractive executive compensation program |

Base Salary

Base salaries provide employees and executive officers with a competitive level of fixed cash compensation that is targeted at between the median and P75 of the compensation comparator group. 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 and their industry experience.

As part of the Compensation and Governance Committee's annual review of salaries, and in light of the continued poor economic climate in 2016, no NEO received a salary increase in either 2015 or 2016, other than in connection with promotions.

Annual Short-Term Incentive Compensation

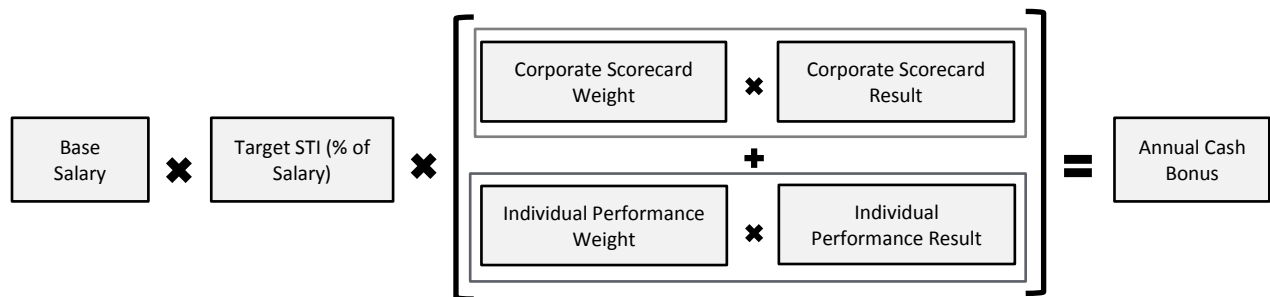
The Corporation's executive officers are eligible to receive annual cash bonus awards under its short-term incentive ("STI") compensation program, that are intended to reward for both corporate and individual performance, as described in more detail below. Athabasca's STI program has been designed to provide competitive annual bonuses based on both corporate and individual performance. Performance measures are determined in order to incentivize participants to meet or exceed individual and business-related objectives that are intended to be aligned with the execution of the Corporation's long-term strategy.

Target STI awards are set for each executive position as a percentage of base salary and in reference to the median to P75 of the comparator group for positions of similar responsibilities. In 2016, the target STI award for each NEO was 50% of their respective base annual salaries, with the exception of the President and CEO, whose target STI was 100%. Each NEO (other than the CEO) may achieve an annual cash bonus payout of between 0% and 150% of their target STI. The CEO may achieve an annual cash bonus payout of between 0% and 200% of his target STI.

For 2016, the annual cash bonuses paid were calculated on a mix of corporate and individual objectives, with weightings as follows:

| Executive | Corporate Scorecard | Individual Performance |
|------------|---------------------|------------------------|
| CEO | 100% | 0% |
| Other NEOs | 75% | 25% |

and were determined using the following formula:



Athabasca's 2016 Corporate Scorecard Performance

Each year, Athabasca develops a "corporate scorecard" containing metrics by which it evaluates and measures its performance in key aspects of the Corporation's business.

In 2016, Athabasca met or exceeded a majority of its 2016 corporate scorecard metrics; however, under-performance on several of the scorecard metrics negatively impacted the Corporation's overall result. Athabasca's 2016 corporate scorecard metrics, the weightings allocated to each of those metrics and Athabasca's performance against the metrics, are outlined in the table below.

| Performance Driver | Key Performance Indicator | Target | Achieved | Rating | Weight | Contribution |
|--|---|--|---|---------------------------------|--------|----------------------------|
| Health and Safety | TRIF | 1.0 | 0.27 | 150% | 15% | 23% |
| Average Production | Light Oil Thermal Oil Corporate | 4,894 boe/d <u>9,880 boe/d</u> 14,774 boe/d | 4,620 boe/d <u>8,214 boe/d</u> 12,833 boe/d | 44% 0% | 25% | 6% 0% |
| Costs | Light Oil OpEx Thermal Oil OpEx Cash G&A Expense | \$21.6 MM \$75.0 MM \$49.1 MM | \$20.5 MM \$77.7 MM \$46.0 MM | 125% 64% 150% | 10% | 4% 2% 5% |
| Capital Investment | Light Oil Hangingstone Corporate | \$111.0 MM \$ 11.2 MM \$ 0.2 MM | \$99.5 MM \$9.3 MM \$0.0 MM | 150% 150% | 15% | 11% 11% |
| Capital Efficiency & Reserves Growth – Light Oil | 2P Finding & Development Finding & Development Through the Drillbit H1 Production Efficiency 2016 FY Production Efficiency H2 Production Efficiency Reserves Replacement Ratio | \$32.70/boe \$19.87/boe 25,555 59,377 24,356 3.5x | \$25.72 /boe \$16.64/boe 24,582 61,470 29,535 5.9x | 150% 150% 77% 150% | 10% | 4% 4% 2% 4% |
| Corporate & Strategic Development | Business Development, Financing, Corporate Strategy, Share Price Performance, Shareholder Transition, HR & People | | Subjective assessment | 150% | 25% | 38% |
| Total | | | | | | 112% ⁽¹⁾ |

Notes:

(1) Numbers do not add exactly due to rounding.

In recognition of Athabasca surpassing its 2016 Corporate and Strategic Development performance drivers (most notably: (a) completing the \$486 million asset sale to Murphy and forming a strategic joint venture with Murphy to develop the Corporation's light oil assets; (b) raising \$307 million through the sale of contingent bitumen royalties on its thermal oil assets; (c) reducing its debt by approximately \$250 million; and (d) entering in a purchase agreement to acquire Statoil's Alberta thermal oil assets, which established Athabasca as an intermediate producer offering stable production and a larger cash flow base, the Board, on the recommendation of the Compensation and Governance Committee, increased the 2016 corporate scorecard performance multiplier to 125%.

Individual NEO Performance

Early in 2016, each executive officer developed key strategic personal deliverables that were in support of Athabasca's 2016 corporate objectives. In early 2017, the CEO met with each of the Corporation's executive officers as part of an annual review process to discuss and evaluate their 2016 performance and achievements.

The actual quantum of cash bonus awards that may be payable to an executive officer (including the NEOs) are reviewed by the Compensation and Governance Committee and, if deemed appropriate, are recommended to the Board for approval.

Long-Term Incentive Compensation

Athabasca believes that equity-based long-term incentive ("LTI") 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.

Athabasca's equity-based long-term incentive compensation includes Options, RSUs and Performance Awards, as generally described below and in more detail in Appendix C - "Description of Long-Term Equity Incentive Plans".

When considering a grant of equity-based awards to an executive officer, the Board takes into consideration the total number of equity-based awards that have been previously granted to that executive officer and industry peer and market practices. The Corporation targets granting executive officers (including NEOs) the following mix of equity as long-term incentive compensation:

| Key Features | Performance Awards | RSUs | Options |
|---------------------------|---|---|----------------|
| 2016 LTI Mix | 45% | 25% | 30% |
| Vesting Period | 3-Year Cliff | 3-Year Ratable | 3-Year Ratable |
| Term | 3 Years | 3 Years | 7 Years |
| Award Size | Target grant sizes set as a % of base salary. Final grant size subject to Board discretion. | | |
| 2016 Performance Measures | Relative Total Shareholder Return | None | None |
| Performance Framework | Payout 0% - 200% of Target | None | None |
| Settlement | Common Shares or Cash, as determined by the Board | Common Shares or Cash, as determined by the Board | Common Shares |

2016 Executive LTI Targets

LTI award targets are set for each executive officer based upon market competitive levels for roles of similar scope of responsibility. Actual awards in each year may vary from target based on the Board's assessment of individual performance and the prevailing market conditions for that year. In 2016, the LTI target for each NEO was 200% of their respective base annual salaries, with the exception of the President and CEO, whose LTI target was 300%.

Over the previous several years, LTI awards have been significantly below target to reflect economic conditions faced by all upstream oil and gas companies and to also limit the level of dilution to our shareholders given the significant decline in value for each unit of LTI. In 2016, NEOs received grants of LTI having values of only 43% of their respective LTI targets, and in 2015 50% of target.

For 2017, the Board intends to grant all LTI awards at target levels in recognition of 2016 being a transformative year in the execution of the Corporation's long-term strategy as well as to create additional retention value for key performers.

Option Plan

The NEOs are eligible to receive Options under the Option Plan. The Board intends for Option awards to continue to be an integral part of the overall compensation program as it 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.

RSU Plan

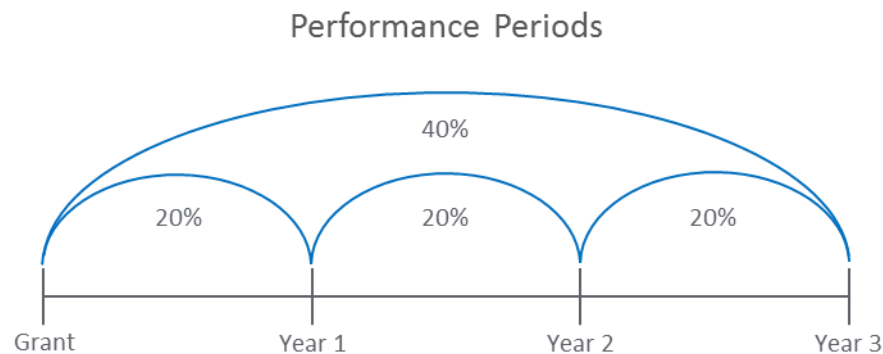
Athabasca has two RSU Plans which allow the Board to grant RSUs to employees: the 2010 RSU Plan and the 2015 RSU Plan. On March 11, 2015, the Board terminated the 2010 RSU Plan and approved the 2015 RSU Plan. All grants of RSUs made after March 11, 2015 are in the form of 2015 RSUs.

