Athabasca
MINERALS INC.

YEAR ENDED DECEMBER 31, 2018

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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Management's Responsibility for Financial Reporting Report

The accompanying consolidated financial statements of Athabasca Minerals Inc. are the responsibility of management and have been approved by the Board of Directors on recommendation by the Audit Committee.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where alternative accounting methods exist, management has chosen those which it deems most appropriate under the circumstances. Financial statements are not precise since they include amounts based on estimates and judgments. Management has determined such amounts to the best of its ability in a manner it deemed reasonable in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has prepared financial information presented elsewhere in the accompanying management discussion and analysis and has ensured that it is consistent with that in the consolidated financial statements. In support of its responsibility, management maintains a system of internal controls to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board of Directors carries out this responsibility through its Audit Committee.

The Audit Committee is comprised of financially literate directors, appointed by the Board of Directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls over financial reporting processes, auditing matters and financial reporting issues to satisfy itself, that each party is properly discharging its responsibilities, and to review the consolidated financial statements and the external auditor's report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

These consolidated financial statements have been audited by Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Grant Thornton LLP has full and free access to the Audit Committee.

(signed) "*Robert Beekhuizen*"

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Robert Beekhuizen
Chief Executive Officer

(signed) "*Mark Smith*"

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Mark Smith
Chief Financial Officer

April 4, 2019
Edmonton, Alberta

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Independent Auditor's Report

To the Shareholders of
Athabasca Minerals Inc.

Opinion

We have audited the consolidated financial statements of Athabasca Minerals Inc. ("the Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements, present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Management Discussion & Analysis but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Heather Murk.

Edmonton, Canada

Grant Thornton LLP

April 4, 2019

Chartered Professional Accountants

Consolidated Statements of Financial Position

	Notes	As at December 31, 2018		2017
ASSETS				
Current				
Cash		$ 5,078,537	$	2,629,371
Accounts receivable	4, 18	1,531,863		1,392,699
Inventory	5	1,311,133		2,083,174
Prepaid expenses and deposits		116,950		103,200
Equipment held for sale	8	-		336,382
Share purchase option	10	124,151		-
Current Assets		8,162,634		6,544,826
Long-term deposits	6	801,232		863,700
Restricted cash	7	2,155,450		1,699,788
Property and equipment	8	1,293,221		4,312,833
Resource properties	9	6,212,364		5,903,241
Investment in associate	10	1,646,151		-
Total Assets		$ 20,271,052	$	19,324,388
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	18	$ 453,081	$	510,669
Deposit liabilities	7	858,645		142,671
Current portion of environmental rehabilitation obligations	13	1,987,677		178,001
Current portion of lease obligations	12	29,284		224,967
Lease obligations on equipment held for sale	8, 12	-		230,811
Current Liabilities		3,328,687		1,287,119
Lease obligations	12	-		29,284
Environmental rehabilitation and decommissioning obligations	13	2,270,462		1,784,528
Deferred tax liability	14	-		524,788
Total Liabilities		5,599,149		3,625,719
Contingency	22			
Subsequent events	10, 15, 24			
Shareholders' Equity				
Share capital	15	14,465,325		13,246,758
Contributed surplus		4,908,045		4,641,313
Deficit		(4,701,467)		(2,189,402)
Total Shareholders' Equity		14,671,903		15,698,669
Total Liabilities and Shareholders' Equity		$ 20,271,052	$	19,324,388

The accompanying notes are an integral part of these audited consolidated financial statements

Approved by the Board of Directors

" Don Paulencu " — Director

"Gerry Romanzin" — Director

Consolidated Statements of Loss and Comprehensive Loss

	Notes	For the years ended December 31, 2018	2017
Aggregate Sales Revenue		**$ 2,138,411**	$ 3,707,094
Aggregate Management Services - Revenues		**3,951,378**	6,629,050
Less: Provincial Government Royalties		**(958,196)**	(2,859,687)
Aggregate Management Fees - Net		**2,993,182**	3,769,363
Revenue		**5,131,593**	7,476,457
Operating Costs		**(2,873,329)**	(4,143,881)
Amortization, Depreciation, and Depletion		**(447,722)**	(1,289,773)
Royalties and Trucking		**(344,056)**	(399,359)
Cost of Sales		**(3,665,107)**	(5,833,013)
Gross Profit		**1,466,486**	1,643,444
General and Administrative		**(2,948,728)**	(3,208,279)
Share-based Compensation	15	**(109,357)**	(77,909)
Amortization of Intangible Asset	21	**-**	(770,370)
Other Operating Expenses	20	**(2,116,567)**	(1,733,255)
Impairment Loss on Accounts Receivable	18	**(2,687)**	-
Operating Loss		**(3,710,853)**	(4,146,369)
Finance Costs	20	**(8,464)**	(38,587)
Other Non-Operating Income	20	**619,380**	510,306
Interest Income		**66,138**	24,183
Loss Before Income Taxes		**(3,033,799)**	(3,650,467)
Income Tax Recovery	14	**523,963**	963,326
Total Loss and Comprehensive Loss		**$ (2,509,836)**	$ (2,687,141)
Loss per Common Share - Basic	15	**$ (0.074)**	$ (0.081)
Loss per Common Share - Diluted	15	**$ (0.074)**	$ (0.081)
Weighted Average Number of Shares Outstanding	15	33,897,827	33,303,650

The accompanying notes are an integral part of these audited consolidated financial statements

Consolidated Statements of Changes in Shareholders' Equity

	Notes	Number of Shares		Share Capital		Contributed Surplus		(Deficit) Retained Earnings		Total Equity
Balance as at December 31, 2016		33,303,650	$	13,246,758	$	4,563,404	$	497,739	$	18,307,901
Share-based compensation		-		-		77,909		-		77,909
Total loss and comprehensive loss for the year		-		-		-		(2,687,141)		(2,687,141)
Balance as at December 31, 2017, as previously stated	3	33,303,650	$	13,246,758	$	4,641,313	$	(2,189,402)	$	15,698,669
Adjustment on initial application of IFRS 9, net of tax of $825	3	-		-		-		(2,229)		(2,229)
Adjusted balance as at January 1, 2018	**3**	**33,303,650**	**$**	**13,246,758**	**$**	**4,641,313**	**$**	**(2,191,631)**	**$**	**15,696,440**
Private placement share issuance	15	5,750,000		992,625		157,375		-		1,150,000
Share issuance costs, net of tax of $nil	15	-		(47,058)		-		-		(47,058)
Shares issued in purchase of investment	10, 15	1,186,956		273,000		-		-		273,000
Share-based compensation		-		-		109,357		-		109,357
Total loss and comprehensive loss for the year		-		-		-		(2,509,836)		(2,509,836)
Balance as at December 31, 2018		**40,240,606**	**$**	**14,465,325**	**$**	**4,908,045**	**$**	**(4,701,467)**	**$**	**14,671,903**

The accompanying notes are an integral part of these audited consolidated financial statements

Consolidated Statements of Cash Flows

	Notes	For the years ended December 31, 2018	2017
OPERATING ACTIVITIES			
Total loss and comprehensive loss		$ (2,509,836)	$ (2,687,141)
Environmental rehabilitation obligation payments	13	(903,327)	(57,202)
Cash recovered on income taxes		-	183,182
Adjustments for non-cash items			
Stockpile loss	5	35,061	110,270
Depreciation	8	447,722	822,766
Depletion of pit development costs	9	-	467,007
Amortization of resource properties lease costs	9	11,118	11,118
Amortization of intangible asset	21	-	770,370
Amortization of environmental rehabilitation obligation asset	9	15,200	62,675
Change in environmental rehabilitation obligation	13	2,817,047	(22,217)
Change in discount rate recognized in other operating income	13	(162)	1,028
Accretion of environmental rehabilitation obligation	13	32,383	20,551
Write down of resource properties	9, 20	144,488	395,608
Write down of long-term deposits	6	10,936	23,480
(Gain) loss on disposal of property and equipment	8	(233,281)	14,915
Impairment of property and equipment	8	127,714	1,239,458
Amortization of deferred gain on sale and leaseback	20	-	(3,255)
Share-based compensation expense	15	109,357	77,909
Equity pick-up in associate	10	698	-
Income tax recovery	14	(523,963)	(963,326)
Changes in non-cash working capital balances			
Accounts receivable		(142,218)	833,435
Inventory		736,980	(323,131)
Prepaid expenses and deposits		(13,750)	102,807
Accounts payable and accrued liabilities		(57,588)	37,371
Deposit liabilities		715,974	142,671
Net cash from operating activities		820,553	1,260,349
INVESTING ACTIVITIES			
Long-term deposits	6	51,532	122,634
Restricted cash	7	(455,662)	(1,353,403)
Proceeds on sale of property and equipment	8	2,984,210	21,238
Purchase of property and equipment	8	(56,676)	(99,969)
Spending on resource properties	9	(50,955)	(178,453)
Proceeds on sale of test samples	9	7,000	-
Consideration paid for interest in associate and share purchase option	10, 15	(1,498,000)	-
Net cash from (used in) investing activities		981,449	(1,487,953)
FINANCING ACTIVITIES			
Proceeds from issuance of common share units	15	1,150,000	-
Common share issuance costs	15	(47,058)	-
Repayment of lease obligations	12	(455,778)	(1,138,680)
Net cash from (used in) financing activities		647,164	(1,138,680)
Net change in cash		2,449,166	(1,366,284)
Cash, beginning of year		2,629,371	3,995,655
Cash, end of year		$ 5,078,537	$ 2,629,371

The accompanying notes are an integral part of these audited consolidated financial statements

1. Nature of Business

Athabasca Minerals Inc. (the "Corporation") is a public corporation incorporated under the Business Corporations Act (Alberta) and its shares are listed on the TSX Venture Exchange under the symbol the ABM-V. The Corporation's head office is located at 1319 91st Street SW., Edmonton, Alberta, Canada T6X 1H1.

Athabasca Minerals Inc., incorporated in 2006, is an integrated aggregates company involved in resource development, aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, pit management services, sales from corporate-owned and third-party pits, acquisitions of sand and gravel resources, and new venture development. Athabasca Minerals is also the parent company of Aggregates Marketing Inc. – a midstream business positioned to provide integrated supply and transportation solutions for industrial and construction markets; AMI Silica Inc. – positioned to become an in-basin supplier of premium domestic frac sand for Alberta and NE British Columbia; and joint venture owner of the Montney In-Basin and the Duvernay frac sand projects. The Corporation also has industrial mineral land exploration licenses that are strategically positioned for future development in industrial regions of high potential demand.

The Corporation manages the Susan Lake aggregate (sand and gravel) pit on behalf of the Government of Alberta for which aggregate management services revenues are earned under a contract with an expiry date of November 30, 2017. Although the contract has technically expired, the Corporation managed the Susan Lake aggregate pit with overholding tenancy until March 31, 2019.

The Corporation's strategic business focus is on opportunities that increase both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and acquisition of other aggregate resources and industrial minerals. Management continues to be focused on the diversification of supplying aggregate products to all sectors in Western Canada.

The consolidated financial statements for the year ended December 31, 2018 including comparatives were approved and authorized for issue by the Board of Directors on April 4, 2019.

