MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2018

Athabasca MINERALS INC.

April 4, 2019

The following discussion of Athabasca Minerals Inc.'s financial condition and results of operations should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2018. The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this management's discussion and analysis ("MD&A") are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "Our" or the "Corporation") is a reporting issuer in each of the provinces of Canada. The Corporation's shares trade on the TSX Venture Exchange under the symbol ABM-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on April 4, 2019.

Additional information about Athabasca, including our management information circular and quarterly reports, is available at **athabascaminerals.com** and on the System for Electronic Document Analysis and Retrieval (SEDAR) at **sedar.com.**

FORWARD LOOKING INFORMATION

This document contains "forward looking statements" concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to, statements with respect to the future price of commodities, the estimation of aggregate and mineral reserves and resources, the realization of aggregate and mineral reserve estimates, disposition of assets, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, potential joint-venture relationships, potential acquisitions, geographic diversification, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Specifically, such forward-looking statements are set forth under "Liquidity and Capital Resources", "Financial Instruments", "Risks and Uncertainties" and "Outlook". In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects", "addressing", "striving" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "increasing", "improving", "optimizing", "intends", "anticipates" or "does not anticipate", or "believes", "pursuing", "recommence", "replenish", "reactivation" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements in the section entitled "Risks and Uncertainties", there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward-looking statements are made as of the date of this document and, other than as required by applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

OUR BUSINESS

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 North East British Columbia; and investor in 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.

BUSINESS HIGHLIGHTS

- The Corporation was awarded a 15-year contract with a 10-year renewal option in Q1 2019 to manage the Coffey Lake Public Pit located approximately 50 km north of Susan Lake. Coffey Lake is situated on approximately 1345 acres of crown land. The Corporation is required to obtain regulatory approvals and permits to manage the pit on behalf of AEP;
- The Corporation was granted Metallic and Industrial Mineral ("MIM") leases for the Richardson Dolomite / Granite Aggregate Project ("Richardson Project"). The Richardson Project comprises three contiguous subsurface leases totaling 3,904 hectares located 70 kilometers from the heart of major oilsands operations north of Fort McMurray;
- Susan Lake Closure Plan is under review with Alberta Environment and Parks ("AEP"). Milestones for progressively closing the Susan Lake gravel pit will continue into 2019. The Susan Lake closure has resulted in an estimated incremental liability of $1.6M, with the majority of cost to be incurred from Q2 to Q4 of 2019;
- Athabasca continued to collect volume-based pit management fees (net of Provincial Government Royalties) for the year ended December 31, 2018 of $3.0 million (2017: $3.8 million). As of the end of Q1 2019, the pit is closed to the public and no further revenue will be earned by the Corporation from Susan Lake operations;
- The Corporation had an independent third-party (Evans & Evans) reappraise its Firebag Frac Sand Mine ("Firebag Assets") which were assessed at $30.4 million (fair market value), and transferred these Firebag Assets at book value ($1.141 million) to its wholly-owned subsidiary AMI Silica Inc effective October 1, 2018 with no gain on transfer;
- Acquired ownership position in the Montney In-Basin project;
- Acquired ownership position in the Duvernay frac sand project on January 25, 2019;
- Revenue of $5.1M (2017: $7.5M);
- Gross profit of $1.5M (2017: $1.6M).

Athabasca MINERALS INC.

SELECTED FINANCIAL INFORMATION

	Three months ended December 31, 2018	Three months ended December 31, 2017	% Change	Years ended December 31, 2018	Years ended December 31, 2017	% Change
FINANCIAL HIGHLIGHTS:						
Aggregate Sales Revenue	**$ 114,718**	$ 976,894	-88%	**$ 2,138,411**	$ 3,707,094	-42%
Aggregate Management Services - Revenue	**681,624**	2,279,538	-70%	**3,951,378**	6,629,050	-40%
Less: Provincial Government Royalties	**(106,169)**	(1,012,977)	-90%	**(958,196)**	(2,859,687)	-66%
Aggregate Management Fees - Net	**575,455**	1,266,561	-55%	**2,993,182**	3,769,363	-21%
Revenue	**690,173**	2,243,455	-69%	**5,131,593**	7,476,457	-31%
Gross profit	**143,662**	1,076,554	-87%	**1,466,486**	1,643,444	-11%
Gross profit percent	**21%**	48%		**29%**	22%	
Operating loss	**(1,091,082)**	(1,091,969)	0%	**(3,710,853)**	(4,146,369)	-11%
Other Non-Operating Income	**137,810**	98,228	40%	**619,380**	510,306	21%
Total loss and comprehensive loss	**$ (932,579)**	$ (728,832)	28%	**$ (2,509,836)**	$ (2,687,141)	-7%
Loss per share, basic and fully diluted ($ per share)	**(0.028)**	(0.022)	30%	**(0.074)**	(0.081)	-10%
CASH FLOW HIGHLIGHTS:						
Net cash generated from/(used in) operating activities	**(137,269)**	1,183,411	-112%	**819,855**	1,260,349	-35%
Spending on property and equipment	**(4,707)**	(81,698)	-94%	**(56,676)**	(99,969)	-43%
Spending on resource properties	**(28,807)**	(19,888)	45%	**(50,955)**	(178,453)	-71%
Weighted Average # of Shares Outstanding	**33,897,827**	33,303,650		**33,897,827**	33,303,650	
OPERATIONAL HIGHLIGHTS:						
Tonnes sold						
Susan Lake operations	**111,955**	905,487	-88%	**1,018,376**	2,948,248	-65%