The 2015 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, results in the holder thereof being issued a Common Share. 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.

Performance Plan

The Performance Plan allows the Board to grant Performance Awards to eligible officers and other senior employees. The Performance Awards are intended to align the interests of executive officers and other eligible senior employees with those of Athabasca's shareholders and to focus such senior employees on operating and financial performance and long-term shareholder value.

The performance measure that the Compensation and Governance Committee has historically applied to the Performance Awards is TSR relative to its pay comparator group (see "*Athabasca's Approach to Compensation – Pay Comparator Group*" above). On a go-forward basis, the performance measures will also include operational and corporate strategic measures, which will be set at the beginning of each performance period. The value of vested Performance Awards will be based 50% on the TSR for a particular performance period, compared to its pay comparator group, and 50% based on its performance against the operational and corporate strategic measures for each performance period, with the weighting for each performance period as shown below.



Under the Performance Plan, depending on the Corporation's TSR in a particular performance period, a sliding scale payout multiplier of between 0% (below P25) and 200% (P75 and above) is applied.

The first grant of Performance Awards made in 2014 (the "**2014 Performance Awards**") will vest on April 1, 2017 and on the basis of the payout multiplier calculation methodology using TSR as the sole performance measure, the weighted multiplier of the four applicable performance periods would be 40%. Under the terms of the Performance Plan, the Board has the authority to, among other things, determine the applicable payout multiplier in respect of any performance period. The Board considered the payout multiplier for the 2014 Performance Awards in the context of the Corporation's transformation between 2014 and 2016 and its specific 2016 achievements (see "*Compensation Discussion & Analysis – Introduction*"), and determined that it would be appropriate to exercise its discretion to increase the multiplier to 100% (out of a potential 200% maximum multiplier). This increase does not materially increase the number of shares issuable upon vesting of the 2014 Performance Awards (an additional 154,000 Common Shares, having a value of \$220,220², allocated amongst 7 employees).

Other Compensation

Employee Savings Plan

The Corporation has a group employee registered retirement savings plan (the "**ESP**") to assist employees in meeting their retirement and savings goals. Under the ESP, employees (including the NEOs) may elect to contribute between 1% and 4% of their salary to the ESP and the Corporation makes a matching contribution. The amount of the matching contribution depends on the number of years of service that an NEO has provided to the Corporation, as is set forth below:

² Based on the Closing price of the Common Shares on the TSX on March 20, 2017 (\$1.43).

| Years of Service | Matching Contribution | Number of employees eligible (as of the date of this Circular) |
|--|------------------------------|---|
| Less than 3 | 100% up to 4% of base salary | 30 |
| 3 -8, and all full-time, field based employees | 150% up to 6% of base salary | 210 |
| over 8 | 200% up to 8% of base salary | 17 |

Pursuant to the ESP, 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 ESP. 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

The Corporation also instituted an employee profit sharing plan (the “**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 immediately upon contribution. Upon vesting, participating employees may make investment decisions regarding the units of the AOC Stock Fund that they own by dealing directly with the Administrator.

CEO Compensation

Since becoming President and CEO on April 21, 2015, Mr. Broen has led Athabasca in establishing itself as an intermediate oil and gas producer through the implementation of several key transactions and by delivering on key operational objectives. See “*Compensation Discussion & Analysis – Annual Short-Term Incentive Compensation*” above for specific details regarding Athabasca’s 2016 Corporate Scorecard and its performance against its scorecard metrics.

As part of Athabasca’s pay philosophy, a significant portion of Mr. Broen’s target pay mix is comprised of: (a) 20% base salary and other compensation; (b) 20% as short-term incentive compensation (annual bonus); and (c) 60% in the form of long-term equity incentive compensation. This pay mix results in approximately 80% of his compensation being comprised of “at risk” components.

Mr. Broen’s leadership of Athabasca and alignment with company performance is reflected in his annual bonus, which is based 100% on the Corporation’s performance against its corporate scorecard. In addition, the value of the LTI granted is directly tied to the Corporation’s share price as well as performance relative to peers through the relative TSR component of the Performance Awards. The table below shows the grant date fair value of awards made to Mr. Broen since becoming President and CEO compared to the actual value of those awards as at the end of 2016.

| Year | Grant Date Fair Value of Awards (\$) ⁽¹⁾ | Actual Value of Awards as at December 31, 2016 | Change in Award Value as a % of Grant Date Fair Value | Athabasca Share Price Return ⁽²⁾ |
|-------------------|---|--|---|---|
| 2014 | \$3,238,925 | \$674,425 | -79% | -76% |
| 2015 | \$1,641,746 | \$1,077,365 | -34% | -29% |
| 2016 | \$947,384 | \$1,431,508 | 51% | 11% |
| Total 2014 - 2016 | \$5,828,055 | \$3,183,298 | -45% | -73% |

Notes:

- (1) Value includes RSU, Performance Award and Option grants.
- (2) Equal to the percentage change in the 20 day volume weighted average price of Athabasca's Common Shares between the beginning of each period and December 31, 2016.

As shown in the table above, the current realizable value of Mr. Broen's 2014, 2015 and 2016 long-term incentive grants are approximately 52% of the grant date value due to the decline in Common Share price over the period, representing a 47% decline in value.

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 appropriate incentives to achieve both short-term and long-term corporate objectives, without motivating them to take inappropriate or excessive risks. 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 2016, 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;
- the compensation program for executive officers is substantially similar to the overall compensation program for the other employees of the Corporation; and
- the 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 reduces 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 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

The Board has implemented a mandatory equity ownership policy for directors and executive officers.

| Position | Share Ownership Guideline |
|------------|---------------------------|
| CEO | 5x Base Salary |
| Other NEOs | 1x – 3x Base Salary |
| Directors | 5x Cash Retainer |

The determination of whether a director or executive officer meets the applicable guideline value is made at the end of each calendar year using the greater of: (a) the average closing price of Common Shares on the TSX for the final 60 days of the year; and (b) the acquisition cost of the applicable form of equity. 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.

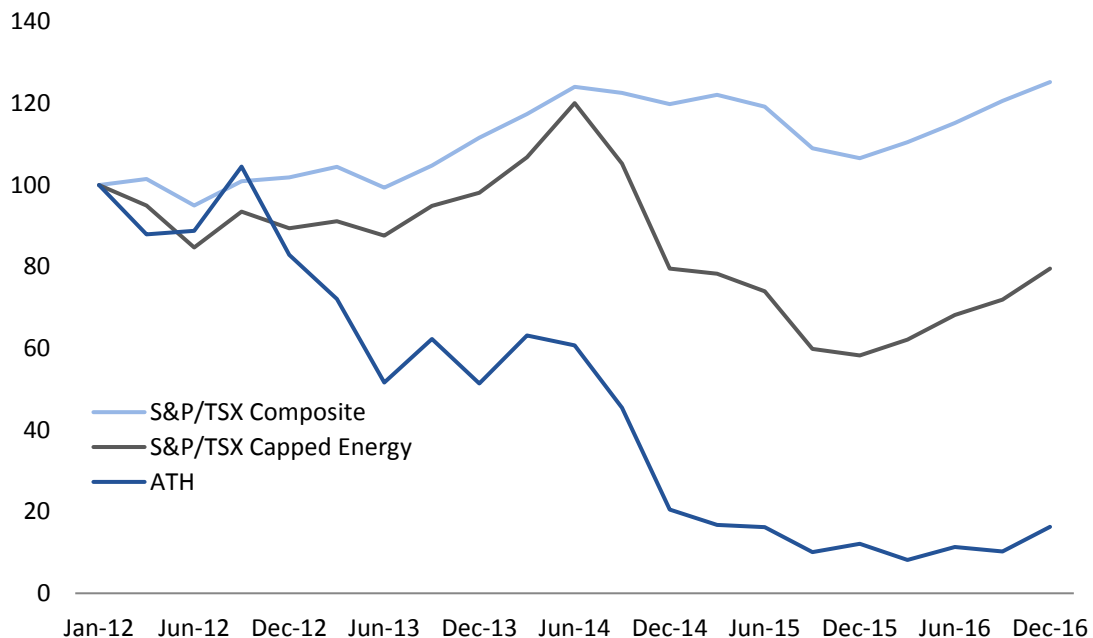
Clawback Policy

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.

Executive Compensation Alignment with Shareholder Value

Performance Graph

The graph below 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 in the above graph does not generally correlate with the compensation that was awarded to the NEOs over the same period as the value awarded is not necessarily reflective of the value ultimately realized by the NEO once long-term incentive awards vest and payout based on actual performance.

Realizable Value versus Realized Value

It is important to note that the value of the share-based awards and option-based awards reflected in the “*Summary Compensation Table – NEOs*” below are the notional grant date fair values of such equity-based incentive awards as of the date they are awarded. These values are reported pursuant to the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* and do not necessarily reflect the eventual payout received by the NEOs for the share-based awards and option-based awards.

An NEO’s actual, realized payout is subject to the NEO first meeting certain vesting requirements as set out in the applicable equity incentive plan (see “*Description of Long-Term Equity Incentive Plans*” in Appendix “C” to this Circular for a description of such vesting requirements) and depends on the price of the underlying Common Shares.

Options have a realized value only if the price of the Common Shares increases above the exercise price after the Option’s applicable vesting date. Performance Awards have value only if Athabasca’s TSR is at least above the 25th percentile of its peer group and if Athabasca meets certain operational and corporate strategic performance thresholds under its Performance Plan. The value of an RSU decreases or increases with the value of a Common Share. As a result, there is a strong correlation between the price performance of the Common Shares and the NEOs’ “realized” compensation at the time the equity incentive award is settled.

