MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020

May 21, 2020

The following management's discussion and analysis ("MD&A") of Athabasca Minerals Inc.'s ("Athabasca", "AMI", "our" or the "Corporation") financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020. 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 May 21, 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

Athabasca Minerals Inc. (or "AMI"), which incorporated in 2006, is an integrated group of companies focused on the aggregates and industrial minerals sectors, including resource 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, and new venture development.

Athabasca Minerals Inc. is the parent company of AMI RockChain Inc. ("AMI RockChain") (previously Aggregates Marketing Inc.), 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. AMI is also the parent company of AMI Silica Inc. ("AMI Silica"), a subsidiary positioning to become a leading supplier of premium domestic in-basin sand with regional deposits in Alberta and Northeast British Columbia. It is also the joint venture owner of the Montney In-Basin and Duvernay Silica Sand Projects. 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.

The Corporation is strategically focused on growing its three core business units: the AMI Aggregates division, the AMI Silica division, and the AMI RockChain division. Management is continually pursuing opportunities for sustained growth and diversification in supplying aggregate products and industrial minerals.

BUSINESS HIGHLIGHTS

Athabasca Minerals reports the following key highlights in Q1 2020:

- The Corporation was awarded a 15-year contract with a 10-year renewal option in Q1 2019 to operate and manage the Coffey Lake Public Pit located approximately 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 enabled the Corporation, as the pit management contractor on behalf of the Province of Alberta, to commence activities to commence aggregate operations at Coffey Lake to the public;
- On January 28, 2020, the Corporation entered into a loan arrangement with Canadian Western Bank ("CWB") whereby $1.5 million was advanced to the Corporation by CWB for the development of the Coffey Lake Pit;
- On March 18, 2020, Alberta Environment & Parks granted the Corporation a disposition for a commercial lease for stockpiling and crushing aggregates on 74 acres (30 hectares) of land strategically located 7 km from the Coffey Lake Public Pit in the vicinity of oilsands operations. The True North Staging Hub adds further value with supplementary services for aggregate crushing, processing and inventory management;
- On March 21, 2020, the Coffey Lake Pit began generating sales and revenue for the base division (AMI Aggregates) ahead of schedule. In the first three weeks of operations, loading activity at Coffey Lake was robust with its first order being executed for approximately $560,000. This order had been committed to prior to the onset of COVID-19;
- On February 3, 2020, AMI Silica Inc and Shell Canada ("Shell") ratified a Master Purchase Contract to purchase Premium Domestic sand from AMI's Duvernay Basin Silica Project effective July 1, 2021. Under terms of the contract, there is a minimum sales volume at predetermined prices, with an optional maximum annual volume that books a significant portion of the Duvernay Project production capacity. The contract has a five-year term from the effective delivery date, and gives Shell the right to extend for an additional two 12-month terms thereafter, with the option to procure sand from AMI's future Montney In-Basin Silica Project as well;
- A strategic joint-venture (JV) was established with MGT Management Inc. to develop the Buckhorn limestone quarry on 300 acres (121 hectares) of land in Ontario, approximately 90 minutes from the Greater Toronto Area. The JV expands the Corporation's business interests to access one of the largest aggregate consumption markets in the country;
- The Corporation's subsidiary Aggregates Marketing Inc rebranded to AMI RockChain Inc. in February 2020. This rebranding included a new website with improved functionality: www.amirockchain.com;
- AMI RockChain surpassed a $1 million order-size milestone on a rail transload project for a large industrial customer

with operations in central Alberta. The project was executed over 5 months and was completed in March 2020. Over 15,000 tonnes of specialized rail ballast product were delivered with AMI's participating network of suppliers, and transportation companies who were integral to the optimized *RockChain*™ solution;

- AMI Silica forwent exercising the buy-out options at pre-determined valuations of $8 million each for the remaining 50.8% and 50.4% of the Montney and the Duvernay premium domestic in-basin sand projects respectively, due to market conditions and competitive pricing considerations; and
- In spite of COVID-19, AMI RockChain is engaged in a large number of bids, which are regularly tracked and accumulated on www.amirockchain.com. In Q1 2020, the subsidiary surpassed 100 bids representing a combined potential supply of up to 1.1 million tonnes serving 50 companies. The RockChain™ digital platform with its Operational Excellence program, its 'Asset-Lite' business model, and Health & Safety protocols have proven uniquely well-suited for today's business environment. Customer orders for aggregates are easily placed remotely for jobs across Western Canada and executed with quality assurance while minimizing Health & Safety risk exposure.

