MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2020

Athabasca MINERALS INC.

August 26, 2020

The following management's discussion and analysis ("MD&A") of Athabasca Minerals Inc.'s ("Athabasca", "AMI", "our" or the "Corporation"), and its wholly-owned subsidiaries AMI RockChain Inc. ("AMI RockChain") and AMI Silica Inc. ("AMI Silica"), financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2020. It also includes the accounts of the Corporation's wholly-owned subsidiaries AMI RockChain, which was incorporated on March 19, 2018 and AMI Silica Inc., which was incorporated on May 30, 2018 (collectively the "subsidiaries"). Additionally, as at June 30, 2020, AMI RockChain acquired 100% of the shares in TerraShift Engineering Ltd. ("TerraShift"). The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "AMI", "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 AMI-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on August 26, 2020.

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

OUR BUSINESS

Incorporated in 2006, Athabasca is an integrated group of companies focused on the aggregates, industrial minerals and resource sectors, including exploration and development; aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, sales and royalties from corporate-owned pits, management services of third-party pits, acquisitions of sand and gravel operations, integrated supply/delivery solutions of industrial minerals, and new venture development. The Corporation is strategically focused on growing its three core business units: the AMI Aggregates division, the AMI RockChain division, and the AMI Silica division. Management is continually pursuing opportunities for sustained growth and diversification in supplying aggregate products and industrial minerals.

Athabasca's business is comprised the following three reportable segments:

- **AMI Aggregates** division produces and sells aggregate out of its corporate pits and manages the Coffey Lake Public Pit on behalf of the Province of Alberta for which aggregate management services revenue are earned. Additionally, the Corporation has industrial mineral leases, such as those supporting AMI's Richardson Quarry Project, that are strategically positioned for future development in industrial regions with historically and consistently high demand for aggregates.
- **AMI Silica** division is positioning to become a leading supplier of premium domestic silica sand with regional deposits in Alberta and NE British Columbia. This reporting segment encompasses all silica assets including Firebag, the Duvernay Project and the Montney In-Basin Project.
- **AMI RockChain** division is a midstream technology-based business using its proprietary RockChain™ digital platform, associated algorithm and quality assurance & control services to provide cost-effective integrated supply / delivery solutions of industrial minerals to industry, and the construction sector.
  - **TerraShift Engineering Ltd.** is a newly acquired entity of RockChain. It offers technology-based applications that support resource exploration and development, environmental and regulatory planning, resource management, compliance reporting, and reclamation for a growing customer base across Western Canada and Ontario.

BUSINESS HIGHLIGHTS

Athabasca Minerals reports the following key highlights in Q2 2020:

- On June 30, 2020, the Corporation and its wholly-owned subsidiary AMI RockChain announced the acquisition of TerraShift. TerraShift was a privately-owned company based in Edmonton, Alberta with proprietary technology that focuses on resource data, search intelligence and geospatial software that will further strengthen the functionality and capabilities of AMI's RockChainTM digital platform. TerraShift also brings technical services with highly efficient methods and streamlined approaches. The acquisition was predominantly a share-based transaction with two trailing payments and performance-based installments on the anniversary of closing;
- In the second quarter of 2020, AMI RockChain had minimum delivery of products as it was impacted by COVID-19;
- AMI Aggregates was impacted by lower activity due to COVID-19 as well as the economic downturn. Resumption of production out of Coffey Lake or AMI's other corporate pits is not anticipated until late 2020 / early 2021 without improvement to commodity prices and lifting of COVID-19 restrictions;
- In April 2020, AMI Silica, together with a pending industrial partner, issued a competitive tender to five pre-qualified contractors in Canada and the United States to update Front-End Engineering & Development (FEED) for its Duvernay Basin Silica Project, with the option to convert to EPC (Engineer, Procure, Construct) once the project is fully financially sanctioned and permits are received. AMI Silica aims at developing what it, and its bidders also regard as the one of the 'greenest' silica sand processing facility in North America, based on unique synergies;
- The Corporation implemented new health and safety policies and protocols in response to the COVID-19 pandemic. The Corporation's business continuity plan incorporates government recommended practices with consideration of the health and safety of its employees, field operations, and customers. The Corporation and its subsidiaries have been able to safely continue operations;

- The Corporation appointed J. Robert Logan, MBA, ICD.D as Advisor to AMI's Board of Directors with regard to the Corporation's strategic business interests in 2020 and capital markets; and
- AMI continues to pursue strategic partnering and joint-venture relationships that will advance its industrial minerals growth strategies, diversify its revenue generation, and increase options for access to lower-cost capital funding.

Fiscal Management & Reporting

- The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic:
  - A $40,000 loan for AMI Silica and a $40,000 loan for AMI RockChain were secured through the Canadian Emergency Business Account (CEBA) program to support these businesses through the COVID-19 pandemic. These loans are interest free and require no principal payments until December 2022;
  - AMI applied for the Canadian Emergency Wage Subsidy (CEWS) program to assist its businesses through the COVID-19 pandemic. AMI has received subsidies totaling $105,120 as at June 30, 2020 from the CEWS program;
  - Principal repayment of the $1,500,000 bank loan purposed for Coffey Lake Public Pit and the True North Staging Hub construction was deferred three months with interest-only payment terms, from May to July 2020;
  - In an effort to preserve the Corporation's cash position and employees during the COVID-19 pandemic and economic downturn, AMI implemented a 90/10 compensation program whereby 90% of base salary is paid in cash and 10% of base salary is paid in treasury-issued shares. For this compensation program, the Corporation has put into place an ESP Plan and participation in the ESP Plan is voluntary. The compensation program was put into effect June 1, 2020 for employees and management. For director's fees, the compensation program was retroactive to April 1, 2020. The Corporation will present the ESP Plan to Shareholders for approval at the 2020 Annual General and Special Meeting. The ESP Plan is subject to the final acceptance of the TSXV;
- AMI's cash position as at June 30, 2020 was $1.1 million free cash and $1.8 million restricted cash; and
- On May 7, 2020, Athabasca announced that it postponed the 2020 Annual General Meeting ("AGM"). The Corporation re-scheduled the AGM for Tuesday, September 22, 2020. With respect to COVID-19 pandemic and public health recommendations, the Corporation will be conducting the meeting through an in-person meeting along with a webcast. An amended notice of meeting, setting out the time and place of the rescheduled AGM, together with related meeting materials, will be sent to shareholders and filed under the Corporation's profile on SEDAR at www.sedar.com.

SELECTED FINANCIAL INFORMATION

	Three months ended June 30, 2020	Three months ended June 30, 2019	% Change	Six months ended June 30, 2020	Six months ended June 30, 2019	% Change
FINANCIAL HIGHLIGHTS:						
Aggregate Sales Revenue	$ 59,071	$ 980,405	-94%	$ 548,089	$ 980,405	N/A
Management Services Revenue	186,641	-	N/A	457,213	433,635	5%
Revenue	245,712	980,405	-75%	1,005,302	1,414,040	-29%
Gross profit (loss)	(30,993)	(275,976)	89%	10,436	(408,511)	103%
Gross profit (loss) percent	-13%	-28%		1%	-29%	
Operating loss	(858,001)	(1,224,814)	30%	(1,755,892)	(2,406,243)	27%
Other non-operating income (expenses)	183,805	(119,971)	253%	261,424	(14,027)	1964%
Total loss and comprehensive loss	$ (673,958)	$ (1,310,647)	49%	$ (1,489,638)	$ (2,367,606)	37%
Loss per share, basic ($ per share)	(0.014)	(0.030)	50%	(0.032)	(0.057)	-40%
Loss per share, fully diluted ($ per share)	(0.014)	(0.030)	50%	(0.032)	(0.057)	-40%
CASH FLOW HIGHLIGHTS:						
Net cash (used in) generated from operating activities	$ (609,195)	$ (1,268,918)	52%	$ (958,305)	$ (1,107,451)	13%
Purchase of property and equipment	-	(5,353)	100%	-	(8,878)	100%
Spending on resource properties	-	-	-	(826)	(36,636)	98%
Weighted Average # of Shares Outstanding	47,563,231	43,140,203		46,938,207	41,849,243	
OPERATIONAL HIGHLIGHTS:						
Tonnes sold						
Susan Lake operations	-	-	0%	-	341,459	-100%
Coffey Lake operations	22,285	-	100%	80,155	-	100%

	As at June 30, 2020	As at December 31, 2019	% Change
FINANCIAL POSITION:			
Working capital[1]	$ 1,144,167	$ 2,776,312	-59%
Total assets	19,070,097	18,272,460	4%
Total liabilities	5,534,147	4,000,646	38%
Shareholder's Equity	13,535,950	14,271,814	-5%

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

Revenues for the three and six months ended June 30, 2020 were $0.2 million and $1.0 million respectively compared to $1.0 million and $1.4 million for the same periods in 2019, a respective decrease of 75% and 29% for the three and six-month periods in each year.

