Building for Success

Vote your BLUE proxy for the current board by 9:00AM (MDT) on June 17th, 2016.
Fellow Shareholder,

A new CEO, new board, and new Athabasca. Over the last year we have worked hard to put the past behind us.

We’ve moved forward to launch a new era of prosperity at Athabasca with new leadership and a renewed focus on execution and delivering on our core strategy. We’ve undergone a significant transition over the past few years from early stage resource capture to development style operations in both operating divisions. We have seen a shift in reliance on externally controlled events to a strategy that is under our control with funded organic growth for the next five years. Our company now has line of sight to becoming free cash flow positive within 3-5 years.

The recently closed joint venture with Murphy Oil is a result of demonstrating the worth of our assets through operational credibility and results. This joint venture right sizes the Company’s capital risk profile and puts us in a strong position to align our capital structure to our operating plans over the mid term.

The fact is that in the current oil price environment delineating the Duvernay play on our own would be virtually impossible due to its size. It needs to be a top quartile play in order to provide value to shareholders over the next decade and needs a large capital investment to realize its potential. Our partnership with Murphy will ensure a billion dollars will be invested over the next four years. This will ensure the Duvernay reaches that potential and, in the end, we will own a significant portion of the delineated play. We can now shift our operated focus to the Montney at Placid where we are realizing top tier results with significant running room into the future.

We have explored many options to attract capital to our company over the past year. We have talked to many independent E&P companies, foreign investors and private equity funds. We are confident that our go-forward strategy will unlock the potential of our assets while allowing the company to ensure financial sustainability for the long-term.

The Right Leadership for Unprecedented Times

One of the questions I get most from my fellow shareholders is about my outlook for energy prices. My view on natural gas is that there has been a structural shift in the North American market with the advent of horizontal drilling and fracturing unlocking decades of supply and significantly reducing the marginal cost of new production. Downward price pressure has been exacerbated by warm weather and a glut in inventories.

My oil outlook is more optimistic, and this is what ultimately drives our economics going forward. We have been in a two year correction and supply driven downturns typically take longer to resolve. Global oil demand has remained fairly resilient and oil will continue to be the primary fuel source for transportation. Oil supply has much longer lead times and higher finding costs. As we continue through a period of significant underinvestment with limited line of sight to increased activity levels, this will ultimately translate to a supply response and stronger pricing. In the interim, it is incumbent on the board to navigate through a period of elevated price volatility and live within our means to protect our balance sheet.

There is no doubt we are in the midst of a perfect storm, the bulk of which is beyond our control. What we can control are the changes and choices we make today to optimally position us to deliver long-term value for all shareholders.

Our recent success has come as the direct result of our organizational renewal. Our board has committed to shareholders that we will be proactive in ensuring the skillsets of our directors and management best suit the needs of our evolving company in the midst of unprecedented times. We’ve made good on that promise and refreshed our board and management:
Mr. Rob Broen was appointed as our new President and CEO.
Mr. Tom Buchanan, who was previously Athabasca’s chair of the board, retired and I was appointed as the independent chair.
Four new independent directors joined the board, with Bryan Begley and Bob Rooney the most recent appointments, and we’re delighted with the experience and new perspectives they provide.
New directors enhance and provide new expertise in capital markets, corporate governance, corporate M&A, management and leadership, and risk management.

We also reviewed our executive compensation programs in 2015. Enhancements were made that build and maintain a stronger link between the compensation programs, shareholder value and Athabasca’s strategic objectives. These enhancements are further detailed in our Information Circular and I am confident our programs are competitive with our peer group.

On behalf of the board, I would like to thank all of the retiring board members for their contributions and support of Athabasca.

New Board and Management Delivering Results
As we’ve refreshed the expertise and capabilities of our board and management, we’ve focused the business on fewer core assets and are now consistently hitting important operational targets across both business divisions. We have been moving forward to ensure Athabasca is not only able to manage during the downturn but thrive when oil prices return.

1. **We have a growing track record of strong operational results.** We’ve been consistently meeting or beating production guidance, with exit rate production growing in excess of 150% year over year. Hangingstone was brought on stream on-time and on-budget, a feat rarely delivered by smaller oil companies. This project exited 2015 at ~7,500 bbl/d, ahead of guidance, with estimated operating break-even costs lower than originally anticipated at US$40-45/bbl WTI. Production in Light Oil was equally as strong, exiting at over 7,700 boe/d, also ahead of guidance. Our well costs and cycle times in both Duvernay and Montney drilling are now industry leading.

2. **We have significantly improved our cost structure and capital discipline.** Last year capital spending came in 25% below budget despite increased activity levels. Corporate General and Administrative expenses were reduced by more than 50% as we streamlined asset teams and proactively took steps to improve competitiveness and resiliency. The company has demonstrated fiscal discipline and is much leaner, yet able to deliver exceptional operational performance.

3. **We have established a core operated liquids-rich Montney development area at Placid.** This development is economic in today’s commodity price environment and will provide scalable growth for the company. The area is now connected to Athabasca owned and operated infrastructure and is expected to generate top-tier economic results. We are estimating to have over 160 drilling locations allowing running room for the next several years.

4. **Our strategic partnership with Murphy Oil will leverage off our partner’s expertise and has the potential to unlock significant value for shareholders across a large acreage position.** The transaction progresses Athabasca’s strategic goal of transitioning the Duvernay play to commercial development over the mid term while positioning Athabasca with a capital risk profile more appropriate to our size. This partnership provides shareholders with a funded Duvernay growth profile and material long-term upside with a 30% working interest in 200,000 gross acres. The
transaction also bolstered our financial position with a cash infusion and a carry provision minimizing capital outlay in the initial years.

The Right Strategy for Long-Term Value Creation

Athabasca’s new leadership combined with the broad expertise now available at the board level, has enabled us to transform Athabasca’s growth strategy and give shareholders increased confidence that the current board and management have a plan to create long-term value for all shareholders:

1. **Defined and material Light Oil growth.** Building on a successful five well appraisal campaign, Athabasca’s multi-year development plan under the Placid joint venture has the potential to deliver top quartile returns and is economic in today’s price environment. The Duvernay development plan under the Kaybob joint venture will mean $1 billion of gross investment and drive significant self-funded growth into the future.

2. **Thermal Oil leverage to a pricing recovery.** By the end of this year Hangingstone is expected to reach nameplate production, requires minimal capital investment to hold production levels flat, and has an operating breakeven price between US$40-45/bbl WTI. In addition to the significant potential for increased cash flow when prices recover, Hangingstone has options for significant brownfield expansion at a low price due to existing infrastructure.

3. **Financial sustainability with a funded growth profile.** Athabasca’s balance sheet has $880 million of liquidity, a net cash position of approximately $60 million, and is further bolstered by the $219 million Duvernay capital carry commitment. We remain committed to reducing our leverage by $300 - $400 million in 2016 with the goal of becoming free cash flow positive within the next 3-5 years.

Whereas previously shareholders were frustrated by missed production targets, increasing costs, and questions about how to fund the development of a wide portfolio of assets, under the leadership of our new board and new CEO Athabasca has turned the page to a brighter future.

We believe the sum of all of these steps forward will be more capital and more investment in Athabasca and a company that is set up to deliver long-term value for all shareholders.

With your support, our board will continue to set the stage for future growth. If you have any questions or need help voting your BLUE proxy or VIF “FOR” our current board, please contact Kingsdale Shareholder Services at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

Thank you for your continued support,

(Signed) “Ronald Eckhardt
Ron Eckhardt
Chair of the Board
NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 21, 2016

AND

INFORMATION CIRCULAR - PROXY STATEMENT

DATED MAY 19, 2016
ATHABASCA OIL CORPORATION

Notice of Annual General Meeting of Shareholders to be held on June 21, 2016

The annual general and special meeting (the “Meeting”) of the holders of common shares of Athabasca Oil Corporation (the “Corporation”) will be held at 9:00 a.m. (Calgary time) on Tuesday, June 21, 2016 in the Lecture Theatre at The Metropolitan Conference Centre, 333 Fourth Avenue, S.W., Calgary, Alberta, to:

1. receive and consider the financial statements of the Corporation for the year ended December 31, 2015 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. appoint Ernst & Young LLP as the auditors of the Corporation and authorize the directors to fix their remuneration as such; and
5. transact such other business as may properly be brought before the Meeting or any adjournment thereof.

The specific details of the matters proposed to be put before the Meeting are set out in the Information Circular-Proxy Statement of the Corporation dated May 19, 2016.

The Board of Directors of the Corporation (“Board”) has fixed the record date for the Meeting at the close of business on May 3, 2016 (the “Record Date”). Shareholders of the Corporation (“shareholders”) whose names have been entered in the register of shareholders at the close of business on the Record Date are entitled to receive notice of the Meeting and to vote their shares held as at the Record Date, unless any such shareholder transfers his, her or its shares after the Record Date and the transferee of those shares establishes that the transferee owns the shares and demands not later than ten days before the Meeting, that the transferee’s name be included in the list of shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such shares at the Meeting.

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

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

Alternatively, shareholders may vote through the internet at www.investorvote.com or by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Shareholders will require the 15 digit control number that may be found on the instrument of proxy in order to vote through the internet or by telephone.

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

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

DATED at Calgary, Alberta, this 19 day of May, 2016.

BY ORDER OF THE BOARD
(Signed) “Ronald Eckhardt”
Ronald Eckhardt
Chair of the Board
ATHABASCA OIL CORPORATION
INFORMATION CIRCULAR - PROXY STATEMENT

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For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

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YOUR SUPPORT IS EXTREMELY IMPORTANT – VOTE YOUR BLUE PROXY OR VIF TODAY
FOR QUESTIONS OR ASSISTANCE, PLEASE CONTACT KINGSDALE SHAREHOLDER SERVICES, AT 1-866-581-1571 TOLL-FREE IN NORTH AMERICA, OR 1-416-867-2272 OUTSIDE OF NORTH AMERICA, OR BY EMAIL AT CONTACTUS@KINGSDALESHAREHOLDER.COM.

YOUR SUPPORT IS EXTREMELY IMPORTANT – VOTE YOUR BLUE PROXY OR VIF TODAY
1. By mail or hand delivery to Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, MSJ 2Y1; or
2. By facsimile to (416) 263-9524 or 1-866-249-7775.

Alternatively, registered shareholders may vote through the internet at www.investorvote.com or by telephone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Registered shareholders will require the 15 digit control number that may be found on the instrument of proxy in order to vote through the internet or by telephone.

The Corporation may use the Broadridge QuickVote™ service to assist Non-Registered Shareholders with voting their Common Shares. Non-Registered Shareholders may be contacted by Kingsdale Shareholder Services to conveniently obtain a vote directly over the telephone. Broadridge then tabulates the results of all instructions received and provides the appropriate instructions respecting the voting Common Shares to be represented at the Meeting.

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

**Exercise of Discretion by Proxy**

The Common Shares represented by BLUE proxy in favour of management nominees will be voted or withheld from voting on any ballot that may be called for at the Meeting. Where you specify a choice with respect to any matter to be acted upon your Common Shares will be voted on any ballot in accordance with your instructions. If you do not provide instructions, your Common Shares will be voted in favour of the matters to be acted upon as set out in this Circular. A Shareholder has the right to appoint a person or entity (who need not be a shareholder) to attend and act for him/her on his/her behalf at the Meeting other than the persons named in the enclosed Instrument of Proxy. The persons appointed under the BLUE form of proxy which we have furnished have discretionary authority with respect to amendments or variations of those matters specified in the form of proxy and the Notice of Annual General and Special Meeting and with respect to any other matters which may properly be brought before the Meeting or any adjournment thereof. At the time of printing this Circular, we know of no such amendment, variation or other matter.

**Advice to Beneficial Holders of Common Shares**

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

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

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

These materials are being sent to both registered and non-registered owners of Common Shares. If you are a non-registered owner, and Athabasca or its agent has sent these materials directly to you, your name and address and information about your holding of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

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

Revocability of Proxy

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

Persons Making the Solicitation

This solicitation is made on behalf of Athabasca’s management. Athabasca will bear the costs incurred in the preparation and mailing of the BLUE form of proxy, Notice of Annual General Meeting and this Circular. In addition to mailing BLUE 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 May 19, 2016 there were 405,449,442 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 May 3, 2016.

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, all business may be transacted.
of the Meeting, the shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting, the shareholders present or represented by proxy may adjourn the Meeting to a fixed time and place but may not transact any other business.

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

**MATTERS TO BE ACTED UPON AT THE MEETING**

1. **Presentation of Financial Statements**

At the Meeting, the financial statements of the Corporation for the fiscal year ended December 31, 2015 and the auditors’ report on such statements will be placed before the shareholders. No formal action is required or proposed to be taken at the Meeting with respect to the financial statements.

2. **Fixing the Number of Directors**

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

3. **Election of Directors**

It is proposed that the following six individuals be nominated as members of the Board at the Meeting: Ronald Eckhardt, Bryan Begley, Robert Broen, Carlos Fierro, Marshall McRae and Bob Rooney. Over the past 18 months, the Board has made significant changes to better position the Corporation for the future, including the appointment of a new independent chair, four new independent directors and the rotation of four legacy directors. Messrs. Paul Haggis and Peter Sametz will not stand re-election at the Meeting. See “Director Nominees” below starting at page 7 for information about each of the nominees. The Board recommends that each of these six nominees be elected to hold office until the next annual meeting or until his successor is duly elected or appointed, unless his office is earlier vacated.

The enclosed form of **BLUE** 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 **BLUE** proxy intend to vote for the election of each of the six nominees that are referred to below. Management has no reason to believe that any of the nominees will be unable to serve as director but, should any nominee become unable to do so for any reason prior to the Meeting, the persons named in the accompanying form of **BLUE** proxy, unless directed to withhold from voting, reserve the right to vote for other nominees at their discretion.

4. **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.

For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

**YOUR SUPPORT IS EXTREMELY IMPORTANT – VOTE YOUR BLUE PROXY OR VIF TODAY**
Certain information regarding the Audit Committee of the Board, including the fees paid to the Corporation’s auditors in the last fiscal year, that is required to be disclosed in accordance with National Instrument 52-110 – Audit Committees (“NI 52-110”) of the Canadian Securities Administrators is provided under the heading “Audit Committee Information” in the Corporation’s annual information form for the year ended December 31, 2015, an electronic copy of which is available on the Corporation’s SEDAR profile at www.sedar.com.
YOUR SUPPORT IS EXTREMELY IMPORTANT – VOTE YOUR BLUE PROXY OR VIF TODAY

<table>
<thead>
<tr>
<th>REGISTERED SHAREHOLDERS (YOU HOLD A PHYSICAL SHARE CERTIFICATE REGISTERED IN YOUR NAME)</th>
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<tbody>
<tr>
<td><strong>VOTING IN PERSON</strong></td>
</tr>
<tr>
<td>Voting at the Meeting. If you wish to vote in person at the meeting, do not complete or return the proxy form.</td>
</tr>
<tr>
<td><strong>INTERNET VOTING</strong></td>
</tr>
<tr>
<td>Enter the 15-digit control number found on the first page of the BLUE form of proxy at <a href="http://www.investorvote.com">www.investorvote.com</a></td>
</tr>
<tr>
<td><strong>VOTING BY TELEPHONE</strong></td>
</tr>
<tr>
<td>Call the number below from a touch tone telephone and enter the 15-digit control number found on the first page of the BLUE form of proxy at 1-866-732-8683 or 1-312-588-4290 (Outside Canada and the United States)</td>
</tr>
<tr>
<td><strong>VOTING BY MAIL OR DELIVERY</strong></td>
</tr>
<tr>
<td>Complete, date and sign your BLUE form of proxy and return it to: Computershare Investor Services Inc. Attention: Proxy Department 8th Floor, 100 University Avenue, Toronto, ON M5J 2Y1</td>
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<tr>
<th>CANADIAN NON-REGISTERED (BENEFICIAL) SHAREHOLDERS (YOU HOLD SHARES THROUGH A CANADIAN BANK, BROKER OR OTHER INTERMEDIARY)</th>
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</thead>
<tbody>
<tr>
<td><strong>VOTING BY INTERNET</strong></td>
</tr>
<tr>
<td>Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a> specified on your BLUE VIF/proxy and then follow the voting instructions on the screen. You will require a 16-digit Control Number (located on the front of your BLUE VIF/proxy) to identify yourself to the system.</td>
</tr>
<tr>
<td><strong>VOTING BY PHONE</strong></td>
</tr>
<tr>
<td>Shareholders who wish to vote by phone should call 1-800-474-7493 (English) or 1-800-474-7501 (French). You will require a 16-digit Control Number (located on the front of your BLUE VIF/proxy) to identify yourself to the system.</td>
</tr>
<tr>
<td><strong>VOTING BY FAX</strong></td>
</tr>
<tr>
<td>Complete, sign and date your BLUE VIF/proxy and return it by fax to 905-907-7793 or 514-281-8911.</td>
</tr>
<tr>
<td><strong>VOTING BY MAIL OR DELIVERY</strong></td>
</tr>
<tr>
<td>Complete, sign and date your BLUE VIF/proxy and return it in the postage prepaid envelope provided to the address set out on the envelope.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>UNITED STATES NON-REGISTERED (BENEFICIAL) SHAREHOLDERS (YOU HOLD SHARES THROUGH A U.S. BANK, BROKER OR OTHER INTERMEDIARY)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VOTING BY INTERNET</strong></td>
</tr>
<tr>
<td>Go to <a href="http://www.proxyvote.com">www.proxyvote.com</a> specified on your BLUE VIF/proxy and then follow the voting instructions on the screen. You will require a Control Number (located on the front of your BLUE VIF/proxy) to identify yourself to the system.</td>
</tr>
<tr>
<td><strong>VOTING BY PHONE</strong></td>
</tr>
<tr>
<td>Shareholders who wish to vote by phone please follow the voting instructions on your BLUE VIF/proxy. You will require a Control Number (located on the front of your BLUE VIF/proxy) to identify yourself to the system.</td>
</tr>
<tr>
<td><strong>VOTING BY FAX</strong></td>
</tr>
<tr>
<td>Complete, sign, and date your BLUE VIF/proxy and return it by fax to the fax number(s) listed on your BLUE VIF/proxy.</td>
</tr>
<tr>
<td><strong>VOTING BY MAIL OR DELIVERY</strong></td>
</tr>
<tr>
<td>Complete, sign, and date your BLUE VIF/proxy and return it in the postage prepaid envelope provided to the address set out on the envelope.</td>
</tr>
</tbody>
</table>
**DIRECTOR NOMINEES**

**Director Nominee Profiles**

Below are the profiles of each of the director nominees, together with information regarding the compensation paid to each director during the year ended December 31, 2015 (other than for Mr. Broen, whose compensation, as a member of management, is described under the heading “Compensation Discussion & Analysis – Compensation of Named Executive Officers”).

