



ATHABASCA

OIL CORPORATION

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF
SHAREHOLDERS
TO BE HELD ON MAY 8, 2014**

AND

INFORMATION CIRCULAR - PROXY STATEMENT

DATED MARCH 20, 2014

ATHABASCA OIL CORPORATION

Notice of Annual General and Special Meeting of Shareholders to be held on May 8, 2014

The annual general and special meeting (the "**Meeting**") of the holders of common shares of Athabasca Oil Corporation (the "**Corporation**") will be held at 10:00 a.m. (Calgary time) on Thursday, May 8, 2014 in the Acadia Room at the Calgary Marriott Downtown Hotel, 110 – 9th Avenue S.E., Calgary, Alberta, to:

1. receive and consider the financial statements of the Corporation for the year ended December 31, 2013 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 certain amendments to the Corporation's stock option plan;
5. consider, and if thought advisable, pass an ordinary resolution approving a new performance award plan for the Corporation;
6. consider, and if thought advisable, pass an ordinary resolution confirming the Amended and Restated By-Law No. 1 of the Corporation adopted by the Board of Directors of the Corporation;
7. appoint Ernst & Young LLP as the auditors of the Corporation and authorize the directors to fix their remuneration as such; and
8. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set forth in the Information Circular-Proxy Statement of the Corporation dated March 20, 2014.

The Board of Directors of the Corporation has fixed the record date for the Meeting at the close of business on March 19, 2014 (the "**Record Date**"). Shareholders of the Corporation whose names have been entered in the register of shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote those shares included in the list of shareholders entitled to vote at the Meeting prepared as at the Record Date, unless any such shareholder transfers his, her or its shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands not later than ten days before the Meeting, that the transferee's name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

A Shareholder of the Corporation may attend the Meeting in person or may be represented by proxy. Shareholders of the Corporation who are unable to attend the Meeting in person are requested to date and sign the enclosed Instrument of Proxy and to mail it to or deposit it with the Corporation's transfer agent, Olympia Trust Company, #2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6 or by facsimile at (403) 265-1455. In order to be valid and acted upon at the Meeting, Instruments of Proxy must be received at the aforesaid address or facsimile number not less than 48 hours (excluding Saturdays, Sundays 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.

The persons named in the enclosed form of proxy are officers of the Corporation. Each shareholder has the right to appoint a proxyholder other than such persons, who need not be a shareholder, to attend and to act for such shareholder and on such shareholder's behalf at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the shareholder's appointee should be legibly printed in the blank space provided.

DATED at Calgary, Alberta, this 20th day of March, 2014.

BY ORDER OF THE BOARD OF DIRECTORS

(Signed) "*Sveinung Svarte*"

Sveinung Svarte
President, Chief Executive Officer and a Director

ERRATUM TO
Information Circular – Proxy Statement
For the Annual General and Special Meeting of Shareholders of Athabasca Oil Corporation
To be held on May 8, 2014

Please take notice that in the Information Circular – Proxy Statement for the Annual General and Special Meeting of Shareholders of Athabasca Oil Corporation, the reference in the first paragraph to the meeting time should read **10:00 a.m. (Calgary time)** instead of 1:30 p.m.

ATHABASCA OIL CORPORATION

Information Circular - Proxy Statement

For the Annual General and Special Meeting
of Shareholders to be held on May 8, 2014

Dated March 20, 2014

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 Acadia Room at the Calgary Marriott Downtown Hotel, 110 – 9th Avenue S.E., Calgary, Alberta, on May 8, 2014 at 1:30 p.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 19, 2014. Only shareholders of record on March 19, 2014 are entitled to receive notice of, and to attend and vote at, the Meeting, unless a shareholder has transferred any Common Shares subsequent to that date and the transferee shareholder, not later than 10 days before the Meeting, establishes ownership of the Common Shares and demands that the transferee's name be included on the list of shareholders.

Unless otherwise stated, the information contained in this Circular is given as at March 20, 2014. 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 shareholder submitting a proxy you have the right to appoint a person (who need not be a shareholder) to represent you at the Meeting other than the person or persons designated in the instrument of proxy furnished by the Corporation. To exercise this right you should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other names or submit another appropriate proxy. In order to be effective, the proxy must be mailed or deposited at the office of our transfer agent, Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6 or sent by facsimile to (403) 265-1455, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof.

Shareholders may use the internet at www.olympiatrust.com to transmit their voting instructions. Shareholders should have the form of proxy in hand when they access the website noted above. Shareholders will be prompted to enter their Web Voting ID Number which is located on the form of proxy. If shareholders vote by internet, their vote must be received not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the Meeting or any adjournment thereof. The website may be used to appoint a proxyholder to attend and vote on a shareholder's behalf at the Meeting and to convey a shareholder's voting instructions.

Exercise of Discretion by Proxy

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

Advice to Beneficial Holders of Common Shares

The information set forth in this section is of significant importance to you if you do not hold your Common Shares in your own name (referred to in this Circular as "**Beneficial Shareholders**"). Only proxies deposited by shareholders whose names appear on the Corporation's records as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in your account statement provided by your broker, then in almost all cases those Common Shares will not be registered in your name on our 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.

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

Revocability of Proxy

You may revoke your proxy at any time prior to a vote. If you or the person you appoint as your proxy attends personally at the Meeting you or such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by you or your

attorney authorized in writing or, if you are a corporation, under your corporate seal or by a duly authorized officer or attorney of the corporation. To be effective the instrument in writing must be deposited either with us c/o our transfer agent Olympia Trust Company, 2300, 125 - 9th Avenue S.E., Calgary, Alberta, T2G 0P6, 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 chairman of the Meeting on the day of the Meeting, or any adjournment thereof.

Persons Making the Solicitation

This solicitation is made on behalf of our 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 March 20, 2014 there were 401,074,120 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 19, 2014.

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, except as set forth below:

Name, Municipality of Residence	Number of Common Shares	Percentage of Common Shares⁽²⁾
ZAM Investments Luxembourg, s.à.r.l. ⁽¹⁾ Luxembourg	53,735,550	13.39%

Notes:

- (1) The Corporation has been advised that ZAM Investments Luxembourg, s.à.r.l is wholly owned by family investment entities of which Morton Holdings, Inc. is the general partner and which are advised by Ziff Brothers Investments, L.L.C. The Corporation has been advised that all of the outstanding voting equity interests of Morton Holdings, Inc. are owned by an individual, Philip B. Korsant.
- (2) Based on 401,074,120 Common Shares issued and outstanding as of March 20, 2014.

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, 2013 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 fit, approve an ordinary resolution fixing the number of directors for the present time at six (6), 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 (6). In order to be effective, the ordinary resolution in respect of fixing the number of directors to be elected at the Meeting at six (6) must be passed by a majority of the votes cast by shareholders who vote in respect of this ordinary resolution.

3. Election of Directors

Action is to be taken at the Meeting with respect to the election of directors. The Board presently consists of six (6) members, the term of each of which expires at the Meeting. It is proposed that the six (6) persons mentioned below will be nominated at the Meeting. The Board recommends that each of these six (6) 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 (6) nominees that are referred to below. Management has no reason to believe that any of the nominees will be unable to serve as director but, should any nominee become unable to do so for any reason prior to the Meeting, the persons named in the accompanying form of proxy, unless directed to withhold from voting, reserve the right to vote for other nominees at their discretion.

The following information relating to the nominees as directors is based partly on our records and partly on information received by us from the nominees, and sets forth the name, province and country of residence of each of the persons proposed to be nominated for election as a director, whether he is an independent director, the year in which he was first elected as a director, his principal occupation for the past five (5) years, current committee memberships, attendance at Board meetings in 2013, the number of Common Shares that he has advised were beneficially owned or controlled or directed by him, directly or indirectly, as at December 31, 2013, the number of stock options ("**Stock Options**" or "**Options**") and restricted share units ("**RSUs**") that were held by him as at December 31, 2013 and the market value of his Common Shares, Options and RSUs as at December 31, 2013.



Tom Buchanan
Chairman and a Director
Alberta, Canada

Status: Independent

Director since November 14, 2006

Chief Executive Officer and director of Spyglass Resources Corp., a public oil and gas company listed on the Toronto Stock Exchange ("TSX"), since March 2013. Prior thereto, Chairman and Chief Executive Officer of Charger Energy Corp. from September 2010 to March 2013, a public oil and gas company listed on the TSX Venture Exchange. Prior thereto, a director and President and Chief Executive Officer of Provident Energy Trust, a public diversified energy income trust listed on the TSX with investments in upstream oil and gas production and natural gas liquids midstream services from March 2001 to April 2010. Mr. Buchanan is a Fellow of the Canadian Institute of Chartered Accountants.

Other Public Company Board Memberships:

Spyglass Resources Corp.
Pembina Pipeline Corporation

Current Committee Memberships:

Audit
Compensation and Governance

2013 Board and Committee Meeting Attendance:

	Meeting Attendance
Board	6 of 6 (100%)
Audit	4 of 4 (100%)
Compensation and Governance	4 of 4 (100%)

Ownership:

	December 31, 2013
Common Shares Owned, Controlled or Directed	419,723
Stock Options	-
RSUs	19,830
Total Market Value ⁽¹⁾ of Common Shares, Stock Options and RSUs	\$2,846,320



Gary Dundas,
Director
Alberta, Canada

Status: Independent

Director since August 28, 2006

Independent businessman. Prior thereto, Vice President, Finance and Chief Financial Officer of AvenEx Energy Corp. from January 2011 to March 2013, a public oil and gas company listed on the TSX, and resulting from the reorganization of Avenir Diversified Income Trust, a public oil and gas income trust listed on the TSX, into a corporate structure, which was completed on January 1, 2011. Prior thereto, Vice President, Finance and Chief Financial Officer of Avenir Operating Corp., the administrator of Avenir Diversified Income Trust, from January 2003 until January 2011.

Other Public Company Board Memberships:

DirectCash Payments Inc.

Current Committee Memberships:

Audit
Reserves and HSE
Compensation and Governance

2013 Board and Committee Meeting Attendance:

	Meeting Attendance
Board	6 of 6 (100%)
Audit	4 of 4 (100%)
Reserves and HSE	1 of 1 (100%)
Compensation and Governance	4 of 4 (100%)

Ownership:

	December 31, 2013
Common Shares Owned, Controlled or Directed	1,875,000
Stock Options	-
RSUs	19,830
Total Market Value ⁽¹⁾ of Common Shares, Stock Options and RSUs	\$12,276,515



Ronald J. Eckhardt
Director
Alberta, Canada

Status: Independent

Director since April 1, 2012

Mr. Eckhardt is currently retired. Prior thereto, Executive Vice President, North American Operations of Talisman Energy Inc., a publicly traded energy company listed on the TSX, from October 2003 to September 2009.

Other Public Company Board Memberships:

NuVista Energy Ltd.

Current Committee Memberships:

Reserves and HSE

2013 Board and Committee Meeting Attendance:

	Meeting Attendance
Board	6 of 6 (100%)
Reserves and HSE	1 of 1 (100%)

Ownership:

	December 31, 2013
Common Shares Owned, Controlled or Directed	40,000
Stock Options	-
RSUs	24,789
Total Market Value ⁽¹⁾ of Common Shares, Stock Options and RSUs	\$366,639



Marshall McRae
Director
Alberta, Canada

Status: Independent

Director since October 30, 2009

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

Other Public Company Board Memberships:

Gibson Energy Inc.

Current Committee Memberships:

Audit
Compensation and Governance

2013 Board and Committee Meeting Attendance:

	Meeting Attendance
Board	6 of 6 (100%)
Audit	4 of 4 (100%)
Compensation and Governance	4 of 4 (100%)

Ownership:

	December 31, 2013
Common Shares Owned, Controlled or Directed ⁽²⁾	14,800
Stock Options	176,000
RSUs	87,830
Total Market Value ⁽¹⁾ of Common Shares, Stock Options and RSUs	\$672,759



Peter Sametz
Director
Alberta, Canada

Status: Independent

Director since March 14, 2014

Chief Executive Officer of Alberta Steam and Power Corp. since February 2013, a private company focused on provision of steam and power to the oil and gas industry. Prior thereto, Interim Chief Executive Officer from February 2012 to December 2012, President, Chief Operating Officer and a director from May 2010 to January 2012 and Executive Vice President and Chief Operating Officer from 2005 to 2010 of Connacher Oil and Gas Limited, a bitumen exploration, development and production company listed on the TSX.

Other Public Company Board Memberships:

Gemini Corporation

Current Committee Memberships:


Reserves and HSE

2013 Board and Committee Meeting Attendance:

N/A

Ownership:

Mr. Sametz did not hold any securities of the Corporation as at December 31, 2013⁽¹⁾.

	<p>President and Chief Executive Officer of the Corporation since January 2007 (Chief Executive Officer only during the period from November 28, 2012 to May 6, 2013). Prior thereto, Vice President, Oilsands at Total E&P Canada Ltd., a private oil and gas company and subsidiary of Total S.A., a publicly traded integrated international oil and gas company listed on the NYSE and the Paris Bourse, from 2004 until July 2005 when Total E&P Canada Ltd. acquired Deer Creek Energy Limited. Thereafter, Mr. Svarte served as the Vice President, Corporate Development of Total E&P Canada Ltd.</p>										
<p>Sveinung Svarte President, Chief Executive Officer and Director Alberta, Canada</p>	<p>Other Public Company Board Memberships:</p>										
<p>Status: Not Independent</p>	<p>None.</p>										
<p>Director since October 19, 2006</p>	<p>Current Committee Memberships:</p>										
	<p>Reserves and HSE</p>										
	<p>2013 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;">6 of 6 (100%)</td></tr> <tr> <td>Reserves and HSE</td><td style="text-align: center;">1 of 1 (100%)</td></tr> </table>		<u>Meeting Attendance</u>	Board	6 of 6 (100%)	Reserves and HSE	1 of 1 (100%)				
	<u>Meeting Attendance</u>										
Board	6 of 6 (100%)										
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	<p>Ownership:</p>										
	<table> <tr> <th></th><th style="text-align: right;"><u>December 31, 2013</u></th></tr> <tr> <td>Common Shares Owned, Controlled or Directed</td><td style="text-align: right;">13,700,000</td></tr> <tr> <td>Stock Options</td><td style="text-align: right;">80,400</td></tr> <tr> <td>RSUs</td><td style="text-align: right;">26,800</td></tr> <tr> <td>Total Market Value⁽¹⁾ of Common Shares, Stock Options and RSUs</td><td style="text-align: right;">\$88,946,984</td></tr> </table>		<u>December 31, 2013</u>	Common Shares Owned, Controlled or Directed	13,700,000	Stock Options	80,400	RSUs	26,800	Total Market Value ⁽¹⁾ of Common Shares, Stock Options and RSUs	\$88,946,984
	<u>December 31, 2013</u>										
Common Shares Owned, Controlled or Directed	13,700,000										
Stock Options	80,400										
RSUs	26,800										
Total Market Value ⁽¹⁾ of Common Shares, Stock Options and RSUs	\$88,946,984										

Notes:

- (1) The "Total Market Value of Common Shares, Stock Options and RSUs" was determined by multiplying the number of Common Shares held by the nominee as of December 31, 2013 by the closing price of the Common Shares on the TSX on such date (\$6.48) and then adding the sum of the number of Common Shares issuable upon exercise of in-the-money Options and RSUs held multiplied by the difference between the closing price of the Common Shares on the TSX on such date (\$6.48) less the exercise price of the for in-the-money Options and RSUs. Each of the Directors held the same number of Common Shares, Stock Options and RSUs on March 20, 2014, as on December 31, 2013.
- (2) Included for Mr. McRae are 4,800 Common Shares owned by a family member of Mr. McRae, but which are controlled by him.

Additional Information Related to Voting Practices

As at the date of this Circular, the Corporation does not have a majority voting policy. The Board, through its Compensation and Governance Committee, annually reviews as part of its mandate the Corporation's governance systems and elects to adopt the policies and practices that are determined to be in the best interests of the Corporation and its shareholders. Given that the directors that have been nominated at each of the annual shareholder meetings that have been held since the Corporation completed its initial public offering have received a significant majority of the votes cast at each of those meetings, and that each of the nominees will be returning as directors if they are elected at the Meeting, the Compensation and Governance Committee has not elected to adopt a majority voting policy at the present time. The Compensation and Governance Committee will adopt a majority voting policy during the upcoming year as part of the Corporation's annual governance review process and in accordance with the requirements of the Toronto Stock Exchange Company Manual amendments regarding majority voting that will come into effect on June 30, 2014.

Additional Disclosure Relating to Directors

Except as set forth below, no proposed director of the Corporation: (a) is, or has been within the past 10 years, a director, chief executive officer or chief financial officer of any company, including the Corporation, that while such person was acting in that capacity, was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that in each case was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), or after such person ceased to be a

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

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

4. **Approval of Amendment to Stock Option Plan**

The Corporation's stock option plan dated September 1, 2009, as amended (the "**Option Plan**"), allows the Board to grant options to purchase Common Shares ("**Options**"). Approval of shareholders will be sought at the Meeting to amend the term during which Options may be exercisable under the Option Plan, subject to the provisions of the Option Plan requiring or permitting acceleration of rights of exercise or the extension of the exercise period, from a period that is not in excess of five (5) years from the date of grant, to a period that is not in excess of seven (7) years from the date of grant (the "**Option Plan Amendment**").

For a summary of the terms of the Option Plan, see "*Compensation Discussion and Analysis – Long Term Equity Incentive Plans – Option Plan*" in this Circular.

