Condensed Interim Consolidated Financial Statements
(unaudited)

Q3 2016

ATHABASCA OIL CORPORATION

FOCUSED | EXECUTING | DELIVERING

CONSOLIDATED BALANCE SHEETS
(unaudited)

As at ($ Thousands)	September 30, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	$ 535,477	$ 559,487
Short-term investments (Note 3)	35,000	—
Accounts receivable (Note 15)	45,022	27,816
Current portion of capital-carry receivable (Note 7)	29,569	—
Prepaid expenses and deposits	16,548	11,164
Inventory	10,711	8,910
Current portion of derivative asset (Note 15)	—	5,382
Promissory Note (Note 4)	—	133,892
	672,327	746,651
Restricted cash (Note 5)	103,827	—
Long-term portion of derivative asset (Note 15)	—	57,202
Long-term portion of capital-carry receivable (Note 7)	158,879	—
Other long-term assets	3,092	3,044
Property, plant and equipment (Note 8)	1,380,588	1,856,136
Exploration and evaluation assets (Note 9)	698,572	799,409
	$ 3,017,285	$ 3,462,442
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (Note 14)	$ 56,693	$ 54,707
Current portion of long-term debt (Note 12)	—	3,068
	56,693	57,775
Long-term debt (Note 12)	545,126	838,205
Provisions (Note 14)	81,943	84,322
	683,762	980,302
SHAREHOLDERS' EQUITY		
Common shares (Note 17)	2,019,215	2,005,770
Contributed surplus	142,559	147,290
Retained earnings	171,749	329,080
	2,333,523	2,482,140
	$ 3,017,285	$ 3,462,442

Commitments and contingencies (Note 23)

See accompanying notes to the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(unaudited)

($ Thousands, except per share amounts)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
REVENUE				
Petroleum and natural gas sales	$ 53,561	$ 20,995	$ 120,728	$ 53,625
Interest income and other	5,210	2,570	10,918	10,352
Midstream revenue	5	203	842	871
Royalties	(351)	(1,010)	(1,518)	(2,647)
Total revenue	58,425	22,758	130,970	62,201
EXPENSES				
Cost of diluent	19,674	3,272	45,575	3,272
Operating expenses	23,391	20,324	71,669	34,372
Transportation and marketing	10,728	2,642	26,255	2,975
General and administrative (Note 20)	5,992	8,669	18,432	25,366
Restructuring and other charges (Note 21)	—	1,661	—	18,649
Stock-based compensation (Note 18)	2,321	2,677	7,040	8,608
Financing and interest (Note 22)	13,737	14,620	63,137	19,376
Depletion and depreciation (Note 8)	13,854	18,591	47,736	54,129
Exploration expense	38	613	259	1,364
Total expenses	89,735	73,069	280,103	168,111
Revenue less Expenses	(31,310)	(50,311)	(149,133)	(105,910)
OTHER INCOME (EXPENSES)				
Foreign exchange gain (loss), net (Note 15)	—	(20,243)	19,880	(39,344)
Derivative gain (loss), net (Note 15)	—	23,418	(21,628)	44,145
Gain (loss) on provisions and other (Note 7, 14)	362	(4,663)	1,218	(6,067)
Gain (loss) on sale of assets (Note 6)	(2,084)	—	(7,668)	912
Loss before income taxes	(33,032)	(51,799)	(157,331)	(106,264)
INCOME TAXES				
Deferred income tax recovery (Note 13)	—	(13,558)	—	(13,866)
Net loss and comprehensive loss	$ (33,032)	$ (38,241)	$ (157,331)	$ (92,398)
BASIC LOSS PER SHARE (Note 19)	$ (0.08)	$ (0.09)	$ (0.39)	$ (0.23)
DILUTED LOSS PER SHARE (Note 19)	$ (0.08)	$ (0.09)	$ (0.39)	$ (0.23)

See accompanying notes to the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(unaudited)

($ Thousands)	Nine months ended September 30, 2016	2015
COMMON SHARES (Note 17)		
Balance, beginning of period	$ 2,005,770	$ 1,984,134
Exercise of stock options and RSUs	13,445	16,209
Balance, end of period	2,019,215	2,000,343
CONTRIBUTED SURPLUS		
Balance, beginning of period	147,290	154,201
Stock-based compensation (Note 18)	8,581	13,560
Exercise of stock options and RSUs	(13,312)	(16,058)
Balance, end of period	142,559	151,703
RETAINED EARNINGS		
Balance, beginning of period	329,080	1,025,851
Net loss	(157,331)	(92,398)
Balance, end of period	171,749	933,453
TOTAL SHAREHOLDERS' EQUITY	$ 2,333,523	$ 3,085,499

See accompanying notes to the condensed interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

($ Thousands)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
OPERATING ACTIVITIES				
Net loss	$ (33,032)	$ (38,241)	$ (157,331)	$ (92,398)
Items not affecting cash				
Stock-based compensation	2,321	2,677	7,040	8,608
Net non-cash financing and interest	(643)	4,339	10,450	6,629
Depletion and depreciation (Note 8)	13,854	18,591	47,736	54,129
Deferred income tax recovery (Note 13)	—	(13,558)	—	(13,866)
Non-cash foreign exchange (gain) loss (Note 15)	—	20,067	(20,595)	39,313
Non-cash (gain) loss on Derivative (Note 15)	—	(22,271)	21,628	(41,577)
Non-cash (gain) loss on provision (Note 14)	(362)	2,512	(1,218)	6,160
Receipt of proceeds from derivative unwind (Note 15)	—	—	40,956	—
(Gain) loss on sale of assets (Note 6)	2,084	—	7,668	(912)
Income tax credits received	—	—	—	1,698
Settlement of provisions (Note 14)	(1,440)	(852)	(4,560)	(3,180)
Changes in non-cash working capital (Note 24)	(1,772)	8,803	(3,071)	23,365
	(18,990)	(17,933)	(51,297)	(12,031)
FINANCING ACTIVITIES				
Repayment of long-term debt (Note 12)	—	(746)	(285,441)	(2,082)
Proceeds from exercised equity incentives (Note 17)	49	36	133	151
Changes in non-cash working capital (Note 24)	(193)	—	—	—
	(144)	(710)	(285,308)	(1,931)
INVESTING ACTIVITIES				
Promissory Note proceeds (Note 4)	133,892	150,000	133,892	450,000
Proceeds from sale of assets (Note 6)	(1,944)	610	390,394	646
Additions to property, plant and equipment (Note 8)	(20,404)	(38,447)	(58,309)	(228,329)
Additions to exploration and evaluation assets (Note 9)	(2,272)	(2,615)	(3,645)	(10,686)
SR&ED tax credits received	171	—	171	—
Recovery of capital-carry proceeds (Note 7)	4,286	—	5,760	—
(Increase) decrease in restricted cash (Note 5)	(2,175)	—	(103,827)	—
(Increase) decrease in short-term investments (Note 3)	(9,467)	—	(35,000)	47,618
Changes in non-cash working capital (Note 24)	5,242	(1,855)	(16,841)	(105,315)
	107,329	107,693	312,595	153,934
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	88,195	89,050	(24,010)	139,972
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	447,282	582,397	559,487	531,475
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 535,477	$ 671,447	$ 535,477	$ 671,447

See accompanying notes to the condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

As at and for the three and nine months ended September 30, 2016.

