Athabasca MINERALS INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2015
and the three months ended February 28, 2014

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Notice of No Auditor Review of Condensed Interim Financial Statements
For the three months ended March 31, 2015 and the three months ended February 28, 2014

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management and have been approved by the Audit Committee and Board of Directors of the Corporation.

The Corporation's independent auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed interim financial statements by an entity's auditor.

"*Udomdej Kriangkum*"	"*Williams Woods"*
Udomdej Kriangkum Chief Executive Officer	Williams Woods Chief Financial Officer

May 19, 2015
Edmonton, Alberta

ATHABASCA MINERALS INC.
Condensed Interim Balance Sheets

		As at March 31, 2015		As at December 31, 2014
ASSETS				
Current Assets				
Cash	**$**	**1,148,342**	$	828,672
Accounts receivable		**2,380,156**		6,521,384
Income rax recoverable		**663,094**		209,477
Inventory (Note 4)		**9,194,998**		9,254,701
Prepaid expenses and deposits		**462,640**		508,732
Current portion of land use agreement receivable		**114,949**		253,571
		13,964,179		17,576,537
Long-Term Deposits		**842,443**		839,007
Restricted Cash		**358,913**		358,229
Property and Equipment (Note 5)		**8,500,566**		8,780,971
Resource Properties (Note 6)		**7,434,715**		7,280,531
Intangible Assets (Note 7)		**2,287,037**		2,503,704
Goodwill (Note 8)		**2,537,701**		2,537,701
Total Assets	**$**	**35,925,554**	$	39,876,680
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**1,565,597**	$	3,937,424
Current portion of environmental rehabilitation obligations		**100,292**		100,292
Current portion of long-term debt (Note 9)		**1,237,969**		1,485,391
Current portion of lease obligations (Note 10)		**1,383,557**		1,368,959
		4,287,415		6,892,066
Lease Obligations (Note 10)		**2,143,037**		2,494,449
Environmental Rehabilitation Obligations		**1,165,634**		1,138,347
Deferred Gain on Sale and Leaseback		**16,735**		18,661
Deferred Tax Liability (Note 11)		**2,340,049**		2,243,352
		9,952,870		12,786,875
Equity				
Share Capital (Note 12)		**13,246,758**		13,246,758
Contributed Surplus		**4,097,270**		3,811,373
Retained Earnings		**8,628,656**		10,031,674
		25,972,684		27,089,805
Total Liabilities and Equity	**$**	**35,925,554**	$	39,876,680

Approved by the Board of Directors

"Udomdej Kriangkum" — **Director**

"Edward Bereznicki" — **Director**

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

ATHABASCA MINERALS INC.
Condensed Interim Statements of Net Loss and Comprehensive Loss

	Three months ended March 31, 2015	Three months ended February 28, 2014 (Note 18)
Sales Revenue Corporate Pits	**$ 309,077**	$ 2,989,377
Aggregate Management Services - Revenues	**1,283,135**	778,890
Less: Provincial Government Royalties	**(329,409)**	(224,323)
Aggregate Management Fees	**953,726**	554,567
Revenue	**1,262,803**	3,543,944
Operating Costs	**1,096,405**	2,420,760
Amortization and Depreciation	**287,210**	502,772
Selling Costs	**207,565**	1,913,112
Cost of Sales	**1,591,180**	4,836,644
Gross Profit (Loss)	**(328,377)**	(1,292,700)
General and Administrative	**862,552**	621,773
Share-based Compensation	**285,897**	195,103
Amortization of Intangible Assets (Note 7)	**216,667**	216,667
	1,365,116	1,033,543
Operating Loss	**(1,693,493)**	(2,326,243)
Finance Costs (Note 18)	**74,937**	99,806
Other (Income) Expenses	**(5,329)**	(2,527)
Interest Income	**(3,163)**	(3,160)
	66,445	94,119
Loss Before Income Taxes	**(1,759,938)**	(2,420,362)
Current Tax Recovery (Note 11)	**(453,617)**	(612,389)
Deferred Tax Expense (Note 11)	**96,697**	102,420
	(356,920)	(509,969)
Net Loss and Comprehensive Loss	**$ (1,403,018)**	$ (1,910,393)
Net Loss per Common Share - Basic	**$ (0.042)**	$ (0.063)
Net Loss per Common Share - Diluted	**$ (0.042)**	$ (0.063)
Weighted Average # of Shares Outstanding (Note 12 e)	**33,303,650**	30,321,740