<table>
<thead>
<tr>
<th>Director</th>
<th>Position</th>
<th>Status</th>
<th>Since</th>
<th>Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ronald J. Eckhardt</td>
<td>Chair of the Board</td>
<td>Independent</td>
<td>April 1, 2012</td>
<td>Retired. Prior to retirement, served as Executive Vice President, North American Operations of Talisman Energy Inc., a publicly traded 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 (Chair) Compensation and Governance 2015 Board and Committee Meeting Attendance: Meeting Attendance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Reserves</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Audit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ownership: Common Shares Owned, Controlled or Directed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Market Value of Common Shares, Stock Options, DSUs and 2010 RSUs</td>
</tr>
<tr>
<td>Bryan Begley</td>
<td>Director</td>
<td>Independent</td>
<td>March 9, 2016</td>
<td>Currently a Managing Director and Partner at 1901 Partners, a private equity firm formed in 2014 to make private investments in the energy sector. From 2007 to 2014, served as a Managing Director of ZBI Ventures, LLC, a private equity firm focused on the energy sector. Prior to joining ZBI Ventures, Begley was a Partner at McKinsey &amp; Co. in the Houston and Dallas offices where he advised clients across the global energy sector. Began his career as an engineer with Phillips Petroleum Company. Other Public Company Board Memberships: None Current Committee Memberships: None 2015 Board and Committee Meeting Attendance: Meeting Attendance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Ownership: Common Shares Owned, Controlled or Directed</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Market Value of Common Shares</td>
</tr>
</tbody>
</table>

For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

**YOUR SUPPORT IS EXTREMELY IMPORTANT – VOTE YOUR BLUE PROXY OR VIF TODAY**
Mr. Broen is the President and Chief Executive Officer of the Corporation, since April 21, 2015. Prior thereto, he was President and Chief Operating Officer, from January 6, 2015 to April 20, 2015, Chief Operating Officer of the Corporation from October 11, 2013 to January 6, 2015, and Senior Vice President, Light Oil of the Corporation from November 26, 2012 to October 11, 2013. Before joining Athabasca, Mr. Broen was Senior Vice President, North American Shale with Talisman Energy Inc. from April 2012 to October 2012 and President, Talisman Energy USA Inc. from December 2009 to April 2012. Mr. Broen was also a member of the board of directors of Talisman Energy USA Inc. from December 2009 to April 2012.

Other Public Company Board Memberships:
None

Current Committee Memberships:
Reserves Committee

2015 Board and Committee Meeting Attendance:

<table>
<thead>
<tr>
<th>Meeting Attendance (1)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>6 of 7 (100% as a Director)</td>
</tr>
<tr>
<td>Reserves</td>
<td>1 of 1 (non-member)</td>
</tr>
<tr>
<td>Compensation and Governance</td>
<td>5 of 5 (non-member)</td>
</tr>
<tr>
<td>Audit</td>
<td>4 of 4 (non-member)</td>
</tr>
</tbody>
</table>

Ownership:

<table>
<thead>
<tr>
<th>Ownership:</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares Owned, Controlled or Directed</td>
<td>19,666</td>
</tr>
<tr>
<td>Stock Options</td>
<td>1,240,800</td>
</tr>
<tr>
<td>2010 RSUs</td>
<td>738,700</td>
</tr>
<tr>
<td>2015 RSU Plan</td>
<td>77,400</td>
</tr>
<tr>
<td>Performance Awards</td>
<td>393,600</td>
</tr>
<tr>
<td>Units of a fund that hold Common Shares (4)</td>
<td>32,564</td>
</tr>
<tr>
<td>Total Market Value of Common Shares, Stock Options, 2010 RSUs, 2015 RSUs, Performance Awards and fund Units(1) (3)</td>
<td>$1,505,816</td>
</tr>
</tbody>
</table>

Mr. Fierro is an independent investor and consultant and serves on public and private corporate boards. From September 2008 to June 2013, Mr. Fierro was a Managing Director and the Global Head of the Natural Resources Group for Barclays PLC. Prior thereto, Mr. Fierro spent 11 years at Lehman Brothers, where his last role was the Global Head of the Natural Resources Group. Before joining Lehman Brothers, Mr. Fierro was a transactional lawyer with Baker Botts LLP, where he practiced corporate, M&A and securities law.

Other Public Company Board Memberships:
Shell Midstream Partners, L.P.

Current Committee Memberships:
Audit

2015 Board and Committee Meeting Attendance:

<table>
<thead>
<tr>
<th>Meeting Attendance</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>6 of 7 (86%)</td>
</tr>
<tr>
<td>Audit</td>
<td>4 of 4 (100%)</td>
</tr>
</tbody>
</table>

Ownership:

<table>
<thead>
<tr>
<th>Ownership:</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares Owned, Controlled or Directed</td>
<td>40,000</td>
</tr>
<tr>
<td>Stock Options</td>
<td>-</td>
</tr>
<tr>
<td>DSUs</td>
<td>97,618</td>
</tr>
<tr>
<td>2010 RSUs</td>
<td>15,440</td>
</tr>
<tr>
<td>Total Market Value of Common Shares, Stock Options, DSUs and 2010 RSUs (2)</td>
<td>$234,165</td>
</tr>
</tbody>
</table>
Marshall McRae
Director
Alberta, Canada
Status: Independent
Director since October 30, 2009

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

Other Public Company Board Memberships:
- Gibson Energy Inc.
- Black Diamond Group Limited

Current Committee Memberships:
- Audit (Chair)
- Compensation and Governance

2015 Board and Committee Meeting Attendance:

<table>
<thead>
<tr>
<th>Meeting Attendance</th>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board</td>
<td>7 of 7 (100%)</td>
</tr>
<tr>
<td>Audit</td>
<td>4 of 4 (100%)</td>
</tr>
<tr>
<td>Compensation and Governance</td>
<td>5 of 5 (100%)</td>
</tr>
</tbody>
</table>

Ownership:

<table>
<thead>
<tr>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares Owned, Controlled or Directed</td>
</tr>
<tr>
<td>Stock Options</td>
</tr>
<tr>
<td>DSU</td>
</tr>
<tr>
<td>2010 RSUs</td>
</tr>
<tr>
<td>Total Market Value of Common Shares, Stock Options, DSUs and 2010 RSUs</td>
</tr>
</tbody>
</table>

Robert Rooney, QC
Director
Alberta, Canada
Status: Independent
Director since May 4, 2016

Mr. Rooney is currently the Managing Director of RimRock Oil and Gas, a private Calgary based company. Before joining RimRock, Mr. Rooney was the Vice-Chairman and a director of Repsol Oil & Gas Canada Inc. Mr. Rooney was Executive Vice President, Corporate and General Counsel at Talisman Energy Inc. prior to its acquisition by Repsol S.A. in May, 2015. Prior thereto, Mr. Rooney was a partner at Bennett Jones LLP, where he was a member of the Executive Committee and co-leader of the Energy & Natural Resources Group. Mr. Rooney has been a co-founder and served as a director and officer of several public and private corporations. Mr. Rooney attended the University of Calgary, earned an LLB from Western University and is a member of the Law Society of Alberta.

Other Public Company Board Memberships:
- None

Current Committee Memberships:
- None

2015 Board and Committee Meeting Attendance:

<table>
<thead>
<tr>
<th>Meeting Attendance</th>
<th>N/A (1)</th>
</tr>
</thead>
</table>

Ownership:

<table>
<thead>
<tr>
<th>December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Shares Owned, Controlled or Directed</td>
</tr>
<tr>
<td>Stock Options</td>
</tr>
<tr>
<td>DSUs</td>
</tr>
<tr>
<td>2010 RSUs</td>
</tr>
<tr>
<td>Total Market Value of Common Shares, Stock Options, DSUs and 2010 RSUs</td>
</tr>
</tbody>
</table>
Notes:

(1) “Total Market Value” was determined by (a) multiplying the number of Common Shares held by the nominee as of December 31, 2015 by the closing price of the Common Shares on the TSX on such date ($1.54); adding (b) the sum of the number of Common Shares issuable upon exercise of in-the-money Options (if any) and 2010 RSUs held multiplied by the difference between the closing price of the Common Shares on the TSX on such date ($1.54) less the exercise price of any in-the-money Options and 2010 RSUs; and adding (c) the market or payout value of DSUs held multiplied by the closing price of the Common Shares on the TSX on such date ($1.54).

(2) Mr. Broen was elected as a Director of the Corporation at its annual meeting of the shareholders held on April 21, 2015. In 2015, Mr. Broen attended all five Board meetings that were held after his election and two of the three Board meetings that were held prior to his election.

(3) Mr. Broen’s “Total Market Value” also includes values for Performance Awards, 2015 RSUs and fund Units. As at December 31, 2015, the value of each of a Performance Award, a 2015 RSU and a Unit in the fund holding Common Shares was $1.54 as at December 31, 2015.

(4) Included for Mr. McRae are 4,800 Common Shares owned by a family member of Mr. McRae, but which are controlled by him.

(5) Mr. Begley was appointed a director effective March 9, 2016 and Mr. Rooney was appointed a director effective May 4, 2016.

Experience and Background of Directors Nominees

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

<table>
<thead>
<tr>
<th>Experience</th>
<th>Director</th>
<th>Begley</th>
<th>Broen</th>
<th>Eckhardt</th>
<th>McRae</th>
<th>Fierro</th>
<th>Rooney</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting &amp; Finance</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>6</td>
</tr>
<tr>
<td>Engineering/Reserves</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>3</td>
</tr>
<tr>
<td>Governance</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>4</td>
</tr>
<tr>
<td>Government/Regulatory/Legal</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>4</td>
</tr>
<tr>
<td>Health, Safety &amp; Environment</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
<td>●</td>
<td>2</td>
</tr>
<tr>
<td>Management/Leadership</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>6</td>
</tr>
<tr>
<td>Oil &amp; Gas Upstream</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>5</td>
</tr>
<tr>
<td>Midstream/Trading</td>
<td></td>
<td>●</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>3</td>
</tr>
<tr>
<td>Oil Sands</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>2</td>
</tr>
<tr>
<td>Capital Markets</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>5</td>
</tr>
<tr>
<td>M&amp;A</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>6</td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>●</td>
<td>5</td>
</tr>
<tr>
<td>Count</td>
<td></td>
<td>7</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>9</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

Director Orientation and Continuing Education

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

- information about Athabasca’s organizational structure
- Athabasca’s Individual Director Mandate, Board Mandate and each Board committees’ mandate
- policies and guidelines, including Athabasca’s Code of Business Ethics and Conduct, Whistleblower Policy, Trading and Blackout Policy and Equity Ownership and Retention Guidelines for Independent Directors and Executive Officers.

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

For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

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

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

Each year, the Board holds a strategy session with Athabasca’s executive management team to discuss, review and consider the Corporation’s business strategy for the current year and for the next five years. The Board’s 2015 strategy session with the executive management team was held on June 23, 2015.

Directors are provided the opportunity to visit Athabasca’s areas of operation, which included a visit to the Hangingstone Project site on June 11, 2015.

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

**Director Compensation**

**General**

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

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

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

Effective March 2015, the Corporation no longer grants stock options or RSUs to non-management directors.

**Cash Retainer**

For the year ended December 31, 2015, non-management directors were paid an annual retainer of $50,000. Additionally, non-management directors were also paid for serving in the following roles:

<table>
<thead>
<tr>
<th>Board Role</th>
<th>Retainer Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Chair</td>
<td>$50,000</td>
</tr>
<tr>
<td>Audit Committee Chair</td>
<td>$15,000</td>
</tr>
<tr>
<td>Compensation and Governance Committee Chair</td>
<td>$7,500</td>
</tr>
<tr>
<td>Reserve Committee Chair</td>
<td>$7,500</td>
</tr>
<tr>
<td>Lead Director (when applicable)</td>
<td>$25,000</td>
</tr>
</tbody>
</table>

Directors may elect to receive all or any portion of their cash retainers in the form of DSUs (see “DSUs”, immediately below).
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. No such fees were paid in the year ended December 31, 2015.

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

**DSUs**

Non-management directors are also eligible to participate in the Directors Deferred Share Unit Plan if awards under such plan are recommended by the Compensation and Governance Committee and approved by the Board. The annual value of such DSU award may not exceed $150,000

**Summary Compensation Table**

The following table sets out information concerning the compensation paid by the Corporation to its directors during the year ended December 31, 2015 (other than Messrs. Broen and Buchanan who are included in the table that is provided below under the heading “Compensation of Named Executive Officers”).

<table>
<thead>
<tr>
<th>Name</th>
<th>Year</th>
<th>Fees earned ($)</th>
<th>Share-based awards (1) ($)</th>
<th>Option-based awards (2) ($)</th>
<th>Non-equity incentive plan compensation ($)</th>
<th>Pension value ($)</th>
<th>All other compensation ($)</th>
<th>Total ($) (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Dundas(4)</td>
<td>2015</td>
<td>51,875</td>
<td>144,593</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>196,468</td>
</tr>
<tr>
<td>Ronald Eckhardt</td>
<td>2015</td>
<td>82,500</td>
<td>144,593</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>227,093</td>
</tr>
<tr>
<td>Carlos Fierro(5)</td>
<td>2015</td>
<td>0</td>
<td>194,593</td>
<td>38,291</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>232,885</td>
</tr>
<tr>
<td>Paul Haggis(6)</td>
<td>2015</td>
<td>50,000</td>
<td>152,093</td>
<td>38,291</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>240,385</td>
</tr>
<tr>
<td>Marshall McRae</td>
<td>2015</td>
<td>65,000</td>
<td>144,593</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>209,593</td>
</tr>
<tr>
<td>Peter Sametz(7)</td>
<td>2015</td>
<td>50,000</td>
<td>144,593</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>194,593</td>
<td></td>
</tr>
<tr>
<td>Sveinung Svarte(8)</td>
<td>2015</td>
<td>12,500</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>12,500</td>
</tr>
</tbody>
</table>

**Notes:**

1. The compensation reported under share-based awards is the value of DSUs granted in the year ended December 31, 2015. The fair value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average price per Common Share on the TSX for the 5 trading days immediately preceding the date of grant.

2. Messrs. Fierro and Haggis received grants of 2010 RSUs upon their appointment as Directors in January 2015. Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of $0.10 per share upon the issuance of Common Shares pursuant to the exercise of 2010 RSUs. The Corporation no longer grants option-based awards to its non-management Directors.

3. 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 2015 (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).

4. Mr. Dundas retired as a Director effective March 10, 2016.

5. Mr. Fierro elected to receive 100% of his annual $50,000 retainer fees earned in the form of DSUs. As a result, Mr. Fierro received 30,051 DSUs in lieu of such fees.

6. Mr. Haggis elected to receive 100% of his $7,500 retainer fees earned as chair of the Compensation and Governance Committee in the form of DSUs. As a result, Mr. Haggis received 4,507 DSUs in lieu of such fees. Mr. Haggis will not be standing as a director at the upcoming Meeting.

7. Mr. Sametz will not be standing as a director at the upcoming Meeting.

8. Mr. Svarte resigned as a Director effective March 9, 2015.
Outstanding Share-Based Awards and Option-Based Awards

The following table sets forth information regarding all Options and 2010 RSUs held by each director, as at December 31, 2015 (other than Messrs. Buchanan and Broen who are included in the table that is provided below under the heading "Outstanding Share-Based Awards and Option-Based Awards– NEOs").

