

## 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. Possess 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.
28. Encourage, assist and counsel management in maintaining and improving and dealing with current and emerging issues in health, safety, security and environment.
29. 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**

30. 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.
31. Consider the recommendations of management in its reports, assess proposed action plans.

32. Review any other reports the Board 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**

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

#### **Health, Safety and Environmental Risk Management**

36. 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.
37. 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.
38. Review with management health, safety, security and environment emergency response planning procedures of the Company.
39. Periodically review the health, safety, security and environment policies of the Company.
40. Monitor current, pending or threatened legal actions by or against the Company related to matters of health, safety, security and environment.

#### **Board Chair**

41. Annually appoint the Chair of the Board.

#### **Lead Director**

42. 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**

43. 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.

44. 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.
45. 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.
46. 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.
47. In the Board's discretion, annually appoint the Chair of each Board Committee.

#### **Delegations and Approval Authorities**

48. Annually delegate approval authorities to the CEO and review and revise them as appropriate.
49. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
50. 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.
51. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
52. Consider and, in the Board's discretion, approve any matters proposed by management.

#### **Annual Operating and Capital Plan**

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

55. Review the Company's financial strategy considering current and future business needs, capital markets and the Company's credit rating (if any).
56. 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**

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

### **Transactions**

65. 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.
66. 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.
67. 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.
68. Review any proposed repurchases of shares, public and private debt or other securities.

### **Orientation / Education**

69. 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.
70. 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**

71. 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.
72. Participate in an annual evaluation of Board performance by the CG Committee.
73. 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**

74. 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.
75. Meet in separate non-management and independent director only "in camera" sessions at each regularly scheduled meeting.
76. 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**

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

### **Other**

79. 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.
80. Once or more annually, as the CG Committee decides, this Mandate will be evaluated and updates recommended to the Board for consideration.

**Standards of Liability**

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

**Approved:** December 11, 2009

**Revised:** May 11, 2015  
December 6, 2017