MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2017

April 19, 2018

The following discussion of Athabasca Minerals Inc.'s financial condition and results of operations should be read in conjunction with the audited financial statements for the year ended December 31, 2017. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this management's discussion and analysis ("MD&A") are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "Our" or the "Corporation") is a reporting issuer in each of the provinces of Canada. The Corporation's shares trade on the TSX Venture Exchange under the symbol ABM-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on April 19, 2018.

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

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, disposition of assets, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, potential joint-venture relationships, potential acquisitions, geographic diversification, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

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", "addressing", "striving" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "increasing", "improving", "optimizing", "intends", "anticipates" or "does not anticipate", or "believes", "pursuing", "recommence", "replenish", "reactivation" 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.

OUR BUSINESS

Athabasca Minerals Inc., incorporated in 2006, is a Canadian resource Corporation that manages, acquires, explores, develops and produces minerals located in Alberta.

The Corporation manages the Susan Lake aggregate (sand and gravel) pit on behalf of the Province of Alberta for which aggregate management services revenues are earned under a contract with an expiry date of November 30, 2017. Although the contract technically expired during the year, the Corporation continues to manage the Susan Lake aggregate pit with overholding tenancy until further notice from the Province of Alberta.

In addition to the Susan Lake management contract ("Susan Lake Contract"), the Corporation holds Alberta Metallic and Industrial Minerals Permits and Surface Material Leases producing aggregate for a variety of purposes. The Corporation also acquires, explores and develops mineral claims located in Alberta for producing aggregate, extracting silica sand and other non-metallic minerals.

The Corporation's strategic business focus is on opportunities that increase both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and acquisition of other aggregate resources and industrial minerals. Management continues to be 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.

BUSINESS HIGHLIGHTS

- Appointed Mr. Robert Beekhuizen, Chief Executive Officer, on June 19, 2017;
- Appointed Mr. Lucas Murray, Chief Financial Officer, on October 5, 2017;
- Hired Projects and Business Development Director dedicated to advancing Firebag Silica Sand and Richardson Quarry ventures, on January 29, 2018;
- Susan Lake remains operational, under Overholding Tenancy status, and AMI is collecting management fees associated with the transport of stockpiled aggregate material until April 30, 2018 (with extension pending AEP approval);
- The Susan Lake Closure Plan is under review with Alberta Environment & Parks (AEP). Government approval is planned for the 2nd Quarter (Q2) 2018. A new Public Lands Administration Regulation (PLAR) Disposition will be included with AEP approval. Revised milestones for progressively closing the Susan Lake gravel pit warrant further extension potentially into 2019 considering the delays in obtaining final approval of the Closure Plan;
- Successfully defended Syncrude's application for a preservation order, with the Corporation receiving a favourable decision of the Court of Queen's Bench of Alberta on January 24, 2017;
- Revenue for the year ended December 31, 2017 increased by 1% to $7,476,457 versus $7,375,156 in the prior year;
- Corporate pits sales decreased by 8% for the year ended December 31, 2017 to $3,707,094 versus $4,034,218 in the prior year;
- Gross profit increased by 59% for the year ended December 31, 2017 to $1,643,444 versus $1,033,443 in the prior year;
- Working capital of $5.3 million; current debt of $0.5 million; non-current debt $29,284;

Athabasca MINERALS INC.

SELECTED FINANCIAL INFORMATION

	Three months ended December 31, 2017	2016	% Change	Years ended December 31, 2017	2016	% Change
FINANCIAL HIGHLIGHTS:						
Aggregate sales revenue	976,894	547,282	78%	$ 3,707,094	$ 4,034,218	-8%
Aggregate management services - revenue	$ 2,279,538	$ 1,864,466	22%	6,629,050	6,154,112	8%
Lees: Provincial government royalties	(1,012,977)	(826,737)	23%	(2,859,687)	(2,813,174)	2%
Aggregate management fees - net	1,266,561	1,037,729	22%	3,769,363	3,340,938	13%
Revenue	2,243,455	1,585,011	42%	7,476,457	7,375,156	1%
Gross profit	1,076,554	26,029	4036%	1,643,444	1,033,443	59%
Gross profit percent	48%	2%		22%	14%	
Operating loss	(1,091,969)	(1,355,473)	-19%	(4,146,369)	(4,307,032)	-4%
Other non-operating income	98,228	138,722	-29%	510,306	1,482,551	-66%
Total loss and comprehensive loss	$ (728,832)	$ (915,343)	-20%	$ (2,687,141)	$ (2,220,125)	21%
Loss per share, basic and fully diluted ($ per share)	(0.022)	(0.028)	-23%	(0.081)	(0.067)	20%
CASH FLOW HIGHLIGHTS:						
Net cash from operating activities	1,183,411	1,398,183	15%	1,260,349	3,503,020	-64%
Spending on property and equipment	(81,698)	(13,294)	-515%	(99,969)	(49,028)	104%
Spending on resource properties	(19,888)	(734,818)	-97%	(178,453)	(988,598)	-82%
Weighted Average # of Shares Outstanding	33,303,650	33,303,650		33,303,650	33,303,650	
OPERATIONAL HIGHLIGHTS:						
Tonnes sold						
Corporate pits	32,405	23,440	38%	124,860	135,652	-8%
Susan Lake operations	905,487	886,285	2%	2,948,248	2,946,785	0%
Total tonnes sold	937,892	909,725	3%	3,073,108	3,082,437	0%

	Years ended December 31, 2017	2016	% Change
FINANCIAL POSITION:			
Working capital[1]	$ 5,257,707	$ 6,622,356	-21%
Total assets	19,324,388	23,913,586	-19%
Total liabilities	3,625,719	5,605,685	-35%
Shareholder's Equity	15,698,669	18,307,901	-14%

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

Athabasca's revenue during Q4 2017 was $2.2 million compared to $1.6 million Q4 2016. The increase in revenue of $0.6 million from Q4 2016 to Q4 2017 was due to a 38% increase in tonnage sold from Corporate pits, a 2% increase in tonnes sold out of Susan Lake and one-time revenue of $0.2 million being recognized in December 2017. The Corporation's revenue for the year ended December 31, 2017, increased by 1% to $7.5 million from $7.4 million in the prior year. The 1% increase in revenue is a combination of a 13% increase in net Susan Lake management revenue (2017: $3.8 million vs. 2016: $3.3 million) offset by an 8% reduction in corporate pit revenue (2017: $3.7 million vs. 2016: $4.0 million).

- The $0.4 million or 13% increase in net Susan Lake management revenue is the result of the Susan Lake pit users accelerating the removal of stockpiled aggregates ahead of the April 30th, 2018 deadline imposed by the Corporation as pit manager; and
- The $0.3 million or 8% year to date decrease in revenue from corporate pits is the result of several factors including two large sales out of the Corporation's Kearl pit amounting to $1 million in Q1 2016 that did not recur in Q1 2017 in addition to increased competition which reduced the Corporation's tonnes sold from 135,652 in 2016 to 124,860 in 2017.