2. Basis of Presentation

a) Statement of Compliance

These consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis except for the share purchase option (Note 10). These consolidated financial statements have been prepared using accounting policies as set out in Note 3.

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries Aggregates Marketing Inc., which was incorporated on March 19, 2018 and AMI Silica Inc., which was incorporated on May 30, 2018 (the "subsidiaries"). On December 14, 2018, the Corporation acquired a 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin frac sand project located in the vicinity of Dawson Creek and Fort St. John (Note 10). This interest is accounted for using the equity method.

The assets, liabilities, equity, income, expenses, and cash flows of the Corporation and its wholly owned subsidiaries to the date of these consolidated financial statements have been combined and any intercompany investments and transactions have been eliminated upon consolidation. Uniform accounting policies are used by all entities. All transactions in the subsidiaries are reflected in these consolidated financial statements.

c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars which is the functional currency of the Corporation and its subsidiaries.

d) Use of Estimates and Judgements

The preparation of consolidated financial statements in conformity with IFRS as issued by the IASB requires management to make estimates and judgments that affect the amount reported in the consolidated financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are subject to measurement uncertainty. The effect on the consolidated financial statements of changes in such estimates in future reporting periods could be significant.

Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the consolidated financial statements are described below.

Significant Management Judgements

Realization of Assets
The investment in and expenditures on resource properties comprise a significant portion of the Corporation's assets. Realization of the Corporation's investment in these assets is dependent upon the successful exploration, development and the attainment of successful production from the properties or from the proceeds of their disposal.

Exploration and Development Expenditures
Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if a resource body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of minerals.

The application of the Corporation's accounting policy for exploration and development expenditures requires judgement to determine whether future economic benefits are likely from either future exploration or sale or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Corporation's exploration and development assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Corporation has to apply a number of estimates and assumptions. The determination of a mineral resource is an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates impact when the Corporation defers exploration and development expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If after the expenditure is capitalized information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalized amount is written off to the statements of loss and comprehensive loss in the period when the new information becomes available.

Impairment of Resource Properties
Resource properties are reviewed and evaluated for impairment at each reporting period or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Common indicators of impairment of a resource property include, but is not limited to:

- the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed;
- substantive expenditure on further exploration in a specific area is neither budgeted or planned;
- exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Corporation has decided to discontinue activities in the area; or
- sufficient data exists to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale.

Commencement of Commercial Production
The Corporation assesses the stage of each resource property under development to determine when a property reaches the stage when it is substantially complete and ready for its intended use. The Corporation considers various relevant criteria to assess when the commercial production phase is considered to commence. Some of the criteria used will include, but is not limited to, the following:

- the completion of a reasonable period of testing of mine plant and equipment;
- the ability to produce saleable aggregates;
- the ability to achieve production targets;
- sufficiency of hauling access from the pit;
- ability to sustain ongoing production;
- capital expenditures incurred relative to the expected costs to complete.

Leases
Management uses judgment in determining whether a lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership to the Corporation. Management evaluates the lease terms and in some cases the lease transaction is not always conclusive in its classification as a finance lease.

Revenue
Under the Corporation's Susan Lake aggregate management contract with the Government, the Corporation earns a management fee for services provided and recognizes revenue as the fees are earned. Additionally, the Corporation invoices its customers for any royalties applicable on the sale of aggregates and is responsible to collect and remit all royalties to the Government. An entity acts as a principal (as opposed to an agent) when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. In a principal relationship, revenue amounts are reported on a gross basis. In an agency relationship, billed amounts are reported on a net basis as the amounts collected on behalf of the principal are not considered revenue. Determining whether an entity is acting as a principal or agent requires judgment and consideration of all relevant facts and circumstances.

Features that indicate that an entity is acting as a principal include:

- The entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order;
- The entity bears the customer's credit risk for the amount receivable from the customer;
- The entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
- The entity has inventory risk before or after the customer order, during shipping or on return.

It is the judgment of management that in the case of providing aggregate management services, the first two considerations above apply to the Corporation's situation, whereas the remaining two considerations apply less to the Corporation's situation. It is therefore management's determination that the Corporation serves a role as principal rather than agent in the aggregate management services it performs.

Degree of Control Over Investees
In determining the degree of control or influence that exists between the Corporation and an investee, the Corporation considers to what extent it is exposed to or has the right to variable returns and whether it has the ability to use its power to affect those returns. If the Corporation determines that it has the power to affect its returns, then the investee is consolidated into the Corporation's consolidated financial statements using the acquisition method.

If the Corporation determines that it does not have the power to affect its returns in the investee, then it considers all relevant factors in assessing whether it has significant influence over the investee. If the Corporation determines that it has the power to participate in the financial and operating decisions of the investee, but that it does not control the investee, then the interest in the investee is accounted for using the equity method.

Management Estimates

Collectability of Accounts Receivable
In determining the collectability of a trade or other receivable, the Corporation considers all available information in assessing the risk or probability of a credit loss occurring over the contractual period of the receivable, even if the probability is low.

Inventory Valuation
The Corporation values inventory at the lower of cost and net realizable value ("NRV"). The net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgement regarding reliability of evidence available and are reviewed on a quarterly basis. Write-downs of inventory in stockpiles, in-process and finished inventories resulting from NRV impairments are reported as a component of other operating expenses.

Depreciation and Amortization and Determining Useful Lives

Mineral properties in production and other tangible assets used directly in resource production activities are depreciated on a unit-of-production basis ("UOP") over the productive life of the mine based on the economically recoverable reserves and resources including proven and probable reserves.

The calculation of the UOP rate, and therefore the annual depreciation expense could be materially affected by changes of estimates of mineral reserves and of the underlying mineral properties. Changes in estimates can be the result of:

- actual future production differing from current forecasts of future production;
- expansion of mineral reserves through exploration activities;
- differences between estimated and actual costs of mining development; and
- differences in the mineral prices used in the estimation of mineral reserves.

Property and equipment is depreciated, net of residual value, over its useful economic life. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each fiscal year end.

Significant judgment is involved in the determination of useful life and residual values. No assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Mineral Reserves

Proven and probable mineral reserves are the economically mineable parts of the Corporation's measured and indicated mineral resources demonstrated by, at a minimum, a preliminary feasibility study. The Corporation estimates its proven and probable mineral reserves based on information compiled by appropriately qualified persons. Geological estimates of the size, depth and shape of the mineral body requires complex judgements.

The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as:

- estimates of commodity prices;
- future capital requirements;
- mineral recovery factors and production costs;
- unforeseen operational issues; and
- geological assumptions and judgements made in estimating the size and grade of the mineral body.

Changes in the proven and probable mineral reserves or mineral resource estimates may impact the carrying value of resource properties, property and equipment, environmental rehabilitation obligations, recognition of deferred taxes, amortization, depletion and accretion. The Corporation conducts an annual review of its reserves and mineral resources. Changes in estimates are accounted for prospectively.

Provision for Reclamation and Decommissioning Obligations

Accounting for reclamation and decommissioning obligations requires management to make estimates of the timing and amount of future costs the Corporation will incur to complete the reclamation and decommissioning work required to comply with existing laws, regulations and contractual agreements at each mining operation. Timing and actual costs incurred may differ from those estimated. Future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs and timing of those costs could materially impact the amounts estimated for reclamation, remediation and decommissioning. The Corporation assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. If after a provision is recognized, information becomes available suggesting that recovery of the corresponding asset is unlikely, the asset is written off to the statements of loss and comprehensive loss in the period when the new information becomes available. When the Corporation is virtually certain that all or a portion of the costs will be reimbursed by another party, the Corporation uses judgement to determine whether it would be liable for the entire provision in the event that the other party failed to pay and then presents the reimbursement as a separate asset. However, if the Corporation determines that it would have no further liability for those costs in the event that the other party failed to pay then the provision is net with the expected reimbursement.

Impairment of Non-Current Assets
The Corporation assesses each asset or cash generating unit ("CGU") at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, reserves and operating performance. These estimates and assumptions are subject to risk and uncertainty and therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Income Taxes
Income taxes are measured by applying estimated annual effective income tax rates that are expected to be in effect when the temporary differences that give rise to deferred tax assets and liabilities are expected to reverse or when losses are expected to be utilized. The estimated average annual effective income tax rates are re-estimated at each reporting date.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Corporation evaluates the recoverability of deferred tax assets based on an assessment of the Corporation's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Corporation's assessment is based upon existing tax laws, estimates of future taxable income, and the expected timing of taxable temporary difference reversals. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted. Future changes in tax laws could limit the ability of the Corporation to obtain tax deductions in future periods.

Calculation of Share-based Compensation
The amount expensed for share-based compensation is determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

Valuation of Warrants Issued in Private Placements
Warrants issued along with common shares in a private placement of units are valued using the relative fair value method. This method involves separately valuing the common shares at the fair value on the date of the transaction and the warrants using the Black-Scholes Option Pricing Model. The proceeds from the private placement are allocated based on the common shares and warrants proportionate valuations and credited to share capital or contributed surplus respectively. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the warrant. Changes in these input assumptions can significantly affect the fair value estimate.

Fair Value of Share Purchase Options
Options to purchase shares are accounted for at fair value. These options are valued using the Black-Scholes Option Pricing Model. The options are carried at fair value and are re-measured each reporting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

3. Significant Accounting Policies

a) Cash

Cash in the statement of financial position comprises cash on deposit with financial institutions and on hand but excludes any restricted cash.

b) Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is calculated as the estimated selling price in the ordinary course of business less estimated costs required to sell the inventory. Cost is determined by the weighted average method, including direct purchase costs, the associated costs of crushing and hauling and an appropriate portion of direct overhead costs including applicable amortization and depletion of estimated resource properties. Any write down of inventory is recognized as a charge against income in the period the write down occurs.

Inventory does not include any parts and supplies on hand. Parts and supplies are insignificant and are expensed in the period they are acquired.

c) Restricted Cash

Restricted cash is cash on deposit with financial institutions which is not available for use by the Corporation and shall not be released until certain conditions are met under contractual obligations. Restricted cash is cash set aside for the specific use of reclamation obligations.

d) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Amortization begins when the asset is available for use. Maintenance costs are expensed as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Corporation.

The Corporation provides for depreciation on its property and equipment using the following methods and rates:

	Method	Rate
On-site buildings	Straight line	10 years
Office complex	Straight line	15 years
Scale and scale houses	Straight line	10 years
Stockpile pad	Straight line	5 years
Computer software	Straight line	1-3 years
Office equipment	Straight line	3 years
Computer hardware	Straight line	3 years
Large equipment	Declining balance	20%
Vehicles	Declining balance	30%
Other equipment	Straight line	3 years

The residual values, useful lives and method of depreciation of property and equipment are reviewed each financial year and adjustments are accounted for prospectively, if appropriate. An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of an asset is included in profit or loss in the period the asset is derecognized.

3. Significant Accounting Policies – continued

Depreciation expense from property and equipment used in inventory production is included in the cost of inventory; depreciation from equipment used for exploration is capitalized under the associated exploration and development mineral properties; and depreciation from administrative capital assets is charged against operations in the period.

e) Exploration Expenditures

Mineral exploration expenditures relate to the initial costs incurred for investigation of potential mineral reserves and resources, including exploratory drilling, sampling, mapping and other activities in searching for mineral bodies and to evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration expenditures are recorded on a property-by-property basis and deferred as exploration costs until the technical and commercial viability for that property is established and the property is placed into development, sold or abandoned or determined to be impaired.