Compensation of Named Executive Officers

Summary Compensation Table – NEOs

The following table sets out information concerning the compensation paid by the Corporation to the NEOs during the three most recently completed calendar years.

| Name and principal position | Year | Salary (\$) | Share-based awards (\$) ⁽¹⁾ | Option-based awards ⁽²⁾⁽³⁾ (\$) | Non-equity incentive plan compensation (\$) | | Pension Value (\$) | All other compensation (\$) ⁽⁶⁾ | Total compensation (\$) |
|--|------|-------------|--|--|---|--|--------------------|--|-------------------------|
| | | | | | Annual incentive plans ⁽⁴⁾ | Long-term incentive plans ⁽⁵⁾ | | | |
| Robert Broen, President and Chief Executive Officer | 2016 | 500,000 | 553,080 | 394,304 | 750,000 | - | N/A | 69,784 | 2,267,168 |
| | 2015 | 490,617 | 690,718 | 951,028 ⁽⁷⁾ | 824,400 | - | N/A | 63,347 | 3,020,110 |
| | 2014 | 473,090 | 994,681 | 2,244,244 ⁽⁸⁾ | 413,400 | - | N/A | 302,577 ⁽⁹⁾ | 4,427,992 |
| Kimberly Anderson, Chief Financial Officer | 2016 | 306,181 | 232,320 | 165,676 | 201,000 | - | N/A | 30,179 | 935,356 |
| | 2015 | 315,000 | 272,950 | 179,760 | 224,200 | - | N/A | 31,984 | 1,023,894 |
| | 2014 | 273,403 | 114,348 | 2,634,737 ⁽¹⁰⁾ | 158,500 | - | N/A | 21,271 | 3,202,259 |
| Kevin Smith, Vice President, Light Oil | 2016 | 350,000 | 258,170 | 183,976 | 218,800 | - | N/A | 34,298 | 1,045,244 |
| | 2015 | 350,000 | 265,328 | 174,720 | 236,656 | - | N/A | 31,500 | 1,058,204 |
| | 2014 | 361,329 | 169,323 | 2,920,101 ⁽¹¹⁾ | 189,400 | - | N/A | 30,237 | 3,480,990 |
| Anne Schenkenberger, Vice President, General Counsel & Corp. Secretary | 2016 | 315,000 | 232,320 | 165,676 | 201,800 | - | N/A | 42,352 | 957,148 |
| | 2015 | 315,000 | 256,058 | 168,588 | 221,700 | - | N/A | 34,650 | 995,996 |
| | 2014 | 310,350 | 393,621 | 462,435 | 174,800 | - | N/A | 34,139 | 1,375,345 |
| Rod Sousa, Vice President, Corporate Development ⁽¹²⁾ | 2016 | 315,000 | 417,340 ⁽¹³⁾ | 165,676 | 196,900 | - | N/A | 35,081 | 1,129,997 |
| | 2015 | 39,375 | 61,800 | 124,000 | 26,500 | - | N/A | 2,963 | 254,638 |
| | 2014 | - | - | - | - | - | N/A | - | - |

Notes

- (1) The value of share-based awards (2015 RSUs and Performance Awards) is based on the 20-day volume weighted average price (“**VWAP**”), which was calculated on June 15, 2014 for 2014 awards (\$7.33); on March 15, 2015 for 2015 awards (\$2.06) and on March 10, 2016 for 2016 awards (\$1.10).

- (2) The value of option-based awards (2010 RSUs and Options) 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 | 2016 | 2015 | 2014 |
|------------------------------------|--------|--------|--------|
| Risk free interest rate | 0.53% | 0.9% | 1.4% |
| Estimated forfeiture rate | 7.3% | 7.1% | 7.1% |
| Expected life (years) | 3.4 | 4.3 | 4.3 |
| Dividend rate | 0% | 0% | 0% |
| Volatility | 55.7% | 49% | 42.1% |
| Grant date fair value (per Option) | \$0.61 | \$0.82 | \$2.21 |
| Grant date fair value (per RSU) | \$1.43 | \$2.21 | \$7.09 |

- (3) Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan has an exercise plan of \$0.10 per Common Share upon the issuance of Common Shares pursuant to 2010 RSUs.
- (4) Reflects bonuses earned by the NEOs in respect of the applicable year's performance. See *"Compensation Discussion and Analysis – Annual Short-Term Incentive Compensation"*.
- (5) The Corporation did not have any cash-based long-term incentive plans as at December 31, 2016.
- (6) Unless otherwise noted, *"All Other Compensation"* includes employer matching contributions that were made by the Corporation on the NEO's behalf pursuant to the ESP and the EPSP, premiums paid for executive Life/AD&D/LTD insurance coverage and dues, and car allowances. In no case did such compensation exceed in the aggregate more than \$50,000 or ten percent (10%) of the NEOs total salary for the financial year.
- (7) This value represents grants to Mr. Broen of: (a) 200,000 options upon his 2015 promotion to President and Chief Executive Officer; and (b) 541,700 options as his annual 2015 grant.
- (8) This value represents grants to Mr. Broen of: (a) 160,000 options and 120,000 2010 RSUs granted upon his 2014 promotion to the position of President and Chief Operating Officer; and (b) 203,600 options and 83,200 2010 RSUs granted as his annual 2014 grant.
- (9) Includes \$260,000 that was paid to Mr. Broen as a cash alternative for stock based compensation he was unable to receive due to blackout provisions.
- (10) Represents Ms. Anderson's 2014 new hire grant of Options and RSUs. The Company has eliminated the practice of making large initial grants to new employees.
- (11) Represents Mr. Smith's 2014 new hire grant of Options and RSUs. The Company has eliminated the practice of making large initial grants to new employees.
- (12) Mr. Sousa was hired as Vice President, Corporate Development on November 16, 2015.
- (13) This value represents grants to Mr. Sousa of: (a) 168,200 Performance Awards as part of his new hire grant; and (b) 135,800 Performance Awards and 75,400 2015 RSUs granted as his annual 2015 grant.

Long-Term Equity Incentive Plans

Detailed descriptions of Athabasca's long-term equity incentive plans are contained in Appendix "C" to this Circular. These plans consist of the Option Plan, the Performance Plan, the 2010 RSU Plan and the 2015 RSU Plan. The maximum number of Common Shares issuable on the exercise or conversion of outstanding securities granted under any of such plans, 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. In addition, the number of Common Shares reserved for issuance to any one participant under all security based compensation arrangements of Athabasca may not exceed 5.0% 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, as well as the number of Common Shares issued to insiders (as defined by the TSX for this purpose) within any one-year period under all security based compensation arrangements of Athabasca, may not exceed 10.0% of the issued and outstanding Common Shares.

As at December 31, 2016, the total number of Common Shares issuable to insiders under all of its security based compensation arrangements was approximately 3% of its total issued and outstanding Common Shares.

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, 2016.

| 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 | 646,400 | 1.43 | April 1, 2023 | 400,768 | 948,000 | 796,712 | - |
| | 541,700 | 2.07 | April 1, 2022 | - | | | |
| | 363,600 | 7.27 | Sept 10, 2021 | - | | | |
| | 200,000 | 0.10 | Jan 14, 2020 | 390,000 | | | |
| | 203,200 | 0.10 | Sept 10, 2019 | 396,240 | | | |
| | 80,500 | 0.10 | Oct 31 2018 | 156,975 | | | |
| | 80,500 | 6.49 | Oct 31 2018 | - | | | |
| | 31,875 | 0.10 | Dec 1, 2017 | 62,156 | | | |
| | 255,000 | 10.99 | Dec 1, 2017 | - | | | |
| Kimberly Anderson | 271,600 | 1.43 | April 1, 2023 | 168,392 | 349,100 | 292,740 | - |
| | 214,000 | 2.07 | April 1, 2022 | - | | | |
| | 23,500 | 7.27 | Sept 10, 2021 | - | | | |
| | 275,000 | 7.84 | Feb 18, 2019 | - | | | |
| | 275,000 | 0.10 | Feb 18, 2019 | 536,250 | | | |
| | 7,800 | 0.10 | Sept 10, 2019 | 15,210 | | | |
| Kevin Smith | 301,600 | 1.43 | April 1, 2023 | 186,992 | 376,700 | 312,584 | - |
| | 208,000 | 2.07 | April 1, 2022 | - | | | |
| | 34,600 | 7.27 | Sept 10, 2021 | - | | | |
| | 11,500 | 0.10 | Sept 10, 2019 | 22,425 | | | |
| | 297,000 | 6.49 | Jan 6, 2019 | - | | | |
| | 297,000 | 0.10 | Jan 6, 2019 | 579,150 | | | |
| Anne Schenkenberger | 271,600 | 1.43 | April 1, 2023 | 168,392 | 379,633 | 316,219 | - |
| | 200,700 | 2.07 | April 1, 2022 | - | | | |
| | 80,600 | 7.27 | Sept 10, 2021 | - | | | |
| | 40,100 | 0.10 | Sept 10, 2019 | 78,195 | | | |
| | 199,340 | 0.10 | Oct 31, 2018 | 388,713 | | | |
| | 199,340 | 6.49 | Oct 31, 2018 | - | | | |
| Rod Sousa | 271,600 | 1.43 | April 1, 2023 | 168,392 | 399,400 | 195,570 | - |
| | 200,000 | 1.48 | November 16, 2022 | 114,000 | | | |

Notes:

- (1) See "Long-Term Equity Incentive Plans". 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 \$2.05, being the closing price of the Common Shares on the TSX on December 30, 2016, 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".
- (4) For share-based awards, Performance Awards are described above under the heading "Long-Term Equity Incentive Plans". Performance Awards provide a single payout upon vesting, and the award of these is based on the Company's TSR results over the performance period. The minimum Award Value may be \$0. The value of unvested Performance Awards is based on the current weighted average TSR result multiplied by the number of units and \$2.05, being the closing price on the TSX on December 30, 2016. RSUs vest one-third annually on April 1, and the unit value is based on the Company's share price at the time of vesting. The value of unvested RSUs is based on the number of units multiplied by \$2.05, being the closing price on the TSX on December 30, 2016.