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

ATHABASCA MINERALS INC.
Condensed Interim Statements of Changes in Equity

	Number of Shares	Share Capital	Contributed Surplus	Retained Earnings	Total Equity
Balance as at November 30, 2013	28,307,500	$ 7,290,018	$ 1,692,342	$10,862,853	**$19,845,213**
Share-based compensation	-	-	195,103	-	**195,103**
Options exercised	33,333	21,000	-	-	**21,000**
Private placement share issuance	3,965,517	4,870,096	879,904	-	**5,750,000**
Share issuance costs	-	(646,420)	162,983	-	**(483,437)**
Transfer of value on options exercised	-	15,383	(15,383)	-	**-**
Net earnings for the period	-	-	-	(1,910,393)	**(1,910,393)**
Balance as at February 28, 2014	**32,306,350**	**$11,550,077**	**$ 2,914,949**	**$ 8,952,460**	**$23,417,486**
Share-based compensation	-	-	$ 1,358,570	-	**$ 1,358,570**
Options exercised	575,000	374,650	-	-	**374,650**
Warrants exercised	422,300	739,026	-	-	**739,026**
Share issuance costs, tax impact	-	120,859	-	-	**120,859**
Transfer of value on options exercised	-	274,739	(274,739)	-	**-**
Transfer of value on warrants exercised	-	187,407	(187,407)	-	**-**
Net earnings for the period	-	-	-	1,079,214	**1,079,214**
Balance as at December 31, 2014	**33,303,650**	**$13,246,758**	**$ 3,811,373**	**$10,031,674**	**$27,089,805**
Share-based compensation	-	-	$ 285,897	-	**$ 285,897**
Net earnings for the period	-	-	-	(1,403,018)	**(1,403,018)**
Balance as at March 31, 2015	**33,303,650**	**$13,246,758**	**$ 4,097,270**	**$ 8,628,656**	**$25,972,684**

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

ATHABASCA MINERALS INC.
Condensed Interim Statements of Cash Flows

	Three months ended March 31, 2015	Three months ended February 28, 2014
		(Note 18)
OPERATING ACTIVITIES		
Net loss	$ (1,403,018)	$ (1,910,393)
Adjustments for non-cash items:		
Depreciation, amortization, depletion and accretion	508,310	721,824
Income tax recovery (Note 11)	(356,920)	(509,969)
Share-based compensation	285,897	195,103
Gain on land use agreement	(2,302)	-
Amortization of deferred gain on sale and leaseback	(1,926)	(1,926)
Amortization of deferred financing costs (Note 18)	2,578	2,578
Write-off of intangible assets	5,773	-
Net loss adjusted for non-cash items	(961,608)	(1,502,783)
Net changes in non-cash working capital balances		
Accounts payable and accrued liabilities	(2,371,827)	81,373
Accounts receivable	4,141,228	1,399,476
Inventory	59,703	(697,847)
Prepaid expenses and deposits	46,092	(53,827)
	913,588	(773,608)
INVESTING ACTIVITIES		
Long-term deposits	(3,436)	(56,340)
Restricted cash	(684)	(5,285)
Proceeds from land use agreement	138,622	36,140
Purchase of property and equipment (Note 5)	(2,427)	(649,141)
Spending on resource properties (Note 6)	(139,179)	(666,902)
	(7,104)	(1,341,528)
FINANCING ACTIVITIES		
Repayment of long-term debt (Note 9)	(250,000)	(250,000)
Repayment of lease obligations (Note 10)	(336,814)	(321,685)
Issuance of share capital (Note 12)	-	5,771,000
Share issuance costs (Note 12)	-	(483,437)
	(586,814)	4,715,878
Net increase in cash	319,670	2,600,742
Cash, beginning of period	828,672	72,151
Cash, end of period	$ 1,148,342	$ 2,672,893

