MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED

MARCH 31, 2016

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This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation"). The purpose of this document is also to help the reader understand the anticipated future performance of the Corporation.

This MD&A has been prepared as of May 10, 2016. It provides analysis of the Company's financial results for the three months ended March 31, 2016 and is compared with the results for the three months ended March 31, 2015. This MD&A should be read in conjunction of Corporation's audited annual financial statements for the twelve months ended December 31, 2015 and the thirteen months ended December 31, 2014 and the related notes.

All amounts have been expressed in Canadian dollars (except where noted), and have been prepared in accordance with International Financial Reporting Standards ("IFRS") (except where noted). Additional information about Athabasca may be found at the Corporation's website at www.athabascaminerals.com or within the Corporation's SEDAR profile at www.sedar.com.

Management is responsible for the preparation and integrity of this MD&A, together with the financial statements referred to in this MD&A, and provides officers' disclosure certifications, which are also filed on SEDAR.

Readers are cautioned that this MD&A contains forward looking statements and that actual events may vary from management's expectations. The forward looking information should be read in conjunction with the risk factors described in "Financial Instruments", "Risks and Uncertainties" and "Forward Looking Information" at the end of this MD&A.

FORWARD LOOKING INFORMATION

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

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

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

OVERVIEW OF THE BUSINESS

Athabasca Minerals Inc. ("Athabasca" or "the Corporation") is a resource company specializing in developing, producing, and exploring for aggregates and industrial minerals in Alberta. The business strategy of the Corporation includes both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and development (or acquisition) of other aggregate resources and industrial minerals.

Since incorporating in 2006, the Corporation has become one of the largest operators of a government public pit in Canada. The Corporation's focus is on opportunities that increase its strategic land holding position to grow the business of corporate owned pits. With new leadership, management is focused on the diversification of supplying aggregate products to all sectors in the Alberta market. This includes supplying aggregates to new and existing oil sands projects as well as infrastructure projects. Much of the Corporation's aggregate supply and industrial minerals are strategically situated nearby current and future development projects.

The supply of aggregates will lie at the very foundation of Athabasca's future economic growth. With a focus on the strategic supply of aggregates and the goal to provide key industrial minerals in support of Alberta's development and growth, management believes the Corporation is well positioned now and into the future.

Q1 2016 HIGHLIGHTS

- Tonnes sold in Q1 from the corporate pits was 44,423
- Revenue for Q1 of $1,480,975 versus revenue for Q1 2015 of $1,262,803
- Gross profit in Q1 was $215,122 compared to a gross loss of $328,377 for the same period in 2015
- Net loss and comprehensive loss for Q1 2016 of $634,150 versus net loss and comprehensive loss for Q1 2015 of $1,403,018
- Loss per share for Q1 2016 of $0.019 versus Q1 2015 of $0.042
- Adjusted EBITDA for Q1 2016 of $(158,027) versus adjusted EBITDA for Q1 2015 of $(903,719)
- Cash increased by $281,370. The bank balance continues to be in strong position.
- Lowered accounts receivable as at March 31, 2016 to $2,426,321 from December 31, 2015 of $5,006,412
- Lowered accounts payable as at March 31, 2016 to $837,141 from December 31, 2015 of $2,088,532
- Lowered the capital term loan and equipment leases as at March 31, 2016 to $3,079,753 from December 31, 2015 of $3,704,282
- In early April, the Corporation has entered into a definitive agreement for the sale of Athabasca's rights, title and interests surrounding three leases bordering the Obed Transloading Facility to Wayfinder Corp, for a purchase price of CDN $800,000. Athabasca Minerals has received a CDN $200,000 non-refundable deposit related to this Agreement, with a final closing expected on or before June 30, 2016.