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of securities underlying unexercised options (#)</th>
<th>Option exercise price ($)</th>
<th>Option expiration date</th>
<th>Value of unexercised in-the-money options ($)</th>
<th>Number of shares or units of shares that have not vested (#)</th>
<th>Market or payout value of share-based awards that have not vested ($)</th>
<th>Market or payout value of vested share-based awards not paid out or distributed ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Dundas</td>
<td>19,830</td>
<td>0.10</td>
<td>July 1, 2016</td>
<td>28,555</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td></td>
<td>37,500</td>
<td>0.10</td>
<td>Sept 10, 2019</td>
<td>54,000</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td>Ronald Eckhardt</td>
<td>16,846</td>
<td>0.10</td>
<td>April 1, 2017</td>
<td>24,258</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td></td>
<td>18,750</td>
<td>0.10</td>
<td>Sept. 10, 2019</td>
<td>27,000</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td>Carlos Fierro</td>
<td>15,440</td>
<td>0.10</td>
<td>March 15, 2019</td>
<td>22,234</td>
<td>-</td>
<td>-</td>
<td>150,332</td>
</tr>
<tr>
<td>Paul Haggis</td>
<td>15,440</td>
<td>0.10</td>
<td>January 14, 2020</td>
<td>22,234</td>
<td>-</td>
<td>-</td>
<td>110,994</td>
</tr>
<tr>
<td>Marshall McRae</td>
<td>126,000</td>
<td>12.38</td>
<td>July 12, 2016</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td></td>
<td>68,000</td>
<td>0.10</td>
<td>July 12, 2016</td>
<td>97,920</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td></td>
<td>19,830</td>
<td>0.10</td>
<td>July 1, 2016</td>
<td>28,555</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td></td>
<td>37,500</td>
<td>0.10</td>
<td>Sept 10, 2019</td>
<td>54,000</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
<tr>
<td>Peter Sametz</td>
<td>6,250</td>
<td>0.10</td>
<td>Sept 10, 2019</td>
<td>9,000</td>
<td>-</td>
<td>-</td>
<td>104,053</td>
</tr>
</tbody>
</table>

Notes:

1. Grants of RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of an exercise price of $0.10 per share upon the issuance of Common Shares pursuant to 2010 RSUs.
2. The value of the unexercised in-the-money Options and 2010 RSUs has been determined by subtracting the exercise price of such securities from $1.54 being the closing price of the Common Shares on the TSX on December 31, 2015 and multiplying the difference by the number of Common Shares that may be acquired upon the exercise of the Options or 2010 RSUs.
3. All DSUs vest immediately upon the grant of such DSUs, but cannot be redeemed until after the director ceases to be a director of the Corporation.
4. The market or payout value of vested share-based awards not paid out or distributed has been calculated based on the number of DSUs held at December 31, 2015 multiplied by $1.54, being the closing price of the Common Shares on the TSX on December 31, 2015.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based awards and share-based awards which vested during the year ended December 31, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015 for each director (other than Mr. Buchanan and Mr. Broen, who have been included in the table that is provided above under the heading “Incentive Plan Awards – Value Vested or Earned During the Year – NEOs”).

<table>
<thead>
<tr>
<th>Name</th>
<th>Option-based awards – Value vested during the year ($)</th>
<th>Share-based awards – Value vested during the year ($)</th>
<th>Non-equity incentive plan compensation – Value earned during the year ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gary Dundas</td>
<td>34,500</td>
<td>144,593</td>
<td>0</td>
</tr>
<tr>
<td>Ronald Eckhardt</td>
<td>8,676</td>
<td>144,593</td>
<td>0</td>
</tr>
</tbody>
</table>
For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

YOUR SUPPORT IS EXTREMELY IMPORTANT – VOTE YOUR BLUE PROXY OR VIF TODAY

### Additional Disclosure Relating to Directors

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 its 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.

### Corporate Governance

#### Board of Directors

**Mandate**

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

The Board is committed to providing the Corporation with qualified directors who have appropriate skill sets to meet the evolving needs of the Corporation and who can provide strong stewardship for the Corporation.

As previously disclosed, in 2014 the Compensation and Governance Committee, which is comprised entirely of independent directors, initiated a detailed review and assessment of the size, independence, operation and competencies and skills of the Board and the individual directors.

This on-going assessment has resulted in the following Board changes over the last 18 months:

- the appointment of two additional independent directors, Carlos Fierro and Paul Haggis, effective January 6, 2015;
- the resignation of Mr. Sveinung Svarte, a non-independent director, effective March 9, 2015;
- the appointment of Mr. Rob Broen effective April 21, 2015;
- the retirement of Mr. Gary Dundas effective March 10, 2016 and appointments of Mr. Bryan Begley and Mr. Bob Rooney on March 9, 2016 and May 4, 2016, respectively;
- the retirement of Mr. Tom Buchanan, a non-independent director, effective March 10, 2016 and subsequent appointment of Mr. Ron Eckhardt as the independent Chair of the Board; and
- Messrs. Paul Haggis and Peter Sametz will not stand for re-election at the Meeting.

Immediately prior to the Meeting, the Board will be comprised of six members having a range of complementary but different experiences and skills to support the Corporation. The length of director tenure of the current Board ranges from less than 1 year up to just over 6 years, reflecting appointments in 2009, 2012, 2014, 2015 and 2016. In the Compensation and Governance Committee’s current view, the Board is comprised of an appropriate size and mix of longer-term directors who have accumulated extensive knowledge and understanding of the Corporation, and newer directors who are bringing additional experience and fresh perspectives to the Board.

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

**Membership and Independence**

Assuming the election at the Meeting of the persons nominated as directors in this Circular, the Board will be comprised of six directors, a majority of whom will be independent for the purposes of National Instrument 58-101 – *Disclosure of Corporate Governance Practices* (“NI 58-101”). Subject to certain exceptions, a director is independent for the purposes of NI 58-101 if he has no direct or indirect material relationship with the Corporation. A “material relationship” is a relationship that could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. The Board has determined that Messrs. Begley, Eckhardt, Fierro, McRae and Rooney are independent for the purposes of NI 58-101. Mr. Broen is not independent because he currently serves as the President and CEO of the Corporation.

**Independent Board Chair**

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of Athabasca. In conjunction with the appointment of Mr. Broen as CEO, the Board separated the combined roles of CEO and Chair that had been held by Mr. Buchanan. Mr. Eckhardt, an independent director, became Chair of the Board effective March 10, 2016.
Meetings of the Independent Directors

The Board held eight meetings between January 1, 2015 and December 31, 2015 and the independent directors conducted in-camera session at each of those meetings without members of management present. Additionally, in-camera sessions were held during each of the four meetings of the Audit Committee that were held between January 1, 2015 and December 31, 2015.

Board Diversity

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

Majority Voting Policy

In 2015, the Board adopted a “majority voting” policy which stipulates that if a director nominee receives more “withhold” votes than “for” votes at an uncontested shareholders’ meeting, then such nominee must immediately tender his or her resignation for consideration by the Compensation and Governance Committee. The Compensation and Governance Committee will consider the director nominee’s offer to resign and will make a recommendation to the Board to accept the resignation unless exceptional circumstances exist that would warrant the applicable director continuing to serve on the Board. Within 90 days of the date of the relevant shareholders’ meeting, upon considering the Compensation and Governance Committee’s recommendation, the Board will accept the director’s offer to resign unless exceptional circumstances exist that warrant the director remaining on the Board. The resignation will be effective when accepted by the Board. A news release will be issued promptly to announce the decision that is reached by the Board and if the Board chooses to not accept a director’s offer to resign, the news release will fully describe the reasons for that decision. No director that is required to tender his or her resignation pursuant to the “majority voting” policy shall participate in the deliberations or recommendations of the Compensation and Governance Committee or the Board with respect to the director’s offer to resign. The Board may fill any vacancy resulting from a resignation pursuant to the “majority voting” policy in accordance with the Corporation’s by-laws and articles and applicable corporate laws.

Position Descriptions

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

Responsibility of the Chair

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

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

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

**Board Committees**

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

**Compensation and Governance Committee**

The responsibilities of the Compensation and Governance Committee include:

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

**Reserves Committee**

The Reserves Committee assists the Board in fulfilling its oversight responsibilities with respect to the evaluation and reporting of Athabasca’s oil and gas reserves and resources and related matters including:
• Reviewing, at least annually, the Company’s procedures relating to its disclosures under National Instrument 51-101 (Standards of Disclosure for Oil and Gas Activities) and making recommendations to the Board regarding such procedures.

• Making recommendations to the Board regarding the engagement of independent, qualified reserves evaluators or auditors to report to the Board on Athabasca’s reserve data.

• Making recommendations to the Board regarding the reserves and resource data of Athabasca that will be made publicly available and filed with applicable regulatory authorities.

In response to the Corporation’s commitment to the health and safety of its employees, contractors and other stakeholders and to the health of the environment, in 2015 the Board amended the mandate for the previous “Reserves and Health, Safety and Environmental Committee” to instead place directly within the Board’s own mandate the oversight responsibility for the development, monitoring and effective implementation of systems, programs and initiatives for the management of health, safety, security and environmental matters that may affect Athabasca.

Audit Committee

The Audit Committee’s primary purpose is to assist the Board in fulfilling its oversight responsibilities with respect to:

• the integrity of Athabasca’s annual and quarterly financial statements;
• Athabasca’s compliance with accounting and finance-based legal and regulatory requirements;
• the external auditor’s qualifications, independence and compensation, and communicating with the external auditor;
• the system of internal accounting and financial reporting controls that management has established;
• the performance of the external audit process and of the external auditor; and
• financial policies and financial risk management practices; and transactions or circumstances which could materially affect the financial profile of Athabasca.

In accordance with the Audit Committee mandate, the Audit Committee holds “in-camera” sessions without management present at each regularly scheduled Audit Committee meeting. A copy of the Audit Committee Mandate is attached as Appendix B to this Circular.
COMPENSATION DISCUSSION & ANALYSIS

Letter to Shareholders

Dear Fellow Shareholders:

Athabasca and the Board are committed to providing a transparent overview of Athabasca’s approach to compensation for its executive officers. The Compensation Discussion and Analysis that follows this letter focuses on the enhancements Athabasca made in 2015 to its compensation programs and how these enhancements build and maintain a stronger link between the compensation programs, shareholder value and the Corporation’s strategic objectives. The Corporation’s compensation philosophy is an important focus area for the Board as Athabasca’s delivery of profitable growth can only be achieved if we attract, retain and motivate talented executives.

Recapping 2015

Athabasca’s recent operations have been focused on transitioning its diverse asset base from early stage resource capture to development stage operations in both its thermal oil and light oil operating divisions. Effective April 21, 2015, Mr. Broen was appointed as President and CEO. Mr. Broen was previously Athabasca’s President and Chief Operating Officer. In conjunction with this announcement, Mr. Buchanan stepped down from his role as President and CEO while retaining the role of Chair of the Board until his retirement effective March 10, 2016.

Board Renewal

In late 2014, the Board committed to Athabasca’s shareholders that it would conduct a detailed review of the Board skills needed for the evolving Corporation and undertake a process to refresh its Board membership. The Board has also evaluated its size and has determined that a Board comprised of six directors is currently better suited to the needs and size of Athabasca. As a result of this process, the Board has made significant changes to better position the Company for the future, including the appointment of a new independent chair, four new independent directors and the rotation of four legacy directors. Mr. Bryan Begley and Mr. Bob Rooney are the Board’s most recent appointments and we’re delighted with the experience and new perspectives that they will bring to our Board dialogues.

2015 Operational Highlights

Athabasca and industry faced a number of headwinds through 2015. Commodity prices remained under pressure throughout the year given a persistent supply and demand imbalance. Political changes at both the federal and provincial level brought added uncertainty with respect to market access and regulatory framework. Debt and equity capital markets reacted to these uncertainties and low prices and access to capital became very challenged.

Athabasca’s preliminary 2015 capital and operating guidance was provided in December 2014 and the Corporation maintained the nimbleness to adapt the program throughout the year to navigate the challenging environment. Notwithstanding these industry challenges, Athabasca surpassed its operational targets in both divisions. Exit rate production grew in excess of 150% year over year with capital spending coming in 25% below the original budget.

Corporate General and Administrative expenses (G&A) were reduced by more than 50% as the Corporation took proactive steps to significantly improve its competitiveness and resiliency in the prevailing low commodity price environment. Athabasca remains committed to its health, safety and environment practices and its HS&E performance in 2015 came in significantly below target for reportable incidents placing Athabasca in the top quartile of its industry peers.

2015 Performance

Notwithstanding, the sustained slump in global oil prices and the resulting detrimental impact on industry share prices generally and Athabasca’s share price specifically, Athabasca nevertheless had a successful 2015 year:
• Athabasca met or exceeded all of its 2015 corporate scorecard metrics, as shown in the 2015 corporate scorecard (see page 26)

• Athabasca concluded the 2015 year in the 78th percentile amongst its peers (see page 28) for total shareholder return

• Athabasca’s Common Shares outperformed the S&P/TSX Energy Index and the S&P/TSX Composite Index (see the performance graph on page 32)

• Athabasca significantly advanced joint venture negotiations for its light oil properties. This joint venture closed in May 2016.

Approach to Executive Compensation – At Risk Pay

Our executive total compensation program is structured so that approximately 70% of the executive managements’ compensation is at risk (80% for the CEO). The executive management team’s short-term compensation (cash bonuses) is directly linked to achieving Athabasca’s annual and multi-year strategic plans, on the philosophy that excellence in operational performance and results will ultimately translate into growth in shareholder value. As noted above, in 2015 Athabasca exceeded all of its 2015 corporate scorecard metrics and so in keeping with its pay for performance philosophy, the Board authorized the Corporation to pay bonuses using a performance multiplier of 146%, commensurate with the team’s achievements.

The executive management team’s long-term incentive compensation is directly linked to increases or decreases in the Corporation’s share price. It is important to note that the value of the Share-based Awards and Option-based Awards reflected in the “Summary Compensation Table - NEOs” below are the notional grant date fair values of such equity-based incentive awards as of the date they are awarded and do not necessarily reflect either the award opportunity or eventual payout received by the NEO. As a result, the current realizable value of the team’s long-term equity incentive compensation ranges from just 16% to 25% of the executives’ original pay opportunity, reflecting the very real link between the executive management teams’ compensation and our shareholders’ value in the Common Shares. See the table under the heading “Outstanding Share-Based Award and Option-based Awards-NEOS” below for the NEOs long-term incentive compensation pay-opportunity as at December 31, 2015.

Key Compensation Enhancements in 2015

• base salary – no salary increases, competitive with peers
• short-term incentive (annual bonuses) – corporate scorecard a big component, increasing executive management teams’ corporate performance weighting from 50% to 75% (100% for the CEO) and extended the application of the scorecard to all employees
• long-term incentive – cessation of up-front, multi-year cliff vested equity grants, increased weighting for Performance Awards, which takes into account share price performance relative to peers
• implemented a new restricted share unit plan to eliminate the “option” aspect of the previous plan
• CEO compensation – substantially reduced the retiring allowance of the departing CEO in recognition of his short tenure

Considerations for 2016 and Beyond

Athabasca is continuing its salary freeze in 2016, reflecting the on-going economic and market challenges that our industry is facing. Although the Corporation has not implemented a “say-on-pay” policy, the Board nevertheless understands its accountability to the Corporation’s shareholders to implement a compensation program that reflects pay-for-performance values, which is consistent with market norms, and which is tailored to reflect Athabasca’s stage of development and circumstances. The Board has made significant steps in achieving these objectives and we remain committed to conducting on-going assessments of our compensation programs to ensure they continue to be competitive with our industry peers and that they align the interests of our executive management with those of our shareholders.
Conclusion

Athabasca’s governance and compensation programs continue to evolve as the asset base matures from early stage resource capture to development operations. The Corporation has established a competitive compensation policy with measurable benchmarks.

As noted, I am not standing for re-election at this year’s meeting. I have appreciated the opportunity to be part of Athabasca’s continuing compensation evolution. On behalf of the Board, we thank you for taking the time to read our disclosure. We remain committed to the ongoing refinement of our compensation policies and programs to produce the results that deliver long-term value for shareholders. Members of the Compensation and Governance Committee welcome any feedback or questions you may have about executive compensation. We invite you to write to us c/o Athabasca Investor Relations at the following e-mail address: ir@atha.com.

Sincerely,

Paul Haggis
Chair of the Compensation and Governance Committee


**Athabasca’s Compensation Objectives**

*Then: Establishing the Company*

As the Corporation formed in 2006, it understood that in order to establish itself in its initial years of existence and grow as a viable participant in the competitive oil and gas industry, it needed to attract and retain highly skilled, talented and top-performing professionals. A competitive compensation program was one of the tools Athabasca used to meet this objective. The program was successful: Athabasca was able to attract a team that helped grow the Corporation to one that, as of December 31, 2015, has two distinct business units, Thermal Oil and Light Oil; and holds over 1.7 million net acres of mineral resource leases and permits, including over 486,650 net acres of petroleum and natural gas leases in northwestern Alberta and over 1.24 million net acres of oil sands leases and permits in the Athabasca region of northeastern Alberta.

*Now: Maturing the Company*

As the Corporation matures, the Compensation and Governance Committee continues to work to transform the Corporation’s short-term and long-term incentive compensation programs. The changes implemented by the Compensation and Governance Committee include:

- **in 2014:**
  - implementing a “corporate scorecard” containing specific corporate performance metrics by which 50% of Athabasca’s executive management’s short-term incentives would be calculated
  - implementing a Performance Award equity plan for executive management, linking Athabasca’s share performance with long-term executive compensation

- **in 2015**
  - increasing the corporate scorecard portion upon which executive management’s short-term incentives are calculated to 75% (100% for the CEO), from 50% in 2014
  - extending the application of the corporate scorecard to all employees’ short-term incentive calculations
  - implementing a new employee restricted share unit plan (the “2015 RSU Plan”) containing terms more typical of plans adopted by Athabasca’s peers including excluding the option aspect of the Corporation’s previous restricted share unit plan (the “2010 RSU Plan”), which allowed grantees to hold vested 2010 RSUs for long periods prior to exercising the vested rights
  - eliminating the large initial grants of long-term equity incentive awards to new employees, and adopting a practice that is more aligned with industry practices
  - implementing a directors’ deferred share unit plan that provides Athabasca’s directors (except directors who are members of management) with a majority of their compensation in DSUs, which are payable to a director in cash only after the director ceases to be a member of the Board
  - eliminating grants of restricted share units and options from the Board’s compensation

These changes were implemented to meet Athabasca’s three primary compensation objectives:

1. Link compensation to Athabasca’s performance.
2. Align employees’ interests with the interests of Athabasca’s shareholders.
3. Continue to attract and retain superior performing employees.
Named Executive Officers

Athabasca’s Named Executive Officers (“NEOs”) are those individuals who served as Chief Executive Officer (“CEO”), Chief Financial Officer (“CFO”) and the three other most highly compensated executive officers during the year ended December 31, 2015:

- Robert Broen, President and CEO
- Thomas Buchanan, former CEO
- Kim Anderson, CFO
- Kevin Smith, Vice President Light Oil
- Blair Hockley, Vice President Thermal Oil
- Anne Schenkenberger, Vice President, General Counsel and Corporate Secretary.