(Tabular amounts expressed in thousands of Canadian dollars, except where otherwise noted)

1. NATURE OF BUSINESS

Athabasca Oil Corporation ("Athabasca" or the "Company") is an exploration and production company developing Light and Thermal Oil resource plays in the Western Canadian Sedimentary Basin in Alberta, Canada. Athabasca was incorporated on August 23, 2006, under the laws governing the Province of Alberta. The domicile of the Company is 1200, 215 - 9th Avenue SW, Calgary, Alberta. The Company is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "ATH". These unaudited interim condensed consolidated financial statements ("consolidated financial statements") were authorized for issue by the Board of Directors on November 10, 2016.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34: *Interim Financial Reporting*. They do not contain all disclosures required by International Financial Reporting Standards ("IFRS") for annual financial statements and, accordingly, should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2015. These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") on a historical cost basis, except for financial instruments which are measured at their estimated fair value, using the same accounting policies and methods as the consolidated financial statements for the year ended December 31, 2015. There were no changes to the Company's operating segments during the period. The December 31, 2015 income tax receivable balance of $2.2 million has been presented as part of accounts receivable (previously presented as a separate item on the balance sheet).

3. CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Initial Term (Days)	Interest Rates (%)	Amount ($)
AS AT SEPTEMBER 30, 2016			
Cash	—	0.20 - 1.10	$ 509,870
Cash equivalents	62	1.19	25,607
Short-term investments	92	1.22	35,000
TOTAL(1)			$ 570,477
AS AT DECEMBER 31, 2015			
Cash	—	0.20 – 1.10	$ 480,619
Cash equivalents	63 - 70	1.05 - 1.08	78,868
TOTAL			$ 559,487

(1) Cash, cash equivalents and short-term investments do not include restricted cash of $103.8 million (Note 5).

4. PROMISSORY NOTE

On August 29, 2014, Athabasca closed the sale of its wholly owned subsidiary, AOC (Dover) Energy Inc., which held the Company's 40% interest in the Dover oil sands project, to Phoenix Energy Holdings Limited, a wholly owned subsidiary of PetroChina International Investment Company Limited ("Phoenix") for a net purchase price of $1,183.9 million, excluding working capital adjustments of $2.3 million of which $1.0 million was recognized in the first quarter of 2015. At closing, Athabasca received a cash payment of $600.0 million, as well as three interest bearing Promissory Notes (the "Promissory Notes") issued by Phoenix for the remaining $583.9 million of the net purchase price.

On March 2, 2015, the first Promissory Note matured and Athabasca received cash proceeds of $302.5 million, comprised of $300.0 million principal and accrued interest of $2.5 million. On August 28, 2015, the second Promissory Note matured and Athabasca received cash proceeds of $152.6 million, comprised of $150.0 million principal and accrued interest of $2.6 million. On August 29, 2016, the final Promissory Note matured and Athabasca received cash proceeds of $138.5 million, consisting of $133.9 million principal and accrued interest of $4.6 million.

5. RESTRICTED CASH

Restricted cash consists of a restricted, interest-bearing, cash-collateral account (the "Cash-Collateral Account") into which the Company is required to deposit cash to secure letters of credit issued under the Company's $110.0 million cash-collateralized letter of credit facility (the "Letter of Credit Facility") that was entered into on June 17, 2016 (Note 12). As at September 30, 2016, $103.8 million was held in the Cash-Collateral Account (December 31, 2015 - nil).

6. SALE OF ASSETS

Light Oil Joint Venture

On January 27, 2016, Athabasca entered into a purchase and sale agreement to form a strategic joint venture with Murphy Oil Company Ltd. ("Murphy") to develop the Montney and Duvernay formations in the Greater Kaybob and Greater Placid areas. As part of the transaction, Athabasca sold an operated 70% interest in its Greater Kaybob area assets and a non-operated 30% interest in its Greater Placid area assets (the "Murphy Transaction").

The Murphy Transaction was completed on May 13, 2016. At the date of closing, Athabasca received $267.5 million in cash, including purchase price adjustments from the January 1, 2016 effective date. Additional consideration of $219.0 million (undiscounted) in the form of a capital-carry in the Greater Kaybob area, whereby Murphy will fund 75% of Athabasca's share of development capital up to a maximum five year period, was recognized by Athabasca (Note 7).

The following table summarizes the net proceeds from the sale of assets to Murphy:

Cash proceeds	$	267,479
Capital-carry receivable (discounted) (Note 7)		188,648
Transaction costs and purchase price adjustments		(5,664)
Net proceeds from sale of assets to Murphy	$	450,463

On closing, Athabasca de-recognized $463.7 million of PP&E, $0.6 million of E&E and $6.3 million in decommissioning obligations relating to the Light Oil assets sold to Murphy. During the three and nine months ended September 30, 2016, Athabasca also recognized losses of $2.1 million and $7.7 million, respectively, primarily related to closing adjustments and transaction costs associated with the Murphy Transaction.

Thermal Oil Contingent Bitumen Royalty

On June 17, 2016, Athabasca sold a Contingent Bitumen Royalty ("Royalty") on each of its Thermal Oil assets to Burgess Energy Holdings L.L.C. ("Burgess") for aggregate gross cash proceeds of $128.5 million whereby Athabasca will pay Burgess a sliding-scale royalty ranging from 0% - 6% based on Athabasca's realized bitumen price for each Thermal Oil asset. The realized bitumen price for each asset is calculated as the blended bitumen sales price received less diluent, transportation, storage and marketing costs. Burgess has the option of either receiving the Royalty in cash or in kind. The Royalty has no associated commitments to develop future expansions or projects.

The following table summarizes the net proceeds from the sale of the Royalty to Burgess:

As at		June 17, 2016
Cash proceeds	$	128,500
Transaction costs and other		(195)
Net proceeds from sale of Royalty	$	128,305

During the nine months ended September 30, 2016, net proceeds of $23.8 million were credited to PP&E (Note 8) and net proceeds of $104.5 million were credited to E&E assets (Note 9). No gain or loss was recognized on the sale of the Royalty.

On November 10, 2016, Athabasca closed an upsizing of the Royalty sold to Burgess for additional gross cash proceeds of $128.5 million, bringing the total proceeds to $257.0 million. The upsized Royalty will be calculated on a sliding scale ranging from 0% - 12% (previously 0% - 6%) of Athabasca's realized bitumen price for each Thermal Oil asset. All remaining terms of the Royalty are unchanged.