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, 2016 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2016

| 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⁾ (\$) |
|---------------------|---|--|--|
| Robert Broen | 105,542 | 35,862 | 750,000 |
| Kimberly Anderson | 34,719 | 14,178 | 201,000 |
| Kevin Smith | 52,718 | 13,761 | 218,800 |
| Anne Schenkenberger | 29,146 | 13,298 | 201,800 |
| Rod Sousa | 0 | 13,900 | 196,900 |

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" for a description of the Option Plan and 2010 RSU Plan.
- (2) The value vested during the year for share-based awards (RSU and Performance Awards) has been calculated by multiplying the number of share-based awards vested by the volume weighted average share price per Common Share on the TSX for the five trading days immediately preceding the date of vesting. See "Long-Term Equity Incentive Plans" for a description of the Performance Awards and RSUs.
- (3) Reflects 2016 annual bonuses earned by the NEOs in the year ended December 31, 2016. 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.

Pursuant to the current executive employment agreements that are in effect as of the date of this Circular, Athabasca may immediately terminate the employment of an NEO:

- (a) at any time (other than for just cause) and with payment to the NEO of a retiring allowance ("**Retiring Allowance #1**") equal to the sum of: (i) two times the then current annual salary of the NEO ("**Salary Allowance #1**"); (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 #1 to compensate the NEO for the loss of benefits; or
- (b) at any time (other than for just cause) and with payment to the NEO of a retiring allowance ("**Retiring Allowance #2**") equal to the sum of: (i) 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 20% of Salary Allowance #2 to compensate the NEO for the loss of benefits.

The calculation for Retiring Allowance #1 is applicable to Mmes. Anderson and Schenkenberger and Messrs. Smith and Sousa; and the Retiring Allowance #2 is applicable to Mr. Broen.

With respect to the agreements for each of the NEOs, 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. Broen's executive employment agreement) (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, 2016 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. Broen— \$2,437,800; Ms. Anderson – \$1,107,200; Mr. Smith – \$1,231,056; Ms. Schenkenberger – \$1,121,000 and Mr. Sousa – \$751,000.

Options, 2010 RSUs, 2015 RSUs and Performance Awards

In the event of a Change of Control of the Corporation (as defined in the Option Plan, 2010 RSU Plan, 2015 RSU Plan and Performance Plan):

- (a) Options granted to NEOs pursuant to Revised Option Agreements (as defined in Appendix C to this Circular):
 - (i) will terminate upon such change of control if the NEO does not receive an Optionee Termination Notice (i.e. the NEO has continuing employment with the Corporation following the Change of Control) and in such event, the NEO will have the right to receive future Option Cash Bonus (as defined in Appendix C to this Circular) payments in accordance with the terms of the applicable Option Cash Bonus Agreements (as defined in Appendix C to this Circular); or
 - (ii) 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 if such NEO receives receive an Optionee Termination Notice (i.e. the NEO has received notice that the NEO's employment with the Corporation will terminate within 30 days of the date of such Change of Control);
- (b) 2010 RSUs granted pursuant to Revised 2010 RSU Agreements (as defined in Appendix C to this Circular) to NEOs:

- (i) will terminate upon such change of control if the NEO does not receive a Participant Termination Notice (i.e. the NEO has continuing employment with the Corporation following the Change of Control) and in such event, the NEO will have the right to receive future 2010 RSU Cash Bonus (as defined in Appendix C to this Circular) payments in accordance with the terms of the applicable 2010 RSU Cash Bonus Agreements (as defined in Appendix C to this Circular); or
 - (ii) 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 if such NEO receives receive a Participant Termination Notice (i.e. the NEO has received notice that the NEO's employment with the Corporation will terminate within 30 days of the date of such Change of Control);
- (c) 2015 RSUs granted pursuant to Revised RSU Agreements to NEOs:
- (i) will continue to vest in accordance with the 2015 RSU grant terms if the NEO does not receive a Participant Termination Notice (i.e. the NEO has continuing employment with the Corporation following the Change of Control); provided that the Award Value of the 2015 RSUs that continue to vest shall be fixed as of the date of the Change of Control and the Award Value shall be payable only in cash; or
 - (ii) will vest on the date which is immediately prior to 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 if such NEO is notified in writing prior to the time such Change of Control takes place that the NEO's employment with the Corporation will terminate within 30 days of the date of the Change of Control and the Award Value of the vested 2015 RSUs will be determined as of the date;
- (d) NEOs that were granted Performance Awards who receive a Participant Termination Notice (as defined in Appendix C to this Circular) in connection with a Change of Control will have the right to receive the Change of Control Award Value (as defined in Appendix C to this Circular) on the Change of Control Vesting Date (as defined in Appendix C to this Circular); and
- (e) NEOs that were granted Performance Awards who do not receive a Participant Termination Notice will be contingently entitled to the Contingent Change of Control Award Value (as defined in Appendix C to this Circular).

For additional information, see Appendix C "Description of Long-Term Equity Incentive Plans – Option Plan – "2010 RSU Plan" – "2015 RSU Plan" – "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, 2015 RSUs and Performance Awards if a Change of Control were to have occurred on December 31, 2016 and if the NEO had received notice that the NEO's employment with the Corporation would terminate within 30 days of the date of such Change of Control.

| 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 and 2015 RSU (w/ Service Provider Termination Notice) Change of Control Award Value (\$) | Performance Award Contingent and 2015 RSU (w/o Service Provider Termination Notice) Change of Control Award Value (\$) |
|--------------|---|--|--|---|--|--|--|--|
| Robert Broen | - | 400,768 | 585,738 | - | 1,005,371 | 1,005,371 | 1,187,926 | 1,187,926 |

| 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 and 2015 RSU (w/ Service Provider Termination Notice) Change of Control Award Value (\$) | Performance Award Contingent and 2015 RSU (w/o Service Provider Termination Notice) Change of Control Award Value (\$) |
|---------------------|---|--|--|---|--|--|--|--|
| Kim Anderson | - | 168,392 | 246,111 | - | 551,460 | 551,460 | 426,584 | 426,584 |
| Kevin Smith | - | 186,992 | 273,296 | - | 601,575 | 601,575 | 447,073 | 447,073 |
| Anne Schenkenberger | - | 168,392 | 246,111 | - | 466,908 | 466,908 | 463,089 | 463,089 |
| Rod Sousa | - | 282,392 | 412,727 | - | - | - | 195,570 | 195,570 |

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 \$2.05 (the closing price of the Common Shares on the TSX on December 30, 2016).
- (2) Based on a Common Share price of \$2.05 (the closing price of the Common Shares on the TSX on December 30, 2016).
- (3) Assumes a Change of Control price of \$2.05 (the closing price of the Common Shares on the TSX on December 30, 2016). The NEO cash bonus is payable on the scheduled vesting dates pursuant to the Option Agreement.
- (4) The Corporation did not issue any 2010 RSUs prior to the Revised RSU Agreement.
- (5) Calculated by subtracting the exercise price of \$0.10 from \$2.05 (the closing price of the Common Shares on the TSX on December 30, 2016) and multiplying the difference by the number of 2010 RSUs granted.
- (6) Assuming a Change of Control occurred on December 31, 2016, each NEOs RSU Cash Bonus would have been payable no later than December 31, 2019.

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, 2016.

| 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 | 21,296,675 | \$2.01 | 19,352,335 ⁽¹⁾ |
| Equity compensation plans not approved by securityholders | - | - | - |
| Total | 21,296,675 | \$2.01 | 19,352,335 |

Note:

- (1) Pursuant to the Option Plan, 2010 RSU Plan, the 2015 RSU Plan and Performance Plan, the maximum number of Common Shares issuable on exercise/vesting of Options, 2010 RSUs, Performance Awards and 2015 RSUs, 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, the 2015 RSU Plan and Performance Plan.

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, any associate of any such director or officer, or any employee or former employee 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; (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 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 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. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
51. Consider and, in the Board's discretion, approve any matters proposed by management.

Annual Operating and Capital Plan

52. At least annually, approve an Annual Operating and Capital Plan for the Company including business plans, operational requirements, financing plans, organizational structure, staffing and budgets, which support the Strategic Plan.
53. Monitor the Company's performance in light of the approved Annual Operating and Capital Plan.
54. Review the Company's financial strategy considering current and future business needs, capital markets and the Company's credit rating (if any).
55. Review the Company's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures.

Risk Management

56. 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.
57. Ensure policies and procedures designed to maintain the integrity of the Company's disclosure controls and procedures are in place.
58. 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.
59. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
60. Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.
61. Periodically review and consider changes to the Company's dividend policy.
62. Review proposed dividends to be declared.

Transactions

63. 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. When applicable, review the related securities filings.
64. 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. When applicable, review the related securities filings.
65. Receive reports from management 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.
66. Review any proposed repurchases of shares, public and private debt or other securities.

Orientation / Education

67. 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.
68. 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

- 69. 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.
- 70. Participate in an annual evaluation of Board performance by the CG Committee.
- 71. 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

- 72. 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.
- 73. Meet in separate non-management and independent director only "in camera" sessions at each regularly scheduled meeting.
- 74. 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

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

Other

- 77. 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.
- 78. 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

- 79. 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:May 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; (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. 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 and reviewing, considering and making a recommendation to the Board regarding a proposed discharge of the external auditor when circumstances warrant. 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 and make recommendations 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 Management

24. Regularly review current and expected future compliance with covenants under all financing agreements.
25. 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.
26. Review the Company's compliance with required tax remittances and other deductions required by applicable law.