The establishment of technical and commercial viability is assessed based on technical studies carried out in compliance with industry standards and regulatory requirements and is deemed to be achieved when the Corporation determines that the project will provide a satisfactory return relative to its perceived risks. Once the technical and commercial viability for a resource property is established and the development decision has been made, the property is considered to be under development. Previously capitalized exploration costs related to the property are at that time tested for impairment and if no indicators of impairment are present the costs are then transferred to pit development costs.

Exploration expenditures incurred before the Corporation has obtained the legal right to explore an area are expensed as incurred.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history, which is typical for many mineral properties. The Corporation has investigated title to all its mineral properties and, to the best of its knowledge, all its properties are in good standing.

f) Pit Development Expenditures

A resource property is under the development stage once the property is determined to be commercially and technically viable and development decision has been made. The costs incurred to design and engineer an open pit, to build access roads, camps and other infrastructure for mining, and to remove overburden and other mine waste materials in order to access the mineral body at open pit operations (“stripping costs”) prior to the commencement of commercial production are categorized as pit development expenditures. Development expenditures to this point, including depreciation of related plant and equipment, are capitalized to the related property. Pit development expenditures are depreciated on a UOP basis over the productive life of the resource property based on proven and probable reserves.

Stripping and clearing costs incurred during the development of a pit or mine are capitalized in resource properties. Stripping costs incurred during the production phase of a mine are considered production costs and are included in the cost of inventory produced during the period in which stripping costs are incurred. Stripping costs incurred to prepare the resource body for extraction or to provide access to a resource body that will be extracted in future periods and would not otherwise have been accessible are capitalized as pit development expenditures and depreciated on a UOP basis over the reserves and resource that directly benefit from the stripping activity. New infrastructure costs incurred during the production phase for future probable economic benefit are also capitalized to the related mineral property subject to depreciation on a UOP basis.

3. Significant Accounting Policies – continued

g) Intangible Assets

Intangible assets include the management contract relating to the management of the aggregate pit at Susan Lake which is carried at cost and amortized on a straight-line basis over the expected life of the contract. This has been fully amortized at December 31, 2017.

h) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Management has assessed its CGUs as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets/CGUs.

An impairment loss exists if the asset's or CGU's carrying amount exceeds the recoverable amount and is recorded as an expense in the period.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

i) Environmental Rehabilitation Obligations ("ERO")

The Corporation recognizes a liability for restoration, rehabilitation and environmental obligations associated with long-lived assets, including the abandonment of resource properties and returning properties to the condition required in order to satisfy regulatory obligations.

The present value of future rehabilitation cost estimates is capitalized to the corresponding asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the present value.

The Corporation's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. The discounted liability is increased for the passage of time and adjusted for changes to the current discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The liability is subsequently adjusted for the passage of time and is recognized in income or loss as accretion expense.

Additional disturbances or changes in rehabilitation cost will be recognized as additions or charges to the corresponding assets and asset retirement obligation when they occur. If there is a decrease in the estimated rehabilitation costs beyond the corresponding asset balance, this decrease is recognized in income when it occurs.

When the Corporation is virtually certain that all or a portion of the costs will be reimbursed by another party, the Corporation determines whether it would be liable for the entire obligation in the event that the other party failed to pay and then presents the reimbursement as a separate asset. However, if the Corporation determines that it would have no further obligation for those costs in the event that the other party failed to pay then the obligation is net with the expected reimbursement.

3. Significant Accounting Policies – continued

j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognized as an expense in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognized as an expense when they are incurred.

Finance Leases
Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Corporation are capitalized at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the incremental borrowing rate is used.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded in profit or loss.

Any initial direct costs of the lessee are added to the amount recognized as an asset. The useful life and depreciation method is determined on a consistent basis with the Corporation's policies for property and equipment.

k) Provisions

Liabilities are recognized when the Corporation has a present legal or constructive obligation arising as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance cost.

l) Share-Based Compensation

The Corporation grants stock options to directors, officers, employees and consultants of the Corporation pursuant to a stock option plan. The fair value of options granted is recognized as an expense with a corresponding increase in contributed surplus.

Share-based compensation to employees and others providing similar services are measured on the grant date at the fair value of the instruments issued as measured using the Black-Scholes Option Pricing Model. The amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value.

Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Any consideration received upon exercise of options is credited to share capital and the associated amounts originally recorded in contributed surplus are transferred to share capital. In the event options are forfeited prior to vesting, the amount recognized in prior periods in relation to the option is reversed.

3. Significant Accounting Policies – continued

m) Warrants Issued in a Private Placement of Share Units

Warrants issued along with common shares in a private placement of units are valued using the relative fair value method. This method involves separately valuing the common shares at the fair value on the date of the transaction and the warrants using the Black-Scholes Option Pricing Model. Then the proceeds from the private placement are allocated based on the common shares and warrants proportionate valuations and credited to share capital or contributed surplus respectively.

n) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity and other comprehensive income, in which case the tax expense is also recognized directly in equity and other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are provided for using the liability method on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the year in which temporary differences are expected to be recovered or settled. Changes to these balances, including changes due to changes to income tax rates, are recognized in profit or loss in the period in which they occur.

Deferred tax assets are recognized to the extent future recovery is probable. Deferred tax assets are reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are generally recognized in full, although IAS 12 “Income Tax” specifies limited exemptions. As a result, the Corporation does not recognize deferred tax on temporary differences relating to goodwill and other intangible assets.

o) Income (Loss) Per Common Share

Basic income (loss) per common share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the financial reporting period.

Diluted income (loss) per share is calculated by adjusting the weighted average number of shares for the dilutive effect of options and warrants. The computation of diluted income per share assumes the conversion, exercise or contingent issuance of securities only when such conversion would have a dilutive effect on income. It is assumed that outstanding options, warrants and similar items are exercised or converted into shares and that the proceeds that would be realized upon such exercise or conversion are used to purchase common shares at the average market price per share during the relevant period.

3. Significant Accounting Policies – continued

p) Segmented Reporting

The Corporation has two reportable segments:

a. Aggregate Sales and Aggregate Management Services: The Corporation produces and sells aggregate out of its Corporate pits and manages the Susan Lake aggregate pit on behalf of the province of Alberta for which aggregate management services revenue are earned,
b. Frac sand: The Corporation is currently in the process of acquiring frac sand resources with the aim to delineate and develop the resource and produce and sell domestic premium frac sand in Western Canada through its wholly-owned subsidiary, AMI Silica Inc.

The Corporation's operating segments are components that engage in business activities and earn revenues and/or incur expenses for which there is discrete financial information available that is regularly reviewed by management to make resource allocation decisions and assess the segment's performance.

The Corporation aggregates reportable segments with similar economic characteristics. Reportable segments are determined based on the corporate structure and operations. Corporate is disclosed for reconciliation purposes only.

q) Investment in Associate

The Corporation accounts for investments in associates with significant influence using the equity method.

Recent Accounting Pronouncements

r) Standards adopted

IFRS 9 – Financial Instruments ("IFRS 9")

IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. The Corporation adopted this standard effective January 1, 2018.

The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS 9 as of January 1, 2018:

	Original under IAS 39		New under IFRS 9	
Financial statement item	Classification	Carrying amount	Classification	Carrying amount
Cash	Loans and receivables	$ 2,629,371	Amortized cost	$ 2,629,371
Accounts receivable (1)	Loans and receivables	1,392,699	Amortized cost	1,389,645
Long-term deposits	Loans and receivables	863,700	Amortized cost	863,700
Restricted cash	Loans and receivables	1,699,788	Amortized cost	1,699,788
Accounts payable and accrued liabilities	Other financial liabilities	510,669	Amortized cost	510,669

(1) Accounts receivable that were classified as loans and receivables under IAS 39 are now classified at amortized cost under IFRS 9. Impairment losses increased by $3,054 before tax of $825 as a result of the application of this new standard and was adjusted in opening deficit as of January 1, 2018.

As the standard permits on transition to IFRS 9, the Corporation has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements. The difference in the carrying amount of trade receivables net of tax of $825 has been recorded as an adjustment through opening deficit as of January 1, 2018.

3. Significant Accounting Policies – continued

Fair Value
When measuring fair values of financial assets and liabilities, the fair values are grouped into three levels of a hierarchy based on the observability of significant inputs used in making the measurements, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can assess at the measurement date;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly as prices or indirectly derived from prices; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Initial recognition and measurement

The Corporation initially recognizes a financial instrument when it has become party to the contractual provisions of the financial instrument. Financial instruments are initially measured at fair value plus or minus directly attributable transaction costs to acquire or issue the instrument.

Classification and subsequent measurement

Financial assets:

The Corporation classifies its financial assets as either measured at 1) amortized cost using the effective interest method 2) fair value through other comprehensive income or 3) fair value through profit or loss. Classification is based on the Corporation's business model for managing financial assets, which is to hold the financial asset to collect contractual cash flows, and the contractual cash flows of the asset, which are solely payments of principal and interest.

Derivative financial instruments, such as share purchase options, are initially measured at fair value less directly attributable transaction costs and are classified as either fair value through profit or loss or fair value through other comprehensive income based on the Corporation's business model for managing financial assets and the contractual cash flow characteristics of the derivative.

Financial liabilities:

The Corporation classifies and measures its financial liabilities at amortized cost.

Derecognition

Financial assets are derecognized when the contractual rights to the cash flows expire or the financial asset is transferred to another entity and the Corporation is no longer entitled to the contractual cash flows or has an obligation to pay the cash flows to another party.

The Corporation writes-off a financial asset when the party to the financial asset has defaulted on their obligations to the Corporation. Default is when there is no longer a reasonable expectation of recovering the asset, which is subject to management judgement, but is typically when either one or a combination of the following events have occurred:

- The party to the financial asset is continuously unresponsive to management's collection efforts,
- The Corporation has placed a lien on the customer's project, and/or
- The Corporation has commenced legal action against the customer.

Financial liabilities are derecognized when the liability is discharged, cancels, or expires.

3. Significant Accounting Policies – continued

Impairment for trade receivables

The loss allowance for trade receivables without a significant financing component classified at amortized cost are measured using the simplified approach and records a loss allowance as the lifetime expected credit losses. Under the simplified approach, expected credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions and forecasts at the reporting date. Impairment losses are presented as a decrease in accounts receivable and an expense through the statement of loss and comprehensive loss as impairment loss on trade receivables. If in a subsequent period the estimated credit loss decreases, the previously recognized impairment loss will be reversed through the statement of loss and comprehensive loss.

The table below summarizes the changes to the statement of financial position as a result of the impairment allowances previously recognized under IAS 39 and the new impairment allowances under IFRS 9 as of January 1, 2018:

Financial statement item	Original under IAS 39	Change on transition to IFRS 9:	New under IFRS 9
Accounts receivable impairment allowance	$ -	$ 3,054	$ 3,054
Deferred tax liability	$ 524,788	$ (825)	$ 523,963
		$ 2,229	

For the year ended December 31, 2017, at each reporting date, the Corporation assessed whether there was any objective evidence that a financial asset or a group of financial assets was impaired. A financial asset or group of financial assets was deemed to be impaired if, and only if, there was objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset and that event had an impact on the estimated future cash flows of the financial asset or group of financial assets.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 replaced IAS 18, "Revenue". IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Corporation adopted this standard effective January 1, 2018 and applied retrospectively using the cumulative effect method.