OPERATIONAL RESULTS:

	Three months ended March 31, 2016	Three months ended March 31, 2015
FINANCIAL HIGHLIGHTS:		
Susan Lake management fee revenue	**$ 698,165**	$ 1,283,135
Susan Lake royalty expense	**(319,963)**	(329,409)
Corporate pits sales revenue	**1,102,773**	309,077
Revenue	**$ 1,480,975**	$ 1,262,803
Gross Profit (Loss)	**215,122**	(328,377)
Adjusted EBITDA	**(158,027)**	(903,719)
Operating loss	**(694,623)**	(1,693,493)
Net loss	**(634,150)**	(1,403,018)
Net loss per share, basic ($ per share)	**(0.019)**	(0.042)
CASH FLOW HIGHLIGHTS:		
Cash from operating activities,including working capital	**1,036,766**	913,588
Spending on property and equipment	**(35,733)**	(2,427)
Spending on resource properties	**(99,189)**	(139,179)
OPERATIONAL HIGHLIGHTS:		
Corporate Pits		
Tonnes Sold	**44,423**	7,828
Susan Lake Operations		
Tonnes Sold - Gravel & Sand	**347,182**	749,827

REVIEW OF OPERATIONAL RESULTS:

Revenue

Athabasca's revenue for the three months ended March 31, 2016 was 17% higher at $1.48 million, compared with $1.26 million for the three months ended March 31, 2015. Volumes for corporate pits were up significantly as the result of a large order. The Susan Lake operations volumes were down 54% as supply and demand pressure from the market resulted in lower demand.

Cost of Sales

Cost of sales for the three months ended March 31, 2016 decreased by 20% to $1.27 million from $1.59 million for the three months ended March 31, 2015. This significant decrease was due to an improvement of operation costs at Susan Lake. This is offset by the higher costs associated with the higher volumes of the corporate pit sales (an increase of 36,595 tonnes) at a 30% lower production cost per tonne compared to production cost per tonne in for the three months ended March 31, 2015)

Gross profit

For the three months ended March 31, 2016, the Corporation incurred a gross profit of $0.22 million as compared to a gross loss of $0.33 million for the three months ended March 31, 2015. The increase in the gross profit for the quarter was largely due to higher volumes and lower cost of the operations and inventory sold.

Operating Loss
The Corporation incurred an operating loss of $0.69 million in the three months ended March 31, 2016 as compared to an operating loss of $1.69 million for the three months ended March 31, 2015. The decrease in the loss reflects the impact of higher volumes and the impact of the cost controls put in effect in 2015.

Net loss
The Corporation incurred net loss of $0.63 million ($0.019 per share) in the first quarter ended March 31, 2016 as compared to net loss of $1.40 million ($0.042 per share) for the three months ended March 31, 2015. Lower general and administrative costs reflect the impact of lower employment costs, consulting costs, and stock based compensation.

Operational Results – Corporate Pits
Sales at the corporate pits were 44,423 tonnes for the three months ended March 31, 2016 compared to 7,828 tonnes during the three months ended March 31, 2015, an increase of 467%. Tonnes produced for the three months ended March 31, 2015 was 26,261 compared to nil for the three months end March 31, 2015.

Operational Results – Susan Lake Public Pit
Susan Lake sales for the three months ended March 31, 2016 were 347,182 tonnes compared to 749,827 tonnes for the three months ended March 31, 2015. The majority of the aggregate sold was used for general maintenance of existing infrastructure in the Wood Buffalo region, new infrastructure projects and developments at the surrounding oil sands projects.

SUMMARY OF QUARTERLY RESULTS:

The following selected information is derived from audited financial statements of the Corporation. The information has been prepared by management in accordance with IFRS. Revenue refers to aggregate management fees and gross aggregate sales from corporate - owned aggregate operations.

	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Susan Lake Management Fee Revenue	$ 698,165	$ 3,369,986	$ 4,856,879	$ 2,681,947
Susan Lake Royalties	(319,963)	(1,536,991)	(1,719,768)	(1,174,500)
Corporate Pit Revenue	1,102,773	5,080,086	4,792,719	1,840,978
Total Revenue	$ 1,480,975	$ 6,913,081	$ 7,929,830	$ 3,348,425
Gross Profit	$ 215,122	$ 986,317	$ 3,359,184	$ 559,520
Net Income (Loss)	$ (634,150)	$ (6,762,150)	$ 1,614,504	$ (763,146)
Net Income (Loss) per share, basic	$ (0.019)	$ (0.203)	$ 0.048	$ (0.023)
Net Income (Loss) per share, diluted	$ (0.019)	$ (0.203)	$ 0.043	$ (0.023)
Total Assets	$ 27,235,604	$ 29,590,858	$ 40,936,872	$ 37,904,383
Total Resource Properties	$ 5,997,611	$ 5,900,057	$ 7,807,177	$ 7,625,017
Total Debt (non-current)	$ 1,283,419	$ 1,676,459	$ 2,178,610	$ 2,620,645