Fiscal Management & Reporting

- AMI remains focused on preserving its cash position. In Q1 2020 there were initial payroll reductions resulting in approximately a 10% cost improvement compared to the previous Quarter. With the onset of COVID-19, in Q2 2020 a second round of payroll reductions and optimizations at all levels of the company are being implemented, up to and including the Board of Directors. The cumulative payroll cost improvements year-to-date are now approximately 30%. Monitoring and optimization opportunities will continue to receive ongoing scrutiny and attention relative to macro-economic factors from COVID-19 and the Corporation's business activity levels.
- Additionally, 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; and
- 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.

Subsequent Events

- 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) thereafter when the project is fully financially sanctioned and permits are received. AMI Silica aims at developing what it, and its bidders also regard as the 'greenest' silica sand processing facility in North America, based on unique synergies, for a target price under $40 million for Phase-1 development. Sand products and by-products will be serving customer demand in the energy, construction materials and environmental remediation sectors;
- 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;
- Buckhorn engaged in permitting to be in production in 2H 2021 (pending regulatory review);
- The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic:
    - On April 16, 2020, Athabasca secured a $40,000 loan for AMI Silica, and another $40,000 loan for AMI RockChain through the Canadian Emergency Business Account (CEBA) program to support the businesses through the COVID-19 pandemic. Both loans are interest free and require no principal payments until December 2022;
    - AMI applied for the Canadian Emergency Wage Subsidy (CEWS) program to support the businesses through the COVID-19 pandemic. AMI received the first monthly subsidy of $44,044 on May 11, 2020;
    - 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; and
- On May 7, 2020, Athabasca announced that it postponed it's 2020 Annual General Meeting until a later date due to the impact and constraints associated with COVID-19 in terms of social gatherings and travel. The Corporation is addressing venue and timing options in relation to the government's phased re-opening and restriction relaxation program. The possibility of holding a virtual AGM is also being considered as an alternative.

SELECTED FINANCIAL INFORMATION

	Three months ended March 31, 2020	2019
FINANCIAL HIGHLIGHTS:		
Aggregate Sales Revenue	$ 489,018	$ -
Management Services Revenue	270,572	433,635
Revenue	759,590	433,635
Gross profit (loss)	41,429	(132,535)
Gross profit (loss) percent	5%	-31%
Operating loss	(897,891)	(1,181,429)
Other non-operating income	77,619	105,944
Total loss and comprehensive loss	$ (815,680)	$ (1,056,959)
Income (loss) per share, basic ($ per share)	(0.018)	(0.026)
Income (loss) per share, fully diluted ($ per share)	(0.018)	(0.026)
CASH FLOW HIGHLIGHTS:		
Net cash (used in) generated from operating activities	(349,110)	161,467
Purchase of property and equipment	-	(3,525)
Spending on resource properties	(826)	(36,636)
Weighted Average # of Shares Outstanding	46,313,182	40,543,939

	As at March 31, 2020	December 31, 2019
FINANCIAL POSITION:		
Working capital[1]	$ 1,911,866	$ 2,776,312
Total assets	20,482,851	18,272,460
Total liabilities	6,440,899	4,000,646
Shareholder's Equity	14,041,952	14,271,814

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

Athabasca MINERALS INC.

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

The Corporation's revenue during Q1 2020 was $0.8 million compared to $0.4 million in Q1 2019. This increase in revenue during Q1 2020 over Q1 2019 was due to:

- Aggregate sales revenue from the AMI RockChain division being $0.5 million in Q1 2020 versus nil at the beginning of 2019, as the division was in the initial stages of its operations at the beginning of 2019; and
- The increase in AMI RockChain aggregate sales revenues being offset by a decrease in management services revenues from the AMI Aggregates division with $0.3 in revenues being generated during Q1 of 2020 versus $0.4 million in Q1 of 2019. The decrease in Q1 2020 management services revenues was due to the Coffey Lake Pit starting its operations in late March of 2020 as compared to aggregates being sold from a fully operational Susan Lake Pit during Q1 of 2019.