Under IAS 18, the previous standard, the amount of revenue was equal to the fair value of the consideration received or receivable, which was the price negotiated with the customer. Under IFRS 15, the transaction price is equal to the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, which will continue to be the price negotiated with the customer. As such, there was no change in the amount of revenue recognized in the consolidated financial statements under the new standard based on the Corporation's current operations.

The Corporation's revenue is primarily derived from the sale of aggregates. Athabasca Minerals Inc.'s revenue recognition policy under IAS 18, the previous standard, was to recognize revenue as aggregate material leaves the pit. As the Corporation's historical contracts have not included any further distinct goods or services, the point of revenue recognition under IFRS 15 will continue to be as aggregate material leaves the pit. As such, there was no change in the timing of revenue recognition under the new standard based on the Corporation's current operations.

Revenue recognition

Prior to revenue being recognized in the statement of loss and comprehensive loss, the Corporation must have an enforceable sales contract, in accordance with customary business practices that clearly outline each party's rights regarding the goods to be transferred, payment terms, etc.; the contract must have economic substance; and it must be probable that the Corporation will ultimately receive payment.

The Corporation determines the transaction price, which is the contract price net of discounts plus variable consideration, and allocates the transaction price to the performance obligations stated in the contract. Typically, the only performance obligation stated in the Corporation's contracts is to transfer control of aggregate to the customer.

3. Significant Accounting Policies – continued

Revenue is recognized at the point in time where the Corporation has transferred control of the aggregate to the customer, as follows:

Corporate Pits
The Corporation sells aggregates from pits which it owns the Alberta Metallic and Industrial Minerals Permits and Surface Material Leases. The Corporation transfers control to the customer and recognizes revenue at the point in time where the aggregate material leaves the pit.

Susan Lake Aggregate Pit
The Corporation manages the Susan Lake aggregate pit where a management fee is earned based on the volume extracted from the pit. The Corporation transfers control to the customer and recognizes revenue at the point in time where the aggregate material leaves the pit.

Contract costs
Any incremental costs of obtaining a contract, such as sales commissions, are capitalized as a contract cost on the statement of financial position, as long as the Corporation expects to recover those costs. Any costs to obtain a contract that would have been incurred whether or not the contract was obtained, are expensed through the statement of loss and comprehensive loss. Any contract costs capitalized are amortized over the contract term. An impairment loss is recognized when the carrying amount of the contract costs exceeds the remaining amount of consideration that the Corporation expects to receive under the contract less the direct costs associated with transferring control of the aggregate to the customer. These impairment losses are recognized through the statement of loss and comprehensive loss, along with any reversals of previous impairment losses.

Contract assets/liabilities
Depending on the relationship between customer payments and work performed, a contract asset or liability will be presented on the statement of financial position. If the Corporation transfers control of aggregate to the customer prior to payment coming due, a contract asset is shown on the statement of financial position. Similarly, if the Corporation receives payment in advance of transferring control of aggregate to the customer, then a contract liability is shown on the statement of financial position.

Practical expedients
The Corporation will apply the following practical expedient upon transition to IFRS 15:

- As the Corporation used the cumulative effect method upon initial adoption of IFRS 15, the Corporation will only apply IFRS 15 retrospectively to contracts that are not completed contracts as of January 1, 2018.

The Corporation will apply the following practical expedients on an ongoing basis:

- The Corporation's contracts are usually for a term less than one year. As such, the disclosures involving the transaction price allocated to remaining performance obligations is not required. Further, the capitalization of incremental costs of obtaining a contract is not required, as the amortization period of the asset would be the contract term, which is less than one year; and
- The Corporation typically receives payment within the year that the control of the aggregate is transferred to the customer. As such, the amount of consideration will not be adjusted for the effects of a significant financing component at contract inception.

3. Significant Accounting Policies – continued

s) Standards Issued But Not Yet Effective

IFRS 16 – Leases ("IFRS 16")

In January 2016, the IASB issued a new standard on leases, IFRS 16, "Leases". IFRS 16 will require lessees to recognize right of use assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. The lease liability will be measured as the present value of the remaining lease payments discounted using the Corporation's incremental borrowing rate. Right of use assets will be measured at cost, which is calculated as the initial measurement of the lease liability described previously, plus/(minus) any lease payments/(incentives) made prior to the commencement date, plus initial direct costs of entering into the lease, less estimated removal/dismantling costs. Right of use assets will be depreciated based on their estimated useful life and interest on the lease liability will be expensed through the consolidated statement of loss and comprehensive loss as finance costs. IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. The Corporation will be transitioning to IFRS 16 using the modified retrospective approach, which involves adjusting January 1, 2019 (the date of initial application) opening retained earnings.

The Corporation has leases for trucks, equipment used in operating activities, office space, and office equipment.

Included in these leases are a number of leases for low value assets as well as short-term leases. As such, the Corporation will be applying the following recognition exemptions available under IFRS 16:

- Electing not to apply IFRS 16 to leases of low dollar value assets, and
- Electing not to apply IFRS 16 to leases with a term of 12 months or less at the commencement date of the lease

The Corporation will also apply the following practical expedients to leases previously classified as operating leases under IAS 17:

- Grandfathering existing contracts using the definition of a lease under the previous standard, IAS 17, and applying the new definition of a lease under IFRS 16 to new or modified contracts only,
- Relief in applying IFRS 16 to leases expiring within 12 months of the date of initial application of IFRS 16,
- Applying a single discount rate to leases with similar characteristics,
- Using hindsight in determining lease terms,
- Excluding initial direct costs from the measurement of right of use assets, and
- Relief in re-assessing the right of use assets for impairment for onerous contracts under the new standard.

Management has assessed the impact of the new standard on each of the Corporation's leases and has determined that the changes will not materially impact the Corporation's consolidated financial statements. A new accounting policy for leases will be included when the standard comes into effect as of January 1, 2019.

3. Significant Accounting Policies – continued

IFRIC 23 - Uncertainty Over Income Tax Treatments ("IFRIC 23")

This interpretation clarifies the recognition and measurement requirements in IAS 12 Income Taxes for taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates, when there are uncertainties over tax treatments. IFRIC 23 will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted.

This interpretation provides guidance on:

- Whether to consider multiple uncertainties together or separately;
- Assessing how uncertainties affect taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- Assessing the likelihood that a taxation authority will accept an uncertain tax treatment and reflecting the most likely amount that the entity will have to pay.

Management has assessed the impact of the new standard on the Corporation's income taxes and has determined that the changes will not materially impact the Corporation's consolidated financial statements.

Note 4 – Accounts Receivable

Trade and other receivables are non-interest bearing and are carried at amortized cost, and impaired using the simplified approach which records impairment at the lifetime expected credit losses. During the year ended December 31, 2018, the estimated credit loss amounted to $3,741. The impact of the lifetime expected credit loss on January 1, 2018, was $3,054.

Included in the impairment loss on accounts receivable at December 31, 2018 is the adjustment to the lifetime expected credit loss estimate of $687 as well as $2,000 that was written off from an individual customer, which was equal to the contractual amount currently outstanding.

During the year ended December 31, 2017, an amount receivable of $418,912 was written off from an individual customer, which was equal to the contractual amount outstanding. Although written off, this receivable is still subject to enforcement activity. The Corporation has placed a lien on the project and is working with the customer to arrange a repayment plan.

Note 5 – Inventory

Inventory with a production cost of $1,281,780 (2017: $2,209,420) was sold and is included in operating costs for the year ended December 31, 2018.

The Corporation recognizes a stockpile loss on all inventory stockpiles based on aerial drone measurements of the individual stockpile's volume. During the year ended December 31, 2018, the Corporation recognized a stockpile loss of $35,061 (2017: $110,270) included in operating costs.

The inventory balance of $1,311,133 consists of $264,180 of unprocessed gravel and $1,046,953 of crushed gravel (2017: $264,180 of unprocessed gravel and $1,818,994 of crushed gravel).

Note 6 – Long Term Deposits

	As at December 31,	
	2018	2017
Security deposits on gravel leases	$ 639,212	$ 637,148
Security deposits on miscellaneous leases	106,520	129,090
	745,732	766,238
Security deposits on exploration leases	55,500	88,500
Deposits on lease obligations	-	8,962
	$ 801,232	$ 863,700

The long-term deposits are made with various entities to secure certain lease commitments.

Management wrote off $10,936 in uncollectible security deposits on gravel leases during the year ended December 31, 2018 (2017: $23,480). The impairment is included in other operating expenses.

During the year ended December 31, 2018, the Corporation received a security deposit in the amount of $25,387 (2017: $nil) from a former employee that had been written off as uncollectible in previous years. This reversal was included in other operating expenses.

Note 7 – Restricted Cash

	As at December 31, 2018	2017
Funds on deposit		
Poplar Creek site	$ **300,000**	$ 300,000
House River pit	**51,496**	48,028
Susan Lake road reclamation fund surcharge collected	**500,954**	-
Letters of credit		
Susan Lake pit	**603,000**	603,000
Poplar Creek Site, storage yard	**180,000**	248,760
Poplar Creek pit	**500,000**	500,000
Credit card facility	**20,000**	-
	$ **2,155,450**	$ 1,699,788

The Corporation has placed funds on deposit to be applied toward the costs of reclamation for the Poplar Creek site and the House River pit for $351,496 (2017: $348,028).

Effective December 1, 2017, the Corporation began charging a surcharge of $1.00/cubic yard for all gravel sold out of Susan Lake. Any cash collected related to this surcharge is restricted and is to be used for reclamation of the access road into the pit. Any excess of funds collected over funds used for reclamation of the access road will be refunded to the Susan Lake pit users proportionately. The Corporation's liability related to this fund of $595,729 (2017: $68,298) is included in deposit liabilities in the consolidated statement of financial position along with other customer prepayments.

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates of $1,283,000 (2017: secured with cash on deposit of $1,351,760).

Effective July 4, 2018, the Corporation has secured its credit card facility with a guaranteed investment certificate in the amount of $20,000 (2017: $nil).