	4 - months Q1 2015	Q3 2014	Q3 2014	Q2 2014
Susan Lake Management Fee Revenue	$ 1,283,135	$ 4,559,140	$ 4,547,008	$ 2,156,114
Susan Lake Royalties	(329,409)	(1,275,492)	(1,202,320)	(629,556)
Corporate Pit Revenue	309,077	6,396,454	6,119,581	2,117,483
Total Revenue	$ 1,262,803	$ 9,680,102	$ 9,464,269	$ 3,644,041
Gross Profit	$ (328,377)	$ 3,105,084	$ 2,909,014	$ 272,510
Net Income (Loss)	$ (1,403,018)	$ 12,174	$ 1,605,744	$ (538,704)
Net Income (Loss) per share, basic	$ (0.042)	$ -	$ 0.049	$ (0.017)
Net Income (Loss) per share, diluted	$ (0.042)	$ -	$ 0.047	$ (0.017)
Total Assets	$ 35,925,554	$ 39,876,680	$ 41,260,053	$ 39,447,914
Total Resource Properties	$ 7,434,715	$ 7,280,531	$ 6,916,978	$ 6,679,961
Total Debt (non-current)	$ 2,143,037	$ 2,494,449	$ 3,772,522	$ 4,362,765

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. Aggregate sales and the associated delivery can often be hampered by the weather conditions and the timing of spring break-up. Most construction, infrastructure and oil sands projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and fall when ground conditions improve. As a result, there is a seasonal nature to operations, with winter and spring traditionally being the slowest time for the Corporation. This can be seen in fluctuations in revenue and net income in the table above.

OUTLOOK:

The Corporation is situated well with its pits along the Highway 881 and Highway 63 corridor to supply its historical client base for construction, infrastructure, development projects and steam assisted gravity drainage (SAGD) operations. With existing inventory located at multiple pits the Corporation is able to bid both major orders as well as spot orders requiring immediate deliveries. With the uncertainties surrounding oil recovery, and the development of new projects, the Corporation continues to bid upcoming infrastructure work and is actively looking at additional diversification opportunities outside the Wood Buffalo Region.

The Corporation successfully drew down all existing aggregate inventory at the Kearl pit in Q1 to fulfill existing aggregate orders. In line with the Corporation's previously disclosed strategy of drawing down inventory and managing stockpile inventories, the Corporation continues to work on dewatering the Kearl pit with plans to build inventory for anticipated 2016 Q3 and Q4 sales.

Susan Lake gravel pit has experienced low sales in the first quarter as has been typical in previous years due to a delay in construction with winter conditions. The Corporation believes there will be increased demand in Q2, Q3, & Q4, for both maintenance, expansion of existing oil sands projects along with infrastructure projects in the region.

Athabasca will continue with its previously announced increased exploration program in the 2016 calendar year to identify additional resources both on public, private and First Nation lands to align with its diversification efforts into additional areas outside of the Wood Buffalo Region.

OPERATIONS:

Susan Lake

"Public Pit" - Management of aggregate operations on behalf of the Government of Alberta or privately held interests

The Corporation currently manages the Susan Lake Gravel Pit on behalf of the Government of Alberta. The Corporation's services include exploration and identification of minerals, clearing and topsoil stripping, site preparation, dewatering and road maintenance, allocation of pit areas to specific users, scaling of material and general administration of the pit. For these services, the Corporation receives a management fee for each tonne of aggregate material removed from the pit for the duration of the contract, which expires November 30, 2017.

The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray. The Susan Lake property is 2,379.5 hectares in size. Approximately 95 million tonnes of sand and gravel have been removed from this pit since 1998. The majority of its sales were to neighboring oil sands companies and also in supplying infrastructure aggregate to the Wood Buffalo Region. Between 2009 and 2015, aggregate sales from Susan Lake averaged 8.29 million tonnes per annum.

Although new oil and gas activities in the general Wood Buffalo area have declined, the Corporation continues to observe demand for aggregate supply from the Susan Lake pit due to its close proximity to existing oil sands projects. Management continues to work with the Alberta Environmental Protection, Alberta Environmental Regulators and Syncrude regarding the counter claim surrounding the Susan Lake gravel pit.