Supplemental cash flow information (Note 17)

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

Note 1 – Nature of Business

Athabasca Minerals Inc. (the "Corporation" or "Athabasca") is incorporated under the *Business Corporations Act (Alberta).* The Corporation's head office is located at 9524 27 Avenue, Edmonton, Alberta, Canada T6N 1B2.

The Corporation manages the Susan Lake aggregate (sand and gravel) pit on behalf of the Province of Alberta for which management fees are earned. A significant portion of the Corporation's total revenue is derived from this contract.

In addition to this management contract, the Corporation owns gravel pits producing aggregate for a variety of purposes and explores for and develops land for the purposes of establishing additional Corporation owned gravel pits. The Corporation also acquires, explores and develops mineral claims located in the Fort McMurray area for the purpose of extracting salt, silica sand and other minerals.

The Corporation experiences significant changes in earnings due to the seasonality of operations. The Corporation derives a significant portion of its revenue from producing aggregate in Northern Alberta. The ability to produce aggregate is hampered by cold and wet weather conditions. As a result, winter and spring are traditionally the slowest time for the Corporation.

The Corporation is listed on the TSX Venture Exchange ("TSX Venture") under the stock symbol: ABM.

Note 2 – Basis of Presentation and Statement of Compliance

In 2014, the Corporation changed its financial year-end from November 30th to December 31st. With this fiscal year-end change, the Corporation reported a one-time, transitional thirteen month financial year ending December 31, 2014, which was compared to the financial statements for the twelve months ended November 30, 2013. This change in the financial year-end from November 30th to December 31st was made by the Corporation to better align Athabasca's financial reporting calendar with its industry peers. As a result of this change, the interim financial statements in 2015 will be compared to a three month period from the prior year with a different balance sheet date.

As such, these condensed interim financial statements of the Corporation for the three months ended March 31, 2015 include comparative results for the three months ended February 28, 2014. These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Corporation has prepared these condensed interim financial statements in accordance with International Accounting Standard ("IAS") 34 – "Interim Financial Reporting" ("IAS 34"). Accordingly, certain information and footnote disclosures normally included in the annual financial statements have been omitted or condensed.

These financial statements are prepared on a going concern basis, under the historical cost convention, except for certain financial assets which are presented at fair value. All financial information is presented in Canadian dollars.

These financial statements were authorized for issue by the Board of Directors on May 15, 2015.

Note 3 – Significant management judgments, estimates and accounting changes

The Company's management makes judgements in its process of applying the company's accounting policies to the preparation of its condensed consolidated interim financial statements. In addition, the preparation of financial data requires that the Company's management make assumptions and estimates of the impacts on the carrying amounts of the Company's assets and liabilities at the end of the reporting from uncertain future events and on the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process in inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Company's assets and liabilities are accounted for prospectively.

The critical judgements and estimates applied in the preparation of the Company's unaudited condensed consolidated interim financial statements for the three months ended March 31, 2015 are consistent with those applied and disclosed in note 2 to the Company's audited condensed financial statements for the thirteen months ended December 31, 2014.

Note 4 – Inventory

Inventory consists of the following:

	March 31, 2015	December 31, 2014
Stockpiled crushed gravel	$ 6,705,223	$ 6,764,920
Stockpiled sand	2,489,775	2,489,781
	$ 9,194,998	$ 9,254,701

During the three months ended March 31, 2015, inventory with a production cost of $59,697 (three months ended February 28, 2014 - $1,359,439) was sold and forms part of cost of sales.