Note 8 – Property and Equipment

	Stockpile pad	Crushing equipment	Equipment	On-site buildings	Office complex	Scales and scale houses	Total
Cost:							
December 31, 2016	$ 262,104	$ 3,307,455	$ 7,344,200	$ 1,156,851	$ 173,867	$ 848,965	$ 13,093,442
Additions	-	-	141,802	2,200	-	-	144,002
Disposals	-	-	(514,408)	(77,035)	-	-	(591,443)
Impairment	-	(515,860)	(78,730)	(496,451)	(69,705)	(78,712)	(1,239,458)
Transfer to held for sale	-	-	(595,016)	-	-	-	(595,016)
December 31, 2017	**$ 262,104**	**$ 2,791,595**	**$ 6,297,848**	**$ 585,565**	**$ 104,162**	**$ 770,253**	**$ 10,811,527**
Additions	-	-	56,676	-	-	-	56,676
Disposals	-	(2,791,595)	(1,915,437)	(247,838)	-	(159,080)	(5,113,950)
Impairment	-	-	(33,984)	(62,134)	-	(31,596)	(127,714)
December 31, 2018	**$ 262,104**	**$ -**	**$ 4,405,103**	**$ 275,593**	**$ 104,162**	**$ 579,577**	**$ 5,626,539**
Accumulated Depreciation:							
December 31, 2016	$ 74,109	$ 991,595	$ 4,356,758	$ 427,954	$ 92,571	$ 448,674	$ 6,391,661
Additions	52,421	-	682,924	90,799	11,591	83,222	920,957
Disposals	-	-	(478,255)	(77,035)	-	-	(555,290)
Transfer to held for sale	-	-	(258,634)	-	-	-	(258,634)
December 31, 2017	**$ 126,530**	**$ 991,595**	**$ 4,302,793**	**$ 441,718**	**$ 104,162**	**$ 531,896**	**$ 6,498,694**
Additions	52,421	-	390,756	28,064	-	62,786	534,027
Disposals	-	(991,595)	(1,378,566)	(205,433)	-	(123,809)	(2,699,403)
December 31, 2018	**$ 178,951**	**$ -**	**$ 3,314,983**	**$ 264,349**	**$ 104,162**	**$ 470,873**	**$ 4,333,318**
Net book value:							
December 31, 2016	$ 187,995	$ 2,315,860	$ 2,987,442	$ 728,897	$ 81,296	$ 400,291	$ 6,701,781
December 31, 2017	$ 135,574	$ 1,800,000	$ 1,995,055	$ 143,847	$ -	$ 238,357	$ 4,312,833
December 31, 2018	**$ 83,153**	**$ -**	**$ 1,090,120**	**$ 11,244**	**$ -**	**$ 108,704**	**$ 1,293,221**
Net book value of leased assets included above:							
December 31, 2016	$ -	$ 2,315,860	$ 1,608,677	$ 178,968	$ -	$ 38,477	$ 4,141,982
December 31, 2017	$ -	$ 1,800,000	$ 1,314,010	$ 24,027	$ -	$ 31,460	$ 3,169,497
December 31, 2018	**$ -**	**$ -**	**$ 158,732**	**$ -**	**$ -**	**$ -**	**$ 158,732**

Depreciation expense for the following periods:

	Total
Year ending December 31, 2017 depreciation to statement of loss and comprehensive loss	$ 822,766
Year ending December 31, 2017 depreciation to inventory	$ 93,750
Year ending December 31, 2017 depreciation to repayment of environmental rehabilitation obligations	$ 4,441
Year ending December 31, 2018 depreciation to statement of loss and comprehensive loss	**$ 447,722**
Year ending December 31, 2018 depreciation to repayment of environmental rehabilitation obligations	**$ 86,305**

During the year ended December 31, 2018, management identified specific property and equipment assets being carried at an amount above the assets' recoverable amount, resulting in the recognition of an impairment loss of $127,714 (2017: $1,239,458) included in other operating expenses.

For the year ended December 31, 2018, impairment was taken on two mobile labs, a wellsite trailer, and three trailers included in on-site buildings, a scale trailer included in scales and scale houses as well as various equipment as these assets were damaged beyond repair. The net book value of these assets exceeded their recoverable amounts, being fair value less costs to sell. The recoverable amounts for these assets were estimated as $nil.

Note 8 – Property and Equipment – continued

For the year ended December 31, 2017, impairment was taken on the crusher included in Crushing equipment and Equipment, two sand trucks included in Equipment, three camps and a holding tank included in On-site buildings, one office complex, and four scales and a skid mounted wellsite included in Scales and scale houses in the table above, as these assets were not used by the Corporation during the year. These assets' net book values exceeded their recoverable amounts, being fair value less costs to sell. The recoverable amount for the crusher was $1,800,000, the recoverable amount for the sand trucks was $7,000, the recoverable amount for the camps and the holding tank were $52,005, the recoverable amount for the office complex was $nil, and the recoverable amounts for the scales and skid mounted wellsite were $27,000. The recoverable amounts were determined using recent sales agreements and appraisals of similar assets in the same geographical location, less costs of disposal. This was a Level 2 fair value hierarchy measurement.

During the year ended December 31, 2018, the Corporation sold property and equipment with a carrying amount of $2,750,929 for net proceeds of $2,984,210, which resulted in a gain of $233,281. Included in the property and equipment sold were the Corporation's crusher and wheel loader, which made up $2,136,382 of the carrying amount of the assets sold. A portion of the net proceeds were used to repay the outstanding lease obligation to Komatsu Financial and the remaining balance on the HSBC Bank Canada leases of $95,881.

As of December 31, 2017, equipment held for sale with a carrying amount of $336,382 includes a wheel loader that was originally financed through Komatsu Financial. This piece of equipment was sold on April 27, 2018 for proceeds of $500,040 resulting in a gain of $163,658, which is included in the total gain for the year ended December 31, 2018. A portion of the proceeds were used to repay the outstanding lease obligation of $178,032 on the date of sale.

Note 9 – Resource Properties

	As at December 31, 2018	2017
Exploration costs	**$ 1,329,629**	$ 2,703,197
Pit development costs	**3,080,102**	1,807,067
Environmental rehabilitation obligation assets	**1,510,483**	1,089,709
Other costs	**292,150**	303,268
	$ 6,212,364	$ 5,903,241

Exploration and Pit Development Costs

The exploration and pit development costs were incurred across the Corporation's various operations and development projects which are primarily located in the Fort McMurray area of Northern Alberta.

The following table summarizes what comprises exploration costs:

	Firebag Project	Richardson Project	Obed	Pelican Hill Pit	Hinton Project	Steepbanks	All Other Projects	Total
Cumulative Exploration Cost at December 31, 2016	$ 1,108,038	$ 1,090,029	$ 84,452	$ 157,582	$ 83,690	$ 101,622	$ 305,605	$ 2,931,018
Spending	28,292	877	57	-	399	3,854	134,308	167,787
Abandoned projects	-	-	(84,509)	-	-	-	(311,099)	(395,608)
Cumulative Exploration Costs at December 31, 2017	**$ 1,136,330**	**$ 1,090,906**	**$ -**	**$ 157,582**	**$ 84,089**	**$ 105,476**	**$ 128,814**	**$ 2,703,197**
Spending	5,025	-	-	-	11,028	-	9,902	25,955
Sale of samples	-	-	-	-	-	-	(7,000)	(7,000)
Abandoned projects	-	-	-	-	-	-	(64,320)	(64,320)
Transfer to pit development costs	(1,141,355)	-	-	(157,582)	-	-	(29,266)	(1,328,203)
Cumulative Exploration Costs at December 31, 2018	**-**	**1,090,906**	**-**	**-**	**95,117**	**105,476**	**38,130**	**1,329,629**

Note 9 – Resource Properties – continued

During the year ended December 31, 2018, the Corporation recorded a $64,320 impairment on ten projects previously included in exploration assets (2017: $395,608 on nine projects). Management re-evaluated the future economic potential of these projects and determined that further financial investment would be unjustified. As a result, those projects were abandoned and the impairment is recognized in other operating expenses.

During the year ended December 31, 2018, the Corporation sold test hole data, logs, photos, maps and samples to a third party for proceeds of $7,000 (2017: $nil). The proceeds approximated the costs to obtain the samples. As such, no gain or loss on sale was recognized.

The Corporation transferred the exploration costs for Firebag to pit development costs as this project was determined to be commercially and technically viable and a decision to develop has been made. At the time of transfer to pit development costs, the Firebag project was tested for impairment by comparing the carrying amount to it's recoverable amount, which was fair value less costs of disposal. An independent third-party appraiser estimated the fair value of the Firebag asset using a market approach. The key assumptions in the estimate include the technical and commercial viability of the reserve using a multiple of price per tonne of resource based on precedent transactions and the extent of the reserves using technical studies carried out in compliance with industry standards and regulatory requirements. This is a level 3 fair value hierarchy measurement. It was determined that no impairment existed on the Firebag asset at the time of transfer from exploration costs to pit development costs.

Exploration costs for Pelican Hill Pit, Logan and House River were also transferred to pit development costs, as the Corporation received approval to mine.

The following table summarizes what comprises development costs:

	Firebag	Kearl Pit	Logan Pit	House River Pit	KM248 Pit	Pelican	Emerson	Lynton	Total
Cumulative Pit Development Costs at December 31, 2016	$ -	$ 1,083,898	$ 533,353	$ 161,415	$ 603,000	$ 72,775	$ 491	$ -	$ 2,454,932
Acquisition	-	-	131	10,491	-	-	-	44	10,666
Current period depletion	-	-	(55,531)	-	(603,000)	-	-	-	(658,531)
Cumulative Pit Development Costs at December 31, 2017	**$ -**	**$ 1,083,898**	**$ 477,953**	**$ 171,906**	**$ -**	**$ 72,775**	**$ 491**	**$ 44**	**$ 1,807,067**
Additions	-	-	11,207	13,793	-	-	-	-	25,000
Transfers from exploration costs	1,141,355	-	895	28,371	-	157,582	-	-	1,328,203
Current period depletion	-	-	-	-	-	-	-	-	-
Abandoned projects	-	(41,364)	-	(38,804)	-	-	-	-	(80,168)
Cumulative Pit Development Costs at December 31, 2018	**$ 1,141,355**	**$ 1,042,534**	**$ 490,055**	**$ 175,266**	**$ -**	**$ 230,357**	**$ 491**	**$ 44**	**$ 3,080,102**

During the year ended December 31, 2018, the Corporation recorded an $80,168 impairment on two projects previously included in pit development costs (year ended December 31, 2017: $nil). Management re-evaluated the future economic potential of certain areas within these projects. As a result, the applications to lease certain areas of the project were cancelled or allowed to expire and the impairment is recognized in other operating expenses.

During the year ended December 31, 2017, management's annual review of its reserves and mineral resources indicated that KM248 was fully depleted as of September 30, 2017, which resulted in accelerated depletion to bring the carrying amount of KM248 included in pit development costs to $nil.

During the year ended December 31, 2018, depletion of pit development costs of $nil (2017: $191,524) was included in the cost of inventory.

Note 9 – Resource Properties – continued

Environmental Rehabilitation Obligation (ERO) Asset

The following summarizes what comprises the environmental rehabilitation obligation asset:

	As at December 31, 2018	2017
Opening Balance, Environmental Rehabilitation Obligation Asset	**1,089,709**	$ 1,188,883
Change in estimate recognized in ERO asset	**439,126**	6,026
Amortization of environmental rehabilitation obligation asset	**(15,200)**	(62,675)
Change in discount rate affecting ERO asset	**(3,152)**	(42,525)
Closing Balance, Environmental Rehabilitation Obligation Asset	**$ 1,510,483**	$ 1,089,709

The environmental rehabilitation obligation assets pertain to resource properties where the Corporation has the legal and constructive obligation to complete decommissioning, reclamation and restoration costs on the property as discussed in Note 13.

Note 10 – Investment in Associate

On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin frac sand project located in the vicinity of Dawson Creek and Fort St. John in exchange for $1,498,000 cash consideration and 1,186,956 common shares of the Corporation at a value of $0.23 per common share for a total purchase price of $1,771,000. This interest is accounted for using the equity method.

