YEARS ENDED DECEMBER 31, 2022 and 2021

AMENDED AND RESTATED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

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Management's Responsibility for Financial Reporting Report

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

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

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

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

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

(signed) "*Dana Archibald*"

Dana Archibald
Chief Executive Officer

(signed) "*David Churchill*"

David Churchill
Chief Financial Officer

November 3, 2023
Edmonton, Alberta

Grant Thornton

Independent Auditor's Report

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To the Shareholders of Athabasca Minerals Inc.

Opinion

We have audited the consolidated financial statements of Athabasca Minerals Inc. (the "Corporation"), which comprise the consolidated statements of financial position as at December 31, 2022 and December 31, 2021 and the consolidated statements of income (loss) and comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2022 and December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Emphasis of matter – Subsequent event

We draw attention to Note 27 to the consolidated financial statements which describes that the Corporation has entered into a definitive arrangement agreement pursuant to which all the issued and outstanding shares of the Corporation would be purchased Our opinion is not modified in respect of this matter.

Emphasis of matter – Amended and restated consolidated financial statements

We draw attention to Note 1 to the consolidated financial statements which describes that the consolidated financial statements for the year ended December 31, 2022 on which we originally reported on May 18, 2023 have been amended and describes the matter that gave rise to the amendment of the consolidated financial statements. Note 1 also explains that certain comparative information presented for the year ended December 31, 2021 has been restated. Our opinion is not modified in respect of these matters.

Material uncertainty related to going concern

We draw attention to Note 1 of the consolidated financial statements which indicates the Corporation realized net income of $11,889,261, including a $24,057,403 gain on acquisition through its joint venture investment during the year ended December 31, 2022 and incurred net cash used in operating activities of $2,209,817. These conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the key audit matters to be communicated in our auditor's report.

Acquisition of Wisconsin assets within joint venture

Refer to Note 5 of the consolidated financial statements.

On February 1, 2022, the Corporation, through its 50%/50% joint venture took control of assets purchased from a privately owned company based in Wisconsin, United States. The Corporation acquired assets and liabilities in exchange for consideration of $1,000,000 USD. The acquisition has been accounted for as a business combination within the joint venture.

The acquisition of the Wisconsin assets was determined to be a key audit matter given the significance of the transaction to the consolidated financial statements, the complexity of the accounting for the transaction, and the high estimation uncertainty related to the estimation of the fair value of the net assets acquired which resulted in a bargain purchase gain of $23,380,794 being recognized within investment income from the joint venture in the consolidated statement of income and comprehensive income.

Our audit procedures included but were not limited to:

- A review of the asset exchange agreement to identify and assess relevant terms and conditions;
- An assessment of the qualifications and objectivity of the third-party valuation expert utilized by the Corporation to estimate the fair value of the net assets acquired in the business combination;
- Engagement of our internal valuation and capital asset solution teams to assess the reasonableness of key inputs and assumptions used by management in estimating the fair value of the identifiable assets acquired and liabilities assumed including:
    - applicable discount rates applied to management's forecasted cash flows;
    - management's forecasted revenues and costs; and
    - appraisal values of hard assets acquired using the replacement cost new less depreciation and market approaches;
- An assessment of the transaction for appropriate accounting under provisions of IFRS including management's assessment of the transaction as a business combination;
- An assessment of management's estimate of expected future costs related to the environmental obligation liability assumed as part of the acquisition including:
    - review of support for underlying costs compared to expected costs; and
    - review of key rates including discount rate and inflation rate.

Information other than the statements and auditor's report thereon

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

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

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

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

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when,

in extremely rare circumstances, we determine that a matter should not be communicated in our report because of the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Grant Thornton LLP

Vancouver, Canada
November 3, 2023

Chartered Professional Accountants

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Amended and Restated Consolidated Statements of Financial Position

	Notes	As at December 31, 2022	December 31, 2021
ASSETS			
Current			
Cash		587,623	$ 2,348,562
Trade and other receivables	6,23	1,389,738	698,440
Income taxes recoverable - Canada	19	-	74,337
Inventory	7	174,703	846,599
Prepaid expenses and deposits		93,686	52,991
Joint venture loan receivable	4	677,200	-
Current Assets		2,922,950	4,020,929
Long-term deposits	8	788,876	769,078
Restricted cash	9	120,148	120,000
Contract costs	10	1,402,130	2,420,470
Property, plant and equipment	11	460,134	593,911
Right-of-use assets	14	321,126	87,440
Investment in Joint Venture	4	23,462,149	255,482
Intangible assets	13	23,468	36,201
Resource properties	12	7,549,667	12,126,762
Total Assets		**$ 37,050,648**	**$ 20,430,273**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	23	2,598,359	1,239,496
Income taxes payable - Canada	19	93,365	-
Income taxes payable - USA	19	496,685	64,408
Current portion of bank and other loans	15	493,736	755,051
Current portion of lease obligations	17	8,328	73,618
Current portion of environmental rehabilitation obligations	18	-	133,295
Current Liabilities		3,690,473	2,265,868
Bank and other loans	15	-	300,000
Lease obligations	17	295,125	4,899
Deposit liabilities		49,376	26,770
Shareholders' loans	16	1,900,000	-
Deferred tax liability	19	-	-
Environmental rehabilitation obligations	18	2,501,114	2,662,417
Total Liabilities		8,436,088	5,259,954
Shareholders' Equity			-
Share capital	20	23,509,890	22,971,793
Contributed surplus		5,493,352	5,324,170
Retained earnings (deficit)		(1,238,866)	(13,128,128)
Accumulated other comprehensive income		850,184	2,484
Total Shareholders' Equity		28,614,560	15,170,319
Total Liabilities and Shareholders' Equity		$ 37,050,648	$ 20,430,273

Note (1) Nature of Business and Going Concern and Restatement of Financial Results and Note (27) Subsequent Events
The accompanying notes are an integral part of these consolidated financial statements

Approved by the Board of Directors

" Don Paulencu " — Director

"Dale Nolan" — Director

Athabasca MINERALS INC.

Amended and Restated Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

`	Notes	December 31, 2022	December 31, 2021
Product sales revenue	26	$ 3,787,866	$ 3,035,742
Services revenue	26	9,008,409	4,456,672
Gross revenue, including royalties		12,796,275	7,492,414
Less: provincial royalties		(354,359)	(337,638)
Revenue, net of royalties		12,441,916	7,154,776
Operating costs		(11,310,257)	(5,897,373)
Depreciation, depletion, and amortization expense		(210,413)	(389,064)
Cost of sales		(11,520,670)	(6,286,437)
Gross profit (loss)		921,246	868,339
General and administrative expenses		(4,038,496)	(2,921,446)
Severance expense	22	(685,269)	-
Share-based compensation	20	(221,749)	(247,952)
Write-down of inventory,contract costs and resource properties	7,10,12	(6,221,314)	-
Other operating expenses	25	(134,769)	(274,320)
Operating loss		(10,380,351)	(2,575,379)
Finance costs	25	(191,520)	(44,313)
Other non-operating income	25	637,787	206,438
Interest income		3,151	13,295
Share of profit from joint venture	4	22,358,967	240,238
Income (loss) before income taxes		12,428,034	(2,159,721)
Current tax expense		(538,773)	(10,809)
Deferred tax recovery		-	-
Net income (loss)		11,889,261	(2,170,530)
Other comprehensive income (loss)			
Foreign exchange differences from translating foreign operations	4	847,700	2,484
Total comprehensive income (loss)		**$ 12,736,961**	**$ (2,168,046)**
Net income (loss) per common share - basic	19	$ 0.152	$ (0.032)
Net income (loss) per common share - diluted	19	$ 0.148	$ (0.032)
Weighted average number of shares outstanding	19	77,989,187	67,947,084

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

Amended and Restated Consolidated Statements of Changes in Shareholders' Equity

	Notes	Number of Shares		Share Capital		Contributed Surplus	Accumulated Other Comprehensive Income			Retained Earnings (Deficit)		Total Shareholders' Equity
Balance as at January 1, 2021		**59,110,153**	**$**	**18,955,877**	**$**	**5,186,552**	**$**	**-**	**$**	**(10,957,598)**	**$**	**13,184,831**
Shares issued	19	17,596,935	$	3,944,313	$	-	$	-	$	-	$	3,944,313
Share-based compensation	19	-		-		169,085		-		-		169,085
Stock options exercised	19	257,000		82,748		(31,467)		-		-		51,281
Share issuance costs, net of tax of $nil	19	-		(11,145)		-		-		-		(11,145)
Total loss and comprehensive loss for the period		-		-		-		2,484		(2,170,530)		(2,168,046)
Balance as at December 31, 2021		**76,964,088**	**$**	**22,971,793**	**$**	**5,324,170**	**$**	**2,484**	**$**	**(13,128,128)**	**$**	**15,170,319**
Shares issued	19	258,898		107,990		-		-		-	$	107,990
Share-based compensation - options		-		-		336,745		-		-		336,745
Stock options exercised		1,359,700		430,107		(167,563)		-		-		262,544
Total income (loss) and comprehensive income (loss) for the period		-		-		-		847,700		11,889,261		12,736,961
Balance as at December 31, 2022		**78,582,686**	**$**	**23,509,890**	**$**	**5,493,352**	**$**	**850,184**	**$**	**(1,238,866)**	**$**	**28,614,560**

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

Athabasca MINERALS INC.

Amended and Restated Consolidated Statements of Cash Flows

	Notes	2022	Year ended 2021
OPERATING ACTIVITIES			
Net income (loss)		11,889,261	$ (2,170,530)
Adjustments for non-cash items			
Depreciation, depletion, and amortization expense		171,408	389,064
Amortization of resource property lease costs		-	11,118
Amortization of environmental rehabilitation obligations asset	12,25	39,478	120,645
Amortization of contract costs	10,25	-	13,830
Change in estimate for environmental rehabilitation obligations	18	-	(599)
Change in discount rate for environmental rehabilitation obligations	18	(338,919)	54,815
Accretion of environmental rehabilitation obligations	18	80,249	74,511
Writedown of inventory, contract and resource properties	7,10,12	6,221,314	-
Share of profit from joint venture	4	(22,358,967)	(240,238)
Gain on disposal of property and equipment		-	(50,000)
In-kind contribution to joint venture		-	(12,759)
Share-based compensation	20	221,749	247,952
Interest on shareholder loans	16	153,700	-
Shares issued in payment of royalties	20	-	200,001
Shares issued to contractors	20	75,000	-
Changes in non-cash working capital balances			
Trade and other receivables		(691,298)	174,014
Amounts due from related entities		-	88,876
Prepaid expenses and deposits		(40,695)	4,623
Inventory	7	334,798	-
Accounts payable and accrued liabilities		1,433,126	(229,573)
Income taxes payable (recoverable)		599,979	(55,013)
Net cash used in operating activities		**(2,209,817)**	(1,379,263)
INVESTING ACTIVITIES			
Spending on long-term deposits	8	(19,798)	-
Deposit liability		22,606	-
Restricted cash	9	(148)	956,595
Proceeds on sale of property and equipment		-	50,000
Purchase of property and equipment	11	-	(31,627)
Spending on resource properties	12	(286,964)	(574,599)
Cash acquired in acquisition of associates		-	120,155
Cash consideration paid for interest in associates		-	(1)
Net cash used in investing activities		(284,304)	520,523
FINANCING ACTIVITIES			
Proceeds from issuance of common shares, private placement	20	32,990	1,744,312
Common share issuance costs		-	(11,145)
Proceeds from bank loans	15	-	160,000
Repayment of bank loans	15	(591,933)	(531,873)
Interest on bank indebtedness		30,617	-
Proceeds from shareholders' loans	16	1,900,000	-
Interest payment on shareholders' loan	16	(153,700)	-
Issuance of joint venture loan receivable	4	(1,489,840)	-
Repayment of joint venture loan receivable	4	812,640	-
Interest on lease liability	17	5,130	-
Repayment of lease obligations	17	(75,265)	(159,644)
Net proceeds from exercise of stock options	20	262,544	51,281
Net cash from (used in) financing activities		733,183	1,252,931
Impact of foreign currency translation			
Net change in cash		(1,760,938)	394,191
Cash, beginning of period		2,348,562	1,954,371
Cash, end of period		587,623	2,348,562

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

Note 1 - Nature of Business and Going Concern and Restatement of Financial Results

a) General

Athabasca Minerals Inc. (the "Corporation") is a public corporation incorporated under the Business Corporations Act (Alberta) in 2006, and its shares are listed on the TSX Venture Exchange under the symbol AMI-V. The Corporation's head office is located at 4409 94 Street NW, Edmonton, Alberta, Canada T6E 6T7.