	As at December 31, 2018	As at December 31, 2017	% Change
FINANCIAL POSITION:			
Working capital[1]	**$ 4,833,947**	$ 5,257,707	-8%
Total assets	**20,271,052**	19,324,388	5%
Total liabilities	**5,599,149**	3,625,719	54%
Shareholder's Equity	**14,671,903**	15,698,669	-7%

[1]Non-IFRS Measure - identified and defined under "Liquidity & Capital Resources"

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

Athabasca's revenue during Q4 2018 was $0.7 million compared to $2.2 million in Q4 2017. The decrease in revenue of $1.5 million from Q4 2017 to Q4 2018 was due to a decrease in tonnage sold from Susan Lake operations offset by an increase in the price per tonne of $5.00. There was also a decrease in tonnage sold out of corporate pits resulting in an overall decrease of 88% in aggregate sales revenue.

The Corporation's revenue YE-2018, decreased by 31% to $5.1 million from $7.5 million in the prior year. The decrease in revenue is a combination of a 21% decrease in net Susan Lake management revenue (2018: $3.0 million vs. 2017: $3.8 million) and a 42% decrease in corporate pit revenue (2018: $2.1 million vs. 2017: $3.7 million).

- The $0.8 million or 21% decrease in net Susan Lake management revenue is the result of a 65% decrease in tonnage sold offset by a $3.50/tonne increase in price per tonne from May 1 to June 30, 2018 and a $5.00/tonne increase in price per tonne from July 1 to December 31, 2018; and
- The $1.6 million or 42% year to date decrease in revenue from corporate pits is the result of a 20% decrease in tonnage sold due to a decrease in corporate pit customers from 14 (2017) to 7 (2018).

GROSS PROFIT

Gross profit can be used to analyze the operational efficiency during a reporting period and to track changes in efficiency over time. This gives Management a valuable tool to evaluate the effect of variables that could affect revenue or cost of sales.

Athabasca's gross profit decreased 87% during Q4-2018 to $0.1 million compared to $1.1 million in Q4-2017. The decrease in gross profit of $0.9 million was due to a $1.6 million decrease in revenue offset by a $0.6 million decrease in cost of sales. The decrease in cost of sales is primarily due to a 59% or $0.6 million decrease in operating costs, primarily the production cost of inventory sold and operational employment costs.

Gross profit decreased by 11% during YE-2018 to $1.5 million compared to $1.6 million in YE-2017. The decrease in gross profit of $0.1 million was due to the 31% decrease in revenue noted above, offset by a decrease in cost of sales of $2.2 million or 37%. The decrease in cost of sales was due to the following:

- Operating costs include the production cost of inventory sold, stockpile losses, pit office costs, maintenance costs, pit supplies, and operational employment costs. Operating costs decreased by $1.3 million YE-2018 due to the following:
  - 42% or $0.9 million decrease in the production cost of inventory sold as a result of reduced sales from corporate pits;
  - 68% or $0.1 million decrease in stockpile losses at the Company's corporate owned pits; and
  - 28% or $0.3 million decrease in operational employment costs; and
- Amortization, depreciation, and depletion decreased by $0.8 million YE-2018 due to the decrease in the depreciable amounts of property and equipment as a result of the sale of property and equipment with a carrying amount of $2.8 million and $nil amortization of intangible asset (YE-2017: $0.8 million).

OPERATING LOSS

Athabasca's operating loss remained consistent at $1.0 million (Q4-2018 and Q4-2017) and decreased 11% to $3.7 million (YE-2018) from $4.1 million (YE-2017). The year-to-date decrease in operating loss of $0.4 million was due to the following:

- $0.8 million decrease in amortization of intangible asset due to Susan Lake management contract being fully amortized November 30, 2017;
- Offset by a $0.4 million increase in other operating expenses which is largely the result of the addition of the Susan Lake closure cost estimate in Q3-2018;
- $0.3 million decrease in general and administrative expenses discussed in the following section; and
- $0.1 million decline in gross profit noted above.

Athabasca MINERALS INC.

General and Administrative Expenses

	Three months ended December 31,			Years ended December 31,		
	2018	2017	% Change	2018	2017	% Change
Wages & benefits	$ **386,902**	$ 161,728	139%	$ **1,325,300**	$ 953,258	39%
Consulting	**315,604**	52,014	507%	**504,856**	240,095	110%
Legal & professional fees	**84,257**	89,450	-6%	**379,693**	437,703	-13%
Rent & office expenses	**45,393**	33,806	34%	**187,482**	179,768	4%
Directors fees and expenses	**37,303**	27,979	33%	**156,365**	159,183	-2%
Insurance	**27,546**	52,766	-48%	**133,956**	143,273	-7%
Investor relations	**21,134**	34,066	-38%	**94,182**	118,713	-21%
General office	**32,465**	455	7035%	**93,272**	76,310	22%
Exploration	**27,186**	-	0%	**45,471**	84,260	-46%
Travel	**8,368**	9,559	-12%	**28,151**	46,304	-39%
Severance	**-**	92,771	-100%	**-**	350,500	-100%
Bad debts	**-**	418,912	0%	**-**	418,912	0%
	$ **986,158**	$ 973,506	1%	$ **2,948,728**	$ 3,208,279	-8%

General and administrative expenses decreased by 8% or $0.3 million YE-2018 from YE-2017. Wages and benefits increased by 39% or $0.4 million as a result of having a full-time Chief Executive Officer and project management resources for Susan Lake closure and AMI Silica Inc. Consulting increased by 110% largely as a result of engineering consultants engaged for AMI Silica Inc. This increase was offset by a 100% or $0.4 million decrease in restructuring costs and a 100% or $0.4 million decrease in bad debts included in General and administrative expenses.