Determining Executive Compensation

Compensation Governance

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

The Compensation and Governance Committee is currently comprised of three experienced members: Paul Haggis, Marshall McRae and Ronald Eckhardt, all of whom are considered “independent” as determined in accordance with section 1.4 of NI 52-110. Mr. Haggis, who is currently the chair of the committee, has chosen to retire from the Board and will not be seeking re-election at the Meeting. As of the date of this Circular, a new chair of the committee has not yet been appointed. See each member’s previous executive management experience and current board roles are described under “Director Nominee – Director Profiles” above.

<table>
<thead>
<tr>
<th>Member</th>
<th>Independent</th>
<th>Skills and Experience Relevant to the Compensation and Governance Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Haggis</td>
<td>Yes</td>
<td>Mr. Haggis is certified as a Chartered Director through McMaster University. Through Mr. Haggis’s executive positions, he developed expertise in reviewing and approving compensation programs and policies for executive officers and other senior management and ensuring that such compensation programs and policies are relevant to Athabasca’s goals.</td>
</tr>
<tr>
<td>Ron Eckhardt</td>
<td>Yes</td>
<td>Mr. Eckhardt has over 39 years of experience in the oil and gas industry. During Mr. Eckhardt’s tenure as Executive Vice President of Talisman’s North American Operations, comprised of over 1500 employees, he was actively involved in developing and reviewing policies and guidelines for total rewards compensation programs, performance improvement programs, leadership programs and succession planning.</td>
</tr>
<tr>
<td>Marshall McRae</td>
<td>Yes</td>
<td>Marshall McRae has over 30 years of experience in a variety of financial management roles. Through Mr. McRae’s experience as a director, former director and former Chief Financial Officer of large public companies, he has knowledge and expertise in developing and managing executive compensation programs.</td>
</tr>
</tbody>
</table>

Pay Comparator Group

Athabasca has generally found it difficult to identify true industry peers who have a similar size, stage of development and asset composition as Athabasca. The Corporation has both oil sands assets (from which it produces
bitumen using steam assisted gravity drainage, an in-situ (i.e. non-mining) technology and light oil and liquids-rich natural gas assets in unconventional reservoirs (which Athabasca produces from horizontal wells using multi-stage hydraulic fracturing technology). The companies that Athabasca selected for compensation benchmarking purposes include bitumen (non-mining) and/or oil and gas producing companies of various sizes that operate in generally similar geographic locations as the Corporation. Athabasca’s 2015 peer group is comprised of the following:

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Company Name</th>
<th>Company Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advantage Oil &amp; Gas Ltd.</td>
<td>Delphi Energy Corp.</td>
<td>Pengrowth Energy Corporation</td>
</tr>
<tr>
<td>Baytex Exploration Ltd.</td>
<td>Enerplus Corporation</td>
<td>RMP Energy Inc.</td>
</tr>
<tr>
<td>Bellatrix Exploration Ltd.</td>
<td>Kelt Exploration Ltd.</td>
<td>Seven Generations Energy Ltd.</td>
</tr>
<tr>
<td>BlackPearl Resources Inc.</td>
<td>MEG Energy Corp.</td>
<td>Storm Resources Ltd.</td>
</tr>
<tr>
<td>Bonavista Energy Corporation</td>
<td>NuVista Energy Ltd.</td>
<td>Tourmaline Oil Corp.</td>
</tr>
<tr>
<td>Cequence Energy Ltd.</td>
<td>Paramount Resources Ltd.</td>
<td>Trilogy Energy Corp.</td>
</tr>
<tr>
<td>Crew Energy Inc.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In benchmarking its executive compensation, Athabasca also utilized the results of an annual energy industry compensation survey that was conducted by Mercer (the “Mercer Survey”) and which was dated April 1, 2015. 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 most positions at Athabasca, including salary, bonus and perquisite benchmarking information.

The Mercer Survey together with the Lane Caputo Services (as defined under “Compensation Advisors” – “External Consultants and Advisors” below) provided Athabasca with information 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 or other inconsistencies 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.

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

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

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

<table>
<thead>
<tr>
<th>Element</th>
<th>Risk</th>
<th>Description</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base salary</td>
<td>No risk</td>
<td>Fixed cash compensation for the services provided by the executive officer</td>
<td>Provide competitive level of fixed compensation</td>
</tr>
<tr>
<td>Annual short-term incentives</td>
<td>At risk</td>
<td>Cash bonus, 75% (100% for the CEO) of which is based on the Corporation’s performance against defined corporate metrics with the balance based on the achievement of predetermined individual performance objectives</td>
<td>Rewards for individual contribution to and achievement of corporate performance and individual objectives</td>
</tr>
</tbody>
</table>

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### Element | Risk | Description | Objective
--- | --- | --- | ---
Long-term incentives | Variable and at risk | Annual grants comprised of 50% of Performance Awards (having three one-year and one three-year performance periods and 0-200% performance multiplier), 35% of Options (seven year term and pro-rata vesting over three years) and 15% of RSUs (pro-rata vesting over three years) | Rewards performance results and creates incentive to enhance creation of sustainable long-term value aligning management with shareholder interests

Other | No Risk | NEOs have the opportunity to participate in other programs and benefits that are generally available to all Athabasca employees, including an Employee Registered Retirement Savings Plan and an Employee Profit Sharing Plan (each described below) | Provides a comprehensive and attractive executive compensation program

**Base Salary**

Base salaries provide employees and executive officers with a 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. For additional information regarding Athabasca’s peer group benchmarking, please see “Determining Executive Compensation” – “Pay Comparator Group” above.

In light of the continuing economic climate, no executive officer (including the NEOs) received a salary increase in 2015. Additionally, no executive officer, other than Mr. Hockley, will receive a salary increase in 2016. Mr. Hockley received a salary increase of approximately 5% to align his base salary with his market peers.

**Annual Short-Term Incentive Compensation**

The Corporation’s executive officers are eligible to receive annual cash bonus awards that are intended to reward for both corporate and individual performance, as described in more detail below. In 2015, the target bonus award for each NEO was 50% of their respective base annual salaries, with the exception of the President and CEO, whose bonus target was 100%. Each NEO (other than the CEO), may achieve a bonus payout of between 0% and 150% of their base bonus award target. The CEO may achieve a bonus payout of between 0% and 200% of his bonus award target.

**Athabasca’s 2015 Corporate Scorecard Performance**

Each year, Athabasca develops a “corporate scorecard” containing metrics by which it evaluates and measures its performance in key aspects of the Corporation’s business. Seventy-five (75%) percent (100% for the CEO) of the annual cash bonus award that an executive officer may receive is based on the Corporation’s achievement of specific performance measures in Athabasca’s 2015 corporate scorecard, with the balance, (which is 0% for the CEO) based on the executive officer’s individual performance.

In 2015, Athabasca met or exceeded all of its 2015 corporate scorecard metrics. Athabasca’s 2015 corporate scorecard metrics, the weightings allocated to each of those metrics and Athabasca’s performance against the metrics, are outlined in the table below. Athabasca’s key achievements included:

- growing its Light Oil division reserves by 32%
• achieving first production from its first steam assisted gravity drainage oil sands project at Hangingstone
• exiting the year with production of 15,279 boe/d per day, an increase of over 145% from Athabasca’s December 2014 production.
• reducing capital expenditures by approximately 25% and reducing G&A expenses by more than 50%
• accomplishing all of the above safely with a Total Recordable Incident Frequency (”TRIF”) of just 0.42 compared to an industry TRIF of 0.75[1] (TRIF is a benchmark measure frequently used by the oil and gas industry to measure health and safety performance)

(1) 2013 combined worker TRIF as reported by the Canadian Association of Petroleum Producers in its 2014 Progress Report www.capp.ca/rce

Athabasca’s specific 2015 corporate performance measures are below:

<table>
<thead>
<tr>
<th>Performance Driver</th>
<th>Key Performance Indicator</th>
<th>Target</th>
<th>Achieved</th>
<th>Weight</th>
<th>Rating</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and Safety</td>
<td>TRIF</td>
<td>1.2</td>
<td>0.42</td>
<td>15%</td>
<td>150%</td>
<td>22.5%</td>
</tr>
<tr>
<td>Average Production</td>
<td>Light Oil</td>
<td>5,540 boe/d</td>
<td>5,594 boe/d</td>
<td>15%</td>
<td>123%</td>
<td>18.5%</td>
</tr>
<tr>
<td></td>
<td>Thermal Oil</td>
<td>1,425 boe/d</td>
<td>1,973 boe/d</td>
<td>7,567 boe/</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate</td>
<td>6,965 boe/d</td>
<td>7,817 boe/d</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exit Production</td>
<td>Light Oil</td>
<td>7,015 boe/d</td>
<td>7,462 boe/d</td>
<td>15,279 boe/d</td>
<td>10%</td>
<td>150%</td>
</tr>
<tr>
<td></td>
<td>Thermal Oil</td>
<td>5,430 boe/d</td>
<td>5,403 boe/d</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Corporate</td>
<td>12,445 boe/d</td>
<td>7,817 boe/d</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>Light Oil OpEx</td>
<td>$35.7 Mln</td>
<td>$29.4 Mln</td>
<td>10%</td>
<td>150%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Thermal Oil OpEx</td>
<td>$32.9 Mln</td>
<td>$32.7 Mln</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Cash G&amp;A Expense</td>
<td>$64.8 Mln</td>
<td>$54.5 Mln</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Investment</td>
<td>Light Oil</td>
<td>$202.6 Mln</td>
<td>$156.2 Mln</td>
<td>15%</td>
<td>150%</td>
<td>22.5%</td>
</tr>
<tr>
<td></td>
<td>Hangingstone (net of</td>
<td>$47.7 Mln</td>
<td>$37.1 Mln</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>capitalized ops)</td>
<td>$32.4 Mln</td>
<td>$23.7 Mln</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hangingstone Capitalized</td>
<td>$16.1 Mln</td>
<td>$6.4 Mln</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ops (start-up)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Thermal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Efficiency &amp; Reserves Growth – Light Oil</td>
<td>2P Finding &amp; Development</td>
<td>$38.50/boe</td>
<td>($0.20)/boe</td>
<td>10%</td>
<td>150%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>through the Drillbit</td>
<td>$20.72/boe</td>
<td>$18.81/boe</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reserves Growth</td>
<td>21%</td>
<td>32%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reserve Replacement Ratio</td>
<td>5.1x</td>
<td>8.8x</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate &amp; Strategic Development</td>
<td>Strategic, cost savings, reporting, risk management, regulatory and HR initiatives</td>
<td>Subjective assessment</td>
<td>25%</td>
<td>150%</td>
<td>37.5%</td>
<td></td>
</tr>
</tbody>
</table>

**Total** 146.0%

**Individual NEO Performance**

Twenty-five percent of each NEO’s cash bonus is based on individual performance (other than then CEO’s, which is 0%). Early in 2015, each executive officer developed key strategic personal deliverables that were in support of Athabasca’s 2015 corporate objectives. In early 2016, the CEO met with each of the Corporation’s executive officers as part of an annual review process to discuss and evaluate their 2015 performance and achievements.
The actual quantum of cash bonus awards that may be payable to an executive officer (excluding the NEOs) are reviewed by the Compensation and Governance Committee and, if deemed appropriate, are recommended to the Board for approval.

**Long-Term Incentive Compensation**

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

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

<table>
<thead>
<tr>
<th>Performance Awards</th>
<th>Stock Options</th>
<th>RSUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>50%</td>
<td>35%</td>
<td>15%</td>
</tr>
</tbody>
</table>

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

**Option Plan**

The Corporation’s Option Plan, allows the Board to grant Options to purchase Common Shares to employees. The Board believes that Options align the interests of executive officers with the interests of shareholders, thereby creating a link between executive compensation, the long-term corporate performance of Athabasca and the creation of shareholder value. The targeted number of Options to be granted to an employee depends upon the employee’s position with the Corporation.

**RSU Plan**

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

The 2015 RSU Plan allows the Board to grant RSUs, each of which is a unit that is equivalent in value to a Common Share and that upon vesting, results in the holder thereof being issued a Common Share. The Board believes that RSUs align the interests of the executive officers (including the NEOs) with the interests of shareholders, thereby creating a link between executive compensation, the long-term corporate performance of Athabasca and the creation of shareholder value.

**Performance Plan**

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

The performance measure that the Compensation and Governance Committee applies to the Performance Awards is total shareholder return ("TSR") relative to its pay comparator group (see “Determining Executive Compensation” – “Pay Comparator Group” above). The value of Performance Awards granted will be based on the TSR for a
particular performance period, compared to that group of companies, with the weighting for each performance period, as shown below.

![Performance Periods Diagram]

Under the Performance Plan, depending on the Corporation’s TSR in a particular performance period, a payout multiplier of between 0% and 200% may be applied, as shown below. Athabasca’s TSR for 2014 was -62%, with a TSR Percent Rank of 3%, and therefore, based on the terms of the Corporation’s Performance Plan, the payout multiplier for that year was zero. Athabasca’s TSR for 2015 was -36%, with a TSR Percent Rank of 78%, and therefore, the payout multiplier is 200%.

![Performance Curve Diagram]

**Other Compensation**

**Employee Savings Plan**

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

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Years of Service | Matching Contribution | Number of employees eligible (as of the date of this Circular)
--- | --- | ---
less than 3 | 100% up to 4% of base salary | 28
3 - 8, and all full-time, field based employees | 150% up to 6% of base salary | 127
over 8 | 200% up to 8% of base salary | 4

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

Employee Profit Sharing Plan

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

New CEO Compensation

Effective April 21, 2015, the Board appointed Mr. Rob Broen as the Corporation’s President and CEO. Mr. Broen’s target pay mix is comprised of: (a) 20% as base salary and other compensation; (b) 20% as short-term incentive compensation (annual bonus); and (c) 60% in the form of long-term equity incentive compensation. This pay mix results in approximately 80% of his compensation being “at risk”. Mr. Broen’s annual bonus is based entirely on the Corporation’s performance against the Corporation’s corporate scorecard which sets out annual performance metrics that are linked to Athabasca’s annual work programs as well as multi-year strategic plans. Mr. Broen’s annual bonus target is equal to his base salary and he may achieve a bonus payout of between 0% and 200% of his bonus target. Mr. Broen’s compensation also includes long-term equity incentive grants having an annual target value equal to 300% of his base salary. However, in recognition of the on-going economic and market challenges in each of 2014 and 2015, Mr. Broen received equity grants for these two years that were approximately 40% of this target value. The current realizable value of Mr. Broen’s 2014 and 2015 long-term incentive grants are approximately 25% of the grant date value due to the decline in share price over the period.

Departing CEO Compensation

Mr. Tom Buchanan, who was President and CEO of the Corporation from October 1, 2014 to April 21, 2015, assumed that role at the request of the Board as a result of the retirement of the previous President and CEO. In order to
entice Mr. Buchanan to assume this management function while concurrently remaining chair of the Board, Mr. Buchanan was offered an attractive employment compensation package, which included a significant grant of long-term incentive in the form of 1,500,000 stock options together with terms outlining the payment of a retiring allowance. The Board considered the compensation package to be fair in light of Mr. Buchanan’s seniority and previous experience as a CEO. Upon his appointment, Mr. Buchanan ceased to be eligible to receive payment of his director fees from Athabasca. Additionally, in order to devote sufficient time and attention to the Corporation and the President and CEO role, Mr. Buchanan also resigned from a compensated director role with another public company.

In recognition of Mr. Buchanan’s short tenure as President and CEO and the significant grant of stock options, Mr. Buchanan accepted a substantially reduced retiring allowance in the amount of $500,000. This retiring allowance was less than 1/3rd of the amount Mr. Buchanan was contractually entitled to receive. Of Mr. Buchanan’s 1,500,000 stock options, which had a notional value of $3,580,875 at the time of grant (as reflected in the “Summary Compensation Table – NEOs” above), 1/4 vested on October 1, 2015 and the remainder terminated when Mr. Buchanan retired as a director on March 10, 2016. The realizable value of the vested stock options is currently $0.

Compensation Advisors

External Consultants and Advisors

To ensure that Athabasca’s overall executive compensation is reasonable and competitive with other participants in the Canadian oil and gas industry, Athabasca and the Compensation and Governance Committee engage external advisors to provide advice and information regarding the development of compensation policies, to benchmark Athabasca’s pay and performance against a group of peer companies and to conduct comparative pay analyses.

In 2015, the Compensation and Governance Committee engaged the firm Lane Caputo Compensation Inc. to, among other things, conduct a review of executive management compensation (the “Lane Caputo Services”) relative to a group of selected peer companies. The Lane Caputo Services included:

- reviewing and considering the appropriateness of the group of peer companies against which Athabasca benchmarks its compensation practices; and
- analyzing the Corporation’s executive management’s compensation, including base salary, short-term incentives and long-term incentives and suggesting go-forward strategies to support Athabasca’s retention and pay-for-performance objectives.

The Compensation and Governance Committee also retained Hugessen Consulting Inc. (“Hugessen”) to assist the Board with its ongoing review and consideration of changes to its long-term compensation programs.

Athabasca also retained the services of primeHR Inc. (“primeHR”), an independent compensation consultant, to provide Athabasca administrative support for its implementation of Athabasca’s compensation programs (the “primeHR Services”).

