

ATHABASCA
OIL CORPORATION

MANAGEMENT INFORMATION CIRCULAR DATED DECEMBER 4, 2019

FOR THE SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD JANUARY 8, 2020

ATHABASCA OIL CORPORATION

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD JANUARY 8, 2020

TO THE HOLDERS OF COMMON SHARES

Notice is hereby given that a special meeting (the "**Meeting**") of the holders of common shares ("**Common Shares**") of Athabasca Oil Corporation ("**Athabasca**" or the "**Corporation**") will be held in the offices of Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue SW, Calgary, Alberta on Wednesday, January 8, 2020, at 10:00 a.m. (Calgary time) for the following purposes:

1. to consider and, if thought appropriate, to pass with or without variation, a special resolution, the full text of which is set forth in the accompanying management information circular of the Corporation dated December 4, 2019 ("**Information Circular**"), approving a reduction in the stated capital of Athabasca, as more particularly described in the Information Circular; and
2. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The nature of the business to be transacted at the Meeting and the specific details of the matters proposed to be put to the Meeting are described in further detail in the Information Circular.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is December 4, 2019 (the "**Record Date**"). Shareholders of Athabasca whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and vote at the Meeting, provided that, to the extent a shareholder transfers the ownership of any of his or her Common Shares after such date and the transferee of those Common Shares establishes that he or she owns the Common Shares and requests, not later than 10 days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those Common Shares at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile at 1-866-249-7775, not later than forty-eight (48) hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof. Registered shareholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America).

The instrument appointing a proxy shall be in writing and shall be executed by the shareholder or his or her attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal by an officer or attorney thereof duly authorized.

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

DATED this 4th day of December, 2019.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Robert Broen"

Robert Broen

President, Chief Executive Officer and a Director

ATHABASCA OIL CORPORATION
MANAGEMENT INFORMATION CIRCULAR
FOR THE SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON WEDNESDAY, JANUARY 8, 2020

DATED: DECEMBER 4, 2019

Solicitation Of Proxies

This management information circular (this "**Information Circular**") is furnished in connection with the solicitation of proxies by the management of Athabasca Oil Corporation ("**Athabasca**" or the "**Corporation**") for use at the special meeting (the "**Meeting**") of the holders ("**Shareholders**") of common shares ("**Common Shares**") of the Corporation to be held in the offices of Burnet, Duckworth & Palmer LLP, 2400, 525 - 8th Avenue SW, Calgary, Alberta on Wednesday, January 8, 2020, at 10:00 a.m. and at any adjournment thereof, for the purposes set forth in the Notice of Special Meeting.

Forms of proxy must be addressed to and reach Computershare Trust Company of Canada, Proxy Dept., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, or by facsimile at 1-866-249-7775, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting or any adjournment thereof.

The board of directors of the Corporation (the "**Board**") has fixed the record date for the Meeting at the close of business on December 4, 2019 (the "**Record Date**").

Registered shareholders may also use the internet site at www.investorvote.com to transmit their voting instructions or vote by phone at 1-866-732-VOTE (8683) (toll free within North America) or 1-312-588-4290 (outside North America). Shareholders should have the form of proxy in hand when they access the website and will be prompted to enter their control number, which is located on the form of proxy. If Shareholders vote by internet, their vote must be received not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the holding of the Meeting. The website may be used to appoint a proxy holder to attend and vote on a Shareholder's behalf at the Meeting and to convey a Shareholder's voting instructions.

Shareholders of record as at the Record Date are entitled to receive notice of the Meeting and to vote their Common Shares, included in the list of Shareholders entitled to vote at the Meeting prepared as at the Record Date, except to the extent that any such Shareholder transfers their Common Shares after the Record Date and the transferee of such Common Shares, having produced properly endorsed certificates evidencing such Common Shares or having otherwise established that he or she owns such Common Shares, demands, not later than ten (10) days before the Meeting, that the transferee's name be included in the list of Shareholders entitled to vote at the Meeting, in which case such transferee shall be entitled to vote such Common Shares at the Meeting.

Unless otherwise stated, information provided in this Information Circular is given as at December 4, 2019.