Athabasca is committed to achieving a competitive cost structure and Management is engaged in ongoing cost effectiveness strategy and analysis.

TOTAL LOSS AND COMPREHENSIVE LOSS

The Corporation incurred a total comprehensive loss of $2.5 million ($0.074 per share) for the YE-2018 as compared to a total comprehensive loss of $2.7 million ($0.081 per share) for the YE-2017.

Athabasca MINERALS INC.

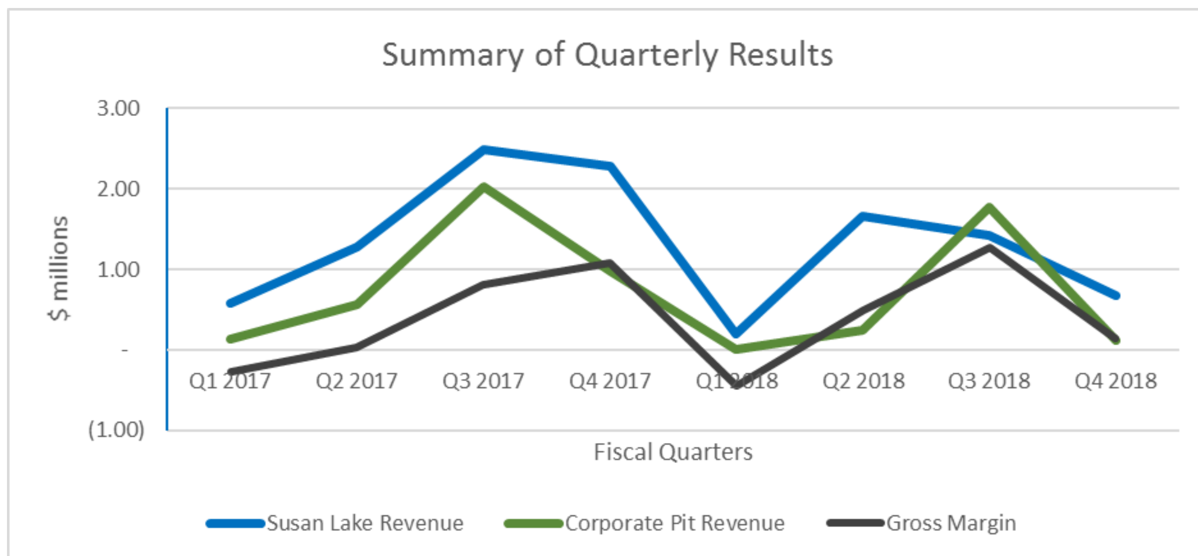
SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from unaudited financial statements of the Corporation. The information has been prepared by Management in accordance with IFRS. Revenue refers to aggregate management fees and gross aggregate sales from pits which the Corporation owns the Alberta Metallic and Industrial Minerals Permits and the Surface Material Leases.

	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Corporate Pit Revenue	$ 114,718	$ 1,769,211	$ 247,720	$ 6,762
Susan Lake Management Fee Revenue	681,624	1,414,211	1,662,873	192,670
Susan Lake Royalties	(106,169)	(227,993)	(538,285)	(85,749)
	575,455	1,186,218	1,124,588	106,921
Revenue	690,173	2,955,429	1,372,308	113,683
Gross Profit (Loss)	143,662	1,272,802	494,320	(444,298)
Total Loss and Comprehensive Loss	(932,579)	(782,148)	(54,640)	(740,469)
Loss per share, basic	(0.074)	(0.023)	(0.002)	(0.022)
Loss per share, diluted	(0.074)	(0.023)	(0.022)	(0.022)
Total Assets	20,271,052	19,949,558	18,885,242	18,022,552
Total Resource Properties	6,212,364	6,240,437	5,935,917	5,891,420
Current portion of lease obligations	29,284	51,011	72,540	182,398
Lease obligations on equipment held for sale	-	-	-	190,903
Total Debt (non-current)	-	-	-	7,355
	Q4 2017	**Q3 2017**	**Q2 2017**	**Q1 2017**
Corporate Pit Revenue	$ 976,894	$ 2,026,736	$ 563,925	$ 139,539
Susan Lake Management Fee Revenue	2,279,538	2,481,158	1,285,959	582,395
Susan Lake Royalties	(1,012,977)	(1,028,872)	(572,274)	(245,564)
	1,266,561	1,452,286	713,685	336,831
Revenue	2,243,455	3,479,022	1,277,610	476,370
Gross Profit (Loss)	1,076,554	801,942	33,551	(268,603)
Total Loss and Comprehensive Loss	(728,832)	(431,203)	(672,550)	(854,556)
Loss per share, basic	(0.022)	(0.013)	(0.020)	(0.026)
Loss per share, diluted	(0.022)	(0.013)	(0.020)	(0.026)
Total Assets	19,324,388	20,932,668	21,808,891	22,587,523
Total Resource Properties	5,903,241	6,193,378	6,810,618	6,869,668
Current portion of lease obligations	224,967	430,186	581,378	850,376
Lease obligations on equipment held for sale	230,811	-	-	-
Total Debt (non-current)	29,284	168,700	275,206	380,656

Seasonality of Operations

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. Aggregate sales and the associated delivery can often be affected by, among other things, weather conditions, timing of spring break-up, timing of projects, market demand and timing of growth capital investments in the region. Most construction, infrastructure and oil sands projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and fall when ground conditions improve. These seasonal trends typically lead to quarterly fluctuations in operating results and as a result the financial results from one quarter are not necessarily indicative of financial results in other quarters. This can be seen in fluctuations in revenue and total comprehensive loss in the Summary of Quarterly Results.