The $0.7 million decrease in Q2 2020 revenues as compared to Q2 2019 occurred due to:

- Aggregate sales revenue decreasing to $0.1 million in Q2 2020 from $1.0 million in Q1 2019 as a result of:
    - lower than aggregate sales revenues from the AMI RockChain division at $0.06 million; and
    - nil aggregate sales revenue from the AMI aggregates division in Q2 2020 as compared to $1.0 million in aggregate sales revenue from that division in Q2 2019; and
- Management services revenue, which was generated by the AMI Aggregates division, was lower than anticipated at $0.2 million in Q2 2020 with 22,285 tonnes of aggregate sold from Coffey Lake operations in the quarter, while management services revenue generated in Q2 of 2019 was $nil with the closure of Susan Lake operations in Q1 of 2019.

Revenues for the six months ended June 30, 2020 were $0.4 million lower than for the six months ended June 30, 2019 due to:

- Aggregate sales revenue declined by $0.4 million for the six months ended June 30, 2020 as a result of: i) AMI RockChain aggregate sales revenue amounting to $0.5 million versus nil in the prior year comparable period when AMI RockChain was initiating its operations; and ii) $nil aggregate sales revenue generated by the AMI aggregates division during the first six months of 2020 as compared to $1.0 million during the comparable 2019 period.
- Management services revenue was essentially unchanged at $0.5 million for the periods ended June 30, 2020 and 2019 with management revenues from Coffey Lake in the first six months of 2020 being similar to the management revenues generated from Susan Lake in the comparable period of 2019.

Overall business activity in the industrial sectors serviced by the Corporation, and therefore Corporation's revenues, have been negatively impacted by the volatility in crude oil prices and the economic impact of the COVID-19 pandemic.

GROSS (LOSS) PROFIT

Gross profit (loss) for the three and six months ended June 30, 2020 was a loss of $0.03 million and gross profit of $0.01 million, respectively, compared to losses of $0.3 million and $0.4 million for the same periods in 2019.

The Corporation took the necessary actions to adjust costs structures where possible, and as a result, even though revenues were lower for the three and six periods ended June 30, 2020 as compared to the same periods ended June 30, 2019, gross losses were significantly reduced or eliminated in the three and six-month 2020 periods.

It is anticipated that these adjustments to costs will benefit the Corporation on an ongoing basis.

General and Administrative Expenses

	Three months ended June 30,			Six months ended June 30, 2020		
	2020	2019	% Change	2020	2019	% Change
Wages and benefits	$ 412,472	$ 414,908	-1%	$ 915,944	$ 840,523	9%
Consulting	82,762	62,425	33%	158,606	140,337	13%
Legal and professional fees	95,869	91,668	5%	125,114	212,249	-41%
Directors fees and expenses	34,000	45,158	-25%	76,701	82,299	-7%
Insurance	31,773	26,751	19%	63,545	53,209	19%
Rent and office expenses	13,028	50,273	-74%	29,515	102,561	-71%
Investor relations	14,409	42,181	-66%	19,490	70,644	-72%
Travel	1,962	9,189	-79%	18,647	36,100	-48%
General office	21,115	23,510	-10%	38,710	47,551	-19%
Exploration	-	3,744	-100%	-	22,997	-100%
Severance	2,549	-	0%	2,549	8,608	100%
Add-back: Loss of associates reclassed for 2019	-	25,429	0%	-	-	100%
	$ 709,939	$ 795,236	-11%	$ 1,448,821	$ 1,617,078	-10%

General and administrative expenses for the three and six months ended June 30, 2020 were $0.7 million and $1.4 million, respectively, compared to $0.8 million and $1.6 million for the same periods in 2019.

The decrease in Q2 2020 as compared to Q2 2019 general and administrative expenses was predominantly due to decreases in rent and office expenses and investor relations in Q2 2020 as compared to Q2 2019, which was offset somewhat by increases in consulting costs in Q2 2020. Rent and office expenses declined as a result of a change in accounting for the rent of premises to a right of use asset in 2020, whereas for the first six months of 2019 rent was expensed as a general and administrative cost. Investor relations costs decreased in Q2 2020 mainly due to the Corporation's 2020 annual general meeting being re-scheduled to a later date than the 2019 meeting.

The decrease in June 30, 2020 year to date general and administrative expenses as compared to the corresponding period in 2019 was predominantly due to a decrease in legal and professional fees, a decrease in rent and office expenses and a decrease in investor relations expenses. The decrease in legal and professional fees was mainly due to legal cost that were incurred in Q1 2019 for advice concerning aggregates and reclamation obligations with Syncrude Canada Ltd. not being incurred in 2020 with the resolution of that issue occurring in 2019. Rent and office expenses and investor relations costs decreased for the same reasons noted above. Cost savings from lower legal and professional fees, rent and office expenses and investor relations were somewhat offset by an increase in wages and benefits for the six months ended June 30, 2020. Wages and benefits increased year over year with additions to supervision and project management staff associated with construction operations in opening the Coffey Lake pit, as well as the addition of sales and logistics personnel for AMI RockChain.

During Q1 2020, initial payroll reductions were implemented. In Q2 2020, a second round of payroll reductions and optimizations at all levels of the company were implemented, up to and including the Board of Directors. The cumulative payroll cost improvements year-to-date are now approximately 30%. For the six months ended June 30, 2020, wages and benefits increased over the comparable period in 2019 as AMI RockChain was initiating its operations and had limited employees at that time.

The Corporation applied for and received monthly CEWS subsidies beginning in Q1 2020 and continues to receive these subsidies. The subsidies serve to reduce the amount of salaries and benefits expensed incurred during Q1 and Q2 2020. To date, the Corporation has received $0.1 million in CEWS subsidies.

OPERATING LOSS

The Corporation's operating loss is calculated as gross profit less general and administrative expenses, share of loss from associates, share-based compensation expense, and other operating income (expenses). The operating losses for the three and six months ended June 30, 2020 were $0.9 million and $1.8 million respectively compared to $1.2 million and $2.4 million for the same periods in 2019.

The decrease in operating loss for Q2 2020 at $0.9 million as compared to the Q2 2019 loss at $1.2 million was due to:

- As noted above, the Corporation's gross loss decreased to $0.03 million in Q2 2020 from a $0.3 million loss in Q2 2019;
- As noted above, general and administrative expenses at $0.7 million in Q2 2020 decreased from $0.8 million in Q2 2019;
- Share in loss from associates at $0.01 million in Q2 2020 decreased from the loss of $0.04 million in Q2 of 2019;
- Share-based compensation expense was unchanged at approximately $0.1 million for Q2 2020 and Q2 2019; and
- Other operating expenses at $0.03 million in Q2 2020 were essentially unchanged from Q2 2019.