GROSS PROFIT

Gross profit can be used to analyze the operational efficiency during a reporting period and to track changes in efficiency over time. This gives management a valuable tool to evaluate the effect of variables that could affect revenue or cost of sales.

Athabasca's gross profit during Q4 2017 was $1.1 million compared to $0.2 million in Q4 2016. The increase in gross profit of $0.9 million from Q4 2016 to Q4 2017 was due to a 78% increase in revenue from Corporate pits, a 22% increase in aggregate management fees – net earned from Susan Lake which includes one-time revenue mentioned above being settled with no additional costs and only a 3% increase in Q4 2017 operating costs. Athabasca realized a gross profit of $1.6 million in 2017 versus gross profit of $1.0 million in 2016. The increase in gross profit of $0.6 million is the result of a 1% increase in revenues and a decrease in cost of sales of $0.5 million or 8%. The decrease in cost of sales is due to a decrease in amortization, depreciation, and depletion of $0.2 million or 13%, a decrease in royalties and trucking of $0.8 million or 66% offset by an increase in operating costs of $0.5 million or 14%.

- Amortization, depreciation, and depletion decreased by $0.2 million primarily because $93,750 of depreciation and $191,524 of depletion was included in the cost of inventory, as the Corporation produced inventory from Logan and KM248 during 2017 while there was no production during 2016;
- Royalties and trucking fluctuates based on sales arrangements with customers. If the customer requires Athabasca to transport material to the customer's site, then the royalty and trucking costs are included in the royalties and trucking line in the statement of loss and comprehensive loss. During 2017, Athabasca moved material from corporate pits to the Corporation's stockpile sites, where the inventory was more likely to be sold from. As a result, the costs incurred for royalties and trucking were included in the cost of inventory and relieved through the production cost of inventory sold, as these were costs to bring inventories to a location and condition where they could be sold, which resulted in the $0.8 million reduction in royalties in trucking during 2017; and
- Operating costs include the production cost of inventory sold, stockpile losses, pit office costs, maintenance costs, pit supplies, and operational employment costs. Operating costs increased due to the following:
  - 43% increase in the production cost of inventory sold (2017 - $2.2 million, 2016 - $1.5 million) as a result of including royalties and trucking in the cost of inventory to bring inventories to the Corporation's stockpile sites where the inventory was more likely to be sold from;
  - 39% increase in maintenance costs (2017 - $0.2 million, 2016 - $0.1 million) primarily in order to repair specific pieces of equipment that are not fundamental to the operations of the Corporation, to maximize sale proceeds on disposal;
  - Offset by a 12% decrease in pit supplies (2017 - $0.4 million, 2016 - $0.4 million);
  - 36% decrease in stockpile losses (2017 - $0.1 million, 2016 – $0.2 million);
  - 24% decrease in pit office costs (2017 - $0.3 million, 2016 - $0.4 million); and
  - 3% decrease in operational employment costs (2017 - $0.9 million, 2016 $1.0 million).

OPERATING LOSS

Athabasca's operating loss during Q4 2017 was $1.1 million compared to $1.3 million in Q4 2016. The decrease in operating loss of $0.2 million was due to an increase in gross profit of $0.9 million (discussed above), a decrease in amortization of intangible asset of 35% or $0.1 million as the Susan Lake management contract expired on November 30, 2017, offset by an increase in general and administrative expenses of 48% or $0.3 million which was due to an increase in bad debts from the previous quarter of $0.3 million and an increase in other operating expenses of 109% or $0.5 million, which is largely the result of an increase in property and equipment impairments over the previous quarter. The Corporation, for the year ended 2017, incurred an operating loss of $4.1 million which is a 4% decrease from 2016 ($4.3 million). The decrease in the operating loss is due to a 6% or $0.2 million (2017 - $3.2 million, 2016 - $3.0 million) increase in general and administrative expenses and other operating expenses of 27% or $0.3 million (2017 - $1.7 million, 2016 - $1.4 million), offset by a decrease in amortization of intangible asset 11% or $0.1 million (2017 - $0.8 million, 2016 - $0.9 million) and an increase in gross profit discussed above.

- Amortization of intangible asset decreased because there were only 11 months of amortization during 2017, as the Susan Lake management contract was to expire on November 30, 2017, as opposed to 12 months of amortization during 2016.

General and Administrative Expenses

	Three months ended December 31,					Years ended December 31,				
		2017		2016	% Change		2017		2016	% Change
Wages & benefits	$	**161,728**	$	95,786	**69%**	$	**953,258**	$	947,545	**1%**
Legal & professional fees	$	**89,450**	$	181,735	**-51%**		**437,703**		522,129	**-16%**
Consulting	$	**5,219**	$	58,381	**-91%**		**240,095**		241,740	**-1%**
Shareholder Services	$	**1,430**	$	3,000	**-52%**		**10,224**		22,678	**-55%**
Directors fees and expenses	$	**27,979**	$	27,356	**2%**		**159,183**		113,631	**40%**
Insurance	$	**52,766**	$	25,922	**104%**		**143,273**		117,772	**22%**
Rent & office expenses	$	**43,992**	$	45,561	**-3%**		**179,768**		168,940	**6%**
Travel	$	**9,559**	$	7,765	**23%**		**46,304**		21,437	**116%**
Exploration	$	**-**	$	49,928	**-100%**		**84,260**		187,544	**-55%**
Severance	$	**92,771**	$	-			**350,500**		371,394	**-6%**
Bad debts	$	**418,912**	$	83,088	**404%**		**418,912**		83,088	**404%**
Other	$	**69,700**	$	80,121	**-13%**		**184,799**		231,191	**-20%**
	$	**973,506**	$	658,643	**48%**	$	**3,208,279**	$	3,029,089	**6%**

Year to date general and administrative expenses increased by 6% in 2017 over the 2016 (2017 - $3.2 million, 2016 - $3.0 million). The increase in bad debts was from a single customer who was unable to make payments on a corporate pit sale. Management is continuing to pursue collection and has put a lien on the customer's project. Exploration expenses have decreased in an attempt to better manage the Corporation's costs.

Athabasca is committed to achieving a competitive cost structure and management is engaged in ongoing cost effectiveness strategy and analysis.

TOTAL LOSS AND COMPREHENSIVE LOSS

The Corporation incurred a total loss and comprehensive loss of $2.7 million ($0.081 per share) for 2017 as compared to a total loss and comprehensive loss of $2.2 million ($0.067 per share) for 2016. The total comprehensive loss in Q4 2016 was mitigated by the $0.8 million gain on the sale of Athabasca's rights, title and interests surrounding three leases bordering the Obed Transload Facility.