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

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

1. the Option Plan Amendment, as described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Amendment to Stock Option Plan*" in this Circular is hereby authorized and approved;
2. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such 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

3. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

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

5. Approval of Performance Award Plan

On March 18, 2014, upon the recommendation of the Compensation and Governance Committee, the Board approved the adoption of a performance award plan (the "**Performance Plan**") for the Corporation. The Performance Plan permits the grant of incentive awards ("**Performance Awards**") to Service Providers of Athabasca or any of its subsidiaries (the "**Athabasca Group**"). For purposes of the Performance Plan, "**Service Provider**" means officers or employees of, or persons or companies engaged by the Athabasca Group to provide services for an initial, renewable or extended period intended to be twelve months or more.

As the Performance Plan is a security based compensation arrangement, approval from shareholders will be sought at the Meeting to ratify the approval of the Performance Plan. As of the date of this Circular, the Corporation has not granted Performance Awards to any Service Provider. If the Corporation grants Performance Awards between the date of this Circular and the date of the Meeting, and shareholder approval is not obtained at the Meeting, the Performance Plan will remain in effect; however, the Corporation will only be permitted to pay the Award Value (as defined below) in respect of any Performance Awards granted either in cash or by the payment in Common Shares acquired by the Corporation on the TSX.

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

Purpose and Administration of the Performance Plan

The principal purposes of the Performance Plan are to: (i) aid in attracting, retaining and motivating the officers, , employees and other eligible Service Providers 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; (ii) more closely align their interests with those of the Corporation's shareholders; (iii) focus such Service Providers on operating and financial performance and long-term shareholder value; and (iv) motivate and reward for their performance and contributions to the Corporation's long-term success.

The Performance 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 Performance Plan.

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

Performance Measures and Award Value

The performance measures applicable to a Performance Award, may include: (i) total shareholder return, absolute or relative; (ii) the market price of the Common Shares; (iii) financial performance or results of the Corporation and any member of the Athabasca Group, or a business unit or division thereof; (iv) other operational or performance criteria relating to the Corporation and any member of the Athabasca Group, or a business unit or division thereof; (v) activities related to growth of the Corporation, any 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 recipient of an Performance Award, the Corporation, members of the Athabasca Group, or a business unit or division thereof; and (ix) such additional or other measures as a committee or the Board, in its sole discretion, considers appropriate in the circumstances.

The value of a Performance Award ("**Award Value**") is an amount equal to the number of Performance Awards, as such number may be adjusted in accordance with the terms of the Performance Plan, multiplied by the Fair Market Value (as defined in the Performance Plan) of the Common Shares and shall be determined by the Board as of the applicable Vesting Date. Prior to the Vesting Date in respect of any Performance Award which is subject to Performance Measures and/or a Payout Multiplier, the Board 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 Board in its sole discretion and, following such determination, the Board shall determine the applicable Payout Multiplier, which shall not be less than 0% and not more than 200%.

Payment in Respect of Performance Awards

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

Black-out Periods

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

Limitations on Issuances

Unless otherwise approved by shareholders, the aggregate number of Common Shares that may be issuable pursuant to Performance Awards granted pursuant to the Performance Plan and all other security based compensation arrangements of the Corporation is 10% of the Common Shares outstanding from time to time. Any increase in the issued and outstanding Common Shares (including increases resulting from the settlement of Performance Awards) will result in an increase in the number of Common Shares that may be issued on Performance Awards outstanding at any time and any increase in the number of Performance Awards granted will, upon settlement, make new grants available under the Performance Plan. 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 Shares on the open market and that a Payout Multiplier of 1.0 will be applied to all Performance Awards. Performance Awards that are cancelled, surrendered, terminated or expire prior to the settlement of all or a portion thereof and Performance Awards that are settled for cash shall result in the Common Shares that were reserved for issuance under the Performance Plan being available for a subsequent grant of

Performance Awards pursuant to the Performance Plan to the extent of any Common Shares issuable thereunder that are not issued under such cancelled, surrendered, terminated or expired Performance Awards.

The maximum number of Common Shares issuable to any one participant under all security based compensation arrangements of the Corporation shall 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, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares, and the number of Common Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the issued and outstanding Common Shares.

Performance Awards may not be granted to directors of the Corporation who are not officers or employees of the Corporation or a member of the Athabasca Group.

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

If there is a Change of Control (as defined in the Performance Plan) then, subject to any provision to the contrary contained in an 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 date which is immediately prior to the time a Change of Control is completed.

Additional Performance Award Terms

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

Notwithstanding the preceding paragraph or anything else contained in the Performance 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 ceases 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 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 dilution or enlargement of amounts to be paid to participants under the Performance Plan.

Assignment

No assignment, sale, transfer, pledge or charge of an Performance Award, whether voluntary, involuntary, by operation of law or otherwise (except by will or the laws of descent and distribution), vests any interest or right in a

Performance Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Performance Award shall terminate and be of no further force or effect.

Amendment

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

Approval of Performance Plan

As at March 20, 2014, the maximum number of Common Shares that may be issued under the Performance Plan and all other security based compensation arrangements, including the Option Plan and RSU Plan (each as defined herein), was 40,107,412 representing 10% of the number of issued and outstanding Common Shares on that date. As at March 20, 2014, Athabasca had Options and RSUs to acquire 22,569,435 Common Shares outstanding under the Option Plan and RSU Plan (representing approximately 5.6% of the outstanding Common Shares), leaving up to 17,537,977 Common Shares available for future grants under the Performance Plan and all other security based compensation arrangements, including the Option Plan and RSU Plan, based on the number of outstanding Common Shares as at that date (representing approximately 4.4% of the outstanding Common Shares).

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

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

1. the Performance Plan, substantially in the form attached as Appendix C to this Circular and as described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Performance Award Plan*" in this Circular is hereby ratified, approved and confirmed;
2. the Board of Directors or the committee, as referred to in the Performance Plan, are hereby authorized to grant Performance Awards and issue Common Shares pursuant to the Performance Plan to those eligible to receive Performance Awards thereunder;
3. all Performance Awards and Common Shares issuable under the Performance Plan are approved and authorized until May 8, 2017;
4. any one officer or director of the Corporation be and is hereby authorized to execute and deliver all such 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

5. notwithstanding that this resolution has been duly passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

In order for the foregoing resolution to be passed, it must be approved by a simple majority of the aggregate votes cast by shareholders who vote in person or by proxy at the Meeting. **Unless otherwise directed, it is the intention of the persons designated in the proxy form to vote FOR the foregoing resolution.**

6. Confirmation of Amended and Restated By-Law No. 1

On March 18, 2014, the Board passed a resolution replacing the bylaws of the Corporation with the Amended and Restated By-Law No. 1 attached to this Circular as Appendix D (the "**Amended By-law**"), subject to confirmation of such Amended By-law by shareholders of the Corporation. The amendments reflected in the Amended By-law are summarized below.

Advance Notice Provisions

The Amended By-law contains advance notice provisions, which provide shareholders, the Board and management of the Corporation with a clear framework for nominating directors to help ensure orderly business at shareholder meetings by effectively preventing a shareholder from putting forth director nominations from the floor of a meeting without prior notice.

Among other things, the Amended By-law fixes a deadline by which shareholders must submit notice of director nominations to the Corporation prior to any annual or special meeting of shareholders. It also specifies the information that a nominating shareholder must include in the notice to the Corporation for the notice to be in proper written form in order for any director nominee to be eligible for nomination and election at any annual or special meeting of shareholders of the Corporation.

In the case of an annual meeting of shareholders (including an annual and special meeting), notice to the Corporation must be made not less than 30 days and not more than 65 days prior to the date of the annual meeting; provided, however, that in the event that the annual meeting is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice may be made not later than the close of business on the 10th day following such public announcement. In the case of a special meeting of shareholders (which is not also an annual meeting) called for the purpose of electing directors (whether or not called for other purposes), notice to the Corporation must be made not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. No person nominated by a shareholder will be eligible for election as a director of the Corporation unless nominated in accordance with the provisions of the Amended By-law.

The Amended By-law does not affect nominations made pursuant to a "proposal" made in accordance with the *Business Corporations Act* (Alberta) (the "**ABCA**") or a requisition of a meeting of shareholders made pursuant to the ABCA.

The Board may, in its sole discretion, waive any requirement of the Amended By-law.

Quorum

The Amended By-Law provides that a quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the ABCA or by the articles or by any other by-law) is persons present not being less than two (2) in number and holding or representing not less than ten per cent (10%) of the shares entitled to be voted at the meeting. The quorum at any meeting of shareholders was previously persons present not being less than two (2) in number and holding or representing not less than five (5) per cent (5%) of the shares entitled to be voted at the meeting.

Chairman's Casting Vote

The Amended By-Law provides that in the event of any equality of votes at a meeting the Board or a meeting of shareholders, the chairman of the applicable meeting shall not be entitled to a second or casting vote.

Confirmation and Approval of Amended By-law by Shareholders

In accordance with the ABCA, the Amended By-law is in effect until it is confirmed, confirmed as amended or rejected by shareholders at the Meeting, and if confirmed or confirmed as amended, the Amended By-law will continue in effect in the form in which it is so confirmed. If shareholders reject the confirmation of the Amended By-law at the Meeting, it will thereafter cease to have effect. For greater certainty, if the Amended By-law is not confirmed at the Meeting, the Corporation's existing by-laws will continue in effect, unamended.

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

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

1. the Amended By-law, in the form attached as Appendix D to this Circular, is hereby adopted and confirmed as the by-law of the Corporation;
2. any one director or officer of the Corporation be and is hereby authorized and directed to do all things and to execute and deliver all documents and instruments as may be necessary or desirable to carry out the terms of this resolution; and
3. notwithstanding that this resolution has been passed by the shareholders of the Corporation, the directors of the Corporation are hereby authorized and empowered to revoke this resolution, without any further approval of the shareholders of the Corporation, at any time if such revocation is considered necessary or desirable by the directors."

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

7. Appointment of Auditors

On the recommendation of the Audit Committee of the Board and unless otherwise directed, it is management's intention to vote proxies in favour of an ordinary resolution to appoint Ernst & Young LLP, Chartered Accountants, of Calgary, Alberta, as our auditors, to hold office until the next annual meeting of our shareholders and to authorize the directors to fix their remuneration as such. Ernst & Young LLP were first appointed as our auditors on April 16, 2007.

Certain information regarding the Audit Committee of the Board, including the fees paid to the Corporation's auditors in the last fiscal year, that is required to be disclosed in accordance with National Instrument 52-110 – *Audit Committees* ("NI 52-110") of the Canadian Securities Administrators will be provided in the Corporation's annual information form for the year ended December 31, 2013, an electronic copy of which will be available on the Corporation's SEDAR profile at www.sedar.com before March 31, 2014.

CORPORATE GOVERNANCE

Board of Directors

Membership and Independence

The Board is currently comprised of six (6) directors, a majority of whom are independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* ("NI 58-101"). Assuming the election

at the Meeting of the six persons nominated as directors in this Circular, following the Meeting the Board will be comprised of six directors, a majority of whom will be independent for the purposes of NI 58-101. Subject to certain exceptions, a director is independent for the purposes of NI 58-101 if he has no direct or indirect material relationship with the Corporation. A "material relationship" is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment. The Board has determined that Messrs. Buchanan, Dundas, Eckhardt, McRae and Sametz are independent for the purposes of NI 58-101. Mr. Svarte is not independent for the purposes of NI 58-101 because he serves as Athabasca's President and Chief Executive Officer ("CEO").

Athabasca has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of Athabasca. In this regard, one of the independent directors, Mr. Buchanan, has been appointed as the Chairman of the Board. One of the responsibilities of the Chairman is to provide leadership to the independent directors and to ensure that the policies and procedures adopted by the Board allow the Board to function independently of management. In addition, in accordance with the Board's mandate the directors are required to hold "in-camera" sessions of the independent directors without management present at each regularly scheduled meeting of the Board. The Board held six (6) meetings between January 1, 2013 and December 2013 and conducted in-camera sessions at those meetings when determined by the independent directors to be necessary or prudent. Additionally, in-camera sessions were held during each meeting of the Audit Committee, which held four (4) meetings between January 1, 2013 and December 31, 2013.

Mandate

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

Position Descriptions

The Board has developed and implemented written position descriptions for the Chairman of the Board and the chair of each committee of the Board. In addition, the Board and the CEO have collectively developed and implemented a written position description for the CEO.

Responsibility of the Chair

The Chairman of the Board provides independent, effective leadership to the Board with respect to the governance of the Corporation. The Chairman sets the "tone" for the Board and its members to foster ethical and responsible decision-making, appropriate oversight of management and responsible practices in corporate governance.

The Chairman 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 process. The Board monitors compliance with the Code through the Whistleblower Policy.

In accordance with the ABCA, directors who are a party to, or are a director or an officer of a person who is a party to, a material contract or material transaction or a proposed material contract or proposed material transaction, are

required to disclose the nature and extent of their interest and not vote on any resolution to approve the contract or transaction. In certain cases an independent committee may be formed to deliberate on such matters in the absence of the interested party.

Compensation and Governance Committee

The Compensation and Governance Committee is currently comprised of Gary Dundas (chair), Tom Buchanan and Marshall McRae, all of whom are considered "independent" as determined in accordance with section 1.4 of NI 52-110. During the year ended December 31, 2013, the Compensation and Governance Committee was comprised of Gary Dundas (chair), William Gallacher, Tom Buchanan and Marshall McRae, all of whom were considered "independent" as determined in accordance with section 1.4 of NI 52-110.

Experience of Members of Compensation and Governance Committee

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

Tom Buchanan is currently the Chief Executive Officer and a director of Spyglass Resources Corp. and was previously Chief Executive Officer of Charger Energy Corp. from September 2010 to March 2013 and President and Chief Executive Officer of Provident Energy Trust from March 2001 to April 2010. From 1993 to 2001 he was President and Chief Executive Officer of Founders Energy Ltd. Other career experience includes serving in various financial management positions with Bankeno Resources, North Canadian Oils Limited, Merland Exploration and Price Waterhouse. In addition to being on the board of directors of Spyglass Resources Corp., Mr. Buchanan is also on the boards of directors of Hawk Exploration Ltd. and Pembina Pipeline Corporation. Mr. Buchanan was previously on the boards of directors for, and the compensation and governance committees of Hawk Exploration Ltd. and Emera Inc.

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

Marshall McRae has over 25 years experience in a variety of financial management roles and is currently the interim Executive Vice President and Chief Financial Officer of Black Diamond Group Limited, since October 2013. Mr. McRae was previously Chief Financial Officer of CCS Inc., administrator of CCS Income Trust (a publicly traded energy and environmental services trust listed on the TSX) and its successor corporation, CCS Corporation (a private energy and environmental services company) from August 2002 until August 2009. Mr. McRae is also a director of Gibson Energy Inc.

Responsibilities of the Compensation and Governance Committee

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

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

Orientation and Continuing Education

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

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

Nomination of Directors

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

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

Assessments

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

The Board oversees the process of the Compensation and Governance Committee's annual evaluation of the performance and effectiveness of the Board, Board committees, individual directors, the Board chair and committee chairs in light of the applicable mandates and position descriptions and facilitates the Compensation and Governance Committee's annual evaluation of the Board's performance. In connection therewith, the Board receives and considers a report and recommendations from the Compensation and Governance Committee regarding the results of the annual evaluation of the performance and effectiveness of the Board, Board committees, individual directors, the Board chair and committee chairs.

Each meeting of the Compensation and Governance Committee that was held in 2013 was attended by each of the members of the Compensation and Governance Committee.

Other Committees

Reserves and Health, Safety and Environmental Committee

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

The meeting of the Reserves and Health, Safety and Environmental Committee that was held in 2013 was attended by each of the members of the Reserves and Health, Safety and Environmental Committee.

Audit Committee

The Board has also established an Audit Committee and its primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to: the integrity of Athabasca's annual and quarterly financial statements to be provided to Athabasca's shareholders and regulatory bodies; Athabasca's compliance with accounting and finance-based legal and regulatory requirements; the external auditor's qualifications, independence and compensation, and communicating with the external auditor; the system of internal accounting and financial reporting controls that management has established; the performance of the external audit process and of the external auditor; financial policies and strategies, including Athabasca's capital structure; financial risk management practices; and transactions or circumstances which could materially affect the financial profile of Athabasca. In accordance with the Audit Committee mandate, the Audit Committee holds "in camera" sessions without management present at each regularly scheduled Audit Committee meeting. Each meeting of the Audit Committee that was held in 2013 was attended by each of the members of the Audit Committee. A copy of the audit committee mandate is attached as Appendix B to this Circular.

Temporary Committee

In 2013, the Board, the Board formed a temporary special committee ("Special Committee"), comprised of Mr. Eckhardt, to provide Board oversight with respect to the Corporation's Executive Operations and Development Committee ("EODC"). Athabasca formed the EODC as a temporary management committee to refine the company's operational performance plan. The EODC, as well as the Special Committee were disbanded in 2013.

Share Ownership Guidelines

In 2014, the Board adopted a mandatory equity ownership policy for directors and executive officers. Independent directors and executive officers are required to acquire and hold equity securities of the Corporation with a minimum aggregate market value ranging from one times to five times their base annual salary (or annual cash retainer in the case of the independent directors) depending on their position. Independent directors and executive officers will have a period of five (5) years from the date of the implementation of the policy on March 18, 2014, or from the date of their appointment as an executive officer of the Corporation, whichever is later, to acquire the value required. Non-compliance with this policy as a result of share price volatility will be dealt with on an exceptional basis. Compliance with such policy will be confirmed on December 31 of each year.