The instrument appointing a proxy shall be in writing and shall be executed by the Shareholder or the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. **The persons named in the enclosed form of proxy are directors and officers of the Corporation. Each Shareholder has the right to appoint a proxyholder other than the persons designated above, who need not be a Shareholder, to attend and to act for the Shareholder at the Meeting. To exercise such right, the names of the nominees of management should be crossed out and the name of the Shareholder's appointee should be legibly printed in the blank space provided.**

Beneficial Holders of Common Shares

The information set forth in this section is provided to beneficial holders of Common Shares of the Corporation who do not hold their Common Shares in their own name ("**Beneficial Shareholders**"). Beneficial Shareholders should note that only proxies deposited by Shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases those Common Shares will not be registered in the Beneficial Shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the Beneficial Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominees for many Canadian brokerage firms). Common Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting Common Shares for their clients. The Corporation does not know for whose benefit the Common Shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their 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**"). Broadridge typically provides a scannable voting request form or applies a special sticker to the proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the voting request forms or proxy forms to Broadridge. Often Beneficial Shareholders are alternatively provided with a toll-free telephone number to vote their shares or website address where shares can be voted. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction request or a proxy with a Broadridge sticker on it cannot use that instruction request or proxy to vote Common Shares directly at the Meeting as the proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the Common Shares voted. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed instructions or proxies as directed by Broadridge well in advance of the Meeting.**

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

Notice-And-Access

Athabasca is not using "notice-and-access" to send its proxy-related materials to its 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 through their intermediary. The Corporation intends to pay for 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 Communication With Beneficial Owners of Securities of a Reporting Issuer.

Revocability of Proxy

A Shareholder who has submitted a proxy may revoke it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Meeting at which such proxy is to be voted, 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 instrument in writing executed by the Shareholder or the Shareholder's attorney authorized in writing deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof or with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof prior to the commencement of the Meeting.

Persons Making the Solicitation

The solicitation is made on behalf of the management of the Corporation. The costs incurred in the preparation and mailing of the enclosed form of proxy, Notice of Special Meeting and this Information Circular will be borne by the Corporation. In addition to solicitation by mail, proxies may be solicited by personal interviews, telephone or other means of communication and by directors, officers and employees of the Corporation, who will not be specifically remunerated therefore.

Exercise of Discretion by Proxy

The Common Shares represented by proxy in favour of management nominees shall be voted on any ballot at the Meeting and, where the Shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares shall be voted or withheld from voting on any ballot in accordance with the specification so made.

In the absence of such specification, the Common Shares will be voted in favour of the matters to be acted upon. The persons appointed under the form of proxy furnished by the Corporation are conferred with discretionary authority with respect to amendments or variations of those matters specified in the enclosed form of proxy, the Notice of Special Meeting and this Information Circular. At the time of printing this Information Circular, management of the Corporation knows of no such amendment, variation or other matter.

MATTERS TO BE ACTED UPON AT THE MEETING

Reduction of Stated Capital

At the Meeting, the Shareholders will be asked to consider and, if thought advisable, to pass, with or without variation, a special resolution reducing the stated capital of the Common Shares by \$1.6 billion, without any payment or distribution to the Shareholders (the "**Reduction of Stated Capital Resolution**").

Reasons for the Reduction of Stated Capital

Under the *Business Corporations Act* (Alberta) (the "**ABCA**"), the corporate statute governing Athabasca, a corporation is prohibited from taking certain actions, including making any payment to purchase or otherwise acquire shares issued by it, if, among other things, there are reasonable grounds for believing that the realizable value of its assets would, as a result of the repurchase of its Common Shares, be less than the aggregate of its liabilities and stated capital of all classes of its shares. The purpose of reducing the stated capital of the Common Shares is to increase the difference between the realizable value of Athabasca's assets and the aggregate of Athabasca's liabilities and the stated capital of the Common Shares, thereby providing Athabasca with additional flexibility under the ABCA to repurchase Common Shares if, as and when the Board determines it appropriate to do so.

Management believes that the Common Shares may, from time-to-time, be undervalued and may not reflect the financial strength and net asset value of the Corporation. As such, if the Reduction of Stated Capital Resolution

is approved by the Shareholders at the Meeting, the Board intends to consider seeking a normal course issuer bid (the "NCIB") under the policies of the Toronto Stock Exchange ("TSX") following the Meeting. All Common Shares purchased under the NCIB would be cancelled, increasing the respective proportionate share interests of all remaining Shareholders. The funding for any purchases of Common Shares pursuant to the NCIB would be expected to be financed out of funds from operations.

Pursuant to the policies of the TSX, under an NCIB the Corporation would be permitted to acquire up to a maximum of the greater of (i) 5% of the then issued and outstanding Common Shares, and (ii) 10% of the "public float" (the "**public float**" being the number of Common Shares issued and outstanding, less the number of Common Shares known to the Corporation after reasonable inquiry, to be beneficially owned, or over which control or direction is exercised by every senior officer and director of the Corporation and certain other persons). To illustrate, as of December 4, 2019, there were 523,447,102 Common Shares issued and outstanding. If the Corporation sought to acquire 5% of the issued and outstanding Common Shares pursuant to an NCIB, Athabasca would be permitted to acquire up to 26,172,355 Common Shares.

The Corporation would also be subject to certain daily limits on the number of Common Shares purchased pursuant to the NCIB as prescribed by the rules of the TSX. Under an NCIB, the Corporation would pay the market price for the Common Shares on the TSX at the time of acquisition and, unless otherwise permitted by the rules of the TSX, no purchases would be made other than by means of open market transactions during the period the NCIB is in place.