GROSS (LOSS) PROFIT

The Corporation generated an approximate gross profit (loss) of $nil in Q1 2020 compared to a gross loss of $0.1 million in Q1 2019. The $0.1 decrease in gross (loss) was due to:

- As noted above, Q1 2020 revenue at $0.8 million was $0.4 million higher than Q1 2019;
- Operating costs for Q1 2020 were $0.6 million as compared to $0.5 million in Q1 2019. This increase was due to Q1 2020 operating costs being incurred in the RockChain division in order to generate the division's aggregate sales revenues in that quarter, while no aggregates sales revenues were generated, and therefore, minimal operating costs were incurred by RockChain in Q1 2019. This increase in operating costs was partially offset by lower Q1 2020 operating costs for Coffey Lake with the pit's operations only just beginning at the end of Q1 2020, while in Q1 2019 Susan Lake pit operations were fully operational for the entire quarter; and
- Depreciation, depletion and amortization was essentially unchanged at $0.1 million for Q1 in both 2020 and 2019.

General and Administrative Expenses

	Three months ended March 31,		
	2020	2019	% Change
Wages and benefits	$ 503,472	$ 425,615	18%
Consulting	75,844	77,912	-3%
Directors fees and expenses	42,701	37,141	15%
Insurance	31,772	26,458	20%
Legal and professional fees	29,245	120,581	-76%
General office	17,595	24,041	-27%
Travel	16,685	26,911	-38%
Rent and office expenses	16,487	52,288	-68%
Investor relations	5,081	28,463	-82%
Exploration	-	19,253	-100%
Severance	-	8,608	100%
Less: Loss in associates reclassed for 2019	-	(25,429)	100%
	$ 738,882	$ 821,842	-10%

In Q1 2020, general and administrative expenses decreased by $0.1 million to $0.7 million from $0.8 million in Q1 2019. The decrease in general and administrative expenses was due to a $0.1 million decrease in legal and professional fees with minor decreases in other cost categories being offset by an increase in wages and benefits. Legal and professional fees decreased in Q1 2020 as compared to Q1 2019 due to legal costs that were incurred in Q1 2019 for advice concerning aggregates and reclamation obligations with Syncrude Canada Ltd. not being incurred in Q1 2020.

Wages and benefits were higher in Q1 2020 compared to Q1 2019 primarily due to supervision and project management associated with construction operations in opening the Coffey Lake pit, and the addition of sales and logistics personnel for AMI RockChain in the preceding 6 months.

During Q1 2020 there were initial payroll reductions resulting in approximately a 10% cost improvement compared to the previous Quarter. With the onset of COVID-19, in Q2 2020 a second round of payroll reductions and optimizations at all levels of the company are being implemented, up to and including the Board of Directors. The cumulative payroll cost improvements year-to-date are now approximately 30%.

OPERATING LOSS

The Corporation's operating loss for Q1 2020, which is calculated as gross profit less general and administrative expenses, share of loss from associates, share-based compensation expense, and other operating income (expenses) was $0.9 million which was an improvement from Q1 2019's operating loss of $1.2 million. This improvement was due to:

- As noted above, the Corporation's gross loss decreased to $nil in Q1 2020 to from a $0.1 million loss in Q1 2019;
- As noted above, general and administrative expenses at $0.7 million in Q1 2020 decreased from $0.8 million in Q1 2019;
- Share-based compensation expense was unchanged at approximately $0.1 million for Q1 2020 and Q1 2019; and
- Other operating expenses at $0.1 in Q1 2020 decreased by approximately $0.1 from Q1 2019. This decrease was due to additional costs associated with a change in an environmental rehabilitation obligation being recorded in Q1 of 2019.

TOTAL LOSS AND COMPREHENSIVE LOSS

With other non-operating income and interest income essentially unchanged at $0.1 million in Q1 of 2019 and 2020, the Corporation incurred a total loss and comprehensive loss of $0.8 million, $0.018 per share basic and diluted in Q1 2020, compared to a total comprehensive loss of $1.1 million, $0.026 per share basic and diluted, for Q1 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.