COMPENSATION DISCUSSION & ANALYSIS

Introduction

The Board recognizes that Athabasca's success depends greatly on its ability to attract, retain and motivate superior performing employees at all levels, which can only occur if the Corporation has an appropriately structured and executed compensation program. Athabasca's compensation policies are founded on the principle that executive and employee compensation should be consistent with shareholder interests and Athabasca's compensation plans are therefore intended to attract talented employees and encourage decisions and actions that will result in Athabasca's growth and in the creation of long term shareholder value. An important element of Athabasca's compensation program in support of the objective of aligning its employees interests with those of Athabasca's shareholders is an initial grant to all new employees (including NEOs, as defined below) of Graduated Vesting Options (as defined below) and/or Graduated Vesting RSUs (as defined below), which vest as to one-quarter of the total number granted on each of the first, second, third and fourth anniversaries of the grant date, as more particularly described on pages 31 and 34. The Corporation also views these initial grants of Graduated Vesting Options and/or Graduated Vesting RSUs as an important method of attracting highly skilled, top-performing professionals to what is still a young company that is transitioning from being an early stage development company to being a production company.

Additionally, each year the Compensation and Governance Committee reviews recommendations from Management with respect to salary adjustments, annual cash bonus payments and grants of equity-based compensation. These annual grants of equity-based compensation include Cliff Vesting Options (as defined below) and/or Cliff Vesting RSUs (as defined below) which vest on the fourth anniversary of the date of grant, as more particularly described on pages 31 and 34. The Corporation's purpose in annually granting Cliff Vesting Options and/or Cliff Vesting awards is to ensure that each employee (including NEOs, as defined below) maintains a consistent level of long-term equity-based compensation, which is intended to encourage employees to make decisions that are aligned with the Corporation's shareholders' interests, as well to serve as an employee retention tool. In determining the compensation to be paid to the executive officers, including the NEOs, the Board and the Compensation and Governance Committee take into account corporate achievements, comparative market data, including reports prepared by independent compensation consultants, and information supplied by management of the Corporation.

Compensation Objectives

The principal objectives of Athabasca's executive compensation program are as follows:

- (a) to attract and retain highly qualified executive officers;
- (b) to have compensation packages that are competitive within the marketplace;
- (c) to align the executives' interests with those of Athabasca's shareholders; and
- (d) to reward the demonstration of both leadership and performance.

The Corporation's compensation program is designed to reward individual and corporate performance and to be competitive with comparable companies in the market in which the Corporation competes for talent.

Compensation Governance

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

Determining Executive Compensation

The CEO engages in active discussions with the executive officers that report to the CEO, on at least an annual basis, regarding their performance over the past year and their goals and objectives for the ensuing year. Following this performance review and assessment, the CEO presents his recommendations regarding executive compensation to the Compensation and Governance Committee for its review and approval. The CEO may also provide a self-assessment of his own individual goals and objectives and/or results achieved, if requested by the Compensation and Governance Committee. Upon reviewing the recommendations of the CEO and considering any other information that is determined to be appropriate in the circumstances, on an annual basis, the Compensation and Governance Committee makes recommendations to the Board regarding the compensation to be granted to the Corporation's executive officers, including changes to base salaries, bonuses to be awarded and equity-based compensation to be granted. Currently, compensation is not awarded to the Corporation's executive officers with reference to formal performance goals or objective performance targets, but rather, the Compensation and Governance Committee and the Board may give consideration to such factors as are deemed to be relevant to the assessment of executive performance, and the Board may exercise its discretion in awarding compensation.

Athabasca's executive compensation program is reviewed by the Compensation and Governance Committee at least annually to determine whether any modifications are required to the program. Following such a review in 2013, the Compensation and Governance Committee recommended certain changes to executive compensation in order to more effectively align executive officers' short-term and long term incentives with corporate performance and long-term shareholder value. As a result, for the year ending December 31, 2014, the Corporation has introduced changes to Athabasca's executive compensation programs that implement the recommended changes. See "*Compensation Discussion & Analysis – Changes to Compensation Policies*" below.

Analysis of Compensation Practices of Competitors

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

As part of the comparative compensation analysis that was conducted by Athabasca in 2013, the Compensation and Governance Committee reviewed and considered: (i) the results of an annual energy industry compensation survey that was conducted by Mercer in 2013 (the "**Mercer Survey**"); and (ii) compensation information contained in information circulars of peer companies for meetings of shareholders held in 2013 (the "**Proxy Data**").

The purpose of reviewing the Mercer Survey and the Proxy Data was to:

- understand the competitiveness of current pay and bonus levels for each executive position relative to companies of similar size;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish a basis for the development of salary adjustments and short and long term incentive awards.

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

The profile for the Mercer Survey in 2013 was as follows:

Total Number of distinct corporations participating in the survey:	205
Total number of organizational entities (corporate, subsidiary, group and division):	289
Number of Positions Surveyed:	241
Effective Date of Data:	April 1, 2013

The Proxy Data provided a comparison of the compensation that was paid to executive officers within Athabasca's industry specific peer group, which included the following companies, among others:

MEG Energy Corp.	Crescent Point Energy Corp.	ARC Resources Ltd.
Pengrowth Energy Corporation	Penn West Petroleum Ltd.	Vermillion Energy Inc.
Trilogy Energy Corp.	Baytex Energy Corp.	Enerplus Corporation

The information that was contained in the Mercer Survey and the Proxy Data assisted the Compensation and Governance Committee and the Board in evaluating and determining the compensation that was granted to the Corporation's executive officers (including the NEOs) and employees in 2013.

In addition, during the year ended December 31, 2013, Hugessen Consulting Inc. ("**Hugessen**") was retained by the Board to provide professional consulting services to the Corporation in connection with its review and consideration of potential changes to long-term compensation to be implemented during the year ended December 31, 2014, including the introduction of the Performance Plan. Following review of: (a) the recommendations of the management of the Corporation and the Compensation and Governance Committee; and (b) information and advice received from Hugessen, the Board approved the Performance Plan on March 18, 2014.

Executive Compensation – Consulting and Advisory Related Fees

The aggregate fees billed by Mercer during the year ended December 31, 2012, were \$87,046 and the aggregate fees billed by Mercer during the year ended December 31, 2013, were \$14,710. All such fees were in respect of the provision of the Mercer Survey.

The aggregate fees billed by Hugessen for consulting services provided during the year ended December 31, 2013, was \$50,140. No fees were billed by Hugessen during the year ended December 31, 2012.

Components of Compensation

Athabasca believes that its employees are key to its success. In order to attract and retain highly skilled professionals who add value to its business, Athabasca targets a total compensation package that is at the 75th percentile of Athabasca's comparable peer group for its key employees. The following components comprise the compensation package for all executive officers (including the NEOs) for the year ended December 31, 2013: base salary; annual short-term incentive compensation; participation in the Corporation's long-term compensation plans; the opportunity to participate in the Employee Savings Plan (as defined below); and the opportunity to participate in the Employee Profit Sharing Plan (as defined below). All salaries, salary increases, cash bonuses and equity-based compensation for the executive officers (including the NEOs) are reviewed and approved by the Compensation and Governance Committee and the Board, on an annual basis.

As Athabasca transitions from being largely an early stage development company to being a production company, the Board has implemented in 2014, certain changes to executive compensation to more effectively align short-term and long-term incentives with corporate performance. See "*Compensation Discussion & Analysis – Changes to Compensation Policies*" below.

Base Salary

Base salary provides employees and executive officers with a level of fixed cash compensation that is consistent with market practice. The base salary of each executive officer (including the NEOs) compensates them for performing day-to-day responsibilities and reflects the complexity of their role in addition to the amount of industry

experience that they possess. Salaries are reviewed and compared to industry peers, at least annually, and may be adjusted for individual contribution and performance.

Annual Short-Term Incentive Compensation

The Corporation's executive officers (including the NEOs) are eligible to receive annual cash bonus awards that are based upon individual and corporate performance and are intended to motivate the executive officers. The cash bonus awards are generally determined by reference to a target percentage of an executive's base salary and then adjusted based upon the results of the applicable executive officer's performance review by the CEO and discussions with and recommendations to the Compensation and Governance Committee. For the period from July 2012 to June 2013, the target bonus award for each NEO was 50% of their respective base annual salaries, with the exception of the Senior Executive Vice President, whose base bonus target was 65%; the Chief Operating Officer, whose base bonus target was 75% of his base salary; and the CEO, whose bonus target was 100%. Each NEO, except the CEO, may achieve a bonus payout of between 0% and 150% of their base bonus award target, and the CEO may achieve a bonus payout of between 0% and 200% of his base bonus award target.

In 2013, the Compensation and Governance Committee approved a change to the performance year for the determination of bonus awards from a July to June review period to a January to December review period, beginning January 2014. The purpose of the change is to better align the Corporation's performance review cycle with its annual corporate planning and budgeting and the reporting of the Corporation's financial results. As a result of this change, the Corporation implemented a one-time six-month bonus award review period for the period from July 2013 to December 2013, which bonus awards will be paid in late March, 2014.

As part of the annual review process, the CEO meets with each of the Corporation's executive officers (including the NEOs) to discuss their performance during the year in question. Consideration is given to the goals and objectives that were set by the executives for the year. Currently, no specific weight is assigned to any particular goal or objective or to the goals and objectives in the aggregate. Bonus awards for the executive officers (excluding the CEO) are then recommended by the CEO and are reviewed by the Compensation and Governance Committee and, if deemed appropriate, are recommended to the Board for approval. Bonus awards for the CEO are determined by the Board in its sole discretion based upon the recommendations that are received from the Compensation and Governance Committee.

For the year ending December 31, 2014, the Corporation is introducing a "corporate scorecard" for all executive officers to link annual executive short-term incentive compensation to corporate performance. See "*Compensation Discussion & Analysis – Changes to Compensation Policies*" below.

Long-Term Incentive Compensation

Equity-Based Awards

Athabasca believes that equity-based awards allow the Corporation to reward its executive officers (including the NEOs) for their sustained contributions to the Corporation. Equity-based awards are also utilized by the Corporation to promote executive continuity and retention. Incorporation of long-term equity incentives into the Corporation's performance management program is also intended to align the executives' interests with those of the Corporation's shareholders.

As a result of extended trading blackouts imposed by the Corporation during the year ended December 31, 2012 on certain NEOs (Mr. Robert Bowie and Ms. Anne Schenkenberger), these NEOs did not receive in 2012 normal-course equity-based award grants, which were deferred until the trading blackout was lifted in 2013. As a result, equity-based award grants made to these two NEOs in 2013 included grants for services performed in the year ending December 31, 2012 as well for the year ending December 31, 2013. For similar reasons, the Compensation and Governance Committee did not recommend, and the Board did not approve, grants of any equity-based compensation to Directors for the years ended December 31, 2012 or December 31, 2013. See "*Compensation Discussion & Analysis – Director Compensation*".

Option Plan

The Corporation's stock option plan dated September 1, 2009, as amended (the "**Option Plan**"), allows the Board to grant options to purchase Common Shares ("**Options**"). The Board believes that Options align the interests of executive officers (including the NEOs) with the interests of shareholders, thereby creating a strong link between executive compensation and the long term corporate performance of Athabasca and the creation of shareholder value. The Board does not award Options according to a prescribed formula or target. Instead, the Board takes into account the individual's position, scope of responsibility, ability to affect shareholder value, the individual's historic and recent performance, and the value of the proposed Option grant in relation to other elements of the executive's total compensation. When considering a grant of Options under the Option Plan, the Board will also take into consideration the number of Options that were previously granted to the executive officer, the number of RSUs held by the executive and, where applicable, the number of Incentive Shares (as defined below) that are held by the executive. See "*Long Term Equity Incentive Plans – Incentive Shares*" and "*Long Term Equity Incentive Plans – Option Plan*" below.

RSU Plan

The Corporation's restricted share unit plan dated February 25, 2010, as amended (the "**RSU Plan**"), allows the Board to grant restricted share units ("**RSUs**"), each of which is a unit that is equivalent in value to a Common Share and that upon vesting and exercise results in the holder thereof being issued a Common Share for a nominal exercise price. The Board believes that RSUs align the interests of the executive officers (including the NEOs) with the interests of shareholders, thereby creating a strong link between executive compensation and the long term corporate performance of Athabasca and the creation of shareholder value. The Board does not award RSUs according to a prescribed formula or target. Instead, the Board takes into account the individual's position, scope of responsibility, ability to affect shareholder value, the individual's historic and recent performance, and the value of the proposed RSU grant in relation to other elements of the executive's total compensation. When considering the grant of RSUs under the RSU Plan, the Board will take into consideration the number of RSUs that were previously granted to the executive officer, the number of Options held by the executive, and, where applicable, the number of Incentive Shares held by the executive. See "*Long Term Equity Incentive Plans – RSU Plan*" and "*Matters to be Acted Upon at the Meeting – Approval of Amendments to Restricted Share Unit Plan*".

Performance Plan

On March 18, 2014, the Board approved the adoption of the Performance Plan for the purpose of, among other things, more closely aligning the interests of executive officers and other eligible Service Providers with those of Athabasca's shareholders and to focus such employees on operating and financial performance and long-term shareholder value. See "*Matters to be Acted Upon at the Meeting – Approval of Performance Award Plan*" above and "*Compensation Discussion & Analysis – Changes to Compensation Policies*" below.

Other Compensation

Employee Savings Plan

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

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

- over 8 years of service, the Corporation will provide a matching contribution equal to 200% of an employee's contribution.

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

Employee Profit Sharing Plan

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

Deferred Cash Bonus Payments

As a result of extended trading blackouts imposed by the Corporation during the year ended December 31, 2013 on certain NEOs, in 2013, the Corporation entered into agreements with certain of the NEOs, which provided for a deferred cash bonus payment. The deferred cash bonus was intended by the Corporation to serve as a retention tool in lieu of long-term equity incentives. The deferred cash bonus was to be earned and paid on July 1, 2017. The deferred cash bonus: (i) is accelerated if the NEOs employment is terminated in connection with a change of control; or (ii) if the NEOs employment is not terminated in connection with any such change of control, will be paid in accordance with the original payment schedule, provided that any amount remaining unvested and unpaid on the earlier to occur of the following dates shall be earned and paid on such date: (A) the third anniversary of such change of control; and (B) July 1, 2017.

Pursuant to the agreements for the deferred cash bonus, the Corporation had the right, subject to applicable law, stock exchange rules and the provisions of the RSU Plan, if applicable, to satisfy its obligations with respect to the deferred cash bonus in whole or in part at any time and from time to time by issuing a number of Common Shares or RSUs of the Corporation having a fair market value equal to the cash amount owing to the NEO, as determined by the Board in its sole discretion, acting reasonably. If issued, such RSUs vest on the same basis as the deferred cash bonus would have been earned and paid as outlined above and would otherwise be subject to the terms and conditions set forth in the RSU Plan and agreements for RSUs, applicable law and stock exchange rules. The Corporation exercised this right in 2013 and satisfied its obligations with respect to the deferred cash bonuses payable to certain of the NEOs in whole through the issuance of RSUs, which RSUs vest on the same basis as the deferred cash bonus would have been earned.

Risk Assessment

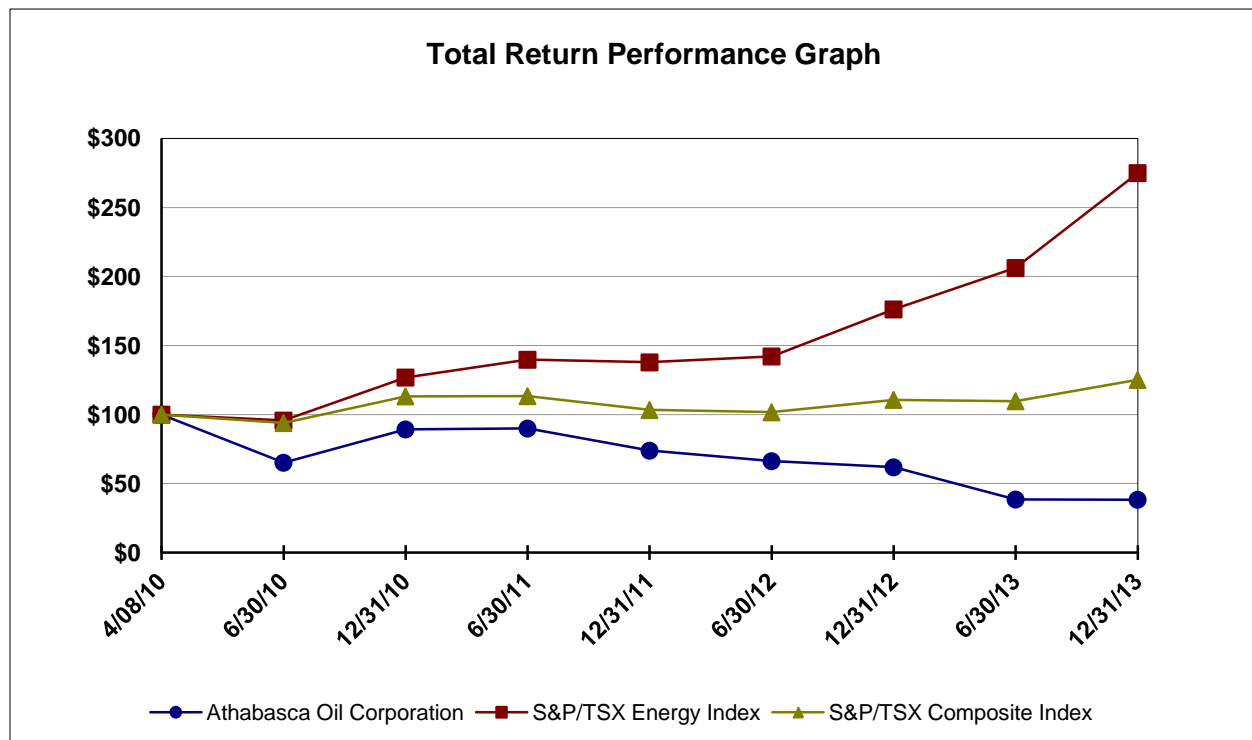
As part of its annual review of the Corporation's compensation program, one of the Compensation and Governance Committee's objectives is to ensure that the Corporation's compensation program provides executive officers with adequate incentives to achieve both short term and long term corporate objectives, without motivating them to take

inappropriate or excessive risks. In that regard, in 2013 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 in 2013 provides for annual cash awards that are determined by the Board by reference to a target percentage of base annual salary, adjusted for personal and corporate performance during the performance period;
- The Corporation's 2013 compensation program for its executive officers is substantially similar to the overall compensation program for the other employees of the Corporation; and
- The Corporation's 2013 long-term incentive plans are designed such that Options and RSUs have a term of five years and therefore generally encourage sustainable Common Share price appreciation and reduce the risk of actions which may only have short term benefits. If shareholder approval is obtained at the Meeting to amend the Option Plan as described under the heading "*Matters to be Acted Upon at the Meeting – Approval of Amendment to Stock Option Plan*" in this Circular, any new Options granted after the Meeting will have a term of seven years. Performance Awards, if any, granted under the Performance Award Plan will have a term that expires on December 15th of the third year following the year the Performance Award is granted.