Note 5 – Property and Equipment

Cost at:	Crushing Spread	Equipment	On-site buildings and fences	Office Complex	Scales and scale houses	Total
November 30, 2013	$ 3,678,249	$ 7,388,865	$ 591,191	$ 173,867	$ 655,919	$12,488,091
Additions	-	396,360	471,560	-	176,295	1,044,215
Disposals	-	(448,338)	-	-	-	(448,338)
December 31, 2014	3,678,249	7,336,887	1,062,751	173,867	832,214	13,083,968
Additions	-	2,427	-	-	-	2,427
March 31, 2015	**$ 3,678,249**	**$ 7,339,314**	**$ 1,062,751**	**$ 173,867**	**$ 832,214**	**$13,086,395**
Accumulated Depreciation at:						
November 30, 2013	$ 434,636	$ 1,952,083	$ 108,914	$ 35,557	$ 192,082	$ 2,723,272
Additions	247,829	1,282,617	106,616	12,557	87,760	1,737,379
Write-offs	-	(157,654)	-	-	-	(157,654)
December 31, 2014	682,465	3,077,046	215,530	48,114	279,842	4,302,997
Additions	-	232,597	26,532	2,898	20,805	282,832
March 31, 2015	**$ 682,465**	**$ 3,309,643**	**$ 242,062**	**$ 51,012**	**$ 300,647**	**$ 4,585,829**
Net book value at:						
March 31, 2015	**$ 2,995,784**	**$ 4,029,671**	**$ 820,689**	**$ 122,855**	**$ 531,567**	**$ 8,500,566**
December 31, 2014	2,995,784	4,259,841	847,221	125,753	552,372	8,780,971
Net book value of leased assets included above:						
March 31, 2015	**$ 2,995,784**	**$ 2,126,225**	**$ 234,369**	**$ -**	**$ 50,758**	**$ 5,407,136**
December 31, 2014	2,995,784	2,241,618	242,284	-	52,512	5,532,198

Depreciation expense for the following periods:	Total $
Three months ended March 31, 2015	**$ 282,832**
Three months ended February 28, 2014	371,163

Note 6 – Resource Properties

	March 31, 2015	December 31, 2014
Exploration costs	$ 4,574,983	$ 4,416,427
Production costs	1,849,863	1,849,863
Environmental rehabilitation obligation assets	573,056	556,025
Land	157,100	157,100
Mineral permits	30,625	30,625
Mineral leases	10,209	28,832
Miscellaneous lease costs	238,879	241,659
	$ 7,434,715	$ 7,280,531

During the three months ended March 31, 2015, the Corporation spent $139,179 on resource properties at various exploration and development projects, including primarily the Firebag project. During the three months ended February 28, 2014, the Corporation spent $666,902 on resource properties.

Note 7 – Intangible Assets

Intangible assets consist of two management contracts with the Province of Alberta relating to the management of aggregate pits at Poplar Creek, Alberta and Susan Lake, Alberta.

The Susan Lake management contract is amortized on a straight-line basis over the life of the contract, with an expiry date of November 30, 2017. As at March 31, 2015, the remaining term of the contract is 32 months. The Poplar Creek pit has been depleted and accordingly its management contract and decommissioning and restoration costs carrying values were written off as at November 30, 2011.

Amortization of intangible assets for the three months ended March 31, 2015 was $216,667 (three months ended February 28, 2014 - $216,667).

The terms of the contracts give the Province of Alberta the right to terminate the contracts without cause upon three months written notice. The contracts provide that the Province of Alberta may at any time during the term of the agreement require the Corporation to operate the tender location in cooperation with oil sand lease development. The Province of Alberta also has the right to withdraw any portion of the lands from the contracts and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to any environmental rehabilitation obligations. In January 2015, the Province of Alberta amended the boundary of Susan Lake effective January 22, 2015, but the amendment had no impact on the value of the management contract and no significant impact on the Corporation.

Note 8 – Goodwill

The goodwill arose as a result of the acquisition of Aggregates Management Inc. that closed on November 20, 2008. The acquired entity held the management contracts to operate on behalf of the Province of Alberta, two aggregate pits in the Fort McMurray area of Alberta.

