Athabasca MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2019

August 12, 2019

The following discussion of Athabasca Minerals Inc.'s financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2019. The accompanying unaudited interim condensed consolidated 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 August 12, 2019.

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. (or AMI), incorporated in 2006, is an integrated group of aggregates companies involved in resource development, aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, pit management services, sales from corporate-owned and third-party pits, acquisitions of sand and gravel operations, and new venture development. Athabasca Minerals is the parent company of Aggregates Marketing Inc. – a midstream business providing integrated supply and transportation solutions for industrial and construction markets. It is also the parent company of AMI Silica Inc. – a subsidiary positioning to become a leading supplier of premium domestic in-basin frac sand with regional deposits in Alberta and NE British Columbia. It is the joint venture owner of the Montney In-Basin and Duvernay Basin Frac Sand Projects. Additionally, the Corporation has industrial mineral leases, such as those supporting the Richardson Quarry Project, that are strategically positioned for future development in industrial regions of high potential aggregates demand.

The Corporation has managed the Susan Lake aggregate (sand and gravel) pit, an operation covering 5900 acres on Crown Land, on behalf of the Government of Alberta for over the past 20 years. This contract generated revenues for aggregate management services. Although the contract has technically expired (November 30, 2017), the Corporation continues to manage the Susan Lake aggregate pit with overholding tenancy until the Susan Lake Closure Plan is approved and finalized by the Government of Alberta. The Corporation is continuing its aggregate management services for the Province with its recent award of the Coffey Lake Public Pit contract in March-2019

The Corporation's strategic business focus is on growing its base Aggregates division, growing its AMI Silica sand division, and growing its Aggregates Marketing division. Management's objective is on materializing increased opportunities for sustained growth and diversification in supplying aggregate products to all sectors in Western Canada.

BUSINESS HIGHLIGHTS

- The Corporation was awarded a 15-year contract with a 10-year renewal option to manage the Coffey Lake Public Pit located approximately 50 km north of Susan Lake. Coffey Lake is situated on approximately 1345 acres of crown land. The Corporation is required to obtain regulatory approvals and permits to manage the pit on behalf of Alberta Environment and Parks ("AEP"). The Corporation submitted its regulatory application in Q3-2019;
- The Duvernay frac sand project progressed with the delineation drilling program consisting of 55 auger holes drilled to date. Samples have been collected and testing has been conducted to verify the quality and scale of the resource. The NI 43-101 report is currently with management in draft form and is being updated with additional laboratory information. The Corporation has secured a sufficient land position for the life of the project. Engineering design and permitting work has commenced;
- Exercised option to purchase additional 33.4% interest in the Duvernay frac sand project, increasing the Corporation's total ownership interest to 49.6%;
- Signed a 10-year aggregates management agreement with Montana First Nation for the processing and sale of aggregates from a 185-acre property located near Ponoka, Alberta. The Corporation is conducting field tests to determine the extent of the resource;
- Susan Lake Closure Plan is under review with AEP. Milestones for progressively closing the Susan Lake gravel pit have continued into 2019;
- The Corporation was granted Metallic and Industrial Mineral ("MIM") leases for the Richardson Dolomite / Granite Aggregate Project ("Richardson Quarry Project"). The Richardson Quarry Project comprises three contiguous subsurface leases totaling 3,904 hectares located 70 kilometers from the heart of major oilsands operations north of Fort McMurray; and
- Built out the team and technology platform for Aggregates Marketing Inc. and completed multiple purchase orders through the midstream platform.

▪ SELECTED FINANCIAL INFORMATION

	Three months ended June 30, 2019	Three months ended June 30, 2018	% Change	Six months ended June 30, 2019	Six months ended June 30, 2018	% Change
FINANCIAL HIGHLIGHTS:						
Aggregate Sales Revenue	$ 980,405	$ 247,720	296%	$ 980,405	$ 254,482	285%
Aggregate Management Services	-	1,124,588	-100%	433,635	1,231,509	-65%
Revenue	980,405	1,372,308	-29%	1,414,040	1,485,991	-5%
Gross profit (loss)	(295,417)	494,320	-160%	(405,944)	50,022	-912%
Gross profit (loss) percent	-30%	36%		-29%	3%	
Operating loss	(1,224,814)	(384,838)	218%	(2,406,243)	(1,474,373)	63%
Other Non-Operating Income (loss)	(119,971)	311,034	-139%	(14,027)	387,198	-104%
Total loss and comprehensive loss	$ (1,310,647)	$ (54,640)	2299%	$ (2,367,606)	$ (795,109)	198%
Loss per share, basic and fully diluted ($ per share)	(0.030)	(0.002)	1750%	(0.057)	(0.024)	140%
CASH FLOW HIGHLIGHTS:						
Net cash generated from/(used in) operating activities	(1,268,918)	(347,986)	265%	(1,107,451)	(80,045)	1284%
Spending on property and equipment	(5,353)	(44,469)	-88%	(8,878)	(63,377)	-86%
Spending on resource properties	-	(2,416)	-100%	(36,636)	(13,987)	162%
Weighted Average # of Shares Outstanding	43,140,203	33,303,650		41,849,243	33,303,650	
OPERATIONAL HIGHLIGHTS:						
Tonnes sold						
Susan Lake operations	-	617,759	-100%	341,459	713,065	-52%