OUTLOOK

The Corporation is well situated with various pits in the heart of petroleum industry in Northern Alberta, particularly Oilsands and SAGD (steam-assisted gravity drainage) operations. With good access and proximity to Highway 63 and Highway 881 corridors, the Corporation supplies a broad client base relating to infrastructure, industry operations, development projects, and municipal construction. Inventory located at multiple pits, and at strategic staging locations, enables the Corporation to bid and supply major orders as well as spot orders requiring immediate deliveries.

Over the next 12 months, the Corporation is actively addressing and working on various strategic and operational initiatives relating to the following:

- Obtaining regulatory approvals for Coffey Lake Public Pit with a planned opening in second half of 2019;
- Conclude the Susan Lake Public Pit Closure Program (still pending approval by AEP) and agreements with Oilsands Operators for the transition of overlapping (Mineral Surface Lease) lands;
- Validate the Montney In-Basin and Duvernay Basin frac sand deposits (with delineation drilling and National Instrument 43-101 reports) and submit regulatory application(s) for development;
- Secure offtake agreements for the supply of frac sand through AMI Silica Inc and augment with 'Last-Mile' delivery solutions for customers;
- Secure financing for AMI's frac sand facilities in conjunction with third-party processing options;
- Establish royalty agreements to monetize corporate-owned and third-party aggregate pits with strategic partners;
- Selectively pursue conventional aggregate companies for acquisition;
- Coordinate sales, transportation and delivery of third-party aggregates through Aggregates Marketing Inc using a technology-based platform with improved speed and pricing.

OPERATIONS

A conversion ratio of 2.471 acres to 1 hectare has been used throughout.

SUSAN LAKE

As of December 31, 2018, the Corporation managed the Susan Lake Gravel Pit on behalf of the Government of Alberta pursuant to the Susan Lake Contract. The Corporation's services included exploration, identification of sand and gravel, clearing, topsoil stripping, site preparation, road maintenance, allocation of pit areas to specific users, scaling of material and general administration of the pit. For these services, the Corporation received a management fee for each tonne of aggregate material removed from the pit for the duration of the Susan Lake Contract.

Susan Lake Gravel Pit remained operational under Overholding Tenancy status, since the Management Contract expiration on November 30, 2017. A revised Closure Plan was formally submitted to AEP early May 2018 (with its most recent revision submitted March 2019) and is under review with final approval pending. Susan Lake Closure will result in an estimated incremental liability of $1.6M, with the majority of cost to be incurred from Quarter -2 to Quarter – 4 of 2019.

The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray and is 5,880 acres (2,379.5 ha) in size. The majority of its sales are to neighboring oil sands companies and supplying infrastructure aggregate to the Wood Buffalo Region.

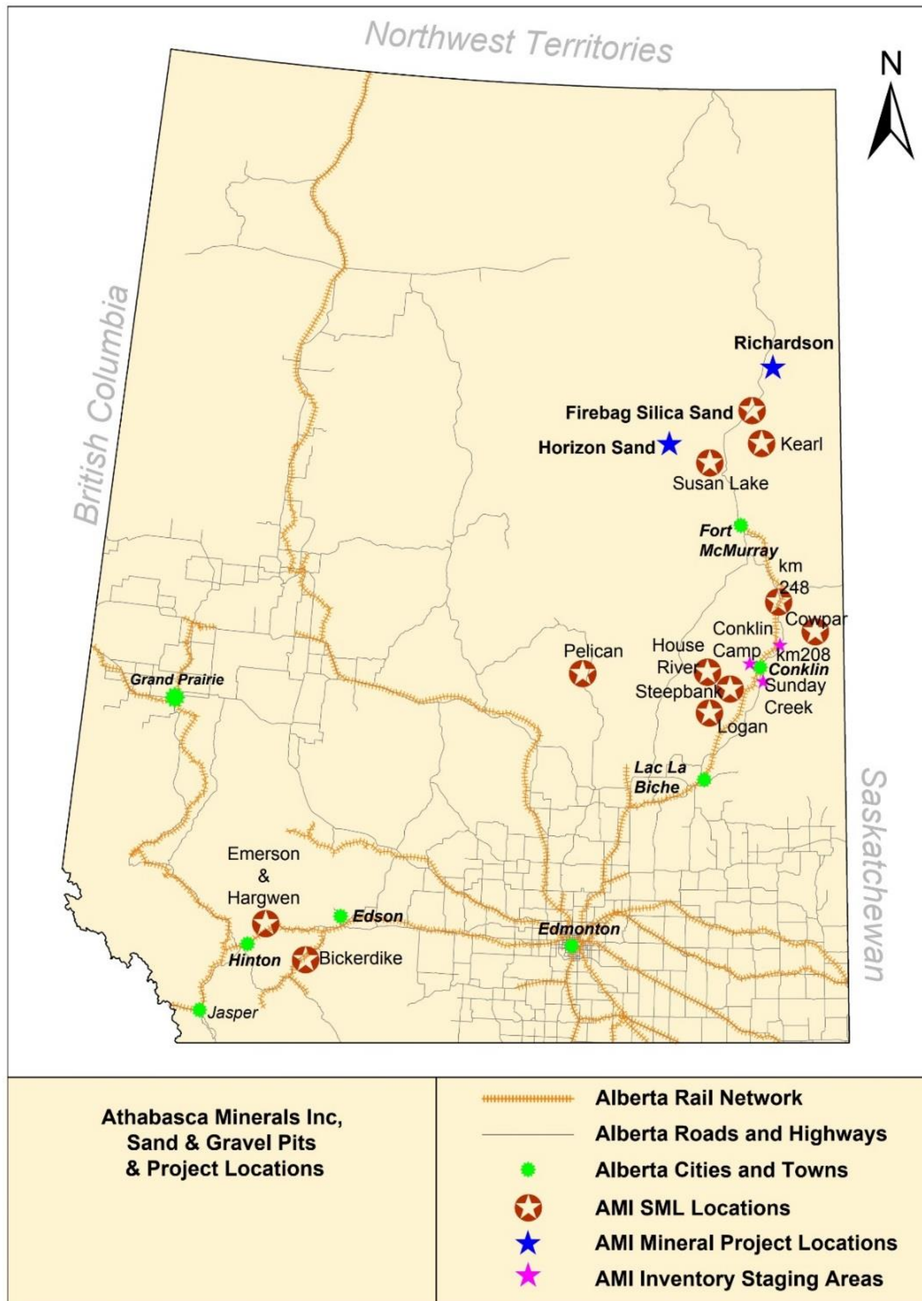
Management continues to work with Syncrude and external legal counsel regarding the claim and counterclaim.

