



Athabasca Minerals Inc. Announces Q1 2014 Results and Submits Conservation and Reclamation Business Plan to Alberta Government

April 28, 2014 EDMONTON, ALBERTA. Athabasca Minerals Inc. (“Athabasca” or the “Corporation”) (TSX Venture: ABM) is pleased to announce its financial results for the three months ended February 28, 2014. The Corporation’s unaudited interim financial statements and management’s discussion and analysis (“MD&A”) for the three months ended February 28, 2014 are available on SEDAR at www.sedar.com and on the Athabasca Minerals website at www.athabascaminerals.com.

Q1 2014 Highlights

- Issued common shares for gross proceeds totalling \$5.75 million through a private placement;
- The Corporation initiated production and sales from its corporate-owned Cowper aggregate operation, the first operation brought into production under its agreement with a First Nations company;
- Built up strategically stockpiled aggregate inventory with cost in excess of \$8.1 million, providing a competitive advantage by ensuring a guaranteed supply to service construction demand in 2014;
- Commencement of the winter drilling program at the Richardson Project in order to further investigate granite and dolomite resource potential;
- Construction of corporate-owned camp to accommodate employees at Conklin versus using third party camp facilities in order to reduce accommodation costs.

Q1 2014 sales from corporate-owned aggregate operations were negatively impacted as a result of disruption in planned sales activities involving two customer contracts. A customer suspended a Logan pit contract when they put their project on hold. Approximately 165,000 tonnes of fully processed gravel remains to be hauled pending notification of contract resumption from the customer. The majority of the remaining contract was expected to be delivered and invoiced during Q1 2014. Secondly, a sales agreement had been reached with a customer to purchase aggregates produced from the Cowper pit. However, the agreement was cancelled and as a result, a further amount of Q1 2014 planned sales did not occur.

Due to the seasonality of the industry, during Q1 2014 Athabasca also focused effort on equipment repair, and the setup of its corporate-owned Conklin stockpile work camp to accommodate its workers.

President and CEO Dom Kriangkum states, “While aggregate demand within the region was considerably lighter than normal during the first fiscal quarter, we are pleased to see that sales have picked up in the second quarter, both at Susan Lake and at our corporate-owned pits. During Q1 2014 management had noted a significant reduction in inventory stockpiling outside of the Susan Lake pit by our customers in advance of Q2 construction activity. This was seen as a contributing factor in reduced aggregate sales this past quarter. Despite the light sales volume in the early months of fiscal 2014, management anticipates full year results will normalize. As well as focusing on Q2 sales opportunities, the executive team is currently undertaking a review of current operating parameters and operational execution

intended to identify continued efficiency improvements. A detailed strategic analysis is being performed to ensure key performance indicators are being benchmarked, cost control measures are being achieved and maximum productivity and efficiency are being achieved.”

Operations Update

Aggregate demand has begun to ramp up during Q2, and management anticipates Susan Lake demand will continue to accelerate as Q2 progresses. By the mid-point of Q2, Susan Lake sales had already surpassed Q1 2014 Susan Lake sales. Management anticipates further acceleration in Q2 aggregate demand, followed by strong demand through the remainder of the fiscal year.

Activity at our corporate-owned pits is ongoing.

- Initial fiscal 2014 sales from the Kearn pit got underway in mid-April, when hauling of aggregates to its nearby major customer began and remains in progress;
- Unsold gravel processed at the Cowper pit has been hauled to a new third party stockpile site near a major highway north of Conklin, where it is available for year round delivery. Crushing operations at the now depleted Cowper pit had concluded during Q2 2014, and reclamation activity at the pit is currently underway;
- Some recent tree clearing has been initiated at the corporate-owned Pelican Hill pit in order to prepare for future production at that location.

Mining and crushing activity at the Logan and House River pits is not expected to resume before late fall.