The Corporation is an integrated group of companies capable of full life-cycle development and supply of aggregates and industrial sand. The Corporation is comprised of the following business units:

- **AMI Silica** division has resource holdings and business interests in Alberta, North-East BC, and the United States with its 50% joint venture interest in AMI Silica LLC.
- **AMI Aggregates** division produces and sells aggregates from its corporate pits and manages the Coffey Lake Public Pit on behalf of the Government of Alberta.
- **AMI RockChain** division is a midstream, technology-enabled business using its proprietary RockChain™ digital platform, automated supply-chain and logistics solutions, quality-assurance & safety programs to deliver products across Canada.
- **Métis North Sand & Gravel** is a strategic partnership with the McKay Métis Group to deliver aggregates to the energy, infrastructure, and construction sectors in the Wood Buffalo region. In December 2022, the Corporation ceased its limited partner position in the partnership but continues to provide services to the partnership under an operating agreement.
- **TerraShift Engineering** conducts resource exploration, regulatory, mining, environmental and reclamation engineering for a growing nation-wide customer base and is also the developer of the proprietary TerraMaps™ software. As of August 24, 2022, the Corporation began to phase out the operations of TerraShift as part of the Corporation's staged plan to create a sustainable and resilient business model. TerraMaps™ and other assets will be maintained to continue to be of benefit to other AMI divisions.

The amended and restated consolidated financial statements for the year ended December 31, 2022, including comparatives for the year ended December 31, 2021 were approved and authorized for issue by the Board of Directors on November 3, 2023.

b) Going Concern

The basis of presentation below notes the Corporation's consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. The Corporation's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise the financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. During the year ended December 31, 2022, the Corporation had net income of $11,889,261 including a $24,057,403 gain on acquisition included in share of profit from joint venture (2021 – total loss $2,170,530) and net cash used in operations of $2,209,817 (2021 - $1,379,263). These aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Corporation's ability to continue as a going concern. The ability of the Corporation to continue as a going concern and to meet its obligations will be dependent upon generating positive cash flows from operations as well as obtaining debt or equity financing. However, there can be no assurance that the steps management is taking will be successful. The accompanying consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Corporation were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could have a material impact on the consolidated financial statements.

c) Restatement of Financial Results

The Corporation has determined that the investment in the AMI Silica LLC joint arrangement, entered into in 2021, was incorrectly accounted for as a joint operation rather than a joint venture in the 2021 and 2022 consolidated financial statements. A joint operator shall account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses whereas a joint venturer shall recognise its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures.

Athabasca MINERALS INC.

Note 1 - Nature of Business and Going Concern and Restatement of Financial Results - continued

In addition, the Corporation determined that the impairment charge taken against resources properties (note 12) was understated by $600,534 and as such the impairment charge has been increased to reflect management's best estimate of the fair value of those assets.

As a result of the correction, the following consolidated financial statement line items for the 2022 and 2021 fiscal years have been adjusted as follows:

				As at		
	December 31, 2022	Adjustment 1	Adjustment 2	December 31, 2022	December 31, 2021	Adjustment	December 31, 2021
ASSETS							
Current							
Cash	$ 800,265	$ (212,642)		587,623	$ 2,517,433	$ (168,871)	$ 2,348,562
Trade and other receivables	5,102,611	(3,712,873)		1,389,738	1,291,644	(593,204)	698,440
Income taxes recoverable - Canada	-			-	74,337		74,337
Inventory	3,988,746	(3,814,043)		174,703	846,599		846,599
Prepaid expenses and deposits	664,279	(570,593)		93,686	52,991		52,991
Joint venture loan receivable		677,200		677,200	-		-
Current Assets	10,555,901	(7,632,951)		2,922,950	4,783,004	(762,075)	4,020,929
Long-term deposits	788,876			788,876	769,078		769,078
Restricted cash	120,148			120,148	120,000		120,000
Contract costs	1,402,130			1,402,130	2,420,470		2,420,470
Property, plant and equipment	38,406,067	(37,945,933)		460,134	593,911		593,911
Right-of-use assets	10,032,288	(9,711,162)		321,126	87,440		87,440
Investment in Joint Venture		23,462,149		23,462,149		255,482	255,482
Intangible assets	23,468			23,468	36,201		36,201
Resource properties	8,050,201		(500,534)	7,549,667	12,126,762		12,126,762
Total Assets	**$ 69,379,079**	**$ (31,827,897)**	**$ (500,534)**	**$ 37,050,648**	**$ 20,936,866**	**$ (506,593)**	**$ 20,430,273**
LIABILITIES AND SHAREHOLDERS' EQUITY							
Current							
Accounts payable and accrued liabilities	9,687,653	(7,189,294)	100,000	2,598,359	1,765,131	(525,635)	1,239,496
Income taxes payable - Canada	93,365			93,365	-		-
Income taxes payable - USA	496,685			496,685	64,408		64,408
Current portion of bank and other loans	872,834	(379,098)		493,736	755,051		755,051
Current portion of lease obligations	1,551,983	(1,543,655)		8,328	73,618		73,618
Current portion of environmental rehabilitation obligations	609,480	(609,480)		-	133,295		133,295
Current Liabilities	13,312,001	(9,721,528)	100,000	3,690,473	2,791,503	(525,635)	2,265,868
Bank and other loans	1,613,578	(1,613,578)		-	300,000		300,000
Lease obligations	8,731,768	(8,436,643)		295,125	4,899		4,899
Deposit liabilities	49,376			49,376	26,770		26,770
Shareholders' loans	2,238,600	(338,600)		1,900,000	-		-
Deferred tax liability	8,278,943	(8,278,943)		-	-		-
Environmental rehabilitation obligations	5,774,492	(3,273,378)		2,501,114	2,662,417		2,662,417
Total Liabilities	39,998,760	(31,662,672)	100,000	8,436,088	5,785,589	(525,635)	5,259,954
Shareholders' Equity							-
Share capital	23,509,890			23,509,890	22,971,793		22,971,793
Contributed surplus	5,493,352			5,493,352	5,324,170		5,324,170
Retained earnings (deficit)	(977,340)	339,008	(600,534)	(1,238,866)	(13,144,686)	16,558	(13,128,128)
Accumulated other comprehensive income	1,354,417	(504,233)		850,184	-	2,484	2,484
Total Shareholders' Equity	29,380,319	(165,225)	(600,534)	28,614,560	15,151,277	19,042	15,170,319
Total Liabilities and Shareholders' Equity	**$ 69,379,079**	$ (31,827,897)	$ (500,534)	**$ 37,050,648**	$ 20,936,866	$ (506,593)	**$ 20,430,273**

Athabasca MINERALS INC.

Note 1 - Nature of Business and Going Concern and Restatement of Financial Results - continued

	Twelve months ended December 31, 2022				Twelve months ended December 31, 2021		
	2022	Adjustment 1	Adjustment 2	December 31, 2022	2021	Adjustment	December 31, 2021
Product sales revenue	$ 25,571,323	$ (21,783,457)		$ 3,787,866	$ 3,035,742	$ -	$ 3,035,742
Services revenue	9,008,409			9,008,409	9,093,507	(4,636,835)	4,456,672
Gross revenue, including royalties	34,579,732	(21,783,457)		12,796,275	12,129,249	(4,636,835)	7,492,414
Less: provincial royalties	(354,359)	-		(354,359)	(337,638)	-	(337,638)
Revenue, net of royalties	34,225,373	(21,783,457)		12,441,916	11,791,611	(4,636,835)	7,154,776
Operating costs	(30,772,222)	19,461,965		(11,310,257)	(10,297,769)	4,400,396	(5,897,373)
Depreciation, depletion, and amortization expense	(3,428,108)	3,217,695		(210,413)	(389,064)	-	(389,064)
Cost of sales	(34,200,330)	22,679,660		(11,520,670)	(10,686,833)	4,400,396	(6,286,437)
Gross profit (loss)	25,043	896,203		921,246	1,104,778	(236,439)	868,339
General and administrative expenses	(5,353,404)	1,279,606	35,302	(4,038,496)	(2,934,205)	12,759	(2,921,446)
Severance expense	(685,269)	-		(685,269)	-		-
Share-based compensation	(221,749)	-		(221,749)	(247,952)	-	(247,952)
Write-down of inventory,contract costs and resource properties	(5,620,780)	-	(600,534)	(6,221,314)	-	-	-
Other operating expenses	(82,898)	(51,871)		(134,769)	(274,320)	-	(274,320)
Operating loss	(11,939,057)	2,123,938	(565,232)	(10,380,351)	(2,351,699)	(223,680)	(2,575,379)
Finance costs	(770,583)	579,063		(191,520)	(44,313)	-	(44,313)
Gain on acquisition of Wisconsin assets	24,057,403	(24,057,403)		-	-	-	-
Other non-operating income	350,640	-	287,147	637,787	206,438	-	206,438
Interest income	3,151	-		3,151	13,295	-	13,295
Share of profit from joint venture	-	22,358,967		22,358,967	-	240,238	240,238
Income (loss) before income taxes	11,701,554	1,004,565	(278,085)	12,428,034	(2,176,279)	16,558	(2,159,721)
Current tax expense	(538,773)	-		(538,773)	(10,809)	-	(10,809)
Deferred tax recovery	1,004,565	(1,004,565)		-	-	-	-
Net income (loss)	12,167,346	-	(278,085)	11,889,261	(2,187,088)	16,558	(2,170,530)
Other comprehensive income (loss)							
Foreign exchange differences from translating foreign operations	1,354,417	(506,717)	-	847,700	-	2,484	2,484
Total comprehensive income (loss)	**$ 13,521,763**	**$ (506,717)**	**$ (278,085)**	**$ 12,736,961**	**$ (2,187,088)**	**$ 19,042**	**$ (2,168,046)**

	As at December 31 ,2021		
	As Restated	As previously reported	Adjustment
Shareholders Equity			
Share capital	**$ 22,971,793**	$ 22,971,793	$ -
Contributed Surplus	**5,324,170**	5,324,170	$ -
Accumulated Other Comprehensive Income	**2,484**	-	$ 2,484
Retained Earnings (Deficit)	**(13,128,128)**	(13,144,686)	$ 16,558
Total Shareholders Equity	**15,170,319**	15,151,277	$ 19,042

	As at December 31,2022		
	As Restated	As previously reported	Adjustment
Shareholders Equity			
Share capital	**$ 23,509,890**	$ 23,509,890	$ -
Contributed Surplus	**5,493,352**	5,493,352	$ -
Accumulated Other Comprehensive Income	**850,184**	1,354,417	$ (504,233)
Retained Earnings (Deficit)	**(1,238,866)**	(977,340)	$ (261,526)
Total Shareholders Equity	**28,614,560**	29,380,319	$ (765,759)

Note 1 - Nature of Business and Going Concern and Restatement of Financial Results - continued