The operating loss for the six-month period ended June 30, 2020 at $1.8 million decreased from a loss of $2.4 million for the corresponding period in 2019 due to:

- As noted above, the Corporation's gross (loss) increased to a $0.01 million profit for the six-month period ended June 30, 2020 from a $0.4 million loss in the corresponding period for 2019;
- As noted above, general and administrative expenses at $1.4 million for the six-month period ended June 30, 2020 decreased from $1.6 million in the corresponding period for 2019;
- Share in loss from associates for the six months ended June 30, 2020 was $0.03 million, a decrease from the loss of $0.06 million in the corresponding period for 2019;

- Share-based compensation expense increased marginally to $0.2 million for the six months ended June 30, 2020 from $0.1 million in the corresponding period of 2019; and
- Other operating expenses at $0.1 million for the six months ended June 30, 2020 decreased from $0.2 million recorded in the corresponding period in 2019.

TOTAL LOSS AND COMPREHENSIVE LOSS

The total loss and comprehensive losses for the three and six months ended June 30, 2020 were $0.7 million and $1.5 million, respectively, compared to a loss of $1.3 million and $2.4 million for the corresponding periods in 2019.

The decrease in total loss and comprehensive loss for Q2 2020 at $0.7 million as compared to Q2 2019 loss at $1.3 million was due to:

- As noted above, the Corporation's operating loss decreased to $0.9 million in Q2 2020 from an operation loss of $1.2 million in Q1 2019;
- Finance costs and interest income were minimal and did not change significantly; and
- Other non-operating income(expense) increased to an income of $0.2 million in Q2 2020 from an expense of $0.1 million in Q2 2019. The increase was due to a $0.1 million gain on the acquisition of TerraShift in Q2 2020, an increase in camp rental income in Q2 2020 over Q2 2019, and the write down in fair value and exercise of share purchase options recorded in Q2 2019.

The decrease in total loss and comprehensive loss for the six-month period ended June 30, 2020 at $1.5 million as compared to corresponding period loss in 2019 at $2.4 million was due to:

- As noted above, the Corporation's operating loss decreased to $1.8 million for the first six months from an operation loss of $2.4 million in the comparative period;
- Finance costs and interest income were minimal and did not change significantly; and
- Other non-operating income(expense) increased to income of $0.3 million for the six months ended June 30, 2020 from an expense of $0.01 million for the corresponding period in 2019. The increase was due to a $0.1 million gain on the acquisition of TerraShift in Q2 2020, and the write down in fair value and exercise of share purchase options recorded in Q2 2019.

SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from the unaudited consolidated 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 where the Corporation owns Alberta Metallic and Industrial Minerals Permits and Surface Material Leases and third-party aggregates, and to fees from integrated supply/delivery solutions of industrial minerals provided to industry and the construction sector.

	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Aggregate Sales Revenue	$ 59,071	$ 489,018	$ 631,241	$ 78,146
Management Services Revenue	186,641	270,572	477,399	-
Total Revenue	245,712	759,590	1,108,640	78,146
Gross Profit (Loss)	(30,993)	41,429	(211,259)	(444,782)
Total Income (Loss) and Comprehensive Income (Loss)	(673,958)	(815,680)	(1,101,728)	748,666
Income (loss) per share, basic	(0.014)	(0.018)	(0.024)	0.017
Income (loss) per share, diluted	(0.014)	(0.018)	(0.024)	0.016
Total Assets	19,070,097	20,482,851	18,272,460	18,315,146
Total Resource Properties	6,750,782	6,711,351	6,288,436	6,272,040
Current portion of lease obligations and debt	638,255	507,918	93,685	94,493
Long-term lease obligations and debt	1,296,828	1,340,881	86,205	103,923
	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Aggregate Sales Revenue	$ 980,405	$ -	$ 114,718	$ 1,769,211
Management Services Revenue	-	433,635	575,455	1,186,218
Total Revenue	980,405	433,635	690,173	2,955,429
Gross Profit (Loss)	(275,976)	(132,535)	140,975	1,272,802
Total Loss and Comprehensive Loss	(1,310,647)	(1,056,959)	(932,579)	(782,148)
Loss per share, basic	(0.030)	(0.026)	(0.074)	(0.023)
Loss per share, diluted	(0.030)	(0.026)	(0.074)	(0.023)
Total Assets	19,753,963	19,546,329	20,271,052	19,949,558
Total Resource Properties	6,261,111	6,260,921	6,212,364	6,240,437
Current portion of lease obligations and debt	30,979	49,245	29,284	51,011
Long-term lease obligations and debt	-	-	-	-

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 be affected by, among other things:

- weather conditions;
- seasonal variances in oil and natural gas exploration and development activities;
- timing of projects;
- market demand; and
- timing of capital investments in the region.

Most construction, infrastructure and industry projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and the fall seasons when ground conditions firm up. These seasonal trends typically lead to quarterly fluctuations in operating results and, consequently, the financial results from one quarter are not necessarily comparable or indicative of financial results in other quarters of the year. These seasonal trends can be observed in fluctuations in Total Revenue and Total Income (Loss) and Comprehensive Income (Loss) in the Summary of Quarterly Results above.

Mergers, Acquisitions & Strategic Joint Ventures

AMI continues to be active with screening, assessing, and reviewing acquisition and joint venture investment opportunities that are synergistic to the Corporation's portfolio, accretive, and able to expand revenues in the use and application of industrial minerals.

COVID-19

COVID-19 is having an adverse impact on global economic conditions, which has had an adverse effect on the Corporation's business and financial position. The magnitude of the financial impact to the Corporation from COVID-19 remains uncertain. AMI is navigating the situation on an ongoing basis with respect to making appropriate and prudent business decisions, including right-sizing the organization accordingly. The Corporation's divisions and associated operations have been deemed an essential business supporting construction, infrastructure and the energy sector. AMI will continue to monitor and adhere to the required protocols to ensure compliance and to mitigate the risks to staff, and to key stakeholders in its supply chain.

OPERATIONS

With respect to the Corporations operations, a conversion ratio of 2.471 acres to 1 hectare is used accordingly.

PIT MANAGEMENT CONTRACTS

Coffey Lake Public Pit

- On March 6, 2019, the Corporation announced that it was successful in winning a 15-year contract tendered 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 750 acres (304 hectares) of land about 90 km north of Fort McMurray;
- Effective January 13, 2020, the Province of Alberta issued the Corporation a disposition for the Coffey Lake Pit and a Surface Mineral Lease that allows for the extraction of sand and gravel. This authorization enables the Corporation, as pit management contractor on behalf of the Province of Alberta, to commence activities to open aggregate operations at Coffey Lake to the public; and
- Effective March 21, 2020, Coffey Lake commenced commercial operations.

Susan Lake Public Pit

- As of the end of Q2 2019, the Susan Lake pit was closed to the public;
- On August 15, 2019, the Corporation received formal approval of its Susan Lake Closure Plan from AEP; and
- The Corporation executed a settlement agreement with Syncrude Canada Ltd. ("Syncrude") in September 2019. The closure plan approval and the settlement with Syncrude brought clarity and alignment for AMI to efficiently execute the pit closure and reclamation program and simplified the transition of lands to the overlapping oilsands operators (including Syncrude), with consideration of their respective mining plans. Of the four zones comprising Susan Lake, three zones have been successfully turned over to the overlapping oilsands operators. Zone-4 (non-overlapping land) is subject to reclamation monitoring for approximately the next two years and is concluded upon receipt of a reclamation certificate.

CORPORATE OWNED PITS

- The Corporation holds Surface Material Leases ("SMLs") for several aggregate pits in northern Alberta. A SML grants the lease holder the right to extract sand and gravel from Crown land; and
- The Corporation is exploring options to either reactivate inactive pits, assign to a 3rd party under a royalty agreement, or divest depending on market conditions.