Financial Risk Management

27. Receive reports from management with respect to risk assessment, risk management and major financial risk exposures.
28. Discuss with management major financial risk exposures, including those 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
29. Discuss with management 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.
30. Annually review the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers.
31. Review any other significant financial exposures of the Company to the risk of a material financial loss including tax audits or other activities.

32. Report to the Board on the financial risks of the Company and make recommendations to the Board for consideration.
33. 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.
34. Once or more annually, as the Committee decides, review and assess the Company's Code of Business Conduct and, in the Committee's discretion, recommend any changes to the Board for consideration.

Committee Reporting

35. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.
36. 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.
37. 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.
38. Prepare any reports required to be prepared by the Committee under applicable law.

Committee Meetings

39. 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.
40. Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.
41. Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.
42. Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.
43. A quorum for meetings of the Committee will be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board.

Committee Governance

44. 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

45. Have the sole authority to retain, oversee, compensate and terminate independent advisors to assist the Committee in its activities.

46. 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

47. With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.
48. Carry out any other appropriate duties and responsibilities assigned by the Board.
49. 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

May 11, 2015

APPENDIX C
ATHABASCA OIL CORPORATION
DESCRIPTION OF LONG-TERM EQUITY INCENTIVE PLANS

The following are descriptions of each of Athabasca's long-term equity incentive plans, which consist of the Performance Plan, the 2010 RSU Plan, the 2015 RSU Plan, the Option Plan and the DSU Plan.

GENERAL LIMITATIONS APPLICABLE TO ALL LTI PLANS

Grants made under each of Athabasca's long-term equity incentive plans (collectively, "**Security Based Compensation Arrangements**") are subject to the following limitations:

- (a) the maximum number of Common Shares issuable in aggregate pursuant to outstanding rights granted under all Security Based Compensation Arrangements at any time shall be limited to 10.0% of the aggregate number of issued and outstanding Common Shares;
- (b) the number of Common Shares reserved for issuance to any one participant under all Security Based Compensation Arrangements will not exceed 5.0% of the issued and outstanding Common Shares;
- (c) the number of Common Shares issuable to insiders, at any time, under all Security Based Compensation Arrangements, shall not exceed 10.0% of the issued and outstanding Common Shares; and
- (d) the number of Common 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 Common Shares.

PERFORMANCE PLAN

The full text of the Performance Plan is attached as Appendix D.

Purpose of the Performance Plan

The principal purposes of the Performance Plan are to: (i) attract, retain and motivate the officers, employees and other eligible service providers of the Athabasca Group 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 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. The Performance Plan is administered by the Board or a committee of the Board appointed by the Board to administer the Performance Plan.

Limitations under the Performance Award Plan

As noted under "*General Limitations Applicable to All LTI Plans*" above, in addition to the other limitations described, 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. In addition to the other limitations described under "*General Limitations Applicable to all LTI Plans*" above, directors of the Corporation, who are not officers or employees of an entity comprising the Athabasca Group are not eligible to receive grants of Performance Awards.

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 will result in the Common Shares that were reserved for issuance under the Performance Plan being available for a subsequent grant of Performance Awards.

As at March 20, 2017, there were 2,426,500 Common Shares reserved for issuance upon vesting of Performance Awards outstanding under the Performance Plan, representing approximately 0.5% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2016, a total of 0 Common Shares were issued in relation to outstanding units under this plan upon settlement of Performance Awards, representing 0% of the number of issued and outstanding Common Shares as at December 31, 2016.

Grant of Performance Awards and Assignability

Pursuant to the Performance Plan, the Board may grant Performance Awards on such terms and conditions as it may determine, including, but not limited to, the applicable performance measures to be taken into consideration and their weighting in granting Performance Awards ("**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. Performance Awards are not assignable.

Performance Measures

The sole Performance Measure applicable to Performance Awards, granted during the years ended December 31, 2014, 2015 and 2016, 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, multiplied by the Fair Market Value of the Common Shares, and shall be determined by the Board as of the applicable vesting date ("**Vesting Date**"). The weighting of the Corporation's TSR relative to its Peer Companies may not be less than 0% and not more than 200%.

Performance Awards that have been granted to Service Providers (including NEOs) by the Corporation under performance award agreements (the "**Performance Award Agreements**"), include the following provisions regarding vesting (the "**Vesting Provisions**"):

The Vesting Date is April 1 of the third year following the year in which the Performance Award was granted, 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 to December 31 of the year in which the Performance Awards are granted (the "**Grant Year**"), 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 to December 31 of the first year following the year in which the Performance Awards are granted, 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 to December 31 of the second year following the year in which the Performance Awards are granted (the "**Final Year**"), 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 of the Grant Year to December 31 of the Final Year.

"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, 2016 are:

| | | |
|------------------------------|--------------------------|-------------------------------|
| Advantage Oil & Gas Ltd. | Delphi Energy Corp. | Pengrowth Energy Corporation |
| Baytex Energy Ltd. | Enerplus Corporation | RMP Energy Inc. |
| Bellatrix Exploration Ltd. | Kelt Exploration Ltd. | Seven Generations Energy Ltd. |
| BlackPearl Resources Inc. | MEG Energy Corp. | Storm Resources Ltd. |
| Bonavista Energy Corporation | NuVista Energy Ltd. | Tourmaline Oil Corp. |
| Cequence Energy Ltd. | Paramount Resources Ltd. | Trilogy Energy Corp. |
| Crew Energy Inc. | | |

Expiry Date

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"**) is December 15th of the third year following the year in which the Performance Award was granted. Notwithstanding the forgoing, no Performance Award will vest beyond the Expiry Date.

Settlement of Performance Awards

Performance Awards may be settled by one or a combination of the following: (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, or receive Common Shares for any portion of the Award Value.

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 the blackout-out. If any such extension would cause the Vesting Date to extend beyond the Expiry Date while a black-out is still in effect, then the Corporation must pay the holder the entire Award Value in cash (and not Common Shares) and the Corporation will not have any right to pay the Award Value in whole or in part in Common Shares.

Dividends

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.

Change of Control

Pursuant to the Performance Plan, if there is a Change of Control (as defined above under *"Option Plan – Change of Control"*) 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.

Notwithstanding the foregoing, 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, 2016, 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 is 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 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, 2016, 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, 2016, and on or before December 31, 2017, 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, 2017, and on or before December 31, 2018, 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);
 - (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 is 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, 2019, the Contingent Change of Control Award Value, less any required withholdings, shall be paid to the Grantee within five business days of April 1, 2019;
 - (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, 2019 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, 2019 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 the 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 a Service Provider for any reason before all of such holder's Performance Awards have vested, then all such unvested Performance Awards are 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.

Anti-Dilution

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 substantial dilution or enlargement of amounts to be paid to participants under the Performance Plan.

Amendments

The Board has the right to amend or discontinue the Performance Plan or amend any Performance Award without shareholder approval or 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; however, 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; or (vii) to remove or amend the amendment provisions of the Performance Plan.

RESTRICTED SHARE UNITS

2015 RSU Plan

On March 11, 2015, upon the recommendation of the Compensation and Governance Committee, the Board approved the 2015 RSU Plan and determined that the Corporation would not make any further grants of 2010 RSUs under the 2010 RSU Plan (as described below). All grants of RSUs subsequent to March 11, 2015 are new RSUs ("**2015 RSUs**"), issued pursuant to the 2015 RSU Plan. Each 2015 RSU is a unit that is equivalent in value to a Common Share and that upon vesting will be automatically settled by the Corporation in accordance with the 2015 RSU Plan.

Purpose and Administration of the 2015 RSU Plan

The purposes of the 2015 RSU Plan are to: (i) attract, retain and motivate the officers, employees and other eligible Service Providers of the Athabasca Group towards the growth and development of the Athabasca Group 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 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.

The 2015 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, all or any of the powers conferred on the Board under the 2015 RSU Plan.

Limitations on Issuances

As noted under "*General Limitations Applicable to All LTI Plans*" above, in addition to the other limitations described, the maximum number of Common Shares issuable on the exercise of outstanding 2015 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

Any increase in the issued and outstanding Common Shares (including increases resulting from the settlement of 2015 RSUs) will result in an increase in the number of Common Shares that may be issued in the settlement of 2015 RSUs outstanding at any time and any increase in the number of 2015 RSUs granted will, upon settlement, make new grants available under the 2015 RSU Plan. For the purposes of calculating the 10% limitation referred to above only, it shall be assumed that all issued and outstanding 2015 RSUs will be settled by the issuance of Common Shares from treasury, notwithstanding Athabasca's right to settle the 2015 RSUs in cash or by purchasing Common Shares on the open market. 2015 RSUs that are cancelled, surrendered, terminated or expire prior to the settlement of all or a portion thereof and 2015 RSUs that are settled for cash will result in the Common Shares that were reserved for issuance under the 2015 RSU Plan being available for a subsequent grant of 2015 RSUs pursuant to the 2015 RSU Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired 2015 RSUs.

2015 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.

As at March 20, 2017, there were 6,294,698 Common Shares reserved for issuance upon vesting of 2015 RSUs outstanding under the 2015 RSU Plan, representing approximately 1.2% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2016, a total of 739,648 Common Shares were issued upon settlement of 2015 RSUs, representing 0.2% of the number of issued and outstanding Common Shares as at December 31, 2016.

Vesting, Assignability and Expiry

The Board may determine the vesting of the 2015 RSUs at the time of grant, and in the absence of any determination by the Board (or the committee) to the contrary, 2015 RSUs will vest and be payable as to one-third of the total number of 2015 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 2015 RSU, or portion thereof, may vest after the RSU Expiry Date (as defined below). Notwithstanding the foregoing, the Board may, at any time or in the 2015 RSU agreement in respect of any 2015 RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of 2015 RSUs previously granted.