	2022	Adjustment	2022	2021	Adjustment	Year ended 2021
OPERATING ACTIVITIES						
Net income (loss)	$ 12,167,346	(278,085)	11,889,261	(2,187,088)	16,558	$ (2,170,530)
Adjustments for non-cash items						
Depreciation, depletion, and amortization expense	3,428,108	(3,256,700)	171,408	389,064		389,064
Amortization of resource property lease costs	-		-	11,118		11,118
Amortization of environmental rehabilitation obligations asset	39,478	-	39,478	120,645		120,645
Amortization of contract costs	-	-	-	13,830		13,830
Change in estimate for environmental rehabilitation obligations	284,264	(284,264)	-	(599)		(599)
Change in discount rate for environmental rehabilitation obligations	(677,148)	338,229	(338,919)	54,815		54,815
Accretion of environmental rehabilitation obligations	227,707	(147,458)	80,249	74,511		74,511
Writedown of inventory, contract and resource properties	5,620,780	600,534	6,221,314	-		-
Share of profit from joint venture	-	(22,358,967)	(22,358,967)	-	(240,238)	(240,238)
Gain on disposal of property and equipment	-	-	-	(50,000)	-	(50,000)
In-kind contribution to joint venture	-	-	-	-	(12,759)	(12,759)
Share-based compensation	221,749	-	221,749	247,952		247,952
Interest on shareholder loans	157,300	(3,600)	153,700	-		-
Shares issued in payment of royalties	-	-	-	200,001		200,001
Shares issued to contractors	75,000	-	75,000	-		-
Changes in non-cash working capital balances		-		-		
Trade and other receivables	(4,248,629)	3,557,331	(691,298)	(419,190)	593,204	174,014
Amounts due from related entities	-	-	-	88,876		88,876
Prepaid expenses and deposits	(611,288)	570,593	(40,695)	4,623		4,623
Inventory	(3,479,246)	3,814,044	334,798	-		-
Accounts payable and accrued liabilities	8,010,653	(6,577,527)	1,433,126	296,063	(525,636)	(229,573)
Income taxes payable (recoverable)	525,642	74,337	599,979	(55,013)		(55,013)
Net cash used in operating activities	**(2,265,653)**	**55,836**	**(2,209,817)**	**(1,210,392)**	(168,871)	(1,379,263)
INVESTING ACTIVITIES						
Spending on long-term deposits	(19,798)	-	(19,798)	-		-
Deposit liability	22,606	-	22,606	-		-
Restricted cash	148	(296)	(148)	956,595		956,595
Proceeds on sale of property and equipment	-	-	-	50,000		50,000
Purchase of property and equipment	(14,097)	14,097	-	(31,627)		(31,627)
Spending on resource properties	(286,964)	-	(286,964)	(574,599)		(574,599)
Cash acquired in acquisition of associates	-	-	-	120,155		120,155
Cash consideration paid for interest in associates	-	-	-	(1)		(1)
Net cash used in investing activities	**(2,286,529)**	2,002,225	(284,304)	520,523		520,523
FINANCING ACTIVITIES						
Proceeds from issuance of common shares, private placement	32,990	-	32,990	1,744,312		1,744,312
Common share issuance costs	-		-	(11,145)		(11,145)
Proceeds from bank loans	1,782,000	(1,782,000)	-	160,000		160,000
Repayment of bank loans	(780,602)	188,669	(591,933)	(531,873)		(531,873)
Interest on bank indebtedness		30,617	30,617	-		-
Proceeds from shareholders' loans	2,238,600	(338,600)	1,900,000	-		-
Interest payment on shareholders' loan	(153,700)	-	(153,700)	-		-
Issuance of joint venture loan receivable	-	(1,489,840)	(1,489,840)	-		-
Repayment of joint venture loan receivable		812,640	812,640	-		-
Interest on lease liability		5,130	5,130	-		-
Repayment of lease obligations	(546,522)	471,257	(75,265)	(159,644)		(159,644)
Net proceeds from exercise of stock options	262,544	-	262,544	51,281		51,281
Net cash from (used in) financing activities	**2,835,310**	(2,102,127)	733,183	1,252,931		1,252,931
Impact of foreign currency translation						
Net change in cash	(1,716,872)	(44,066)	(1,760,938)	563,062	(168,871)	394,191
Cash, beginning of period	2,517,433	(168,871)	2,348,562	1,954,371	-	1,954,371
Cash, end of period	**800,561**	(212,937)	587,623	2,517,433	(168,871)	2,348,562

Note 2 - Basis of Presentation

a) Statement of Compliance

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

b) Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis, except as detailed in the Corporation's accounting policy set out in Note 3.

These consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries, AMI Aggregates Inc., AMI RockChain Inc. ("AMI RockChain"), which was incorporated on March 19, 2018.Additionally, on June 30, 2020, AMI RockChain acquired 100% of the shares in TerraShift. On February 5, 2021, the Corporation acquired control of the numbered Alberta corporations that respectively own the Montney In-Basin Project and the Duvernay Project by securing 100% ownership of each company.

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

The consolidated financial statements also include its joint venture investment in its 50/50 joint arrangement AMIL Silica Inc. ("AMI Silica"). The Corporation and JMAC Energy Services LLC. jointly control AMI Silica LLC on a 50/50 basis. AMI Silica LLC was formed under the laws of North Dakota effective June 2, 2021.

c) Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars which is the functional currency of the Canadian parent and its subsidiaries. The functional currency of AMI Silica LLC. is the US dollar which then is translated to the presentation currency.

The investment in joint venture is translated into the presentation currency at the closing rate. The investment income has been translated into the presentation currency at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the currency translation reserve in equity.

d) Use of Estimates and Judgements

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

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

Note 2 - Basis of Presentation - continued

Significant Management Judgements

Realization of Assets

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

Exploration and Development Expenditures

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

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

Impairment of Resource Properties

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

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

- the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed;
- substantive expenditure on further exploration in a specific area is neither budgeted nor planned;
- exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Corporation has decided to discontinue activities in the area; or sufficient data exists to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the resource property is unlikely to be recovered in full by successful development or by sale.

Commencement of Commercial Production

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

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

Note 2 - Basis of Presentation - continued

Management uses judgement to determine if contracts contain a lease. To make the assessment, management evaluates if the contract identifies a specific asset, the Corporation has the right to obtain substantially all the economic benefits from use, and if the Corporation has the right to direct the use of the asset.

Management uses judgement in determining the effective term for contracts where an extension or termination clause exists. Management considers historical behaviour, forecasting, and future strategy when considering what a reasonable outcome is.

Degree of Control Over Investees

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

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

Management Estimates

Collectability of Accounts Receivable

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

The Corporation uses a provision matrix to calculate expected credit losses for trade receivables. The provision matrix is initially based on the Corporation's historical observed default rates. The Corporation will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. The assessment of the correlation between historical observed default rates, forecast economic conditions and expected credit losses is a significant estimate. The Corporation's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Inventory Valuation

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

Depreciation and Amortization and Determining Useful Lives

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

Mine assets in the US are depreciated on a straight-line basis based over the expected lives of the assets. The units of production may not accurately reflect the usage due to the continuous reclamation and mining process.

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

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

Note 2 - Basis of Presentation - continued

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

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

Mineral Reserves

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

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

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

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

Provision for Reclamation and Decommissioning Obligations

Accounting for reclamation and decommissioning obligations requires management to make estimates of the timing and amount of future costs the Corporation will incur to complete the reclamation and decommissioning work required to comply with existing laws, regulations and contractual agreements at each mining operation. Timing and actual costs incurred may differ from those estimated.

Future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs and timing of those costs could materially impact the amounts estimated for reclamation, remediation and decommissioning. The Corporation assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available.

If after a provision is recognized, information becomes available suggesting that recovery of the corresponding asset is unlikely, the asset is written off to the consolidated statements of loss and comprehensive loss in the period when the new information becomes available. When the Corporation is virtually certain that all or a portion of the costs will be reimbursed by another party, the Corporation uses judgement to determine whether it would be liable for the entire provision in the event that the other party failed to pay and then presents the reimbursement as a separate asset. However, if the Corporation determines that it would have no further liability for those costs if the other party failed to pay then the provision is net with the expected reimbursement.

Impairment of Non-Financial Assets

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

Note 2 - Basis of Presentation - continued

Income Taxes

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

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

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

Calculation of Share-based Compensation

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

Valuation of Warrants Issued in Private Placements

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

Business Combinations

In assessing whether the purchase of a business constitutes a business combination or an acquisition of assets, the Corporation takes into consideration whether the business consists of inputs, processes applied to those inputs that have the ability to contribute to the creation of outputs. To be considered a business, an integrated set of activities must include, at a minimum, an input and a substantive process. Significant judgement goes into the determination as to whether processes are considered substantive. Business combinations are accounted for using the fair value of consideration and the fair value of assets and liabilities acquired, including separately identified intangible assets and goodwill, as at the date of acquisition. Share-based consideration is valued using the trading price at the closing date of the acquisition, and contingent consideration is valued based on estimated probabilities of a range of outcomes identified. Changes in these input assumptions can significantly affect the fair value estimate.

Note 3 - Significant Accounting Policies

a) Cash

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

b) Inventory

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

The cost of finished sand inventory includes all expenses directly attributable to the production process, as well as production overheads, storage at the mine site, and transportation and storage costs to the inventory location. Cost of sand in various stages of production includes all expenses directly attributable to the production process to that stage.

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

c) Restricted Cash

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

d) Property and Equipment

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

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

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

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

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

Note 3 - Significant Accounting Policies - continued

e) Intangible Assets

Software and customer relationships acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values. All finite-lived intangible assets are amortized over their estimated useful lives of one year for customer relationships and five years for software.

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

Depreciation expense from intangible assets is charged against operations in the period.

f) Exploration Expenditures

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

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

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

g) Pit Development Expenditures

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

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

h) Impairment of Non-Financial Assets

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

Note 3 - Significant Accounting Policies - continued

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

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

i) Environmental Rehabilitation Obligations ("ERO")

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

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

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

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

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

j) Lease obligations

The Corporation assesses at contract inception all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Corporation is not a lessor in any transactions, it is only a lessee.

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Corporation recognizes right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Note 3 - Significant Accounting Policies - continued

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Office leases – 5 years
- Motor vehicles – 4 years
- Office equipment – 5 years

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

At the commencement date of the lease, the Corporation recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Corporation and payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Corporation uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Corporation applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). These lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

k) Provisions

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

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

l) Share-based Compensation

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

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

Note 3 - Significant Accounting Policies - continued

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

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

m) Warrants Issued in a Private Placement of Share Units

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

n) Income Taxes

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

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

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

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

Deferred tax liabilities are generally recognized in full, although IAS 12 "Income Tax" specifies limited exemptions. As a result, the Corporation does not recognize deferred tax on temporary differences relating to goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

o) Revenue Recognition

The Corporation's revenue is primarily derived from the sale of aggregates. Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Corporation expects to be entitled in exchange for those goods or services.

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

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

Revenue is recognized as follows:

Note 3 - Significant Accounting Policies - continued

Product sales revenue

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

The Corporation also sells third-party aggregate via AMI RockChain. The Corporation has concluded that it is the principal in the sale of third-party aggregate materials because it controls the product before transferring control to the customer. Revenue is recognized at the point in time where the aggregate material is delivered to the customer.

Services revenue

The Corporation recognizes revenue for various management services, including project work and the sale of aggregate from public pits. In Q1 2020, the Corporation began managing the Coffey Lake aggregate pit, where a management fee is earned based on the volume extracted from the pit. The Corporation transfers control to the customer and recognizes revenue at the point in time where the aggregate material leaves the pit.

In certain contracts where transportation occurs subsequent to acceptance and transfer of control of aggregate to the customer, the Corporation recognizes revenue for the performance obligation relating to the sale of the aggregate as part of a bill and hold arrangement. At that time, control is transferred to the customer as the reason for the bill and hold arrangement is substantive, the Corporation cannot sell the aggregate to another customer, the aggregate can be identified separately and is ready for physical transfer to the customer. Revenue for the transportation of the aggregate is recognized as the performance obligation is satisfied when the aggregate is delivered to the customer.

For general contractor services on certain projects, the Corporation recognizes revenue as the performance obligation is satisfied as the services are performed.

For income generated from the joint venture, the Corporation recognizes it share of profit or loss.

Contract costs

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

p) Government Assistance

Government assistance is recognized when there is reasonable assurance of claim acceptance. Assistance for expenses is recognized as a reduction of the expense in the period the expense is recognized. Assistance for other capital assets is recognized as a reduction against the carrying cost of the asset. Assistance for detector parts is recognized as deferred government assistance and amortized to profit & loss over 3 years – the same amortization basis for finished detectors.

q) Segmented Reporting

The Corporation has four reportable segments:

a) AMI Aggregates: The Corporation produces and sells aggregate out of its Corporate pits, manages the Coffey Lake aggregate pit on behalf of the Government of Alberta for which management services revenue are earned, and manages other contract work for customers.

b) AMI RockChain: The Corporation sells third-party aggregate using the RockChain™ digital platform to provide integrated supply and transportation solutions for industrial and construction markets.

Note 3 - Significant Accounting Policies - continued

c) AMI Silica: The Corporation owns a 100% interest in the Firebag silica sand project. As at December 31, 2021, the Corporation owned a 100% of two private Alberta corporations that own the Montney In-Basin Project and the Duvernay Project (see Note 12), respectively. The Corporation also owns a 50% interest in a Wisconsin silica sand mine and facilities through its joint venture in AMI Silica LLC (note 4).

d) TerraShift offers technology-based applications that support resource exploration and development, environmental and regulatory planning, resource management, compliance reporting, and reclamation for a customer base across Western Canada. The Corporation is in the process of winding down the operations of TerraShift.

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

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

r) Investment in Associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Corporation.

Where the Corporation's share of losses in investment in associates and joint ventures equals or exceeds its equity accounted interest in the entities, including any other unsecured long-term receivables, the Corporation does not recognize further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains and losses on transactions between the Corporation and its associates and joint ventures are eliminated to the extent of the Corporation's interest in those entities. Where unrealized losses are eliminated, the underlying asset is also tested for impairment.

s) Acquisition of 213 and 214

The Corporation has applied the concentration of fair value test to assess whether an acquired set of activities and assets is not a business. Under the tests performed, the Corporation identified that 96% and 95% respectively of each Corporations' main asset were resource properties. Since the assets acquired/liabilities assumed do not constitute a business the costs have been allocated across the assets/liabilities based on their relative fair value bases.