Richardson Quarry Project – Exploration Project

- The Corporation holds leases for a potential large-scale quarry located approximately 70 km north of the Susan Lake gravel pit and 130 km north of Fort McMurray, Alberta (the "Richardson Quarry Project"). It contains high quality dolomite and granite deposits;
- With the closure of Susan Lake 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 Quarry Project is located about 40 kilometers from major oilsands operations north of Fort McMurray. These oilsands operations represent significant sustainable annual demand for aggregates and justify the potential role of the Richardson Quarry Project in the coming years, especially as Coffey Lake Public Pit depletes reserves and declines in production. The Richardson Quarry Project offers high quality granite and dolomite in large volumes (683+ million tonnes), on a transportation corridor, which make it attractive for future development. It offers a new source of high-quality crushed aggregates that supports a wide variety of construction applications with the capability of meeting ongoing regional demand;
- An initial drilling program in 2013 confirmed that granite and dolomite extended beyond the outcrop, and a follow up drilling program completed in 2014 successfully cored the dolomite, and all but one drill hole intersected the granite basement. APEX Geoscience Ltd. ("APEX") of Edmonton, Alberta completed a technical resource report in accordance with NI 43-101 on the Richardson Project in 2015, estimating an initial crush rock dolomite aggregate inferred mineral resource of 683 million tonnes with thickness ranging from 8.3 m to 47.9 m, averaging 39.5 m. 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 Quarry Project totaling 9,647 acres (3,904 hectares). Management secured the leases following discussions with government, industry and First Nations stakeholders in relation to the newly designated Kitaskino Nuwenëné Wildland Provincial Park, which was announced by the Province of Alberta on March 11, 2019. With a view to the establishment of the new wildland provincial park, the Corporation agreed to voluntarily surrender 97,575 acres (39,488 hectares) of its original eight contiguous Metallic and Industrial Minerals Permits which had no impact on the project. AMI's lease boundary includes the deposit that was assessed in the Richardson Technical Report (as defined herein) so that the estimated inferred resource has not been compromised and includes additional lands proximal to the deposit area and the granite outcrop;
- In December 2019, AMI announced that the Richardson Technical Report had been updated by APEX Geoscience Ltd. with respect to three contiguous Metallic and Industrial Mineral Leases of 9,647 acres (3,904 hectares) granted to Athabasca by the Province of Alberta in Q1 2019. The updated Richardson Technical Report includes estimates of approximately 683 million tonnes of inferred crush rock aggregate (dolomite and granite) resource situated in the "Winnipegosis Formation" with a thickness ranging from 8.3m to 47.9m averaging 39.5m. The resource lies beneath an estimated 497 million tonnes of unconsolidated glaciofluvial sand and boulders ("overburden") with an average thickness of 35.7m. In addition, the updated Richardson Technical Report assessed the basement granite as a potential target for future exploration and describes a potential granite deposit of between 157 and 236 million tonnes in the resource area;
- 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 Lands Act (Alberta) and the Water Act (Alberta)) will also be required;
- Athabasca is maintaining front-end development plans for the Richardson Quarry Project, including a preliminary budget for regulatory approvals. Regulatory sensitivities associated with woodland caribou remain a factor affecting permit timing and start of construction. 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 Richardson Project with goals for restoring the caribou habitat pending a final decision for the proposed caribou plan; and
- Athabasca intends to pursue a joint-venture approach for the development of the Corporation's Richardson Quarry Project north of Fort McMurray over the next 2 years, and is engaged in ongoing discussions with potentially interested parties.

OTHER AGGREGATES DEPOSITS (Hargwen, Bickerdike, and Steepbank)

- The Corporation controls three other deposits for potential development: the Hargwen aggregates deposit, the Bickerdike sand deposit, and the Steepbank aggregates deposit.
- **Hargwen aggregates deposit**: is located on approximately 80 acres (32 hectares) of crown land about 21 km east of the community of Hinton, Alberta on an all-season road:
  - AMI has an SML- approved in principle;
  - A Conservation Operation & Reclamation Plan was submitted in January 2019 and is awaiting final approval from Alberta Environment & Parks; and
  - AMI is continuing to address the opening of the pit together with a 3rd party operator under a royalty agreement, with timing based on upcoming infrastructure projects in the area.
- **Bickerdike sand deposit:** is located on approximately 80 acres (32 hectares) of crown land about 20 km south of the community of Edson, Alberta on an all-season road:
  - AMI has an SML-approved in principle;
  - The Bickerdike sand has been tested. It is a useful resource for construction purposes but is considered marginal as proppant for well-drilling and completion applications; and
  - Until market conditions change in the area, there are no immediate plans for the development of Bickerdike deposit.
- **Steepbank aggregates deposit** is located on approximately 80 acres (32 hectares) of crown land about 50 km south-west of Conklin, Alberta, accessible by approximately 30 km winter access road:
  - AMI has an SML-approved in principle; and
  - Until market conditions change in the area, there are no immediate plans for the development of Steepbank deposit.

Strategic Partnerships

- **Montana First Nation (MFN):** In 2019, AMI and MFN entered into a 10-year Aggregates Management Agreement to explore and develop potential aggregate resources on 9,600 acres (3,885 hectares) of MFN lands, as well as develop commercial opportunities with AMI RockChain. In 2019, AMI made progress on the following:
  - AMI RockChain, in conjunction with MFN, secured an aggregate supply and delivery contract on 'Spread-1' of the TMX Pipeline Project in Q4 2019;
  - AMI RockChain and MFN are bidding on additional industrial developments within MFN's traditional territory;
  - AMI successfully executed an Emergency Road Repair Program on MFN lands in Q4-2019; and
  - Initial exploration for aggregates was conducted at select locations on MFN lands in Q3- Q4 2019 with limited results. Due to current market conditions, the Corporation does not expect any exploration in 2020.

Firebag – Development Project

- The Firebag silica sand deposit is located north of Fort McMurray, Alberta with an active SML covering 80 acres (32 hectares), and a land amendment application for an additional SML consisting of 420 acres (170 hectares);
- In December-2019, the Corporation announced it had updated the its previous report for the Firebag Project filed in 2014 (the "Firebag Report"). The updated Firebag Report contains an indicated resource of 38.2 million tonnes of various fractions. The updated Firebag Report was prepared by Stantec Consulting Ltd. ("Stantec");
  - 4.5 million tonnes in the 20/40 fraction, 19.3 million tonnes in the 40/70 fraction, 13.4 million tonnes in the 70/140 fraction and 1.0 million tonnes in the 140/170 fraction.
- The asset is fully permitted for mining operations;
- The Corporation has applied for permits to develop a rail transload terminal in the Fort McMurray region to facilitate transportation to market; and
- The Corporation is exploring options to either develop the pit, assign to a 3rd party under a royalty agreement, or divest depending on market prospects.

Kearl Pit – Development Project

- The Kearl corporate pit is located on 80 acres (32 hectares) of crown land north of Fort McMurray, Alberta on an all-season road in close proximity to Imperial Oil /Exxon Kearl Oilsands Operations;
- Athabasca received SML approval in March 2011 for 10 years to develop and operate an aggregate operation; and
- The Kearl corporate pit was in production for approximately four years with approximately one million tonnes of aggregates removed. Kearl has not been operational since 2016 in response to a slowdown in the regional market demand. As would be expected, the pit will have incremental production costs when the time comes to access the remaining aggregates reserves. Athabasca is currently bidding on multiple projects, as well as considering strategic partnerships or divesture options depending on market prospects.

Pelican Hill Pit – Development Project

- The Pelican corporate pit is located on 80 acres (32 hectares) of crown land approximately 70 km south-east of the hamlet of Wabasca, Alberta, and historically was only accessible by a 2 km winter road;
- Athabasca received SML approval in June-2011 for 10 years to develop and operate an aggregate operation;
- The Pelican corporate pit has not yet gone into production due to changes in the regional demand market and seasonal access limitations which require advanced orders versus crushing on demand; and
- In Q2-2019, the Corporation entered into a royalty agreement with a 3rd party. The Corporation is now actively addressing the opening of the pit for operation in 2020, based on demand associated with potential infrastructure projects in the area. Conversion of the winter-access road into an all-season road is underway.