2015 RSUs are not transferable or assignable.

The Board will determine the expiry dates for grants of 2015 RSUs, provided that unless otherwise determined on the date of grant by the Board, the expiry date ("**RSU Expiry Date**") is December 15th of the third year following the year in which the 2015 RSUs were granted. Notwithstanding the foregoing, no 2015 RSU will vest beyond the Expiry Date.

Settlement of 2015 RSUs

2015 RSUs may be settled by any one or combination of the following 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 2015 RSUs has no right to demand or receive Common Shares as settlement for the 2015 RSUs or any portion thereof, in Common Shares.

Blackout Periods

If an the vesting date of a 2015 RSU occurs during 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. 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 must settle the applicable 2015 RSUs in cash and the Corporation will not have any right to settle the 2015 RSUs in whole or in part in Common Shares.

Dividends

The 2015 RSU Plan provides for an adjustment to the number of Common Shares to be issued pursuant to 2015 RSUs for any dividends that are paid on the Common Shares during the term of the 2015 RSUs. Upon vesting of any 2015 RSUs, the Common Shares issuable pursuant to such 2015 RSUs will reflect any adjustments for dividends.

Change of Control

If there is a Change of Control then, subject to any provision to the contrary contained in a 2015 RSU agreement, all Common Shares awarded pursuant to any 2015 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.

Notwithstanding the foregoing, in order to assist the Corporation with the retention of employees if there is a Change of Control, the form of RSU agreement entered into by the Corporation and its Service Providers, including those entered during the year ended December 31, 2016 (the “**New RSU Agreements**”), contain the following provisions:

- (a) If a participant is provided notice in writing (a “**Participant Termination Notice**”) that the participant’s employment or service to the Corporation will be terminated within thirty days of the date of a Change of Control, then then the 2015 RSUs granted pursuant to an applicable New 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 Change of Control.
- (b) However, if a participant is not provided with a Participant Termination Notice and the participant will continue to be employed by the Corporation or its successor following the Change of Control, then the vesting of the 2015 RSUs granted pursuant to an applicable New RSU Agreement will not be accelerated as a result of a Change of Control, but shall continue to vest in accordance with the terms of the applicable New RSU Agreement, provided that: (i) the award value of the 2015 RSUs shall be determined and fixed as of the date of the Change of Control; and (ii) shall be payable upon vesting in cash only.

Additional 2015 RSU Plan Terms

The 2015 RSU Plan provides that unless otherwise determined by the Board or unless otherwise provided in a 2015 RSU agreement pertaining to a particular grant or any other written agreement, including an employment agreement, if a holder of 2015 RSUs ceases to be Service Provider for any reason other than death, before all of such holder’s 2015 RSUs have vested, then all such unvested 2015 RSUs shall be forfeited and any amount corresponding to any vested 2015 RSUs remaining unpaid will be paid to the former participant in accordance with the 2015 RSU Plan.

Notwithstanding the preceding paragraph or anything else contained in the 2015 RSU Plan to the contrary, unless otherwise determined by the Board, or unless the Corporation and a participant agree otherwise in a 2015 RSU agreement or other written agreement (including an employment 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 the Athabasca Group due to the death of the participant, any unvested 2015 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 2015 RSUs.

Anti-Dilution

The 2015 RSU Plan contains anti-dilution provisions which allow the Board to make such adjustments to the 2015 RSU Plan, to any 2015 RSUs and to any 2015 RSU agreements outstanding under the 2015 RSU Plan as the Board

may consider appropriate in the circumstances to prevent substantial dilution or enlargement of amounts to be paid to participants under the 2015 RSU Plan.

Amendments

The Board has the right to amend or discontinue the 2015 RSU Plan or amend any 2015 RSUs granted under the 2015 RSU Plan without shareholder approval or the consent of a holder of 2015 RSUs, provided that such amendment does not adversely alter or impair any 2015 RSUs previously granted under the 2015 RSU Plan or any related 2015 RSU agreement, except as otherwise permitted under the 2015 RSU Plan; however, while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the 2015 RSU Plan or any 2015 RSUs granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the 2015 RSU Plan; (ii) to cancel 2015 RSUs and subsequently issue the holder of such 2015 RSUs a new grant of 2015 RSUs in replacement thereof; (iii) to extend the term of 2015 RSUs; (iv) to permit the assignment or transfer of 2015 RSUs, other than as provided for in the 2015 RSU Plan; (v) to add to the categories of persons eligible to participate in the 2015 RSU Plan; (vi) to remove or amend the limitations contained in the 2015 RSU Plan; or (vii) to remove or amend the amendment provisions of the 2015 RSU Plan.

2010 RSU PLAN

General

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. As a result of the implementation of the 2015 RSU Plan, the Corporation has determined to not make any further grants under this 2010 RSU Plan.

Purpose of the 2010 RSU Plan

The 2010 RSU Plan was implemented for the same purpose as the Option Plan, and is administered by the Board or a committee of the Board appointed by the Board.

Limitations under the 2010 RSU Plan

As noted under "*General Limitations Applicable to All LTI Plans*" above, in addition to the other limitations described, the maximum number of Common Shares issuable 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 at March 20, 2017, there were 4,008,002 Common Shares issuable upon the exercise of 2010 RSUs outstanding under the 2010 RSU Plan, representing approximately 0.8% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2016, a total of 1,450,861 Common Shares were issued upon the exercise of 2010 RSUs, representing approximately 0.4% of the number of issued and outstanding Common Shares as at December 31, 2016.

Term, Assignability and Exercise of Options

2010 RSUs have a term not exceeding five years and vest in the manner determined 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.

2010 RSUs are not assignable.

If Common Shares cannot be issued pursuant to any 2010 RSUs due to a Black-Out Period 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).

As soon as practicable after the vesting and exercise of any 2010 RSUs, the Corporation must 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.

Termination

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 Athabasca Group 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 will 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 of 2010 RSUs.

Surrender Offer

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.

Change of Control

The 2010 RSU Plan provides that subject to any provision to the contrary contained in a 2010 RSU agreement or other written agreement (including an employment agreement) 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 prior to the time such Change of Control.

Revised 2010 RSU Change of Control Terms

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 form of 2010 RSU agreement (the "**Revised 2010 RSU Agreements**") entered into between the Corporation and participants to which 2010 RSUs were granted. The Revised 2010 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 "**2010 RSU Participant Termination Notice**"), then the 2010 RSUs granted pursuant to an applicable Revised 2010 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 2010 RSU Participant Termination Notice and 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 2010 RSU Agreement will not be accelerated as a result of a Change of Control. 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 2010 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 "**Amended 2010 RSU Change of Control Provisions**").

2010 RSU Cash Bonus Agreements

Participants that have been granted 2010 RSUs pursuant to a Revised 2010 RSU Agreement (including NEOs) have entered into, or will enter into, cash bonus agreements ("**2010 RSU Cash Bonus Agreements**") with the Corporation, which provide the participants with the right to receive cash amounts (a "**2010 RSU Cash Bonus**") if they are not provided with a Participant Termination Notice and they continue to be a service provider to the Athabasca Group following a Change of Control. Pursuant to the 2010 RSU Cash Bonus Agreements, if a participant remains in the continuous employ or service of the Athabasca Group from the date of a Change of Control until a vesting date that is set out in an applicable Revised 2010 RSU Agreement (an "**2010 RSU Bonus Vesting Date**"), then an 2010 RSU Cash Bonus (calculated in accordance with the formula that is set forth below) divided by the number of 2010 RSU Bonus Vesting Dates described in the Revised 2010 RSU Agreement shall be paid by the Corporation to the participant on each such 2010 RSU 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 pursuant to the Amended 2010 RSU Change of Control Provisions ("**Unvested 2010 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 2010 RSU, as provided in the applicable Revised 2010 RSU Agreement.

Additionally, pursuant to the 2010 RSU Cash Bonus Agreements, if a participant remains in the continuous employ or service of the Athabasca Group 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 2010 RSU Cash Bonus Agreement), any remaining 2010 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 (as specified in the applicable 2010 RSU Cash Bonus Agreement).

Anti-Dilution

The 2010 RSU Plan contains the same anti-dilution provisions as those contained in the Option Plan and described above under "*Option Plan – Anti-Dilution*".

Amendments

The Board may amend or discontinue the 2010 RSU Plan or amend any 2010 RSU at any time without shareholder approval or the consent of a participant, provided that such amendment must 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; however, 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: (i) to increase the maximum number of Common Shares issuable pursuant to the 2010 RSU Plan; (ii) 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; (iii) to extend the term of a 2010 RSU; (iv) to permit the assignment or transfer of a 2010 RSU other than as provided for in the RSU Plan; (v) to add to the categories of persons eligible to participate in the 2010 RSU Plan; (vi) to remove or amend the participation limitations and restrictions; (vii) 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.

OPTION PLAN

Purpose of the 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, its subsidiaries, and any other entity designated by the Board from time to time as a member of the "**Athabasca Group**" for the purposes of the Option Plan (the "**Athabasca Group**"). The purpose of the Option Plan is to aid in attracting, retaining, and motivating eligible service providers in the growth and development of the Athabasca Group 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.

Limitations under the Option Plan

As noted under "*General Limitations Applicable to All LTI Plans*" above, in addition to the other limitations described, the maximum number of Common Shares that are issuable 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. In addition to the other limitations described under "*General Limitations Applicable to All LTI Plans*" above, under the Option Plan, the maximum number of Common Shares issuable on exercise of Options outstanding at any time held by directors of the Corporation who are not officers or employees of the Corporation, is limited to 0.75% of the issued and outstanding Common Shares.

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.

As at March 20, 2017, there were 8,454,939 Common Shares issuable upon exercise of Options outstanding under the Option Plan, representing approximately 1.7% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2016, a total number of 0 Common Shares were issued upon exercise of Options, representing 0% of the number of issued and outstanding Common Shares as at December 31, 2016.