As of the end of Q1 2019, the Susan Lake pit was closed to the public. As such, there will be no further sales beyond this point. The Corporation has been actively working on closure related activities and managing the phased closure of the pit.

CORPORATE OWNED PITS

The Corporation holds the Surface Material Lease ("SML") for several aggregate pits in Northern Alberta for the purpose of extracting sand and gravel from these properties for a variety of purposes and customers. These aggregate operations are fully controlled by the Corporation, enabling the Corporation to benefit from the full market value on all sales of aggregates, including when applicable, the processing and delivery.

A SML grants the lease holder the right to extract sand and gravel from Crown land. The Corporation holds several SML's for gravel extraction in Northern Alberta and operates additional gravel SMLs held by other companies.



KEARL PIT

The Kearl pit is located approximately 60 km east of the Susan Lake gravel pit. During March 2011, Athabasca received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years. The Corporation completed construction of an all-weather road linking the Kearl aggregate operation to several major oil sands operations for year-round access.

The quality of the aggregate is suitable for road and infrastructure construction and ongoing maintenance. This pit is situated in close proximity to existing oil sands development and continues to be a major source of aggregate supply in the region.

There has been no production at the Kearl pit since 2015. With the impending closure of the Susan Lake pit by the Government of Alberta (see Susan Lake above), the Corporation is revisiting the reactivation of the Kearl pit for production. Approvals are in place for dewatering the site, and the Corporation received a license under the Water Act in September 2018 for the purpose of aggregate washing, equipment washing and dust control in the Kearl pit. The Corporation is currently revisiting its geological assessment of remaining aggregate volumes to confirm production volumes and associated costs. Recent meetings held with local oil sands and SAGD clients in close proximity to the Kearl pit have taken place to address gravel supply from the Kearl pit, and market interest remains favorable.

LOGAN PIT

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is accessible with a seasonal winter road.

The Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years in 2010. In February 2012, the Corporation announced the receipt of a NI 43-101 technical report for the Logan aggregate deposit. The initial indicated mineral resource aggregate included 1,357,000 tonnes of gravel and an initial inferred mineral resource quantity of 662,600 tonnes of gravel. The quality of the aggregate materials is suitable for road construction and maintenance. The Corporation will apply for a renewal prior to the expiration of the lease in 2020.

The Corporation stockpiled approximately 108,000 tonnes of pit run for crushing to make gravel product and replenish Conklin inventories. A revised permit to enable crushing at the Conklin staging and distribution hub was submitted early December 2017. AEP approval of the revised purpose to crush at Conklin staging was received in October 2018. A municipal permit is still outstanding to allow crushing at Conklin staging.

HOUSE RIVER PIT

The House River pit is located approximately 11 km east of Highway 63 on the House River. During August 2011, the Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation on the leased land for a term of ten years. The House River pit is currently accessible only by a winter season road. The Corporation is evaluating road improvements to allow for year-round delivery.

The Corporation has approval to establish a strategic staging area (DML) near the House River pit along Highway 63. Management continues to assess the option to clear and prepare this DML to support a stock piling and crushing program of pit run inventories to be mined from the House River pit and transported to this hub.

KM248 PIT

On December 21, 2016, the Corporation purchased two gravel projects located in the Wood Buffalo region of Alberta, KM248 and Cowpar gravel properties for $603,000.

The KM248 pit is located adjacent to Hwy 881 which provides year-round access and has produced high quality aggregate product since inception. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor.

Current indications suggest that KM248 pit has limited amounts of aggregate remaining that may not be economically recoverable. However, the location of the pit along Highway 881 makes it a useful staging and distribution hub that fits with the Corporation's marketing and distribution business plan.