The following table summarizes the upsized Royalty rates applicable at different realized bitumen price ranges:

Hangingstone Realized Bitumen Price ($/bbl)	Royalty rate	Other Thermal Oil exploration areas [1] Realized Bitumen Price ($/bbl)	Royalty rate
Below $50/bbl	--	Below $60/bbl	--
$50/bbl to $69.99/bbl	2%	$60/bbl to $79.99/bbl	2%
$70/bbl to $89.99/bbl	4%	$80/bbl to $99.99/bbl	4%
$90/bbl to $109.99/bbl	6%	$100/bbl to $119.99/bbl	6%
$110/bbl to $129.99/bbl	8%	$120/bbl to $139.99/bbl	8%
$130/bbl to $149.99/bbl	10%	$140/bbl to $159.99/bbl	10%
$150/bbl and above	12%	$160/bbl and above	12%

(1) Other Thermal Oil exploration areas consists of Birch, Dover West, and Grosmont.

During the nine months ended September 30, 2016, no royalties were payable in respect of the Royalty.

7. CAPITAL-CARRY RECEIVABLE

During the second quarter of 2016, Athabasca recognized a receivable related to a capital-carry obligation of Murphy to fund 75% of Athabasca's share of development capital in Greater Kaybob for up to a maximum five year period (Note 6). The capital-carry receivable is based on management's best estimate of the present value of the expected timing of the recovery of the receivable. The timing of the recovery is dependent on the extent of capital expenditures in the Greater Kaybob area, subject to a minimum annual recovery to be realized by Athabasca from Murphy, as set out in the joint development agreement between the parties ("Greater Kaybob JDA").

The following table reconciles the change in the capital-carry receivable:

As at		September 30, 2016		December 31, 2015
CAPITAL-CARRY RECEIVABLE, BEGINNING OF PERIOD	$	—	$	—
Initial recognition on completion of the Murphy Transaction		188,648		—
Recovery of capital-carry through capital expenditures		(5,760)		—
Revisions in expected timing of future capital expenditures		655		—
Time value of money accretion		4,905		—
CAPITAL-CARRY RECEIVABLE, END OF PERIOD	$	188,448	$	—
Presented as:				
Current portion of capital-carry receivable	$	29,569	$	—
Long-term portion of capital-carry receivable	$	158,879	$	—

The total undiscounted capital-carry receivable as at September 30, 2016 was $213.5 million (December 31, 2015 - nil). The Company has calculated the net present value of its capital-carry receivable using a credit-adjusted discount rate of 6.50% per annum. A 1% increase in the credit-adjusted discount rate would decrease the discounted value of the receivable by $3.4 million and a 1% decrease in the credit-adjusted discount rate would increase the discounted value of the receivable by $3.5 million. Changes in estimate regarding the timing of the recovery of the capital-carry receivable and any changes to the credit-adjusted discount rate are recorded as gain or loss in net income.

8. PROPERTY, PLANT AND EQUIPMENT ("PP&E")

BALANCE, DECEMBER 31, 2014	$	2,103,334
PP&E expenditures		278,754
Transfers from E&E to PP&E		3,110
Non-cash capitalized costs(1)		3,298
Depletion and depreciation		(72,629)
Impairment loss (Note 10)		(456,100)
Disposals		(3,631)
BALANCE, DECEMBER 31, 2015	$	1,856,136
PP&E expenditures(2)		58,309
Non-cash capitalized costs(1)		1,763
Depletion and depreciation		(47,736)
Disposals (Note 6)		(487,884)
BALANCE, SEPTEMBER 30, 2016	$	1,380,588

(1) Non-cash PP&E expenditures include capitalized stock-based compensation, decommissioning obligation assets and non-cash interest and financing expenses.
(2) During the nine months ended September 30, 2016, $10.2 million of Light Oil PP&E expenditures related to assets sold in the Murphy Transaction (Note 6).

During the nine months ended September 30, 2016, Athabasca de-recognized $464.1 million of PP&E, net of accumulated depletion, depreciation and impairment, primarily relating to the Light Oil assets sold to Murphy. The Company also de-recognized $23.8 million of PP&E relating to the Royalty sold to Burgess (Note 6).

PP&E consists of the following:

Net book value (As at)		September 30, 2016		December 31, 2015
PP&E at cost	$	1,707,247	$	2,595,480
Accumulated depletion and depreciation		(166,414)		(283,244)
Accumulated impairment losses (Note 10)		(160,245)		(456,100)
TOTAL PP&E	$	1,380,588	$	1,856,136

As at September 30, 2016, $80.9 million (December 31, 2015 - $218.6 million) of PP&E was not subject to depletion or depreciation as the underlying oil and gas assets were not ready for use in the manner intended by management.

9. EXPLORATION AND EVALUATION ("E&E") ASSETS

BALANCE, DECEMBER 31, 2014	$	962,821
E&E expenditures		13,431
Transfer from E&E to PP&E		(3,110)
Non-cash capitalized costs(1)		7,417
Recognition of SR&ED tax credits		(518)
Impairment loss (Note 10)		(180,632)
BALANCE, DECEMBER 31, 2015	$	799,409
E&E expenditures		3,645
Non-cash capitalized costs(1)		810
Recognition of SR&ED tax credits		(171)
Disposals (Note 6)		(105,121)
BALANCE, SEPTEMBER 30, 2016	$	698,572

(1) Non-cash E&E expenditures include capitalized stock-based compensation and decommissioning obligation assets.

During the nine months ended September 30, 2016, Athabasca de-recognized $104.5 million of E&E relating to the Royalty sold to Burgess and $0.6 million of E&E relating to the Light Oil assets sold to Murphy (Note 6).

10. IMPAIRMENT

At each financial reporting date, the Company considers potential indicators of impairment for all of its Light Oil and Thermal Oil cash generating units ("CGUs"). This assessment includes an analysis of current market conditions and transactions as well as a review of the Company's assets, future development plans and pending land expiries.

For the year ended December 31, 2015, Athabasca identified indicators of impairment and performed an impairment test on all of the Company's CGUs. As a result, Athabasca recognized an impairment loss of $456.7 million for its Light Oil Development CGU and $180.0 million for its Dover West Exploration CGU.

As at September 30, 2016, Athabasca has not identified new indicators of impairment for any of its Light Oil or Thermal Oil CGUs.