Financial Highlights

	<u>Three months ended February 28</u>	
	<u>Q1 2014</u>	<u>Q1 2013</u>
Aggregate management fees	\$554,567	\$1,489,017
Net aggregate sales	\$2,863,278	\$5,194,379
Total revenue	\$3,417,845	\$6,683,396
Aggregate operating expenses	\$4,576,715	\$5,810,597
Gross (loss) profit	\$(1,158,870)	\$872,799
Total aggregate tonnes sold	578,537	1,516,224
Net loss from land use agreement	\$Nil	\$(227,796)
Net loss from aggregate operations	\$(1,910,393)	\$(146,786)
Net loss and comprehensive loss	\$(1,910,393)	\$(374,582)
Basic loss per common share	\$(0.063)	\$(0.013)
Basic cash flow per share	\$(0.029)	\$0.026

The \$3,265,551 decline in Q1 2014 revenue compared to Q1 2013 was the primary reason for the resulting net loss of \$1,910,393, an increase of \$1,535,811 over Q1 2013. The sales decline includes a \$934,450 reduction in aggregate management fees, resulting from a 62.5% reduction in aggregate

tonnes sold from Susan Lake; and, a \$2,331,101 reduction in net aggregate sales, resulting from a 57.2% reduction in aggregate tonnes sold from corporate-owned pits. Aggregate operating expenses during Q1 2014 had decreased by \$1,233,882 compared to Q1 2013, primarily as a result of reduced costs associated with lower sales volume from corporate-owned pits.

Management attributes the sales decline to a reduction in inventory stockpiling outside of the Susan Lake pit, and a slower ramp up of civil projects during Q1 2014 in the Fort McMurray area.

Outlook

Athabasca's core business relies on aggregate demand from Alberta's oil, natural gas and mining industries in addition to municipal and road construction projects. Historically Athabasca has stronger third and fourth quarters following typically slower first and second quarters due to seasonal considerations such as winter conditions and spring break-up conditions.

The Corporation determines demand for the year by discussing expected aggregate requirements with its major customers.

- Improving sales demand during Q2 and expected strong demand during Q3 and Q4 is expected to offset the Q1 sales shortfall.
- Existing inventory turnover during fiscal 2014, along with the efficient production of further processed aggregates from its corporate-owned pits is a management priority;
- Cost savings have been targeted for near term implementation, including equipment repair and maintenance costs, work crew accommodation costs, and reduced hauling rates for aggregates delivery. These initiatives will provide improved productivities and increased efficiencies, resulting in measurable performance gains;
- Athabasca plans for strategic crushing at its corporate-owned pits during Q2 and continuing through Q4 based on market demand.

The conservation, reclamation and business plan (CRBP) for the Firebag Project has now been submitted for government approval; meanwhile further work will be performed for the 43-101 resource report.

AGGREGATE OPERATIONS:

Corporate-Owned Pits

Management is focussed on opportunities to sell its existing aggregate inventory, and is actively negotiating with various customers who have expressed interest for the purchase of aggregates, which involves all of the Corporation's inventory locations.

Currently, processed and stockpiled inventory includes approximately 530,000 tonnes of gravel and 440,000 tonnes of sand located across Athabasca's corporate-owned pits and stockpile sites. This leaves the Corporation well positioned to supply aggregates to regional customers from its existing inventory of processed aggregate products.

- Fiscal 2014 Kearl pit sales are now underway, with current hauling in progress to its nearby major customer. Based on additional purchasing interest expressed by other parties for its crushed aggregate products, management anticipates strong overall sales at the Kearl pit during

fiscal 2014 from its inventory which includes over 250,000 tonnes of gravel and 389,000 tonnes of sand;

- Logan pit inventory sales discussions are occurring with oil and gas developers in the area. The majority of aggregate sales are expected to resume in late fall 2014 when winter haul road conditions improve access to the pit. Currently 121,000 tonnes of gravel remains available for sale at the Logan pit;
- 68,000 tonnes of gravel at Athabasca's Conklin stockpile site is currently available for year round sales and delivery;
- 50,000 tonnes of processed sand remaining onsite at Athabasca's Cowper pit. A further 46,000 tonnes of processed gravel and 20,000 tonnes of pit run is now available at a stockpile site near Conklin, Alberta for year round sales.

The Logan pit is currently accessible only during the winter months. The Corporation is considering the construction of an all-season road during the summer of 2014, to allow for year round access and product delivery, and help enable an earlier sale of its existing inventory.

Under an agreement with a First Nations company, the Corporation is awaiting approval from the Alberta Government to open a second new pit later this year, and anticipates the pit will be available to commence production during fiscal 2014.