The Corporation has the accounting policy choice of remeasuring previously held equity interests to fair value, with any gain/(loss) through the income statement; or not remeasuring any previously held equity interests.

Using management's judgement, the Corporation has chosen not to remeasure any previously held equity interest.

t) Earnings (Loss) Per Common Share

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

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

Note 3 - Significant Accounting Policies - continued

u) Financial Instruments

Fair Value

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can assess at the measurement date;
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly as prices or indirectly derived from prices; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

Initial recognition and measurement

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

Classification and subsequent measurement

Financial assets:

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

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

Financial liabilities:

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

Derecognition

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

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

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

Financial liabilities are derecognized when the liability is discharged, canceled, or expired.

Note 3 - Significant Accounting Policies - continued

Impairment for trade receivables

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

v) Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method, using the adopted amendments to IFRS 3 definition of a business. The cost of the business combination is measured as the aggregate of the consideration transferred, measured at the acquisition date at fair value. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, "Business Combinations" are recognized at their fair values at the acquisition date. Acquisition costs incurred are expensed in the period in which they are incurred except for costs related to shares issued in conjunction with the business combination.

Goodwill is initially measured at the excess of the fair value of consideration transferred less the fair value of the net identifiable assets acquired and liabilities assumed. If this amount is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the consolidated statement of loss and comprehensive loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortized but is subject to an annual impairment test. Goodwill impairment is evaluated annually or more frequently, if events or changes in circumstances indicate that the asset might be impaired.

w) Government Assistance

Government grants related to income are accounted for as a deduction in reporting the related expense and are recognized in the period in which the grant becomes receivable. Government loans with forgiveness options are treated as government grants in the period in which there is reasonable assurance that the forgiveness terms of the loans will be met.

Recent Accounting Pronouncements

x) Standards Issued but not yet Effective

Each year new standards and interpretations are issued, but not yet effective, for the Corporation's current financial statements. When the new standards are reasonably expected to have an impact, the Corporation discloses the potential impact that these new standards may have on its disclosures, financial position or performance when applied at a future date. The Corporation intends to adopt these standards when they become effective.

The Corporation did not adopt any accounting standards during the year ended December 31, 2022, that materially impacted the Corporation's consolidated financial statements.

The Corporation plans to adopt the following amendments to the accounting standards, issued by IASB, that are effective for the annual period beginning on or after December 1, 2021. The pronouncements will be adopted on their respective effective dates; however, each is not expected to have a material impact on the consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1)

The IASB has issued amendments to IAS 1 *Presentation of Financial Statements* which require entities to disclose their "material" accounting policy information rather than their "significant" accounting policies. The amendments explain that accounting policy information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments also clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The adoption of this amendment will not have a material impact on the Corporation's consolidated financial statements.

Note 3 - Significant Accounting Policies - continued

Definition of Accounting Estimates (Amendments to IAS 8)

The IASB has issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* which introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. Under the amendments, accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty". The amendments also emphasize that a change in an accounting estimate that results from new information or new developments is not an error correction, and that changes in an input or a measurement technique used to develop an accounting estimate are considered changes in accounting estimates if those changes in an input or measurement technique are not the result of an error correction. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of these amendments has not yet been determined.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IFRS 1 and IAS 12)

The IASB has issued amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 12 *Income Taxes* which clarify that the initial recognition exemption set out in IAS 12 does not apply to transactions that give rise to equal taxable and deductible temporary differences. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. This amendment is effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB has published *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period".
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability.
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

This amendment is effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted. The extent of the impact of adoption of this amendment has not yet been determined.

Note 4 – Investment in Joint Venture

The Corporation and JMAC Energy Services LLC. Jointly control AMI Silica LLC on a 50/50 basis. AMI Silica LLC was formed under the laws of North Dakota effective June 2, 2021. The investment in AMI Silica LLC is accounted for using the equity method in accordance with IAS 28.

Summarized financial information for AMI Silica LLC is set out below:

	100% share of AMI Silica LLC (CAD)	
	December 31, 2022	December 31, 2021
Current assets (a)	$ 16,621,022	$ 1,562,236
Non-current assets	95,314,190	-
Total assets	111,935,212	1,562,236
Current liabilities (b)	19,422,808	1,051,272
Non-current liabilities (c)	45,588,106	-
Total liabilities	65,010,914	1,051,272
Net assets	46,924,298	510,964
(a) Includes cash and cash equivalents	337,742	425,283
(b) Includes financial liabilities (excluding trade and other payables and provisions)	3,037,666	-
(c) Includes financial liabilities (excluding trade and other payables and provisions)	23,020,882	-
Revenue	43,566,914	$ 9,273,670
Gain on Wisconsin Assets	48,114,806	-
Total Net income and Other Comprehensive income for the year	44,717,934	480,476
Depreciation and Amortization	6,435,390	-
Tax Expense	2,009,130	-

A reconciliation of the above summarized financial information to the carrying amount of investment in Silica LLC is set out below:

	December 31, 2022	December 31, 2021
Total net assets	46,924,298	510,964
Proportion of ownership interests held by group	50.00%	50.00%
Ending balance, Investment in Joint Venture	23,462,149	255,482
Investment in Joint Venture		
Opening balance, December 31,2021	255,482	
Initial in-kind investment		12,760
Equity pick up	22,358,967	240,238
Foreign exchange impact	847,700	2,484
Ending balance, investment in Joint Venture	$ 23,462,149	255,482

Additional information about the joint venture receivable is included:

	AMI Silica LLC Receivable 100% CAD
Original amounts invested in 2022	$ 1,498,004
Repayments in 2022	(820,804)
Ending amount of Joint Venture Receivable, December 31,2022	677,200

Note 4 – Investment in Joint Venture - continued

Joint venture receivable

The Corporation has a receivable balance from AMI Silica LLC of $677,201. The receivable is non-interest bearing and has no set maturity date. Any repayments of the receivable are subject to AMI Silica LLC board approval.

AMI Silica LLC. Financing

On September 15, 2022, AMI Silica LLC. entered into a debt financing facility for US$2,700,000 with a US lender. Under the terms of this financing, the facility is secured by eligible equipment owned by AMI Silica LLC and is not subject to any covenants. A payment of principal amount in the amount of US$56,373 was paid at closing and thereafter 35 equal consecutive monthly installments, beginning on the 1st of October and continuing on the same day of each month with the final payment on August 1, 2025 ("maturity date"). All amounts outstanding, including all accrued and unpaid interest and other amounts payable, shall be due and payable on the maturity date. The loan interest rate is based on the US prime rate as reported in the Wall Street Journal plus a Margin of 4.25%.

Equipment Financing

In April 2022, AMI Silica LLC. purchased a piece of heavy equipment and entered into an equipment financing agreement for US$508,343 with a US equipment company. Under the terms of this financing, the facility is secured by the purchased equipment owned by AMI Silica LLC and is not subject to any covenants. The implicit interest rate is 8.25% and the term of agreement is 48 months with monthly payments of principal and interest in the amount of US$12,470 with the final payment on May 7, 2026 ("maturity date"). All amounts outstanding, including all accrued and unpaid interest and other amounts payable, shall be due and payable on the maturity date.

Bonding Facility for Wisconsin Sand

As part of the acquisition of the operational U.S. sand mine and facilities in Hixton, Wisconsin (Note 5), AMI Silica LLC. arranged a bonding facility through Trisura Guarantee Insurance Company ("Trisura") for various bonds required to close the transaction. The bonds are subject to an annual rate of 2.5% and are secured by a first security charge over all of the land, plant and equipment of the sand mine and facilities (with the exception of the secured assets under the US $2.7 million loan in AMI Silica LLC). Bonds issued and outstanding under the facility total US$13,742,579 and are for reclamation, road use, railcar subleases and general performance.

Note 5- Business Combination

Effective February 1, 2022, the Corporation, through its 50/50 joint venture AMI Silica acquired an operational U.S. sand mine and facilities in Hixton, Wisconsin, the results of which are included in the Corporations investment in joint venture accounted for using the equity method. The Corporation closed the Definitive Agreement on March 3, 2022, in an arms-length transaction for a total price of $1,000,000 USD. The Corporation was able to acquire these assets at a bargain purchase, as the seller had made a strategic decision to exit the industry. As the fair value of the assets acquired was significantly higher than the purchase price, a large gain was recognized on the acquisition.

In accordance with IFRS 3 Business Combinations ("IFRS 3"), this transaction meets the definition of a business combination and, accordingly, the assets acquired, and the liabilities assumed have been recorded at their respective estimated fair values as of the acquisition date, being February 1, 2022. The purchase price was allocated based on the Corporation's fair value estimates. The fair value of the railcar sublease asset and railcar sublease obligation was estimated using the Corporation's lease accounting policies including assumptions around applicable discount rates. The fair value of the land was determined using tax assessed values. The fair value of the remaining property, plant, and equipment was estimated with the assistance of external valuation specialists and is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, as required by IFRS 13 Fair Value Measurement. This was determined to be the stand-alone/in exchange value based on market and orderly liquidation gathered for comparable assets, rather than the value imputed by other valuation methods due to the imprecision of expected cashflows in the absence of a National Instrument 43-101 reserve report. The range for stand-alone value ranged from $52,011,000 to $60,582,000 for all plant and equipment acquired and was estimated using a cost approach in relation to buildings whereas a sales comparison approach was utilized to value the transportation equipment, machinery and

Note 5- Business Combination - continued

equipment. Management considered the upper limit of the range to be acceptable for measurement in accordance with as it was consistent with other valuation methods. The fair value of the reclamation and other liabilities was calculated consistently with the Corporation's other asset retirement obligations and includes assumptions about inflation and discount rates over time to represent the estimated future cost of dismantling, restoring, and reclaiming the plant and mines. Deferred income taxes represent the temporary differences between future expenses for accounting purposes and income tax purposes at the Corporation's effective tax rate.

The purchase price allocation was as follows:

		USD 100% Joint Venture		CAD (100%)		CAD 50% AMI ownership
Purchase price		**$ 2,200,563**		**$ 2,793,395**		**$ 1,396,698**
Railcar sublease Asset	5,131,507		6,513,935		3,256,968	
		5,131,507	-	6,513,935	-	3,256,968
Land - Plant site	3,701,250		4,698,367		2,349,184	
Land - Transload	345,600		438,705		219,353	
Plant Phase 2	24,108,790		30,603,697		15,301,849	
Plant Phase 1	20,598,152		26,147,293		13,073,646	
Transload	5,513,208		6,998,466		3,499,233	
Mobile assets	5,165,000		6,556,451		3,278,226	
Property, plant and equipment		59,432,000		75,442,979		37,721,491
Reclamation and other liabilities		(6,630,405)		(8,416,636)		(4,208,318)
Railcar sublease obligation		(5,131,507)		(6,513,935)		(3,256,968)
Deferred taxes liability		(13,763,481)		(17,471,363)		(8,735,682)
Gain on acquisition of Wisconsin Assets		(36,837,551)		(46,761,587)		(23,380,794)
		$ 2,200,563		**$ 2,793,393**		**$ 1,396,697**

The gain on acquisition of Wisconsin assets is included in investment in joint venture on the consolidated statement of income (loss) and comprehensive income (loss). The transaction costs of $225,000 were expensed to general and administrative expenses within the joint venture.

Note 6 – Trade and Other Receivables

Trade and other receivables are non-interest bearing and are carried at amortized cost, and impaired using the simplified approach which provides for potential losses using a matrix based on historical observed default rates. These provisions are known as lifetime expected credit losses.

During the year ended December 31, 2022, the estimated credit loss amounted to $nil (2021: $nil).

Note 7 – Inventory

Aggregate Inventory with a production cost of $902,976 (2021: $4,583,928) was sold and is included in operating costs for the year ended December 31, 2022.

Due to a lack of sales at current marketed prices, the Corporation recognized a write-down of $337,099 (2021: $nil) based on an updated estimate of net realizable value of unprocessed gravel and crushed gravel.

The inventory balance of $174,703 (2021: $846,599) consists of $120,292 of unprocessed gravel, $54,411 of crushed gravel (2021: $264,180 of unprocessed gravel and $582,419 of crushed gravel).

Note 8 – Long Term Deposits

	As at	
	December 31, 2022	December 31, 2021
Security deposits on gravel leases	$ 629,188	$ 629,188
Security deposits on miscellaneous leases	126,318	106,520
Security deposits on exploration leases	33,370	33,370
	$ 788,876	$ 769,078

Note 9 – Restricted Cash

	As at	
	December 31, 2022	December 31, 2021
Coffey Lake performance bond - right of way	100,000	100,000
Credit card facility	20,148	20,000
	$ 120,148	$ 120,000

The Corporation has secured a letter of credit to the benefit of Trisura Guarantee Insurance Company for a Coffey Lake performance bond with the Government of Alberta (note 15) with a $100,000 (2021-$100,000) guaranteed investment certificate. The Corporation has secured a corporate credit card facility (note 15) with a $20,000 (2021-$20,000) guaranteed investment certificate.