Logan Pit – Development Project

- The Logan corporate pit is located on 200 acres (81 hectares) across 3 leases of crown land, approximately 110 km north of Lac La Biche, Alberta, and is accessible by an all-season road to the south and a seasonal winter road from the east;
- Athabasca received SML approvals for each of the three adjacent leases on February 2010, May 2012, Nov-2012 respectively, in each case for 10 years, to develop and operate an aggregate operation; and
- The Logan corporate pit (first lease) was in production from 2013 to 2017 with approximately 400,000 tonnes of aggregates removed. It has not been operational since 2017 due to changes in the regional demand market and seasonal access limitations which require advanced orders versus crushing on-demand.

House River Pit – Development Project

- The House River corporate pit is located on 160 acres (65 hectares) across two leases of Crown land south of Fort McMurray, Alberta, 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 80 acres (32 hectares) of the leased land for a term of 10 years. A second SML approval was obtained in October 2016 for 10 years for an additional 80 acres (32 hectares) of Crown land; and
- The House River corporate pit was in production for one winter season with approximately 250,000 tonnes of aggregates removed in 2016.

Emerson Pit – Development Project

- The Emerson corporate pit is located on 75 acres (30 hectares) of crown land approximately 27 km south-east of the community of Hinton, Alberta on an all-season road;
- Athabasca acquired the SML in March-2011 for 10 years to develop and operate an aggregate operation;
- The Corporation had the SML transferred into its possession on April 17, 2019 in accordance with the asset purchase and sale agreement dated June 1, 2016 with Prairie Mines; and
- The pit was active in 2019, and 2020 sales will be based on demand from projects in the area.

Inventory Staging and Distribution Hubs (Conklin, Sunday Creek, KM208, and True North Staging Hub)

The Corporation has strategic inventory staging hubs on accessible, year-round roads to support product supply and deliveries on demand to local projects and industry customers. These staging hubs are also accessible in relation to nearby Corporate pits. AMI's key staging hubs include:

- **Conklin** - The Conklin staging hub, located 13km East of the Town of Conklin, Alberta. The Conklin staging hub is accessible by Corporation's Logan Pit, and has inventory on location.
- **Sunday Creek** - The Sunday Creek staging hub is located 26km North of the Town of Conklin, Alberta on roads accessible to nearby industry SAGD operations. The Sunday Creek hub has historically staged and delivered product from various aggregate sources in the area to service annual orders.
- **KM248** - Located at kilometer 248 of Highway 881, KM248 hub was historically an aggregate source (now depleted) and has been re-purposed as a staging hub for industrial customers near the town of Anzac, Alberta, south of Fort McMurray.
- **True North Staging Hub** - - Strategically located 7 km from the Coffey Lake Public Pit at the Highway-63 junction, near Fort McMurray, Alberta. AMI received its disposition from Alberta Environment & Parks in Q1-2020. The Corporation will manage the True North Hub to provide stockpiling and crushing access for aggregate producers in the area. The Corporation completed vegetation clearing activities in Q1 2020, and based on the deferral of projects for Coffey Lake, management expects to open the hub in late 2020 / early 2021.

INVESTMENTS IN ASSOCIATES

Duvernay Project

- The Corporation has a 49.6% ownership interest in an entity ("Privco2") that owns the Duvernay Project. The Corporation's cash investments in Privco2 have been allocated towards funding the delineation program, a NI 43-101 compliant technical report (including validation of reserve or resource), securing land options, conducting facility design, and for the preparation of regulatory applications;
- In Q3-2019, Privco2 completed a NI 43-101 technical report (the "Duvernay Report") to validate the reserves and resources. The Duvernay Report was prepared by Stantec;
- The Privco2 resource encompasses 878 acres (356 hectares) of largely contiguous, and privately-owned, properties. The underlying sand deposit was delineated based on 49 drill holes, and the retrieval of over 200 stratum samples which were subject to a comprehensive lab testing program;
- The Duvernay Report establishes that AMI's Duvernay Project contains a sand resource of:
  - fine-to-coarse grain sands with pay thickness from 0.4 meters to 21.6 meters; and
  - 24.7 million metric tonnes ("MT") measured resource, with an additional 5.6 million MT indicated resource, and a further 4.9 million MT inferred resource;
- On February 3, 2020, a Master Purchase Contract was entered into whereby a contract with an effective date of July 1, 2021 was agreed to by AMI Silica and Shell Canada ("Shell"). Under terms of the contract, Shell is to purchase, at pre-determined prices, a minimum amount of silica sand up to an annual maximum representing the majority of the Duvernay Project's stated capacity. The contract's initial term is five years commencing on the effective date with Shell having the right to extend the contract for an additional period of two 12-month terms. The contract also provides Shell with the option to procure sand from the Corporation's future Montney silica sand project;
- The Corporation invested $1,000,735 in contract asset costs during the six-month period ended June 30, 2020 (December 31, 2019: $nil) in order to secure a Duvernay offtake agreement with Shell Canada Energy for silica sand from the Duvernay site; and
- The development program is presently focused on revising the Front-end Engineering & Development (FEED) in collaboration with a pending industrial partner, obtaining permits, and thereafter confirming Financial Investment Decision (FID) to proceed to Execution.

Montney In-Basin Project

- On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation ("Privco1") that owns the Montney In-Basin silica sand project located in the vicinity of Dawson Creek and Fort St. John, British Columbia. The purchase price for the 49.2% interest was $1,498,000 cash and 1,186,956 common shares of the Corporation;
- The Corporation's cash investment in the Montney Project is being deployed for its resource delineation program and the subsequent funding of a National Instrument 43-101 technical report for the validation of reserve or resource status once a preferred development location is confirmed; and
- AMI Silica's Montney Silica Sand Delineation & Development program has been re-adjusted for cashflow management purposes, in relation concurrent demands related to the Duvernay Project. Together with its existing joint-venture (JV) partner Privco1, the parties are taking a measured approach concerning expenditures in order to confirm the most suitable and cost-effective location for development within the 370,650-acre (150,000 hectare) area in which the JV holds mineral leases.

SEGMENTED REPORTING

The reportable segments discussed below represent segments that Management considers when reviewing the performance of the Corporation and deciding how to allocate resources. A summary of key financial information by reportable segment for the three and six months ended June 30, 2020 along with comparative information for 2019 is as follows:

	AMI Aggregates		AMI RockChain		AMI Silica		Corporate		Consolidation / elimination entries		Consolidated	
For the three months ended June 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue:												
Aggregate sales revenue	$ -	$ 980,405	$ 59,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,071	$ 980,405
Management services revenue	186,641	-	-	-	-	-	-	-	-	-	186,641	-
Total income (loss) and comprehensive income (loss)	(63,918)	(300,916)	(132,012)	(79,663)	(8,633)	(130,950)	(595,543)	(799,118)	126,148	-	(673,958)	(1,310,647)
Amortization, depreciation, and depletion	(61,638)	(79,979)	(1,083)	(750)	-	-	(40,129)	(4,025)	-	-	(102,850)	(84,754)
Finance costs	(2,907)	(178)	-	-	-	-	-	-	-	-	(2,907)	(178)
Interest income	-	-	-	-	-	-	3,145	34,316	-	-	3,145	34,316
Income tax recovery (expense)	-	-	-	-	-	-	-	-	-	-	-	-
For the six months ended June 30,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue:												
Aggregate sales revenue	$ -	$ 980,405	$ 548,089	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 548,089	$ 980,405
Management services revenue	457,213	433,635	-	-	-	-	-	-	-	-	457,213	433,635
Total income (loss) and comprehensive income (loss)	(90,919)	(580,136)	(239,029)	(124,150)	(99,620)	(334,525)	(1,186,218)	(1,328,795)	126,148	-	(1,489,638)	(2,367,606)
Amortization, depreciation, and depletion	(121,075)	(130,340)	(2,166)	(1,500)	-	-	(80,454)	(14,106)	-	-	(203,695)	(145,946)
Finance costs	(5,587)	(621)	-	-	-	-	-	-	-	-	(5,587)	(621)
Interest income	-	-	-	-	-	-	10,417	55,110	-	-	10,417	55,110
Income tax recovery (expense)	-	-	-	-	-	-	-	(1,825)	-	-	-	(1,825)
As at	**June 30, 2020**	**Dec. 31, 2019**	**June 30, 2020**	**Dec. 31, 2019**	**June 30, 2020**	**Dec. 31, 2019**	**June 30, 2020**	**Dec. 31, 2019**	**June 30, 2020**	**Dec. 31, 2019**	**June 30, 2020**	**Dec. 31, 2019**
Segment assets	$ 15,591,796	$ 12,448,558	$ 367,523	$ 689,520	$ 5,881,265	$ 4,911,880	$ 1,354,778	$ 2,365,482	$ (4,125,265)	$ (2,142,980)	$ 19,070,097	$ 18,272,460
Segment liabilities	4,853,756	3,720,962	1,481,786	470,849	2,943,688	1,516,780	423,616	435,035	(4,168,699)	(2,142,980)	5,534,147	4,000,646

The Corporation has three reportable Operations segments, and a Corporate costs segment.