	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Aggregate Sales Revenue	$ 489,018	$ 631,241	$ 78,146	$ 980,405
Management Services Revenue	270,572	477,399	-	-
Total Revenue	759,590	1,108,640	78,146	980,405
Gross Profit (Loss)	41,429	(185,830)	(444,782)	(301,405)
Total Income (Loss) and Comprehensive Income (Loss)	(815,680)	(1,101,728)	748,666	(1,310,647)
Income (loss) per share, basic	(0.018)	(0.024)	0.017	(0.030)
Income (loss) per share, diluted	(0.018)	(0.024)	0.016	(0.030)
Total Assets	20,482,851	18,272,460	18,315,146	19,753,963
Total Resource Properties	6,711,351	6,288,436	6,272,040	6,261,111
Current portion of lease obligations and debt	507,918	93,685	94,493	30,979
Long-term lease obligations and debt	1,340,881	86,205	103,923	-
	Q1 2019	**Q4 2018**	**Q3 2018**	**Q2 2018**
Aggregate Sales Revenue	$ -	$ 114,718	$ 1,769,211	$ 247,720
Management Services Revenue	433,635	575,455	1,186,218	1,124,588
Total Revenue	433,635	690,173	2,955,429	1,372,308
Gross Profit (Loss)	(132,535)	140,975	1,272,802	494,320
Total Loss and Comprehensive Loss	(1,056,959)	(932,579)	(782,148)	(54,640)
Loss per share, basic	(0.026)	(0.074)	(0.023)	(0.022)
Loss per share, diluted	(0.026)	(0.074)	(0.023)	(0.022)
Total Assets	19,546,329	20,271,052	19,949,558	18,885,242
Total Resource Properties	6,260,921	6,212,364	6,240,437	5,935,917
Current portion of lease obligations and debt	49,245	29,284	51,011	72,540
Long-term debt and lease obligations	-	-	-	-

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.

OUTLOOK

In 2020, the Corporation is positioning for growth across each of its three divisions: AMI Aggregates, AMI Silica, and AMI RockChain.

AMI Aggregates

The base division will generate revenues from commercial operations and production at the Coffey Lake Public Pit, as well as its True North Staging Hub; both located in the high-demand region of oilsands industrial region.

Royalty agreements remain in place to earn revenues from strategic partners interested in harvesting aggregates from several AMI corporate pits.

AMI is also pursuing pit management services and leveraging its expertise to support First Nation partners, government and/or municipality resources or existing operations.

A strategic joint venture ("JV") relationship has been established for the development of the Buckhorn Quarry in Ontario, approximately 90 minutes from the Greater Toronto Area ("GTA"). The Project JV is currently engaged in the regulatory and permitting process with the goal to be in production in 2H 2021 subject to approval timing. AMI intends to pursue a similar JV 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.

The Corporation currently has listed non-core gravel assets for disposition in order to enhance its cash position.

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 *RockChain*™ 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.

AMI RockChain is focused on continued growth by expanding its geographic coverage across Western Canada and from increased customer applications across various market-sectors. The subsidiary is also focused on continuous improvements and advancements relating to technology development, operational excellence, its supply chain data network, growing key clients and servicing repeat customers.

AMI Silica

AMI Silica's Duvernay Project will continue to advance with priority given its five-year offtake agreement with Shell Canada Energy. 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.

AMI Silica's Montney Silica Sand Delineation & Development program is being re-adjusted for cashflow management purposes in relation to concurrent demands related to the Duvernay Project. Together with its existing joint-venture (JV) partner, 'Privco', 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.

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. Athabasca Minerals 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. In 2020, the program will continue at a measured pace in relation to cash management constraints and commercial viability objectives.

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 demand market. 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 in the vicinity of Kearl.

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.

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.

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 expects to open the hub in Q2-Q3 2020.

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 $834,068 in contract asset costs during the three-month period ended March 31, 2020 (December 31, 2019: $nil) in order to secure a Duvernay offtake agreement with Shell Canada Energy for frac-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 ("Privco") 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, 'Privco', 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 quarter ended March 31, 2020 (along with comparative information for 2019) is as follows:

	AMI Aggregates		AMI RockChain		AMI Silica		Corporate		Consolidation eliminations		Consolidated	
For the three months ended March 31,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue:												
Aggregate sales revenue	**$ -**	$ -	**$ 489,018**	$ -	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ 489,018**	$ -
Management services revenue	**270,572**	433,635	**-**	-	**-**	-	**-**	-	**-**	-	**270,572**	**433,635**
Total income (loss) and comprehensive income (loss)	**(27,001)**	(279,220)	**(107,017)**	(44,487)	**(90,987)**	(203,575)	**(590,675)**	(529,677)	**-**	-	**(815,680)**	**(1,056,959)**
Amortization, depreciation, and depletion	**(59,437)**	(50,361)	**(1,083)**	(750)	**-**	-	**(40,325)**	(10,081)	**-**	-	**(100,845)**	**(61,192)**
Finance costs	**(2,680)**	(443)	**-**	-	**-**	-	**-**	-	**-**	-	**(2,680)**	**(443)**
Interest income	**-**	-	**-**	-	**-**	-	**7,272**	20,794	**-**	-	**7,272**	**20,794**
Income tax recovery (expense)	**-**	-	**-**	-	**-**	-	**-**	(1,825)	**-**	-	**-**	**(1,825)**
As at	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**
Segment assets	**$ 15,357,819**	$12,448,558	**$ 694,980**	$ 689,520	**$ 5,723,648**	$ 4,911,880	**$ 2,227,177**	$ 2,365,482	**$ (3,520,773)**	$ (2,142,980)	**$20,482,851**	**$ 18,272,460**
Segment liabilities	**5,342,318**	3,720,962	**1,655,334**	470,849	**2,522,685**	1,516,780	**441,335**	435,035	**(3,520,773)**	(2,142,980)	**6,440,899**	**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.