11. SEGMENTED INFORMATION

Segmented capital expenditures

Capital expenditures	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
LIGHT OIL[1]				
Property, plant and equipment [2]	$ 18,920	$ 31,465	$ 55,095	$ 125,591
Exploration and evaluation	—	—	—	76
	18,920	31,465	55,095	125,667
THERMAL OIL				
Property, plant and equipment	1,482	6,751	3,212	100,463
Exploration and evaluation	2,272	2,615	3,645	10,610
	3,754	9,366	6,857	111,073
CORPORATE				
Corporate assets and other PP&E	2	231	2	2,275
TOTAL CAPITAL SPENDING[3][4]	$ 22,676	$ 41,062	$ 61,954	$ 239,015

(1) Including the recovery of the capital-carry, Athabasca's net cash outflow from capital expenditures in the Light Oil Division was $14.6 million and $49.3 million during the three and nine months ended September 30, 2016, respectively.

(2) For the three and nine months ended September 30, 2016, capital expenditures include spend relating to assets sold as part of the Murphy Transaction of $1.5 million and $10.2 million, respectively (Note 6).

(3) Excludes non-cash capitalized costs consisting of capitalized stock-based compensation, decommissioning obligation assets, and non-cash interest and financing.

(4) For the three and nine months ended September 30, 2016, expenditures include cash capitalized staff costs of $1.5 million and $5.6 million respectively (September 30, 2015 - $3.0 million and $15.3 million) and cash capitalized interest for the three and nine months ended September 30, 2016 of $nil (September 30, 2015 - $5.2 million and $35.9 million).

Segmented assets

Net book value (As at)	September 30, 2016	December 31, 2015
LIGHT OIL		
Property, plant and equipment	$ 346,305	$ 779,457
Exploration and evaluation	409	1,084
	346,714	780,541
THERMAL OIL		
Property, plant and equipment	1,027,200	1,067,991
Exploration and evaluation	698,163	798,325
	1,725,363	1,866,316
CORPORATE		
Current assets	672,327	746,651
Restricted cash (Note 5)	103,827	—
Long-term portion of derivative asset (Note 15)	—	57,202
Long-term portion of capital-carry receivable (Note 7)	158,879	—
Other long-term assets	3,092	3,044
Property, plant and equipment	7,083	8,688
	945,208	815,585
TOTAL ASSETS	$ 3,017,285	$ 3,462,442

Segmented operating results

	Light Oil		Thermal Oil		Consolidated	
Three months ended September 30,	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
SEGMENT REVENUES						
Petroleum and natural gas sales	$ 8,285	$ 14,832	$ 45,276	$ 6,163	$ 53,561	$ 20,995
Midstream revenue	5	203	—	—	5	203
Royalties	(199)	(992)	(152)	(18)	(351)	(1,010)
	8,091	14,043	45,124	6,145	53,215	20,188
SEGMENT EXPENSES & OTHER						
Cost of diluent	—	—	19,674	3,272	19,674	3,272
Operating expense	2,580	7,508	20,811	12,816	23,391	20,324
Transportation and marketing expense	—	439	10,728	2,203	10,728	2,642
Depletion and depreciation	5,293	15,193	8,083	2,524	13,376	17,717
Exploration expense	24	142	14	471	38	613
Loss on sale of assets	2,084	—	—	—	2,084	—
	9,981	23,282	59,310	21,286	69,291	44,568
Segment loss	$ (1,890)	$ (9,239)	$ (14,186)	$ (15,141)	$ (16,076)	$ (24,380)
CORPORATE						
Interest income and other					5,210	2,570
Financing and interest					(13,737)	(14,620)
General and administrative					(5,992)	(8,669)
Restructuring and other charges					—	(1,661)
Stock-based compensation					(2,321)	(2,677)
Depreciation					(478)	(874)
Foreign exchange loss, net					—	(20,243)
Derivative gain, net					—	23,418
Gain (loss) on provisions and other					362	(4,663)
Deferred income tax recovery					—	13,558
NET LOSS AND COMPREHENSIVE LOSS					$ (33,032)	$ (38,241)

Nine months ended September 30,	Light Oil 2016	Light Oil 2015	Thermal Oil 2016	Thermal Oil 2015	Consolidated 2016	Consolidated 2015
SEGMENT REVENUES						
Petroleum and natural gas sales	$ 34,850	$ 47,462	$ 85,878	$ 6,163	$ 120,728	$ 53,625
Midstream revenue	842	871	—	—	842	871
Royalties	(1,227)	(2,629)	(291)	(18)	(1,518)	(2,647)
	34,465	45,704	85,587	6,145	120,052	51,849
SEGMENT EXPENSES & OTHER						
Cost of diluent	—	—	45,575	3,272	45,575	3,272
Operating expense	16,697	21,556	54,972	12,816	71,669	34,372
Transportation and marketing expense	136	772	26,119	2,203	26,255	2,975
Depletion and depreciation	26,056	48,317	20,080	2,524	46,136	50,841
Exploration expense	23	753	236	611	259	1,364
Loss on sale of assets	7,668	—	—	—	7,668	—
	50,580	71,398	146,982	21,426	197,562	92,824
Segment loss	$ (16,115)	$ (25,694)	$ (61,395)	$ (15,281)	$ (77,510)	$ (40,975)
CORPORATE						
Interest income and other					10,918	10,352
Financing and interest					(63,137)	(19,376)
General and administrative					(18,432)	(25,366)
Restructuring and other charges					—	(18,649)
Stock-based compensation					(7,040)	(8,608)
Depreciation					(1,600)	(3,288)
Foreign exchange gain (loss), net					19,880	(39,344)
Derivative gain (loss), net					(21,628)	44,145
Gain (loss) on provisions and other					1,218	(5,155)
Deferred income tax recovery					—	13,866
NET LOSS AND COMPREHENSIVE LOSS					$(157,331)	$ (92,398)

12. INDEBTEDNESS

As at	September 30, 2016	December 31, 2015
Senior Secured Second Lien Notes (a)	$ 550,000	$ 550,000
Senior Secured Term Loan (b)[(1)]	—	306,759
Debt issuance costs	(21,664)	(31,644)
Amortization of debt issuance costs	16,790	16,158
TOTAL LONG-TERM DEBT	$ 545,126	$ 841,273
Presented as:		
Current portion of long-term debt	$ —	$ 3,068
Long-term debt	$ 545,126	$ 838,205

(1) The Term Loan was repaid on June 17, 2016. As at December 31, 2015, the US dollar denominated Senior Secured Term Loan of US$221.6 million and associated deferred borrowing costs were translated into Canadian dollars at the period end exchange rate of US$1.00 = C$1.3840.

a) Senior Secured Second Lien Notes

On November 19, 2012, Athabasca issued Senior Secured Second Lien Notes (the "Notes") in an aggregate principal amount of $550 million. The Notes bear interest at a rate of 7.50% per annum and have a term of five years maturing on November 19, 2017. Interest payments are required semi-annually on May 19 and November 19 of each year. These notes are secured by a second priority security interest on all present and after acquired property of the Company. Subject to certain exceptions and qualifications the Notes contain certain covenants that limit the Company's ability to, among other things: incur additional indebtedness; create or permit liens to exist; and make certain restricted payments, dispositions and transfers of assets. The Notes do not include any financial covenants.