OPERATIONAL RESULTS – CORPORATE PITS

Sales at the corporate pits were 32,405 tonnes during Q4 2017 compared to 23,440 tonnes during Q4 2016, a 38% increase and 124,860 tonnes for YTD 2017 compared to 135,652 for YTD 2016, an 8% decrease. 87,329 tonnes of aggregates were produced during Q4 2017 at the Corporation's corporate pits. Comparatively, there was no aggregate production during Q4 2016. Production during fiscal 2016 at the Athabasca pits was reduced in response to the lower demand for product during the contracted economic environment in the aggregate industry.

OPERATIONAL RESULTS – SUSAN LAKE PUBLIC PITS

Susan Lake sales during Q4 2017 were 905,487 tonnes compared to 886,285 tonnes for Q4 2016, a 2% increase and 2,948,248 tonnes during YTD 2017 compared to 2,946,785 tonnes during YTD 2016, a 1% increase. The majority of the aggregate sold was used for general maintenance of existing infrastructure in the Wood Buffalo region and new infrastructure projects and developments at the surrounding oil sands projects.

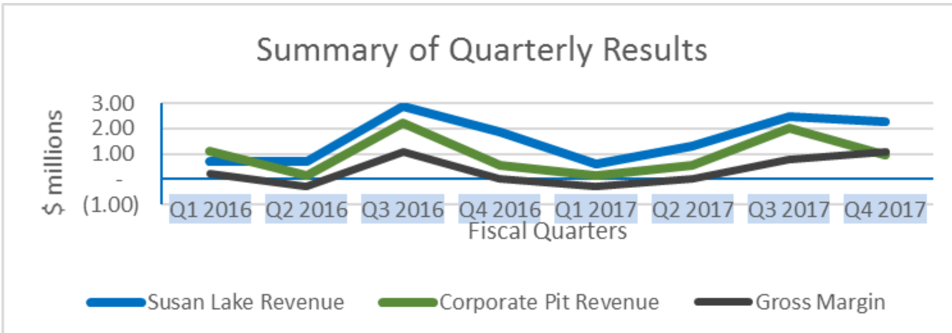
SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from unaudited financial statements of the Corporation. The information has been prepared by management in accordance with IFRS. Revenue refers to aggregate management fees and gross aggregate sales from pits which the Corporation owns the Alberta Metallic and Industrial Minerals Permits and the Surface Material Leases.

	Q4 2017	Q3 2017	Q2 2017	Q1 2017
Corporate Pit Revenue	976,894	2,026,736	563,925	139,539
Susan Lake Management Fee Revenue	$ 2,279,538	$ 2,481,158	$ 1,285,959	$ 582,395
Susan Lake Royalties	(1,012,977)	(1,028,872)	(572,274)	(245,564)
	1,266,561	1,452,286	713,685	336,831
Revenue	$ 2,243,455	$ 3,479,022	$ 1,277,610	$ 476,370
Gross Profit (Loss)	$ 1,076,554	$ 801,942	$ 33,551	$ (268,603)
Total Comprehensive Income (Loss)	$ (728,832)	$ (431,203)	$ (672,550)	$ (854,556)
Earnings (Loss) per share, basic	$ (0.022)	$ (0.013)	$ (0.020)	$ (0.026)
Earnings (Loss) per share, diluted	$ (0.022)	$ (0.013)	$ (0.020)	$ (0.026)
Total Assets	$ 19,324,388	$ 20,932,668	$ 21,808,891	$ 22,587,523
Total Resource Properties	$ 5,903,241	$ 6,193,378	$ 6,810,618	$ 6,869,668
Current portion of lease obligations	$ 224,967	$ 430,186	$ 581,378	$ 850,376
Lease obligations on equipment held for sale	$ 230,811	$ -	$ -	$ -
Total Debt (non-current)	$ 29,284	$ 168,700	$ 275,206	$ 380,656
	Q4 2016	**Q3 2016**	**Q2 2016**	**Q1 2016**
Corporate Pit Revenue	547,282	2,225,134	159,029	1,102,773
Susan Lake Management Fee Revenue	$ 1,864,466	$ 2,867,463	$ 724,018	$ 698,165
Susan Lake Royalties	(826,737)	(1,347,065)	(319,409)	(319,963)
	1,037,729	1,520,398	404,609	378,202
Revenue	$ 1,585,011	$ 3,745,532	$ 563,638	$ 1,480,975
Gross Profit (Loss)	$ 26,029	$ 1,072,747	$ (274,513)	$ 209,180
Total Comprehensive Income (Loss)	$ (915,343)	$ (411,859)	$ (258,773)	$ (634,150)
Earnings (Loss) per share, basic	$ (0.028)	$ (0.012)	$ (0.008)	$ (0.019)
Earnings (Loss) per share, diluted	$ (0.028)	$ (0.012)	$ (0.008)	$ (0.019)
Total Assets	$ 23,913,586	$ 25,568,844	$ 25,858,158	$ 27,002,620
Total Resource Properties	$ 6,889,219	$ 5,615,282	$ 6,127,937	$ 5,997,382
Total Debt (current)	$ 1,094,647	$ 1,370,388	$ 1,539,757	$ 1,796,334
Total Debt (non-current)	$ 485,062	$ 588,432	$ 910,686	$ 1,283,419

Seasonality of Operations

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. Aggregate sales and the associated delivery can often be affected by, among other things, weather conditions, timing of spring break-up, timing of projects, market demand and timing of growth capital investments in the region. 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. These seasonal trends typically lead to quarterly fluctuations in operating results and as a result the financial results from one quarter are not necessarily indicative of financial results in other quarters. This can be seen in fluctuations in revenue and total comprehensive loss in the Summary of Quarterly Results.



OUTLOOK

The Corporation is well situated with various pits in the heart of petroleum industry in Northern Alberta, particularly Oilsands and SAGD (steam-assisted gravity drainage) operations. With good access and proximity to Highway 63 and Highway 881 corridors, the Corporation supplies a broad client base relating to infrastructure, industry operations, development projects, and municipal construction. Inventory located at multiple pits, and at strategic staging locations enables the Corporation to bid and supply major orders as well as spot orders requiring immediate deliveries.

With the slowdown in the Alberta economy still affecting the pace of new development, the Corporation is addressing broader diversification both within the Wood Buffalo Region and outside.