The Susan Lake pit cash generating unit ("CGU") now represents virtually all of the revenues and cash inflows of the acquired entity, with the result that all goodwill is allocated to the Susan Lake pit CGU for the purposes of impairment testing.

In accordance with IFRS guidance, impairment of goodwill has been tested annually by management with the conclusion reached that no impairment has occurred.

In the valuation model, a 1% annual growth rate was applied to the price per tonne projections as the management fee revenue increases with the consumer price index changes. The valuation of the CGU is sensitive to changes in the revenue assumptions. All other things being equal, a decrease of revenues, arising from a decrease in tonnes or pricing, of 5% in each of the remaining three years of the contract would result in the carrying value of the CGU being in excess of the fair value by approximately $266,000 and would have required an impairment of goodwill for that amount.

A discount rate of 19.3% was used based on the Corporation's after-tax weighted cost of capital. All other things being equal, an increase in the discount rate of 2% to 21.3% would result in the carrying value of the CGU being in excess of the fair value by approximately $114,000 and would have required an impairment of goodwill for that amount.

No events have occurred that would suggest impairment exists as at March 31, 2015. Management intends to complete the annual goodwill impairment testing in the fourth quarter of 2015 unless events occur which would suggest impairment exists at an earlier date. Since the Susan Lake contract does have a finite life, given that the contract at Susan Lake has an expiry date of November 30, 2017, future cash flows are decreasing as time passes which reduces the recoverable amount of the CGU. As a result, impairment of goodwill is likely to occur within the next year unless an extension is signed with the Government of Alberta.

Note 9 – Long-Term Debt

	March 31, 2015	December 31, 2014
Bank loan, repayable in monthly instalments of $83,333 plus interest at the bank's prime lending rate plus 1.75%, due June 8, 2016	$ 1,250,000	$ 1,500,000
Deferred financing costs, amortized over life of debt agreement	(12,031)	(14,609)
	1,237,969	1,485,391
Current portion	1,237,969	1,485,391
	$ -	$ -

Unless demanded, the principal repayment requirements for the upcoming years are as follows:

April 1, 2015 to March 31, 2016	$ 1,000,000
April 1, 2016 to June 30, 2016	250,000
	$ 1,250,000

The Corporation has a credit facility, which includes an operating loan, a capital loan, two leasing equipment facilities, and a credit card facility.

The capital loan, as shown in the table above, has an outstanding balance as at March 31, 2015 of $1,250,000 (December 31, 2014 - $1,500,000) before deferred financing costs. The whole amount outstanding is considered current as at March 31, 2015 due to demand loan provisions which took effect in June 2014, as per the credit facility.

The Corporation is subject to three financial covenants as part of the credit facility. The funded debt to earnings before interest, taxes, depreciation and amortization (EBITDA) ratio must be less than 2.75 to 1 for all reporting periods subsequent to and including March 31, 2015. The debt service coverage ratio must be more than 1.25 to 1 for all reporting periods subsequent to and including March 31, 2015. The Corporation must maintain a current ratio for all reporting periods subsequent to and including March 31, 2015 in excess of 1.25 to 1.

As at March 31, 2015, the Corporation is in compliance with the lender's covenants.

Total interest expense on the bank loan for the three months ended March 31, 2015 is $16,586 (three months ended February 28, 2014 - $27,664). These amounts are disclosed as part of Finance costs (Note 18).

Note 10 – Lease Obligations

	Interest Rate	Monthly Instalments	March 31, 2015	December 31, 2014
Finance Leases				
Lease #1, due June 30, 2017	4.124%	$ 38,817	$ 963,964	$ 1,069,748
Lease #2, due August 31, 2017	4.250%	65,253	1,795,460	1,970,897
Lease #3, due August 31, 2017	4.250%	6,627	182,430	200,247
Lease #4, due September 21, 2018	4.614%	7,452	288,583	307,463
Lease #5, due October 12, 2018	4.593%	7,481	296,157	315,053
			3,526,594	3,863,408
Current portion - principal due within one year			1,383,557	1,368,959
			$ 2,143,037	$ 2,494,449

Total interest expense on the lease obligations for the three months ended March 31, 2015 is $40,072 (three months ended February 28, 2014 - $53,703). These amounts are disclosed as part of Finance costs (Note 17).