Corporate-Owned Pits

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

A SML grants the lease holder the right to extract sand and gravel from Crown land. The Corporation holds several SML's for gravel extraction in Northern Alberta and operates additional gravel SMLs held by other companies under Joint Venture or Partnership agreements. The Corporation continues to manage and process aggregate from its second joint venture with a First Nations company in the Wood Buffalo region.

Kearl Pit

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

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

KM248 Pit

During July 2014, Athabasca initiated production under an agreement with DeneCo for a second nearby aggregate location, Km248, located 85 km southwest of Fort McMurray. Athabasca serves as the developer and operator of this location under a similar arrangement. These agreements encourage and promote the participation of First Nations in employment and business opportunities.

The pit is located adjacent to Hwy 881 which provides year round access and has produced high quality aggregate product since inception. This pit currently holds crushed inventory of 102,673 metric tonnes as of March 31, 2016. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor. The Corporation plans to continue crushing in 2016 as inventory levels are drawn down.

Logan Pit

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is primarily a winter access only pit due to access limitations with a seasonal winter road.

The Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years in 2010. In February 2012, the Corporation announced the receipt of a NI 43-101 for the Logan aggregate deposit. The indicated mineral resource aggregate included 1,357,000 tonnes of gravel. Also reported is an inferred mineral resource quantity of 662,600 tonnes of gravel. The quality of the aggregate materials is suitable for road construction and maintenance. The corporation will continue to market product from this pit which currently holds inventory of 118,605 as of March 31, 2016.

House River Pit

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

EXPLORATIONATION AND DEVELOPMENT PROJECTS

Firebag Silica Sand Project:

The Corporation's silica sand deposit, "Firebag Project" is located 95 km north of Fort McMurray and, is accessible via Highway 63. The planned operation is for the production of industrial proppants for use in the hydraulic fracturing of oil and gas wells. Independent testing by both Stim Lab and Proptester confirm a high quality product with crush strength meeting or exceeding American Petroleum Institute and International Standards Organization standards for frac sand. A Preliminary Economic Assessment ("PEA") confirmed that the Corporation's Firebag Project has considerable potential for development as a frac sand resource, which includes the potential for a large, highly economical deposit with high margin, rapid payback and 25 years of open pit mining. The PEA was prepared by Norwest Corporation ("Norwest"), headquartered in Calgary, Alberta.

With the uncertainty in oil prices the Corporation will be limiting any capital spending on this project until greater certainty surrounding pricing and domestic frac sand demand is established. The Corporation will focus efforts on completing engineering options surrounding plant size and additional permitting.

Richardson Project

This potential quarry is located approximately 70 km north of the Susan Lake Gravel pit and 130 km north of Fort McMurray. It contains high quality dolomite and granite. During fiscal 2012, the Corporation identified a granite outcrop at the Richardson Project that is accessible by winter road. During Q1 2013, initial drilling in this area was performed and in-house testing of samples was conducted. The drilling program encountered granite and dolomite, confirming that granite extends beyond the granite outcrop.

In March 2014, the Corporation announced the completion of a winter drilling program at the Richardson Project. All holes successfully cored the dolomite and all but one intersected the granite basement rocks. Detailed core logging and sampling has been completed at Athabasca's Edmonton facility. Samples were then tested at a major independent testing lab in Calgary and were found suitable as aggregate for use in concrete, asphalt and road base.

The Richardson project consists of 8 Mineral permits totaling 60,966 Ha. (150,650 acres). Apex Geoscience of Edmonton, Alberta has completed the National Instrument 43-101 resource report on the project. On June 9, 2015, management released the results announcing an initial inferred crushed rock aggregate resource estimate of 683,000,000 tonnes with thickness ranging from 8.3m to 47.9m averaging 39.5m.

The basement granite is 165 million tonnes. The material meets requirements for most aggregate designations as per the Alberta Transportation and Construction Builders Association guidelines.

Management will continue to minimize capital expenditure on this project but is exploring potential developmental partners and JV opportunities. 2016 work will focus on additional resource delineation.

Pelican Hill Pit

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

Trans-Loading Facility

The Corporation has signed a definitive agreement for the sale of Athabasca's rights, title and interests surrounding three leases bordering the Obed Transloading Facility ("Obed Facility") to Wayfinder Corp, for a purchase price of $800,000. As part of the Agreement, Athabasca has transferred its rights of first refusal on the purchase of the Obed facility to Wayfinder Corp. who has contemporaneously entered into a separate agreement with Westmoreland Coal for the purchase of the Obed Facility. As part of the Agreement Athabasca maintains the rights to:

- Construct, operate and maintain a drying facility on lands adjacent to the Obed facility.
- Work with Wayfinder in utilizing the existing rail infrastructure to sell certain aggregates.