Over the next 12 months, the Corporation is actively addressing and working on various strategic and operational initiatives relating to the following:

- Resolution of the Syncrude lawsuit;
- Conclude the Susan Lake Management Renewal Contract and execute the closure program of the Susan Lake Gravel Pit (still pending approval by Alberta Environment & Parks);
- Optimize corporate overheads and expenses;
- Preserve the Corporation's cash position, including the disposition of non-core or low-priority assets;
- Sell existing stockpiled inventories of sand and gravel;
- Negotiate royalty agreements to monetize Pelican Hill Pit and Emerson Pit;
- Establish Supplier-of-Choice relationships for 3rd party crushing services for Athabasca's corporate pits;
- Advance the Firebag Frac Sand project venture – initiate site development activities to retain permits and pursue potential partnerships (processing and logistics) to support a pilot project with an offsite staging area;
- Expand the role and functionality of strategic inventory staging and distribution hubs (e.g. Conklin, Poplar Creek, and potentially House River area) to augment corporate pits limited by winter access roads;
- Selectively pursue conventional aggregate companies for potential acquisition;
- Develop an aggregates marketing arm to broker sales of 3rd party inventories to a larger market and expanded customer base in Western Canada; and
- Front-end development planning for Richardson Project (large scale aggregate deposit in the Ft. McMurray area).

The 2018 operating plan currently focuses on revenue generation from Susan Lake (management contract), sales of production from Logan pit and Km248 pit, and sales of inventories from Conklin, Sunday Creek, and KM208 staging areas.

Reactivation of the Kearl pit is being re-assessed for a production program in 2018. The Corporation tested its sand inventories from its producing pits for the suitability of use in concrete. Early test results provide an indication that the sand meets required specifications. Management continues its discussions with potential customers and/or joint-venture partners.

OPERATIONS

A conversion ratio of 2.471 acres to 1 hectare has been used throughout.

SUSAN LAKE

The Corporation currently manages the Susan Lake Gravel Pit on behalf of the Government of Alberta pursuant to the Susan Lake Contract. The Corporation's services include exploration, identification of sand and gravel, clearing, topsoil stripping, site preparation, 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 Susan Lake Contract.

The Susan Lake Management Contract expired November 30, 2017 and remains operational, under Overholding Tenancy status. The Corporation has been actively working on closure related activities and managing the pit users to conclude mining and crushing operations by the contract expiration date. A formal Closure Plan was submitted to Alberta Environment & Parks early November 2017 and is under review. Prior to submitting the Closure Plan, a Request for Extension was submitted to Alberta Environment & Parks July 2017, which was updated September 2017, to request additional time to complete reclamation and closure activities up to September 30, 2018. The Request for Extension and Closure Plan remain under review by Alberta Environment & Parks and approval is pending. Given the delay in getting final approval of the Closure Plan, closure milestones are being adjusted which could extend into 2019.

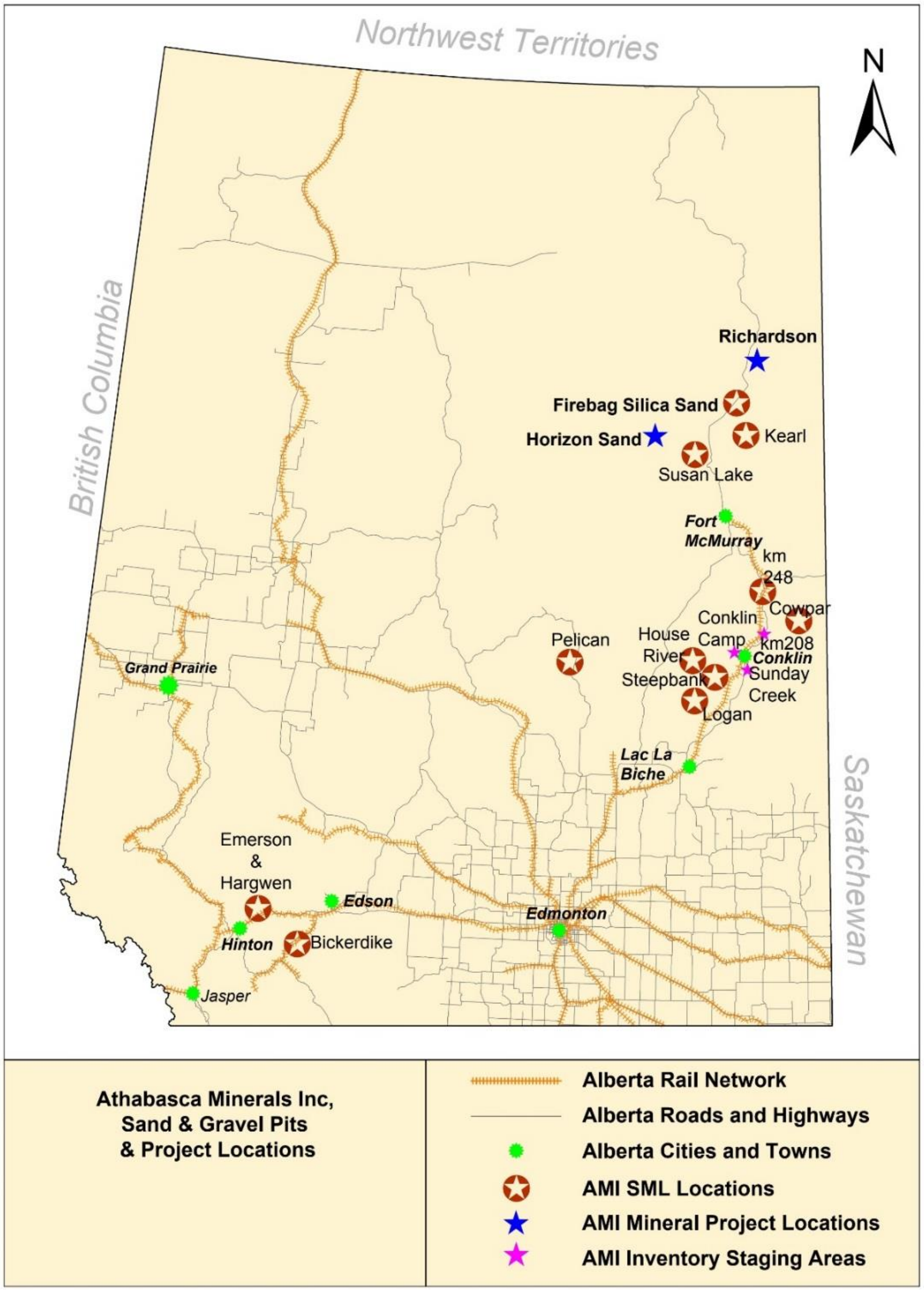
The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray and is 5,880 acres (2,379.5 ha) in size. The majority of its sales are to neighbouring oil sands companies and supplying infrastructure aggregate to the Wood Buffalo Region. Between 1998 and 2017, aggregate sales from Susan Lake averaged 5.3 million tonnes per annum.

Although oil and gas related construction activities in the general Wood Buffalo area have declined, the Corporation continues to experience product demand, however in lower quantities than prior years. Management continues to work with Alberta Environment & Parks, Alberta Energy Regulator and Syncrude regarding the claim and counterclaim surrounding the Susan Lake gravel pit.