Executive Compensation-Related Fees

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Fees Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lane Caputo Services</td>
<td>$0</td>
</tr>
<tr>
<td>Hugessen</td>
<td>$92,574</td>
</tr>
<tr>
<td>Mercer Survey</td>
<td>$21,966</td>
</tr>
<tr>
<td></td>
<td>$39,635</td>
</tr>
<tr>
<td></td>
<td>$54,933</td>
</tr>
<tr>
<td></td>
<td>$10,983</td>
</tr>
</tbody>
</table>
Other Advisory Fees

<table>
<thead>
<tr>
<th>Consultant</th>
<th>Fees Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>primeHR Services</td>
<td>$13,887</td>
</tr>
<tr>
<td></td>
<td>$123,961</td>
</tr>
</tbody>
</table>

Compensation Risk

Risk Assessment

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

In 2015, the Compensation and Governance Committee considered the following aspects of the Corporation’s compensation program, among others:

- a significant portion of executive compensation is at risk (not guaranteed) and is variable year over year. For example, annual short-term incentive compensation is granted in the form of annual cash bonus awards that are determined by the Board with reference to a target percentage of annual base salary, adjusted for corporate and personal performance during the performance period;

- the compensation program for executive officers is substantially similar to the overall compensation program for the other employees of the Corporation; and

- the long-term incentive plans are designed such that RSUs have a term of five years, Options have a term of seven years and Performance Awards have a term that expires on December 15th of the third year following the year the Performance Award is granted, which the Corporation believes reduces the risk of executives taking actions which may only have short-term benefits.

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

Restrictions on Short-Selling and Derivative Transactions

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

Share Ownership Guidelines

The Board has implemented a mandatory equity ownership policy for directors and executive officers. Independent directors and the CEO are required to acquire and hold equity securities worth five times their base annual salary or annual cash retainer. The executive officers of the Corporation other than the CEO are required to acquire and hold equity securities of the Corporation with a minimum aggregate value ranging from one times to three times their base annual salary depending on their position. The determination of whether a director or executive officer meets the applicable guideline value is made at the end of each calendar year using the greater of: (a) the average closing price of Athabasca shares on the TSX for the final 60 days of the year; and (b) the acquisition cost of the applicable...
form of equity. The independent directors and executive officers have a period of five years from the date of the implementation of the policy on March 18, 2014, or from the date of their appointment as an executive officer of the Corporation, whichever is later, to acquire the value required.

**Clawback Policy**

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

**Performance Graph**

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

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

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

**Executive Compensation: Realizable Value versus Realized Value**

It is important to note that the value of the Share-based Awards and Option-based Awards reflected in the “Summary Compensation Table - NEOs” below are the notional grant date fair values of such equity-based incentive awards as
of the date they are awarded. These notional values are reported pursuant to the requirements of National Instrument 51-102 and do not necessarily reflect either the award opportunity or eventual payout received by the NEO.

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

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

Compensation of Named Executive Officers

Summary Compensation Table – NEOs

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

Previously short-term incentive awards were reported in the year in which they were approved by the Board and paid out. Starting in 2015, the Compensation and Governance Committee determined that it would be more accurate to classify and report the annual short-term incentive awards granted in March of each year in respect of prior year performance.

In the annual incentive plan column of our Summary Compensation Table below, the awards disclosed for 2013 were previously reported for the 2014 year. Annual bonus awards granted in early 2015 and 2016 are being reported for the first time in respect of the performance year to which they pertain.

<table>
<thead>
<tr>
<th>Name and principal position</th>
<th>Year</th>
<th>Salary ($)</th>
<th>Share-based awards ($)</th>
<th>Option-based awards ($)</th>
<th>Non-equity incentive plan compensation ($)</th>
<th>Annual incentive plans ($)</th>
<th>Long-term incentive plans ($)</th>
<th>Pension Value ($)</th>
<th>All other compensation ($)</th>
<th>Total compensation ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Broen, President and Chief Executive Officer</td>
<td>2015</td>
<td>490,617</td>
<td>690,718</td>
<td>951,028</td>
<td>824,400</td>
<td>N/A</td>
<td>N/A</td>
<td>63,347</td>
<td>3,020,110</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>473,090</td>
<td>994,681</td>
<td>2,244,244</td>
<td>413,400</td>
<td>N/A</td>
<td>N/A</td>
<td>302,577</td>
<td>4,427,992</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>397,800</td>
<td>-</td>
<td>746,235</td>
<td>215,300</td>
<td>N/A</td>
<td>N/A</td>
<td>35,802</td>
<td>1,395,137</td>
<td></td>
</tr>
<tr>
<td>Thomas Buchanan, Former CEO</td>
<td>2015</td>
<td>151,603</td>
<td>521,036</td>
<td>3,580,875</td>
<td>$150,000</td>
<td>N/A</td>
<td>N/A</td>
<td>621,050</td>
<td>1,443,689</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>125,000</td>
<td>-</td>
<td>138,400</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
<td>66,249</td>
<td>3,910,524</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>N/A</td>
<td>35,000</td>
<td>35,000</td>
<td></td>
</tr>
<tr>
<td>Kimberly Anderson, Chief Financial Officer</td>
<td>2015</td>
<td>315,000</td>
<td>272,950</td>
<td>179,760</td>
<td>224,200</td>
<td>N/A</td>
<td>N/A</td>
<td>31,984</td>
<td>1,023,894</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>273,403</td>
<td>114,348</td>
<td>2,634,737</td>
<td>158,500</td>
<td>-</td>
<td>N/A</td>
<td>21,271</td>
<td>3,202,259</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Blair Hockley, Vice President Thermal Oil</td>
<td>2015</td>
<td>295,000</td>
<td>443,264</td>
<td>168,420</td>
<td>204,700</td>
<td>N/A</td>
<td>N/A</td>
<td>34,719</td>
<td>1,146,103</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>267,075</td>
<td>107,018</td>
<td>603,014</td>
<td>129,800</td>
<td>N/A</td>
<td>N/A</td>
<td>25,829</td>
<td>1,132,736</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>247,450</td>
<td>-</td>
<td>488,529</td>
<td>70,100</td>
<td>-</td>
<td>N/A</td>
<td>21,430</td>
<td>827,509</td>
<td></td>
</tr>
<tr>
<td>Kevin Smith, Vice President, Light Oil</td>
<td>2015</td>
<td>350,000</td>
<td>265,328</td>
<td>174,720</td>
<td>236,656</td>
<td>N/A</td>
<td>N/A</td>
<td>31,500</td>
<td>1,058,204</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>361,329</td>
<td>169,323</td>
<td>2,920,101</td>
<td>189,400</td>
<td>-</td>
<td>N/A</td>
<td>30,237</td>
<td>3,480,990</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>N/A</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
Notes

(1) Effective April 21, 2015, Mr. Broen replaced Mr. Buchanan as President and Chief Executive Officer of the Corporation. Mr. Broen, who was also appointed a director of the Corporation effective April 21, 2015, does not receive any compensation for his services as a director.

(2) The value of Share-based awards is based on the 20 day volume weighted average price ("VWAP") as of January 1 of the applicable year. The VWAP for Share-based awards made in 2014 and 2015 were $7.33 and $2.06, respectively. The Corporation did not grant any Share-based awards in 2013.

(3) The value of Option-based awards is based on the grant date fair value of the applicable awards calculated using the Black-Scholes-Merton formula in accordance with International Financial Reporting Standards 2 Share-based Payment. The weighted average assumptions used in valuation of Option-based awards are outlined in the table below:

<table>
<thead>
<tr>
<th>Assumption/Estimate</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk free interest rate</td>
<td>0.9%</td>
<td>1.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Estimated forfeiture rate</td>
<td>7.1%</td>
<td>7.1%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Expected life (years)</td>
<td>4.3</td>
<td>4.3</td>
<td>3.9</td>
</tr>
<tr>
<td>Dividend rate</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Volatility</td>
<td>49%</td>
<td>42.1%</td>
<td>43.1%</td>
</tr>
<tr>
<td>Grant date fair value (per Option)</td>
<td>$0.82</td>
<td>$2.21</td>
<td>$2.41</td>
</tr>
<tr>
<td>Grant date fair value (per RSU)</td>
<td>$2.21</td>
<td>$7.09</td>
<td>$6.86</td>
</tr>
</tbody>
</table>

(4) Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan has an exercise price of $0.10 per Common Share upon the issuance of Common Shares pursuant to 2010 RSUs.

(5) Reflects bonuses earned by the NEOs in respect of the applicable year’s performance. See “Compensation Discussion and Analysis – Annual Short-Term Incentive Compensation”.

(6) The Corporation did not have any cash-based long-term incentive plans as at December 31, 2015.

(7) Unless otherwise noted, “All Other Compensation” includes the ESP, employer matching contributions that were made by the Corporation on the NEO’s behalf pursuant to the ESP and the EPSP, payout of unused vacation days and travel allowance. Payout of unused vacation and travel allowances for 2015 totalled:

<table>
<thead>
<tr>
<th>Name</th>
<th>Payout of Unused Vacation</th>
<th>Car Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Broen</td>
<td>$5,400</td>
<td>$4,250</td>
</tr>
<tr>
<td>Thomas Buchanan</td>
<td>$31,730</td>
<td>$675</td>
</tr>
<tr>
<td>Kimberly Anderson</td>
<td>$3,634</td>
<td>$0</td>
</tr>
<tr>
<td>Blair Hockley</td>
<td>$2,269</td>
<td>$0</td>
</tr>
</tbody>
</table>

(8) Includes a grant made to Mr. Broen upon his 2015 promotion to President and Chief Executive Officer.

(9) Includes a grant made to Mr. Broen upon his 2014 promotion to the position of President and Chief Operating Officer.

(10) Includes $260,000 that was paid to Mr. Broen as a cash alternative for Stock based compensation he was unable to receive due to blackout provisions.

(11) Mr. Buchanan was CEO of the Corporation until April 21, 2015 and a director for the entire 2015 calendar year. Mr. Buchanan’s compensation reflects compensation paid to him as CEO as well as remuneration for his services as a director from April 22, 2015 to December 31, 2015. Mr. Buchanan ceased to be a director on March 10, 2016. Fees for services as a non-management director included in “All Other Compensation”:

<table>
<thead>
<tr>
<th>Year</th>
<th>Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$75,000</td>
</tr>
<tr>
<td>2014</td>
<td>$58,750</td>
</tr>
<tr>
<td>2013</td>
<td>$35,000</td>
</tr>
</tbody>
</table>

(12) Represents the value of DSUs granted to Mr. Buchanan as a director in the year ended December 31, 2015. The fair value of DSUs is based on the number of DSUs granted multiplied by the volume weighted average price per Common Share on the TSX for the five trading days immediately preceding the date of grant. The VWAP for the DSUs on April 21, 2015 was $2.42, and $2.22 on May 11, 2015.
(13) Includes the value of 1,500,000 Options granted to Mr. Buchanan at an exercise price of $5.91 upon his appointment as President and CEO of the Corporation on October 1, 2014. The amount also includes the value of 37,500 2010 RSUs granted to Mr. Buchanan in 2014 as compensation for his services as a non-management director of the Corporation for the years 2012 and 2013.
(14) This amount also includes $500,000 that was paid to Mr. Buchanan in lieu of a Retiring Allowance that was payable under his executive employment agreement.
(15) Represents Ms. Anderson’s new hire grant of Options and RSUs.
(16) Includes grants of option-based awards to Mr. Hockley that were intended to be granted 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 is Mr. Hockley’s 2013 annual grant.
(17) Represents Mr. Smith’s new hire grant of Options and RSUs.
(18) Includes grants of option-based awards to Ms. Schenkenberger that were intended to be granted 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 is Ms. Schenkenberger’s 2013 annual grant.

Long-Term Equity Incentive Plans

Detailed descriptions of Athabasca’s long-term equity incentive plans are contained in Appendix “C”. These plans consist of the Option Plan, the Performance Plan, the 2010 RSU Plan and the 2015 RSU Plan. The maximum number of Common Shares issuable on the exercise or conversion of outstanding securities granted under any of such plans, at any time, is limited to 10% of the number of Common Shares that are issued and outstanding, less the number of Common Shares that are issuable pursuant to all other security based compensation arrangements of Athabasca. In addition, the number of Common Shares reserved for issuance to any one participant under all security based compensation arrangements of Athabasca may not exceed 5.0% of the issued and outstanding Common Shares. The number of Common Shares issuable to insiders (as defined by the TSX for this purpose), at any time, as well as the number of Common Shares issued to insiders (as defined by the TSX for this purpose), within any one year period, under all security based compensation arrangements of Athabasca, may not exceed 1.0% of the issued and outstanding Common Shares.

As at December 31, 2015, the total number of Common Shares issuable to insiders under all of its security based compensation arrangements was approximately 4.8% of its total issued and outstanding Common Shares.

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

The following table sets forth information regarding all Options, 2010 RSUs and Performance Units held by each NEO as of December 31, 2015.

<table>
<thead>
<tr>
<th>Name</th>
<th>Option-Based Awards(1)</th>
<th>Share-Based Awards(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of securities</td>
<td>Number of shares or</td>
</tr>
<tr>
<td></td>
<td>underlying unexercised</td>
<td>units of shares that</td>
</tr>
<tr>
<td></td>
<td>options (#)</td>
<td>have not vested</td>
</tr>
<tr>
<td></td>
<td>Option exercise price ($)</td>
<td>Value of unexercised</td>
</tr>
<tr>
<td></td>
<td></td>
<td>in-the-money options ($)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Option expiration</td>
<td>Market or payout</td>
</tr>
<tr>
<td></td>
<td>date</td>
<td>value of share-based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>awards that have not</td>
</tr>
<tr>
<td></td>
<td></td>
<td>vested (#)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Robert Broen</td>
<td>541,700</td>
<td>2.07</td>
</tr>
<tr>
<td></td>
<td>363,600</td>
<td>7.27</td>
</tr>
<tr>
<td></td>
<td>200,000</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>203,200</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>80,500</td>
<td>6.49</td>
</tr>
<tr>
<td></td>
<td>80,500</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>255,000</td>
<td>10.99</td>
</tr>
<tr>
<td></td>
<td>255,000</td>
<td>0.10</td>
</tr>
<tr>
<td>Thomas Buchanan</td>
<td>1,500,000</td>
<td>5.91</td>
</tr>
<tr>
<td></td>
<td>37,500</td>
<td>0.10</td>
</tr>
<tr>
<td></td>
<td>19,830</td>
<td>0.10</td>
</tr>
</tbody>
</table>

For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

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<table>
<thead>
<tr>
<th>Name</th>
<th>Number of securities underlying unexercised options (#)</th>
<th>Option exercise price ($)</th>
<th>Option expiration date</th>
<th>Value of unexercised in-the-money options ($)</th>
<th>Number of shares or units of shares that have not vested (#)</th>
<th>Market or payout value of share-based awards that have not vested ($)</th>
<th>Market or payout value of vested share-based awards not paid out or distributed ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kimberly Anderson</td>
<td>214,000</td>
<td>2.07</td>
<td>April 1, 2022</td>
<td>0</td>
<td>148,100</td>
<td>119,504</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>23,500</td>
<td>7.27</td>
<td>Sept 10, 2021</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,840</td>
<td>7.84</td>
<td>Feb 18, 2019</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7,800</td>
<td>0.10</td>
<td>Feb 18, 2019</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>275,000</td>
<td>0.10</td>
<td>Sept 10, 2019</td>
<td>396,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Blair Hockley</td>
<td>200,500</td>
<td>2.07</td>
<td>April 1, 2022</td>
<td>0</td>
<td>211,400</td>
<td>156,649</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>64,800</td>
<td>2.88</td>
<td>Dec 1, 2021</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>43,800</td>
<td>7.31</td>
<td>July 1, 2021</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15,200</td>
<td>0.10</td>
<td>Dec 1, 2019</td>
<td>21,888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6,800</td>
<td>0.10</td>
<td>July 10, 2019</td>
<td>9,792</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>29,200</td>
<td>0.10</td>
<td>July 1, 2019</td>
<td>42,048</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>52,700</td>
<td>0.10</td>
<td>Sept 20, 2018</td>
<td>75,888</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>52,700</td>
<td>7.64</td>
<td>Sept 20, 2018</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,050</td>
<td>0.10</td>
<td>Dec 5, 2017</td>
<td>31,752</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>22,050</td>
<td>10.89</td>
<td>Dec 5, 2017</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,250</td>
<td>10.94</td>
<td>April 5, 2017</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17,000</td>
<td>11.91</td>
<td>Jan 13, 2017</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,900</td>
<td>0.10</td>
<td>July 1, 2016</td>
<td>4,176</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>8,700</td>
<td>15.13</td>
<td>July 1, 2016</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14,600</td>
<td>0.10</td>
<td>July 12, 2016</td>
<td>21,024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>86,700</td>
<td>11.58</td>
<td>July 12, 2016</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>43,800</td>
<td>16.67</td>
<td>July 12, 2016</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kevin Smith</td>
<td>208,000</td>
<td>2.07</td>
<td>April 1, 2022</td>
<td>0</td>
<td>151,900</td>
<td>121,013</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>34,600</td>
<td>7.27</td>
<td>Sept 10, 2021</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,500</td>
<td>0.10</td>
<td>Sept 10, 2019</td>
<td>16,560</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>297,000</td>
<td>6.49</td>
<td>Jan 6, 2019</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>297,000</td>
<td>0.10</td>
<td>Jan 6, 2019</td>
<td>427,680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anne Schenkenberger</td>
<td>200,700</td>
<td>2.07</td>
<td>April 1, 2022</td>
<td>0</td>
<td>178,000</td>
<td>136,167</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>80,600</td>
<td>7.27</td>
<td>Sept 10, 2021</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>40,100</td>
<td>0.10</td>
<td>Oct 31, 2018</td>
<td>57,744</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>199,340</td>
<td>0.10</td>
<td>Oct 31, 2018</td>
<td>287,050</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>199,340</td>
<td>6.49</td>
<td>Oct 31, 2018</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>11,000</td>
<td>0.10</td>
<td>July 1, 2016</td>
<td>15,840</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>33,000</td>
<td>15.13</td>
<td>July 1, 2016</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:

(1) Grants of 2010 RSUs are disclosed as option-based awards as the 2010 RSU Plan requires payment of $0.10 per Common Share upon the issuance of Common Shares pursuant to 2010 RSUs.