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.

Performance Graph



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

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

The trend shown in the above graph does not generally correlate with the compensation that was awarded to the NEOs over the same period: Mr. Svarte and Ms. Schenkenberger's total compensation decreased from 2011 to 2012 and then increased from 2012 to 2013; Mr. Harding's, Mr. Verdonck's and Mr. Bowie's total compensation increased each year; and Mr. Heagy was only awarded compensation in 2013, following his appointment as Chief Financial Officer on March 11, 2013.

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

Restrictions on Short-Selling and Derivative Transactions

In accordance with the Corporation's Trading and Blackout Policy, the NEOs and directors of the Corporation are prohibited from: (a) engaging in short sales of the securities of the Corporation; or (b) buying or selling puts, calls or other derivatives in respect of securities of the Corporation.

Changes to Compensation Policies

Since December 31, 2013, the Board, on the recommendation of the Compensation and Governance Committee, has implemented, or plans to implement, the following changes to executive compensation to more effectively align short-term and long-term incentives with corporate performance.

Corporate Scorecard

In 2014, the Corporation will be introducing a "corporate scorecard" for all executive officers (including the NEOs) and senior managers to link annual executive compensation to corporate performance. The measures contained in the corporate scorecard will include key aspects of the Corporation's business, including, health, safety and environment ("HSE"), light oil and thermal oil development, and corporate performance. In the future, it is expected that the corporate scorecard will reflect ongoing changes to Athabasca's business, including increased production and operations, combined with an ongoing focus on strategic planning and a strong commitment to HSE. The Corporation is continuing to refine specific corporate scorecard performance measures.

Under this program, 50% of each executive officer's annual short-term incentive compensation in 2014 will be linked to the Corporation's achievement of specific measures within the corporate scorecard for the year ended December 31, 2014, with the remaining 50% based on each executive officer's individual performance assessment. The results of the program for the year ended December 31, 2014 will also affect grants of short-term incentive compensation to executive officers in 2015. For the year ended December 31, 2015, the program will provide that 75% of each executive officer's annual short-term incentive compensation will be linked to the Corporation's achievement of specific measures within the corporate scorecard for the year ended December 31, 2015, with the remaining 25% based on each executive officer's individual performance assessment based on pre-determined strategic and personal goals and objectives. In addition, all employees of the Corporation will have a portion of their annual bonus award linked to the Corporation's achievement of specific measures within the corporate scorecard for the year ended December 31, 2015, which will also affect grants of short-term incentive compensation to employees in 2016. The proportion of an executive officer or employee's short-term incentive compensation that is weighted to

the corporate scorecard versus individual performance will reflect the degree to which the Compensation and Governance Committee believes their role with the Corporation can influence overall corporate results.

Performance Plan

On March 18, 2014, upon the recommendation of the Compensation and Governance Committee, the Board approved the adoption of the Performance Plan. The Performance Plan permits the grant of Performance Awards to Service Providers of the Athabasca Group. As the Performance Plan is a security based compensation arrangement, approval from shareholders will be sought at the Meeting to ratify the approval of the Performance Plan and the issuance of Common Shares pursuant to the Performance Plan. If shareholder approval is not obtained at the Meeting, the Performance Plan will remain in effect; however, the Corporation will only be permitted to pay the Award Value in respect of any Performance Awards granted either in cash or by the payment in Common Shares acquired by the Corporation on the TSX. See "*Matters to be Acted Upon at the Meeting – Approval of Performance Award Plan*" in this Circular for a summary of the terms of the Performance Plan.

It is anticipated that Performance Awards will be granted to certain executive officers in 2014 and to certain senior managers in 2015. For the year ended December 31, 2014, the Corporation expects that the long-term incentive compensation of executive officers will be comprised 50% of Performance Awards, 25% of Options and 25% of RSUs. The Corporation currently does not intend to grant any Performance Awards to employees, other than executive officers and senior managers, in 2014 and 2015.

Compensation of Named Executive Officers

The CEO, the Chief Financial Officer ("**CFO**"), and each of the three most highly compensated executive officers other than the CEO and the CFO, for the year ended December 31, 2013, are collectively referred to as the "**Named Executive Officers**" or "**NEOs**". The NEOs, for the year ended December 31, 2013 were as follows:

- Sveinung Svarte, President and CEO;
- Rob Harding, former Vice-President, Corporate Services (for the period from March 11, 2013 to December 31, 2013) and former CFO (for the period from January 1, 2013 to March 11, 2013);
- Brent Heagy, former CFO (for the period from March 11, 2013 to February 18, 2014);
- Don Verdonck, Executive Senior Vice President (Brion Energy);
- Anne Schenkenberger, Vice President Legal & Corporate Secretary; and
- Robert Bowie, Vice President Corporate Development.

Summary Compensation Table – NEOs

The following table sets out information concerning the compensation paid by the Corporation to the NEOs during the years ended December 31, 2013, December 31, 2012 and December 31, 2011.

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards ⁽²⁾⁽³⁾ (\$)	Non-equity incentive plan compensation (\$)		Pension Value (\$) ⁽⁶⁾	All other compensation (\$) ⁽⁷⁾⁽⁸⁾	Total compensation (\$)
					Annual incentive plans ⁽⁴⁾	Long-term incentive plans ⁽⁵⁾			
Sveinung Svarte President and Chief Executive Officer	2013	475,000	-	-	450,000	-	N/A	100,250 ⁽⁹⁾	1,025,250
	2012	437,500	-	-	450,000	-	N/A	65,416	954,104
	2011	350,000	-	801,856	450,000	-	N/A	74,563	1,676,419
Rob Harding former Vice- President, Corporate Services (former Chief Financial Officer) ^(1,.)	2013	290,700	-	1,334,880 ⁽¹⁵⁾	169,200	-	N/A	31,977 ⁽¹⁰⁾	1,826,757
	2012	277,500	-	568,028	151,900	-	N/A	10,450	1,007,878
	2011	254,000	-	305,184	148,800	-	N/A	-	707,984
Brent Heagy (former Chief Financial Officer) ⁽¹⁾	2013	257,578	-	1,849,365 ⁽¹⁶⁾	66,000	-	N/A	21,482 ⁽¹¹⁾	2,194,425
Don Verdonck Executive Senior Vice President (Brion Energy)	2013	336,600	-	1,888,299 ⁽¹⁵⁾	247,500	-	N/A	392,976 ⁽¹²⁾	2,865,375
	2012	315,000	-	876,637	197,000	-	N/A	12,100	1,400,737
	2011	253,599	-	302,042	116,100	-	N/A	-	671,741
Anne Schenkenberger, Vice-President, Legal & Corporate Secretary	2013	290,700	-	1,847,881 ⁽¹⁷⁾	195,900	-	N/A	30,522 ⁽¹³⁾	2,365,003
	2012	281,270	-	-	151,500	-	N/A	4,750	437,520
	2011	261,634	-	323,400	155,300	-	N/A	-	740,334
Robert Bowie, Vice-President, Corporate Development ⁽¹⁹⁾	2013	290,700	-	1,694,489 ⁽¹⁸⁾	162,400	-	N/A	27,645 ⁽¹⁴⁾	2,175,234
	2012	238,583	-	-	122,200	-	N/A	7,525	368,308
	2011	204,999	-	56,880	56,000	-	N/A	-	317,879

Notes:

- (1) Mr. Harding was the Chief Financial Officer of the Corporation until March 11, 2013. Effective March 11, 2013, Mr. Harding was appointed Vice President, Corporate Services of the Corporation and Mr. Brent Heagy was appointed Chief Financial Officer of the Corporation. Effective February 18, 2014, Mr. Brent Heagy resigned as Chief Financial Officer of the Corporation and Ms. Kim Anderson was appointed Chief Financial Officer of the Corporation. Effective March 6, 2014, Mr. Harding ceased to be an officer of the Corporation.
- (2) See "Long Term Equity Incentive Plans – Option Plan" and "Long Term Equity Incentive Plans – RSU Plan". The value of Option-based awards is based on the grant date fair value of the applicable awards calculated using the Black-Scholes-Merton formula in accordance with International Financial Reporting Standards 2 *Share-based Payment*. The weighted average assumptions used in valuation of Option-based awards is outlined in the table below:

Assumption/Estimate	2013	2012	2011
Risk free interest rate	1.4%	1.2%	1.8%
Estimated forfeiture rate	6.9%	5.0%	5.0%
Expected life (years)	3.9	4.3	3.7
Dividend rate	0%	0%	0%
Volatility	43.1%	41.0%	41.5%
Grant date fair value (per Option)	\$2.41	\$3.76	\$4.89
Grant date fair value (per RSU)	\$6.86	\$10.79	\$14.73

- (3) Grants of RSUs are disclosed as option-based awards as the RSU Plan requires payment of \$0.10 per Common Share upon the issuance of Common Shares pursuant to RSUs.

- (4) Reflects bonuses earned and paid to the NEOs. See "*Compensation Discussion and Analysis – Annual Short-Term Incentive Compensation*".
- (5) The Corporation does not currently have any cash-based long term incentive plans.
- (6) The Corporation has an Employee Savings Plan (the "**ESP**"). Since the ESP is not considered a "defined contribution plan", employer contributions that have been made to the ESP for the benefit of the NEOs have been included under the heading "*All Other Compensation*".
- (7) Mr. Svarte received a monthly housing allowance and certain other perquisites.
- (8) Except as otherwise shown for Mr. Svarte, the value of perquisites received by each of the other NEOs, including property or other personal benefits provided to the NEOs that are not generally available to all employees, were not in the aggregate greater than \$50,000 or 10% of the NEO's total salary for the financial year.
- (9) Represents \$48,000 that was paid to Mr. Svarte as a housing allowance, \$28,500 in employer matching contributions that were made by the Corporation on Mr. Svarte's behalf pursuant to the ESP and \$23,750 that was contributed to the AOC Stock Fund on Mr. Svarte's behalf pursuant to the EPSP.
- (10) Represents \$17,442 in employer matching contributions that were made by the Corporation on Mr. Harding's behalf pursuant to the ESP and \$14,535 that was contributed to the AOC Stock Fund on Mr. Harding's behalf pursuant to the EPSP.
- (11) Represents \$9,547 in employer matching contributions that were made by the Corporation on Mr. Heagy's behalf pursuant to the ESP and \$11,935 that was contributed to the AOC Stock Fund on Mr. Heagy's behalf pursuant to the EPSP.
- (12) Represents \$21,846 in employer matching contributions that were made by the Corporation on Mr. Verdonck's behalf pursuant to the ESP and \$16,830 that was contributed to the AOC Stock Fund on Mr. Verdonck's behalf pursuant to the EPSP. Mr. Verdonck was also paid a cash bonus of \$363,300 in July of 2013 in lieu of stock based long term incentives.
- (13) Represents \$16,017 in employer matching contributions that were made by the Corporation on Ms. Schenkenberger's behalf pursuant to the ESP and \$14,535 that was contributed to the AOC Stock Fund on Ms. Schenkenberger's behalf pursuant to the EPSP.
- (14) Represents \$13,110 in employer matching contributions that were made by the Corporation on Mr. Bowie's behalf pursuant to the ESP and \$14,535 that was contributed to the AOC Stock Fund on Mr. Bowie's behalf pursuant to the EPSP.
- (15) Mr. Verdonck and Mr. Harding each received stock based long term incentive grants in 2013 for which a portion vests in each of 2014 and 2015, and in 2017.
- (16) Represents Mr. Heagy's new hire grant which would have vested one-quarter on each of the 1st, 2nd, 3rd and 4th anniversaries of the grant date, as more particularly described on pages 31 and 34.
- (17) Represents grants to Ms. Schenkenberger in 2013, which includes grants of option-based awards that were attributable to services performed in 2012, but which, because of the application of the Corporation's Trading and Blackout Policy, could not be granted until 2013. Also reflected in the number are Ms. Schenkenberger's annual grants in 2013. A portion of these option-based grants vest in each of 2014, 2014, 2016 and 2017.
- (18) Represents grants attributable to Mr. Bowie's promotion to an executive officer in 2012 as well as for services performed in 2012, but which, because of the application of the Corporation's Trading and Blackout Policy, could not be granted until 2013. Also reflected in the number are Mr. Bowie's annual grants in 2013.
- (19) Mr. Bowie was appointed an officer of the Corporation on November 26, 2012.

Long Term Equity Incentive Plans

Incentive Shares

When it was a private company, particularly in the start-up phase of Athabasca's operations, Athabasca made available to certain of the NEOs who were then employees of the Corporation the opportunity to acquire Common Shares at a nominal purchase price (referred to herein as "**Incentive Shares**"). The Board does not have any present intention to make additional Incentive Shares available to NEOs in the future.

Pursuant to declarations of trust, Incentive Shares were held in trust pending the satisfaction of certain length of service requirements (the "**NEO Length of Service Requirements**") by the applicable NEO, unless the Incentive Shares were earlier released in the event of: (i) the death of the NEO; (ii) a Change of Control (as defined in the applicable agreements) of the Corporation; or (iii) a determination by the Board to allow earlier release (collectively, the "**NEO Trust Arrangements**"). The NEO Length of Service Requirements varied for each NEO but the NEO Trust Arrangements generally provided for annual or bi-annual releases of the Incentive Shares in equal amounts over periods ranging from two to four years (from the initial date of issue of the Incentive Shares). At December 31, 2013, all Incentive Shares held by NEOs had been released.

Option Plan

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

the Board appointed from time to time by the Board to administer the Option Plan (the Board or, if appointed, such Committee, is referred to as the "**Committee**").

The maximum number of Common Shares that may be issued on the exercise of outstanding Options at any time is limited to 10% of the number of Common Shares that are issued and outstanding, less the number of Common Shares that are issuable pursuant to all other security-based compensation arrangements of Athabasca. Options cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of Options pursuant to the Option Plan. 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.

The number of Common Shares issuable pursuant to Options granted under the Option Plan or any other security-based compensation arrangements of Athabasca: (a) to any one Optionee may not exceed 5% of the outstanding Common Shares; (b) issuable to Insiders (as such term is defined in the Option Plan) at any time shall not exceed 10% of the outstanding Common Shares; and (c) issued to Insiders within any one year period may not exceed 10% of the outstanding Common Shares. In addition, the number of Common Shares issuable at any time pursuant to Options to directors of Athabasca that are not officers or employees of Athabasca shall be limited to 0.75% of the issued and outstanding Common Shares. Options granted under the Option Plan are not assignable.

Options granted pursuant to the Option Plan have a term not exceeding five years and vest in such manner as is determined by the Committee. In the absence of any determination to the contrary by the Committee, Options will have a term of five years and will vest and be exercisable as to one-quarter on each of the first, second, third and fourth anniversaries of the grant date ("**Graduated Vesting Options**"), subject to acceleration of vesting at the discretion of the Committee. Graduated Vesting Options are generally only granted to certain new service providers to the Corporation or its subsidiaries (including NEOs) in connection with their initial hire or at the time that they enter into their initial contractual arrangements with the Corporation or its subsidiaries. The Corporation also grants Options to service providers of the Corporation or its subsidiaries (including NEOs) that have a term of five years and vest as to the entire number of Options granted on the fourth anniversary of the date of the grant ("**Cliff Vesting Options**"). Cliff Vesting Options are generally issued in connection with the Corporation's annual compensation review process, in the Committee's discretion, and are intended to align service providers' long term interests with those of the Corporation's shareholders, in the periods after previously granted Graduated Vesting Options will have vested in full or have expired.

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

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

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

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

- (c) if the Optionee is terminated for cause, immediately on the date of such termination;

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

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

The Option Plan provides that subject to any provision to the contrary contained in an option agreement or other written agreement (such as an agreement of employment) between the Corporation and an Optionee, if there takes place a Change of Control of the Corporation, 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 occurrence of such Change of Control, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change of Control takes place.

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

The Board may amend or discontinue the Option Plan at any time without the consent of an Optionee, provided that such amendment does not adversely alter or impair any Option previously granted under the Option Plan or any related option agreement, except as otherwise permitted by the Option Plan. In addition, the Board may, by resolution, amend the Option Plan and any Option granted under it (together with any related option agreement) without shareholder approval, provided however, that the Board will not be entitled to 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 a Option; (iv) to permit the assignment or transfer of a Option other than as provided for in the Option Plan; (v) to add to the categories of persons eligible to participate in the Option Plan; (vi) make any amendment to increase the maximum limits on the number of securities that may be issued to Insiders; (vii) make any amendment to increase the maximum number of Common Shares issuable on exercise of Options to directors who are not officers or employees of the Corporation; or (viii) to remove or amend the restrictions on amendments that are provided in the Option Plan.