CORPORATE OWNED PITS

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

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.



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 several 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.

There has been no production at the Kearl pit since 2015. With the impending closure of the Susan Lake pit by the Government of Alberta (see Susan Lake above), the Corporation is revisiting the reactivation of the Kearl pit for production in 2018. Permits are in place for dewatering the site. An additional permit relating to forestry access for dewatering purposes is pending. The Corporation is currently revisiting its geological assessment of remaining aggregate volumes to confirm production volumes and associated costs. Recent meetings held with local oil sands and SAGD clients in close proximity to the Kearl pit have taken place to address gravel supply from the Kearl pit, and market interest remains favourable.

LOGAN PIT

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is accessible 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 technical report for the Logan aggregate deposit. The initial indicated mineral resource aggregate included 1,357,000 tonnes of gravel and an initial inferred mineral resource quantity of 662,600 tonnes of gravel. The quality of the aggregate materials is suitable for road construction and maintenance. As part of the Corporation's operating plan for 2017 to rebuild its inventory in strategic locations close to the active markets, 87,000 tonnes of product was hauled from the Logan pit to the Conklin stockpile site during Q1 2017.

Preparation for mining and stockpiling of pit run material from the Logan pit resumed in late Q3 2017. Mining of pit run was completed in Q4 2017. The Corporation stockpiled approximately 108,000 tonnes of pit run for crushing to make gravel product and replenish Conklin inventories in Q4 2018. A revised permit to enable crushing at the Conklin staging and distribution hub was submitted early December 2017. Approvals are expected in Q2 2018.

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 Government of Alberta 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 by a winter season road. The Corporation is evaluating road improvements to allow for year-round delivery.

There was no production planned from the House River pit in 2017, or Q1 2018 while the winter road is accessible.

The Corporation has approval to establish a strategic staging area (DML) near the House River pit along Highway 63. The plan is to clear and prepare this DML in Q3 2018 to support a stock piling and crushing program of pit run inventories to be mined from the House River pit and transported to this hub in Q4 2018.

KM248 PIT

On December 21, 2016, the Corporation purchased two gravel projects located in the Wood Buffalo region of Alberta, KM248 and Cowpar gravel properties for $603,000. The Corporation has been the developer and operator of the KM248 and Cowpar gravel pits since July 2014, and paid a royalty to DeneCo Aggregates Ltd. ("DeneCo") based on aggregate deliveries from the two gravel pits. With the purchase of the gravel projects, the Corporation will not be subject to royalty payments to DeneCo, and will be responsible for the marketing and sale to customers in the region.

The KM248 pit is located adjacent to Hwy 881 which provides year-round access and has produced high quality aggregate product since inception. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor.

Production at the KM248 commenced in Q2 2017 and continued into Q3 2017. The Corporation used a contract crushing operator to produce multiple aggregate products.

Current indications suggest that KM248 pit has limited amounts of aggregate remaining that may not be economically recoverable. The Corporation is currently revisiting its geological re-assessment to confirm potential production and associated costs in 2018. However, the location of the pit along Highway 881 makes it a useful staging and distribution hub that fits with the Corporation's marketing & distribution business plan.

PELICAN HILL PIT

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca. The Corporation received SML approval (10-year term) in June 2011 on this 79.7 acre (32 ha) 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 the oil & gas industry.

The Corporation is re-assessing potential production plans for 2018 and in the process of finalizing a royalty agreement to monetize the resource.

EMERSON PIT

The Emerson pit is located approximately 27 km southeast of the community of Hinton. The Corporation has the right to produce aggregate from the 75 acres (30 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil & gas industry and 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 continuing to review market potential at this time.

The Corporation is re-assessing potential production plans for 2018 and in the process of finalizing a royalty agreement to monetize the resource.

INVENTORY STAGING AREAS (Conklin, Sunday Creek, and Km-208)

The Corporation has strategic inventory staging locations on accessible year-round roads at Conklin, Sunday Creek, and Km-208 to support product supply and deliveries to local clients and industry on demand through the year. These staging areas accommodate seasonal production from Corporate pits, particularly from Logan and Cowpar Pit.

In 2018, the Corporation will continue to develop its existing strategic hubs for the staging and distribution of aggregate inventories, as well as selectively growing its portfolio. The functionality of Conklin and Poplar Creek hubs will be expanded, and KM248 pit is also planned for conversion to a staging hub. New staging hubs will be identified and pursued for the Corporation's House River pit and Firebag Silica Sand deposit to improve year-round accessibility to raw materials currently limited due to winter-road access constraints to these resource locations.

Exploration & Development Projects

FIREBAG SILICA SAND PROJECT

The Corporation is actively developing an operations and logistics strategy with an aim of having an operational frac-sand facility in 2019. The mine location is fully permitted and ready to start mining once a final investment decision is reached.

The Corporation is actively looking for a processing site in the Fort McKay region and is in discussions with various parties for potential site options.

Quotes have been received from various equipment suppliers for major components of the processing facility. Technical discussions have commenced with engineering firms and industry professionals for designing the processing plant and storage / distribution hub. A preliminary feasibility package is expected to be completed in Q3 2018.

The Corporation is in discussions with various third parties in the Fox Creek (Duvernay) region to assess the feasibility of establishing a storage / distribution hub. Discussions have commenced with a trucking company to establish a strategic relationship for low-cost trucking of frac-sand.

A Business Plan, and Project Development Plan are targeted for completion in Q3 2018.

The Corporation recently hired a Projects and Business Development Director in January 2018.

Athabasca Minerals is also contacting frac-sand users for marketing its high-quality product that can help producers reduce well extraction costs. Recent market tender opportunities to supply frac-sand have stimulated interest in the Firebag silica sand deposit, given the high volume and high quality of the sand, and permit-readiness to mine.

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 confirmed a high-quality product with crush strength meeting or exceeding American Petroleum Institute and International Standards Organization standards for frac-sand.

In May 2017 the Corporation received regulatory approvals and municipality permits that will allow mining operations to proceed.

RICHARDSON (CRUSHED STONE) PROJECT

This potential mega 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.

With the impending closure of Susan Lake gravel pit, very limited options are available to the industry for aggregate supply in the Fort McMurray/Wood Buffalo region. The Corporation is preparing a front-end development scope associated with this project, including a preliminary budget for regulatory approvals. Regulatory sensitivities associated with Woodland Caribou remain a factor affecting the project. The Corporation met with Alberta Environment & Parks in Q4 2017 to discuss the project and to better understand development implications. Alberta Environment & Parks has advised that more will be conveyed about environmental constraints in Q1 or Q2 2018. An Environmental Impact Assessment (EIA) is an expected requirement. The Corporation is in discussions with a specialist consulting firm to develop a regulatory budget for development of the Richardson resource.