Note 11 - Income Taxes

The estimation of the Corporation's deferred tax assets and liabilities involves significant judgment to determine the future earning potential, the expected timing of the reversal of deferred tax assets and liabilities, or the result of interpretation of tax legislation which might differ from the ultimate assessment of the tax authorities. These differences may affect the tax amounts or the timing of the payment of taxes.

Deferred taxes reflects the tax effects of non-capital losses carried forward and the effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts recognized for income tax purposes.

The tax effects of temporary differences that give rise to the net deferred tax liability are:

	March 31, 2015	December 31, 2014
Deferred tax assets:		
Cumulative eligible capital	$ 34,930	$ 34,930
Deferred gain on sale and leaseback	4,184	4,665
Share issuance costs and finance fees	94,366	94,366
	133,480	133,961
Deferred tax liabilities:		
Resource properties	$ 1,360,214	$ 1,259,985
Intangible assets	571,759	625,926
Property and equipment	512,819	428,009
Land use agreement receivable	28,737	63,393
	2,473,529	2,377,313
Net deferred tax liability	$ 2,340,049	$ 2,243,352

Note 11 - Income Taxes (continued)

Income tax expense varies from the amount that would result from applying the combined federal and provincial income tax rates to income before income taxes. These variances are summarized here:

	Three months ended March 31, 2015	Three months ended February 28, 2014
Income before income taxes	$ (1,759,938)	$ (2,420,362)
Statutory Canadian combined corporate tax rate	25.0%	25.0%
Expected tax expense	(439,985)	(605,091)
Increase (decrease) from income taxes resulting from:		
Non-deductible expenses	71,475	51,080
Other	11,590	44,042
	$ (356,920)	$ (509,969)
The provision for taxes is comprised of:		
Provision for current taxes	$ (453,617)	$ (612,389)
Provision for deferred taxes	96,697	102,420
	$ (356,920)	$ (509,969)

Note 12 – Share Capital

a) Authorized:

An unlimited number of:
Common voting shares with no par value
Preferred shares, issuable in series

As at March 31, 2015, Athabasca has 33,303,650 common shares outstanding (February 28, 2014 – 32,306,350).

On January 14, 2014 the Corporation issued 3,965,517 common shares in a private placement for cash consideration of $5,750,000. Legal and filing fees of $138,437 and commissions of $345,000 associated with the private placement were incurred for net cash proceeds of $5,266,563.

b) Repurchased common shares:

During the three months ended March 31, 2015, the Corporation did not purchase or cancel any common shares. The Corporation has a normal course issuer bid in place for the purchase of up to 1,665,182 common shares that will terminate on December 31, 2015.

Note 12 – Share Capital (continued)

c) Stock options:

The Corporation has issued options to directors, officers, employees and consultants of the Corporation as incentives.

No options were issued or exercised during the three months ended March 31, 2015.

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

	Three months ended March 31, 2015			Thirteen months ended December 31, 2015		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Options outstanding:						
Beginning of period	3,006,264	$	1.69	2,326,666	$	0.87
Issued	-		-	1,487,931		2.45
Expired or cancelled	(100,000)		1.02	(200,000)		1.02
Exercised	-		-	(608,333)		0.65
End of period	2,906,264	$	1.71	3,006,264	$	1.69

Of the outstanding stock options as at March 31, 2015, 2,156,264 (as at February 28, 2014 – 1,786,264) options have vested and therefore, were exercisable at March 31, 2015 at a weighted average exercise price of $1.39 per share (as at February 28, 2014 - $0.85 per share).

The weighted average remaining contractual life of the options is 2.86 years (as at February 28, 2014 – 3.36 years).