Revised Option Agreements

On March 27, 2012, the Board approved certain changes to the forms of option agreement (the "**Revised Option Agreements**") that are entered between the Corporation and Optionees to which Options are granted. The Revised

Option Agreements provide that: (a) 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 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; and (b) if an Optionee is not provided with an Optionee Termination Notice, then the vesting of the Options granted pursuant to an applicable Revised Option Agreement shall not be accelerated as a result of a Change of Control and the Options shall terminate as to any Common Shares not previously taken up and paid for pursuant to the Options at the time that is the first to occur of: (i) the Change of Control; (ii) the expiration date of the Options; or (iii) the earlier termination of the Options in connection with the cessation of the Optionee's service to the Corporation or its subsidiaries (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 entered into cash bonus agreements ("**Option Cash Bonus Agreements**") with the Corporation which provide such 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 Corporation or its subsidiaries following the occurrence of a Change of Control. Pursuant to the Option Cash Bonus Agreements, if an Optionee remains in the continuous employ or service of the Corporation or its subsidiaries from the date of a Change of Control until a vesting date that is set out in an applicable Revised Option Agreement (an "**Option Bonus Vesting Date**"), then an Option Cash Bonus (calculated in accordance with the formula that is set forth below) divided by the number of Option Bonus Vesting Dates described in the applicable Revised Option Agreement, shall be paid by the Corporation to the Optionee on each such Bonus Vesting Date:

(A x B) + C where:

- (i) "A" equals the number of Options that had not vested as at the date of the termination of the Options pursuant to the Revised Change of Control Provisions ("**Unvested Options**");
- (ii) "B" equals the difference, if positive, between the consideration per Common Share received by the holders of Common Shares pursuant to the transaction that constitutes a Change of Control and the exercise price per Unvested Option that is provided in the applicable Revised Option Agreement;
- (iii) "C" equals $\frac{[(A \times B) / 2] \times \text{Marginal Tax Rate}}{1 - \text{Marginal Tax Rate}}$;
- (iv) "Marginal Tax Rate" means the ordinary rate of income tax charged on the Service Provider's last dollar of income.

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

RSU Plan

The purpose of the RSU Plan is to aid in attracting, retaining and motivating the officers, directors, employees and other eligible service providers of the Corporation and its subsidiaries in the growth and development of the Corporation and its subsidiaries by providing them with an opportunity to acquire an increased proprietary interest in the Corporation. The RSU Plan is administered by the Board or a Committee of the Board appointed from time to

time by the Board to administer the RSU Plan (the Board or, if appointed, such Committee, is referred to as the "**RSU Committee**"). The RSU Committee has the responsibility for determining which service providers to the Corporation and its subsidiaries may be participants ("**Participants**") in the RSU Plan.

The maximum number of Common Shares that may be issued on the exercise of outstanding 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. RSUs cancelled, terminated or expired prior to exercise of all or a portion thereof shall result in the Common Shares that were reserved for issuance thereunder being available for a subsequent grant of RSUs pursuant to the RSU Plan. As the RSU Plan is a "rolling plan", the issuance of additional Common Shares by the Corporation or the exercise of RSUs will also give rise to additional availability under the RSU Plan.

The number of Common Shares issuable pursuant to RSUs granted under the RSU Plan or any other security-based compensation arrangements of Athabasca: (a) to any one Participant may not exceed 5% of the outstanding Common Shares; (b) issuable to Insiders (as such term is defined in the RSU Plan) at any time shall not exceed 10% of the outstanding Common Shares; (c) issued to Insiders within any one year period may not exceed 10% of the outstanding Common Shares; and (d) issuable to directors of Athabasca that are not officers or employees of Athabasca at any time shall not exceed 0.75% of the outstanding Common Shares (paragraphs (b), (c) and (d) being collectively referred to as the "**Insider and Independent Director Participation Restrictions**"). RSUs granted under the RSU Plan are not assignable.

RSUs granted pursuant to the RSU Plan have a term not exceeding five years and vest in such manner as is determined by the RSU Committee. In the absence of any determination to the contrary by the RSU Committee, RSUs will have a term of five years and will vest and be exercisable as to one-quarter on each of the first, second, third and fourth anniversaries of the grant date ("**Graduated Vesting RSUs**"), subject to acceleration of vesting at the discretion of the RSU Committee. Graduated Vesting RSUs are generally granted to new service providers to the Corporation or its subsidiaries (including NEOs) in connection with their initial hire or at the time that they enter into their initial contractual arrangements with the Corporation or its subsidiaries. The Corporation also grants RSUs to service providers of the Corporation or its subsidiaries (including NEOs) that have a term of five years and vest as to the entire number of RSUs granted on the fourth anniversary of the date of the grant ("**Cliff Vesting RSUs**"). Cliff Vesting RSUs are generally issued in connection with the Corporation's annual compensation review process, in the RSU Committee's discretion, and are intended to align service providers' long term interests with those of the Corporation's shareholders in the periods after previously granted Graduated Vesting RSUs will have vested in full or have expired.

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

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

without cause, the date shall be extended to include the applicable period of statutory notice, if any, pursuant to the governing employment standards legislation, but does not include any period of reasonable notice that the Corporation may be required at common law to provide to the Participant.

Notwithstanding the preceding paragraph, if a Participant ceases to be a service provider to the Corporation or its subsidiaries due to the death of the Participant, any unvested awards respecting RSUs held by the deceased Participant shall vest immediately prior to the Forfeiture Date with the result that the deceased Participant shall not forfeit any unvested awards respecting RSUs.

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

The RSU Plan also provides that a Participant may make an offer (an "**Offer to Surrender**") to the Corporation, at any time, for the disposition and surrender by the Participant to the Corporation (and subsequent termination thereof) of any 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 RSUs specified in the Offer to Surrender. The Corporation may accept or reject any Offer to Surrender, in its sole discretion.

The RSU Plan provides that subject to any provision to the contrary contained in an RSU agreement or other written agreement (such as an agreement of employment) between the Corporation and a Participant, if there takes place a Change of Control of the Corporation, all issued and outstanding 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 occurrence of such Change of Control, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change of Control takes place.

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

The Board may amend or discontinue the RSU Plan or amend any RSU at any time without the consent of a Participant, provided that such amendment shall not adversely alter or impair any RSU previously granted under the RSU Plan or any related RSU agreement, except as otherwise permitted by the RSU Plan. In addition, the Board may, by resolution, amend the RSU Plan and any RSU granted under it (together with any related RSU agreement) without shareholder approval, provided however, that at any time while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the RSU Plan or any RSU granted under it without shareholder and, if applicable, TSX approval: (a) to increase the maximum number of Common Shares issuable pursuant to the RSU Plan; (b) to reduce the exercise price of an RSU or cancel an RSU and subsequently issue the holder of such RSU a new RSU in replacement thereof; (c) to extend the term of an RSU; (d) to permit the assignment or transfer of an RSU other than as provided for in the RSU Plan; (e) to add to the categories of persons eligible to participate in the RSU Plan; (f) to remove or amend the Insider and Independent Director Participation Restrictions; (g) to remove or amend the restrictions on amendments that are provided in the RSU Plan.

On termination of the RSU Plan, any outstanding awards of RSUs will immediately vest and the number of Common Shares corresponding to the RSUs that have been awarded will be delivered to the Participant in accordance with and upon compliance with the terms of the RSU Plan. The RSU Plan will finally cease to operate

for all purposes when: (a) the last remaining Participant receives delivery of all Common Shares corresponding to RSUs; or (b) all unexercised RSUs expire in accordance with the terms of the RSU Plan and the relevant RSU agreements.

Revised RSU Agreements

On March 27, 2012, the Board approved certain changes to the forms of RSU agreement (the "**Revised RSU Agreements**") that are entered into between the Corporation and Participants to which RSUs are granted. The Revised RSU Agreements provide that: (a) if a Participant is provided with a notice in writing by the Corporation that the Participant's employment or service with the Corporation will be terminated within thirty days of the date of a Change of Control (a "**Participant Termination Notice**"), then the RSUs granted pursuant to an applicable Revised RSU Agreement will vest immediately and will be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place; and (b) if a Participant is not provided with a Participant Termination Notice, then the vesting of the RSUs granted pursuant to an applicable Revised RSU Agreement shall not be accelerated as a result of a Change of Control and the RSUs shall terminate as to any Common Shares not previously taken up and paid for pursuant to the RSUs at the time that is the first to occur of: (i) the Change of Control; (ii) the expiration date of the RSUs; or (iii) the Forfeiture Date (the revisions described in this paragraph are referred to herein as the "**New Change of Control Provisions**").

RSU Cash Bonus Agreements

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

(D x E) where:

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

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

Outstanding Options, RSUs and Incentive Shares

The following table sets forth information regarding all Options, RSUs and Incentive Shares held by each NEO as of December 31, 2013.

Name	Option-Based Awards ⁽¹⁾				Share-Based Awards ⁽³⁾		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) ⁽²⁾	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out or distributed (\$)
Sveinung Svarte	80,400	15.13	June 30, 2016	-	-	-	-
	26,800	0.10	June 30, 2016	173,664	-	-	-
Rob Harding	49,600	11.33	June 30, 2015	-	-	-	-
	30,600	15.13	June 30, 2016	-	-	-	-
	39,000	10.89	December 3, 2017	-	-	-	-
	144,000	6.49	October 30, 2018	-	-	-	-
	7,650	0.10	June 30, 2016	49,572	-	-	-
	39,000	0.10	December 3, 2017	252,720	-	-	-
	144,000	0.10	October 30, 2018	933,120	-	-	-
Brent Heagy	176,000	9.52	March 10, 2018	-	-	-	-
	23,500	6.49	October 30, 2018	-	-	-	-
	176,000	0.10	March 10, 2018	1,140,480	-	-	-
	23,500	0.10	October 30, 2018	152,280	-	-	-
Don Verdonck	48,800	11.33	June 30, 2015	-	-	-	-
	36,000	15.13	June 30, 2016	-	-	-	-
	60,250	10.89	December 4, 2017	-	-	-	-
	203,700	6.49	October 30, 2018	-	-	-	-
	7,500	0.10	June 30, 2015	48,600	-	-	-
	12,500	0.10	June 30, 2016	81,000	-	-	-
	60,250	0.10	December 4, 2017	390,420	-	-	-
	203,700	0.10	October 30, 2018	1,319,976	-	-	-
Anne Schenkenberger	101,800	11.33	June 30, 2015	-	-	-	-
	33,000	15.13	June 30, 2016	-	-	-	-
	199,340	6.49	October 30, 2018	-	-	-	-
	29,600	0.10	June 30, 2015	191,808	-	-	-
	11,000	0.10	June 30, 2016	71,280	-	-	-
Robert Bowie	199,340	0.10	October 30, 2018	1,291,172	-	-	-
	94,500	10.09	November 30, 2015	-	-	-	-
	7,600	15.13	June 30, 2016	-	-	-	-
	39,600	11.40	January 31, 2017	-	-	-	-
	156,300	6.49	October 30, 2018	-	-	-	-
	31,500	0.10	September 30, 2015	200,970	-	-	-
	2,600	0.10	June 30, 2016	16,588	-	-	-
	13,200	0.10	January 31, 2017	84,216	-	-	-
	192,100	0.10	October 30, 2018	1,225,598	-	-	-

Notes:

- (1) See "Long Term Equity Incentive Plans – Option Plan" and "Long Term Equity Incentive Plans – RSU Plan". Grants of RSUs are disclosed as option-based awards as the RSU Plan requires payment of \$0.10 per Common Share upon the issuance of Common Shares pursuant to RSUs.
- (2) The value of unexercised in-the-money Options or RSUs has been calculated by subtracting the exercise price of such securities from \$6.48, being the closing price of the Common Shares on the TSX on December 31, 2013, and multiplying the difference by the number of unexercised in-the-money Options or RSUs, as applicable.
- (3) The Corporation did not have any unvested share-based awards or vested share-based awards that were not paid out or distributed as at December 31, 2013.

Incentive Plan Awards – Value Vested or Earned During the Year

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, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

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⁾ (\$)
Sveinung Svarte	46,297	1,647,000	450,000
Rob Harding	17,620	666,997	169,200
Brent Heagy	-	-	66,000
Don Verdonck	34,550	1,566,951	601,800 ⁽⁴⁾
Anne Schenkenberger	70,136	320,245	190,900
Robert Bowie	99,756	-	162,400

Notes:

- (1) The value vested during the year for in the money option-based awards (RSUs and Options) has been calculated by determining the difference between the trading price of the Common Shares and the exercise price of the vested securities on the applicable vesting dates (or the next trading day if the securities vested on a date when the TSX was closed). See "*Long Term Equity Incentive Plans – Option Plan*" and "*Long Term Equity Incentive Plans – RSU Plan*" for a description of the Option Plan and RSU Plan.
- (2) The only share-based awards of the Corporation that vested during the year-ended December 31, 2013 were the Incentive Shares. The value vested during the year for Incentive Shares is based on the trading price of the Common Shares on the applicable vesting dates (or the next trading day if the vesting occurred on a date when the TSX was closed). See "*Long Term Equity Incentive Plans – Incentive Shares*" for a description of the Incentive Shares.
- (3) Reflects bonuses paid to the NEOs in the year ended December 31, 2013. See "*Compensation Discussion and Analysis – Annual Short-Term Incentive Compensation*".
- (4) Includes compensation of \$247,500 for Mr. Verdonck's annual bonus payment, as well as a cash bonus of \$363,300 paid in July of 2013 in lieu of stock based long term incentives.

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 Option and/or RSU grants.

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

It is intended that future employment agreements entered into with executive officers will provide that: (a) at any time on or before the first anniversary of the effective date of the agreement (other than for just cause) and with

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

With respect to the agreements with Mr. Svarte, Mr. Harding and Mr. Verdonck, if there is a change of control of Athabasca, and if within six months of the change of control the NEO elects to resign from his employment with Athabasca by providing Athabasca with seven days advance written notice, then unless Athabasca makes the request described below, Athabasca must pay Retiring Allowance #1 or Retiring Allowance #2 (as applicable) to the NEO. If an NEO elects to resign from his employment within six months of a change of control of Athabasca, the NEO must, at the request of Athabasca, continue his employment with Athabasca for a period of up to six months (the "**Continuation Period**") at his then existing compensation and benefits to assist Athabasca by providing such transition services and duties as are requested by Athabasca. Each NEO has agreed that any changes to his position or 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.

With respect to the agreements with Mr. Heagy, Ms. Schenkenberger and Mr. Bowie 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 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) the NEOs 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, 2013 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. Svarte – \$2,127,500; Mr. Harding – \$1,003,000; Mr. Heagy – \$446,660; Mr. Verdonck – \$1,358,610; Ms. Schenkenberger – \$1,132,750; and Mr. Bowie – \$527,650.

Options and RSUs

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

- (a) The issued and outstanding Options that were granted prior to March 27, 2012 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 occurrence of such Change of Control, or at such earlier time as may be established by the Board, in its absolute discretion, prior to the time such Change of Control takes place;
- (b) The issued and outstanding Options granted pursuant to Revised Option Agreements to Optionees that have received an Optionee Termination Notice will vest immediately and will be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place;
- (c) Optionees that were granted Options pursuant to Revised Option Agreements that do not receive an Optionee Termination Notice in connection with the Change of Control will have the right to receive future Option Cash Bonus payments in accordance with the terms of the applicable Option Cash Bonus Agreements;
- (d) The issued and outstanding RSUs granted pursuant to Revised RSU Agreements to Participants that have received a Participant Termination Notice will vest immediately and be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place; and
- (e) Participants that were granted RSUs pursuant to Revised RSU Agreements that do not receive a Participant Termination Notice in connection with the Change of Control will have the right to receive future RSU Cash Bonus payments in accordance with the terms of the applicable RSU Cash Bonus Agreements.

For additional information, see "*Long Term Equity Incentive Plans – Incentive Shares*", "*Long Term Equity Incentive Plans – Option Plan*", "*Long Term Equity Incentive Plans – RSU Plan*" and "*Matters to be Acted Upon at the Meeting – Approval of Amendments to Restricted Share Unit 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 Incentive Shares, Options and RSUs if a Change of Control were to have occurred on December 31, 2013

Name	Options (Pre-Option Plan Amendment) (1)	Options (Post- Option Plan Amendment w/ Optionee Termination Notice)(2)	Option Cash Bonus (w/o Optionee Termination Notice)(3)	RSUs (Pre- RSU Plan Amendment) (\$)(4)	RSUs (Post- RSU Plan Amendment w/ Participant Termination Notice)(5)	RSU Cash Bonus (w/o Optionee Termination Notice) (\$)
Sveinung Svarte	-	-	-	170,984	-	-
Rob Harding	-	-	-	48,807	1,167,540	1,167,540 ⁽⁷⁾
Brent Heagy	-	-	-	-	1,272,810	1,272,810 ⁽⁸⁾
Don Verdonck	-	-	-	127,600	1,684,001	1,684,001 ⁽⁹⁾
Anne Schenkenberger	-	-	-	259,208	1,272,789	1,272,789 ⁽¹⁰⁾
Robert Bowie	-	-	-	301,774	1,225,598	\$1,225,598 ⁽¹¹⁾

Notes:

- (1) None of the Options granted pursuant to Pre- Option Plan Amendment Agreements would have been in-the-money assuming a Common Share price of \$6.48 (the closing price of the Common Shares on the TSX on December 31, 2013).
- (2) None of the Options granted pursuant to Revised Option Agreements would have been in-the-money assuming a Common Share price of \$6.48 (the closing price of the Common Shares on the TSX on December 31, 2013).
- (3) No Option Cash Bonus would be payable on the Options granted, assuming a Change of Control price of \$6.48 (the closing price of the Common Shares on the TSX on December 31, 2013).
- (4) Calculated by subtracting the exercise price of \$0.10 from \$6.48 (the closing price of the Common Shares on the TSX on December 31, 2013) and multiplying the difference by the total number of RSUs granted.
- (5) Calculated by subtracting the exercise price of \$0.10 from \$6.48 (the closing price of the Common Shares on TSX on December 31, 2013) and multiplying the difference by the number of RSUs granted.
- (6) Assuming a Change of Control occurred on December 31, 2013: an RSU Cash Bonus of \$291,885 would have been payable on December 1, 2013 and an RSU Cash Bonus of \$875,655 would have been payable on December 1, 2016.
- (7) Assuming a Change of Control occurred on December 31, 2013: an RSU Cash Bonus of \$318,202 would have been payable on March 11, 2014 and an RSU Cash Bonus of \$954,608 would have been payable on December 1, 2016.
- (8) Assuming a Change of Control occurred on December 31, 2013: an RSU Cash Bonus of \$421,000 would have been payable on December 5, 2013 and an RSU Cash Bonus of \$1,263,001 would have been payable on December 1, 2016.
- (9) Assuming a Change of Control occurred on December 31, 2013: an RSU Cash Bonus of \$318,197 would have been payable on December 5, 2013 and an RSU Cash Bonus of \$954,592 would have been payable on December 1, 2016.
- (10) Assuming a Change of Control occurred on December 31, 2013: an RSU Cash Bonus of \$306,399 would have been payable on December 5, 2013 and an RSU Cash Bonus of \$919,199 would have been payable on December 1, 2016.