Athabasca has the option to redeem the Notes at a price of 103.75% and 100.00% in the 12-month periods beginning November 19, 2015 and 2016, respectively. Debt issuance costs associated with the transaction were initially capitalized and are amortized to net income (loss) over the life of the Notes using the effective interest rate method.

As at September 30, 2016, Athabasca was in compliance with all of the Notes covenants.

b) Senior Secured Term Loans

On May 7, 2014, Athabasca entered into a US$225.0 million term loan (the "Term Loan") which was fully drawn and a US$50 million committed delayed draw term loan which remained undrawn. The Term Loan amortized in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount. Borrowings on drawn amounts under the Term Loan bore interest at a floating rate based on LIBOR plus 7.25%, subject to a LIBOR floor of 1.00%. On June 17, 2016, Athabasca repaid the principal outstanding on the Term Loan at par for $285.4 million (US$221.1 million). The delayed draw term loan commitment was also canceled during the second quarter of 2016. Unamortized debt issuance costs related to the Term Loan of $5.9 million were expensed during the second quarter of 2016 (Note 22).

Concurrent with the repayment of the Term Loan, Athabasca also unwound its US dollar forward contract associated with the Term Loan for net proceeds of $41.0 million (Note 15).

c) Revolving Senior Secured Credit Facility

On June 17, 2016, Athabasca amended its $125.0 million Revolving Senior Secured Credit Facility (the “Credit Facility”) which included a reduction of the amount of available credit to $44.5 million. The Credit Facility is held with a syndicate of financial institutions and is available on a revolving basis until April 30, 2017. The Credit Facility can be extended subject to lender consent provided that the term of the facility does not exceed three years from the date of extension.

Amounts borrowed under the Credit Facility bear interest at a floating rate based on the applicable Canadian prime rate, US base rate, LIBOR or bankers' acceptance rate, plus a margin of between 2.50% and 5.00% depending on the type of borrowing and the Company’s indebtedness to consolidated cash flow ratio. The Company incurs a standby fee on the undrawn portion of the Credit Facility of between 0.875% and 1.25% based on the Company’s indebtedness to consolidated cash flow ratio.

During the nine months ended September 30, 2016, the Company paid standby fees at a rate of 1.25% on the undrawn portion of the Credit Facility (December 31, 2015 - 1.00%). Issuance costs on letters of credit issued under the Credit Facility range between 2.67% and 4.00%.

As part of the Credit Facility restructuring, all letters of credit issued and outstanding under the Credit Facility were transferred to a new Letter of Credit Facility (Note 12(d)) and no letters of credit remain outstanding under the Credit Facility. As at December 31, 2015, the Credit Facility had $7.3 million of letters of credit issued and outstanding.

If drawn, the Credit Facility is collateralized by a first priority security interest on all present and after acquired property of the Company and is effectively senior in priority to the Notes. The Credit Facility is subject to substantially the same covenants as the Notes plus, among others: hedging restrictions; certain business operating requirements; certain restrictions on acquisitions; a requirement to maintain a minimum ratio of adjusted consolidated net tangible assets ("ACNTA") to total debt of 3.5 times; the requirement to maintain a minimum tangible net worth based on the Company’s shareholders’ equity of $1,700 million; and if the aggregate of the Company's unrestricted cash, cash equivalents and any short-term investments do not exceed the amount of outstanding total debt, the Company must maintain a minimum ratio of the present value of proved reserves, discounted at 10%, to net first lien debt of 1.5 times.

ACNTA consists of the aggregate of the present value of the Company's Proved plus Probable Reserves (discounted at 10%), Athabasca's net working capital, restricted cash, the carrying value of equity investments and the carrying value of oil and gas assets without Proved plus Probable Reserves assigned in the Company's consolidated balance sheet. Total debt consists of the Company's Notes. Net First Lien Debt is defined as the aggregate of amounts drawn on the Credit Facility and Letter of Credit Facility less the Company's unrestricted cash, cash equivalents and short-term investments.

As at September 30, 2016, the Company’s shareholders’ equity was $2,334 million (December 31, 2015 - $2,482 million). Athabasca’s ACNTA to total debt ratio was 5.65 times and the Company had a net first lien cash position of $570.5 million. As at September 30, 2016, the Company was in compliance with all of the covenants related to the Credit Facility.

d) Bilateral Cash-Collateralized Letter of Credit Facility

Concurrent with the amendments to the Credit Facility, on June 17, 2016, Athabasca entered into a $110.0 million Letter of Credit Facility with a Canadian bank for issuing letters of credit to counterparties. The facility is available on a demand basis and letters of credit issued under the Letter of Credit Facility incur an issuance fee of 0.25%. Letters of credit issued under the Letter of Credit Facility are primarily used to satisfy certain financial assurance requirements under Athabasca's long-term transportation agreements.

Under the terms of the Letter of Credit Facility, Athabasca is required to contribute cash to a Cash-Collateral Account equivalent to 101% of the value of all letters of credit issued under the facility (Note 5). The Company currently earns interest on the Cash-Collateral Account at a rate of approximately 0.89%. There are no financial covenants associated with the Letter of Credit Facility. As at September 30, 2016, Athabasca had $102.8 million in letters of credit issued and outstanding under the Letter of Credit Facility.

13. INCOME TAXES

As at September 30, 2016, Athabasca is in a net unrecognized deferred tax asset position. The deductible temporary differences in excess of taxable temporary differences are approximately $506.0 million (December 31, 2015 - $347.6 million). Since Athabasca has not recognized the benefit of these deductible temporary differences, no deferred tax recovery was recognized during the three and nine months ended September 30, 2016 (September 30, 2015 - $13.6 million, $13.9 million, respectively).

14. PROVISIONS

As at		September 30, 2016		December 31, 2015
Decommissioning obligations (a)	$	74,196	$	75,537
Office lease provision (b)		8,381		12,338
Other long-term obligations (c)		4,540		4,113
TOTAL PROVISIONS	$	87,117	$	91,988
Presented as:				
Accounts payable and accrued liabilities	$	5,174	$	7,666
Provisions	$	81,943	$	84,322

a) Decommissioning obligations

The total future costs to reclaim the Company's oil and gas assets are estimated by management based on Athabasca's ownership interest in wells and facilities, estimated costs to abandon and reclaim the wells and facilities and the estimated timing of the costs to be incurred in future periods. The following table reconciles the change in decommissioning obligations:

As at		September 30, 2016		December 31, 2015
DECOMMISSIONING OBLIGATIONS, BEGINNING OF PERIOD	$	75,537	$	72,054
Liabilities incurred		308		1,324
Liabilities settled		(647)		(3,481)
Liabilities disposed		(6,316)		—
Change in discount rate		—		(4,943)
Changes in estimates		330		4,449
Accretion expense		4,984		6,134
DECOMMISSIONING OBLIGATIONS, END OF PERIOD	$	74,196	$	75,537
Presented as:				
Accounts payable and accrued liabilities	$	2,074	$	2,208
Provisions	$	72,122	$	73,329

The Company has calculated the net present value of its decommissioning obligations using an inflation rate of 2% (December 31, 2015 - 2%) and a credit-adjusted risk free discount rate of 9.00% per annum (December 31, 2015 - 9.00%). The payments to settle these obligations are expected to occur during a period of up to 50 years due to the long-term nature of the Company’s oil and gas assets. The total undiscounted amount of estimated cash flows required to settle the obligations as at September 30, 2016 is $250.7 million (December 31, 2015 - $275.9 million).