- Act as a domestic supplier of sand, gravel, or aggregates material to Wayfinder for Wayfinder's operations at the Obed site and adjacent leases.
- Act as a third party contractor to Wayfinder for any road maintenance work, civil earthwork or site development work surrounding Wayfinder's operations at the Obed Facility and adjacent leases.
- Athabasca will maintain the ability to distribute frac sand from the Firebag Frac Sand Project ("Firebag Project") via the Obed Facility.

Sand and Gravel Properties

	December 31, 2016 (hectares)	December 31, 2015 (hectares)	December 31, 2015 (hectares)
Balance at beginning of period:	390	390	307
Sand and gravel leases or private land acquired during the period:	0	0	83
Balance at end of period:	390	390	390

Athabasca owns 130 hectares of private land in the Grimshaw, Alberta area which is known for its high quality pre-glacial gravel.

During the three months ended March 31, 2016, management tested 320 acres (approved in Q4 2015) in the Conklin geographic region without success. In September 2015, management received approvals in principle for the Steepbank and Hargwen gravel deposits totalling 149 acres. The Corporation is currently preparing conservation and reclamation business plans for these pits. In March 2016, the Corporation applied for a new 79 acre sand lease in the Edson area and is waiting on an approval in principle from the provincial government.

In addition, management has 1,416.6 acres of sand and gravel exploration permits in application in the Ft. McMurray and Conklin regions. The Corporation's intent is to test the SME's and where an economically recoverable resource is defined convert the SME's into SML's. The Corporation has budgeted an increased exploration program in 2016 to grow its ability to diversify into additional regions supporting both oil, gas, forestry and infrastructure developments.

In Q1 of 2016, the Corporation has continued exploring for gravel in new market areas in Saskatchewan. The Corporation tested two gravel deposits with a First Nation located in South Eastern Saskatchewan. The First Nation is planning on supplying gravel to local Regional Municipalities. The Corporation continued discussions to acquire gravel from private land owners and public lease holders in the Cold Lake market area.

The Corporation's collaboration with a First Nation's partner, Deneco Aggregates Ltd., to mine two gravel leases in the Conklin area has been deemed a success. So much so, that the Corporation is exploring opportunities to work with First Nations on developing sand and gravel resources in the North-Okanagan in British Columbia, and central and southern Alberta.

MINERAL PROPERTIES

As at December 31, 2016, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 176,570 hectares of land and Alberta Metallic and Industrial Mineral Leases on 512 hectares of land, largely located in the Fort McMurray region in northeast Alberta. Because the Corporation is focusing its efforts on aggregate resources, 43,942 hectares of permits were allowed to lapse in January 2016, as described below.

Birch Mountain Project (Silica Sand)

The Corporation previously held two mineral leases covering 2,432 hectares, situated in the Wood Buffalo region in northeast Alberta, which contains silica sand. Athabasca holds mineral permits on 71,662 hectares on land adjacent to the two mineral leases. The Corporation continues to explore for frac sand in the Birch Mountains.

Boyle Project (Salt)

During the third quarter ended September 30, 2015, Athabasca Minerals Inc. determined it would focus its efforts on developing sand and gravel properties ahead of other commodities. As such, Athabasca Minerals has chosen not to renew the three mineral permits (27,392 ha) in the Boyle area.

Dover Project (Salt)

The Corporation holds one mineral lease covering 256 hectares in the Wood Buffalo region of Alberta in the Birch Mountain area approximately 150 kilometers north of Fort McMurray. On the property is a salt formation which the Corporation has identified and evaluated. The Corporation drilled a salt test well that terminated at a depth of 490 meters. Studies have indicated that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands.

During the fourth quarter end December 31, 2015, Athabasca Minerals Inc. determined it would focus its efforts on developing sand and gravel properties. As such, this project totalling $1,021,004 has been fully written off. The Dover mineral permit (7664 ha) was allowed to lapse for similar reasons in January 2016.