Note 10 – Contract Costs

	Coffee Lake Public Pit	Duvernay Sand Project Off-take Agreement
Contract Assets at December 31, 2020	$ 1,433,565	$ 1,000,735
Spending	-	-
Amortization	(13,830)	-
Contract Assets at December 31, 2021	**$ 1,419,735**	**$ 1,000,735**
Spending	-	-
Amortization	(17,605)	-
Write-down	-	(1,000,735)
Contract Assets at December 31, 2022	**$ 1,402,130**	**$ -**

Coffey Lake

The Coffey Lake contract was awarded to the Corporation on February 21, 2019 and the site began operations on March 21, 2020. It is a 15-year contract with the Government of Alberta to construct, operate and manage the Coffey Lake public pit north of Fort McMurray, Alberta. The Coffey Lake contract costs were spent to enable the Corporation to prepare the site for operations. These costs are expected to be recovered through the receipt of fixed volume-based pit management fees from customers, net of Government of Alberta royalties.

The Coffey Lake contract costs are amortized based on actual volume sales as a proportion of the estimated economically recoverable resource (units of production method). For the year ended December 31, 2022, the Corporation recorded amortization of $17,605 on the Coffey Lake contract costs (2021: $13,830).

Note 10 – Contract Costs - continued

Prosvita Sand Project Off-take Agreement

The Corporation signed an off-take agreement with Shell Canada Energy for silica sand from the Prosvita Sand Project in the first quarter of 2020. This off-take agreement, which includes certain take-or-pay provisions, carries a five-year term with two mutually acceptable and separate one-year extensions beginning on the later of mid-2021 or 30 days after the Duvernay facility has been commissioned. Due to lengthy regulatory approvals and increasing cost estimates for Prosvita production facilities, it is unlikely silica sand will be produced from the Duvernay site before mid-2026, meaning the Corporation will not be able to meet the terms of this contract. Therefore, the contract costs of $1,000,735 were written off as at June 30, 2022.

Note 11 – Property, Plant and Equipment

		Equipment - Cdn Operations
Cost:		
December 31, 2020	**$**	**5,396,432**
Additions		31,627
Net transfers from Right-of-Use Asset		73,823
December 31, 2021	**$**	**5,501,882**
December 31, 2022	**$**	**5,501,882**
Accumulated Depreciation:		
December 31, 2020	$	4,657,332
Additions		194,811
Net transfers from Right-of-Use Asset		55,828
December 31, 2021	**$**	**4,907,971**
Additions		133,777
December 31, 2022	**$**	**5,041,748**
Net book value:		
December 31, 2020	$	739,100
December 31, 2021	$	593,911
December 31, 2022	**$**	**460,134**

			Total
Year ended December 31, 2021 depreciation to statement of loss and comprehensive loss		$	194,811
Year ended December 31, 2021 depreciation to repayment of ERO	Note 18	$	-
Year ended December 31, 2022 depreciation to statement of income (loss) and comprehensive income (loss)		**$**	**133,777**
Year ended December 31, 2022 depreciation to repayment of ERO	**Note 18**	**$**	**-**

Note 12 – Resource Properties

	As at	
	December 31, 2022	December 31, 2021
Exploration costs	$ 6,232,137	$ 7,267,345
Pit development costs	120,321	3,100,249
Environmental rehabilitation obligation assets	1,040,110	1,500,372
Other costs	157,100	258,796
	$ 7,549,667	$ 12,126,762

Exploration and Pit Development Costs

The exploration and pit development costs were incurred across the Corporation's various operations and development projects which are primarily located in the Fort McMurray area of Northern Alberta. During the year ended December 31, 2022, management reviewed and evaluated the Corporation's resource properties for impairment. It was determined that certain properties were impaired and a write-down totaling $4,783,481 was made. The factors considered for impairment were whether substantive expenditure on further exploration is no longer planned or did sufficient data exist to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the resource property is unlikely to be recovered in the next several years. The Firebag development costs were written off at December 31, 2022 as the market for the product is geographically limited and a substitute product is now being used by a prior customer. Alternative commercial uses for silica sand is limited due to the nature of the mineral.

The following table summarizes the Exploration costs:

	Richardson	Hargwen	Montney in-basin	Prosvita	All Other Projects	Total
Cumulative Exploration Cost at December 31, 2020	$ 1,130,421	$ 111,890	$ -	$ -	$ 39,761	$ 1,282,073
Spending	-	70,059	-	504,540	-	574,599
Acquisition of exploration costs	-	-	1,120,203	4,290,472	-	5,410,675
Cumulative Exploration Costs at December 31, 2021	**$ 1,130,421**	**$ 181,949**	**$ 1,120,203**	**$ 4,795,012**	**$ 39,761**	**$ 7,267,346**
Spending	-	-	128,336	151,312	7,316	286,964
Write-down	(1,130,421)	(181,949)	-	-	(9,803)	(1,322,173)
Cumulative Exploration Costs at December 31, 2022	**$ -**	**$ -**	**$ 1,248,538**	**$ 4,946,324**	**$ 37,275**	**$ 6,232,137**

The following table summarizes the Pit Development costs:

	Firebag	Kearl	Logan	House River	Pelican Hill	Emerson	Lynton	Total
Cumulative Pit Development Costs at December 31, 2020	$ 1,141,355	$ 1,042,534	$ 490,321	$ 175,266	$ 250,238	$ 491	$ 44	$ 3,100,249
Cumulative Pit Development Costs at December 31, 2021	**$ 1,141,355**	**$ 1,042,534**	**$ 490,321**	**$ 175,266**	**$ 250,238**	**$ 491**	**$ 44**	**$ 3,100,249**
Additions	-	-	-	-	-	-	-	-
Acquisition of pit development costs	-	-	-	-	-	-	-	-
Transfers from exploration costs	-	-	-	-	-	-	-	-
Current period depletion	-	-	-	-	-	-	-	-
Abandoned projects and write-down	(1,141,355)	(1,042,534)	(370,000)	(175,266)	(250,238)	(491)	(44)	(2,979,928)
Cumulative Pit Development Costs at December 31, 2022	**$ -**	**$ -**	**$ 120,321**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 120,321**

Note 12 – Resource Properties - continued

Environmental Rehabilitation Obligations (ERO) Asset

The following summarizes the ERO Asset:

	As at	
	December 31, 2022	December 31, 2021
Opening Balance, ERO asset	$ 1,500,372	$ 1,598,535
Impairment of ERO asset	(384,855)	-
Change in estimate recognized in ERO asset	263,336	6,004
Amortization of ERO asset	(39,478)	(120,645)
Change in discount rate affecting ERO asset	(299,264)	16,478
Closing Balance, ERO Asset	**$ 1,040,110**	$ 1,500,372

The ERO asset pertains to resource properties where the Corporation has the legal and constructive obligation to complete decommissioning, reclamation, and restoration costs on the property as discussed in Note 18.

Other Costs

As at December 31, 2022, other costs within resource properties include $157,100 for miscellaneous lease costs and deposits on land (2021: $258,796). During the year ended December 31, 2022, lease costs of $96,525 were written-off as management determined further development was unlikely. Amortization of the lease costs in the year ended December 31, 2022 was $5,171 (2021: $11,118).

Prosvita Sand Project (Privco2)

On February 5, 2021, the Corporation acquired the remaining 50.4% ownership interest. Since the acquisition occurred, management was required to make a decision on how to account for the previously held equity interest. Two options included:

Remeasurement of previously held equity interest to fair value, with any gain/loss through the profit and loss

No remeasurement of previously held equity interest.

Management chose not to remeasure the previously held equity interest.

Payment to the shareholders for the acquisition of 100% interest was comprised of two types of share-based payments:

Initial payment: 4,000,000 common shares at a contract stated value/fair value of $0.25 per common share. Fair value was determined based on the share price at the time that trading was halted once it became apparent that news of the acquisition reached the marketplace.

Contingent payments: 4,000,000 common shares were held in escrow at a contract stated value of $0.25 per common share. Of the 4,000,000 common shares, the Corporation elected to release 2,000,000 shares from escrow on June 30, 2021, as per the scheduled contingent payments. The remaining 2,000,000 common shares held in escrow previously were released on September 30, 2022 to the founding partners.

The acquisition of 100% interest is accounted for as an asset purchase since under the concentration of fair value test, a single asset constitutes at least 95% of the fair value of the gross assets.

Note 12 – Resource Properties - continued

Montney In-Basin Project

On February 5, 2021, the Corporation acquired the remaining 50.8% ownership interest for $1 of cash consideration which is the fair value determined by the independent parties to the transaction. Assets acquired include cash, trade, prepaid expenses, and the resource properties.

The acquisition of 100% interest is accounted for as an asset purchase since under the concentration of fair value test, a single asset constitutes at least 95% of the fair value of the gross assets.

	As at					
	December 31, 2022			December 31, 2021		
	Montney in-basin project	Duvernay project	Total	Montney in-basin project	Duvernay project	Total
Investment in associate, beginning of year	$ -	$ -	$ -	$ 1,568,757	$ 1,955,534	$ 3,524,291
Additions:						
Cash consideration for acquisition of 100% interest	-	-	-	1	-	1
Share consideration for acquisition of 100% interest	-	-	-	-	2,000,000	2,000,000
	-	-	-	1,568,758	3,955,534	5,524,292
Assumption of accounts payable and accrued liabilities	-	-	-	-	413,273	413,273
Cash acquired	-	-	-	(41,820)	(78,335)	(120,155)
Trade and other receivables acquired	-	-	-	(381,536)	-	(381,536)
Prepaid expenses and deposits acquired	-	-	-	(25,200)	-	(25,200)
Resource properties acquired	-	-	-	(1,120,202)	(4,290,472)	(5,410,674)
	$ -	$ -	$ -	$ -	$ -	$ -
Corporation's ownership interest	100.0%	100.0%		100.0%	100.0%	
Corporation's share of associate's net loss for the year	-	-	-	-	-	-
Investments in associates, end of year	$ -	-	-	$ -	$ -	$ -

Note 13 – Intangible Assets

	Customer Relationships	Software	Total
Cost:			
December 31, 2021	**$ 83,635**	**$ 59,812**	**$ 143,447**
Additions	-	-	-
Disposals	-	-	-
December 31, 2022	**$ 83,635**	**$ 59,812**	**$ 143,447**
Accumulated Depreciation:	-	-	
December 31, 2021	**$ 83,635**	**$ 23,611**	**$ 107,246**
Additions	-	12,733	$ 12,733
Disposals	-	-	$ -
December 31, 2022	**$ 83,635**	**$ 36,344**	**$ 119,979**
Net book value:			
December 31, 2021	**$ -**	**$ 36,201**	**$ 36,201**
December 31, 2022	**$ -**	**$ 23,468**	**$ 23,468**

During the years ended December 31, 2022 and December 31, 2021, management recorded no impairment loss on intangible assets, did not identify indicators of impairment, and did not sell or dispose of any intangible assets.

Note 14 – Right-of-use Assets

	Truck lease asset	Calgary office lease asset	Edmonton office lease asset	Xerox Photocopier lease asset	Total
Cost:					
December 31, 2020	**$ 73,823**	**$ 204,854**	**$ 168,613**	**$ 15,116**	**$ 462,406**
Net Transfers to PPE	(73,823)	-	-	-	(73,823)
December 31, 2021	**$ -**	**$ 204,854**	**$ 168,613**	**$ 15,116**	**$ 388,583**
Additions	-	320,492			320,492
Disposals	-	(204,854)	(5,447)	-	(210,301)
December 31, 2022	**$ -**	**$ 320,492**	**$ 168,613**	**$ 15,116**	**$ 498,774**
Accumulated Depreciation:					
December 31, 2020	**$ 55,828**	**$ 56,811**	**$ 94,633**	**$ 4,167**	**$ 211,439**
Additions	-	73,975	68,533	3,024	145,532
Disposals	(55,828)	-	-	-	(55,828)
December 31, 2021	**$ -**	**$ 130,786**	**$ 163,166**	**$ 7,191**	**$ 301,143**
Additions		4,265	-	3,026	7,291
Disposals	-	(130,786)	-	-	(130,786)
December 31, 2022	**$ -**	**$ 4,265**	**$ 163,166**	**$ 10,217**	**$ 177,648**
Net book value:					
December 31,2020	**$ 17,995**	**$ 148,043**	**$ 73,980**	**$ 10,949**	**$ 250,967**
December 31, 2021	**$ -**	**$ 74,068**	**$ -**	**$ 7,925**	**$ 87,440**
December 31, 2022	**$ -**	**$ 316,227**	**$ 5,447**	**$ 4,899**	**$ 321,126**

These right-of-use assets are being depreciated over the expected life of each asset in accordance with the Corporation's accounting policies under the accounting standard, IFRS 16, which was adopted on January 1, 2019.