PELICAN HILL PIT

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca. The Corporation received SML approval (10-year term) in June 2011 on this 79.7 acre (32 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil and gas industry, as well as to the government or its partners for use in infrastructure projects in the area. Current indications for aggregate demand from this location appear to be encouraging and Management is reviewing market potential at this time. The Corporation has cleared trees and topsoil at this site in anticipation of potential demand with the recovery in the oil and gas industry. The Corporation is seeking a strategic partnership to monetize this resource.

EMERSON PIT

The Emerson pit is located approximately 27 km southeast of the community of Hinton. The Corporation has the right to produce aggregate from the 75 acres (30 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil and gas industry and its partners for use in infrastructure projects in the area. Current indications for aggregate demand from this location appear to be encouraging.

The Corporation has finalized a two year per tonne royalty agreement to monetize the resource.

INVENTORY STAGING AREAS (Conklin, Sunday Creek, and KM208)

The Corporation has strategic inventory staging locations on accessible year-round roads at Conklin, Sunday Creek, and KM208 to support product supply and deliveries to local clients and industry on demand through the year. These staging areas accommodate seasonal production from Corporate pits, particularly from Logan Pit.

The Corporation will continue to develop its existing strategic hubs for the staging and distribution of aggregate inventories, as well as selectively growing its portfolio. The functionality of Conklin and Poplar Creek hubs will be expanded, and KM248 pit is also planned for conversion to a staging hub. New staging hubs will be identified and pursued for the Corporation's House River pit to improve year-round accessibility to raw materials currently limited due to winter-road access constraints.

Development & Exploration Projects

AMI SILICA INC.

Athabasca Minerals transferred the Firebag frac sand mine to its wholly owned subsidiary AMI Silica ("AMI"). The transfer includes the Corporation's right, title and interest, both legal and equitable, in the Firebag Assets to AMI in exchange for 33,302,650 Class A common shares of AMI at the fair market value of CDN $30,375,000 based on an arms length valuation performed by Evans & Evans Inc.

FRAC SAND PROJECTS

On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation (Privco1), 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 and 1,186,956 common shares of the Corporation. The Corporation has the option to purchase the remaining 50.8% of the shares from Privco1 for $8 million for one year after the close date.

On January 29, 2019, the Corporation purchased a 16.2% ownership interest in a private Alberta corporation (Privco2), that owns the Duvernay frac sand deposit. The Corporation has progressively staged its ownership based on key milestones in delineating the Duvernay Project resource. An initial investment of $280,000 in cash and the issuance of 420,000 shares was made for a 16.2% interest. There is an option to purchase an additional 33.4% interest for $742,000 cash and the issuance of 1,680,000 shares pending resource delineation results expected in Q2 of 2019. The Corporation has the further option to purchase the remaining 50.4% of the shares from Privco2 for $8 million for one year after the close date.

The Corporation is focused on delineation activities in Q1/Q2 of 2019 for the Montney and Duvernay deposits in order to achieve a NI 43-101 for each of those resources in Q3 of 2019. The Corporation's cash investments in Privco1 and Privco2 are being allocated towards funding the delineation program. Upon completion of delineation activities, the Corporation may in its sole discretion exercise the option to acquire the remaining interest in one or both of the Montney and Duvernay deposits. Capital and funding requirements as well as project timelines will be developed based on delineation results, plant design requirements, and interest from stakeholders.

RICHARDSON (CRUSHED STONE) PROJECT

This potential mega quarry is located approximately 70 km north of the Susan Lake Gravel Pit and 130 km north of Fort McMurray. It contains high quality dolomite and granite. The Corporation first identified the deposit during a helicopter reconnaissance survey of the Richardson Project area in fiscal 2012. A granite outcrop was exposed following a wildfire disturbance that consumed much of the vegetation canopy on lands held by the Corporation under industrial mineral exploration permits in the survey area.

An initial drilling program in 2013 confirmed that granite and dolomite extended beyond the outcrop, and a follow up 2014 drilling program successfully cored the dolomite, and all but one drill hole intersected the granite basement. Samples were tested at a major independent lab in Calgary and were found suitable as aggregate for use in concrete, asphalt and road base, meeting requirements for Alberta Transportation and Canadian Standards Association specifications.

Apex Geoscience of Edmonton, Alberta completed a National Instrument 43-101 technical resource report on the Project in 2015, estimating an initial inferred crush rock dolomite aggregate resource of 683 million tonnes with thickness ranging from 8.3m to 47.9m averaging 39.5m. The granite is conservatively estimated at 165 million tonnes.

In Q1 2019, the Corporation was granted three Metallic and Industrial Mineral Leases for the Richardson Project totaling 9,647 acres (3,904 ha). Management secured the leases following discussions with government, industry and First Nation stakeholders in relation to the newly designated Kitaskino Nuwenëné Wildland Provincial Park, which was announced by the Province on Alberta March 11, 2019. Toward the goal of establishing the new wildland provincial park, the Corporation agreed to voluntarily surrender 39,488 hectares of its original eight contiguous Metallic and Industrial Minerals Permits in the vicinity of the current area defined by the three leases. The lease boundary includes the deposit that was assessed under the 43-101 technical resource report so that the estimated inferred resource has not been compromised and includes additional lands proximal to the deposit area and the granite outcrop.

The leases provide the Corporation with subsurface rights to commercially develop industrial minerals, but prior to commencing operations, the leases are subject to a regulatory review including an environmental impact assessment and public consultations. Other municipal development permits and provincial authorizations (e.g. under the Public Land Act & Water Act) will also be required.