(2) The value of unexercised in-the-money Options or 2010 RSUs has been calculated by subtracting the exercise price of such securities from $1.54, being the closing price of the Common Shares on the TSX on December 31, 2015, and multiplying the difference by the number of unexercised in-the-money Options or 2010 RSUs, as applicable.

(3) Share-Based Awards for the Corporation are Performance Awards, 2015 RSUs and DSUs.

(4) Performance Awards provide for a single payout upon vesting. The Award Value of these Performance Awards is based on the Corporation’s TSR results over the performance period. The minimum Award Value may be $0. The value of unvested Performance Awards is based on the current weighted average TSR multiplied by the number of Performance Awards and $1.54, being the closing price of the Common Shares on the TSX on December 31, 2015. 2015 RSUs vest 1/3rd annually on April 1 of each year following the date of grant. The
Incentive Plan Awards – Value Vested or Earned During the Year – NEOs

The following table sets forth for each NEO, the value of option-based awards and share-based awards which vested during the year ended December 31, 2015 and the value of non-equity incentive plan compensation earned during the year ended December 31, 2015.

<table>
<thead>
<tr>
<th>Name</th>
<th>Option-based awards – Value vested during the year&lt;sup&gt;(1)&lt;/sup&gt; ($)</th>
<th>Share-based awards – Value vested during the year&lt;sup&gt;(2)&lt;/sup&gt; ($)</th>
<th>Non-equity incentive plan compensation – Value earned during the year&lt;sup&gt;(3)&lt;/sup&gt; ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rob Broen</td>
<td>386,813</td>
<td>0</td>
<td>824,400</td>
</tr>
<tr>
<td>Thomas Buchanan</td>
<td>34,500</td>
<td>519,685&lt;sup&gt;(4)&lt;/sup&gt;</td>
<td>150,000</td>
</tr>
<tr>
<td>Kimberly Anderson</td>
<td>222,750</td>
<td>0</td>
<td>224,200</td>
</tr>
<tr>
<td>Blair Hockley</td>
<td>80,747</td>
<td>0</td>
<td>204,700</td>
</tr>
<tr>
<td>Kevin Smith</td>
<td>242,055</td>
<td>0</td>
<td>236,656</td>
</tr>
<tr>
<td>Anne Schenkenberger</td>
<td>154,920</td>
<td>0</td>
<td>221,700</td>
</tr>
</tbody>
</table>

Notes:

(1) The value vested during the year for in the money option-based awards (2010 RSUs and Options) has been calculated by determining the difference between the trading price of the Common Shares and the exercise price of the vested securities on the applicable vesting dates (or the next trading day if the securities vested on a date when the TSX was closed).

(2) Except in respect of DSUs granted to Mr. Buchanan in his capacity as a director of the Corporation, no share-based awards of the Corporation granted to the NEOs vested during the year ended December 31, 2015.

(3) Reflects 2015 annual bonuses earned by the NEO for the year ended December 31, 2015.

(4) Represents a grant of DSUs to Mr. Buchanan in his capacity as a director of the Corporation. All DSUs vest immediately upon the grant of such DSUs but cannot be redeemed by Mr. Buchanan until 180 days after ceasing to be a director of the Corporation. Mr. Buchanan retired as a director on March 10, 2016. The value of these DSUs was calculated based on the number of DSUs held at December 31, 2015 by $1.54, being the closing price of the Common Shares on the TSX on December 31, 2015.

Termination and Change of Control Benefits

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

Executive Employment Agreements

The Corporation has entered into executive employment agreements with each of the NEOs. These agreements provide for base salary, benefits, a discretionary annual bonus and grants of Options and 2010 RSUs. As a result of Mr. Buchanan’s April 20, 2015 retirement as CEO, Mr. Buchanan’s executive employment agreement terminated effective April 20, 2015 and is not described here.

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

(a) at any time (other than for just cause) and with payment to the NEO of a retiring allowance (“Retiring Allowance #1”) equal to the sum of: (i) 2 times the then current annual salary of the NEO (“Salary Allowance #1”); (ii) 2 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; or

(b) at any time (other than for just cause) and with payment to the NEO of a retiring allowance (“Retiring Allowance #2”) equal to the sum of: (i) Salary Allowance #2; (ii) 2 times the average of any cash bonus paid to the NEO in the two years prior to the termination date; and (iii) an amount equal to 20% of Salary Allowance #2 to compensate the NEO for the loss of benefits.

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

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

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

In order to receive Retiring Allowance #1 or Retiring Allowance #2 (as applicable): (i) an NEO must execute a full and final release in favour of Athabasca and its affiliates in a form satisfactory to Athabasca; and (ii) an NEO who is a director of Athabasca and/or its affiliates, or who is an officer of Athabasca’s affiliates, must resign as a director and/or officer if requested to do so by the Board.

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

If the executive employment agreements had been terminated as of the date of this Circular and Retiring Allowance #1 or Retiring Allowance #2 (as applicable) had been payable by Athabasca pursuant to such agreements, the following aggregate amounts would have been paid to the following NEOs: Mr. Broen—$2,524,400; Ms. Anderson—$1,107,200; Mr. Hockley—$1,072,700; Mr. Smith—$1,231,056 and Ms. Schenkenberger—$1,121,000.

Options, 2010 RSUs, 2015 RSUs and Performance Awards

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

(a) Options granted to NEOs pursuant to Revised Option Agreements:
(i) will terminate upon such change of control if the NEO does not receive an Optionee Termination Notice (i.e. the NEO has continuing employment with the Corporation following the Change of Control), and in such event, the NEO will have the right to receive future Option Cash Bonus payments in accordance with the terms of the applicable Option Cash Bonus Agreements; or

(ii) will vest immediately and will be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place if such NEO receives receive an Optionee Termination Notice (i.e. the NEO has received notice that the NEO’s employment with the Corporation will terminate within 30 days of the date of such Change of Control);

(b) 2010 RSUs granted pursuant to Revised RSU Agreements to NEOs:

(i) will terminate upon such change of control if the NEO does not receive a Participant Termination Notice (i.e. the NEO has continuing employment with the Corporation following the Change of Control), and in such event, the NEO will have the right to receive future RSU Cash Bonus payments in accordance with the terms of the applicable RSU Cash Bonus Agreements; or

(ii) will vest immediately and will be terminated on the 90th day after the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place if such NEO receives receive a Participant Termination Notice (i.e. the NEO has received notice that the NEO’s employment with the Corporation will terminate within 30 days of the date of such Change of Control);

(c) 2015 RSUs granted pursuant to Revised RSU Agreements to NEOs:

(i) will continue to vest in accordance with the 2015 RSU grant terms if the NEO does not receive a Participant Termination Notice (i.e. the NEO has continuing employment with the Corporation following the Change of Control); provided that the Award Value of the 2015 RSUs that continue to vest shall be fixed as of the date of the Change of Control and the Award Value shall be payable only in cash; or

(ii) will vest on the date which is immediately prior to the occurrence of the Change of Control or such earlier time as may be established by the Board prior to the time that the Change of Control takes place if such NEO is notified in writing prior to the time such Change of Control takes place that the NEO’s employment with the Corporation will terminate within 30 days of the date of the Change of Control and the Award Value of the vested 2015 RSUs will be determined as of the date;

(d) NEOs that were granted Performance Awards who receive a Service Provider Termination Notice in connection with a Change of Control will have the right to receive the Change of Control Award Value on the Change of Control Vesting Date; and

(e) NEOs that were granted Performance Awards who do not receive a Service Provider Termination Notice will be contingently entitled to the Contingent Change of Control Award Value.

For additional information, see Appendix “C” - “Description of Long-Term Equity Incentive Plans – Option Plan – “2010 RSU Plan” – “2015 RSU Plan” – “Performance Plan”.

The following table outlines the estimated incremental payments, payables and benefits that theoretically would have been obtained by the NEO’s pursuant to their Options, 2010 RSUs, 2015 RSUs and Performance Awards if a Change of Control were to have occurred on December 31, 2015.
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, 2015.

<table>
<thead>
<tr>
<th>Plan Category</th>
<th>Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)</th>
<th>Weighted average exercise price of outstanding options, warrants and rights (b)</th>
<th>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity compensation plans approved by securityholders</td>
<td>19,568,905</td>
<td>$3.85</td>
<td>20,861,054 (1)</td>
</tr>
<tr>
<td>Equity compensation plans not approved by securityholders</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>19,568,905</td>
<td>$3.85</td>
<td>20,861,054</td>
</tr>
</tbody>
</table>

Notes:

(1) Pursuant to the Option Plan, 2010 RSU Plan, the 2015 RSU Plan and Performance Plan, the maximum number of Common Shares issuable on exercise of Options, 2010 RSUs, 2015 RSUs and Performance Awards, respectively, at any time is limited to 10% of the outstanding...
Common Shares, less the number of Common Shares issuable pursuant to all other security based compensation arrangements (as defined in the TSX Company Manual), which includes the Option Plan, 2010 RSU Plan, the 2015 RSU Plan and Performance Plan.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

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

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

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

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND OTHERS

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

OTHER MATTERS COMING BEFORE THE MEETING

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

ADDITIONAL INFORMATION

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

For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

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APPENDIX A
ATHABASCA OIL CORPORATION
BOARD OF DIRECTORS MANDATE

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

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

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

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

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

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

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

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

SPECIFIC DUTIES
The Board will:

Leadership
1. Provide leadership and vision to supervise the management of the Company in managing the Company and its subsidiaries in the best interests of the Company's shareholders.

2. In conjunction with the Chief Executive Officer (CEO), provide leadership in the development of the Company's mission, vision, principles, values, Strategic Plan and Annual Operating and Capital Plan.

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

5. Monitor the Company's performance in light of the approved Strategic Plan.

CEO

6. Select, appoint, evaluate and, if necessary, terminate the CEO.

7. Receive and approve recommendations on appropriate or required CEO competencies and skills from the Compensation and Governance Committee (CG Committee).

8. Approve or develop the corporate objectives that the CEO is responsible for meeting and assess the CEO against those objectives.

Succession and Compensation

9. Review and approve the Company's succession plan, including appointing, training and monitoring the performance of senior management of the Company.

10. With the advice of the CG Committee, approve the compensation of senior management and approve appropriate compensation programs for the Company's employees.

Corporate Social Responsibility, Ethics and Integrity

11. Provide leadership to the Company in support of its commitment to corporate social responsibility.

12. Foster ethical and responsible decision-making by management.

13. Set the ethical tone for the Company and its management.

14. Take all reasonable steps to satisfy itself of the integrity of the CEO and management and satisfy itself that the CEO and management create a culture of integrity throughout the organization.

15. At the recommendation of the CG Committee, approve the Company's Code of Business Ethics and Conduct.

16. Monitor compliance with the Company's Code of Business Ethics and Conduct and grant and disclose, or decline, any waivers of the Code of Business Ethics and Conduct for officers and directors.

17. With the CG Committee and/or the Audit Committee and the Board Chair and/or Lead Director (if a Lead Director has been appointed), as appropriate, respond to potential conflict of interest situations.

Governance

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

19. At least annually, as the CG Committee decides, receive for consideration each Board committee's (Board Committee) evaluation and any recommended changes, together with the evaluation and any further recommended changes of another Board Committee, if relevant, to the Company's governance and related policies including the Board and Board Committee mandates.

20. With the CG Committee, ensure that the Company's governance practices and policies are appropriately disclosed.

21. At the recommendation of the CG Committee, annually determine those directors to be designated as independent and ensure appropriate disclosures are made.

22. At the recommendation of the CG Committee, annually determine those directors on the Audit Committee possessing "financial literacy" under applicable law and ensure appropriate disclosures are made.

For questions or assistance, please contact Kingsdale Shareholder Services, at 1-866-581-1571 toll-free in North America, or 1-416-867-2272 outside of North America, or by email at contactus@kingsdaleshareholder.com.

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Communications, Disclosure and Compliance

23. Adopt an External Communications Policy for the Company that addresses disclosure matters and matters related to trading in the Company’s securities.

24. At least annually, review the External Communications Policy and consider any recommended changes.

25. Ensure policies and procedures are in place to ensure the Company's compliance with applicable law, including timely disclosure of relevant corporate information and regulatory reporting.

26. Establish and disclose a process to permit stakeholders to directly contact the independent directors as a group.

Health, Safety and Environmental Leadership

27. Encourage, assist and counsel management in maintaining and improving and dealing with current and emerging issues in health, safety, security and environment.

28. Lead discussions of current and emerging issues (including the establishment of appropriate plans) relevant to the Company's operations with respect to health, safety, security and environment.

Health, Safety and Environmental Performance

29. Review a report from management with respect to operational risks, health, safety, security and environment at each regularly scheduled meeting. This report will provide an update of current activities and an analysis of performance compared with annual plans and objectives. Review reports prepared by management with respect to any extraordinary event or condition involving significant environmental damage, significant risk to public health or safety, major public controversy, material liability, or potential therefore.

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

31. Review any other reports the Committee deems appropriate, including internal and external audit reports including the findings of any significant examination by regulatory agencies concerning the Company's physical assets, health, safety, security or environment matters.

Health, Safety and Environmental Compliance and Risk

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

33. Monitor compliance and risk with the Company’s policies related to health, safety, security and environment.

34. Assess the impact of proposed or enacted laws and regulations related to health, safety, security and environment.

Health, Safety and Environmental Risk Management

35. Take reasonable steps to ensure that there are long range preventative programs in place to limit the potential for future liability. Review reports required to adequately monitor the long range preventative programs.

36. Take reasonable steps to oversee strategies for risk mitigation and to ensure all necessary corrective measures are taken by the Company when health, safety, security or environment issues are identified.

37. Review with management health, safety, security and environment emergency response planning procedures of the Company.

38. Periodically review the health, safety, security and environment policies of the Company.

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39. Monitor current, pending or threatened legal actions by or against the Company related to matters of health, safety, security and environment.

**Board Chair**

40. Annually appoint the Chair of the Board.

**Lead Director**

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

**Committees**

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

43. Appoint the CG Committee with the responsibility to assist the Board in fulfilling its governance oversight responsibilities with respect to: (i) the development and implementation of principles and systems for the management of corporate governance; (ii) identifying qualified candidates and recommending nominees for director and Board Committee appointments; (iii) evaluations of the Board, Board Committees, all individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and Board Committee Chairs; and (iv) implementation and effectiveness of, and the compliance programs under, the Code of Business Ethics and Conduct. The CG Committee will also have the responsibility to assist the Board in fulfilling its compensation oversight responsibilities with respect to: (i) key compensation and human resources policies; (ii) CEO objectives, performance reviews and compensation; (iii) executive management compensation; (iv) executive management succession and development; and (v) reviewing executive compensation disclosure before its release.

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

45. In the Board’s discretion, appoint any other Board Committees that the Board decides are needed or beneficial, and delegate to those Board Committees any appropriate powers of the Board.
46. In the Board’s discretion, annually appoint the Chair of each Board Committee.

**Delegations and Approval Authorities**

47. Annually delegate approval authorities to the CEO and review and revise them as appropriate.

48. Consider and, in the Board's discretion, approve financial commitments in excess of delegated approval authorities.

49. Require the Audit Committee to recommend to the Board for consideration the annual and quarterly results, financial statements, MD&A and earnings related news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered.

50. Consider and, in the Board's discretion, approve any matters recommended by the Board Committees.

51. Consider and, in the Board’s discretion, approve any matters proposed by management.

**Annual Operating and Capital Plan**

52. At least annually, approve an Annual Operating and Capital Plan for the Company including business plans, operational requirements, financing plans, organizational structure, staffing and budgets, which support the Strategic Plan.

53. Monitor the Company's performance in light of the approved Annual Operating and Capital Plan.

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

55. Review the Company's capital structure including debt and equity components, current and expected financial leverage, and interest rate and foreign currency exposures.

**Risk Management**

56. Ensure policies and procedures are in place to: identify the principal business risks and opportunities of the Company; address what risks are acceptable to the Company; and ensure that appropriate systems are in place to manage the risks.

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

58. As required by applicable law, ensure policies and procedures designed to maintain the integrity of the Company's internal controls over financial reporting and management information systems are in place.

59. Ensure policies and procedures designed to maintain appropriate auditing and accounting principles and practices are in place.

60. Ensure policies and procedures designed to maintain appropriate safety, environment and social responsibility principles and practices are in place.

61. Periodically review and consider changes to the Company's dividend policy.

62. Review proposed dividends to be declared.

**Transactions**

63. Review any proposed issues of securities of the Company or proposed issues of securities of the subsidiaries of the Company to parties not affiliated with the Company. When applicable, review the related securities filings.

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64. Review any proposed material issues of debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases. When applicable, review the related securities filings.

65. Receive reports from management on significant, non-material issues of or changes to debt including public and private debt, credit facilities with banks and others, and other credit arrangements such as capital and operating leases.

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

Orientation / Education

67. With the CG Committee, oversee the development and implementation of a director orientation program covering the role of the Board and the Board Committees, the contribution individual directors are expected to make and the nature and operation of the Company's business.

68. With the CG Committee, oversee the development and implementation of an ongoing director education program designed to maintain and enhance skills and abilities of the directors and to ensure their knowledge and understanding of the Company's business remains current.

Board Performance

69. Oversee the process of the CG Committee's annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and the Board Committee Chairs, in light of the applicable Mandates and Position Descriptions.