Note 15 – Bank and Other Loans

CWB Bank Loan (CWB)

As at December 31, 2022 the Corporation has an outstanding balance owing of $193,735 and is not subject to any covenants as part of the credit facility. The loan is secured by a general security agreement on all Canadian assets and full liability guarantees from AMI RockChain Inc. and AMI Silica Inc.

Interest paid has been expensed as finance costs (See Note 25). Blended loan payments started in August 2020 and the Corporation has paid down principal of $561,316 on the bank loan in the year ended December 31, 2022 (2021: $531,873).

On February 28, 2023, the Corporation repaid the outstanding balance owing at that time of $146,849 using proceeds from a new loan the Corporation obtained (Note 27).

Canada Emergency Business Account ("CEBA") Loans

The CEBA loans are interest free and are to be repaid before December 31, 2023 and the Government of Canada will forgive 25% of the initial loan amount, and 50% of subsequent increases, if repaid on time.

Note 15 – Bank and Other Loans - continued

The following table summarizes bank and other loans:

	Interest Rate	Monthly Payments	As at December 31, 2022	As at December 31, 2021
Canada Emergency Business Account (AMI RockChain)	0.00%	$ -	$ 60,000	$ 60,000
Canada Emergency Business Account (AMI Silica)	0.00%	$ -	60,000	60,000
Canada Emergency Business Account (TerraShift)	0.00%	$ -	60,000	60,000
Canada Emergency Business Account (2132561)	0.00%	$ -	60,000	60,000
Canada Emergency Business Account (2140534)	0.00%	$ -	60,000	60,000
CWB Bank Loan Facility, due April 30, 2023	5.40%	$ 49,022	193,736	755,051
Total Bank and other loans			$ 493,736	$ 1,055,051
Current portion - principal due within one year			(493,736)	(755,051)
			$ -	$ 300,000

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

January 1, 2023 to December 31, 2023	$ 493,736
January 1, 2024 to December 31, 2024	-
January 1, 2025 to December 31, 2025	-
January 1, 2026 to December 31, 2026	-
January 1, 2027 to December 31, 2027	-
	493,736
Less: interest included in payments above	(493,736)
Bank loan principal outstanding, December 31, 2022	$ -

As at December 31, 2022, the Corporation has outstanding letters of credit in the amounts of $854,430 (2021: $854,430) in favour of the Government of Alberta. These letters of credit are issued by CWB and secured guaranteed investment certificates (note 9) and by Account Performance Service Guarantees.

Account Performance Service Guarantee

In July 2021 the Corporation entered into an Account Performance Service Guarantee (APSG) arrangement with Export Development Canada for a maximum aggregate liability of $1,000,000. The fee rate under the APSG is 0.2225% for financial types of obligations and 0.1692% for non-financial types of obligations.

The issued and outstanding letters of credit are as follows:

	As at December 31, 2022	As at December 31, 2021
Susan Lake pit	$ 228,540	$ 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	74,130
Coffey Lake performance bond	100,000	100,000
	$ 954,430	$ 954,430

Note 15 – Bank and Other Loans - continued

Coffey Lake Performance Bond

The Corporation has a $500,000 bonding facility through Trisura Guarantee Insurance Company ("Trisura") for a $500,000 bond with the Government of Alberta for the Coffey Lake performance bond. The $500,000 performance bond with Trisura carries a 2% annual interest rate. Security for the performance bond is based on the appraised value of private lands included in exploration costs and a $100,000 letter of credit to be held as security by Trisura. This $100,000 letter of credit is secured with a $100,000 guaranteed investment certificate (note 9).

Credit Card Facility

The Corporation has access to a corporate credit card facility, up to a maximum of $20,000 (2021: $20,000). The Corporation has secured its corporate credit card facility with a guaranteed investment certificate of $20,000 (See Note 9).

Note 16 – Shareholders' Loans

On April 29, 2022, the Corporation borrowed $1,985,000 through shareholders' loans from a director, officers and senior management and two existing shareholders. The loans were for a period of twelve months, and were unsecured, with interest of 12% per annum, payable monthly. In June 2022, $85,000 in loans were repaid. On December 31, 2022 the shareholders' loan agreements were amended with annual interest now 14%, payable monthly and the principal repayment terms extended until May 1, 2024. The loans are still unsecured and the principal balance is due on May 1, 2024. In January 2023, an existing shareholder loaned the Corporation an additional $500,000 under the amended terms.

	As at December 31, 2022	December 31, 2021
Total Shareholders' Loan	**1,900,000**	-
	$ 1,900,000	$ -

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

January 1, 2023 to December 31, 2023	
January 1, 2024 to December 31, 2024	$ 1,900,000
January 1, 2025 to December 31, 2025	-
January 1, 2026 to December 31, 2026	-
January 1, 2027 to December 31, 2027	-
Future Period	-
	1,900,000
Less: interest included in payments above	-
Shareholder loan outstanding, December 31, 2022	$ 1,900,000

Athabasca MINERALS INC.

Note 17 – Lease Obligations

Finance Leases	Interest Rate	Monthly/Quarterly* Instalments	As at December 31, 2022	As at December 31, 2021
VETS Group Ltd. Calgary Lease - New	14.000%	Variable	298,555	70,603
Xerox Photocopier Lease	3.680%	816 *	4,898	7,914
			303,453	78,517
Current portion - principal due within one year			(8,328)	(73,618)
			$ 295,126	$ 4,899

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

January 1, 2023 to December 31, 2023	$ 19,944
January 1, 2024 to December 31, 2024	$ 93,512
January 1, 2025 to December 31, 2025	$ 67,814
January 1, 2026 to December 31, 2026	$ 91,713
January 1, 2027 to December 31, 2027	$ 98,307
	371,290
January 1, 2028 to December 31, 2029 (Beyond 5 years)	$ 65,606
Less: interest included in payments above	133,443
Lease obligations principal outstanding, December 31, 2022	$ 303,453

The following is a reconciliation of the change in lease obligations of the Corporation:

	Total
Lease obligations as at December 31, 2020	**$ 238,161**
Addition of lease obligations	-
Total principal repayments	(159,644)
Lease obligations as at December 31, 2021	**$ 78,517**
Total principal repayments	(73,618)
Addition of lease obligations	298,554
Lease obligations as at December 31, 2022	**$ 303,453**

Note 18 – Environmental Reclamation Obligations ("ERO")

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

		As at	
		December 31, 2022	December 31, 2021
Opening balance, ERO		2,795,712	$ 2,644,503
Change in estimate recognized in ERO asset	12	263,336	6,004
Change in discount rate recognized in ERO asset	12	(299,264)	16,478
Change in discount rate recognized in operating expenses		(338,919)	54,815
Accretion expense	25	80,249	74,511
Closing Balance, ERO		2,501,114	2,795,712
Less: Current portion, EROs to be funded within one year		-	(133,295)
Closing Balance, ERO		**$ 2,501,114**	$ 2,662,417

Provisions for EROs are recognized for mining activities at the Corporate owned pits and managed public pits. The Corporation assesses its provision for EROs on an annual basis or when new material information becomes available. The estimated undiscounted ERO Corporate owned pits and managed public pits as at December 31, 2022 is $2,609,760 (2021: $3,266,257). Total reclamation funded during the year ended December 31, 2022 was $nil (2021: $nil).

The discount rates used by the Corporation for its owned and managed pits are based on the Government of Canada bond yields for periods comparable to the expected timing of reclamation activities at each site. These rates ranged from 3.58% to 3.29% as at December 31, 2022 (December 31, 2021: 0.49% to 1.97%) depending on the expected timing of reclamation activities. Discount rates and inflation rates both increased in 2022 as compared to 2021. It is expected that reclamation activities for the owned and managed pits and stockpile sites, as well as Susan Lake, will occur between 2022 and 2036 considering the projected production schedules, the timing of reclamation activities included in the respective Conservation and Reclamation Business Plans, as well as the timing of expiration of the related surface materials lease for each property.

Accretion expense is the expense calculated when updating the present value of the ERO provision. This expense increases the liability based on estimated timing of reclamation activities and the discount rate used in the ERO calculations. The accretion expense amounts are included in other operating expenses on the statement of loss and comprehensive loss and are summarized in the respective table in Note 25.

Note 19 – Income Taxes

Deferred income tax at December 31, 2022 relates to the tax effects of temporary differences. They are summarized in the following table:

	As at			
	December 31, 2022		December 31, 2021	
Deferred tax assets:				
Cumulative eligible capital	$	17,983	$	19,336
Share issuance costs and finance fees		5,104		9,367
Inventory		-		-
Property, plant and equipment		29,549		14,717
Other		110,261		45,257
Lease obligations		69,794		
Environmental rehabilitation obligations		495,924		563,682
Non-capital loss carryforwards		2,760,229		1,329,868
		3,488,844		1,982,227
Net Deferred tax asset		(3,488,844)		(1,982,227)
Net deferred tax asset		-		-
Deferred tax liabilities:				
Resource properties	$	398,610	$	1,425,519
Right of use assets		74,033		-
Investment in joint arrangement		2,693,711		-
Contract assets		322,490		556,708
Deferred tax liabilities		3,488,844		1,982,227
Offset of tax		(3,488,844)		(1,982,227)
Net deferred tax liability	$	-	$	-

Note 19 – Income Taxes - continued

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

The differences result from the following:

	Years ended December 31,	
	2022	**2021**
Income (loss) before income taxes	**$ 12,428,043**	$ (2,159,721)
Statutory Canadian combined corporate tax rate	**23.0%**	23.0%
Expected tax recovery	**2,858,450**	(496,736)
Decrease in income tax recovery resulting from:		
Non-taxable items	**71,560**	116,265
Tax rate changes, and rate differences	**(2,622,558)**	6,948
Deferred tax assets not recognized	**(269,482)**	381,632
Foreign jurisdiction taxes	**496,684**	-
Other	**4,120**	2,700
	$ 538,773	$ 10,809
Income tax expense is comprised of:		
Current tax expense	**$ 538,773**	$ 10,809
Deferred tax recovery	**-**	-
	$ 538,773	$ 10,809

Movements in deferred tax assets (liabilities) related to temporary differences are as follows:

	Balance December 31, 2020	Recognized in Profit/ (loss)	**Balance December 31, 2021**	Foreign Exchange	Recognized in Profit/ (loss)	**Balance December 31, 2022**
Cumulative eligible capital	20,792	(1,456)	19,336		(1,353)	17,983
Share issuance costs and finance fees	8,434	933	9,367		(4,263)	5,104
Inventory	(32,806)	32,806	-		-	-
Other	39,036	6,221	45,257		65,004	110,261
Lease obligations	-	-	-	-	69,794	69,794
Environmental rehabilitation obligations	528,904	34,778	563,682	-	(67,758)	495,924
Non-capital loss carryfrowards	1,310,514	19,354	1,329,868	-	1,430,361	2,760,229
Resouce properties	(1,311,579)	(113,940)	(1,425,519)	-	1,026,909	(398,610)
Right-of-use assets	-	-	-	-	(74,033)	(74,033)
Property,plant, and equipment	(3,406)	18,123	14,717	-	14,832	29,549
Investment in joint arrangement	-				(2,693,711)	(2,693,711)
Contract assets	(559,889)	3,181	(556,708)	-	234,218	(322,490)
Deferred tax asset (liability)	$ -	$ -	$ -	$ -	$ -	$ -

Note 19 – Income Taxes - continued

Deferred tax assets have not been recognized in respect of the following amounts because it is not probable that there will be enough future taxable profits available against which the deferred tax asset can be applied.

	As at	
	December 31, 2022	December 31, 2021
Deductible temporary differences	$ 519,251	$ 379,585
Non-capital loss carryforwards	6,687,846	8,271,019
	7,207,097	8,650,604

The Corporation has non-capital tax loss carry forwards of $18,588,843 (2021: $14,053,055) that expire between 2037 and 2042.