The following is a summary of the outstanding stock options as at March 31, 2015:

Expiry Date	Exercise Price		Options Outstanding - March 31, 2015
April 27, 2015	$	2.90	100,000
October 15, 2015	$	0.26	160,000
January 14, 2016	$	1.45	237,931
March 29, 2017	$	0.63	573,333
August 24, 2017	$	1.04	50,000
December 11, 2017	$	1.64	360,000
September 6, 2018	$	1.02	275,000
January 14, 2019	$	1.63	150,000
June 26, 2019	$	2.90	900,000
October 29, 2019	$	1.60	100,000
			2,906,264

Note 12 – Share Capital (continued)

d) Warrants:

	Three months ended March 31, 2015		Thirteen months ended December 31, 2014	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants outstanding:				
Beginning of period	1,560,458	$ 1.75	-	$ -
Issued	-	-	1,982,758	1.75
Expired or cancelled	-	-	-	-
Exercised	-	-	-	-
End of period	1,560,458	$ 1.75	1,982,758	$ 1.75

On January 14, 2014 the Corporation issued 3,965,517 common shares in a private placement for cash consideration of $5,750,000. Legal and filing fees of $138,437 and commissions of $345,000 associated with the private placement were incurred for net cash proceeds of $5,266,563. Each common share issued in the private placement is accompanied by one common share purchase warrant entitling the holder to acquire one-half additional common share at a price of $1.75 for a period of two years from January 14, 2014. The fair values attributed to the common shares and warrants were $4,870,096 and $879,904 respectively.

e) Net loss per common share

	Three months ended March 31, 2015	Three months ended February 28, 2014
Net loss per common share - basic & diluted		
Net loss	$ (1,403,018)	$ (1,910,393)
Weighted average number of common shares outstanding	33,303,650	30,321,740
Net loss per common share - basic and diluted	$ (0.042)	$ (0.063)

During the three months ended March 31, 2015 and the three months ended February 28, 2014, the Corporation was in a net loss position therefore the conversion of convertible securities is considered to be anti-dilutive.

Note 13 - Related Party Transactions

During the three months ended March 31, 2015, the Corporation incurred expenses of $51,351 (three months ended February 28, 2014 - $22,416) 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, 2015	Three months ended February 28, 2014
Directors and Officers:		
Directors fees and expenses	$ 30,351	$ 300
Travel and miscellaneous	-	1,116
	$ 30,351	$ 1,416
Companies controlled by Directors and Officers:		
Rent	$ 21,000	$ 21,000
	21,000	21,000
	$ 51,351	$ 22,416

Accounts payable and accrued liabilities includes $25,875 from the above expenses as at March 31, 2015 (as at February 28, 2014 - $nil).

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.

Note 14 – Key Management Compensation

Key management personnel include senior leadership team. Compensation for key management personnel was as follows:

	Three months ended March 31, 2015	Three months ended February 28, 2014
Salaries and other benefits	$ 114,583	$ 133,997
Share based benefits	130,556	20,887
	$ 245,139	$ 154,884

Note 15 – Financial Instruments

The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, land use agreement receivable, and long-term deposits, which are classified as loans and receivables with a carrying value of $4,844,803 (as at December 31, 2014 - $8,800,863); and accounts payable and accrued liabilities, and long-term debt, which are classified as other financial liabilities with a carrying value of $2,803,566 (as at December 31, 2014 - $5,422,815).

a) Fair Value

The financial assets and liabilities that are recognized on the balance sheet at fair value are grouped **Note**

15 – Financial Instruments (continued)

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.

Due to the short-term nature of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying value of these financial instruments approximate their fair value. The fair value of restricted cash and long-term debt is a Level 2 measurement and 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 a Level 2 measurement and is not materially different from carrying value. Land use agreement receivable is a Level 2 measurement and is an estimate of discounted future cash flow with carrying value approximating fair value.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at March 31, 2015 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. As at March 31, 2015, 79.7% (December 31, 2014 – 57.0%) of the Corporation's accounts receivable was due from four principal customers with individual receivables in excess of 10% of the total amount receivable for the Corporation.