During fiscal 2014 Athabasca seeks to improve its corporate pit cost efficiencies, through its improved Kearn pit dewatering method, and other experience gained during its first year of operation within the pit. Improvement in the overall rate of aggregate processing is anticipated, resulting in a reduction in production cost per tonne.

Susan Lake Public Pit

Q1 2014 was subject to frozen conditions and periods of extreme cold and snow resulting in very little construction activity requiring sand and gravel. Despite the soft first quarter in 2014, the Corporation is observing increased activity at the Susan Lake gravel pit during Q2. Increasing demand for aggregate is evident as Q2 Susan Lake sales to date have already surpassed what was sold during all of Q1. Indications from its customers point to a return to solid demand for aggregates beginning in Q2, with strong sales in Q3 and Q4.

The Corporation has received sand and gravel orders from existing users for significant quantities to be fulfilled during fiscal 2014. Management also received substantial gravel requests from new customers who are bidding on works for a new oil sands project at the north end of the Susan Lake pit. Management anticipates construction of the project will last between two to three years before being placed into production. Oil sands projects typically consume 5 to 8 million tonnes of aggregates for plant construction and another 0.5 to 1.0 million tonnes annually to maintain roads and other infrastructure.

INDUSTRIAL METALLIC MINERALS PROJECTS:

Firebag Project (Silica Sand)

- The Firebag silica sand has been tested and found to be suitable as frac sand for the oil and gas industry;

- In February 2014 the Corporation received notification from Alberta Environment and Sustainable Resources Development ("ESRD") that the department has completed its review of Athabasca's silica sand surface material lease application at the Firebag Project. The notice confirms that ESRD has, in principle, completed its review of the lease boundary that is approximately 80 acres in size, and forms a part of the larger Firebag Project;
- Athabasca previously submitted a technical memo documenting development and reclamation.
- On April 23, 2014 the Corporation submitted a Conservation and Reclamation Business Plan ("CRBP") to ESRD for their review before receiving final approval. The CRBP is a normal course requirement of the approval process;
- The Corporation is currently in discussion with a major engineering firm being considered to perform a preliminary economic assessment of the Firebag Project in order to confirm the economic potential of the Firebag deposit.

Athabasca has also been in discussion with a major railway company for developing a future frac sand trans-loading facility, wet sand facility, drying facility and storage terminal east of Fort McMurray, within a strategically situated location. Management is preparing preliminary cost estimates and examining alternatives for processing and trans-loading of products.

Next steps include progress towards the completion of a National Instrument 43-101 resource report for the Firebag Project.

The Firebag project consists of a silica sand deposit located 139 km north of Fort McMurray and is accessible via Highway 63. The Corporation has completed laboratory testing of silica sand from the Firebag project as previously disclosed. Testing indicates the viability as a potential frac sand for use in hydraulic fracking for the oil and gas industry.

Richardson Project (Granite and Dolomite)

Work continues on development of the Richardson Project.

- Detailed core logging and sampling has recently been completed at Athabasca's Edmonton facility;
- Samples are next being sent to a major independent testing lab in Calgary in order to verify the materials are suitable as aggregate for use in concrete, asphalt and road base.

These 2014 drill holes coupled with additional drilling from the same area in 2013 will provide the information necessary to complete a National Instrument 43-101 (NI 43-101) resource estimate for the Richardson granite and dolomite in fiscal 2014. Following completion of the NI 43-101 report, the Corporation intends to apply for a mineral lease on a portion of the Richardson Project currently held by Athabasca under mineral permits; and subsequently, the submission of a development application to operate a hard rock quarry.

The complete financial statements for Athabasca for the three months ended February 28, 2014 and Management's Discussion & Analysis for the same period are available for viewing on the Corporation's website at www.athabasca minerals.com and on SEDAR at www.sedar.com.

About Athabasca Minerals

The Corporation is a resource company involved in the management, exploration and development of aggregate projects. These activities include contracts works, aggregate pit management, aggregate production and sales from corporate-owned pits, new aggregate development and acquisitions of sand and gravel operations. The Corporation also has industrial mineral land holdings for the purpose of locating and developing sources of industrial minerals and aggregates essential to high growth economic development.

For further information on Athabasca, please contact:

Dean Stuart

T: 403- 517-2270

E: dean@boardmarker.net

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