Hargwen Conglomerate

In Q4 of 2015, the Province approved a Surface Material Lease in principle for this gravel deposit. Therefore, the 8,886 ha mineral permit was let to lapse in January 2016.

Mineral Permits

The Corporation continuously evaluates its mineral permit holdings, relinquishing and/or acquiring permits as dictated by its exploration and strategic priorities, as well as financial considerations.

The following is the land area covered by the Corporation's mineral permits as at March 31, 2016, located largely in the Fort McMurray area:

	March 31, 2016 (hectares)	December 31, 2015 (hectares)	December 31, 2014 (hectares)
Balance at beginning of period:	176,570	242,862	488,952
Mineral permits acquired during the period:	0	71,662	35,056
Mineral permits relinquished during the period:	(43,942)	(137,954)	(281,146)
Balance at end of period:	132,628	176,570	242,862

Minerals leases are maintained in good standing by incurring land rental and royalties on annual minerals sales production to the Government of Alberta.

Mineral Leases

The following is the land area covered by the Corporation's mineral leases as at March 31, 2016, located in the Fort McMurray area:

	March 31 2016 (hectares)	December 31, 2015 (hectares)	December 31, 2014 (hectares)
Balance at beginning of period:	512.0	21,579.5	21,579.5
Mineral leases acquired during the period:	-	-	-
Mineral leases relinquished	-	(21,067.5)	
Balance at end of period:	512.0	512.0	21,579.5

The Corporation's two Alberta Metallic and Industrial Minerals Leases are maintained in good standing by the payment of annual lease payments. Estimated costs associated with maintaining these mineral permits and leases appear in the Commitments discussion in the Liquidity and Capital Resources section below.

RISKS AND UNCERTAINTIES

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

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

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

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

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

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

Susan Lake contract terms - The terms of the Susan Lake contract gives the Province of Alberta the right to terminate the contract without cause upon three months written notice. The Province of Alberta also has the right to withdraw any portion of the lands from the contract and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to decommissioning and restoration.

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

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

Employee turnover – The reliance of the Corporation on key personnel and skilled workers can always impact operational results.

Project development – The Corporation has the risk that projects will not develop as anticipated or resources may not have the quality or quantity that management anticipates. Other minerals, like frac sand, may not have the anticipated demand from the mining and oil and gas industry once projects are fully developed.

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

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

Definition of resources – The Corporation has a risk that current estimates of reserves and resources may not be completely accurate as not all properties have estimates based on the standards required by National Instrument 43-101.

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

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2016 the Corporation reported working capital of $7.5 million which management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. This balance is down $0.5 million from December 31, 2015, when the working capital balance was $8.0 million. The working capital decreased primarily due to a loss in cash flow generated from operations, the impact of lower payables, the reduction of the debt offset by lower receivables.

The following table summarizes the Corporation's cash flows:

$ thousands of Canadian dollars, unless otherwise noted	Three months ended March 31, 2016	Three months ended March 31, 2015	Change ($)
Cash from operating activities	$ (186,016)	$ (961,608)	$ 775,592
Change in non-cash working capital	1,222,782	1,875,196	(652,414)
Cash used in investing activities	(128,289)	(7,104)	(121,185)
Cash from (used in) financing activities	(627,107)	(586,814)	(40,293)
Increase (decrease) in cash	**$ 281,370**	**$ 319,670**	**$ (38,300)**

Available Credit Facilities

The Corporation is party to a credit facility agreement with HSBC. The facility includes an operating loan, a capital loan, five leasing equipment facilities, and a MasterCard facility.

The capital term loan, with an outstanding balance of $0.25 million as at March 31, 2016, has no unused capacity.

The five leasing equipment facilities are used to finance the acquisition of equipment. As at March 31, 2016, Athabasca has lease obligations under these facilities totaling $1.95 million. In addition, there are three Cat Financial leases at an interest rate of 3.68%, Athabasca has lease obligations under these facilities totaling $0.38 million and a Komatsu Lease at an interest rate of 3.49% and has a lease obligation of $0.50 million.

The Corporation has access to a $3.0 million demand operating loan with a sub-limit of $2.0 million available for letters of commercial credit. No amount was outstanding on the operating loan. $675,880 of the operating loan is committed, although not funded, in order to secure letters of credit totalling $1,351,760.

Accordingly, the Corporation is not exposed to significant liquidity risk.

Commitments

The Corporation has no formal commitments for capital expenditures.