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

71. Receive and consider a report and recommendations from the CG Committee on the results of the annual evaluation of the performance and effectiveness of the Board, Board Committees, all individual directors, the Board Chair, the Lead Director (if a Lead Director has been appointed) and the Board Committee Chairs.

Board Meetings

72. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Board may in appropriate circumstances hold meetings by telephone conference call.

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

74. Meet in separate, non-management and/or independent director only closed sessions with any internal personnel or outside advisors, as needed or appropriate.

Advisors/Resources

75. Retain, oversee, compensate and terminate independent advisors to assist the Board in its activities.

76.Receive adequate funding for independent advisors and ordinary administrative expenses that are needed or appropriate for the Board to carry out its duties.

Other

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

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

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STANDARDS OF LIABILITY

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

Approved: December 11, 2009
Revised: May 11, 2015
APPENDIX B
ATHABASCA OIL CORPORATION
AUDIT COMMITTEE MANDATE

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

COMPOSITION

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

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

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

RESPONSIBILITIES

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

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

SPECIFIC DUTIES

The Committee will:

Audit Leadership

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

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

3. Subject to required shareholder approval of the appointment of auditors of the Company, be solely responsible for recommending to the Board: (i) the external auditor for the purpose of preparing or issuing an auditor's report or performing other audit review or attest services for the Company; and (ii) the compensation of the external auditor. The Committee is directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting and reviewing, considering and making a recommendation to the Board regarding a proposed discharge of the external auditor when circumstances warrant. In all circumstances the external auditor reports directly to the Committee. The Committee is entitled to adequate funding to compensate the external auditor for completing an audit and audit report or performing other audit, review or attest services.

4. Evaluate the external auditor's qualifications, performance and independence. Take all reasonable steps to ensure that the external auditor does not provide non-audit services that would disqualify it as independent under applicable law.

5. Review the experience and qualifications of the senior members of the external audit team and the quality control procedures of the external auditor. Ensure that the lead audit partner of the external auditor is replaced periodically, according to applicable law. Take all reasonable steps to ensure continuing independence of the external audit firm. Present the Committee's conclusions on auditor independence to the Board.

6. Review and approve policies for the Company's hiring of senior employees and former employees of the external auditor who were engaged on the Company's account and make recommendations to the Board for consideration.

Process

7. Pre-approve all audit services (which may include consent and comfort letters in connection with securities offerings). Pre-approve and disclose, as required, the retention of the external auditor for non-audit services to be provided to the Company or any of its subsidiaries permitted under applicable law. In the discretion of the Committee, annually delegate to one or more of its independent members the authority to grant pre-approvals. Approve all audit fees and terms and all non-audit fees.

8. Meet with the external auditor prior to the audit to review the scope and general extent of the external auditor's annual audit including: (i) the planning and staffing of the audit; and (ii) an explanation from the external auditor of the factors considered in determining the audit scope, including the major risk factors.

9. Require the external auditor to provide a timely report setting out: (i) all critical accounting policies, significant accounting judgments and practices to be used; (ii) all alternative treatments of financial information within International Financial Reporting Standards (IFRS) that have been discussed with management, ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditor; and (iii) other material written communications between the external auditor and management.

10. Take all reasonable steps to ensure that officers and directors or persons acting under their direction are aware that they are prohibited from coercing, manipulating, misleading or fraudulently influencing the external auditor when the person knew or should have known that the action could result in rendering the financial statements materially misleading.
11. Upon completion of the annual audit, review the following with management and the external auditor:

   (a) The annual financial statements, including related notes and the Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) of the Company for filing with applicable securities regulators and provision to shareholders, as required, as well as all annual earnings press releases before their public disclosure.

   (b) The significant estimates and judgements and reporting principles, practices and procedures applied by the Company in preparing its financial statements, including any newly adopted accounting policies and the reasons for their adoption.

   (c) The results of the audit of the financial statements and whether any limitations were placed on the scope or nature of the audit procedures.

   (d) Significant changes to the audit plan, if any, and any serious disputes or difficulties with management encountered during the audit, including any problems or disagreements with management which, if not satisfactorily resolved, would have caused the external auditor to issue a non-standard report on the financial statements of the Company.

   (e) The cooperation received by the external auditor during its audit, including access to all requested records, data and information.

   (f) Any other matters not described above that are required to be communicated by the independent auditor to the Committee.

Financial Statements and Disclosure

12. At least quarterly, as part of the review of the annual and quarterly financial statements, receive an oral report from the Company’s counsel concerning legal and regulatory matters that may have a material impact on the financial statements.

13. Based on discussions with management and the external auditor, in the Committee’s discretion, recommend to the Board whether the annual financial statements and MD&A of the Company, together with any annual earnings press releases should be approved for filing with applicable securities regulators and provision to the Company’s shareholders, as required, prior to their disclosure.

14. Review the general types and presentation format of information that it is appropriate for the Company to disclose in earnings news releases or other earnings guidance provided to analysts and rating agencies.

15. Review with management and the external auditor the quarterly financial statements and MD&A and quarterly earnings releases prior to their release and recommend to the Board for consideration the quarterly results, financial statements, MD&A and news releases prior to filing them with or furnishing them to the applicable securities regulators and prior to any public announcement of financial results for the periods covered, including a written report of the results of the external auditor’s reviews of the quarterly financial statements, significant adjustments, new accounting policies, any disagreements between the external auditor and management and the impact on the financial statements of significant events, transactions or changes in accounting principles or estimates that potentially affect the quality of financial reporting.

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Internal Control Supervision

16. As required by applicable law, review with management and the external auditor the Company's internal controls over financial reporting, any significant deficiencies or material weaknesses in their design or operation, any proposed major changes to them and any fraud involving management or other employees who have a significant role in the Company’s internal controls over financial reporting.

17. Review with management, the Chief Financial Officer and the external auditor the methods used to establish and monitor the Company's policies with respect to unethical or illegal activities by employees that may have a material impact on the financial statements.

18. Meet with management and the external auditor to discuss any relevant significant recommendations that the external auditor may have, particularly those characterized as "material" or "serious". Review responses of management to any significant recommendations from the external auditor and receive follow-up reports on action taken concerning the recommendations.

19. Review with management and the external auditor any correspondence with regulators or government agencies and any employee complaints or published reports which raise material issues regarding the Company’s financial statements or accounting policies of the Company (as required).

20. Review with management and the external auditor any off-balance sheet financing mechanisms, transactions or obligations of the Company.

21. Review with management and the external auditor any material related party transactions.

22. Review with the external auditor the quality of the Company’s accounting personnel. This review may occur without the presence of management. Review with management the responsiveness of the external auditor to the needs of the Company.

Disclosure Controls and Procedures

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

Financial Management

24. Regularly review current and expected future compliance with covenants under all financing agreements.

25. Annually review the instruments the Company and its subsidiaries are permitted to use for short-term investments of excess cash and, in the Committee’s discretion, make recommendations to the Board for consideration.

26. Review the Company’s compliance with required tax remittances and other deductions required by applicable law.

Financial Risk Management

27. Receive reports from management with respect to risk assessment, risk management and major financial risk exposures.
28. Discuss with management major financial risk exposures, including those arising from the Company's exposure to changes in interest rates, foreign currency exchange rates and credit. Review the management of these risks including any proposed hedging of the exposures. Review a summary report of the hedging activities including a summary of the hedge-related instruments.

29. Discuss with management guidelines and policies with respect to financial risk assessment and financial risk management, including the processes management uses to assess and manage the Company's financial risk.

30. Annually review the insurance program including coverage for property damage, business interruption, liabilities, and directors and officers.

31. Review any other significant financial exposures of the Company to the risk of a material financial loss including tax audits or other activities.

32. Report to the Board on the financial risks of the Company and make recommendations to the Board for consideration.

33. Establish procedures (through approval of the relevant sections of the Code of Business Conduct) for: (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting and financial reporting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

34. Once or more annually, as the Committee decides, review and assess the Company's Code of Business Conduct and, in the Committee's discretion, recommend any changes to the Board for consideration.

Committee Reporting

35. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.

36. Report regularly to the Board and review with the Board any issues that arise with respect to the quality or integrity of the financial statements of the Company, compliance with applicable law and the performance and independence of the external auditor of the Company.

37. Annually review and approve the information regarding the Committee required to be disclosed in the Company's Annual Information Form and Committee's report for inclusion in the annual Proxy Circular.

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

Committee Meetings

39. Meet at least four times annually and as many additional times as needed to carry out its duties effectively. The Committee may, on occasion and in appropriate circumstances, hold meetings by telephone conference call.

40. Meet in separate, non-management, closed sessions with the external auditor at each regularly scheduled meeting.

41. Meet in separate, non-management, in camera sessions at each regularly scheduled meeting.

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42. Meet in separate, non-management, closed sessions with any other internal personnel or outside advisors, as needed or appropriate.

43. A quorum for meetings of the Committee will be a majority of its members and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board.

Committee Governance

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

Advisors/Resources

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

46. Receive adequate funding from the Company for independent advisors and ordinary administrative expenses that are needed or appropriate for the Committee to carry out its duties.

Other

47. With the CG Committee, the Board and the Board Chair, respond to potential conflict of interest situations, as required.

48. Carry out any other appropriate duties and responsibilities assigned by the Board.

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

STANDARDS OF LIABILITY

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

Approved: December 11, 2009

Revised: March 14, 2012

May 11, 2015

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

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

PERFORMANCE PLAN

Purpose of the Performance Plan

The principal purposes of the Performance Plan are to: (i) attract, retain and motivate the officers, employees and other eligible service providers of the Athabasca Group in the growth and development of Athabasca by providing them with the opportunity to acquire an increased proprietary interest in the Corporation; (ii) more closely align their interests with those of the Corporation’s shareholders; (iii) focus service providers on operating and financial performance and long-term shareholder value; and (iv) motivate and reward them for their performance and contributions to the Corporation’s long-term success. The Performance Plan is administered by the Board or a committee of the Board appointed by the Board to administer the Performance Plan.

Limitations under the Performance Award Plan

The maximum number of Common Shares that may be issuable pursuant to Performance Awards together with all other security based compensation arrangements of the Corporation, is 10% of the Common Shares outstanding from time to time. In addition to the other limitations described under "Long-Term Equity Compensation Plans" above, directors of the Corporation, who are not officers or employees of an entity comprising the Athabasca Group are not eligible to receive grants of Performance Awards.

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

As at May 19, 2016, there were 1,358,900 Common Shares reserved for issuance upon vesting of Performance Awards outstanding under the Performance Plan, representing approximately 0.3% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2015, a total of 0 Common Shares were issued in relation to outstanding units under this plan upon settlement of Performance Awards, representing 0.0% of the number of issued and outstanding Common Shares as at December 31, 2015.

Grant of Performance Awards and Assignability

Pursuant to the Performance Plan, the Board may grant Performance Awards on such terms and conditions as it may determine, including, but not limited to, the applicable performance measures to be taken into consideration and their weighting in granting Performance Awards ("Performance Measures"), the Performance Multiplier (as defined below) that shall apply to an Performance Award, if any, and any acceleration or waiver of termination or forfeiture regarding any Performance Award. Performance Awards are not assignable.
Performance Measures

The sole Performance Measure applicable to Performance Awards, granted during the years ended December 31, 2014 and 2015, is Athabasca’s total shareholder return (“TSR”) compared to the TSR range of its Peer Companies (see below for further detail).

The value of a Performance Award (the “Award Value”) is an amount equal to the number of Performance Awards, multiplied by the Fair Market Value of the Common Shares, and shall be determined by the Board as of the applicable vesting date (“Vesting Date”). The weighting of the Corporation’s TSR relative to its Peer Companies may not be less than 0% and not more than 200%.

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

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

(a) the number of Performance Awards equal to the First Tranche Awards (i.e. 20% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the First Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation’s TSR calculated in accordance with the Performance Award Agreement) compared to a specified peer group of companies (the “Peer Companies”) for the period from January 1 to December 31 of the year in which the Performance Awards are granted (the “Grant Year”), plus;

(b) the number of Performance Awards equal to the Second Tranche Awards (i.e. 20% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the Second Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation’s TSR compared to the Peer Companies for the period from January 1 to December 31 of the first year following the year in which the Performance Awards are granted, plus;

(c) the number of Performance Awards equal to the Third Tranche Awards (i.e. 20% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the Third Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation’s TSR compared to the Peer Companies for the period from January 1 to December 31 of the second year following the year in which the Performance Awards are granted (the “Final Year”), plus;

(d) the number of Performance Awards equal to the Fourth Tranche Awards (i.e. 40% of the Performance Awards granted under the applicable Performance Award Agreement) multiplied by the Fourth Tranche Performance Multiplier (which is defined in the Performance Award Agreement and is calculated with reference to the Corporation’s TSR compared to the Peer Companies for the period from January 1 of the Grant Year to December 31 of the Final Year.

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

The “Peer Companies” for the purposes of the Performance Award Agreements entered into during the year ended December 31, 2015 are:

<table>
<thead>
<tr>
<th>Advantage Oil &amp; Gas Ltd.</th>
<th>Delphi Energy Corp.</th>
<th>Pengrowth Energy Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baytex Exploration Ltd.</td>
<td>Enerplus Corporation</td>
<td>RMP Energy Inc.</td>
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<tr>
<td>Bellatrix Exploration Ltd.</td>
<td>Kelt Exploration Ltd.</td>
<td>Seven Generations Energy Ltd.</td>
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<tr>
<td>BlackPearl Resources Inc.</td>
<td>MEG Energy Corp.</td>
<td>Storm Resources Ltd.</td>
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<tr>
<td>Bonavista Energy Corporation</td>
<td>NuVista Energy Ltd.</td>
<td>Tourmaline Oil Corp.</td>
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<tr>
<td>Cequence Energy Ltd.</td>
<td>Paramount Resources Ltd.</td>
<td>Trilogy Energy Corp.</td>
</tr>
<tr>
<td>Crew Energy Inc.</td>
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</table>

**Expiry Date**

The Board determines the expiry dates for each Performance Award, provided that unless otherwise determined on the date of grant by the Board, the expiry date (“Expiry Date”) is December 15th of the third year following the year in which the Performance Award was granted. Notwithstanding the forgoing, no Performance Award will vest beyond the Expiry Date.

**Settlement of Performance Awards**

Performance Awards may be settled by one or a combination of the following: (i) payment in cash; (ii) payment in Common Shares acquired by the Corporation on the TSX; or (iii) payment in Common Shares issued from the treasury of the Corporation. A holder of Performance Awards has no right to demand, or receive Common Shares for any portion of the Award Value.

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

**Dividends**

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

**Change of Control**

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

Notwithstanding the foregoing, in order to assist the Corporation with the retention of employees if there is a Change of Control, the Performance Award Agreements entered into by the Corporation and its Service Providers during the year ended December 31, 2014, include the following provisions (the “PSU Change of Control Provisions”):
if a Service Provider is provided notice in writing (a “Service Provider Termination Notice”) that the Service Provider’s employment or service to the Corporation will be terminated within thirty days of the date of a Change of Control (“Change of Control Date”), then:

(i) the Vesting Date of the Performance Awards granted pursuant to the applicable Performance Award Agreement is the date which is immediately prior to the Change of Control Date, or on such earlier date as may be established by the Board in its absolute discretion, prior to the Change of Control Date (the “Change of Control Vesting Date”); and

(ii) the number of Performance Awards which vest shall be determined in accordance with the Vesting Provisions, subject to the following adjustments: (A) if the Change of Control Date occurs on or before December 31, 2014, then the First Tranche Awards shall be deemed to be 100% of the Performance Awards and the Second Tranche Awards, Third Tranche Awards and Fourth Tranche Awards shall be deemed to be nil% of the Performance Awards; (B) if the Change of Control Date occurs after December 31, 2014, and on or before December 31, 2015, then the First Tranche Awards shall be deemed to be 50% of the Performance Awards, the Second Tranche Awards shall be deemed to be 50% of the Performance Awards, and the Third Tranche Awards and Fourth Tranche Awards shall be deemed to be nil% of the Performance Awards; and (C) if the Change of Control Date occurs after December 31, 2015, and on or before December 31, 2016, then the First Tranche Awards shall be deemed to be 33 1/3% of the Performance Awards, the Second Tranche Awards shall be deemed to be 33 1/3% of the Performance Awards, the Third Tranche Awards shall be deemed to be 33 1/3% of the Performance Awards, and the Fourth Tranche Awards shall be deemed to be nil% of the Performance Awards; and for purposes of calculating the TSR for the Corporation for any Performance Period that has not been completed as at the Change of Control Date the trading price of the Common Shares at the end of such Period shall be deemed to be equal to the price received per Common Share pursuant to the Change of Control (being in the case of consideration other than cash, the fair market value thereof as determined by the Board);

(iii) the Award Value of the Performance Awards that so vest (the “Change of Control Award Value”) shall be determined as at the Change of Control Vesting Date; and

(b) If the Service Provider is not provided with a Service Provider Termination Notice, then the Service Provider is contingently entitled to the Change of Control Award Value (the “Contingent Change of Control Award Value”) subject to the following:

(i) provided the Service Provider has remained in the continuous employ or service of one or more members of the Athabasca Group from the Change of Control Date until April 1, 2017, the Contingent Change of Control Award Value, less any required withholdings, shall be paid to the Grantee within five business days of April 1, 2017;

(ii) if the grantee ceases to be a Service Provider of, or consultant to, any of the entities comprising the Athabasca Group prior to April 1, 2017 by reason of termination of Service Provider’s employment or service for cause or by reason of the resignation or retirement of the Service Provider, the Service Provider’s right to receive the Contingent Change of Control Award Value shall terminate and become null and void on the date of the cessation of the grantee’s employment or service and the Service Provider shall not be entitled to any further payment hereunder; and

(iii) if the Service Provider ceases to be a Service Provider of, or consultant to, any of the entities comprising the Athabasca Group prior to April 1, 2017 by reason of termination of the Service Provider’s employment for any reason other than as described above including, without limitation,
by reason of the death of the Service Provider or the termination of the Service Provider’s employment other than for cause, the Contingent Change of Control Award Value, less any required withholdings, shall be paid to the grantee within five business days of the cessation of employment or service.