The Corporation has the option to purchase the remaining 50.8% of the shares in the private corporation for $8,000,000 for an initial term of one year after the close date. This option was valued using the Black-Scholes Option Pricing Model at $124,151 using the following assumptions as at December 14, 2018. There was no significant change in the fair value at December 31, 2018.

Option date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk free rate of return	Expected life	Fair Value
December 14, 2018	261	$ 30,651	Nil	102.6%	2.02%	1 year	$ 124,151

The expected volatility was estimated using the average volatility in share price of comparable publicly traded junior mining companies. This was a Level 3 fair value hierarchy measurement.

Subsequent to December 31, 2018, this option has been extended for another 6 months to June 14, 2020, pending test results on the Montney In-Basin deposit.

Note 10 – Investment in Associate - continued

	As at December 31, 2018	2017
Cash consideration	$ 1,498,000	$ -
Share consideration	273,000	-
Total cost of investment	1,771,000	-
Fair value of share purchase option	124,151	-
Cost of 49.2% ownership interest	1,646,849	-
Corporation's share of associate's net loss (49.2%)	(698)	-
	$ 1,646,151	$ -

Note 11 – Credit Facility

As of July 4, 2018, the Corporation has a credit facility with Canadian Western Bank which includes a letter of credit facility at a rate of 1.50% in the amounts of $603,000, $180,000, and $500,000 in favour of the Government of Alberta and a credit card facility in the amount of $20,000 which have been fully advanced as of December 31, 2018 (Note 7). Prior to this, the Corporation had a credit facility with HSBC Bank Canada which included a letter of guarantee facility at a rate of 3.50%, a credit card facility, and two leasing equipment facilities as of December 31, 2017.

The Corporation is not subject to any covenants as part of the current credit facility. As part of the credit facility that was in effect on December 31, 2017, the Corporation was subject to three financial covenants. The funded debt to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation and amortization and other one-time non-cash expenditures) ratio had to be less than 2.75 to 1 for all reporting periods up to December 31, 2017. The debt service coverage ratio had to be more than 1.25 to 1 for all reporting periods up to December 31, 2017. The Corporation had to maintain a current ratio for all reporting periods up to December 31, 2017 in excess of 1.25 to 1.

As at December 31, 2017, the Corporation was not in compliance with certain financial covenants on their credit facility with HSBC Bank Canada, namely the funded debt to EBITDA ratio and the debt service coverage ratio. HSBC Bank Canada had granted the Corporation a forbearance for the year ended December 31, 2017 on the funded debt to EBITDA ratio and the debt service coverage ratio covenants. On May 3, 2018, the Corporation repaid the HSBC Bank Canada leases in full.

Under the current credit facility agreement, the Corporation is not subject to any capital spending requirements. As part of the credit facility in effect as of December 31, 2017, the Corporation was subject to capital requirements by HSBC Bank Canada such that capital expenditures in any one year in excess of $3,000,000 annually were restricted without prior written consent.

Note 11 – Credit Facility - continued

Letter of Guarantee Facility
The letters of commercial credit to the benefit of the Government of Alberta for decommissioning and restoration are as follows:

	As at December 31, 2018	2017
Susan Lake Pit	$ 603,000	$ 603,000
Poplar Creek Site, storage yard	180,000	248,760
Poplar Creek pit	500,000	500,000
	$ 1,283,000	$ 1,351,760

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates to the benefit of Canadian Western Bank. Effective August 1, 2017, the Corporation secured its letters of credit with cash on deposit (Note 7).

Credit Card Facility
The Corporation has access to a corporate credit card facility, up to a maximum of $20,000 (December 31, 2017: $50,000). Effective July 4, 2018, the Corporation has secured its corporate credit card facility with a guaranteed investment certificate (Note 7).

Security under the current Canadian Western Bank facility is as follows:
- general security agreement providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions with specific registrations against guaranteed investment certificate instruments pledged as collateral.

As of December 31, 2017, the HSBC Bank Canada facility was as follows:
- general security agreement creating a first priority security interest in all present and after acquired personal property of the Corporation and a floating charge over all the Corporation's present and after acquired real property;
- collateral land mortgage over half of a section of land located near Peace River, Alberta;
- assignment of risk insurance;
- environmental agreement and indemnity; and
- security agreement over cash, credit balances and deposit instruments.

As of July 13, 2018, all HSBC Bank Canada credit facilities for the Corporation have been repaid and cancelled.

Note 12 – Lease Obligations

			As at December 31, 2018	2017
Finance Leases	**Interest Rate**	**Monthly Instalments**		
HSBC Lease #4, repaid July 13, 2018	4.614%	$ 7,452	$ -	$ 65,890
HSBC Lease #5, repaid July 13, 2018	4.593%	7,481	-	73,353
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	**13,695**	53,785
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	**15,589**	61,223
Komatsu Financial Lease #1, repaid April 27, 2018	3.490%	13,935	-	230,811
			29,284	485,062
Current portion - principal due within one year			**(29,284)**	(224,967)
Current portion - held for sale asset			-	(230,811)
			$ -	$ 29,284

Future minimum lease payments for the subsequent year is follows:

January 1, 2019 to December 31, 2019	$ 29,509
Less: interest included in payments above	(225)
Lease loan principal outstanding, December 31, 2018	$ 29,284

Security on the HSBC Bank Canada leases was provided for the lease obligation as part of the Corporation's credit facility.

Note 12 – Lease Obligations - continued

The leases with CAT Financial are fixed interest rate leases and security is provided by the piece of equipment being leased.

Total interest expense on the lease obligations for the year ended December 31, 2018 was $8,464 (2017: $38,587).

Additional operating leases for premises and equipment for each of the next two years are as follows:

January 1, 2019 to December 31, 2019	$	90,008
January 1, 2020 to December 31, 2020	$	2,583

	For the years ended December 31, 2018	2017
Changes in debt obligations arising from financing activities:		
Lease principal outstanding, beginning of year	**$ 485,062**	$ 1,579,709
Addition of lease obligation	**-**	44,033
Total new financing obtained	**-**	44,033
Repayment of lease obligations	**(455,778)**	(1,138,680)
Total principal repayments	**(455,778)**	(1,138,680)
Interest payments on lease obligations	**(8,464)**	(38,587)
Total interest payments	**(8,464)**	(38,587)
Interest expense on lease obligations	**8,464**	38,587
Total interest expense	**8,464**	38,587
Lease principal outstanding, end of year	**$ 29,284**	$ 485,062
Current portion of lease obligations	**$ 29,284**	$ 224,967
Lease obligations on equipment held for sale	**-**	230,811
Lease obligations	**-**	29,284
	$ 29,284	$ 485,062

Note 13 – Environmental Rehabilitation and Decommissioning Obligations ("ERO")

The following is a reconciliation of the environmental rehabilitation obligations of the Corporation:

	As at December 31, 2018	2017
Opening balance, ERO	**$ 1,962,529**	$ 2,061,309
Change in estimate recognized in ERO asset	**439,126**	6,026
Change in estimate recognized in other operating expenses	**2,817,047**	(22,217)
Change in discount rate	**(3,152)**	(42,525)
Change in discount rate recognized in other operating expenses	**(162)**	1,028
Accretion expense	**32,383**	20,551
Environmental rehabilitation obligation payments	**(903,327)**	(57,202)
Amortization allocated to ERO spending	**(86,305)**	(4,441)
Ending balance, ERO	**4,258,139**	1,962,529
Less: Current portion, obligations to be funded within one year	**(1,987,677)**	(178,001)
	$ 2,270,462	$ 1,784,528

Provisions for environment rehabilitation obligations were recognized for mining activities at the Corporate owned pits and estimated costs related to closing out the Susan Lake management contract. The Corporation assesses its provision for environmental rehabilitation obligations on an annual basis or when new material information becomes available. The estimated undiscounted ERO as at December 31, 2018 was $4,398,501 (2017: $2,168,200).

The discount rates used by the Corporation are based on the Government of Canada bond yields for periods comparable to the expected timing of reclamation activities at each site. These rates ranged from 1.86% to 1.90% as at December 31, 2018 (2017: 1.63% to 2.01%) depending on the expected timing of reclamation activities. It is expected that reclamation activities for the Corporate owned pits will occur between 2019 and 2025 considering the projected production schedules, the timing of reclamation activities included in the Conservation and Reclamation Business Plan, as well as the timing of expiration of the related surface materials lease for each property.

Accretion expense is the expense calculated when updating the present value of the ERO provision. This expense increases the liability based on estimated timing of reclamation activities and the discount rate used in the ERO calculations.

The Corporation has completed successive revisions to the Susan Lake Closure Plan over the past year and continues to await final approval from Alberta Environment & Parks ("AEP"). Closure and reclamation activities have been underway throughout 2018, with certain provisions allowed by AEP for concurrent operations to recover residual aggregates to assist in meeting Ft. McMurray regional demand. The Corporation has generated a sufficiently reliable estimate of the costs it expects to incur as performance of the Susan Lake closure program continues. This is included in the $2,817,047 change in estimate in the reconciliation of environmental rehabilitation obligations table above.

Total reclamation funded during the year ended December 31, 2018 was $989,632, including amortization (2017: $61,643) and related to work performed at Susan Lake and House River (December 31, 2017: Susan Lake).

To December 31, 2018, the Corporation incurred total costs of $854,589 related to Susan Lake closure activities, which includes $72,000 of amortization. The Corporation will be reimbursed for these costs up to a maximum of $1,016,770. These costs are included in accounts receivable until reimbursed.

Note 13 – Environmental Rehabilitation and Decommissioning Obligations ("ERO") - continued

The Corporation has paid cash security deposits of $612,402 as at December 31, 2018 (December 31, 2017: $632,908) to the Government of Alberta on behalf of the Corporation for ERO provisions on the aggregate pits, and an additional $133,330 (December 31, 2017: $133,330) for the Firebag property, where there has been no disturbance yet that would require the Corporation to set up an ERO provision. These deposits are included in the long-term deposits disclosed in Note 6.

Note 14 - Income Taxes

The tax effects of temporary differences are:

	As at December 31,	
	2018	**2017**
Deferred tax assets:		
Cumulative eligible capital	**$ 28,220**	$ 30,344
Share issuance costs and finance fees	**10,164**	23,930
Other	**40,500**	40,500
Environmental rehabilitation obligation	**1,056,569**	436,754
Deposit liabilities	**142,406**	-
Non-capital loss carryforwards	**382,288**	1,078,455
Deferred tax assets	**1,660,147**	1,609,983
Deferred tax liabilities:		
Resource properties	**$ 1,499,760**	$ 1,407,001
Inventory	**77,024**	77,024
Property and equipment (net of lease obligations)	**83,363**	650,746
Deferred tax liabilities	**1,660,147**	2,134,771
Net deferred tax liability	**$ -**	$ 524,788

Note 14 - Income Taxes – continued

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. The differences result from the following:

	For the year ended December 31, 2018		2017
Loss before income taxes	$	(3,033,799)	$ (3,650,467)
Statutory Canadian combined corporate tax rate		27%	27%
Expected tax recovery		(819,126)	(985,626)
Decrease from income taxes resulting from:			
Non-taxable items		29,945	22,300
Tax rate changes, and rate differences		94	-
Other		(11,601)	-
Deferred tax asset not recognized		276,725	-
	$	(523,963)	$ (963,326)
Income Tax Recovery is comprised of:			
Origination and reversal of temporary differences		(800,688)	(963,326)
Change in unrecognized deferred tax assets		276,725	-
	$	(523,963)	$ (963,326)

The Corporation has tax loss carry forwards of $2,440,441 (2017: $3,994,278) that have been recognized and are available for future use. The tax losses expire in 2037.