With the draft Caribou Range Plan published by the Alberta Government, no immediate negative impact has been identified for development of the Richardson resource. The Corporation will take into account all requirements of the Caribou Range Plan and limit disturbance to the greatest extent possible to ensure the Richardson Project is in alignment with Alberta Government's goals for restoring the caribou habitat.

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 150,650 acres (60,966 ha). Apex Geoscience of Edmonton, Alberta has completed the National Instrument 43-101 technical 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 granite is estimated at 165 million tonnes. The material meets requirements for aggregate designations as per the Alberta Transportation and Construction Builders Association guidelines.

SAND, GRAVEL AND CRUSHED STONE EXPLORATION PROJECT SUMMARY

Management has 124 acres (50 ha) of sand and gravel exploration permits (SMEs) in application in the Fort McMurray and Conklin regions. On September 29, 2017 Management obtained approval from the provincial government to test 139 acres for clay resource. The Corporation's intent is to test the SMEs, and where an economically recoverable resource is defined, convert the SMEs into surface material leases (SMLs).

In September 2015, Management received approvals in principle for the Steepbank and the Hinton (Hargwen) gravel SMLs totalling 150 acres. In March 2016, the Corporation applied for a 79 acre (32 ha) sand SML in the Edson area and is waiting on an approval in principle from the provincial government. The Edson sand has potential for use in construction.

Management reported in a press release on June 29, 2016 that it commissioned the Emerson Road pit near Hinton. This SML was acquired from Prairie Mines and Royalty ULC.

SILICA SAND EXPLORATIONS PROJECTS SUMMARY

HORIZON SAND (SILICA SAND)

In Q4 of 2016, Management applied to the Government of Alberta for 113,416 acres (45,899 ha) of land south of the lapsed Birch Mountain permits. The project is called Horizon Sand and is intended to replace the Birch Mountain permits that expired in January 2017. Permits were granted in December 2016.

The Corporation previously held two mineral leases covering 6,009 acres (2,432 ha), situated in the Wood Buffalo region in northeast Alberta, which contains silica sand. During the year ended December 31, 2016, the Corporation wrote off the value attached to the two expired mineral leases totaling $470,147. Athabasca held mineral permits on 177,077 acres (71,662 ha) on land adjacent to the two mineral leases. The mineral permits expired in January 2017.

Liquidity & Capital Resources

Working capital

Working capital is a non-IFRS measure calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital. Management uses working capital as a measure for assessing overall liquidity. The Corporation has working capital of $5.3 million as at December 31, 2017 which Management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. Working capital declined by $1.3 million from December 31, 2016, when the working capital balance was $6.6 million.

Current assets decreased by 20% or $1.7 million from December 31, 2016 ($8.2 million) to $6.5 million at December 31, 2017 which is largely due to reclassifying an additional $1.4 million of available cash to restricted cash as a result of cash securing letters of credit for the Susan Lake pit and the Poplar Creek site, pit and storage yard.

Current liabilities decreased by 2% or $0.3 million from $1.6 million at December 31, 2016 to $1.3 million at December 31, 2017. The decrease is a result of a $0.6 million reduction in the current portion of lease obligations due to making scheduled repayments and reclassifying the outstanding debt for an asset classified as held for sale at December 31, 2017. This is offset by an increase in current environmental rehabilitation obligations for costs expected to be incurred in 2018 of $0.2 million relating to the decommissioning of non-overlapping lands at Susan Lake where no oil sands mining will occur, and deposit liabilities of $0.1 million (2016 - $nil), a per tonne fee charged to Susan Lake users for gravel equivalent product taken from December 1, 2017 forward, for the purpose of funding reclamation of the Susan Lake access road.

The Corporation is exposed to significant liquidity risk should Syncrude Canada Ltd. be successful in their counterclaim law suit, seeking damages in excess of $68,000,000 as discussed below and in Note 22 of the Corporation's financial statements for the year ended December 31, 2017.

AVAILABLE CREDIT FACILITIES

During the year ended December 31, 2017, the Corporation had a credit facility with HSBC Bank Canada, which included a credit card facility, a letter of guarantee, and five leasing equipment facilities. Effective August 1, 2017, the Corporation's operating loan facility was not renewed with HSBC Bank Canada. Also, effective January 4, 2018, the Corporation's credit card facility was reduced to $50,000 (from $100,000) and the Corporation was required to cash secure the $50,000 facility with funds on deposit. The Corporation continues to maintain the leasing equipment facilities.

As part of the credit facility the Corporation is subject to three financial covenants. The funded debt to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation and amortization and other one-time non-cash expenditures) ratio must be less than 2.75 to 1 for all reporting periods subsequent to and including December 31, 2017 (2016: 2.75 to 1). The debt service coverage ratio must be more than 1.25 to 1 for all reporting periods subsequent to and including December 31, 2017 (2016: 0.70 to 1). The Corporation must maintain a current ratio for all reporting periods subsequent to and including December 31, 2017 in excess of 1.25 to 1 (2016: 1.25 to 1).

As at December 31, 2017, the Corporation was not in compliance with certain financial covenants on their credit facility with HSBC Bank Canada, namely the debt service coverage ratio. The corresponding HSBC Bank Canada leases are included in the current portion of lease obligations under current liabilities.

The Corporation is subject to capital requirements by HSBC Bank Canada such that capital expenditures in any one year in excess of $3.0 million annually are restricted without prior written consent.

To facilitate the management of these ratios, the Corporation prepares quarterly and annual financial forecasts. These forecasts are updated regularly to reflect varying factors including the seasonality of the construction industry, fluctuating weather conditions, timing of projects and current market demand, current and forecasted prices, acquisitions, and general industry conditions, to assess how these factors may impact covenant compliance in future periods.

Letter of Guarantee Facility

The letters of commercial credit to the benefit of the Government of Alberta for decommissioning and restoration are as follows:

	As at December 31,	
	2017	2016
Susan Lake Pit	$ 603,000	$ 603,000
Poplar Creek Site, storage yard	248,760	248,760
Poplar Creek pit	500,000	500,000
	$ 1,351,760	$ 1,351,760

Effective August 1, 2017, the Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with cash on deposit.

Credit Card Facility

The Corporation also has access to a corporate credit card facility, up to a maximum of $50,000 (2016: $100,000). Effective January 4, 2018, the Corporation has secured its corporate credit card facility with cash on deposit.

Security under the existing facility is as follows:

- general security agreement creating a first priority security interest in all present and after acquired personal property of the Corporation and a floating charge over all the Corporation's present and after acquired real property;
- collateral land mortgage over half of a section of land located near Peace River, Alberta;
- assignment of risk insurance;
- environmental agreement and indemnity;
- security agreement over cash, credit balances and deposit instruments; and
- current account overdraft agreement in support of line of credit.