Director Compensation

General

Directors who are not also members of management are paid: (i) an annual retainer of \$35,000; and (ii) an annual retainer of \$7,000 for each Board committee that they chair. From time to time, the Board, in its discretion, may also compensate directors with fees for services in their capacity as directors or Board committee members on Board projects or special committees of the Board. Board members are also eligible to participate in the Option Plan and the RSU Plan if awards under such plans are recommended by the Compensation and Governance Committee and approved by the Board. It is anticipated that make-up equity awards may be made in 2014 to Board members who were entitled to receive, but did not receive, equity awards 2012 and 2013, as a result of trading blackout restrictions being in place at the time that equity compensation awards would normally have been made in those years. The Corporation also reimburses directors for all reasonable expenses incurred in order to attend Board or Committee meetings.

Summary Compensation Table

The following table sets out information concerning the compensation paid by the Corporation to its directors (other than Mr. Svarte and other than Mr. Sametz, who was appointed a director on March 14, 2014) during the year ended December 31, 2013.

Name	Year	Fees earned (\$)	Share- based awards (2) (\$)	Option- based awards ⁽²⁾⁽³⁾ (\$)	Non-equity incentive plan compensati on (\$)	Pension value (\$)	All other compen- sation (\$)	Total (\$)
William Gallacher ⁽⁵⁾	2013	77,000	-	-	-	N/A	-	77,000
Gary Dundas	2013	42,000	-	-	-	N/A	-	42,000
Ronald Eckhardt	2013	35,000	-	-	-	N/A	\$202,300 ⁽⁴⁾	237,300
Tom Buchanan	2013	35,000	-	-	-	N/A	-	35,000
Marshall McRae	2013	42,000	-	-	-	N/A	-	42,000

Notes:

- (1) Except as otherwise noted in the table, neither the Corporation nor any of its subsidiaries paid, awarded, granted, gave, or otherwise provided, directly or indirectly, additional compensation to the directors in any capacity under any other arrangement in 2013 (including any plan or non-plan compensation, direct or indirect pay, remuneration, economic or financial award, reward, benefit, gift or perquisite to be paid, payable, awarded, granted, given, or otherwise provided to the directors for services provided, directly or indirectly, to the Corporation or a subsidiary thereof).
- (2) No option-based awards or share-based awards were granted to directors for the year ended December 31, 2013.
- (3) Grants of RSUs are disclosed as option-based awards as the RSU Plan requires payment of \$0.10 per share upon the issuance of Common Shares pursuant to RSUs.
- (4) In 2013, the Board formed a special committee, comprised of Mr. Eckhardt, to provide Board oversight with respect to the Corporation's Executive Operations and Development Committee. Mr Eckhardt. was compensated \$202,300 during 2013 for serving on this Board committee
- (5) Mr. Gallacher resigned as a director of the Corporation on March 14, 2014.

Outstanding Options, RSUs and Incentive Shares

The following table sets forth information regarding all Options, RSUs and Incentive Shares held by each director (other than Mr. Svarte and other than Mr. Sametz, who was appointed a director on March 14, 2014) as of December 31, 2013.

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 (\$)
William Gallacher ⁽⁵⁾	24,789	0.10	June 30, 2016	158,153	-	-	-
Gary Dundas	19,830	0.10	June 30, 2016	126,515	-	-	-
Ronald Eckhardt	16,845	0.10	June 30, 2017	107,477	-	-	-
Tom Buchanan	19,830	0.10	June 30, 2016	126,515	-	-	-
Marshall McRae	50,000	6.15 ⁽⁴⁾	October 29, 2014	16,500	-	-	-
	126,000	12.38	November 29, 2015	-	-	-	-
	68,000	0.10	November 29, 2015	433,840	-	-	-
	19,830	0.10	June 30, 2016	126,515	-	-	-

Notes:

- (1) See "Long Term Equity Incentive Plans – Option Plan" and "Long Term Equity Incentive Plans – RSU Plan". Grants of RSUs are disclosed as option-based awards as the RSU Plan requires payment of \$0.10 per share upon the issuance of Common Shares pursuant to RSUs.
- (2) The value of the unexercised in-the-money Options and RSUs has been determined by subtracting the exercise price of such securities from \$6.48, being the closing price of the Common Shares on the TSX on December 31, 2013 and multiplying the difference by the number of Common Shares that may be acquired upon the exercise of the Options or RSUs.
- (3) The Corporation did not have any unvested share-based awards or vested share-based awards that were not paid out or distributed as at December 31, 2013.
- (4) The Options were granted with an exercise price of \$10.40 per Common Share. As result of the special dividend of \$4.25 per Common Share that was paid by the Corporation on March 22, 2010, the exercise price of the Options was adjusted to \$6.15 per Common Share in accordance with the terms of the Option Plan.
- (5) Mr. Gallacher resigned as a director of the Corporation on March 14, 2014.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth for each director (other than Mr. Svarte and other than Mr. Sametz, who was appointed a director on March 14, 2014), the value of option-based awards and share-based awards which vested during the year ended December 31, 2013 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2013.

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 (\$)
William Gallacher ⁽³⁾	57,097	-	-
Gary Dundas	45,675	-	-
Ronald Eckhardt	29,104	-	-
Tom Buchanan	45,675	-	-
Marshall McRae	161,123	16,500	-

Notes:

- (1) The value vested during the year for option-based awards (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 Options or RSUs on the applicable vesting dates (or the next trading day if the Options vested on a date when the TSX was closed). See "Long Term Equity Incentive Plans – Option Plan" and "Long Term Equity Incentive Plans – RSU Plan" for a description of the Option Plan and RSU Plan.
- (2) The value vested during the year for Incentive Shares is based on the trading price of the Common Shares on the applicable vesting dates (or the next trading day if the vesting occurred on a date when the TSX was closed). See "Long Term Equity Incentive Plans – Incentive Shares" for a description of the Incentive Shares.
- (3) Mr. Gallacher resigned as a director of the Corporation on March 14, 2014.

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, 2013.

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	25,194,308	\$6.57	14,890,106 ⁽¹⁾⁽²⁾
Equity compensation plans not approved by securityholders	-	-	-
Total	25,194,308	\$6.57	14,890,106

Notes:

- (1) Pursuant to the Option Plan, the maximum number of Common Shares issuable on exercise of Options 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 RSU Plan. See "Long Term Equity Incentive Plans – Option Plan" for a description of the Option Plan.
- (2) Pursuant to the RSU Plan, the maximum number of Common Shares issuable pursuant to outstanding RSUs 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. See "Long Term Equity Incentive Plans – RSU Plan" for a description of the RSU 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, or any associate of any such director or officer is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation, nor, at any time since the beginning of the most recently completed financial year of the Corporation, has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation.

OTHER MATTERS COMING BEFORE THE MEETING

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Annual General 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 2000, 250 – 6th Avenue S.W., Calgary, Alberta T2P 3H7 (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 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, 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 that Committee's 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.

Board Chair

27. Annually appoint the Chair of the Board.

Committees

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

30. Appoint a Reserves and Health, Safety and Environmental Committee with the responsibility to assist the Board in fulfilling its reserves 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) of the Company that will be made publicly available and filed with applicable regulatory authorities; (ii) the Company's procedures relating to the disclosure of information with respect to oil and gas activities. The Reserves and Health, Safety and Environmental Committee will also have the responsibility to assist the Board in fulfilling its health, safety and environmental oversight responsibilities with respect to the development, monitoring, reporting and effective implementation of systems, programs and initiatives for the management of health, safety, security and environment matters that may affect the Company.
31. 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.
32. In the Board's discretion, annually appoint the Chair of each Board Committee.

Delegations and Approval Authorities

33. Annually delegate approval authorities to the CEO and review and revise them as appropriate.
34. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.
35. Require the Audit Committee to recommend to the Board for consideration the 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.
36. Require the Audit Committee to recommend to the Board for consideration and, in the Board's discretion, approve dividends, if any.
37. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.
38. Consider and, in the Board's discretion, approve any matters proposed by management.

Annual Operating and Capital Plan

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

Risk Management

41. 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.
42. Ensure policies and procedures designed to maintain the integrity of the Company's disclosure controls and procedures are in place.
43. 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.

44. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.
45. Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.

Orientation / Education

46. With the CG Committee, oversee the development and implementation of a director orientation program covering the role of the Board and its Committees, the contribution individual directors are expected to make and the nature and operation of the Company's business.
47. 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 enhance their knowledge and understanding of the Company's business remains current.

Board Performance

48. 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 and Committee Chairs, in light of the applicable Mandates and Position Descriptions.
49. Participate in an annual evaluation of Board performance by the CG Committee.
50. 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 and Committee Chairs.

Board Meetings

51. 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.
52. Meet in separate non-management and independent director only in camera sessions at each regularly scheduled meeting.
53. 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

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

Other

56. 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.
57. 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

1. 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 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

APPENDIX B

ATHABASCA OIL CORPORATION

AUDIT COMMITTEE MANDATE

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

COMPOSITION

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

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

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

RESPONSIBILITIES

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

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

SPECIFIC DUTIES

The Committee will:

Audit Leadership

1. Have a clear understanding with the external auditor that it must maintain an open and transparent relationship with the Committee, and that the ultimate accountability of the external auditor is to the Committee, as representatives of the shareholders of the Company.
2. Provide an avenue for communication between each of the external auditor, financial and senior management and the Board, and the Committee has the authority to communicate directly with the external auditors and financial and senior management.

Auditor Qualifications and Selection

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

Process

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

- (b) The significant estimates and judgements and reporting principles, practices and procedures applied by the Company in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.
- (c) The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.
- (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Company.
- (e) The cooperation received by the external auditor during its audit, including access to all requested records, data and information.
- (f) Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

Financial Statements and Disclosure

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

Internal Control Supervision

- 16. As required by applicable law, review with management and the external auditor the Company's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Company's internal controls over financial reporting.
- 17. Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

18. Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious". Review responses of management to any significant recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.
19. Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies of the Company (as required).
20. Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Company.
21. Review with management and the external auditor any material related party transactions.
22. Review with the external auditor the quality of the Company's accounting personnel. This review may occur without the presence of management. Review with management the responsiveness of the external auditor to the needs of the Company.

Disclosure Controls and Procedures

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

Financial Leadership

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

Financial Management

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

Financial Risk Management

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

Transactions

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

Committee Reporting

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

44. Prepare any reports required to be prepared by the Committee under applicable law.

Committee Meetings

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

Committee Governance

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

Advisors/Resources

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

Other

52. With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.
53. Carry out any other appropriate duties and responsibilities assigned by the Board.
54. To honour the spirit and intent of applicable law as it evolves, authority to make minor technical amendments to this Mandate is delegated to the Secretary, who will report any amendments to the CG Committee at its next meeting.

STANDARDS OF LIABILITY

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

Approved: December 11, 2009

Revised: March 14, 2012

APPENDIX C
ATHABASCA OIL CORPORATION
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.

APPENDIX D

ATHABASCA OIL CORPORATION

AMENDED AND RESTATED BY-LAW NO. 1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF

ATHABASCA OIL CORPORATION

(hereinafter called the "Corporation")

IT IS HEREBY ENACTED as a by-law of the Corporation as follows:

Division One INTERPRETATION

1.01 In the by-laws of the Corporation, unless the context otherwise specifies or requires:

- a. "Act" means the *Business Corporations Act* of Alberta, as from time to time amended and every statute that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Act shall be read as references to the substituted provisions therefore in the new statute or statutes;
- b. "additional directors" has the meaning set forth in section 4.02;
- c. "Affiliate", when used to indicate a relationship with a specific person, shall mean a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such specified person;
- d. "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the written rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commissions and similar regulatory authorities of each province and territory of Canada;
- e. "appoint" includes "elect" and vice versa;
- f. "articles" means the articles of incorporation or continuance of the Corporation, as from time to time amended or restated;
- g. "Associate", when used to indicate a relationship with a specified person, shall mean: (i) any body corporate or trust of which such person beneficially owns, directly or indirectly, voting securities carrying more than ten percent (10%) of the voting rights attached to all voting securities of such body corporate or trust for the time being outstanding; (ii) any partner of that person; (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; (iv) a spouse of such specified person; (v) any person of either sex with whom such specified person is living in conjugal relationship outside marriage; or (vi) any relative of such specified person or of a person mentioned in clauses (iv) or (v) of this definition if that relative has the same residence as the specified person;
- h. "beneficially owns" or "beneficially owned" means, in connection with the ownership of shares in the capital of the Corporation by a person: (i) any such shares as to which such person or any of such person's Affiliates or Associates owns at law or in equity, or has the right to acquire or become the owner at law or

in equity, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, upon the exercise of any conversion right, exchange right or purchase right attaching to any securities, or pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (ii) any such shares as to which such person or any of such person's Affiliates or Associates has the right to vote, or the right to direct the voting, where such right is exercisable immediately or after the passage of time and whether or not on condition or the happening of any contingency or the making of any payment, pursuant to any agreement, arrangement, pledge or understanding whether or not in writing; (iii) any such shares which are beneficially owned, directly or indirectly, by a Counterparty (or any of such Counterparty's Affiliates or Associates) under any Derivatives Contract (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person's Affiliates or Associates is a Receiving Party; provided, however that the number of shares that a person beneficially owns pursuant to this clause (iii) in connection with a particular Derivatives Contract shall not exceed the number of Notional Securities with respect to such Derivatives Contract; provided, further, that the number of securities owned beneficially by each Counterparty (including their respective Affiliates and Associates) under a Derivatives Contract shall for purposes of this clause be deemed to include all securities that are owned beneficially, directly or indirectly, by any other Counterparty (or any of such other Counterparty's Affiliates or Associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty's Affiliates or Associates) is a Receiving Party and this proviso shall be applied to successive Counterparties as appropriate; and (iv) any such shares which are owned beneficially within the meaning of this definition by any other person with whom such person is acting jointly or in concert with respect to the Corporation or any of its securities;

- i. "board" means the board of directors of the Corporation;
- j. "business day" means a day which is not a non-business day;
- k. "by-laws" means this by-law and all other by-laws of the Corporation from time to time in force and effect;
- l. "close of business" means 5:00 p.m. (Calgary time) on a business day in Alberta, Canada;
- m. "Counterparty" means a counterparty to a Derivatives Contract to which the Receiving Party is a party;
- n. "Derivatives Contract" shall mean a contract between two parties that is designed to expose the Receiving Party to economic benefits and risks that correspond substantially to the ownership by the Receiving Party of a number of shares in the capital of the Corporation or securities convertible into such shares, as is specified or referenced in such contract, regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares in the capital of the Corporation or securities convertible into such shares or other property, without regard to any short position under the same or any other such contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate governmental authority shall not be deemed to be Derivatives Contracts;
- o. "meeting of shareholders" includes an annual and a special meeting of shareholders;
- p. "Nominating Shareholder" has the meaning set forth in section 4.03(a)(iii);
- q. "non-business day" means Saturday, Sunday and any other day that is a holiday as from time to time defined in *The Interpretation Act* of Alberta;
- r. "Notice Date" has the meaning set forth in section 4.03(c)(i);

- s. "Notional Securities" means the notional number of shares in the capital of the Corporation or securities convertible into such shares that corresponds to the economic benefits and risks that a Receiving Party is exposed to pursuant to a Derivatives Contract;
- t. "public announcement" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System for Electronic Document Analysis and Retrieval at www.sedar.com;
- u. "Receiving Party" means the party that is exposed to the economic benefits and risks that correspond substantially to the ownership of a number of shares in the capital of the Corporation or securities convertible into such shares pursuant to a Derivatives Contract;
- v. "Regulations" means the regulations under the Act as published or from time to time amended and every regulation that may be substituted therefore and, in the case of such substitution, any references in the by-laws of the Corporation to provisions of the Regulations shall be read as references to the substituted provisions therefore in the new regulations;
- w. "signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by virtue of section 3.01 of this by-law or by a resolution passed pursuant thereto; and
- x. "special meeting of shareholders" means a meeting of any particular class or classes of shareholders and a meeting of all shareholders entitled to vote at any annual meeting of shareholders at which special business is to be transacted.

Save as aforesaid, all terms which are contained in the by-laws of the Corporation and which are defined in the Act or the Regulations shall, unless the context otherwise specifies or requires, have the meanings given to such terms in the Act or the Regulations. Words importing the singular number include the plural and vice versa; the masculine shall include the feminine; and the word "person" shall include an individual, partnership, association, body corporate, body politic, trustee, executor, administrator and legal representative.

Headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

Division Two BANKING AND SECURITIES

2.01 Banking Arrangements

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations or any other persons as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of power as the board may from time to time prescribe or authorize.