Note 20 – Share Capital

The continuity of the Corporation's outstanding share capital is as follows:

		Year ended December 31, 2022		Year ended December 31, 2021	
	Notes	Number of Shares	Amount	Number of Shares	Amount
Authorized:					
An unlimited number of:					
Common voting shares with no par value					
Preferred shares, issuable in series					
Issued and outstanding, beginning of period		**76,964,088**	**$ 22,971,793**	59,110,153	$ 18,955,877
Shares issued in acquisition of control of related entities		-	-	6,000,000	1,500,000
Shares issued in payment of royalties		-	-	600,003	150,001
Shares issued and held in escrow		-	-	2,200,001	550,000
Issuance of common share units in private placement		**100,000**	**32,990**	7,375,000	1,475,500
Shares issued to contractors/consultants/employees		**158,898**	**75,000**	1,421,931	268,812
Common share issuance costs		-	-	-	(11,145)
Stock options exercised		**1,359,700**	**430,107**	257,000	82,748
Issued and outstanding, end of period		**78,582,686**	**$ 23,509,890**	76,964,088	$ 22,971,793

On February 5, 2021, the Corporation announced the acquisition of control of the numbered Alberta corporations that respectively own the Montney In-Basin Project and the Prosvita Sand Project (Note 12) by securing 100% ownership of each company (i.e., Privco1 & Privco2). These transactions were combined and concluded for $1 of cash consideration and 8,000,000 common shares at a contract stated value of $0.25 per common share for a total purchase price of $2,000,001. Of the 8,000,000 common shares, 2,000,000 common shares were issued in 2021 and held in escrow. These shares were released on June 30, 2022 to the founding partners.

The Corporation used common shares to make one final Annual Minimum Royalty ("AMR") payment for the numbered Alberta corporation that owns the Montney In-Basin Project, consisting of 800,004 common shares at a contract stated value of $0.25 per share, for a total value of $200,001, to be released from escrow over three corresponding milestone installments of February 5, 2021, June 30, 2021, and June 30, 2022. These shares have been fully released from escrow on June 30, 2022.

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Note 20 – Share Capital - continued

Stock options

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

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model.

The fair values of the options granted in the last two years were estimated using the following assumptions:

Grant Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk Free Rate of Return	Expected Life	Weighted Average Fair Value on Grant Date	Forfeiture Rate
September 26, 2022	75,000	$ 0.19	Nil	87.9%	3.47%	5 years	$ 0.13	20.7%
September 26, 2022	25,000	$ 0.24	Nil	87.9%	3.47%	5 years	$ 0.12	20.7%
June 21, 2022	225,000	$ 0.39	Nil	95.9%	3.37%	5 years	$ 0.29	17.5%
May 25, 2022	474,000	$ 0.32	Nil	82.5%	2.58%	5 years	$ 0.21	16.9%
April 26, 2022	725,300	$ 0.35	Nil	93.2%	2.58%	5 years	$ 0.25	17.1%
December 14, 2021	300,000	$ 0.28	Nil	92.9%	1.29%	5 years	$ 0.20	17.9%
November 23, 2021	1,506,000	$ 0.21	Nil	92.7%	1.57%	5 years	$ 0.15	18.1%
April 21, 2021	632,400	$ 0.24	Nil	83.4%	0.94%	5 years	$ 0.16	18.8%

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

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

	Year ended December 31, 2022		Year ended December 31, 2021	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of year:	**5,822,200**	**$ 0.24**	3,691,800	$ 0.25
Issued	**1,524,300**	**0.34**	2,438,400	0.22
Exercised	**(1,359,700)**	**0.19**	(257,000)	0.20
Expired or cancelled	**(2,265,200)**	**0.28**	(51,000)	0.14
Options outstanding, end of year:	**3,721,600**	**$ 0.28**	5,822,200	$ 0.24

Of the 3,721,600 (2021: 5,822,200) outstanding stock options, 2,705,400 (2021: 3,390,000) options have vested and therefore, were exercisable as at December 31, 2022 at a weighted average exercise price of $0.28 per share (December 31, 2021: $0.24 per share).

During the year ended December 31, 2022, 1,359,700 options were exercised at an average exercise price of $0.19 per share for total proceeds of $262,544. The average share price on the days they were exercised was $0.39 per share. For the year ended December 31, 2021, 257,000 options were exercised at an average exercise price of $0.22 per share with an average share price on the days they were exercised of $0.26 per share.

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

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

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

Note 20 – Share Capital - continued

The Corporation's outstanding stock options are as follows:

		As at	
		December 31, 2022	December 31, 2021
Expiry Date	**Exercise Price**		
January 13, 2022	0.24	-	75,000
June 4, 2023	0.17	**150,000**	300,000
September 13, 2023	0.30	-	100,000
November 23, 2023	0.26	**100,000**	350,000
January 9, 2024	0.28	**140,000**	140,000
May 22, 2024	0.57	**135,000**	270,000
June 24, 2024	0.65	**120,000**	120,000
August 20, 2024	0.64	**30,000**	30,000
December 6, 2024	0.33	**317,000**	470,000
December 19, 2024	0.28	-	15,000
April 16, 2025	0.17	**91,500**	907,000
November 25, 2025	0.14	**254,400**	606,800
April 21, 2026	0.24	**314,400**	632,400
November 23, 2026	0.21	**900,000**	1,506,000
December 14, 2026	0.28	**300,000**	300,000
April 26, 2027	0.35	**400,300**	-
May 25, 2027	0.32	**369,000**	-
June 21, 2027	0.39	-	-
September 26, 2027	0.24	**25,000**	-
September 26, 2027	0.19	**75,000**	-
		3,721,600	5,822,200

The weighted average remaining contractual life of the options outstanding is 3.19 years (2021: 3.53 years).

Restricted Share Unit ("RSUs") and Deferred Share Units ("DSUs")

On April 4, 2019, the Corporation adopted Restricted Share Unit ("RSU") and Deferred Share Unit ("DSU") plans. No RSUs have been granted yet.

	Year ended December 31, 2022				Year ended December 31, 2021			
	Number of DSUs	Weighted Average Fair Value	Number of RSUs	Weighted Average Fair Value	Number of DSUs	Weighted Average Fair Value	Number of RSUs	Weighted Average Fair Value
Outstanding, beginning of period:	**1,227,000**	**$ 0.22**	**-**	**$ -**	1,227,000	$ 0.15	-	$ -
Issued	**100,000**	**0.32**	**-**	**-**	-	-	-	-
Expired or cancelled	**(642,000)**	**0.43**	**-**	**-**	-	-	-	-
Outstanding, end of period:	**685,000**	**$ 0.26**	**-**	**$ -**	1,227,000	$ 0.22	-	$ -

During the year ended December 31, 2022, 100,000 DSUs were granted to Directors, Officers, and employees of the Corporation (2021: nil). DSUs vest one-third on the first, second, and third (annual) anniversary of the date of grant based on continued tenure of the participant.

Of the 685,000 (2021: 1,227,000) outstanding DSUs, 547,000 (2021: 737,000) DSUs have vested.

The fair value of the DSU liability of $151,183 (2021: $266,179), which is based on the closing price of the Corporation's shares on the TSX Venture Exchange as of December 31, 2022 and an expected forfeiture rate of 19.04%, is included in accounts payable and accrued liabilities in the consolidated statements of financial position. Any change to the fair value of the liability is included in share-based compensation expense in the consolidated statements of loss and comprehensive loss.

The vested DSUs are redeemable by the participant following resignation, retirement, or death. The fair value of the DSUs redeemed is equal to the market price of the Corporation's shares and are payable in the form of cash, less applicable withholding taxes.

Note 20 – Share Capital - continued

The stock option plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the TSX Venture Exchange. The ESP, RSU and DSU plans provide for a defined maximum limit each of 2% of the outstanding common shares, as permitted by the policies of the TSX Venture Exchange.

Share-based compensation expense is comprised of the following:

	Years ended December 31, 2022	2021
Stock options	$ 336,745	$ 169,085
Deferred share units	(114,996)	78,867
Share-based compensation expense	**$ 221,749**	$ 247,952

Share-based compensation expense in the consolidated statements of income (loss) and comprehensive income (loss) for the year ended December 31, 2022 includes $42,721 to Directors (2021: $20,762), ($12,059) to Officers (2021: $77,149), and $191,087 to Employees or Contractors (2021: $71,174).

Net Income (Loss) and Diluted Income (Loss) Per Common Share

The treasury stock method is used to calculate diluted income (loss) per share, and under this method options that are anti-dilutive are excluded from the calculation of diluted income (loss) per share. The following tables shows the total income and comprehensive income per common share, diluted for the years ended December 31, 2022 and December 31, 2021.

	Years ended December 31, 2022	2021
Basic income (loss) per share		
Net income (loss)	$ 11,889,261	$ (2,170,530)
Weighted average number of common shares outstanding	77,989,187	67,947,084
Total net income (loss) per common share, basic	$ 0.152	$ (0.032)
Diluted income (loss) per share		
Total net income (loss)	$ 11,889,261	$ (2,170,530)
Weighted average number of common shares outstanding	77,989,187	67,947,084
Effect of dilutive stock options	2,154,296	-
Weighted average number of common shares outstanding after dilution	80,143,483	67,947,084
Total net income (loss) per common share, diluted	$ 0.148	$ (0.032)

Note 21 – Related Party Transactions

The Corporation's related parties include three independent Directors, the Chief Executive Officer, the Chief Financial Officer, AMI RockChain Inc., AMI Aggregates Inc., AMI Silica Inc., TerraShift Engineering Ltd., AMI Silica LLC, the numbered Alberta corporation that owns the Montney In-Basin Project, and the numbered Alberta corporation that owns the Prosvita Sand Project.

The remuneration earned by the Directors was as follows:

	Years ended December 31,	
	2022	2021
Directors:		
Directors fees	$ 152,000	$ 158,000
Travel and miscellaneous expenses	1,358	1,007
Share-based compensation	42,721	47,344
	$ 196,079	$ 206,351

The Directors fees are paid on a quarterly basis. All related party transactions were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

On April 29, 2022, the Corporation entered into shareholder loan agreements for funds totaling $1,985,000. (Note 16)

During the year, AMI provided management services to AMI Silica LLC for $250,389 (2021-$nil). JMAC provided accounting services to AMI Silica LLC for $250,380(2021-$nil).

During the year JMAC provided factoring services to AMI Silica LLC for working capital purposes. Interest and fees totaling USD $222,812 were paid for these services.

Note 22 – Compensation of Key Management

The remuneration paid to named Officers were as follows:

	Years ended December 31,	
	2022	2021
Salaries and other benefits	$ 446,709	$ 581,316
Severance	685,269	-
Share-based compensation	(12,059)	139,694
	$ 1,119,919	$ 721,010

Severance expense is for two departed executives who left the Corporation in May and June 2022.

Note 23 – 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
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Shareholder loans	Amortized cost
Bank and other loans	Amortized cost
Deferred share unit liability (included in Accounts payable and accrued liabilities)	Fair value through profit and loss

Fair Value

Due to the short-term nature of cash, trade and other receivables, as well as accounts payable and accrued liabilities, and 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 fair value of bank loans approximates their carrying value as they are at market rates of interest.

The deferred share unit liability is the only financial instrument measured at fair value on a recurring basis. The deferred share unit liability is a Level 2 fair value hierarchy measurement. There were no transfers between Level 1, 2, or 3 of the fair value hierarchy for the year ended December 31, 2022 (2021: none).

Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, trade and other receivables, and long-term deposits. The Corporation's maximum credit risk at December 31, 2022 is the carrying value of these financial assets.

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

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

The aging summary for trade and other receivables is as follows:

	Current	30-60 days	60-90 days	> 90 days	Total
As at December 31, 2022	**$ 1,160,942**	**$ 46,373**	**$ 150,364**	**$ 32,059**	**$ 1,389,738**
As at December 31, 2021	**$ 566,238**	**$ -**	**$ 129,044**	**$ 3,158**	**$ 698,440**

Two customers owing greater than 10% of the accounts receivable total balance accounted for 69% of the Corporation's accounts receivable as at December 31, 2022 (2021: one customer accounted for 80%).

Note 23 – Financial Instruments - continued

Liquidity Risk

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

As at December 31, 2022, the Corporation has insufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is exposed to significant liquidity risk (see note 1). The Corporation's financial liabilities include accounts payable and accrued liabilities, income taxes payable, and the bank loans and lease obligations, including interest.

The expected remaining contractual maturities of the Corporation's financial liabilities, including interest where applicable, are shown in the following table:

	As at December 31, 2022			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 2,598,359	$ -	$ -	$ 2,598,359
Income taxes payable	590,050	-	-	590,050
Bank loans, including interest	493,736	-	-	493,736
Shareholders' loans	-	1,900,000	-	1,900,000
Lease obligations, including interest	19,944	161,326	190,020	371,290
Total	**$ 3,702,089**	**$ 2,061,326**	**$ 190,020**	**$ 5,953,435**

The AMI Silica LLC general trade receivables have been factored by a related party (note 21). AMI Silica LLC has an obligation to pay the counterparty irrespective of any credit loss. The true contractual rights to the trade receivables have been maintained by AMI Silica LLC, but there is a contractual obligation to pay the obligation. There is also a restriction against any further collateralization of the trade receivables.