A 1% increase in the credit-adjusted risk free discount rate would decrease the provision by $5.2 million, with a corresponding adjustment to E&E and PP&E. A 1% decrease in the credit-adjusted risk free discount rate would increase the provision by $6.0 million, with a corresponding adjustment to E&E and PP&E.

b) Office lease provision

The office lease provision represents the present value of the minimum future lease payments that the Company is obligated to make under the Company's non-cancellable, under-utilized, operating lease contracts, less revenue expected to be earned through existing and potential future sub-lease agreements. As at December 31, 2015, Athabasca had recognized a liability related to the office lease provision of $12.3 million. For the nine months ended September 30, 2016, the liability declined to $8.4 million primarily due to cash settlements and refined estimates of the timing and amount of expected cash inflows associated with the liability.

As at September 30, 2016, the total undiscounted amount of estimated future cash flows to settle the obligations is $10.9 million (December 31, 2015 - $15.4 million). These cash flows have been discounted using Athabasca's credit-adjusted risk free discount rate of 9.00% (December 31, 2015 - 9.00%). This estimate may vary as a result of changes in the estimated utilization of the leased premises or the terms of existing and potential sub-lease arrangements. Any subsequent changes in estimates will be recognized as a gain or loss on provisions.

As at September 30, 2016, $2.6 million of the office lease provision has been presented as current and included in accounts payable and accrued liabilities (December 31, 2015 - $5.5 million). A 1% increase in the credit-adjusted risk free discount rate would decrease the provision by $0.2 million, with a corresponding adjustment against income. A 1% decrease in the credit-adjusted risk free discount rate would increase the provision by $0.2 million, with a corresponding adjustment against income.

c) Other long-term obligations

In December 2013, Athabasca assigned an office lease to a third party. Under the terms of the reassignment, Athabasca continues to be liable for any default under the lease that is caused by the assignee. Under the terms of the lease reassignment, Athabasca received a deposit of $3.1 million which will be held as security over the lease term and is refundable once the lease expires. The remainder of the long-term obligations relates to the Company's cash-settled deferred share unit plan (Note 18).

15. FINANCIAL INSTRUMENTS

As at September 30, 2016, the Company’s consolidated financial assets and liabilities are comprised of cash, cash equivalents, short-term investments, accounts receivable, restricted cash, capital-carry receivable, other long-term assets, accounts payable and long-term debt.

Fair Value

The Company classifies its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The Company’s cash, cash equivalents, short-term investments and restricted cash have been assessed on the fair value hierarchy described above and have been classified as Level 1. The fair value of the Notes of $541.1 million have been classified as Level 2. The fair values were based on observable quoted prices from financial institutions. The capital-carry receivable (current and long-term portion) has been classified as Level 3 (Note 7).

Credit Risk

The maximum exposure to credit risk at the reporting date is:

As at		September 30, 2016		December 31, 2015
Cash and cash equivalents	$	535,477	$	559,487
Short-term investments		35,000		—
Accounts receivable		45,022		27,816
Capital-carry receivable (current and long-term)		188,448		—
Derivative asset		—		62,584
Promissory Note		—		133,892
Restricted cash		103,827		—
Other long-term assets		3,092		3,044
MAXIMUM CREDIT RISK	$	910,866	$	786,823

Cash, cash equivalents and short-term investments held by the Company are invested with counterparties meeting credit quality requirements and concentration limits pursuant to an investment policy that is periodically reviewed by the Audit Committee. The policy emphasizes security of assets over investment yield.

As at September 30, 2016 and December 31, 2015, Athabasca's cash, cash equivalents, short-term investments and restricted cash were held with five counterparties and four counterparties, respectively, with all counterparties being large reputable financial institutions. The Company's management believes that credit risk associated with these investments is low. At September 30, 2016, no institution held more than 36% of the balances (December 31, 2015 - 32%).

On August 29, 2016, the final Promissory Note matured and Athabasca received cash proceeds of $138.5 million, consisting of $133.9 million principal and accrued interest of $4.6 million.

The following table summarizes the concentration of accounts receivable held by Athabasca as at September 30, 2016 and December 31, 2015:

Concentration of accounts receivable (as at)	September 30, 2016	December 31, 2015
Joint interest billings	56%	18%
Petroleum and natural gas sales receivable (collected within 30 days)	36%	40%
Government receivables and other	8%	30%
Accrued interest on the Promissory Note (Note 4)	—%	12%

Management believes collection risk on the outstanding accounts receivable as at September 30, 2016 is low given the high credit quality of the Company's material counterparties. No material amounts were past due at September 30, 2016. As at September 30, 2016, all of the interest bearing Promissory Notes had matured and were fully collected on maturity.

The discounted capital-carry receivable of $188.4 million, recognized in respect of the Murphy Transaction (Note 7), is considered to have low credit risk given the high credit quality of the Murphy subsidiary that has guaranteed the obligation. Timing of the recovery of the capital-carry is dependent on the extent of capital expenditures in the Greater Kaybob area, subject to a minimum annual recovery to be realized by Athabasca from Murphy, as set out in Greater Kaybob JDA (Note 6).

Liquidity Risk

The Company's objective in managing liquidity risk is to maintain sufficient available reserves to meet its liquidity requirements at any point. The Company achieves this by managing its capital spending and maintaining sufficient funds for anticipated short-term spending in cash, cash equivalent and short-term investment accounts. Until required, excess cash will be invested in short-term deposits and investments.

It is anticipated that Athabasca's 2016 and 2017 capital and operating budgets, including continued development activities in the Montney and Duvernay, the ramp-up of Project 1 and any additional debt repayments will be funded with existing cash and cash equivalents, short-term investments, proceeds from the upsized Royalty, operating income from the Light Oil and Thermal Oil Divisions, the capital-carry receivable, issuance of new debt or equity and available credit. Beyond 2017, the Company may require additional capital to develop its assets and Athabasca believes it will fund its capital programs through some combination of cash and cash equivalents, short-term investments, the capital-carry receivable, and a reasonable level of debt, equity or other external financing. The Company cannot guarantee the availability of these sources of additional funding and the availability of future funding will depend on, among other things, the current commodity price environment, operating performance, the Company's credit rating at the time and the current state of the equity and debt capital markets.