The Corporation is preparing a front-end development scope for the Project, including a preliminary budget for regulatory approvals. Regulatory sensitivities associated with Woodland Caribou remain a factor affecting the Project. An assessment of a draft Caribou Range Plan published by the Government of Alberta in 2018 did not identify immediate negative impacts. The Corporation will align the Project with goals for restoring the caribou habitat pending a final decision for the proposed caribou plan.

With the closure of Susan Lake gravel pit as a source of aggregates, limited options are available to the industry for supply in the Fort McMurray/Wood Buffalo region. Proximity to market and market demand are important factors. The Richardson Project is directly adjacent to the Athabasca oil sands region in northeastern Alberta. The oil sands operations represent an area of enormous growth opportunity and require substantial sources of local aggregate. At the same time, sand and gravel aggregates in the oil sands region are scarce and inadequate to meet industry demand. As a result, local sources such as crushed aggregate are required to minimize impediments such as transportation costs.

Existing road access from Fort McMurray to the Richardson Project is as follows:

65 km on paved Hwy. 63
25 km on high grade all-season gravel road
40 km on seasonal winter road

SAND, GRAVEL AND CRUSHED STONE EXPLORATION PROJECT SUMMARY

Application for a Surface Material Exploration (SME) program is currently under regulatory review by Alberta Environment and Parks (AEP) for a sand and gravel test program totalling 124 acres (50 ha) in the Fort McMurray region. In September 2015, management received approvals in principle for the Hinton (Hargwen) and Steepbank gravel SML's totalling 150 acres. The Conservation Operation Reclamation Plan for Hargwen was submitted to AEP for review in Q1 2019. Steepbank's SML boundary amendment has been submitted to AEP awaiting approval in principle. In March 2016, the Corporation applied for a 79-acre (32 ha) sand SML in the Edson area and is waiting on an approval in principle from the provincial government. The Edson sand has potential for use in construction.

Liquidity & Capital Resources

WORKING CAPITAL

Working capital is a non-IFRS measure calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital. Management uses working capital as a measure for assessing overall liquidity. The Corporation has working capital of $4.8 million as at December 31, 2018 which Management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. Working capital decreased by $0.5 million from December 31, 2017, when the working capital balance was $5.3 million.

Current assets increased by 25% or $1.6 million from December 31, 2017 ($6.5 million) to $8.2 million at December 31, 2018 which is largely due to the net proceeds received from the sale of equipment after repaying the HSBC Bank Canada and Komatsu Financial leases and the net proceeds received from the issuance of common share units, offset by the consideration paid for 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.

Current liabilities increased by 159% or $2.0 million from $1.3 million at December 31, 2017 to $3.3 million at December 31, 2018. The increase is largely due to an increase in the estimated current portion of environmental rehabilitation obligations as a result of recording the estimated Susan Lake closure costs.

The Corporation is exposed to significant liquidity risk should Syncrude Canada Ltd. be successful in their counterclaim law suit, seeking damages in excess of $68,000,000 as discussed below and in Note 22 of the Corporation's financial statements for the year ended December 31, 2018.

AVAILABLE CREDIT FACILITIES

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. 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.

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.

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.

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.

COMMITMENTS

As at December 31, 2018, Athabasca has two lease obligations under lease facilities totaling $0.03 million (December 31, 2017: $0.5 million).

Finance Leases	Interest Rate	Monthly Instalments	As at December 31, 2018	2017
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.

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

The minimum exploration expenditures to retain the Corporation's existing mineral permits are as follows:

	$ per hectare
First two year period	$ 5.00
Second two year period	$ 10.00
Third two year period	$ 10.00
Fourth two year period	$ 15.00
Fifth two year period	$ 15.00
Sixth two year period	$ 15.00
Seventh two year period	$ 15.00

These expenditures will either be recorded on the balance sheet in resource properties or expensed in the statement of loss and comprehensive loss as cost of sales or general and administrative expenses, depending on the future viability of the project as at the reporting period.

In managing the exploration permits, the Corporation adds mineral permits in areas of interest and relinquishes mineral permits in areas that the exploration activities indicate a low potential of discovering mineral reserves. As permits are relinquished, the number of acres is decreased thereby reducing the spending commitment. The Corporation is in the process of exploring aggregate and mineral properties and has not yet determined whether these properties contain deposits that are economically recoverable. The continuing operations of the Corporation to meet its commitments, including the development of the properties, securing and maintaining title and financing exploration and development of the properties is dependent upon the internal generation of cash flow and obtaining necessary financing through debt and public and private share offerings.

CAPITAL RESOURCES

As of December 31, 2018, the Corporation had 40,240,606 (December 31, 2017: 33,303,650) common shares outstanding.

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.

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.

The Corporation’s outstanding stock options are as follows:

Expiry Date	Exercise Price	As at December 31, 2018	2017
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%

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

The Corporation has not declared or paid dividends during the year ended December 31, 2018 or the year ended December 31, 2017.

CONTINGENCY

Syncrude Counterclaim

The Corporation has received the Statement of Defense 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.

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.

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.

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)

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.

NOTE 18 – FINANCIAL INSTRUMENTS - CONTINUED

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**

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%).

FINANCIAL INSTRUMENTS - CONTINUED

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

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 Managmeent 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 Managmeent 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

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at December 31, 2018 or at December 31, 2017.

Risks & Uncertainties

The success of Athabasca depends on a number of factors, including but not limited to those risks normally encountered by junior resource exploration companies, such as exploration uncertainty, operating hazards, increasing environmental regulation, competition with companies having greater resources, fluctuations in the price and demand for aggregates and minerals.