AMI Aggregates

The Corporation produces and sells aggregate out of its Corporate Owned Pits (see discussion of Corporate Owned Pits in the Operations section of this MD&A), manages the Coffey Lake aggregate pit on behalf of the Province of Alberta for which aggregate management services revenue are earned, and manages other contract work for customers. The Corporation previously managed the Susan Lake aggregate pit which was closed to the public in the second quarter of 2019.

Three months ended June 30, 2020

Aggregate sales were inactive during Q2 2020 with nil revenue being generated as compared to $1.0 million in aggregates sales revenue for 2019 from operations at the Susan Lake pit which was closed in Q2 of 2019.

Revenue from management services for Q2 2020 was $0.2 million as compared to $nil management services revenue in Q2 2019. Management service revenue in Q2 2020 was from the Coffey Lake pit which began operations in March 2020. No management service revenue was recorded in Q2 2019 with the closure of Susan Lake occurring during that quarter.

The total loss and comprehensive loss in Q2 2020 of $0.06 million is consistent with the with low operating levels during the quarter. A total loss and comprehensive loss amounting to $0.3 million was recorded for Q2 2019 due to additional equipment maintenance costs. Amortization, depreciation and depletion in Q2 2020 was marginally less than Q2 2019 with ongoing depreciation of net assets and asset additions and disposals.

Six months ended June 30, 2020

Revenue from aggregate sales were $nil for the six months ended June 30, 2020 as compared to $1.0 million in the corresponding 2019 period.

Revenue from management services for the six-month period ended June 30, 2020 from Coffey Lake pit operations was $0.5 million as compared to $0.4 million in the corresponding 2019 period from operations at the Susan Lake pit which was closed in Q2 of 2019.

The total loss and comprehensive loss for the six months ended June 30, 2020 was $0.09 million which is consistent with the with low operating levels during Q1 and Q2 of 2020 as compared to a total loss and comprehensive loss of $0.6 million for the comparable 2019 period. As noted in the discussion earlier under Gross (Loss) Profit in the Financial and Operational Review section, action has been taken to adjust costs structures where possible. As a result, even though revenues were lower for the three and six periods ended June 30, 2020 as compared to the same periods ended June 30, 2019, gross losses were significantly reduced in the June 30, 2020 year to date period. Amortization, depreciation and depletion at $0.1 million was essentially unchanged from the comparable prior year period.

The segment's assets as at June 30, 2020 were $15.6 million (December 31, 2019: $12.4 million). Segment assets as at June 30, 2020 consisted of accounts receivable (prior to intercompany eliminations of a similar amount) of $4.2 million, inventory of $1.1 million, long-term deposits of $0.6 million, restricted cash of $1.8 million, property plant and equipment of $0.8 million, resource properties and ERO assets carried at $5.6 million, contracts assets of $1.4 million and other at $0.1 million. The $3.2 million increase over December 31,2019 was due to an increase in accounts receivable of $1.7 million which was as a result of additional intercompany account receivables from AMI RockChain for various operating costs and from AMI Silica with respect to securing the Shell offtake agreement, an increase in restricted cash of $0.1 million, an increase in resource properties of $0.4 million due to a change in the estimate and discount rate of the ERO asset, and due to a $1.0 million increase in Coffey Lake contract assets.

Segment liabilities as at June 30, 2020 were $4.9 million (December 31, 2019: $3.7 million) and were mainly comprised of accounts payable of $0.3 million, an ERO of $3.0 million and the advance of $1.5 million through bank financing. The increase over December 31, 2019 is due predominantly to bank financing in the amount of $1.5 million which was incurred to fund contract assets required for site preparation of the Coffey Lake pit and a decrease in accounts payable of $0.5 million.

AMI RockChain

AMI RockChain is 'a midstreamer of aggregates, enabled by technology'. The subsidiary is uniquely focused on enhanced price/delivery solutions in mapping customer orders to aggregates suppliers and transportation companies using technology for greater speed and efficiency. AMI RockChain purchases and takes custody of aggregates using its 'Solution Finder' algorithm in conjunction with its RockChainTM digital platform. This gives AMI RockChain distinctive advantages in the scope of its outreach, its ability to handle a large volume of bids, and in the turnaround time for networking optimal solutions for customers requiring aggregates. AMI RockChain is additionally reinforced by an in-house Quality Control/Quality Assurance program to ensure customer requirements are met upon delivery. Through the acquisition of TerraShift, AMI RockChain acquired proprietary technology that focuses on resource data, search intelligence and geospatial software that will further strengthen the functionality and capabilities of AMI's RockChainTM digital platform. TerraShift also brings technical services with highly efficient methods and streamlined approaches for resource exploration and development, environmental and regulatory planning, resource management, compliance reporting, and reclamation that benefits a growing customer base across Western Canada and Ontario.

Three months ended June 30, 2020

Segmented revenues from aggregate sales were $0.1 million for Q2 2020 as compared to $nil in Q2 2019 when the division was still being established. AMI RockChain generated a total loss and comprehensive loss of $0.1 million for Q2 2020 and Q2 2019.

Six months ended June 30, 2020

Segmented revenues from aggregate sales for the six months ended June 30, 2020 were $0.5 million as compared to $nil for the comparable period in 2019 when the division was still being established. AMI RockChain generated a total loss and comprehensive loss for the six months ended June 30, 2020 of $0.2 million and $0.1 million for the same period in 2019. The loss in both years was the result of low activity during the six months to June 30. As a result of COVID-19 impacts to the economy and to market demand, there have been staffing reductions in the AMI RockChain division as part of a company-wide optimization initiative.

Segment assets as at June 30, 2020 were $0.4 million (December 31, 2019: $0.7 million) and consisted of accounts receivable prior to intercompany eliminations and the investment in TerraShift (refer to Note 4 in the Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2020 for disclosure on the acquisition of TerraShift).

Liabilities as at June 30, 2020 were $1.5 million (December 31, 2019: $0.5 million) and consisted predominantly of accounts payable prior to intercompany eliminations.

AMI Silica

Three and six months ended June 30, 2020

The Corporation owns a 49.6% interest in the Duvernay Project and a 49.2% interest in the Montney Project (see discussion under the "Investment in Associates" heading in the "Operations" section of this MD&A).

Revenues for the three and six-month periods ended June 30, 2020 and June 30, 2019 were $nil with respective total losses and comprehensive losses in each period reflecting costs to move forward with developing the AIM Silica division. Revenues and income are expected to increase with the development of the Duvernay and Montney projects.

Segment assets were $6.0 million as at June 30, 2020 (December 31, 2019: $4.9 million) consisting predominantly of $3.7 million in investments with respect to the Duvernay and Montney Projects, historical investments of $1.1 million in the Firebag Project, $1.0 million in costs incurred and capitalized as a contract asset related to securing the Duvernay offtake agreement and $0.1 million for long-term deposits. The increase in Q2 2020 segment assets over December 31, 2019 was due mainly to the Corporation's $1.0 million contract asset investment to secure the Duvernay offtake agreement.