	As at June 30, 2019	As at December 31, 2018	% Change
FINANCIAL POSITION:			
Working capital[1]	$ 2,767,403	$ 4,833,947	-43%
Total assets	19,753,963	20,271,052	-3%
Total liabilities	5,614,820	5,599,149	0%
Shareholder's Equity	14,139,143	14,671,903	-4%

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

Revenue for the three months ended June 30, 2019 ("Q2-2019") decreased by 29% and for the six months ended June 30, 2019 ("YTD-2019") decreased by 5%. The decrease in revenue was due to the following:

- No sales out of Susan Lake in Q2-2019 as the pit was closed to customers as of the end of Q1-2019; and
- The decline in revenue from Susan Lake was partially offset by revenue generated from Aggregates Marketing in Q2-2019.

GROSS PROFIT (LOSS)

Gross profit (loss) 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.

The Corporation's gross profit (loss) declined by 160% during Q2-2019 to a gross loss of ($0.3 million) compared to a gross profit of $0.5 million in Q2-2018. The decline in gross profit of $0.8 million was due to a $0.4 million decrease in revenue (discussed previously), and a $0.4 million increase in cost of sales.

The Corporation had a gross loss of ($0.4 million) during YTD-2019 compared to a gross profit of $0.05 million in YTD-2018. The decline in gross profit of $0.5 million was due to a $0.1 million decrease in revenue and a $0.4 million increase in cost of sales.

The increase in cost of sales in Q2-2019 was due to the following:

- operating costs increased by $0.5 million or 80% due to an increase in the cost of inventory sold. This increased as a result of purchasing inventory from third parties in order to fill customer orders in Q2-2019 through the Aggregates Marketing business model as opposed to earning revenue primarily through providing pit management services out of Susan Lake in Q2-2018;
- offset by a decrease in depreciation, depletion, and amortization of $0.06 million as a result of a reduction in the depreciable base of property and equipment due to the sale of property and equipment with a carrying amount of $2.8 million during the year ended December 31, 2018; and
- offset by a decrease in royalties and trucking of $0.06 million as the Corporation largely purchased inventory from third parties in order to fill customer orders, rather than producing the inventory from corporate owned pits. As such, the suppliers were required to pay the Government royalties and the full cost of the inventory purchased by the Corporation was expensed through operating costs when sold. Further, the customer arranged for their own delivery in Q2-2019 as opposed to having the Corporation arrange for delivery, which was the case in Q2-2018.

The increase in cost of sales during YTD-2019 was due to the following:

- operating costs increased by $0.6 million or 58% due to an increase in the cost of inventory sold (discussed previously);
- offset by a decrease in depreciation, depletion, and amortization of $0.2 million as a result of a reduction in the depreciable base of property and equipment (discussed previously); and
- offset by a decrease in royalties and trucking of $0.06 million (discussed previously).

OPERATING LOSS

Athabasca's operating loss increased by 218% to $1.2 million (Q2-2019) from $0.4 million (Q2-2018) and increased 63% to $2.4 million (YTD-2019) from $1.5 million (YTD-2018).

The increase in operating loss in Q2-2019 was due to the following:

- decline in gross profit (loss) of $0.8 million (discussed previously);
- increase in general and administrative expenses of $0.1 million, discussed in the next section;

- increase in share of loss from associates of $0.04 million due to increased exploration activities in the Duvernay frac sand project and an increase in the Corporation's ownership interest from 16.2% to 49.6%;
- increase in share-based compensation expense of $0.07 million due to stock options outstanding of 3,065,001 (Q2-2018 – 2,180,000) and the granting of 960,000 DSUs; and
- offset by a decline in other operating expenses of $0.2 million largely due to a write down of resource properties of nil (Q2-2018 - $0.1 million) and changes in environmental rehabilitation obligations of nil (Q2-2018 0 $0.05 million).

The increase in operating loss in YTD-2019 was due to the following:

- decline in gross profit (loss) of $0.5 million (discussed previously);
- increase in general and administrative expenses of $0.4 million, discussed in the next section;
- increase in share of loss from associates of $0.06 million (discussed previously);
- increase in share-based compensation expense of $0.1 million (discussed previously); and
- offset by a decline in other operating expenses of $0.06 million largely due to a write down of resource properties of nil (Q2-2018 - $0.1 million).