Total management services revenues of $0.3 million from AMI Aggregates for Q1 2020 were slightly less that the $0.4 million in revenues recorded for Q1 2019. Revenues for Q1 2020 were from the Coffey Lake Pit which began operations in March 2020. Revenues for Q1 2019 were generated from a full quarter's operations at Susan Lake which was closed at the end of Q2 2019, and from tonnage sold out of corporate pits. The total loss and comprehensive loss in Q1 2020 was essentially $nil with operations at the Coffey Lake pit only just commencing at the end of the quarter. A total loss and comprehensive loss amounting to $0.3 million was recorded for Q1 2019 due to additional equipment maintenance costs offset somewhat by a decrease in depreciation, depletion and amortization during the period.

The segment's assets as at March 31, 2020 were $15.4 million (December 31, 2019: $12.4 million). Segment assets as at

March 31, 2020 consisted of accounts receivable (prior to intercompany adjustments of $3.5 million) of $4.0 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 $0.1 million. The increase over December 31,2019 was due to an increase in accounts receivable of $1.5 million of which $1.4 million was due to 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 related to costs incurred to prepare the site for operations.

Segment liabilities as at March 31, 2020 were $5.3 million (December 31, 2019: $3.7 million) and were comprised of accounts payable of $0.8 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 during Q1 2020 which was incurred to fund contract assets required for site preparation of the Coffey Lake pit.

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.

Segmented revenues were $0.5 million for Q1 2020 as compared to $nil in Q1 2019 when the division was newly established. AMI RockChain generated a loss (total & comprehensive) for Q1 2020 and Q1 2019 of $0.1 million and $0.05 million, respectively. The Q1 2019 loss was as a result of start-up costs. The Q1 2020 loss resulted from staffing additions to support growth. As a result of COVID-19 impacts to the economy, and to market demand, there have been recent staffing reductions in Q2 2020 as part of a company-wide optimization initiative.

Segment assets, which consist of accounts receivable, were $0.7 million as at December 31, 2020 which was unchanged from the $0.7 million in assets as at December 31, 2019.

Liabilities for the period ended March 31, 2020 were $1.7 million as compared to $0.5 million as at December 31, 2019. Liabilities increased in Q1 of 2020 due to increased costs ($1.0 million in intercompany accounts payable) associated with the expansion and growth of RockChain's business.

AMI Silica

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 Q1 2020 and Q1 2019 were $nil a respective total loss and comprehensive loss of $0.1 million and $0.2 million. Revenues and income are expected to increase with the development of the Duvernay and Montney projects.

Segment assets were $5.7 million as at March 31, 2020 (December 31, 2019: $4.9 million) consisting predominantly of $3.6 million in investments with respect to the Duvernay and Montney Projects, historical investments of $1.1 million in the Firebag Project, $0.8 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 Q1 2020 segment assets was due to the Corporation's $0.8 million contract asset investment to secure the Duvernay offtake agreement.

The segment's liabilities were $2.5 million for the period ended March 31, 2020 (December 31, 2019: $1.5 million), a $1.0 million increase from the prior year end as a result of an increasing intercompany accounts payable balance. This intercompany accounts payable balance, which is due to the AMI Aggregates segment, increased predominantly as a result of expenses paid on AMI Silica's behalf for the Duvernay offtake agreement.

Corporate

Corporate costs for Q1 2020 and Q1 2019 were $0.6 million and $0.5 million, respectively. Corporate costs in Q1 2020 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 March 31, 2020 were $2.2 million (December 31, 2019: $2.4 million) a decrease of $0.2 million from the 2019 year end. Corporate segment assets as at March 31, 2020 consisted cash of $1.7 million and right-of-use assets, prepaids and property plant and equipment of $0.5 million. The decrease from the 2019 year end was due to a $0.2 million decline in the cash balance.