The Performance Plan provides that unless otherwise determined by the Committee or unless otherwise provided in a Performance Award agreement pertaining to a particular grant or any other written agreement, including an employment agreement, if a holder of a Performance Award ceases to be a Service Provider for any reason before all of such holder’s Performance Awards have vested, then all such unvested Performance Awards are forfeited and any Award Value corresponding to any vested Performance Awards remaining unpaid will be paid to the former participant in accordance with the Performance Plan.

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

Anti-Dilution

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

Amendments

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

RESTRICTED SHARE UNITS

2015 RSU Plan

On March 11, 2015, upon the recommendation of the Compensation and Governance Committee, the Board approved the 2015 RSU Plan and determined that the Corporation would not make any further grants of 2010 RSUs under the 2010 RSU Plan (as described below). All grants of RSUs subsequent to March 11, 2015 are new RSUs (“2015 RSUs”), issued pursuant to the 2015 RSU Plan. Each 2015 RSU is a unit that is equivalent in value to a Common Share and that upon vesting will be automatically settled by the Corporation in accordance with the 2015 RSU Plan. The form of RSU agreement to be entered into between the Corporation and participants receiving New RSUs (“New RSU Agreements”) will incorporate the same New Change of Control Provisions described above.

Purpose and Administration of the 2015 RSU Plan

The purposes of the 2015 RSU Plan are to: (i) attract, retain and motivate the officers, employees and other eligible Service Providers of the Athabasca Group towards the growth and development of the Athabasca Group by providing them with the opportunity to acquire an increased proprietary interest in the Corporation; (ii) more closely align their interests with those of the Corporation’s shareholders; (iii) focus Service Providers on operating and financial

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performance and long-term shareholder value; and (iv) motivate and reward them for their performance and contributions to the Corporation’s long-term success.

The 2015 RSU Plan is administered by the Board. To the extent permitted by applicable law, the Board may, from time to time, delegate to a committee of the Board, all or any of the powers conferred on the Board under the 2015 RSU Plan.

Limitations on Issuances

In addition to the other limitations described under "Long-Term Equity Compensation Plans" above, unless otherwise approved by shareholders, the aggregate number of Common Shares that may be issuable pursuant to 2015 RSUs granted pursuant to the 2015 RSU Plan and all other security based compensation arrangements of the Corporation is 10% of the Common Shares outstanding from time to time.

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

2015 RSUs may not be awarded to directors of the Corporation who are not officers or employees of the Corporation or another member of the Athabasca Group.

As at May 19, 2016, there were 4,729,368 Common Shares reserved for issuance upon vesting of 2015 RSUs outstanding under the 2015 RSU Plan, representing approximately 1.2% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2015, a total of 0 Common Shares were issued upon settlement of 2015 RSUs, representing 0.0% of the number of issued and outstanding Common Shares as at December 31, 2015.

Vesting, Assignability and Expiry

The Board may determine the vesting of the 2015 RSUs at the time of grant, and in the absence of any determination by the Board (or the committee) to the contrary, 2015 RSUs will vest and be payable as to one-third of the total number of 2015 RSUs granted on each of the first, second and third anniversaries of the grant date (if settled in Common Shares, computed in each case to the nearest whole Common Share), provided that no 2015 RSU, or portion thereof, may vest after the RSU Expiry Date (as defined below). Notwithstanding the foregoing, the Board may, at any time or in the 2015 RSU agreement in respect of any 2015 RSUs granted, accelerate or provide for the acceleration of vesting in whole or in part of 2015 RSUs previously granted.

2015 RSUs are not transferable or assignable.

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

Settlement of 2015 RSUs

2015 RSUs may be settled by any one or combination of the following methods: (i) payment in cash; (ii) payment in Common Shares acquired by the Corporation on the TSX; or (iii) payment in Common Shares issued from the treasury

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of the Corporation. A holder of 2015 RSUs has no right to demand or receive Common Shares as settlement for the 2015 RSUs or any portion thereof, in Common Shares.

**Blackout Periods**

If an the vesting date of a 2015 RSU occurs during a Black-Out Period, then the RSU Vesting Date shall be extended to a date which is within seven business days following the end of such Black-Out Period. If any such extension would cause the RSU Vesting Date to extend beyond the Expiry Date and while a Blackout-Period is still in effect, then the Corporation must settle the applicable 2015 RSUs in cash and the Corporation will not have any right to settle the 2015 RSUs in whole or in part in Common Shares.

**Dividends**

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

**Change of Control**

If there is a Change of Control then, subject to any provision to the contrary contained in a 2015 RSU agreement, all Common Shares awarded pursuant to any 2015 RSUs that have not yet vested and been issued will vest on the date that is immediately prior to the time such Change of Control takes place, or at such earlier time as may be established by the Board or the RSU Committee, in its absolute discretion, prior to the time such Change of Control takes place.

**Additional 2015 RSU Plan Terms**

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

Notwithstanding the preceding paragraph or anything else contained in the 2015 RSU Plan to the contrary, unless otherwise determined by the Board, or unless the Corporation and a participant agree otherwise in a 2015 RSU agreement or other written agreement (including an employment agreement), if a participant ceases to be a director, officer of or be in the employ of, or a consultant or other Service Provider to the Athabasca Group due to the death of the participant, any unvested 2015 RSUs shall be deemed to have vested immediately prior to the date of death of the participant with the result that the deceased participant shall not forfeit any unvested 2015 RSUs.

**Anti-Dilution**

The 2015 RSU Plan contains anti-dilution provisions which allow the Board to make such adjustments to the 2015 RSU Plan, to any 2015 RSUs and to any 2015 RSU agreements outstanding under the 2015 RSU Plan as the Board may consider appropriate in the circumstances to prevent substantial dilution or enlargement of amounts to be paid to participants under the 2015 RSU Plan.

**Amendments**

The Board has the right to amend or discontinue the 2015 RSU Plan or amend any 2015 RSUs granted under the 2015 RSU Plan without shareholder approval or the consent of a holder of 2015 RSUs, provided that such amendment does not adversely alter or impair any 2015 RSUs previously granted under the 2015 RSU Plan or any related 2015 RSU agreement, except as otherwise permitted under the 2015 RSU Plan; however, while the Common Shares are listed for trading on the TSX, the Board will not be entitled to amend the 2015 RSU Plan or any 2015 RSUs granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the 2015 RSU Plan; (ii) to cancel 2015 RSUs and subsequently issue the holder

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of such 2015 RSUs a new grant of 2015 RSUs in replacement thereof; (iii) to extend the term of 2015 RSUs; (iv) to permit the assignment or transfer of 2015 RSUs, other than as provided for in the 2015 RSU Plan; (v) to add to the categories of persons eligible to participate in the 2015 RSU Plan; (vi) to remove or amend the limitations contained in the 2015 RSU Plan; or (vii) to remove or amend the amendment provisions of the 2015 RSU Plan.

2010 RSU PLAN

General

The 2010 RSU Plan allowed the Board to grant restricted share units ("2010 RSUs"), each of which is a unit that is equivalent in value to a Common Share and that upon vesting and exercise results in the holder thereof being issued a Common Share. As a result of the implementation of the 2015 RSU Plan, the Corporation has determined not to make any further grants under the 2010 RSU Plan.

Purpose of the 2010 RSU Plan

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

Limitations under the 2010 RSU Plan

In addition to the other limitations described under "Long-Term Equity Compensation Plans" above, the maximum number of Common Shares issuable on the exercise of outstanding 2010 RSUs at any time is limited to 10% of the number of Common Shares that are issued and outstanding, less the number of Common Shares that are issuable pursuant to all other security based compensation arrangements of Athabasca.

As at May 19, 2016, there were 5,382,442 Common Shares issuable upon the exercise of 2010 RSUs outstanding under the 2010 RSU Plan, representing approximately 1.3% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2015, a total of 2,180,119 Common Shares were issued upon the exercise of 2010 RSUs, representing approximately 0.5% of the number of issued and outstanding Common Shares as at December 31, 2015.

Term, Assignability and Exercise of Options

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

2010 RSUs are not assignable.

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

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

Termination

Unless otherwise determined by the Board, or unless the Corporation and participant agree otherwise in a 2010 RSU agreement or other written agreement (including an employment or consulting agreement), each 2010 RSU shall...
provide that if a participant ceases to be service provider to the Athabasca Group for any reason whatsoever including, without limitation, retirement, resignation, involuntary termination (with or without cause) or death, as determined by the Board in its sole discretion, before all of the participant’s 2010 RSUs have vested or are forfeited pursuant to any other provision of the 2010 RSU Plan: (a) such participant shall cease to be a participant in the 2010 RSU Plan as of the Forfeiture Date (as defined below); (b) the former participant shall forfeit all unvested awards respecting 2010 RSUs effective as at the Forfeiture Date; (c) any Common Shares corresponding to any remaining vested award of 2010 RSUs shall be delivered to the former participant in accordance with the 2010 RSU Plan as soon as practicable after the Forfeiture Date (or, in the case of death, to the legal representative of the deceased former participant’s estate as soon as practicable after receipt of satisfactory evidence of the participant’s death from the authorized legal representative of the deceased participant); and (d) the former participant shall not be entitled to any further distribution of Common Shares or any payment in respect of the 2010 RSU Plan.

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

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

**Surrender Offer**

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

**Change of Control**

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

**Anti-Dilution**

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

**Amendments**

The Board may amend or discontinue the 2010 RSU Plan or amend any 2010 RSU at any time without shareholder approval or the consent of a participant, provided that such amendment must not adversely alter or impair any 2010 RSU previously granted under the 2010 RSU Plan or any related 2010 RSU agreement, except as otherwise permitted by the 2010 RSU Plan; however, at any time while the Common Shares are listed for trading on the TSX, the Board may not amend the 2010 RSU Plan or any 2010 RSU granted under it without shareholder and, if applicable, TSX approval: (i) to increase the maximum number of Common Shares issuable pursuant to the 2010 RSU Plan; (ii) to reduce the exercise price of an RSU or cancel an 2010 RSU and subsequently issue the holder of such 2010 RSU a new 2010 RSU in replacement thereof; (iii) to extend the term of a 2010 RSU; (iv) to permit the assignment or transfer of a 2010 RSU other than as provided for in the RSU Plan; (v) to add to the categories of persons eligible to participate.
in the 2010 RSU Plan; (vi) to remove or amend the participation limitations and restrictions; (vii) to remove or amend the restrictions on amendments that are provided in the 2010 RSU Plan.

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

Revised 2010 RSU Agreements

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

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

RSU Cash Bonus Agreements

Participants that have been granted 2010 RSUs pursuant to a Revised RSU Agreement and who may be granted New RSUs under a New RSU Agreement (including NEOs) have entered into, or will enter into, cash bonus agreements (“RSU Cash Bonus Agreements”) with the Corporation, which provide the 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 Athabasca Group following a Change of Control. Pursuant to the RSU Cash Bonus Agreements, if a participant remains in the continuous employ or service of the Athabasca Group from the date of a Change of Control until a vesting date that is set out in an applicable Revised RSU Agreement (an “RSU Bonus Vesting Date”), then an RSU Cash Bonus (calculated in accordance with the formula that is set forth below) divided by the number of RSU Bonus Vesting Dates described in the Revised RSU Agreement (or New RSU Agreement, as applicable), shall be paid by the Corporation to the participant on each such Bonus Vesting Date:

\[(D \times E) \text{ where:} \]

(i) “D” equals the number of 2010 RSUs that had not vested as at the date of the termination of the 2010 RSUs (or New RSUs, as applicable) pursuant to the New Change of Control Provisions (“Unvested RSUs”); and

(ii) “E” equals the difference, if positive, between the consideration per Common Share received by the holders of Common Shares pursuant to the transaction that constitutes a Change of Control

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and the exercise price per Unvested RSU, as provided in the applicable Revised RSU Agreement (or New RSU Agreement, as applicable).

Additionally, pursuant to the RSU Cash Bonus Agreements, if a participant remains in the continuous employ or service of the Athabasca Group from the date of a Change of Control until either the second or third anniversary of the date of the Change of Control (depending on which period is specified in the applicable 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).

OPTION PLAN

Purpose of the Option Plan

The Corporation’s Option Plan permits the granting of Options to purchase Common Shares to directors, officers, employees, consultants and other service providers ("Optionees") of the Corporation, its subsidiaries, and any other entity designated by the Board from time to time as a member of the "Athabasca Group" for the purposes of the Option Plan (the "Athabasca Group"). The purpose of the Option Plan is to aid in attracting, retaining, and motivating eligible service providers in the growth and development of the Athabasca Group by providing them with an opportunity to acquire an increased proprietary interest in the Corporation. The Option Plan is administered by the Board or a committee of the Board appointed by the Board to administer the Option Plan.

Limitations under the Option Plan

The maximum number of Common Shares that are issuable on the exercise of outstanding Options at any time is limited to 10% of the number of Common Shares that are issued and outstanding, less the number of Common Shares that are issuable pursuant to all other security based compensation arrangements of Athabasca. In addition to the other limitations described under "Long-Term Equity Compensation Plans" above, under the Option Plan, the maximum number of Common Shares issuable on exercise of Options outstanding at any time held by directors of the Corporation who are not officers or employees of the Corporation, is limited to 0.75% of the issued and outstanding Common Shares.

Options cancelled, terminated or expired prior to exercise of all or a portion thereof will result in the Common Shares that were reserved for issuance being available for subsequent grants of Options. As the Option Plan is a “rolling plan”, the issuance of additional Common Shares by the Corporation or the exercise of Options will also give rise to additional availability under the Option Plan.

As at May 19, 2016, there were 8,549,346 Common Shares issuable upon exercise of Options outstanding under the Stock Option Plan, representing approximately 2.1% of the number of current issued and outstanding Common Shares. During the financial year ended December 31, 2015, a total number of 0 Common Shares were issued upon exercise of Options, representing 0.0% of the number of issued and outstanding Common Shares as at December 31, 2015.

Grants of Options and Assignability

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

Options granted under the Option Plan are not assignable.

Term, Vesting and Exercise of Options

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

If Options cannot be exercised due to a Black-Out Period (being a period of time when, pursuant to the policies of Athabasca, any securities of Athabasca may not be traded by that holder) at any time within the three business day period prior to the normal expiry date of the Options, the expiry date of those Options will be extended by seven business days following the end of the Black-Out Period (or such longer period as is permitted by the TSX or such stock exchange on which the Common Shares may be listed).

**Termination**

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

(a) if an Optionee dies, on the date that is determined by the Board, which cannot be more than twelve months from the date of death and, in the absence of a determination to the contrary, on the date that is twelve months from the date of death;

(b) if the Optionee ceases to be a service provider to the Athabasca Group (other than by reason of death or termination for cause), on the expiry of the period not in excess of six months as prescribed by the Option Committee at the time of the grant, following the date that the Optionee ceases to be a service provider to the Athabasca Group and, in the absence of any determination to the contrary, ninety days following the date that the Optionee ceases to be a service provider to any of the entities comprising the Athabasca Group; and

(c) if the Optionee is terminated for cause, immediately on the date of such termination (whether notice of such termination occurs verbally or in writing).

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

**Surrender Offer**

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

**Change of Control**

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

For the purposes of the Option Plan, a “Change of Control” means: (i) a successful takeover bid; or (ii) (A) any change in the beneficial ownership or control of the outstanding securities or other interests of the Corporation which

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

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

Option Cash Bonus Agreements

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

\[(A \times B) + C\]

where:

(i) “A” equals the number of Options that had not vested as at the date of the termination of the Options pursuant to the Revised Change of Control Provisions (“Unvested Options”);

(ii) “B” equals the difference, if positive, between the consideration per Common Share received by the holders of Common Shares pursuant to the transaction that constitutes a Change of Control and the exercise price per Unvested Option that is provided in the applicable Revised Option Agreement;

(iii) “C” equals \([(A\times B)/2] \times \text{Marginal Tax Rate}\)

\[1 - \text{Marginal Tax Rate};\]

(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 Athabasca Group from the date of a Change of Control until either the second or third anniversary of the date of the Change of Control (depending on which period is specified in the applicable Option Cash Bonus Agreement), any remaining Option Cash Bonus which has not previously been paid to the Optionee in accordance with the above shall be accelerated and paid to such Optionee on the second or third anniversary of the date of the Change of Control (again, depending on which period is specified in the applicable Option Cash Bonus Agreement).
DEFERRED SHARE UNIT PLAN

General

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

Purpose of the DSU Plan

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

Administration of the DSU Plan

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

Grants of Deferred Share Units

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

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

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

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

Dividends

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

Vesting and Assignability

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

Redemption of DSUs

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

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

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

Death of Participant

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

Amendments

The Compensation and Governance Committee may amend, suspend or terminate the DSU Plan or any portion thereof at any time in accordance with applicable legislation, and subject to any required regulatory or shareholder approval; provided that no amendment, suspension or termination may materially adversely affect any DSUs, or any rights pursuant thereto, granted previously to any Participant without the consent of that Participant. Notwithstanding the foregoing, any amendment of the DSU Plan must ensure that the DSU Plan is continuously

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excluded from the salary deferral arrangement rules under the *Income Tax Act* (Canada) or any successor rules, and comply with any guidance issued under U.S. Internal Revenue Code of 1986, as amended, section 409A as applicable to Participants who are taxpayers of the United States of America.

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

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