2.02 Voting Rights in Other Bodies Corporate

The signing officers of the Corporation may execute and deliver instruments of proxy and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of such voting certificates or evidence of the right to exercise such voting rights. In addition, the board, or failing the board, the signing officers of the Corporation, may direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

Division Three
EXECUTION OF INSTRUMENTS

3.01 Authorized Signing Officers

Unless otherwise authorized by the board, deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two of the president, chairman of the board, managing director, any vice-president, any director, secretary, treasurer, any assistant secretary or any assistant treasurer or any other officer created by by-law or by the board. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal to any instrument requiring the same, but no instrument is invalid merely because the corporate seal is not affixed thereto.

3.02 Cheques, Drafts and Notes

All cheques, drafts or orders for the payment of money and all notes and acceptances and bills of exchange shall be signed by such officer or person or persons, whether or not officers of the Corporation, and in such manner as the board may from time to time designate by resolution.

Division Four
DIRECTORS

4.01 Number

The board shall consist of such number of directors as is fixed by the articles, or where the articles specify a variable number, shall consist of such number of directors as is not less than the minimum nor more than the maximum number of directors provided in the articles and as shall be fixed from time to time by resolution of the shareholders.

4.02 Election and Term

Subject to the articles or a unanimous shareholder agreement, the election of directors shall take place at each annual meeting of shareholders and all of the directors then in office, unless elected for a longer period of time (not to exceed the close of the third (3rd) annual meeting of shareholders following election), shall retire but, if qualified, shall be eligible for re-election. The number of directors to be elected at any such meeting shall, subject to the articles or a unanimous shareholder agreement, be the number of directors then in office, or the number of directors whose terms of office expire at the meeting, as the case may be, except that, if cumulative voting is not required by the articles and the articles otherwise permit, the shareholders may resolve to elect some other number of directors. Where the shareholders adopt an amendment to the articles to increase the number or minimum number of directors, the shareholders may, at the meeting at which they adopt the amendment, elect the additional number of directors authorized by the amendment ("additional directors"). Notwithstanding the right to elect additional directors, such election must comply with the timely notice requirements set out in section 4.03. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected. If the articles provide for cumulative voting, each director elected by shareholders (but not directors elected or appointed by creditors or employees) ceases to hold office at the annual meeting and each shareholder entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him multiplied by the number of directors he is entitled to vote for, and he may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. If he has voted for more than one candidate without specifying the distribution among such candidate, he shall be deemed to have divided his votes equally among the candidates for whom he voted.

4.03 Advance Notice Nomination of Directors

- a. Nomination Procedures. Subject only to the Act, Applicable Securities Laws and the articles of the Corporation, only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation. Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if the election of directors is a matter specified in the notice of meeting:
 - i. by or at the direction of the board, including pursuant to a notice of meeting;
 - ii. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act, or a requisition of the shareholders made in accordance with the provisions of the Act; or
 - iii. by any person (a "Nominating Shareholder") who: (A) at the close of business on the date of the giving of the notice provided for in this section 4.03 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and provides evidence of such beneficial ownership to the Corporation; and (B) complies with the notice procedures set forth below in this section 4.03.
- b. Timely Notice. In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the secretary of the Corporation in accordance with this section 4.03.
- c. Manner of Timely Notice. To be timely, a Nominating Shareholder's notice must be given:
 - i. in the case of an annual meeting (including an annual and special meeting) of shareholders, not less than 30 nor more than 65 days prior to the date of the meeting; provided, however, that in the event that the meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the tenth (10th) day following the Notice Date; and
 - ii. in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the fifteenth (15th) day following the day on which the first public announcement of the date of the meeting was made.

In no event shall any adjournment, postponement, or reconvening of a meeting, or the announcement thereof commence a new time period for the giving of a Nominating Shareholder's notice as described above.
- d. Proper Form of Notice. To be in proper written form, a Nominating Shareholder's notice must set forth:
 - i. as to each person whom the Nominating Shareholder proposes to nominate for election as a director: (A) the name, age, province or state, and country of residence of the person; (B) the principal occupation, business or employment of the person, both present and within the five years preceding the notice; (C) whether the person is a resident Canadian within the meaning of the Act; (D) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person, as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (E) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in

connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws; and

- ii. as to the Nominating Shareholder: (A) the number of securities of each class of voting securities of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by such person or any joint actors, as of the record date for the meeting (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; (B) full particulars regarding any proxy, contract, arrangement, agreement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or to direct or to control the voting of any shares of the Corporation; and (C) any other information relating to such Nominating Shareholder that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act or any Applicable Securities Laws.

References to "Nominating Shareholder" in this section 4.03(d) shall be deemed to refer to each shareholder that nominates a person for election as director in the case of a nomination proposal where more than one shareholder is involved in making such nomination proposal.

- e. Other Information. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation or that would reasonably be expected to be material to a reasonable shareholder's understanding of the independence and/or qualifications, or lack thereof, of such proposed nominee.
- f. Notice to be Updated. In addition, to be considered timely and in proper written form, a Nominating Shareholder's notice shall be promptly updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be true and correct as of the record date for the meeting.
- g. Determination of Eligibility. The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded. The board may, in its sole discretion, waive any requirement in this section 4.03.
- h. Delivery of Notice. Notwithstanding any other provision of this by-law, notice given to the secretary of the Corporation pursuant to this section 4.03 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary of the Corporation for the purposes of the notice), and shall be deemed to have been given and made only at the time it is served by personal delivery to the secretary at the address of the principal executive offices of the Corporation, by email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of the confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is not a business day or later than 5:00 p.m. (Calgary time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- i. Increase in number of directors to be elected. Notwithstanding any provisions in this section 4.03 to the contrary, in the event that the number of directors to be elected at a meeting is increased effective after the time period for which the Nominating Shareholder's notice would otherwise be due under this section, a notice with respect to nominees for the additional directorships required by this section shall be considered timely if it shall be given not later than the close of business on the tenth (10th) day following the day on which the first public announcement of such increase was made by the Corporation.

4.04 Removal of Directors

Subject to the Act, the articles and section 4.03 hereof, the shareholders may by ordinary resolution passed at a special meeting remove any director from office, except a director elected by employees or creditors pursuant to the articles or a unanimous shareholder agreement, and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the board. However, if the articles provide for cumulative voting, no director shall be removed pursuant to this section where the votes cast against the resolution for his removal would, if cumulatively voted at an election of the full board, be sufficient to elect one or more directors.

4.05 Consent

A person who is elected or appointed a director is not a director unless:

- a. he was present at the meeting when he was elected or appointed and did not refuse to act as a director, or
- b. if he was not present at the meeting when he was elected or appointed:
 - i. he consented in writing to act as a director before his election or appointment or within ten (10) days after it, or
 - ii. he has acted as a director pursuant to the election or appointment.

4.06 Vacation of Office

A director of the Corporation ceases to hold office when:

- a. he dies or resigns;
- b. he is removed in accordance with section 109 of the Act; or
- c. he becomes disqualified under subsection 105(1) of the Act.

4.07 Committee of Directors

The directors may appoint from among their number a managing director, who must be a resident Canadian, or a committee of directors, however designated, of which at least one-quarter of the members must be resident Canadians, and subject to section 115 of the Act may delegate to the managing director or such committee any of the powers of the directors. A committee may be comprised of one director.

4.08 Transaction of Business of Committee

Subject to the provisions of this by-law with respect to participation in a meeting, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all of the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Alberta and may be called by any one member of the committee giving notice in accordance with the by-laws governing the calling of meetings of the board.

4.09 Procedure

Unless otherwise determined herein or by the board, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

4.10 Remuneration and Expenses

Subject to any unanimous shareholder agreement, the directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor.

4.11 Vacancies

Subject to the Act, a quorum of the board may fill a vacancy among the directors, except a vacancy resulting from an increase in the number or minimum number of directors or from a failure to elect the number or minimum number of directors required by the articles. If there is not a quorum of directors, or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall forthwith call a special meeting of shareholders to fill the vacancy and, if they fail to call a meeting or if there are no directors then in office, the meeting may be called by any shareholder.

4.12 Action by the Board

Subject to any unanimous shareholder agreement, the board shall manage or supervise the management of the business and affairs of the Corporation. Notwithstanding a vacancy among the directors, a quorum of directors may exercise all the powers of the directors. If the Corporation has only one director, that director may constitute a meeting.

Division Five
MEETING OF DIRECTORS

5.01 Place of Meeting

Meetings of the board may be held at any place within or outside Alberta.

5.02 Notice of Meeting

Unless the board has made regulations otherwise, meetings of the board may be summoned on twenty-four (24) hours' notice, given verbally or in writing, and whether by means of telephone or telegraph, electronic means in accordance with the provisions of the *Electronic Transactions Act* of Alberta, or any other means of communication. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- a. submit to the shareholders any question or matter requiring approval of the shareholders;
- b. fill a vacancy among the directors or in the office of auditor;
- c. appoint additional directors;
- d. issue securities, except in the manner and on the terms authorized by the board;
- e. declare dividends;
- f. purchase, redeem or otherwise acquire shares issued by the Corporation, except in the manner and on the terms authorized by the board;
- g. pay a commission for the sale of shares;

- h. approve a management proxy circular;
- i. approve any financial statements to be placed before the shareholders at an annual meeting; or
- j. adopt, amend or repeal by-laws.

Provided, however, that a director may in any manner, and either before or after the meeting, waive notice of a meeting and attendance of a director at a meeting of the board shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

For the first meeting of the board to be held immediately following an election of directors no notice of such meeting shall be necessary, and for a meeting of the board at which a director is to be appointed to fill a vacancy in the board, no notice of such meeting shall be necessary to the newly elected or appointed director or directors in order to legally constitute the meeting, provided, in each case, that a quorum of the directors is present.

5.03 Adjourned Meeting

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

5.04 Calling of the Meetings

Meetings of the board shall be held from time to time at such time and at such place as the board, the chairman of the board, the managing director, the president or any two directors may determine. Should more than one of the above-named call a meeting at or for substantially the same time, there shall be only one meeting held and such meeting shall occur at the time and place determined by, in order of priority, the board, any two directors, the chairman, or the president.

5.05 Regular Meetings

The board may, from time to time, appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, and forthwith to each director subsequently elected or appointed, but no other notice shall be required for any such regular meeting except where the Act or this by-law requires the purpose thereof or the business to be transacted thereat to be specified.

5.06 Chairman

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director or president. If no such officer is present, the directors present shall choose one of their number to be chairman.

5.07 Quorum

Subject to the following section 5.08, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater number of directors as the board may from time to time determine.

5.08 One-Quarter Canadian Representation at Meetings

Directors shall not transact business at a meeting of directors unless at least one-quarter of the directors present are resident Canadians. Notwithstanding the foregoing, directors may transact business at a meeting of directors when less than one-quarter of the directors present are resident Canadians if:

- a. a resident Canadian director who is unable to be present approves in writing or by electronic means, telephone or other communications facilities the business transacted at the meeting; and
- b. the number of resident Canadian directors present at the meeting, together with any resident Canadian director who gives his approval under clause (a), totals at least one-quarter of the directors present at the meeting.

5.09 Voting

Questions arising at any meeting of the board shall be decided by a majority of votes, and in the event of any equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote.

5.10 Participation in Meeting

A director may participate in a meeting of the board or a committee of the board by electronic means, telephone, or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a director participating in such meeting by such means is deemed to be present at the meeting.

5.11 Resolution in Lieu of Meeting

Notwithstanding any of the foregoing provisions of this by-law, a resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board or a committee of directors is as valid as if it had been passed at a meeting of the board or committee of directors, as the case may be. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

5.12 Amendments to the Act

It is hereby affirmed that the intention of sections 4.07, 5.08 and 7.03, as they relate to Canadian representation, is to comply with the minimum requirements of the Act and in the event that such minimum requirements shall be amended, deleted or replaced such that no, or lesser, requirements with respect to Canadian representation are then in force, such sections shall be deemed to be correspondingly amended, deleted or replaced without any further act of the directors or shareholders of the Corporation.

Division Six
PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

6.01 Conflict of Interest

A director or officer shall not be disqualified from his office, or be required to vacate his office, by reason only that he is a party to, or is a director or officer or has a material interest in any person who is a party to, a material contract or material transaction or proposed material contract or proposed material transaction with the Corporation or a subsidiary thereof. Such a director or officer shall, however, disclose the nature and extent of his interest in the contract or transaction or proposed contract or transaction at the time and in the manner provided by the Act. Subject to the provisions of the Act, a director or officer shall not by reason only of his office be accountable to the Corporation or to its shareholders for any profit or gain realized from such a contract or

transaction, and such contract or transaction shall not be void or voidable by reason only of the director's interest therein, provided that the required declaration and disclosure of the interest is properly made, the contract or transaction is approved by the directors or shareholders, if necessary, and it was fair and reasonable to the Corporation at the time it was approved and, if required by the Act, the director refrains from voting as a director on the contract or transaction.

Even if the above conditions are not met, a director or officer acting honestly and in good faith shall not be accountable to the Corporation or to its shareholders for any profit realized from a material contract or material transaction for which disclosure is required by the Act, and such contract or transaction shall not be void or voidable by reason only of the director or officer's interest therein, provided that the material contract or material transaction was approved or confirmed by special resolution at a meeting of the shareholders, disclosure of the interest was made to the shareholders in a manner sufficient to indicate its nature before such contract or transaction was approved or confirmed, and such contract or transaction was reasonable and fair to the Corporation at the time it was approved or confirmed.

6.02 Limitation of Liability

Every director and officer of the Corporation, in exercising his powers and discharging his duties, shall act honestly and in good faith with a view to the best interests of the Corporation and shall exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer, for the time being of the Corporation, shall be liable for the acts, neglects or defaults of any other director or officer or employee or for joining in any act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested or for any loss, conversion, misapplication or misappropriation of or any damage resulting for any dealings with any moneys, securities or other assets belonging to the Corporation or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his respective office or trust or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the Regulations thereunder or from liability for any breach thereof. The directors, for the time being of the Corporation, shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board.

No act or proceeding of any director or officer or the board shall be deemed invalid or ineffective by reason of the subsequent ascertainment of any irregularity in regard to such act or proceeding or the election, appointment or qualification of such director or officer or board.

6.03 Indemnity

Subject to section 124 of the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a shareholder or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Corporation or body corporate, if:

- a. he acted honestly and in good faith with a view to the best interests of the Corporation; and
- b. in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The Corporation shall also indemnify such persons in such other circumstances as the Act permits or requires. Nothing herein contained shall limit the right of any person entitled to indemnity to claim indemnity apart from the provisions of this section 6.03.

6.04 Insurance

The Corporation may purchase and maintain insurance for the benefit of any person referred to in section 6.03 against any liability incurred by him:

- a. in his capacity as a director or officer of the Corporation, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the Corporation; or
- b. in his capacity as a director or officer of another body corporate where he acts or acted in that capacity at the Corporation's request, except where the liability relates to his failure to act honestly and in good faith with a view to the best interests of the body corporate.

Division Seven
OFFICERS

7.01 Election or Appointment

Subject to any unanimous shareholder agreement, the board may, from time to time, appoint a chairman of the board, a president, one or more vice-presidents, a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by-law and subject to the provisions of the Act, delegate to such officers powers to manage the business and affairs of the Corporation. Except for a managing director and a chairman of the board who must be directors, an officer may, but need not be, a director and one person may hold more than one office.

7.02 Chairman of the Board

The chairman of the board shall, when present, preside at all meetings of the board, committees of directors and at all meetings of shareholders.

If no managing director is appointed, the board may assign to the chairman of the board any of the powers and duties that, by any provision of this by-law, are assigned to the managing director; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the president.

7.03 Managing Director

The managing director, if any, shall be a resident Canadian and shall have, subject to the authority of the board, general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify.

7.04 President

The president shall, subject to the authority of the board and the managing director, if any, have such powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the president shall also have the powers and duties of that office; provided, however, that unless he is a director he shall not preside as chairman at any meeting of the board or of a committee of directors.

7.05 Vice-President

During the absence or disability of the president, his duties shall be performed and his powers exercised by the vice-president or, if there is more than one, by the vice-president designated from time to time by the board or the president; provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of the board or of a committee of directors. A vice-president shall have such other powers and duties as the board or the president may prescribe.

7.06 Secretary

The secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of directors and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer, if any, may specify.

7.07 Treasurer

The treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions and he shall have such other powers and duties as the board or chief executive officer, if any, or the president may specify.

7.08 General Manager or Manager

If elected or appointed, the general manager shall have, subject to the authority of the board, the managing director, if any, the chief executive officer, if any, and the president, full power to manage and direct the business and affairs of the Corporation (except such matters and duties as by law must be transacted or performed by the board and/or by the shareholders) and to employ and discharge agents and employees of the Corporation and may delegate to him or them any lesser authority. A general manager or manager shall conform to all lawful orders given to him by the board and shall at all reasonable times give to the directors or any of them all information they may require regarding the affairs of the Corporation. Any agent or employee appointed by a general manager or manager shall be subject to discharge by the board.

7.09 Powers and Duties of Other Officers

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board, the managing director, if any, or the chief executive officer, if any, or the president may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer, if any, or the president otherwise directs.

7.10 Variation of Powers and Duties

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

7.11 Vacancies

If the office of any officer of the Corporation shall be or become vacant by reason of death, resignation, disqualification or otherwise, the board, by resolution, may appoint a person to fill such vacancy.

7.12 Remuneration and Removal

The remuneration of all officers appointed by the board shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder of the Corporation shall not disqualify him from receiving such remuneration as may be determined. All officers shall be subject to removal by resolution of the board at any time, with or without cause, notwithstanding any agreement to the contrary, provided however that this right of removal shall not limit in any way such officer's right to damages by virtue of such agreement or any other rights resulting from such removal in law or equity.

7.13 Agents and Attorneys

The Corporation, by or under the authority of the board, shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as may be thought fit.