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

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

As of March 31, 2016 the Corporation held mineral permits covering 178,348 hectares (440,698 acres). As a result, the Corporation has spending commitments totaling approximately $0.5 million for the remainder of 2016. These expenditures will either be recorded on the balance sheet in resource properties, or expensed on the income statement as cost of sales or general and administrative expenses, depending on the future viability of the project as at the reporting period.

As of March 31, 2016, the Corporation held mineral leases covering 512 hectares. In order to keep the land under mineral leases in good standing, the Corporation is required to pay annual rental of $3.50 per hectare on the mineral leases. Currently, the Corporation has an annual rental commitment of $1,792 over the 15 year life of the mineral leases which in 2028. In addition, applicable royalties will be payable to the Government of Alberta once sales production on the mineral leases commences.

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

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

January 1, 2016 to December 31, 2016	$	1,634,303
January 1, 2017 to December 31, 2017		886,841
January 1, 2018 to December 31, 2018		396,351
January 1, 2019 to December 31, 2019		38,861
		2,956,356
Less: interest included in payments above (year one)		86,250
Less: interest included in payments above (years two and beyond)		38,634
		124,884
Lease loan principal outstanding	$	2,831,472

Capital Resources

As of March 31, 2016, the Corporation had 33,303,650 common shares outstanding. An additional 3,078,334 options to acquire common shares are outstanding, with an average exercise price of $1.40 per share. As at May 10, 2016, the Corporation has 33,303,650 common shares outstanding. An additional 3,078,334 options to acquire common shares are outstanding, with an average exercise price of $1.40 per share.

As at March 31, 2016, the Corporation has no warrants outstanding. On January 14, 2016, all warrants expired unexercised.

The Corporation has no dividends declared or paid in the three months ended March 31, 2016.

Contingency

During 2015, the Corporation had received the Statement of Defence and Counterclaim of Syncrude Canada Ltd. ("Syncrude") in respect of the Corporation's dispute with Syncrude regarding approximately $620,000 in user fees and government royalties the Corporation believed were owed by Syncrude to the Corporation and the Government of Alberta in respect of Gravel used by Syncrude from the Susan Lake Public Pit. In addition to denying all allegations in the Corporation's Statement of Claim, Syncrude has brought several counterclaims against the Corporation and is seeking damages in excess of $68,000,000 (the "Counterclaim"). The Corporation is uncertain of the outcome of the claim at this time.

Management believes the counterclaim is without merit and will defend it rigorously.

The Corporation has met with Syncrude, Government of Alberta Environmental & Parks, as well as the Assistant Deputy Minister in regards to the counter claim. The Corporation will continue to meet with all parties to work towards a resolution**.**

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as at March 31, 2016.

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2016, the Corporation incurred expenses of $25,300 compared to the three months ended March 31, 2015 of $51,351 for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below.

These costs are recorded in the financial statements as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Directors and Officers:		
Directors fees and expenses	$ 25,000	$ 30,351
Travel and miscellaneous	300	-
	$ 25,300	$ 30,351
Companies controlled by Directors and Officers:		
Rent	-	21,000
	$ 25,300	$ 51,351

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.

Compensation of Key Management

Key management personnel include members of the Board of Directors and the senior leadership team. Compensation for key management personnel, including directors, was as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Salaries and other benefits	$ 145,000	$ 114,583
Share-based compensation	31,256	130,556
	$ 176,256	$ 245,139

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 - Financial Instruments

In July 2014, the IASB issued a finalized version of IFRS 9, *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes all previous versions of the standard. The standard introduces a new model for the classification and measurement of financial assets and liabilities, a single expected credit loss model for the measurement of the impairment of financial assets and a new model for hedge accounting that is aligned with a company's risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The Corporation is currently evaluating the impact of adopting this standard on its annual financial statements.

IFRS 15 - Revenue from Contract with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The Corporation is currently evaluating the impact of adopting this standard on its annual financial statements.

IFRS 16 - Leases

In January 2016, the IASB published a new standard, IFRS 16, *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15, *Revenue from Contracts with Customers*, has also been applied.

The Corporation is currently evaluating the impact of adopting this standard on its annual financial statements.