The Company's significant outstanding financial liabilities consist of the Notes which mature on November 19, 2017 and the long-term deposit, described in Note 14, which will be held until December 31, 2026. All other financial liabilities mature within one year.

Interest Rate Risk

The Company's floating interest rate profile at the reporting date was as follows:

As at	September 30, 2016	December 31, 2015
Cash[1]	$ 509,870	$ 480,619
Restricted cash	103,827	—
Long-term debt[2][3]	—	(306,759)
NET INTEREST RATE EXPOSURE	$ 613,697	$ 173,860

(1) As at September 30, 2016, $25.6 million was invested in cash equivalents (December 31, 2015 - $78.9 million) and $35.0 million was invested in short-term investments (December 31, 2015 - $nil). All cash equivalents and short-term investments were fixed rate financial instruments and were not exposed to changes in interest rates as at the balance sheet date.

(2) The Term Loan, repaid during the second quarter of 2016, had a face value of US $221.6 million as at December 31, 2015 and was subject to a floating interest rate based on the LIBOR, plus a credit spread of 7.25%, with a LIBOR floor of 1.00%.

(3) The Notes have a face value of $550.0 million as at September 30, 2016 (December 31, 2015 - $550 million), and are subject to a fixed interest rate of 7.50% per annum and are not exposed to changes in interest rates.

The Company's exposure to interest rate fluctuations on interest earned on its floating rate cash balance of $613.7 million (December 31, 2015 - $480.6 million), from a 1.00% change in interest rates, would be approximately $6.1 million for a 12 month period (year ended December 31, 2015 - $4.8 million).

Foreign exchange risk

Athabasca was previously exposed to foreign currency risk on its US dollar denominated Term Loan. In May 2014, Athabasca entered into a US dollar forward contract for US$270.8 million relating to the interest payments and principal repayments on the Term Loan at a rate of US$1.00 = C$1.1211 expiring on March 31, 2017. This contract was accounted for as a derivative instrument and changes in the valuation were recognized in net income (loss) and the associated liability or asset was recognized on the balance sheet. During the second quarter of 2016, Athabasca unwound its derivative contract and received net cash proceeds of $41.0 million concurrent with the repayment of the Term Loan (Note 12).

The following tables summarizes the unrealized and realized derivative gains (losses) during the three and nine months ended September 30, 2016 and 2015:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Unrealized derivative gain (loss)	$ —	$ 22,271	$ —	$ 41,577
Realized derivative gain (loss)	—	1,147	(21,628)	2,568
DERIVATIVE GAIN (LOSS), NET	$ —	$ 23,418	$ (21,628)	$ 44,145

As at	September 30, 2016		December 31, 2015	
OPENING DERIVATIVE ASSET	$	62,584	$	12,638
Unrealized derivative gain		—		49,946
Realized derivative loss		(21,628)		—
Receipt of proceeds from derivative unwind		(40,956)		—
CLOSING DERIVATIVE ASSET	$	—	$	62,584
Presented as:				
Current portion of derivative asset	$	—	$	5,382
Long-term portion of derivative asset	$	—	$	57,202

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to pursue the exploration and development of its core resource properties and to maintain a flexible capital structure to undertake projects and other strategic opportunities for the benefit of its stakeholders.

Capital managed by the Company as at September 30, 2016 and December 31, 2015 was as follows:

As at	September 30, 2016		December 31, 2015	
Senior Secured Second Lien Notes (Note 12)	$	550,000	$	550,000
Senior Secured Term Loan (Note 12)[(1)]		—		306,759
Shareholders' Equity		2,333,523		2,482,140
TOTAL CAPITAL MANAGED	$	2,883,523	$	3,338,899

(1) The Term Loan was repaid on June 17, 2016.

Refer to Note 12 for additional details regarding changes to Athabasca's long-term debt and credit facilities.

17. SHAREHOLDERS' EQUITY

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of first and second preferred shares. There are no first or second preferred shares outstanding at the reporting date and none of the Company's share capital has a par value. The following table summarizes changes to the Company's common share capital:

	Nine months ended September 30, 2016			Year ended December 31, 2015		
	Number of Shares		Amount	Number of Shares		Amount
Balance at beginning of period	404,299,592	$	2,005,770	402,119,473	$	1,984,134
Exercise of stock options and RSUs (Note 18)	2,067,281		13,445	2,180,119		21,636
BALANCE AT END OF PERIOD	406,366,873	$	2,019,215	404,299,592	$	2,005,770

18. STOCK-BASED COMPENSATION

The Company's stock-based compensation plans for employees, directors and certain other service providers, currently consist of stock options, restricted share units ("RSUs"), performance share units ("PSUs") and deferred share units ("DSUs").

The following table summarizes the Company's outstanding equity compensation units:

	September 30, 2016	December 31, 2015
Stock options(1)	9,502,415	9,942,905
Restricted share units (2010 RSU Plan)	4,473,568	6,035,950
Restricted share units (2015 RSU Plan)	5,131,869	2,329,550
Performance share units	2,691,300	1,260,500
Deferred share units(2)	1,101,664	663,082
TOTAL OUTSTANDING EQUITY COMPENSATION UNITS	22,900,816	20,231,987

(1) The weighted average exercise price of the Company's outstanding stock options as at September 30, 2016 was $4.62/share with a range from $1.07 - $13.30.
(2) The DSU plan is a cash-settled stock-based compensation plan and is recognized as a liability on the balance sheet.

As at September 30, 2016, total outstanding equity compensation units increased by 2.7 million units compared to December 31, 2015. The increase was primarily due to 8.9 million units granted, partially offset by forfeitures and expiries of 4.1 million units and 2.1 million units that were exercised during the nine months ended September 30, 2016. There have been no changes to the Company's stock-based compensation plans since December 31, 2015. Refer to the December 31, 2015 audited consolidated financial statements of the Company for further information on the Company's stock-based compensation plans.

19. PER SHARE COMPUTATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Weighted average shares outstanding - basic	405,556,092	403,396,304	405,357,248	402,933,671
Dilutive effect of stock options and RSUs	—	—	—	—
WEIGHTED AVERAGE SHARES OUTSTANDING - diluted	405,556,092	403,396,304	405,357,248	402,933,671

Dilutive securities will have a dilutive effect on the weighted average shares outstanding when the average market price of the common shares during the period exceeds the sum of the exercise price of the securities and unamortized stock-based compensation. For the nine months ended September 30, 2016, 21,799,152 in anti-dilutive securities were excluded from the calculation of diluted loss per share (December 31, 2015 - 19,568,905).