The segment's liabilities were $2.9 million as at June 30, 2020 (December 31, 2019: $1.5 million) consists of accounts payable prior to intercompany eliminations. The $1.4 million increase from the prior year end is the result of an increasing intercompany accounts payable balance. This intercompany balance is due to the AMI Aggregates segment incurring expenses on AMI Silica's behalf for the Duvernay offtake agreement.

Corporate

<u>Three and six months ended June 30, 2020</u>

Corporate costs for Q2 2020 and Q2 2019 were $0.6 million and $0.8 million respectively. Corporate costs for the six months ended June 30, 2020 and six months ended June 30, 2019 were $1.2 million and $1.3 million, respectively. Corporate costs consist primarily of general and administrative expenses, share-based compensation and other non-operating income and interest income. Explanations for variances in these items are provided above in the Finance and Operational Review section of this MD&A under the subheadings Operating Loss, and Total Loss and Comprehensive Loss.

The Corporate segment's assets for the period ended June 30, 2020 were $1.3 million (December 31, 2019: $2.4 million). Corporate segment assets as at June 30, 2020 consisted of cash at $0.9 million, right-of-use assets for $0.3 million, prepaids and property plant and equipment of $0.1 million. The decrease from the 2019 year-end was due to decline in the cash balance.

The Corporate segment's liabilities for the period ended June 30, 2020 were $0.4 million (December 31, 2019: $0.4 million) which consisted of accounts payable and current and long-term leases.

Consolidation/Elimination Entries

<u>Three and six months ended June 30, 2020</u>

Total Income and comprehensive income of $0.1 million recorded in the three and six-month periods ended June 30, 2020 reflect the gain on acquisition of TerraShift in Q2 of 2020.

Segments assets and liabilities as at June 30, 2020 of $4.1 million and $4.2 million respectively (December 31, 2019: $2.1 million in both assets and liabilities) reflect intercompany eliminations.

Liquidity & Capital Resources

WORKING CAPITAL

Working capital is a non-IFRS measure calculated by subtracting current liabilities from current assets. There is not a directly comparable IFRS measure for working capital. Management uses working capital as a measure for assessing overall liquidity. The Corporation had net working capital of $1.1 million as at June 30, 2020 (December 31, 2019: $2.8 million) which in management's opinion is sufficient to fund ongoing operations. The decrease in June 30, 2020 working capital as compared to December 31, 2019 was due to a decrease in cash, accounts receivable, and accounts payable and accrued liabilities, offset by an increase in the current portion of bank loans and other minor changes in working capital components.

The Corporation's sources of liquidity as at June 30, 2020 were cash, accounts receivable, the Corporation's credit facility including the deferral of principal payments for three months with interest only payment terms from May to July 2020, funds secured through the Canadian Emergency Business Account program and funds secured through the Canadian Emergency Wage Subsidy program. Management believes it is able to generate sufficient amounts of cash to meet its commitments and support operations. The Corporation's capital expenditures may be funded by working capital, cash flows from operations and proceeds from debt and equity offerings.

The Corporation manages its capital structure and may make adjustments to it for market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Corporation may adjust capital spending, issue new shares, issue new debt, repay existing debt or enter into other credit arrangements.

The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic to preserve capital, e.g.:

- Secured a $40,000 loan for AMI Silica and a $40,000 loan for AMI RockChain through the CEBA program. These loans are interest free and require no principal payments until December 2022;
- As at June 30, 2020 AMI had received funding in the amount of $105,120 under the federal CEWS program;
- In an effort to preserve the Corporation's cash position during the COVID-19 pandemic and economic downturn, and effectively June 1, 2020, the Corporation implemented an Employee Share Purchase Plan (the "ESP Plan"). Executives, employees, and directors can contribute up to 10% of their base salary in order to purchase Common Shares issued from treasury. The Corporation will seek shareholder approval of the ESP Plan at the Annual Meeting on September 22, 2020.; and
- Principal repayment of the $1,500,000 bank loan purposed for Coffey Lake Public Pit and the True North Staging Hub construction was deferred three months with interest-only payment terms from May to July 2020.

AVAILABLE CREDIT FACILITIES

On July 4, 2018 the Corporation entered into a credit facility with Canadian Western Bank ("CWB") with a letter of credit facility for up to $1,351,760 and a credit card facility for up to $20,000. Each letter of credit costs the Corporation an annual fee of 1.50%. On December 9, 2019 the letter of credit facility was increased to a maximum available amount of $1,458,240.

Security under the CWB facility is a 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.

The Corporation is in compliance with all covenants and capital spending requirements as part of this credit facility.

Letter of Guarantee Facility

The letters of commercial credit, secured with guaranteed investment certificates, to the benefit of the Government of Alberta for decommissioning and restoration are as follows:

	As at June 30, 2020	As at December 31, 2019
Susan Lake Pit	$ 230,705	$ 228,540
Poplar Creek Site, storage yard	180,000	180,000
Emerson pit	75,240	75,240
Coffey Lake reclamation	296,520	296,520
Coffey Lake industrial miscellaneous lease	74,130	-
Coffey Lake performance bond	500,000	500,000
	$ 1,356,595	$ 1,280,300

CWB Bank Loan

On January 28, 2020, the Corporation entered into an arrangement with CWB whereby $1,500,000 was advanced to the Corporation by CWB for the development of the Coffey Lake Pit.

The term of the bank loan is thirty-nine months with thirty-three monthly loan payments of $49,022 starting in August 2020, after six months of interest only payments. The bank loan was originally for three years; however, CWB added three months of interest only payments from May 2020 to July 2020 and extended the term of the loan by three months due to the economic uncertainty in Alberta and around the world due to the COVID-19 pandemic. The interest rate on the bank loan is 5.4%. The first five interest only payments from February 2020 to June 2020, totaling $33,731 have been capitalized to the Coffey Lake contract asset.

Security for the bank loan is part of the general security agreement that was put in place when the credit facility with CWB was established in July 2018. The bank loan is also guaranteed by the Corporation's subsidiaries, AMI RockChain and AMI Silica. There are no new financial covenants added to the credit facility as a result of this new bank loan.

COMMITMENTS

The following table summarizes the contractual maturities of the Corporation's financial liabilities as at June 30, 2020:

	As at June 30, 2020			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 527,642	$ -	$ -	$ 527,642
Income taxes payable	31,344	-	-	31,344
Bank loans, including interest	546,120	1,168,281	-	1,714,401
Lease obligations, including interest	171,053	153,123	3,431	327,607
Total	**$ 1,276,159**	**$ 1,321,404**	**$ 3,431**	**$ 2,600,994**

SHARE CAPITAL

As of June 30, 2020, the authorized share capital of the Corporation consisted of an unlimited number of common voting shares with no par value, and preferred shares issuable in series. As of June 30, 2020, the Corporation had 48,313,758 (December 31, 2019: 45,326,440) common shares outstanding. As of the date of filing this MD&A, the outstanding share capital is 48,568,484 common shares. The Corporation did not declare or pay dividends during the three or six months ended June 30, 2020 or for the year ended December 31, 2019.

RELATED PARTY TRANSACTIONS

All related party transactions during the period ended June 30, 2020 were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. Refer to note 18 in the Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2020 for disclosure with respect to related party transactions.

FINANCIAL INSTRUMENTS

Classification

The Corporation's financial instruments consist of the following:

Financial statement item	Classification
Cash	Amortized cost
Trade and other receivables	Amortized cost
Share purchase options	Fair value through profit and loss
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Income taxes payable	Amortized cost
Lease obligations and bank loans	Amortized cost
Deferred share unit liability (included in Accounts payable and accrued liabilities)	Fair value through profit and loss

Due to the short-term nature of cash, trade and other receivables, 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 values of the long-term deposits are not materially different from their carrying value. The deferred share unit liability and the share purchase options are the only financial instruments measured at fair value on a recurring basis.