COMMITMENTS

The two remaining leasing equipment facilities with HSBC Bank Canada are used to finance the acquisition of equipment. As at December 31, 2017, Athabasca has five lease obligations under lease facilities totaling $0.5 million (December 31, 2016: $1.6 million). During the three months ended March 31, 2017, the Corporation entered into a new lease for the purchase of a vehicle. The vehicle lease has been fully repaid as of December 31, 2017.

Future minimum lease payments for the subsequent three years, assuming the lease on the held for sale asset is repaid in 2018, are as follows:

Finance Leases	Interest Rate	Monthly Instalments	As at December 31, 2017	As at December 31, 2016
HSBC Lease #1, due June 30, 2017	4.124%	$ 24,457	$ -	$ 121,095
HSBC Lease #2, due August 31, 2017	4.250%	65,253	-	513,894
HSBC Lease #3, due August 31, 2017	4.250%	6,627	-	52,279
HSBC Lease #4, due September 21, 2018	4.614%	7,452	**65,890**	150,150
HSBC Lease #5, due October 12, 2018	4.593%	7,481	**73,353**	157,639
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	**53,785**	92,429
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	**61,223**	105,211
Komatsu Financial Lease #1, due May 8, 2019	3.490%	13,935	**230,811**	387,012
			485,062	1,579,709
Current portion - principal due within one year			**(224,967)**	(1,094,647)
Current portion - held for sale asset			**(230,811)**	-
			$ 29,284	$ 485,062

Future minimum lease payments for the subsequent three years, assuming the lease on the held for sale asset is repaid in 2018, are as follows:

January 1, 2018 to December 31, 2018	$ 467,491
January 1, 2019 to December 31, 2019	29,509
January 1, 2020 to December 31, 2020	-
	497,000
Less: interest included in payments above (year one)	11,713
Less: interest included in payments above (years two and beyond)	225
	11,938
Lease loan principal outstanding, December 31, 2017	$ 485,062

Total interest expense on the lease obligations for the year December 31, 2017 was $38,587 (December 31, 2016 - $101,316).

Operating leases for premises and vehicles for each of the next three years are as follows:

January 1, 2018 to December 31, 2018	$ 139,929
January 1, 2019 to December 31, 2019	90,008
January 1, 2020 to December 31, 2020	2,583

The Corporation has no formal commitments for capital expenditures.

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

	$ per acre	$ per hectare
First two year period	$12.35	$5.00
Second two year period	$24.71	$10.00
Third two year period	$24.71	$10.00
Fourth two year period	$37.06	$15.00
Fifth two year period	$37.06	$15.00
Sixth two year period	$37.06	$15.00
Seventh two year period	$37.06	$15.00

These expenditures will either be recorded on the balance sheet in resource properties or expensed in the statement of loss and comprehensive loss as cost of sales or general and administrative expenses, depending on the future viability of the project as at the reporting period.

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 a low potential of discovering mineral reserves. As permits are relinquished, the number of acres 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.

CAPITAL RESOURCES

As of December 31, 2017, the Corporation had 33,303,650 (December 31, 2016: 33,303,650) common shares outstanding.

Of the 1,270,000 outstanding stock options as at December 31, 2017, 460,000 (December 31, 2016 – 1,073,333) options have vested and therefore, were exercisable at December 31, 2017 at a weighted average exercise price of $0.89 per share (2016: $1.32 per share).

The weighted average remaining contractual life of the options is 3.86 years (December 31, 2016 – 2.21 years).

No options were exercised in the years ended December 31, 2017 and December 31, 2016.

During the year ended December 31, 2017, 1,210,000 options expired or were cancelled respectively (2016: 1,903,334).

During the year ended December 31, 2017, 1,210,000 options were granted to directors, officer and employees of the Corporation (2016: Nil).

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 grant. Options under the stock option plan are not transferable or assignable.

The following is a summary of the outstanding stock options as at December 31, 2017:

		As at December 31, 2017	2016
Expiry Date	**Exercise Price**		
March 29, 2017	$ 0.63	-	30,000
December 11, 2017	1.64	-	75,000
September 6, 2018	1.02	**25,000**	200,000
June 26, 2019	2.90	**100,000**	375,000
May 25, 2020	0.70	-	160,000
December 14, 2020	0.30	**245,000**	430,000
January 13, 2022	0.24	**270,000**	-
July 7, 2022	0.18	**430,000**	-
November 23, 2022	0.22	**200,000**	-
		1,270,000	1,270,000

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair value 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	Forfeiture rate
November 23, 2017	200,000	$ 0.22	Nil	73.4%	1.61%	5 years	$ 0.13	16.8%
July 7, 2017	530,000	$ 0.18	Nil	74.1%	1.46%	5 years	$ 0.11	15.3%
January 13, 2017	480,000	$ 0.24	Nil	74.3%	1.13%	5 years	$ 0.14	15.3%

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

The Corporation has not declared or paid dividends during the year ended December 31, 2017 or December 31, 2016.

CONTINGENCY

Syncrude Counterclaim

The Corporation has received the Statement of Defence and Counterclaim from Syncrude Canada Ltd. ("Syncrude") in respect to the Corporation's dispute with Syncrude regarding approximately $620,000 in user fees and government royalties that the Corporation believes are owed by Syncrude to the Corporation 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 believes the Counterclaim is without merit and will defend it rigorously. The outcome of the counterclaim is unknown at this time.

Susan Lake Closure

The Corporation has entered into discussions with the Government in order to determine the nature and scope of work required in order to obtain approval of the closure plan for the Susan Lake contract. Once approved, the plan will outline the scope of work necessary to turn over custody of the pit to the Province. Until the closure plan is approved, the scope of the work, including any possible reimbursement of the quantity-based surcharge the Corporation has collected and remitted to the Government from Susan Lake pit users in the past, is not known. As such, a sufficiently reliable estimate of the amount of the closure costs is not determinable. The Corporation has not disclosed an estimate of the financial effect as discussions with the Government are on-going and therefore, such disclosure is not practicable at this time.

RELATED PARTY TRANSACTIONS

The Corporation's related parties include four directors, the Chief Executive Officer, Interim Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, and a janitorial service provider who is a family member of a former Officer of the Corporation.

The remuneration earned by the directors was as follows:

	As at December 31,	
	2017	2016
Directors:		
Directors fees	$ 115,438	$ 111,250
Travel and miscellaneous expenses	1,746	2,381
Share-based compensation	34,848	14,293
	$ 152,032	$ 127,924
Accounts Payable - related parties		
Directors expenses	435	-
Officers expenses	684	-
	$ 1,119	$ -

Amounts due to related parties relating to director fees and expenses as at December 31, 2017 was $1,119 (2016: $nil). The director's fees are paid on a quarterly basis. The unpaid amounts due to directors are recorded against accrued liabilities, are unsecured and bear no interest.