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

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 had net working capital of $1.9 million as at March 31, 2020 (December 31, 2019: $2.8 million) which in management's opinion is sufficient to fund ongoing operations. The decrease in Q1 working capital was predominately due to recording the current portion of bank financing secured in Q1 2020 which amounted to $0.3 million, an increase of $0.3 million in accounts payable and a decrease in accounts receivable of $0.3 million.

The Corporation's sources of liquidity as at March 31, 2020 were cash, accounts receivable and the Corporation's credit facility. 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 another $40,000 loan for AMI RockChain through the Canadian Emergency Business Account (CEBA) program. Both loans are interest free and require no principal payments until December 2022;
- AMI applied for the Canadian Emergency Wage Subsidy (CEWS) securing the first monthly installment of $44,044 on May 11, 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 January 28, 2020, the Corporation entered into an arrangement with Canadian Western Bank ("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 3 years; however, CWB added three months of interest only payments from May 2020 to July 2020. This 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 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.

The first two interest only payments in February 2020 and March 2020, totaling $13,537, have been capitalized to the Coffey Lake contract asset.

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	
	March 31, 2020	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

COMMITMENTS

As at March 31, 2020, the Corporation had lease obligations under lease facilities totaling $0.35 million (December 31, 2019: $0.18 million).

			As at	
			March 31, 2020	December 31, 2019
Finance Leases	**Interest Rate**	**Monthly / Quarterly * Instalments**		
EDF Trading LLC Calgary office lease, due December 31, 2022	3.680%	Variable	$ 188,057	$ -
VETS Group Ltd. Edmonton Office Lease, due Jan 31, 2022	3.680%	Variable	125,944	141,952
Xerox Photocopier Lease, due May 19, 2024	3.680%	816 *	12,932	13,623
Jim Peplinski Leasing, due Feb 28, 2020	3.680%	1,230	21,866	24,315
			348,799	179,890
Current portion - principal due within one year			(159,688)	(93,685)
			$ 189,111	$ 86,205

Future minimum lease payments for the subsequent five years is as follows:

April 1, 2020 - March 31, 2021	$ 169,568
April 1, 2021 - March 31 31, 2022	$ 133,540
April 1, 2022 - March 31, 2023	$ 57,264
April 1, 2023 - March 31, 2024	$ 3,264
April 1, 2024 - March 31, 2025	$ 816
	364,452
Less: interest included in payments above	15,653
Lease loan principal outstanding, March 31, 2020	$ 348,799

In the three months ended March 31, 2020, the Corporation agreed to a new lease obligation of $204,854 for the Calgary office. In the year ended December 31, 2019 the Corporation agreed to obligations of $171,729 for the Edmonton office location and a photocopier.

SHARE CAPITAL

As of March 31, 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 March 31, 2020, the Corporation had 47,550,544 (December 31, 2019: 45,326,440) common shares outstanding. As of the date of filing this MD&A, the outstanding share capital is 47,550,554 common shares, which includes payment using shares for fees and commissions related to the Shell Offtake Agreement. The Corporation did not declare or pay dividends during the three months ended March 31, 2020 or for the year ended December 31, 2019.

RELATED PARTY TRANSACTIONS

All related party transactions during the period ended March 31, 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 16 in the Unaudited Interim Condensed Consolidated Financial Statements for the three months ended March 31, 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
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 share purchase options for both the Duvernay and the Montney Projects were valued at $nil as at December 31, 2019. The total amount of the unrealized loss on these share purchase options included in non-operating income for the year ended December 31, 2019 is $183,792 (2018: $nil). 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 18 in the Unaudited Interim Consolidated Financial Statements for the three months ended March 31, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at March 31, 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
During the three months ended March 31, 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 taken 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 continue to be profitable.

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.

IMPACT OF NEW ACCOUNTING STANDARDS

Standards adopted

IFRS 16 – Leases ("IFRS 16")
IFRS 16 requires 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 is measured as the present value of the remaining lease payments discounted using the Corporation's incremental borrowing rate. Right-of-use assets are 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 are depreciated based on their estimated useful life and interest on the lease liability is expensed through the consolidated statements of loss and comprehensive loss as finance costs. On January 1, 2019, the Corporation transitioned to IFRS 16 using the modified retrospective approach, which involved adjusting January 1, 2019 opening retained earnings.

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

Additional information on the impact of adopting IFRS 16 is disclosed in note 3 of the Audited Consolidated Financial Statements for the Year Ended December 31, 2019.

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, which is updated for the impact of the new accounting standard described above.

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 months ended March 31, 2020 at the Board of Directors meeting on May 21, 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 months ended March 31, 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 months ended March 31, 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.