Tax loss carry forwards of $1,024,559 (2017: $nil) have not been recognized as it is not probable that there will be sufficient future taxable profits available against which the deferred tax asset can be applied.

Note 15 – Share Capital

	As at December 31, 2018 Number of Shares		Amount	2017 Number of Shares		Amount
Authorized:						
An unlimited number of:						
Common voting shares with no par value						
Preferred shares, issuable in series						
Issued and outstanding, beginning of year	33,303,650	$	13,246,758	33,303,650	$	13,246,758
Issuance of common share units	5,750,000		992,625	-		-
Common share issuance costs	-		(47,058)	-		-
Shares issued in purchase of investment (Note 10)	1,186,956		273,000	-		-
Issued and outstanding, end of year	40,240,606	$	14,465,325	33,303,650	$	13,246,758

Note 15 – Share Capital - continued

On November 21, 2018, the Corporation issued 5,750,000 common shares in a private placement for cash consideration of $1,150,000. Legal and filing fees of $47,058 and commission of $nil associated with the private placement were incurred for net cash proceeds of $1,102,942. Each common share issued in the private placement is accompanied by one-half common share purchase warrant with each full warrant entitling the holder to acquire one additional common share at an exercise price of $0.35 for a period of two years from the issuance date. If the closing price of the Corporation's common shares on the TSX Venture Exchange is at a price equal to or greater than $0.50 for a period of ten consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants, whereby the Warrants will expire 30 days from the date of the notice to the Warrant holders. As of March 16, 2019, the Corporation's share price met the warrant acceleration threshold, however the Corporation chose not to accelerate the expiry date of the warrants. The fair values attributed to the common shares and warrants were $992,625 and $157,375 respectively using the relative fair value method. The fair value of the warrants has been recorded in contributed surplus.

Stock options
The Corporation has issued options to Directors, Officers, employees and consultants of the Corporation as incentives.

The continuity of the Corporation's outstanding stock options is as follows:

	Years ended December 31,			
	2018		2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year:	**1,270,000**	**$ 0.45**	1,270,000	$ 1.32
Issued	**1,705,000**	**0.21**	1,210,000	0.21
Expired or cancelled	**(420,000)**	**0.26**	(1,210,000)	1.11
Options outstanding, end of year:	**2,555,000**	**$ 0.33**	1,270,000	$ 0.45

Of the 2,555,000 (December 31, 2017: 1,270,000) outstanding stock options, 1,178,334 (December 31, 2017: 460,000) options have vested and therefore, were exercisable at December 31, 2018 at a weighted average exercise price of $0.45 per share (December 31, 2017: $0.89 per share).

The weighted average remaining contractual life of the options is 3.84 years (December 31, 2017: 3.86 years).

No options were exercised during the year ended December 31, 2018 (December 31, 2017: nil).

During the year ended December 31, 2018, 420,000 options expired or were cancelled respectively (December 31, 2017: 1,210,000 expired and cancelled).

During the year ended December 31, 2018, 1,705,000 options were granted to Directors, Officer and employees of the Corporation (December 31, 2017: 1,210,000).

The Corporation's stock option plan provides that the Board of Directors may from time to time, in its discretion, grant to Directors, Officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares.

Note 15 – Share Capital - continued

The stock option plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the TSX Venture Exchange. Options may be exercisable for up to ten years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. The outstanding stock option grants were issued with an exercisable period of five years from the date of grant. Options under the stock option plan are not transferable or assignable.

Pursuant to the stock option plan, options must be exercised within thirty days following termination of employment or cessation of the optionee's position with the Corporation, or such other period established by the Board of Directors, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option may be exercised within one year, subject to the expiry date.

The Corporation's outstanding stock options are as follows:

		As at December 31,	
		2018	2017
Expiry Date	**Exercise Price**		
September 6, 2018	$ 1.02	-	25,000
June 26, 2019	2.90	**100,000**	100,000
December 14, 2020	0.30	**245,000**	245,000
January 13, 2022	0.24	**270,000**	270,000
July 7, 2022	0.18	**430,000**	430,000
November 23, 2022	0.22	**30,000**	200,000
April 30, 2023	0.17	**220,000**	-
June 4, 2023	0.17	**550,000**	-
September 13, 2023	0.30	**100,000**	-
November 23, 2018	0.26	**610,000**	-
		2,555,000	1,270,000

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair values of the options granted in the last two years were estimated using the following assumptions:

Grant Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk free rate of return	Expected life	Weighted Average Fair Value	Forfeiture rate
November 23, 2018	610,000	$ 0.26	Nil	73.1%	2.28%	5 years	$ 0.16	16.3%
September 13, 2018	160,000	$ 0.30	Nil	74.3%	2.24%	5 years	$ 0.18	16.6%
June 4, 2018	665,000	$ 0.17	Nil	74.4%	2.10%	5 years	$ 0.10	16.3%
April 30, 2018	270,000	$ 0.17	Nil	72.9%	2.10%	5 years	$ 0.10	16.5%
November 23, 2017	200,000	$ 0.22	Nil	73.4%	1.61%	5 years	$ 0.13	16.8%
July 7, 2017	530,000	$ 0.18	Nil	74.1%	1.46%	5 years	$ 0.11	15.3%
January 13, 2017	480,000	$ 0.24	Nil	74.3%	1.13%	5 years	$ 0.14	15.3%

Note 15 – Share Capital - continued

The expected volatility was determined using historical trading data for the Corporation for a period commensurate with the expected life of the options.

Share-based compensation expense in the statement of loss and comprehensive loss for the year ended December 31, 2018 includes $28,134 to Directors, $54,778 to Officers, and $26,445 to employees (2017: $34,848 to Directors, $32,595 to Officers, and $10,466 to employees).

Warrants

	Years ended December 31,			
	2018		2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding, beginning of year:	-	$ -	-	$ -
Issued	2,875,000	0.35	-	-
Warrants outstanding, end of year:	2,875,000	$ 0.35	-	$ -

The fair value of the warrants issued were estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair values of the options issued were estimated using the following assumptions:

Grant Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk free rate of return	Expected life	Weighted Average Fair Value	Forfeiture rate
November 21, 2018	2,875,000	$ 0.35	Nil	72.6%	2.23%	2 years	$ 0.08	0.0%

Of the 2,875,000 (December 31, 2017: nil) outstanding warrants, 2,875,000 (December 31, 2017: nil) were exercisable at December 31, 2018 at a weighted average exercise price of $0.35 per share (December 31, 2017: $nil per share).

The weighted average remaining contractual life of the warrants is 1.89 years.

No warrants were exercised during the year ended December 31, 2018 (December 31, 2017: nil).

Note 15 – Share Capital – continued

Net Loss Per Common Share

The treasury stock method is used to calculate loss per share, and under this method options that are anti-dilutive are excluded from the calculation of diluted loss per share. For the year ended December 31, 2018 and December 31, 2017, all outstanding options and warrants were considered anti-dilutive because the Corporation recorded a loss over those years.

	Years ended December 31, 2018	2017
Basic loss per share		
Total loss and comprehensive loss	$ (2,509,836)	$ (2,687,141)
Weighted average number of common shares outstanding	33,897,827	33,303,650
Total loss and comprehensive loss per common share, basic	$ (0.074)	$ (0.081)
Diluted loss per share		
Total loss and comprehensive loss	$ (2,509,836)	$ (2,687,141)
Weighted average number of common shares outstanding	33,897,827	33,303,650
Effect of dilutive stock	-	-
Weighted average number of common shares outstanding assuming dilution	33,897,827	33,303,650
Total loss and comprehensive loss per common share, diluted	$ (0.074)	$ (0.081)

Note 16 – Related Party Transactions

The Corporation's related parties include four independent Directors, the Chief Executive Officer, Interim Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, Aggregates Marketing Inc., AMI Silica Inc., and 2132561 AB Ltd. (the Corporation that owns the Montney In-Basin frac sand project).

The remuneration earned by the Directors was as follows:

	As at December 31, 2018	2017
Directors:		
Directors fees	$ 154,667	$ 115,438
Travel and miscellaneous expenses	1,698	1,746
Share-based compensation	28,134	34,848
	$ 184,499	$ 152,032
Accounts Payable - related parties		
Director fees	$ -	$ 435
Officers expenses	41	684
	$ 41	$ 1,119

Amounts due to related parties for Director and Officer fees and expenses as at December 31, 2018 was $41 (2017: $1,119). The Director's fees are paid on a quarterly basis. The unpaid amounts due to Directors are unsecured and bear no interest.

Note 16 – Related Party Transactions - continued

Equipment repairs and hauling services were paid to two Companies which are owned and managed by a Director of the Corporation and members of the Director's immediate family during the year ended December 31, 2018 of $161,200 (2017: $nil). The balance owing with respect to these services at December 31, 2018 was $nil (2017: $nil).

During the year ended December 31, 2018, Directors and Officers participated in the November 21, 2018 private placement for proceeds of $175,000 in exchange for 875,000 common share units and 437,500 warrants.

All related party transactions were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

Note 17 – Compensation of Key Management

The remuneration paid to named Officers were as follows:

	As at December 31,	
	2018	2017
Salaries and other benefits including severance	$ 411,128	$ 431,642
Share-based compensation	54,778	32,595
	$ 465,906	$ 464,237

Note 18 – Financial Instruments

Classification
The Corporation's financial instruments consist of cash, accounts receivable, share purchase option, long-term deposits, restricted cash, accounts payable and accrued liabilities which are classified as follows:

Financial statement item	Classification
Cash	Amortized cost
Accounts receivable	Amortized cost
Share purchase option	Fair value through profit and loss
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Fair Value
Due to the short-term nature of cash, accounts receivable, accounts payable and accrued liabilities the carrying value of these financial instruments approximate their fair value. The fair value of restricted cash approximates the carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits are not materially different from their carrying value.

The share purchase option is the only financial instrument measured at fair value on a recurring basis. This was a Level 3 fair value hierarchy measurement. There were no transfers between Level 1, 2, or 3 for the year ended December 31, 2018 (2017: none).

The following table shows the sensitivity of the fair value estimate as a result of changes to the inputs:

Financial instrument carried at fair value	Significant unobservable input	Sensitivity of the fair value measurement to input
Share purchase option	Expected volatility	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $147,000 ($80,000)
	Risk free rate of return	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $1,000 ($800)

Note 18 – Financial Instruments - continued

The reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

			$CDN
Balance at December 31, 2017		$	-
Share purchase option	10		124,151
Balance at December 31, 2018		**$**	**124,151**

The total amount of the unrealized gain (loss) included in the consolidated statement of loss and comprehensive loss for the year ended December 31, 2018 is $nil (2017: $nil).

Credit Risk
Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, accounts receivable, and long-term deposits. The Corporation's maximum credit risk at December 31, 2018 is the carrying value of these financial assets.

Credit risk associated with cash and restricted cash is minimized substantially by ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade rating. Long-term deposits are held with the Government of Alberta thus minimizing their credit risk.