Accounts receivable as at March 31, 2015 of $2,380,156 has been reduced significantly from December 31, 2014 of $6,521,384. As at March 31, 2015, the Corporation's aged accounts receivable were comprised of 29.6% current, 23.9% past due up to 60 days and 46.5% past due over 60 days. As at December 31, 2014, the Corporation's aged accounts receivable are comprised of 33.3% current, 57.4% past due up to 60 days and 9.3% past due over 60 days.

The accounts receivable past due over 60 days as at March 31, 2015 consist of amounts primarily from three customers. One customer, representing nearly 40% of the balance, paid their amount owing in early April. The remaining two customers with significant overdue balances are reducing the amount at an acceptable level such that management does not feel it is necessary to allow for any of the accounts receivable balances as at March 31, 2015.

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, 2015.

As at March 31, 2015 the Corporation has sufficient working capital to fund ongoing operations and **Note 14**

15 – Financial Instruments (continued)

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, long-term debt, 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	$ 1,565,597	$ -	$ -	$ 1,565,597
Long-term debt, including interest	1,037,604	251,979	-	1,289,583
Lease obligations, including interest	1,507,560	2,162,607	97,079	3,767,246
Total	$ 4,110,761	$ 2,414,586	$ 97,079	$ 6,622,426

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, 2015.

d) Foreign Currency Risk

The Corporation maintains a USD currency bank account with a nominal balance for the infrequent need to fund supplier purchases denominated in USD currency. As at March 31, 2015, the Corporation had no significant USD denominated accounts payable or receivables. As the amounts involved are insignificant, management feels the foreign currency risk for the Corporation is minimal.

e) Interest Rate Risk

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

Note 16 - Capital Disclosures

The capital structure of the Corporation consists of net debt (borrowings, as detailed in Note 9 and Note 10, offset by cash) plus equity (comprised of share capital, contributed surplus and retained earnings).

The Corporation's objective when managing capital is to provide sufficient capital to cover normal operating and capital expenditures. In order to maintain or adjust the capital structure, the Corporation may issue debt, purchase shares for cancellation pursuant to normal course issuer bids or issue new shares. The Corporation is subject to externally imposed capital requirements as discussed in Note 9.

There were no changes to the Corporation's capital management during the three months ended March 31, 2015.

Note 17 - Supplemental Cash Flow Disclosures

	Three months ended March 31, 2015	Three months ended February 28, 2014
The Corporation received (paid) cash during the period for:		
Interest received	$ 3,163	$ 3,160
Interest paid	(56,658)	(81,367)
Income taxes paid	-	-

Note 18 – Finance Costs

Finance costs are comprised of the following:

	Three months ended March 31, 2015	Three months ended February 28, 2014
Interest on long-term debt	$ 16,586	$ 27,664
Interest on lease obligations	40,072	53,703
Amortization of deferred financing costs	2,578	2,578
ERO accretion expense	4,432	2,385
Other interest expense and bank fees	11,269	13,476
	$ 74,937	$ 99,806

Note 19 – Comparative Figures

The Corporation has reclassified certain balances in the condensed interim statement of net loss and comprehensive loss and condensed interim statement of cash flows from the comparative period in order to maintain consistency with presentation for the current period.

Note 20 – Subsequent Events

Management announced that it has entered into an agreement with Coal Valley Resources Inc. ("CVRI"), a subsidiary of Westmoreland Coal Company NasdaqGM: WLB) to purchase a private rail transloading facility ("Obed Facility") from CVRI. The Obed Facility was used by CVRI in their operation of the Obed Mountain Mine to load coal into rail cars for transportation to the West Coast. The facility is located approximately 67 kilometers west of Edson, near Obed, Alberta. Athabasca intends to use this facility for both aggregate processing and transloading as well as for the storage, and distribution of frac sand.