The commencement of the NCIB will be subject to receiving the approval of the TSX.

Limitation on the Reduction of Stated Capital under the ABCA

The ABCA provides that a corporation shall not reduce its stated capital if there are reasonable grounds for believing that: (i) the corporation is, or would after the reduction be, unable to pay its liabilities as they become due; or (ii) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

Athabasca does not have reasonable grounds to believe that: (i) it is, or would after the stated capital reduction contemplated by the Reduction of Stated Capital Resolution be, unable to pay its liabilities as they become due; or (ii) the realizable value of Athabasca's assets would, as a result of the stated capital reduction contemplated by the Reduction of Stated Capital Resolution, be less than the aggregate of its liabilities.

Canadian Federal Income Tax Considerations with Respect to the Reduction of Stated Capital

The proposed reduction of the stated capital of the Common Shares will not result in any immediate Canadian income tax consequences to a Shareholder nor will it affect a Shareholder's adjusted cost base of the Common Shares for purposes of the *Income Tax Act* (Canada) (the "**Tax Act**"). However, the reduction in the stated capital will reduce the paid-up capital (as defined in the Tax Act) of the Common Shares by an amount equal to the reduction in stated capital. Although the reduction of the stated capital and the corresponding reduction of the paid-up capital of the Common Shares will not have any immediate Canadian income tax consequences, such reduction may have future Canadian federal income tax consequences to a Shareholder in certain limited circumstances. Such circumstances include, but are not limited to, if Athabasca repurchases any Common Shares (other than Common Shares purchased by the Corporation in the manner in which shares would normally be purchased by the public in an open market such as under an NCIB), if Athabasca distributes assets to its Shareholders or if Athabasca is wound-up. As a general rule, upon such transactions, a Shareholder will be deemed to have received a dividend to the extent that the amount paid or distributed exceeds the paid-up capital of the Common Shares.

Reduction of Stated Capital Resolution and Approval Requirement

At the Meeting, Shareholders will be asked to consider and, if thought advisable, to pass the following special resolution, being the Reduction of Stated Capital Resolution:

"BE IT RESOLVED, as a special resolution of the holders of common shares of Athabasca Oil Corporation, that the stated capital account maintained in respect of the common shares of the Corporation be and is hereby reduced by \$1.6 billion."

In order to be passed, the Reduction of Stated Capital Resolution requires the approval of not less than two-thirds of the votes cast thereon by or on behalf of Shareholders present in person or represented by proxy at the Meeting.

Unless otherwise directed, it is the intention of the persons named in the enclosed form of proxy, if named as proxy, to vote for approval of the foregoing resolution approving the reduction of the Corporation's stated capital.

INFORMATION CONCERNING THE CORPORATION

Voting Securities and Principal Holders Thereof

As at December 4, 2019, 523,447,102 Common Shares were issued and outstanding, with each Common Share carrying the right to one (1) vote on a ballot at the Meeting. A quorum for the transaction of business at the Meeting will be present if not less than two (2) Shareholders representing not less than 10% of the Common Shares are present in person or by proxy.

The Record Date as of which Shareholders are entitled to vote at the Meeting has been fixed by the Corporation as December 4, 2019.

To the knowledge of the 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, other than as set forth below:

Shareholder Name	Type of Ownership	Number and Percentage of Common Shares Owned, Controlled or Directed ⁽¹⁾
Equinor Canada Ltd.	Record and Beneficial	100,000,000 Common Shares (19.1%) ⁽²⁾

- (1) To the knowledge of the Corporation, none of the Common Shares are held subject to any voting trust or other similar agreement.
- (2) Based on 523,447,102 Common Shares being issued and outstanding on the Record Date.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as set forth herein, there were no material interests, direct or indirect, of directors, nominees for director or executive officers of the Corporation, or any Shareholder who beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, or any other 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

Management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership or otherwise of any director or nominee for director, or executive officer of the Corporation, or anyone who has held office as such since the beginning of the Corporation's last financial year, or of any associate or affiliate of any of the foregoing in any matter to be acted on at the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Corporation is available on SEDAR at www.sedar.com. Financial information in respect of the Corporation and its affairs is provided in the Corporation's annual audited comparative financial statements for the year ended December 31, 2018 and the related management's discussion and analysis. Copies of the Corporation's financial statements and related management's discussion and analysis are available upon request from the Corporation at phone number (403) 237-8227 and on the Corporation's website at www.atha.com.

OTHER MATTERS

Management knows of no amendment, variation or other matter to come before the Meeting other than the matters referred to in the Notice of Special Meeting. However, if any other matter properly comes before the Meeting, the accompanying proxy will be voted on such matter in accordance with the best judgment of the person or persons voting the proxy.