Clarification of Acceptable Methods of Depreciations and Amortization (Amendments to IAS 16 and IAS 38)

On May 12, 2014, the IASB issued amendments to IAS 16 "Property, Plant and Equipment" (IAS 16) and IAS 38 "Intangible Assets: (IAS 38). The amendments clarify that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard was to be applied prospectively for reporting periods beginning on or after January 1, 2016 with early application permitted.

FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, long-term deposits, accounts payable and accrued liabilities, lease obligations, and capital term loan.

a) Fair Value

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

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable and long-term. The Corporation's maximum credit risk at March 31, 2016 is the carrying value of these financial assets.

In the normal course of business the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At March 31, 2016, 83.2% of the Corporation's accounts receivable was due from five customers (March 31, 2015 – 80.7.0% of the top five customers).

The Corporation's aged accounts receivable are comprised of 24.4% current, 40.8% past due up to 60 days and 34.8% past due over 60 days. While considerable amounts are past due, management has collected the majority of these amounts in April and considers there is no impairment of the accounts receivable.

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

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. As part of Athabasca's credit facility, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at March 31, 2016.

As at March 31, 2016 the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation has identified its financial liabilities as accounts payable and accrued liabilities, capital term loan, including interest but excluding deferred financing costs, and lease obligations, including interest.

	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 837,141	$ -	$ -	$ 837,141
Capital term loan	252,396	-	-	252,396
Lease obligations, including interest	1,634,316	1,283,192	38,861	2,956,369
Total	$ 2,723,853	$ 1,283,192	$ 38,861	$ 4,045,906

The Corporation's projected cash flow from operating activities and existing availability from credit facilities are expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities as at March 31, 2016. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts.

d) Interest Rate Risk

The Corporation is exposed to interest rate risk on the variable rate capital term loan. The Corporation's capital term loan bears interest at 1.75% over the bank's prime lending rate. The Corporation's operating loan bears interest at 1.00% over the bank's prime lending rate. As the bank's prime lending rate fluctuates so will the cost of borrowing.

A 100 basis point increase in the interest rate on outstanding debt with variable interest rates would have negatively impacted earnings by approximately $250 in Q1 2016.

NON-IFRS MEASURES

Management uses earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusts for stock based compensation and other write-downs to monitor the financial performance of the Corporation and believes this measure enables investors and analysts to compare the Corporation's financial performance with its competitors and evaluate the results of its underlying business. Adjusted EBITDA does not have a standard measurement under IFRS and should not be considered as a substitute for measures of performance that are prepared in accordance with IFRS. As adjusted EBITDA does not have a standardized meaning, the definition used by Athabasca may not be comparable to similar measures used by other companies.

The Corporation defines Adjusted EBITDA as Operating Earnings adjusted for depreciation, amortization and depletion expense on property and equipment, resource properties and intangible assets, stock based compensation and other one-time write downs.

The following table reconciles Adjusted EBITDA to net income (loss) income as per the financial statements of the Corporation (in thousands of Canadian dollars):

$ thousands of Canadian dollars		**Three months ended March 31, 2016**		Three months ended March 31, 2015
Net loss, per financial statements	**$**	**(634,150)**	$	(1,403,018)
Add back:				
Amortization of intangible assets		**216,667**		216,667
Amortization and depreciation expense		**305,083**		287,210
Amortization of ERO		**2,190**		
Depletion		**2,937**		
Stock Based Compensation		**47,215**		285,897
Finance costs		**36,120**		56,658
Gain on disposal of property and equipment		**(5,635)**		-
Write-off of intangible assets		**3,752**		-
Income tax expense		**(128,177)**		(356,920)
Other expenses		**-**		12,950
Less:				
Interest income		**(4,029)**		(3,163)
Adjusted EBITDA	**$**	**(158,027)**	$	(903,719)

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the three and twelve months ended March 31, 2016 at the Board of Directors meeting on May 10, 2016.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), TSX Venture issuers like Athabasca are required to certify using the Venture Issuer Basic Certificate. This certificate states that the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Corporation each certify that the documents prepared for the months ended March 31, 2016 have been reviewed, contain no misrepresentations, and provide a fair presentation of the financial condition, financial performance and cash flows of the Corporation, to the best of their knowledge. This Venture Issuer Basic Certificate does not include any representations relating to the establishment and maintenance of disclosure controls and procedures and/or internal controls over financial reporting. Please refer to the Form 52-109FV1 for additional details. The CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the three months ended March 31, 2016.

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