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.

FINANCIAL INSTRUMENTS

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

The Corporation has classified its financial assets and liabilities as follows:

Financial statement item	Classification	Measurement
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Long-term deposits	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost

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 approximates the carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits are not materially different from the carrying value.

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 deposits. The Corporation's maximum credit risk at December 31, 2017 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 rating. Long-term deposits are held with the Government of Alberta thus minimizing their credit risk.

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 potential credit losses by considering the credit risk of specific customers, historical trends and other information. Five customers, each individually owing greater than 10% of the accounts receivable total balance, accounted for 71% of the Corporation's accounts receivable for the year ending December 31, 2017 (2016: Two customers accounted for 59%).

The accounts receivable aging is as follows:

	Current	60-90 days	> 90 days	Total
As at December 31, 2017	**$ 1,178,096**	**$ 206,361**	**$ 8,242**	**$ 1,392,699**
As at December 31, 2016	$ 1,690,579	$ 208,068	$ 327,487	$ 2,226,134

c) 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 sufficient cash to meet its short-term requirements for operations, business development and other contractual obligations.

As at December 31, 2017, 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 and lease obligations, including interest.

The expected remaining contractual maturities of the Corporation's financial liabilities are shown in the table below.

	As at December 31, 2017			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 510,669	$ -	$ -	$ 510,669
Lease obligations, including interest	467,491	29,509	-	497,000
Total	$ 978,160	$ 29,509	$ -	$ 1,007,669

	As at December 31, 2016			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 473,298	$ -	$ -	$ 473,298
Lease obligations, including interest	1,132,517	497,001	-	1,629,518
Total	$ 1,605,815	$ 497,001	$ -	$ 2,102,816

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at December 31, 2017 or at December 31, 2016.

Risks & Uncertainties

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

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

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.

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 – Request for Extension and Contract Closure terms
The Susan Lake Management Contract expired on 30th November 2017, however, all terms and conditions of the expired contract remain in full effect through AMI's Overholding Tenancy status. AMI continues to work with the Province through Alberta Environment & Parks to develop the Susan Lake Closure Plan and be granted a new disposition that will cover all closure activities. There have been no lost management fees associated with the transport of stockpiled aggregate materials due to the contract expiration. To date, the Request for Extension submitted in July 2017, and updated in September 2017, is further amended in AMI's proposed closure plan that will schedule closure activities throughout 2018 and likely into 2019; with an additional monitoring period of 2 years. Additionally, Alberta Environment & Parks has the authority to stipulate conditions associated with the Corporation's Susan Lake Closure Plan that could pose significant costs. A sufficiently reliable estimate of the amount of the closure costs is not determinable at this time.

Loss of key personnel
Athabasca relies on certain key employees whose skills and knowledge are critical to maintaining the Corporation's success. Athabasca always strives to identify and retain key employees and always strives to be competitive with compensation and working conditions.

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, labour and other supplies.

Profitability from production and operations
The profitability of mining and resource companies depends, in part, on the actual costs of developing and operating such properties, which may differ significantly from estimates determined at the time a relevant resource project was approved. The development of resource projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating cost of the relevant project. Athabasca's past and future decisions to acquire and develop resource properties and operate for production are based on estimates made as to the expected or anticipated project's economic returns. These estimates are based on assumptions regarding future aggregate prices, anticipated tonnage (with geological uncertainties), recovery rates and quality, anticipated capital expenditures and operating costs.

Re-entering the corporation's Kearl gravel pit in 2018 to resume production does pose a certain degree of cost and production risk and uncertainty relating to the dewatering program and geology affecting the determination of remaining aggregates.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such estimates.

Sales & Inventory Turnover versus Production
The conversion of annual aggregates production into annual sales within a given budget year is variable, where sales often range between 50% - 80% of production. Inventory turnover of annual production is typically affected by, but not limited to, economic demand, construction-window seasonality, and competitor pricing responses to market conditions.

Environmental
Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

The Corporation is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Corporation conducts its exploration, development, production, operations and reclamation activities in compliance with applicable environmental protection legislation. The Corporation is not aware of any existing environmental problems related to any of its current properties.

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.

Estimation of resource reserves
The Corporation has a risk that current estimates of reserves and resources may differ from actual.

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 the Corporation's reputation in the market.

Cyber security risk
The Corporation's operations may be disrupted or threatened by cyber-attacks or viruses. The business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable security measures to prevent disability or failure. However, if the Corporation's systems cannot be recovered in a timely manner, the Corporation may be unable to meet critical business functions, which could have a material adverse effect on the business, financial condition and results of operations.

Litigation
The Corporation's ability to determine the legal costs in defending a lawsuit filed by Syncrude Canada Ltd. is not determinable and may be significant.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. The Corporation will be measuring trade receivables at amortized cost reduced by a loss allowance based on the lifetime expected credit loss approach. A new accounting policy for measuring the loss allowance on trade receivables will be included when the standard comes into effect for the year ending December 31, 2018 and the new policy will be applied retrospectively. Based on management's assessment of the impact of the new standard on current operations, it is expected that there will be a minimal impact on our financial results.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 will replace IAS 18, "Revenue". IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted.

Under IAS 18, the previous standard, the amount of revenue was equal to the fair value of the consideration received or receivable, which was the price negotiated with the customer. Under IFRS 15, the transaction price is equal to the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, which will continue to be the price negotiated with the customer. As such, it is expected that the change in the amount of revenue recognized in the financial statements under the new standard based on the Corporation's current operations will be minimal.

The Corporation's revenue is primarily derived from the sale of aggregates. Athabasca Minerals Inc.'s revenue recognition policy under IAS 18, the previous standard, was to recognize revenue as aggregate material leaves the pit. As the Corporation's historical contracts have not included any further distinct goods or services, the point of revenue recognition under IFRS 15 will continue to be as aggregate material leaves the pit. As such, it is expected that there will be no material change in the timing of revenue recognition under the new standard based on the Corporation's current operations.

Management has assessed the impact of the new standard on each of the Corporation's revenue streams and has determined that the changes will not materially impact the timing or amount of the Corporation's revenue recognition. A new accounting policy for revenue recognition will be included when the standard comes into effect for the year ending December 31, 2018 and the new revenue recognition policy will be applied retrospectively.

IFRS 16 - LEASES

In January 2016, the IASB issued a new standard on leases, IFRS 16, "Leases". IFRS 16 will require lessees to recognize assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. For lessors, IFRS 16 is expected to have little change from existing accounting standards (IAS 17 – Leases). IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Corporation is evaluating any potential impact of adopting this standard on its annual financial statements.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the year ended December 31, 2017 at the Board of Directors meeting on April 19, 2018.

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 year ended December 31, 2017 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 year ended December 31, 2017.

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.