7.14 Conflict of Interest

An officer shall disclose his interest in any material contract or material transaction or proposed material contract or proposed material transaction with the Corporation in accordance with section 6.01.

7.15 Fidelity Bonds

The board may require such officers, employees and agent of the Corporation, as the board deems advisable, to furnish bonds for the faithful discharge of their powers and duties, in such forms and with such surety as the board may from time to time determine.

Division Eight
SHAREHOLDERS' MEETINGS

8.01 Annual Meetings

Subject to the Act, the annual meeting of shareholders shall be held at such time and on such day in each year and at such place or places as the board, the chairman of the board, the managing director or the president may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors if required by the Act or the articles, and for the transaction of such other business as may properly be brought before the meeting.

8.02 Special Meetings

The board shall have the power to call a special meeting of shareholders at any time.

8.03 Place of Meetings

Meetings of shareholders shall be held as provided for in the articles, or failing any reference in the articles, at such place in Alberta as the board may determine. Subject to the Act, if the directors or the shareholders of the Corporation call a meeting of shareholders, the directors or the shareholders, as the case may be, may determine that the meeting shall be held entirely by electronic means, telephone or other communication facility that permits all participants to communicate adequately with each other during the meeting.

8.04 Record Date for Notice

The board may fix in advance a date, preceding the date of any meeting of shareholders by not more than fifty (50) days and not less than twenty-one (21) days, as a record date for the determination of shareholders entitled to notice of or to vote at the meeting. If no record date is fixed, the record date for the

determination of the shareholders entitled to receive notice of or to vote at the meeting shall be the close of business on the date immediately preceding the day on which the notice is given or, if no notice is given, the day on which the meeting is held.

8.05 Notice of Meeting

Notice of the time and place of each meeting of shareholders shall be sent not less than twenty-one (21) days and not more than fifty (50) days before the meeting to each shareholder entitled to vote at the meeting, each director and the auditor of the Corporation. Such notice may be sent by electronic means in accordance with the *Electronic Transactions Act* of Alberta, or by mail addressed to, or may be delivered personally to, the shareholder, at his latest address as shown in the records of the Corporation or its transfer agent, to the director, at his latest address as shown in the records of the Corporation or in the last notice filed pursuant to section 106 or 113 of the Act, or to the auditor, at his most recent address as shown in the records of the Corporation. A notice of meeting of shareholders sent by mail to a shareholder, director or auditor in accordance with the above is deemed to be served on the day on which it was deposited in the mail. A notice of a meeting is not required to be sent to shareholders who are not registered on the records of the Corporation or its transfer agent on the record date as determined according to section 8.04 hereof. Notice of a meeting of shareholders at which special business is to be transacted shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A special meeting and an annual meeting may be convened by one and the same notice and it shall not be an objection to the notice that it only convenes the second meeting contingently on any resolution being passed by the requisite majority at the first meeting.

8.06 Right to Vote

Subject to the provisions of the Act as to authorized representatives of any other body corporate, at any meeting of shareholders in respect of which the Corporation has prepared the list referred to in section 8.07 hereof, every person who is named in such list shall be entitled to vote the shares shown thereon opposite his name except to the extent that such person has transferred any of his shares after the record date set pursuant to section 8.04 hereof, or, if no record date is fixed, after the date on which the list referred to in section 8.07 is prepared, and the transferee, upon producing properly endorsed certificates evidencing such shares or otherwise establishing that he owns such shares, demands not later than ten (10) days before the meeting that his name be included to vote the transferred shares at the meeting. In the absence of a list prepared as aforesaid in respect of a meeting of shareholders, every person shall be entitled to vote at the meeting who at the close of business on the record date, or if no record date is set, at the close of business on the date preceding the date notice is sent, is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting.

8.07 List of Shareholders Entitled to Notice

The Corporation shall prepare a list of shareholders entitled to receive notice of a meeting, arranged in alphabetical order, and showing the number of shares held by each shareholder in accordance with section 137 of the Act. If a record date for the meeting is fixed pursuant to section 8.04 hereof by the board, the shareholders listed shall be those registered at the close of business on the record date. If no record date is fixed by the board, the shareholders listed shall be those listed at the close of business on the last business day immediately preceding the day on which notice of a meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where its central securities register is maintained and at the place where the meeting is held.

8.08 Meetings Without Notice

A meeting of shareholders may be held without notice at any time and place permitted by the Act:

- a. if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held; and
- b. if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held.

At such meetings any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to a meeting being held at such place.

8.09 Waiver of Notice

A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of a meeting of shareholders and attendance of any such person at a meeting of shareholders shall constitute a waiver of notice of the meeting except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

8.10 Chairman, Secretary and Scrutineers

The chairman of the board or, in his absence, the president, if such an officer has been elected or appointed and is present, or otherwise a vice-president who is a shareholder of the Corporation, shall be chairman of any meeting of shareholders. If no such officer is present within fifteen (15) minutes from the time fixed for holding the meeting, or declines to be chairman of the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

8.11 Persons Entitled to be Present

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

8.12 Quorum

A quorum at any meeting of shareholders (unless a greater number of persons are required to be present or a greater number of shares are required to be represented by the Act or by the articles or by any other by-law) shall be persons present not being less than two (2) in number and holding or representing not less than ten per cent (10%) of the shares entitled to be voted at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented 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 of shareholders, the shareholders present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

8.13 Participation in Meeting

A shareholder or any other person entitled to attend a meeting may participate in a meeting of shareholders by electronic means, telephone or other communication facilities as permit all persons participating in the meeting to hear or otherwise communicate with each other, and a person participating in such a meeting by such means is deemed to be present at the meeting. Subject to the Act, any person participating in a meeting pursuant to this section and entitled to vote at the meeting may vote by electronic means, telephone or other communication facility that the Corporation has made available for that purpose.

8.14 Proxyholders and Representatives

Votes at meetings of the shareholders may be given either personally or by proxy; or, in the case of a shareholder, who is a body corporate or association, by an individual authorized by a resolution of the board or governing body of the body corporate or association to represent it at a meeting of shareholders of the Corporation, upon producing a certified copy of such resolution or otherwise establishing his authority to vote to the satisfaction of the secretary or the chairman.

A proxy shall be executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and is valid only at the meeting in respect of which it is given or any adjournment of that meeting. A person appointed by proxy need not be a shareholder.

8.15 Time for Deposit of Proxies

The board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than forty-eight (48) hours exclusive of Saturdays and holidays, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time having been specified in such notice, it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

8.16 Joint Shareholders

If two or more persons hold shares jointly, any one of them present in person or duly represented at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented and vote, they shall vote as one the shares jointly held by them.

8.17 Votes to Govern

Except as otherwise required by the Act, all questions proposed for the consideration of shareholders at a meeting of shareholders shall be determined by a majority of the votes cast and in the event of an equality of votes at any meeting of shareholders, the chairman shall not have a second or casting vote.

8.18 Conduct of Vote

Subject to the Act, voting at a meeting of shareholders shall be by a show of hands, unless a ballot is required or demanded as hereinafter provided, and may be held, subject to the Act, entirely by electronic means, telephone or other communication facility, if the corporation makes such a communication facility available. Every person who is present or otherwise participating in the meeting pursuant to section 8.13 hereof and entitled to vote shall have one vote. Whenever a vote shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or defeated and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of shareholders upon the said question.

8.19 Ballots

On any question proposed for consideration at a meeting of shareholders, a shareholder, proxyholder or other person entitled to vote may demand and the chairman may require that a ballot be taken either before or upon the declaration of the result of any vote. If a ballot is demanded on the election of a chairman or on the question of an adjournment it shall be taken forthwith without an adjournment. A ballot demanded or required on any other question shall be taken in such manner as the chairman shall direct. A demand or requirement for a

ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares that he is entitled to vote at the meeting upon the question, to the number of votes as provided for by the articles or, in the absence of such provision in the articles, to one vote for each share he is entitled to vote. The result of the ballot so taken shall be the decision of the shareholders upon the question. The demand or requirement for a ballot shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the ballot has been demanded or required.

8.20 Adjournment

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than thirty (30) days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the time of the adjournment. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of thirty (30) days or more, notice of the adjourned meeting shall be given in the same manner as notice for an original meeting but, unless the meeting is adjourned by one or more adjournments for an aggregate of more than ninety (90) day, subsection 149(1) of the Act does not apply.

8.21 Resolution in Lieu of a Meeting

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders; and a resolution in writing dealing with all matters required to be dealt with at a meeting of shareholders and signed by all the shareholders entitled to vote at such meeting, satisfies all the requirements of the Act relating to meetings of shareholders. A copy of every such resolution in writing shall be kept with minutes of the meetings of shareholders. Any such resolution in writing is effective for all purposes at such time as the resolution states regardless of when the resolution is signed and may be signed in counterpart.

8.22 Only One Shareholder

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or duly represented constitutes a meeting.

Division Nine SHARES

9.01 Non-Recognition of Trusts

Subject to the Act, the Corporation may treat the registered holder of any share as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payment in respect of the share, and otherwise to exercise all the rights and powers of an owner of the share.

9.02 Certificates

The shareholder is entitled at his option to a share certificate that complies with the Act or a non-transferable written acknowledgement of his right to obtain a share certificate from the Corporation in respect of the securities of the Corporation held by him. Share certificates and acknowledgements of a shareholder's right to a share certificate, respectively, shall be in such form as described by the Act and as the board shall from time to time approve. A share certificate shall be signed manually by at least one director or officer of the Corporation or by or on behalf of a registrar, transfer agent or branch transfer agent of the Corporation, or by a trustee who certifies it in accordance with a trust indenture, and any additional signatures required on the share certificate may be printed or otherwise mechanically reproduced on it.

9.03 Replacement of Share Certificates

The board or any officer or agent designated by the board may in its or his discretion direct the issuance of a new share certificate or other such certificate in lieu of and upon cancellation of a certificate that has been mutilated or in substitution for a certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

9.04 Joint Holders

The Corporation is not required to issue more than one share certificate in respect of a share held jointly by several persons, and delivery of a certificate to one of several joint holders is sufficient delivery to all. Any one of such holders may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such certificate.

Division Ten
TRANSFER OF SECURITIES

10.01 Registration of Transfer

If a share in registered form is presented for registration of transfer, the Corporation shall register the transfer if:

- a. the share is endorsed by an appropriate person, as defined in the *Securities Transfer Act* of Alberta;
- b. reasonable assurance is given that the endorsement is genuine and effective;
- c. the Corporation has no duty to enquire into adverse claims or has discharged any such duty;
- d. any applicable law relating to the collection of taxes has been complied with;
- e. the transfer is rightful or is to a bona fide purchaser; and
- f. the transfer fee, if any, has been paid.

10.02 Transfer Agents and Registrar

The board may from time to time by resolution appoint or remove one or more trust companies as its agent or agents to maintain a central securities register or registers, and an agent or agents to maintain a branch securities register or registers. Agents so appointed may be designated as transfer agent or registrar according to their functions, and a person may be appointed and designated with functions as both registrar and transfer or branch transfer agent. Registration of the issuance or transfer of a security in the central securities register or in a branch securities register is complete and valid registration for all purposes.

10.03 Securities Registers

A central securities register of the Corporation shall be kept at its registered office or at any other place in Alberta designated by the board to record the shares and other securities issued by the Corporation in registered form, showing with respect to each class or series of shares and other securities:

- a. the names, alphabetically arranged, and the latest known address of each person who is or has been a holder;
- b. the number of shares or other securities held by each holder; and

- c. the date and particulars of the issuance and transfer of each share or other security.

A branch securities register or registers may be kept either in or outside Alberta at such place or places as the board may determine. A branch securities register shall only contain particulars of securities issued or transferred at that branch. Particulars of each issue or transfer of a security registered in a branch securities register shall also be kept in the corresponding central securities register.

10.04 Deceased Shareholders

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make any dividend or other payments in respect thereof except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

Division Eleven DIVIDENDS AND RIGHTS

11.01 Dividends

Subject to the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully-paid shares of the Corporation.

11.02 Dividend Cheques

A dividend payable in money shall be paid by cheque to the order of each registered holder of shares of the class or series in respect of which it has been declared and shall be mailed by prepaid ordinary mail to such registered holder at his address recorded in the Corporation's securities register or registers or such address as such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

11.03 Non-Receipt of Cheques

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the board may from time to time prescribe, whether generally or in any particular case.

11.04 Unclaimed Dividends

No dividend shall bear interest against the Corporation. Any dividend unclaimed after a period of six (6) years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

11.05 Record Date for Dividends and Rights

The board may fix in advance a date, preceding by not more than fifty (50) days the date for the payment of any dividend, as a record date for the determination of the persons entitled to receive payment of such dividend, provided that, unless waived as provided for in the Act, notice of any such record date is given, not less than seven (7) days before such record date, by newspaper advertisement in the manner provided in the Act and by written notice to each stock exchange in Canada, if any, on which the Corporation's shares are listed for trading.

Where no record date is fixed in advance as aforesaid, the record date for the determination of the persons entitled to receive payment of any dividend shall be at the close of business on the day on which the resolution relating to such dividend is passed by the board.

Division Twelve
INFORMATION AVAILABLE TO SHAREHOLDERS

12.01 Confidential Information

Except as provided by the Act, no shareholders shall be entitled to obtain information respecting any details or conduct of the Corporation's business which, in the opinion of the directors, it would be inexpedient in the interests of the Corporation to communicate to the public.

12.02 Conditions of Access to Information

The directors may from time to time, subject to rights conferred by the Act, determine whether and to what extent and at what time and place and under what conditions or regulations the documents, books and registers and accounting records of the Corporation or any of them shall be open to the inspection of shareholders and no shareholders shall have any right to inspect any document or book or register or account record of the Corporation except as conferred by statute or authorized by the board or by a resolution of the shareholders.

12.03 Registered Office and Separate Records Office

The registered office of the Corporation shall be at a place within Alberta and at such location therein as the board may from time to time determine. The records office will be at the registered office or at such location, if any, within Alberta, as the board may from time to time determine.

Division Thirteen
NOTICES

13.01 Method of Giving Notices

A notice or document required by the Act, the Regulations, the articles or the by-laws to be sent to a shareholder or director of the Corporation may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act* of Alberta, or by prepaid mail addressed to, or may be delivered personally to:

- a. the shareholder at his latest address as shown in the records of the Corporation or its transfer agent; and
- b. the director at his latest address as shown in the records of the Corporation or in the last notice filed under section 106 or 113.

A notice or document sent by mail in accordance with the foregoing to a shareholder or director of the Corporation is deemed to be received by him at the time it would be delivered in the ordinary course of mail unless there are reasonable grounds for believing that the shareholder or director did not receive the notice or document at the time or at all.

13.02 Notice to Joint Shareholders

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice addressed to one of such persons shall be sufficient notice to all of them.

13.03 Persons Entitled by Death or Operation of Law

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholders from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

13.04 Non-Receipt of Notices

If a notice or document is sent to a shareholder in accordance with section 13.01 and the notice or document is returned on two (2) consecutive occasions because the shareholder cannot be found, the Corporation is not required to send any further notice or documents to the shareholder until the shareholder informs the Corporation in writing of his new address; provided always, that in the event of the return of a notice of a shareholders meeting mailed to a shareholder in accordance with section 13.01 the notice shall be deemed to be received by the shareholder on the date deposited in the mail notwithstanding its return.

13.05 Omissions and Errors

Subject to the Act, the accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

13.06 Signature on Notices

Unless otherwise specifically provided, the signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

13.07 Waiver of Notice

If a notice or document is required by the Act or the Regulations, the articles, the by-laws or otherwise to be sent, the sending of the notice or document may be waived or the time for the notice or document may be waived or abridged at any time with the consent in writing of the person entitled to receive it. The consent of a person entitled to waive the requirement for the sending of a notice or document or to waive or abridge the time for the notice or the document may be sent by electronic means in accordance with the provisions of the *Electronic Transactions Act* of Alberta.

Division Fourteen
MISCELLANEOUS

14.01 Directors to Require Surrender of Share Certificates

The directors in office when a Certificate of Continuance is issued under the Act are hereby authorized to require the shareholders of the Corporation to surrender their share certificate(s), or such of their share certificates as the directors may determine, for the purpose of cancelling the share certificates and replacing them with new share certificates that comply with section 48 of the Act, in particular, replacing existing share certificate with share certificates that are not negotiable securities under the Act. The directors in office shall act by resolution under this section 14.01 and shall in their discretion decide the manner in which they shall require the surrender of existing share certificates and the time within which the shareholders must comply with the requirement and the form or forms of the share certificates to be issued in place of the existing share certificates. The directors may take such proceedings as they deem necessary to compel any shareholder to comply with a requirement to surrender his

share certificate or certificates pursuant to this section. Notwithstanding any other provision of this by-law, but subject to the Act, the director may refuse to register the transfer of shares represented by a share certificate that has not been surrendered pursuant to a requirement under this section.

14.02 Financial Assistance to Shareholders, Employees and Others

The Corporation may give financial assistance by means of a loan, guarantee or otherwise to any person for any purpose in accordance with the provisions of the Act and the Regulations including, without limitation, the disclosure requirements specified therein.

14.03 Severability

The invalidity or unenforceability of any provision of this by-law shall not affect the validity or enforceability of the remaining provisions of this by-law.

Division Fifteen
REPEAL OF BY-LAWS

15.01 Prior By-Laws

All previous by-laws of the Corporation are repealed as of the coming into force of this by-law. Such repeal shall not affect the previous operation of any by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles (as defined in the Act) or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board or a committee of the board with continuing effect passed under any repealed by-law shall continue to be good and valid except to the extent inconsistent with this by-law and until amended or repealed.

MADE by the Board the 18th day of March, 2014.

“Signed”

Name: [redacted]

Title: [redacted]