Grants of Options and Assignability

At the time of grant, the Board will determine the exercise price of an Option granted pursuant to the Option Plan, which exercise price cannot be less than the five-day volume weighted average trading price of the Common Shares on the TSX (or such other stock exchange on which the Common Shares may be listed) immediately preceding the date of grant.

Options granted under the Option Plan are not assignable.

Term, Vesting and Exercise of Options

Options granted pursuant to the Option Plan 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 (being a period of time when, pursuant to the policies of Athabasca, any securities of Athabasca may not be traded by that holder) at any time within the three business day period prior to the normal expiry date of the Options, the expiry date of 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).

Termination

Unless the Corporation and Optionee agree otherwise in an option agreement or other written agreement (such as an employment agreement), 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 the Athabasca Group (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 to the Athabasca Group and, in the absence of any determination to the contrary, ninety days following the date that the Optionee ceases to be a service provider to any of the entities comprising the Athabasca Group; and
- (c) if the Optionee is terminated for cause, immediately on the date of such termination (whether notice of such termination occurs verbally or in writing).

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 is: (i) in the case of the death of an Optionee, 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, the number of Common Shares which the Optionee was entitled to purchase on the date the Optionee ceased to be a service provider.

Surrender Offer

The Option Plan provides that an Optionee 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 other 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.

Change of Control

The Option Plan provides that, subject to any provision to the contrary contained in an option agreement or other written agreement (such as an employment agreement) between the Corporation and an Optionee, if there is a "Change of Control" of the Corporation (as defined below), 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.

For the purposes of the Option Plan, a "**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 Multilateral Instrument 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) directors who were directors prior to the occurrence of the transaction, transactions, elections or appointments giving rise to a Change of Control 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 (being 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) 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 (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 the Option Plan.

Revised Option Change of Control Terms

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**") entered into between the Corporation and Optionees under 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.

If an Optionee is not provided with an Optionee Termination Notice and 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. 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 Athabasca Group. In this event, any applicable Option Cash Bonus Agreement (as defined below) 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 the Athabasca Group following a Change of Control. Pursuant to the Option Cash Bonus Agreements, if an Optionee remains in the continuous employ or service of the Athabasca Group 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 $[(A \times B)/2] \times \text{Marginal Tax Rate}$

1 - 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 Athabasca Group 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).

Anti-Dilution

The Option Plan contains anti-dilution provisions which allow the Board to make adjustments to the Option Plan and to Options granted under the Option Plan that the Board deems appropriate to prevent substantial dilution or enlargement of rights granted to Optionees. The Board may make the aforementioned adjustments in the event of: (i) any change in the Common Shares of the Corporation through subdivision, consolidation, reclassification, amalgamation, merger or otherwise; (ii) a grant of rights to holders of Common Shares to purchase Common Shares at prices substantially below fair market value; or (iii) any recapitalization, merger, consolidation or otherwise, the Common Shares are converted into or exchangeable for any other securities or property, and an Optionee will be bound by 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 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.

Amendments

The Board may amend or discontinue the Option Plan at any time without shareholder approval or 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; however, 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) to make any amendment to increase the maximum limits on the number of securities that may be issued to insiders (as defined by the TSX for this purpose); (vii) to 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.

DEFERRED SHARE UNIT PLAN

General

Effective March 11, 2015, upon the recommendation of the Compensation and Governance Committee, the Board approved the adoption of a new Deferred Share Unit Plan (the "**DSU Plan**") for directors of the Corporation. Pursuant to the DSU Plan, members of the Board ("**Participants**") may be granted and/or elect to receive, as applicable, deferred share units ("**DSUs**") of the Corporation, being a right to a cash payment on a deferred basis equivalent to the Fair Market Value (as defined below) of a Common Share on the terms contained in the DSU Plan summarized below.

Purpose of the DSU Plan

The purposes of the DSU Plan are to: (i) promote greater alignment of the interests between the directors of the Corporation and its shareholders by providing a means to accumulate a financial interest in the Corporation that corresponds to the risk, responsibility and commitment of directors; (ii) support compensation that is competitive and rewards long-term success of the Corporation as measured in total shareholder returns; and (iii) attract and retain qualified individuals with the experience and ability to serve as directors.

Administration of the DSU Plan

The DSU Plan is administered by the Compensation and Governance Committee, or such other committee of the Board as may be appointed by the Board. If a committee is not appointed by the Board to administer the DSU Plan, the references to the Compensation and Governance Committee in the following summary of the DSU Plan, are deemed to be references to the Board.

Grants of Deferred Share Units

Subject to the DSU Plan, the Compensation and Governance Committee will determine the number of DSUs to be granted to each Participant (as defined below) for each calendar year, and the date that the grant becomes effective. In certain cases where a Participant becomes a member of the Board after DSUs have been granted to other Board members for that calendar year have been granted, DSUs may be granted as of the date of appointment as a member of the Board and in such amount as determined by the Compensation and Governance Committee. The Compensation and Governance Committee may also determine from time to time that special circumstances justify a grant to a Participant of DSUs in addition to other compensation to which the Participant is entitled and determine to approve a grant of DSUs to the Participant.

The DSU Plan also allows the Compensation and Governance Committee to grant DSUs to a director, who is not also a full time employee of the Corporation or a subsidiary of the Corporation ("**Athabasca Entity**"), who has elected to receive all or part of their annual remuneration (the "**Deferred Remuneration**") in the form of DSUs. Such annual remuneration includes all cash amounts payable by the Corporation to a Participant in any calendar year for service as a Board member including, without limitation, the annual base retainer fee for serving as a Board member, the annual retainer fee for the Chairman of the Board, the annual retainer fee for serving as a member of a Board committee, the annual retainer fee for chairing a Board committee, and the fees, if any, for attending meetings of the Board or Board committees. Such annual remuneration does not include amounts received by a director as a reimbursement for expenses incurred in attending meetings of the Board or a Board committee.

Upon a grant of DSUs, the Corporation will credit DSUs to the Participants account on the date determined by the Committee in respect of an annual grant of DSUs, on the date determined by the Board in respect of a discretionary grant, and/or on the date the Participant's annual remuneration would otherwise be payable, as applicable. The number of DSUs (including fractional DSUs) to be credited to a Participant's account will be determined by dividing the amount of the Participant's Deferred Remuneration by the Fair Market Value per Common Share on the date the DSUs are credited to the Participant's account.

For the purpose of the DSU Plan, "**Fair Market Value**" means the volume weighted average trading price of the Common Shares on the TSX for the 20 trading days immediately preceding the day on which the Fair Market Value is to be determined. For this purpose, the weighted average trading price shall be calculated by dividing the total value by the total volume of Common Shares traded for such period.

Dividends

If dividends are paid on the Common Shares before the maturity date of the DSUs, such dividends will be credited as DSUs to the Participant's account as of the dividend payment date. The number of DSUs credited to the Participant's account will be determined by dividing the aggregate dollar amount of the dividends notionally payable in respect of such number of Common Shares equal to the number of DSUs in the Participant's Account, divided by the Fair Market Value per Common Share as of the dividend payment date.

Vesting and Assignability

DSUs will vest immediately upon being credited to the Participant's account and are not transferable or assignable other than by will or the laws of descent and distribution.

Redemption of DSUs

Following the date on which the Participant ceases to hold all positions with an Athabasca Entity (and where the Participant is a US taxpayer, the date on which a separation from service with the Corporation takes place) (the "**Termination Date**"), and except as a result of death, all DSUs credited to the Participant's account will be redeemed as of the maturity date. The maturity date for directors who are US taxpayers will be the Termination Date. For directors who are not US taxpayers, the maturity date will be December 1st of the calendar year immediately following the year of the Termination Date, unless a director files with the Corporation an irrevocable maturity date acceleration election subsequent to the Termination Date electing an earlier maturity date. Such accelerated maturity date elected by a director may not: (i) be later than December 1st of the calendar year immediately following the year in which the Termination Date falls; (ii) precede the date of the election; or (iii) except in the case of a director who resigns pursuant to the Corporation's "majority voting" or similar policy in force from time to time, who otherwise fails to be elected as a director at any meeting of shareholders after having been included as a nominee in the Corporation's management information circular for such meeting or who is removed from office by a vote of shareholders, be earlier than the 180th day following the Termination Date.

Within 10 calendar days following the maturity date, the Corporation will make a lump sum cash payment, net of any applicable withholdings, to the Participant equal to the number of DSUs credited to the Participant's account as of the Termination Date multiplied by the Fair Market Value per Common Share determined as at the maturity date.

Upon redemption of DSUs, Participants have no further rights respecting any DSUs that have been redeemed and the DSUs are deemed cancelled.

Death of Participant

If a Participant dies while in office, or after ceasing to hold any position with an Athabasca Entity but before the maturity date, the Corporation will make a lump sum cash payment to the Participant's legal representative within 90 days of the Participant's death. The lump sum cash payment will be equal to the number of DSUs in the Participant's account as of the date of the Participant's death, multiplied by the Fair Market Value of the Common Share determined at the date of death, net of any applicable withholdings.

Amendments

The Compensation and Governance Committee may amend, suspend or terminate the DSU Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required regulatory or shareholder approval; provided that no amendment, suspension or termination may materially adversely affect any DSUs, or any rights pursuant thereto, granted previously to any Participant without the consent of that Participant. Notwithstanding the foregoing, any amendment of the DSU Plan must ensure that the DSU Plan is continuously excluded from the salary deferral arrangement rules under the *Income Tax Act* (Canada) or any successor rules, and comply with any guidance issued under U.S. Internal Revenue Code of 1986, as amended, section 409A as applicable to Participants who are taxpayers of the United States of America.