The operations of the Corporation are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development, production and operation of mining properties. These risk factors could materially affect the Corporation's future operations and could cause actual events to differ materially from those described in forward looking statements relating to the Corporation ("Forward Looking Information").

Outlined below are some of the Corporation's significant business risks.

Reliance on oil sands industry
Demand for Athabasca's products can vary significantly depending on the strength of the oil sands industry in Alberta.

Commodity risk
Athabasca's aggregate products, as well as potential development project products, such as silica sand and salt, are commodities, and as such, there is always pricing risk in a competitive market.

Viability of the equity market
The Corporation's on-going ability to finance exploration will depend on among other things the viability of the equity market.

Access to additional capital
The Corporation's ability to access additional capital may be limited for future projects due to inherent risk in equity or debt markets.

Seasonality
Extreme weather conditions in Alberta can impact the mining industry during cold winter months and wet spring months.

RISKS & UNCERTAINTIES – CONTINUED

Susan Lake Contract – Contract Closure terms
The Susan Lake Management Contract expired on 30th November 2017, however, all terms and conditions of the expired contract remain in full effect through AMI's Overholding Tenancy status. AMI continues to work with the Government of Alberta through AEP to develop the Susan Lake Closure Plan and be granted a new disposition that will cover all closure activities. There have been no lost management fees associated with the transport of stockpiled aggregate materials due to the contract expiration. A revised Closure Plan was formally submitted to AEP early May 2018 (with its most recent revision submitted October 2018) and is under review that will schedule closure activities throughout 2018 and into 2019; with an additional monitoring period of 2 years thereafter. Additionally, AEP has the authority to stipulate conditions associated with the Corporation's Susan Lake Closure Plan that could pose significant costs.

Loss of key personnel
Athabasca relies on certain key employees whose skills and knowledge are critical to maintaining the Corporation's success. Athabasca always strives to identify and retain key employees and always strives to be competitive with compensation and working conditions.

Shortage of equipment or other supplies
The mining industry in Alberta has a history of long periods of growth and significant capital development which can often impact the availability of equipment, labor and other supplies.

Profitability from production and operations
The profitability of mining and resource companies depends, in part, on the actual costs of developing and operating such properties, which may differ significantly from estimates determined at the time a relevant resource project was approved. The development of resource projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating cost of the relevant project. Athabasca's past and future decisions to acquire and develop resource properties and operate for production are based on estimates made as to the expected or anticipated project's economic returns. These estimates are based on assumptions regarding future aggregate prices, anticipated tonnage (with geological uncertainties), recovery rates and quality, anticipated capital expenditures and operating costs.

Re-entering the Corporation's Kearl gravel pit in 2018 to resume production does pose a certain degree of cost and production risk and uncertainty relating to the dewatering program and geology affecting the determination of remaining aggregates.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such estimates.

Sales and Inventory Turnover versus Production
The conversion of annual aggregates production into annual sales within a given budget year is variable, where sales often range between 50% - 80% of production. Inventory turnover of annual production is typically affected by, but not limited to, economic demand, construction-window seasonality, and competitor pricing responses to market conditions.

Environmental and Regulatory
Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

The Corporation is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Corporation conducts its exploration, development, production, operations and reclamation activities in compliance with applicable environmental protection legislation. The Corporation is not aware of any existing environmental problems related to any of its current properties.

Reclamation obligations
The estimates made by the Corporation for reclamation obligations could significantly change due to potential changes in regulatory requirements prior to completing reclamation work.

RISKS & UNCERTAINTIES – CONTINUED

Estimation of resource reserves
The Corporation has a risk that current estimates of reserves and resources may differ from actual.

Environmental, health and safety risk
The Corporation has a strong safety and environmental record, but any major incident in the future can significantly impact operational results and employee productivity, as well as the Corporation's reputation in the market.

Cyber security risk
The Corporation's operations may be disrupted or threatened by cyber-attacks or viruses. The business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable security measures to prevent disability or failure. However, if the Corporation's systems cannot be recovered in a timely manner, the Corporation may be unable to meet critical business functions, which could have a material adverse effect on the business, financial condition and results of operations.

Litigation
The Corporation's ability to determine the legal costs in defending a lawsuit filed by Syncrude Canada Ltd. is not determinable and may be significant.

NEW ACCOUNTING STANDARDS

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.

NEW ACCOUNTING STANDARDS - 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.

NEW ACCOUNTING STANDARDS - 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.

NEW ACCOUNTING STANDARDS - CONTINUED

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.

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.

NEW ACCOUNTING STANDARDS - CONTINUED

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.

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.

NEW ACCOUNTING STANDARDS - CONTINUED

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.

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.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the year ended December 31, 2018 at the Board of Directors meeting on April 4, 2019.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), TSX Venture issuers like Athabasca are required to certify using the Venture Issuer Basic Certificate. This certificate states that the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Corporation each certify that the documents prepared for the year ended December 31, 2018 have been reviewed, contain no misrepresentations, and provide a fair presentation of the financial condition, financial performance and cash flows of the Corporation, to the best of their knowledge. This Venture Issuer Basic Certificate does not include any representations relating to the establishment and maintenance of disclosure controls and procedures and/or internal controls over financial reporting. Please refer to the Form 52-109FV2 for additional details. The CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the year ended December 31, 2018.

A copy of this MD&A, the financial statements, certification of annual filings, and previously published financial statements and MD&A, as well as other filed reporting is available on the SEDAR website at www.sedar.com.