For further information regarding the Corporation's financial instruments and how the Corporation manages the risk associated with the instruments, refer to note 20 in the Unaudited Interim Consolidated Financial Statements for the three and six months ended June 30, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at June 30, 2020 or December 31, 2019.

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.

Outlined below are some of the Corporation's significant business risks. See also the risks and risk factors set out in the Corporation's annual information form dated January 10, 2020 and filed on SEDAR at www.sedar.com.

COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic; prompting many countries around the world to close international borders and order the closure of institutions and businesses. This has resulted in a swift and significant reduction in economic activity in Canada and internationally and has resulted in a sudden drop in demand for crude oil and natural gas. COVID-19 has caused an unprecedented global health crisis, and, coupled with an oversupply of crude oil has contributed to an economic crisis as well. The effect of low commodity prices in the energy sector will have a negative impact on parts to Athabasca's customer base and associated revenues.

The extent to which COVID-19 continues to impact the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include: the duration, severity and scope of the outbreak and the actions to contain or remedy the pandemic. In particular, the continuation of the pandemic could materially and adversely impact the Corporation's business including without limitation: employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, potential restrictions to its projects, resource development program and the timing thereof, which are beyond the Corporation's control, and which may have a material or adverse effect on its business, financial condition and operations. The Corporation will continue to monitor and take corrective action in accordance with government guidelines to mitigate the impact on AMI's staff and business operations.

Economic Cyclicality of the Energy Industry

The aggregates business is directly affected by fluctuations in the level of oil and natural gas exploration, development, production and decommissioning activities carried on by its customers in the energy industry, which in turn is dictated by numerous factors, including world energy prices and government policies. Additionally, the business risks also include but are not limited to: seasonality; availability of skilled workers; ability to retain key customers; and the environmental and safety risks inherent in the business.

The demand, pricing and terms for the Corporation's products and services largely depend upon the level of oil and natural gas exploration and development activity. Industry conditions are influenced by numerous factors that the Corporation has no control over, including but not limited to: oil and natural gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining production; the discovery rates of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; certain regional weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and natural gas producing companies to raise equity capital or debt financing.

The aggregates sector is highly reliant on the level of capital expenditures made by energy companies who base their capital expenditure decisions on several factors, including but not limited to oil and natural gas prices, production levels, availability of export capacity and access to capital. Commodity prices, and therefore, the level of drilling, production and exploration activity have been volatile. A prolonged, substantial reduction in commodity prices negatively affects the activity levels of energy companies and the demand for the Corporation's services. A significant, prolonged decline in commodity prices could have a material adverse effect on the aggregates sector, aggregates pricing, the Corporation's business, results of operations, cash flows and financial condition.

The price of labor, fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and international, national and regional economic conditions are factors over which the Corporation has little or no control. A significant increase in fuel prices, equipment prices, employee wages and other input prices, interest rates, currency exchange rates or insurance costs could reduce profitability and could adversely affect the Corporation's cash flow and financial condition. The Corporation cannot predict the impact of future economic conditions and there is no assurance that the operations of the Corporation will be profitable in the future.

Commodity Risk

The Corporation's aggregates, including silica sand, are commodities, and as such there is commodity pricing risks in a competitive market.

Environmental & Regulatory
Environmental and Regulatory legislation is becoming increasingly stringent and time-consuming. Costs, expenses and approval periods associated with regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's projects or operations could affect financial performance. Restrictions such as those relating to wildlife habitat can adversely affect the timing and scope of exploration and development activities or introduce production constraints.

Conditions of Equity Markets
The Corporation's on-going ability to finance exploration and development can be affected by, among other things, conditions of the equity market.

Access to Capital
The Corporation's access to capital for planned and future projects, including debt and equity financing, is subject to risk related to the amount capital required, market conditions, and timing.

Risk of Delays to Projects & Stakeholder Management
The development of resource projects may be subject to unexpected problems or delays due to a variety of stakeholder management factors, which in turn can delay or postpone the profitability expected from these ventures.

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

Loss of Key Personnel
The Corporation relies on certain key employees whose skills and knowledge are critical to maintaining its success. Loss of key personnel is an inherent risk. Athabasca strives to retain key employees with competitive compensation, including incentive-based programs.

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.

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.

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 a given project. Athabasca's past and future decisions to acquire, develop, and operate resource properties for production are based on estimates in relation to expected or anticipated 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. Actual cash operating costs, production and economic returns may vary from those anticipated by original project development estimates.

Reclamation & Remediation Obligations
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 estimates made by the Corporation for reclamation obligations could vary significantly due to potential changes in regulatory requirements and/or contractor rates and services prior to the actual commencement of reclamation work.

Estimation of Resource Reserves
The Corporation has a risk that actual reserves in place on its properties can vary from geological estimates of such reserves and resources.

Health, Safety & Environment ("HSE") Operational risks
Any major HSE operational incident in the future could significantly impact production, productivity, corporate reputation, or cause disruption to operations.

Cyber Security Risk
The Corporation's business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable cyber security measures, including third party surveillance, to safeguard against potential cyber-attacks. However, if a cyber security event occurred, and the Corporation's systems were detrimentally affected in a way that information systems cannot be recovered or re-instated in a timely manner, this could impact business operations, payment or financial collection.

Litigation
The risk of unknown future claims against the Corporation in excess of the Corporation's commercial general liability coverage could materially affect the Corporation's future operations.

SIGNIFICANT MANAGEMENT ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS as issued by the International Accounting Standards Board 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.

The most significant accounting estimates and judgements used in the preparation of the Corporation's Unaudited Interim Condensed Consolidated Financial Statements are included in note 2 of the Audited Consolidated Financial Statements for the Year Ended December 31, 2019.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's accounting policies are included in note 3 of the Audited Consolidated Financial Statements for the Year Ended December 31, 2019, and in Note 3 of the Unaudited Interim Condensed Consolidated Financial Statements for the Three and Six Months Ended June 30, 2020.

FORWARD LOOKING INFORMATION

This document contains "forward looking statements" and "forward-looking information" (collectively referred to herein as "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 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.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "continues", "future", "forecasts", "potential", "budget" and similar expressions, or are events or conditions that "will", "would", "may", "likely", "could", "should", "can", "typically", "traditionally" or "tend to" occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things, the following: the impact of Athabasca's financial resources or liquidity on its future operating, investing and financing activities; Athabasca's capital budgets, the appropriateness of the amount and expectations of how it will be funded; the Corporation's capital management strategy and financial position; Athabasca's outlook, industrial and construction levels, and focus on cost management; the expansion of customers and network of AMI RockChain; a potential partner or joint venture for the Duvernay Project and Montney Project; continued development of the Duvernay Project; the potential completion of a National Instrument 43-101 compliant technical report for the Montney Project; the reactivation of certain inactive pits; potential acquisition or divestiture activities; the demand for aggregates from the Richardson Quarry Project; and the impact of and the Corporation's response to the COVID-19 health pandemic.

Although the Corporation believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Corporation can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Corporation's annual information form dated January 10, 2020 (a copy of which can be found under Athabasca's profile on SEDAR at www.sedar.com); exploration and development costs and delays; weather, health, safety, market and environmental risks; integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation including, but not limited to incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; general economic, market or business conditions; the COVID-19 health pandemic; global economic events; changes to Athabasca's financial position and cash flow; the availability of qualified personnel, management or other key inputs; potential industry developments; and other unforeseen conditions which could impact the use of services supplied by the Corporation. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the list of factors set out herein is not exhaustive and should refer to "Risk Factors" set out in the Corporation's annual information form dated January 10, 2020.

Statements, including forward-looking statements, contained in this MD&A are made as of the date they are given and the Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Athabasca's profile on SEDAR at www.sedar.com.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2020 at the Board of Directors meeting on August 26, 2020.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings, TSX Venture Exchange 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 three and six months ended June 30, 2020 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 three and six months ended June 30, 2020.

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.