With the consent of the Participant affected thereby, the Compensation and Governance Committee may amend or modify any outstanding DSU in any manner to the extent that the Compensation and Governance Committee would have had the authority to initially grant the award as so modified or amended, provided that any such amendment complies with any guidance issued under U.S. Internal Revenue Code of 1986, as amended, section 409A as applicable to Participants who are taxpayers of the United States of America.

APPENDIX D
ATHABASCA OIL CORPORATION
PERFORMANCE AWARD 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 Performance Awards 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 Performance Awards is made to a Participant in accordance with Section 4.1;
- (e) **"Award Value"** means, with respect to any Performance Awards, an amount equal to the number of Performance Awards, 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 a Performance Award;
- (g) **"Board"** means the board of directors of the Corporation as constituted from time to time;
- (h) **"Cessation 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;
- (i) **"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 (g)(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;
- (j) "**Committee**" has the meaning ascribed thereto in Section 2.4;
- (k) "**Corporation**" means Athabasca Oil Corporation, and includes any successor corporation thereof;
- (l) "**Dividend Equivalent**" means a bookkeeping entry whereby each Performance Award is credited with the equivalent amount of the dividend paid on a Share in accordance with Section 4.2;
- (m) "**Dividend Market Value**" means the Fair Market Value per Share on the dividend record date;
- (n) "**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;
- (o) "**Expiry Date**" means, with respect to any Performance Award, December 15th of the third year following the year in which the Performance Award was granted;
- (p) "**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;
- (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) **"Payout Multiplier"** means the payout multiplier determined by the Committee in accordance with Section 4.3 hereof;
- (v) **"Peer Comparison Group"** means, generally, Canadian oil and gas or other issuers that in the opinion of the Committee are competitors of the Corporation or are otherwise appropriate for comparison purposes and which shall be determined from time to time by the Committee in its sole discretion for purposes of this Plan;
- (w) **"Performance Award"** means a unit equivalent in value to a Share credited by means of a bookkeeping entry in the Participants' Accounts;
- (x) **"Performance Award Agreement"** has the meaning set forth in Section 3.2;
- (y) **"Performance Measures"** for any period that the Committee in its sole discretion shall determine, means the performance measures to be taken into consideration in granting Performance Awards under the Plan and determining the Payout Multiplier in respect of any Performance Award, which shall be determined by the Committee in its sole discretion and may include, without limitation, any one or more of the following: (i) total shareholder return, absolute or relative; (ii) the market price of the Shares; (iii) the financial performance or results of the Corporation, any member (s) of the Athabasca Group, or a business unit or division thereof; (iv) other operational or performance criteria relating to the Corporation, any member(s) of the Athabasca Group, or a business unit or division thereof; (v) activities related to growth of the Corporation, members of the Athabasca Group, or a business unit or division thereof; (vi) health and safety performance of the Corporation, members of the Athabasca Group, or a business unit or division thereof; (vii) the execution of the Corporation's strategic plan as determined by the Board; (viii) other performance criteria relating to the Participant, the Corporation, members of the Athabasca Group, or a business unit or division thereof, and (ix) such additional or other measures as the Committee or the Board, in its sole discretion, shall consider appropriate in the circumstances;
- (z) **"Plan"** means this Performance Award Plan;
- (aa) **"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;
- (bb) **"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;
- (cc) **"Share"** means a common share of the Corporation;
- (dd) **"Subsidiary"** has the meaning ascribed there in the *Securities Act* (Alberta);
- (ee) **"Successor"** has the meaning ascribed thereto in Section 5.2;

- (ff) **"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;
- (gg) **"TSX"** means the Toronto Stock Exchange; and
- (hh) **"Vesting Date"** means, with respect to any Performance Award, the date upon which the Award Value to which the Participant is entitled pursuant to such Performance Award 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 Performance Awards 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 Performance Awards may be awarded;
- (d) award such Performance Awards on such terms and conditions as it determines including, without limitation: the time or times at which Performance Awards may be awarded; the time or times when each Performance Award shall vest and the term of each Performance Award; 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 a Performance Award and the nature of such restrictions or limitations, if any; any acceleration or waiver of termination or forfeiture regarding any Performance Award; in each case, based on such factors as the Board may determine appropriate, in its sole discretion;

- (e) to determine members of any applicable Peer Comparison Group from time to time;
- (f) to determine any applicable Performance Measures and any applicable Payout Multiplier in respect of any particular period;
- (g) take any and all actions permitted by this Plan; and
- (h) 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 Performance Award at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any Performance Award previously granted under the Plan or any related Performance Award Agreement, except as otherwise permitted hereunder. In addition, the Board may, by resolution, amend this 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 Shares in respect of the Award Value in respect of Performance Awards 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 Performance Award 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 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 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 Performance Awards under this Plan shall immediately vest and the Award Value underlying the Performance Awards 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 Performance Awards credited to the Participant's Account, or (ii) all unvested Performance Awards expire in accordance with the terms of this Plan and the relevant Performance Award 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 Performance Awards, 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 Performance Awards under the Plan, whether arising as a result of the grant or vesting of Performance Awards or otherwise. The Corporation and the Committee make no guarantees to any person regarding the tax treatment of a Performance Award 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 Performance Awards 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 Performance Award Agreement

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

Subject to Section 3.2, an award of Performance Awards pursuant to this Plan will be made and the number of such Performance Awards awarded will be credited to each Participant's Account, effective as of the Award Date. The number of Performance Awards 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 Performance Awards 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 Performance Awards 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 Performance Awards shall vest (except that no Performance Award, or portion thereof, may vest after the Expiry Date) and whether there shall be any other conditions or performance criteria to vesting including any Performance Measures and any Payout Multiplier in respect of any Performance Awards; (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, Performance Awards (and any corresponding Dividend Equivalents) will, subject to any applicable Performance Measures and/or Payout Multiplier, vest and be payable as to 100% of the total number of Performance Awards granted (together with a proportionate number of Dividend Equivalents) on the third anniversary of the Award Date (computed in each case to the nearest whole Performance Award). Notwithstanding the foregoing, the Committee may, at its sole discretion at any time or in the Performance Award Agreement in respect of any Performance Awards granted, accelerate or provide for the acceleration of vesting in whole or in part of Performance Awards previously granted. Prior to the Vesting Date in respect of any Performance Award which is subject to Performance Measures and/or a Payout Multiplier, the Committee will assess the performance of the Corporation for the applicable period. The weighting of the individual measures comprising the Performance Measures shall be determined by the Committee in its sole discretion and, following such determination, the Committee shall determine the applicable Payout Multiplier, which shall be not less than 0% and not more than 200%. The Award Value of any Performance Award shall be determined as at 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 Performance Awards 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) Performance Awards 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 Performance Awards or otherwise) will result in an increase in the number of Shares that may be issued pursuant to Performance Awards outstanding at any time and any increase in the number of Performance Awards granted will, upon vesting and the issue of Shares in settlement of the Award Value underlying such Performance Awards by the issuance of Shares from treasury, make new grants available under this Plan.

Performance Awards (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 being available to be issued, at the election of Corporation, in respect of a subsequent grant of Performance Awards pursuant to this Plan to the extent of any Shares which have not been issued from treasury in respect of any such Performance Award.

For purposes of the calculations in this Section 4.4 only, it shall be assumed that all issued and outstanding Performance Awards 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 Performance Awards in cash or by purchasing Shares on the open market, and that a Payout Multiplier of 1.0 will be applied to all Performance Awards.

4.5 Performance Award Terms

The term during which a Performance Award 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 a Performance Award 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 a Performance Award Agreement or other written agreement (including an employment or consulting agreement), each Performance Award shall provide that if a Participant shall cease to be an 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 Performance Awards 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 Cessation Date, (ii) the former Participant shall forfeit all unvested Performance Awards in the Participant's Account effective as at the Cessation Date, (iii) any Award Value corresponding to any vested Performance Awards remaining unpaid on the Cessation 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 a Performance Award Agreement or other written agreement (including an employment or consulting agreement), if a Participant shall cease to be an 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 Performance Awards 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 Cessation Date with the result that the deceased Participant shall not forfeit any unvested Performance Awards and the Award Value corresponding to any such vested Performance Awards 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 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. 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 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 Performance Award 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 Performance Awards

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 a Performance Award 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 a Performance Award shall not have any right to demand, be paid in, or receive Shares in respect of the Award Value underlying a Performance Award, at any time. Notwithstanding any election by the Corporation to settle any Award Value, 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 Performance Award 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 a Performance Award 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 Cessation Date, but before the Performance Award has terminated in accordance with an applicable provision of Section 4.5, 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 a Performance Award 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 Performance Awards and to any Performance Award 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 Performance Award 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 Performance Award 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 Performance Award Agreements and the obligation of the Corporation to the Participants in respect of the Performance Awards 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 Performance Awards.

5.3 Change of Control

Notwithstanding any other provision in this Plan but subject to any provision to the contrary contained in a Performance Award 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 Performance Awards shall vest (whether or not then vested) and the Vesting Date for the balance of the Award Value underlying such Performance Award that remains to be paid as of such time 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 Performance Award 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 Performance Awards hereunder in accordance with any such requirements.

Notwithstanding anything provided herein, the issuance of any Shares in respect of the Award Value in respect of any Performance Awards 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 in respect of any Performance Award in cash or by the payment in Shares acquired by the Corporation on the Exchange.

6.2 Performance Awards to Companies

The provisions herein in respect of the grant of Performance Awards shall apply, with appropriate modifications, to the grant of Performance Awards to a company either: (i) wholly-owned by any person to whom Performance Awards may otherwise be granted hereunder; or (ii) controlled by any person to whom Performance Awards 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 Performance Awards whatsoever. Participants are expressly advised that the value of any Performance Awards 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 Performance Awards.

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 a Performance Award has been made 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 18, 2014.