Note 24 – Capital Disclosures

The Corporation's objective when managing its capital structure is to maintain a strong financial position and to provide returns with sufficient liquidity to undertake further growth for the benefit of its shareholders. The Corporation's capital is comprised of long-term obligations and equity as outlined below:

		As at	
	Notes	December 31, 2022	December 31, 2021
Total equity attributable to shareholders		**$ 28,614,560**	$ 15,170,319
Total borrowings			
Shareholder loans	**16**	**1,900,000**	-
Bank and other loans	**15**	**493,736**	1,055,051
Lease obligations	**17**	**303,453**	78,517
Cash		**(587,623)**	(2,348,562)
Total managed capital		**$ 30,724,126**	$ 13,955,325

Note 25 – Supplemental Statement of Income (Loss) and Comprehensive Income (Loss) Disclosures

A large portion of the Corporation's aggregate sales and aggregate management services revenue typically come from a small group of major customers. Any customer who represents more than 10% of the Corporation's revenue for the respective period is considered a major customer. During the year ended December 31, 2022, 82% of sales were made to 3 major customers (2021: 62% to two customers).

Finance costs are comprised of the following:

	Notes	Years ended December 31, 2022	2021
Interest on bank loans and shareholders' loans	15	(184,317)	(57,650)
Interest on lease obligations	17	(7,203)	13,337
		$ (191,520)	$ (44,313)

Total lease payments, including principal and interest, for the year ended December 31, 2022 was $80,395 (2021: $146,187). See Note 17 for additional information.

Total payments on the CWB loan, including interest, for the year ended December 31, 2022 was $588,262 (2021: $588,262). See Note 15 for additional information.

Other operating income (expenses) are comprised of the following:

	Notes	Years ended December 31, 2022	2021
Amortization of contract costs	10	(17,605)	(13,830)
Amortization of ERO assets	12	(39,478)	(120,645)
Amortization of resource property lease costs	12	(5,171)	(11,118)
Change in estimate for ERO recognized in other operating expenses		-	599
Change in discount rate recognized in other operating expenses		-	(54,815)
Other expense		7,734	-
Accretion of ERO liability	18	(80,249)	(74,511)
		$ (134,769)	$ (274,320)

Other non-operating income is comprised of the following:

	Years ended December 31, 2022	2021
Gain on disposal of property and equipment	-	50,000
	-	-
Camp rental income	64,705	75,297
Management fees	288,576	-
Other income	287,147	81,183
Advertising expense	(224)	(93)
Foreign exchange loss (gain)	(2,417)	51
	$ 637,787	$ 206,438

Note 25 – Supplemental Statement of Income (Loss) and Comprehensive Income (Loss) Disclosures - continued

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

	Years ended December 31, 2022	2021
Employee benefit expenses	$ **3,808,411**	$ 2,011,286

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

The Corporation is, from time to time, named as defendant in litigation claims against the Corporation in the normal course of business. As at December 31, 2022, the Corporation has accrued a provision of $40,000 in relation to these claims based on the expected outcome. The range of possible outcomes in relation to the foregoing matters is $0 to $268,000

Note 26 – Segmented Reporting

Reportable segments are determined based on the corporate structure and operations in accordance with the Corporation's accounting policies. Specifically, an operating segment should have separate financial information available, with management review of financial information. The operating segment should engage in business activities where it earns revenue and incurs expenses. While a reporting segment should have revenue which is 10% or more of combined revenue; assets which are 10% or more of combined assets; and an absolute amount of reported profit or loss that is 10% or more or reported profit of all operating segments. Using this guidance, the Corporation has reported the Terrashift operations as a separate segment. As of August 24, 2022 the Corporation has begun to phase out the operations of TerraShift as part of the Corporation's staged plan to create a sustainable and resilient business model. This reorganization and simplification of operations also contributes to a reduction in personnel and overheads. TerraMaps and other assets will be maintained to continue to be of benefit to other AMI divisions.

Gross loss includes adjustments for general and administrative expenses, share based compensation, other operating expenses, finance costs, non-operating income, interest income, and income taxes in order to arrive at total loss and comprehensive loss, of which most of these expenses are incurred by the AMI Aggregates or Corporate segments. Gross loss is therefore a better basis for measuring the performance of the Corporation.

The "Corporate & Eliminations" segment represents services provided by RockChain and TerraShift to other segments and is disclosed for reconciliation purposes only. The numbered Alberta corporations that respectively own the Montney In-Basin Project and the Prosvita Sand Project are included in the AMI Silica segment.

The summary of key financial information by reportable segment for the year ended December 31, 2022 (along with comparative information for 2021) is as follows:

	AMI Aggregates		AMI RockChain		Silica		TerraShift		Corporate & Eliminations		Consolidated	
For the twelve months ended December 31,	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Revenue:												
Product sales revenue	$ **4,417,032**	$ 283,736	$ **2,212,061**	$ 2,752,006	$ **-**	$ -	$ **360,404**	$ -	$ **(3,201,630)**	$ -	$ **3,787,866**	$ **3,035,742**
Services revenue	**2,321,205**	1,286,770	**6,886,520**	2,288,248	**-**	-	**394,148**	1,301,836	**(593,464)**	(420,182)	**9,008,409**	**4,456,672**
Gross revenue, including royalties	**6,738,237**	1,570,506	**9,098,581**	5,040,254	**-**	-	**754,551**	1,301,836	**(3,795,094)**	(420,182)	**12,796,275**	7,492,414
Revenue, net of royalties	**6,463,492**	1,232,868	**9,098,581**	5,040,254	**(79,613)**	-	**754,551**	1,301,836	**(3,795,094)**	(420,182)	**12,441,916**	7,154,776
Gross profit (loss)	$ **147,032**	366,089	$ **684,976**	51,053	$ **(271,203)**	(252,302)	$ **748,572**	757,083	$ **(388,130)**	(53,584)	$ **921,247**	$ **868,339**
As at	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**	**December 31, 2022**	**December 31, 2021**
Segment assets	$ **71,366,312**	$ 9,961,398	$ **(717,354)**	$ 446,181	$ **(2,172,678)**	$ 13,589,565	$ **425,440**	$ 282,420	$ **(31,851,072)**	$ (3,087,216)	$ **37,050,648**	$ **21,192,348**
Segment liabilities	$ **5,763,664**	$ 4,551,286	$ **1,703,823**	$ 421,641	$ **1,844,906**	$ (201,098)	$ **78,513**	$ 60,000	$ **(954,818)**	$ 428,125	$ **8,436,087**	$ **5,259,954**

Note 26 – Segmented Reporting - continued

Product sales revenue includes the sale of tangible items such as gravel and sand. Services revenue includes such items as the Coffey Lake pit management contract, transportation services provided in delivering gravel and sand to customers, the confidential pit management contract, fees for engineering services, and subscription revenues.

Note 27 – Subsequent Events

The Corporation has evaluated subsequent events to determine if events or transactions occurring through the date on which the financial statements were issued require adjustment or disclosure in the Corporation's financial statements.

a). On February 28, 2023, the Corporation obtained a secured bridge loan of $2,000,000 (the "**Loan**") from JMAC Energy Services LLC ("JMAC"). The Corporation used the proceeds of the Loan to repay its existing term loan with Canadian Western Bank ("CWB Loan") (Note 15) and for general working capital purposes.

The Loan will bear interest at a rate of 12% per annum, provided that the interest rate will increase to 18% per annum if there is an event of default. The Loan will mature on June 30, 2023, but may be prepaid in full at any time following April 30, 2023. Additionally, the Loan will be secured by a first priority security interest over all of the assets of Athabasca and its Canadian subsidiaries following the discharge of the CWB Loan.

JMAC is a related party to Athabasca, as JMAC is controlled by Jon McCreary who is a director of Athabasca, and, as such, the Loan is a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

The Loan was obtained on reasonable commercial terms that are not less advantageous to Athabasca than if the Loan was obtained from a person dealing at arm's length with Athabasca and Athabasca's board of directors (other than Mr. McCreary) have approved the Loan. The Loan and interest are not convertible, or repayable, directly or indirectly, in equity or voting securities of Athabasca or any of its subsidiaries or otherwise participating in nature.

On June 30, 2023, the Corporation entered into an amended credit agreement ("First Amending Agreement") for the amendment of the Loan. The First Amending Agreement amends the Loan to bear interest at a rate of 14% per annum, provided that the interest rate increases to 20% per annum if there is an event of default. The Loan will mature on October 31, 2023, but may be prepaid in whole or in part at any time with not less than five (5) days prior notice. No bonus securities will be issued in connection with the First Amending Agreement.

On September 21, 2023, the Corporation entered into an amended credit agreement ("**Second Amending Agreement**") for the amendment of the Loan. The Second Amending Agreement amends the Loan to mature on November 30, 2023, but may be prepaid in whole or in part at any time with not less than five days prior notice. No bonus securities will be issued in connection with the Second Amending Agreement.

b). On March 28, 2023, the Corporation announced that its Board of Directors (the "Board"), together with the support of management, has initiated a process to evaluate potential strategic alternatives to maximize shareholder value. As part of the process, the Board is considering a full range of strategic alternatives, which may include financing alternatives, merger, amalgamation, plan of arrangement, reorganization, other business combinations, sale of assets, or other transactions. There can be no assurance that the evaluation of strategic alternatives will result in any strategic alternative, or any assurance as to its outcome or timing.

On September 21, 2023, the Corporation announced that it has entered into a definitive arrangement agreement (the "**Arrangement Agreement**") with JMAC Energy Services LLC (the "**Purchaser**" or "**JMAC**") pursuant to which the Purchaser has agreed to acquire all of the issued and outstanding common shares of Athabasca ("**Athabasca Shares**"), other than Athabasca Shares already owned or controlled by the Purchaser, or persons or entities related to the Purchaser for cash consideration of $0.145 per Athabasca Share (the "**Purchase Price**"). The proposed transaction (the "**Transaction**") is to be completed by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Plan of Arrangement**"). Based on the closing price of the Athabasca Shares on the TSX Venture Exchange ("**TSXV**") on September 20, 2023, the last trading day prior to the announcement of the Transaction, the Purchase Price represents a 45% premium to the closing price of Athabasca Shares and a 45% premium over the volume-weighted average trading price of the Athabasca Shares on the TSXV for the last 20 trading days.

Note 27 – Subsequent Events - continued

Under the Transaction, the Purchaser will acquire all of the issued and outstanding Athabasca Shares, other than Athabasca Shares already owned or controlled by the Purchaser, or persons or entities related to the Purchaser, in exchange for the payment to Athabasca shareholders of the Purchase Price for each Athabasca Share held. Athabasca will seek approval of the Transaction by its shareholders and holders of options (together, the "**Securityholders**") at a special meeting expected to be held by November 17, 2023 (the "**Meeting**").

c). On June 30, 2023, the Corporation executed and closed a definitive sale agreement (the "Sale Agreement") with an independent, arm's length purchaser, to divest of certain non-core assets within the aggregates division (the "Disposition" and "Disposed Assets") for total cash consideration of C$3.2 million, before normal closing adjustments. The Sale Agreement had a closing date of June 27, 2023 and there is no finder's fee associated with the transaction.

The Disposition includes the sale of five (5) surface mineral leases, including Coffey Lake, the Warrensville South and North properties, two inventory stockpiles, one metallic and industrial minerals lease, and equipment associated with select pits. The Disposed Assets represent less than 5% of the Corporation's total asset holdings and would require ongoing capital expenditures to support their current growth profiles. The total cash consideration of $3.2 million includes an initial payment of $2.9 million upon closing with $300,000 in holdbacks. $200,000 will be held and then released upon the full assignment and transfer of the leases and an additional $100,000 will be held pending the completion of outstanding regulatory obligations on one of the leases. In addition to the cash consideration, the Disposition is expected to have a positive effect on the Corporation's working capital as it is anticipated to remove significant environmental reclamation obligation liabilities as well as release over $700,000 in cash deposits that are currently held for these resource properties.

d). The Corporation has also executed a settlement agreement and mutual release (the "**Agreement**") with an independent, arm's length supplier (the "**Supplier**"). The Agreement, valued at $375,000, is the result of extensive negotiations between Athabasca and the Supplier and is aimed at resolving outstanding financial obligations. As part of the Agreement, Athabasca will transfer ownership of five non-core and non-cash generating resource properties, namely Cowper, Emerson, Hargwen, Pelican, and Poplar Creek North, to the Supplier. In addition to the asset transfer, the Corporation will make a one-time payment of $60,000 to the Supplier.