20. GENERAL AND ADMINISTRATIVE EXPENSES

For the three and nine months ended September 30, 2016 and 2015, the Company's general and administrative expenses consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Salaries and benefits	$ 4,827	$ 8,070	$ 15,223	$ 27,049
Office costs	1,985	2,518	5,446	9,834
Legal, accounting and consulting	616	877	2,714	3,123
Stakeholder relations and other	35	243	626	686
Capitalized staff costs	(1,471)	(3,039)	(5,577)	(15,326)
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	$ 5,992	$ 8,669	$ 18,432	$ 25,366

21. RESTRUCTURING AND OTHER CHARGES

There were no restructuring and other charges during the first nine months of 2016. For the nine months ended September 30, 2015, Athabasca incurred restructuring and other charges of $18.6 million including staff restructuring charges of $8.1 million relating to the Company's 2015 cost reduction activities, $7.0 million relating to lease commitments on vacated office space primarily as a result of staff reductions and net cancellation charges of $3.5 million relating to Thermal Oil rig commitments associated with the 2014/15 drilling season.

22. FINANCING AND INTEREST

For the three and nine months ended September 30, 2016 and 2015, the Company's financing and interest expense consisted of the following:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Financing and interest expense on indebtedness (Note 12)	$ 10,551	$ 16,952	$ 45,651	$ 48,580
Accretion of provisions (Note 14)	1,841	1,584	5,702	5,002
Amortization of debt issuance costs	1,345	1,857	11,784	5,480
Capitalized financing and interest	—	(5,773)	—	(39,686)
TOTAL FINANCING AND INTEREST	$ 13,737	$ 14,620	$ 63,137	$ 19,376

In August of 2015, Athabasca discontinued the capitalization of interest and financing costs associated with Project 1 when the project became ready for use in the manner intended by management.

23. COMMITMENTS AND CONTINGENCIES

The following table summarizes Athabasca's estimated future minimum commitments as at September 30, 2016 for the following five years and thereafter:

	2016	2017	2018	2019	2020	Thereafter	Total
Transportation	$ 11,849	$ 50,832	$ 53,263	$ 54,524	$ 53,656	$ 841,098	$ 1,065,222
Repayment of long-term debt (Note 12)(1)	—	550,000	—	—	—	—	550,000
Interest expense on long-term debt (Note 12)	10,313	36,094	—	—	—	—	46,407
Office leases	613	2,452	2,452	2,452	2,452	11,808	22,229
Purchase commitments	5,884	2,850	2,976	—	—	—	11,710
Drilling rigs	719	2,915	—	—	—	—	3,634
TOTAL COMMITMENTS	$ 29,378	$ 645,143	$ 58,691	$ 56,976	$ 56,108	$ 852,906	$ 1,699,202

(1) The Term Loan was repaid on June 17, 2016 (Note 12).

Excluded from the table above is a commitment for $122.7 million of office leases which were assigned to an investment-grade third party in December 2013 (Note 14).

During the third quarter of 2016, Athabasca reassigned $26.4 million in transportation commitments in the Light Oil Division to Murphy (Note 6).

Athabasca is responsible for the retirement of its resource assets at the end of their useful lives (Note 14).

The Company is currently undergoing income tax related audits in the normal course of business. The final outcome of such audits cannot be predicted with certainty and management believes that it has appropriately reflected the Company's anticipated current and deferred income taxes in the consolidated financial statements.

The Company is, from time to time, involved in claims arising in the normal course of business.

Athabasca has entered into indemnity agreements with its directors and officers whereby the Company indemnifies the directors and officers to the fullest extent permitted by law against all personal liability and loss that may arise in service to the Company.

24. SUPPLEMENTAL CASH FLOW INFORMATION

Net change in non-cash working capital

The following table reconciles the net changes in non-cash working capital from the balance sheet to the cash flow statement as at September 30, 2016 and 2015:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Change in accounts receivable	$ (19,993)	$ (473)	$ (17,206)	$ 16,701
Change in current portion of capital-carry receivable	(19,178)	—	(29,569)	—
Change in prepaid expenses and other	1,256	(463)	(5,384)	(930)
Change in inventory	5,544	(2,484)	(1,801)	(4,822)
Change in accounts payable and accrued liabilities	15,383	1,280	1,986	(97,148)
	$ (16,988)	$ (2,140)	(51,974)	(86,199)
Other items impacting changes in non-cash working capital:				
Change in current portion of capital-carry receivable	19,178	—	29,569	—
Change in current portion of long-term provisions	1,087	9,088	2,493	4,249
	$ 3,277	$ 6,948	$ (19,912)	$ (81,950)
RELATED TO:				
Operating activities	$ (1,772)	$ 8,803	$ (3,071)	$ 23,365
Financing activities	(193)	—	—	—
Investing activities	5,242	(1,855)	(16,841)	(105,315)
NET CHANGE IN NON-CASH WORKING CAPITAL	$ 3,277	$ 6,948	$ (19,912)	$ (81,950)

25. SUBSEQUENT EVENT

On November 10, 2016, Athabasca closed an upsizing of the Royalty sold to Burgess for additional gross cash proceeds of $128.5 million, bringing the total proceeds to $257.0 million. The upsized Royalty will be calculated on a sliding scale ranging from 0% - 12% (previously 0% - 6%) of Athabasca's realized bitumen price for each Thermal Oil asset. All remaining terms of the Royalty are unchanged. Refer to Note 6 for further details.

CORPORATE INFORMATION

MANAGEMENT

Rob Broen
President & Chief Executive Officer

Kim Anderson
Chief Financial Officer

Blair Hockley
Vice President, Thermal Oil

Anne Schenkenberger
Vice President, General Counsel & Corporate Secretary

Kevin Smith
Vice President, Light Oil

Dave Stewart
Vice President, Operations

Rod Sousa
Vice President, Corporate Development

Matthew Taylor
Vice President, Capital Markets & Communications

DIRECTORS

Ronald Eckhardt(2)
Chair

Bryan Begley(2)(3)

Rob Broen(2)

Carlos Fierro(1)(3)

Marshall McRae(1)

Bob Rooney(1)(3)

Member of:

(1) Audit Committee
(2) Reserves and Health, Safety & Environment Committee
(3) Compensation and Governance Committee

CORPORATE OFFICE

1200, 215 - 9 Avenue SW
Calgary, Alberta T2P 1K3
Telephone: (403) 237-8227
Fax: (403) 264-4640

WEBSITE

www.atha.com

Detailed biographies of Athabasca's Board of Directors and Management are available on the Corporation's website.

TRUSTEE AND TRANSFER AGENT

Computershare Trust Company of Canada
Suite 600, 530 - 8th Avenue SW
Calgary, Alberta, T2P 3S8
Telephone: (403) 267-6800
Fax: (403) 267-6529

BANK

TD Canada Trust

AUDITORS

Ernst & Young LLP

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

INDEPENDENT EVALUATORS

GLJ Petroleum Consultants Ltd.
DeGolyer and MacNaughton Canada Limited

STOCK SYMBOL

ATH
Toronto Stock Exchange