On an ongoing basis, the Corporation monitors the financial condition of its customers with all information available. The Corporation reviews the credit worthiness of all new customers and sets credit limits accordingly in order to minimize the Corporation's exposure to credit losses. The Corporation requires any customers deemed to be high-risk to prepay for aggregate prior to taking delivery.

Under the simplified approach, lifetime expected credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions and forecasts at the reporting date. The Corporation estimates an increased loss rate for new customers as opposed to customers that the Corporation has previous experience with, as the Corporation has experienced defaults more commonly with new customers as opposed to previous customers. New customers are customers that the Corporation has not completed projects with previously.

The calculation of the lifetime expected credit loss is as follows:

	Days outstanding	Estimated loss rate	Accounts receivable - gross	Lifetime expected credit	Government receivables	Accounts receivable - net
New customers	Current (0-60)	0.00%	$ -	$ -	$ -	$ -
	60-90	0.00%	-	-	-	-
	90+	8.60%	40,764	(3,507)	-	37,257
			$ 40,764	**$ (3,507)**	**$ -**	**$ 37,257**
Previous customers	Current (0-60)	0.04%	$ 403,398	$ (147)	$ 645,462	$ 1,048,713
	60-90	0.12%	58,633	(72)	253,350	311,911
	90+	0.24%	6,289	(15)	127,708	133,982
			$ 468,320	**$ (234)**	**$ 1,026,520**	**$ 1,494,606**
			$ 509,084	**$ (3,741)**	**$ 1,026,520**	**$ 1,531,863**

Note 18 – Financial Instruments - continued

The following table summarizes the changes in the estimated lifetime expected credit loss included in accounts receivable:

		As at December 31, 2018
Balance, as at January 1, 2018	$	3,054
Adjustment to lifetime expected credit loss estimate		687
Balance, as at December 31, 2018	**$**	**3,741**

Included in the impairment loss on accounts receivable at December 31, 2018 is the adjustment to the lifetime expected credit loss estimate of $687 as well as $2,000 that was written off from an individual customer, which was equal to the contractual amount currently outstanding.

The accounts receivable aging is as follows:

		Current		60-90 days		> 90 days		Total
As at December 31, 2018	**$**	**1,048,713**	**$**	**311,911**	**$**	**171,239**	**$**	**1,531,863**
As at December 31, 2017	$	1,178,096	$	206,361	$	8,242	$	1,392,699

Two customers each individually owing greater than 10% of the accounts receivable total balance accounted for 84% of the Corporation's accounts receivable as at December 31, 2018 (2017: five customers accounted for 71%).

Liquidity Risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through budgeting and forecasting cash flows to ensure it has sufficient cash to meet its short-term requirements for operations, business development and other contractual obligations.

As at December 31, 2018, the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation's financial liabilities include accounts payable and accrued liabilities and lease obligations, including interest.

The expected remaining contractual maturities of the Corporation's financial liabilities are shown in the following table:

	As at December 31, 2018					
		0 - 1 year		2 - 3 years		Total
Accounts payable and accrued liabilities	$	453,081	$	-	$	453,081
Lease obligations, including interest		29,509		-		29,509
Total	**$**	**482,590**	**$**	**-**	**$**	**482,590**

Note 19 – Capital Disclosures

The capital of the Corporation consists of items included in equity and debt, net of cash.

	As at December 31, 2018	2017
Total equity attributable to shareholders	$ **14,671,903**	$ 15,698,669
Total borrowings		
Current portion of lease obligations	**29,284**	224,967
Lease obligations on equipment held for sale	-	230,811
Lease obligations	-	29,284
Cash	**(5,078,537)**	(2,629,371)
Total managed capital	$ **9,622,650**	$ 13,554,360

The Corporation's objective when managing capital is to provide sufficient capital to cover normal operating and capital expenditures. In order to maintain or adjust the capital structure, the Corporation may issue debt, purchase shares for cancellation pursuant to normal course issuer bids or issue new shares.

There were no changes to the Corporation's capital management during the year ended December 31, 2018.

Note 20 – Supplemental Statement of Loss and Comprehensive Loss Disclosures

Finance costs are comprised of the following:

	Note	For the years ended December 31, 2018	2017
Finance Costs			
Interest on lease obligations	12	**(8,464)**	(38,587)
		$ **(8,464)**	$ (38,587)

Other operating expenses are comprised of the following:

	Note	For the years ended December 31, 2018	2017
Other Operating Expenses			
Write down of resource properties security deposits	6	**(10,936)**	(23,480)
Previously written off resource property security deposits received	6	**25,387**	-
Impairment of property and equipment	8	**(127,714)**	(1,239,458)
Write down of resource properties	9	**(144,488)**	(395,608)
Change in environmental rehabilitation obligation	13	**(2,817,047)**	22,217
Environmental rehabilitation obligation reimbursement	13	**1,016,770**	-
Change in discount rate recognized in other operating expenses	13	**162**	(1,028)
Amortization of environmental rehabilitation obligation asset	9	**(15,200)**	(62,675)
Amortization of resource property lease costs	9	**(11,118)**	(11,118)
Accretion of environmental rehabilitation obligation	13	**(32,383)**	(20,551)
Other expenses		**-**	(1,554)
		$ **(2,116,567)**	$ (1,733,255)

Note 20 – Supplemental Statement of Loss and Comprehensive Loss Disclosures - continued

Other non-operating income is comprised of the following:

	Note	For the years ended December 31, 2018	2017
Other Non-Operating Income			
Gain (loss) on disposal of property and equipment	8	**233,281**	(14,915)
Camp rental		**345,906**	513,741
Rental income		**41,251**	-
Amortization of deferred gain on sale and leaseback		**-**	3,255
Foreign exchange loss		**(1,058)**	-
Other income		**-**	8,225
		619,380	$ 510,306

During the year ended December 31, 2018, the Corporation rented the work camp at Poplar Creek for $345,906 (2017: $513,741) in rental income.

During the year ended December 31, 2018, 86% of aggregate sales were sold to four customers (2017: 60% to three customers). Individually, these customers represented more than 10% of the Corporation's revenue.

The following table shows the total employee benefit expenses for the period:

	For the year ended December 31, 2018	2017
Employee benefit expenses	$ 2,349,776	$ 2,013,649

Employee benefit expenses include wages, salaries, bonuses, and group benefit premiums, as well as Canada Pension Plan, Employment Insurance and Workers' Compensation Board contributions. Employee benefit expenses are included in both operating costs and general and administrative expenses in the Statements of Loss and Comprehensive Loss.

The following table shows the total severance expenses for the year ended December 31, 2018, which are not included in the employee benefit expenses table above:

	For the year ended December 31, 2018	2017
Severance	$ -	$ 350,500

Note 21 – Susan Lake Management Contract

The intangible asset related to the Susan Lake management contract was amortized on a straight-line basis over the life of the contract, with an expiry date of November 30, 2017. The Corporation had a meeting with Alberta Environment and Parks ("AEP"), by whom the Contract is administered, on December 1, 2017, which resulted in instruction to the Corporation to continue its operations in the near term with 'overholding tenancy' status until the Closure Plan for Susan Lake gravel pit is approved by AEP. The amortization expense related to the Susan Lake management contract for the year ended December 31, 2018 was $nil (2017: $770,370).

Note 22 – Contingency

Syncrude Counterclaim

The Corporation has received the Statement of Defence and Counterclaim from Syncrude Canada Ltd. ("Syncrude") in respect to the Corporation's dispute with Syncrude regarding approximately $620,000 in user fees and government royalties that the Corporation believes are owed by Syncrude to the Corporation in respect of gravel used by Syncrude from the Susan Lake Public Pit. In addition to denying all allegations in the Corporation's Statement of Claim, Syncrude has brought several counterclaims against the Corporation and is seeking damages in excess of $68,000,000 (the "Counterclaim").

Athabasca Minerals believes the Counterclaim is without merit and will defend it rigorously. The outcome of the counterclaim is unknown at this time.

Note 23 – Segmented Reporting

Reportable segments are determined based on the corporate structure and operations. Corporate is disclosed for reconciliation purposes only.

For the year ended December 31, 2018 (in $CDN)	Aggregate Sales and Aggregate Management Services	Frac Sand	Corporate	Consolidation Eliminations	Total
Revenue:					
Aggregate Sales Revenue	$ 2,138,411	$ -	$ -	$ -	$ 2,138,411
Aggregate Managment Fees - Net	2,993,182	-	-	-	2,993,182
Total Loss and Comprehensive Loss	(137,403)	(521,142)	(1,851,291)	-	(2,509,836)
Segment Assets	12,491,127	1,274,685	7,036,910	(531,670)	20,271,052
Segment Liabilities	5,403,328	525,774	135,076	(465,029)	5,599,149
Amortization, Depreciation, and Depletion	(374,263)	-	(73,459)	-	(447,722)
Finance Costs	(8,464)	-	-	-	(8,464)
Interest Income	-	-	66,138	-	66,138
Income Tax Recovery	-	-	523,963	-	523,963

For the year ended December 31, 2017 (in $CDN)	Aggregate Sales and Aggregate Management Services	Frac Sand	Corporate	Consolidation Eliminations	Total
Revenue:					
Aggregate Sales Revenue	$ 3,707,094	$ -	$ -	$ -	$ 3,707,094
Aggregate Managment Fees - Net	3,769,363	-	-	-	3,769,363
Total Loss and Comprehensive Loss	(898,768)	-	(1,788,373)	-	(2,687,141)
Segment Assets	15,297,465	1,269,660	2,757,263	-	19,324,388
Segment Liabilities	2,890,050	-	735,669	-	3,625,719
Amortization, Depreciation, and Depletion	(1,210,998)	-	(78,775)	-	(1,289,773)
Amortization of Intangible Asset	(770,370)	-	-	-	(770,370)
Finance Costs	(38,587)	-	-	-	(38,587)
Interest Income	-	-	24,183	-	24,183
Income Tax Recovery	-	-	963,326	-	963,326

Note 24 – Subsequent Events

On January 29, 2019, the Corporation entered into an agreement to acquire ownership of a private Alberta corporation that holds the Duvernay Frac Sand Project in Alberta for an initial investment of $280,000 in cash and the issuance of 420,000 common shares of Athabasca Minerals Inc. in exchange for a 16.2% interest in the private corporation. An additional 33.4% can be acquired for $742,000 and the issuance of 1,680,000 common shares of Athabasca Minerals Inc. pending resource delineation results expected in April 2019. The Corporation has the option to purchase the remaining 50.4% in the private corporation within 2 year following this transaction.

On March 6, 2019, the Corporation was awarded a 15-year contract by the Province of Alberta to construct, operate and manage the Coffey Lake Public Pit north of Fort McMurray, Alberta. This Crown resource is situated on approximately 1345 acres of land about 90 km north of Fort McMurray. The Corporation will be responsible for managing gravel pit operations. The Corporation has commenced the regulatory and permitting program to achieve a planned opening of the Coffey Lake Public Pit in the second half of 2019.

On March 15, 2019, the Corporation's letter for the Poplar Creek pit of $500,000 was released by the Government of Alberta. The guaranteed investment certificate related to this letter of credit matures on March 31, 2019 at which point the cash will become available for use.