General and Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Wages and benefits	$ 414,908	$ 289,862	43%	$ 840,523	$ 586,789	43%
Legal and professional fees	91,668	103,757	-12%	212,249	206,277	3%
Consulting	62,425	56,106	11%	140,337	90,473	55%
Rent and office expenses	50,273	43,993	14%	102,561	91,480	12%
Directors fees and expenses	45,158	44,422	2%	82,299	81,089	1%
Investor relations	42,181	29,811	41%	70,644	49,715	42%
Travel	9,189	8,068	14%	36,100	13,106	175%
Insurance	26,751	42,481	-37%	53,209	85,878	-38%
General office	23,510	25,186	-7%	47,551	37,393	27%
Exploration	3,744	4,695	0%	22,997	7,138	222%
Severance	-	-	0%	8,608	-	0%
	$ 769,807	$ 648,381	19%	$ 1,617,078	$ 1,249,338	29%

General and administrative expenses increased by 19% or $0.1 million in Q2-2019 and 29% or $0.4 million YTD-2019.

- Wages and benefits increased by 43% or $0.1 million in Q2-2019 and 43% or $0.3 million YTD-2019 as a result of adding staff including a Chief Operating Officer, project management staff and employees for Aggregates Marketing Inc.;
- Consulting was consistent in Q2-2019 but increased 55% or $0.05 million YTD-2019 as a result of financial services received in relation to AMI Silica Inc. and Aggregates Marketing Inc., services from a key account manager for Aggregates Marketing Inc., regulatory services for a deposit in British Columbia, services from an Executive Director for AMI Silica, and costs for an appraisal of the Corporation's property and equipment;
- Investor relations increased by 41% or $0.01 million in Q2-2019 and 42% or $0.02 million YTD-2019 due to an investor trip that occurred in February 2019 and increased costs associated with the annual general meeting;
- Insurance decreased by 37% or $0.02 million in Q2-2019 and 38% or $0.03 million YTD-2019 as a result of premium reductions and a credit received due to low claims history; and
- Exploration increased by 222% YTD-2019 as a result of increased non-incremental internal costs spent on the Coffey Lake contract.

Athabasca is committed to achieving a competitive cost structure and Management is engaged in ongoing cost effectiveness strategy and analysis while also maintaining enough human capital to restructure the Corporation's business model and expend its operating lines with the advent of AMI Silica Inc. and Aggregates Marketing Inc. as wholly owned subsidiaries, support upcoming projects, and evaluate and support M&A opportunities.

TOTAL LOSS AND COMPREHENSIVE LOSS

The Corporation incurred a total comprehensive loss of $1.3 million ($0.030 per share) in Q2-2019 compared to a total comprehensive loss of $0.050 million ($0.002 per share) in Q2-2018 and a total comprehensive loss of $2.4 million ($0.057 per share) YTD-2019 compared to a total comprehensive loss of $0.8 million ($0.024 per share) YTD-2018.

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.

	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Aggregate Sales Revenue	$ 980,405	$ -	$ 114,718	$ 1,769,211
Aggregate Management Services	-	433,635	575,455	1,186,218
Revenue	980,405	433,635	690,173	2,955,429
Gross Profit (Loss)	(295,417)	(135,956)	143,662	1,272,802
Total Loss and Comprehensive Loss	(1,310,647)	(1,056,959)	(932,579)	(782,148)
Loss per share, basic	(0.030)	(0.026)	(0.074)	(0.023)
Loss per share, diluted	(0.030)	(0.026)	(0.074)	(0.023)
Total Assets	19,753,963	19,546,329	20,271,052	19,949,558
Total Resource Properties	6,261,111	6,260,921	6,212,364	6,240,437
Current portion of lease obligations	30,979	49,245	29,284	51,011
Total Debt (non-current)	-	-	-	-
	Q2 2018	**Q1 2018**	**Q4 2017**	**Q3 2017**
Aggregate Sales Revenue	$ 247,720	$ 6,762	$ 976,894	$ 2,026,736
Aggregate Management Services	1,124,588	106,921	1,266,561	1,452,286
Revenue	1,372,308	113,683	2,243,455	3,479,022
Gross Profit (Loss)	494,320	(444,298)	1,076,554	801,942
Total Loss and Comprehensive Loss	(54,640)	(740,469)	(728,832)	(431,203)
Loss per share, basic	(0.022)	(0.022)	(0.022)	(0.013)
Loss per share, diluted	(0.022)	(0.022)	(0.022)	(0.013)
Total Assets	18,885,242	18,022,552	19,324,388	20,932,668
Total Resource Properties	5,935,917	5,891,420	5,903,241	6,193,378
Current portion of lease obligations	72,540	182,398	224,967	430,186
Lease obligations on equipment held for sale	-	190,903	230,811	-
Total Debt (non-current)	-	7,355	29,284	168,700

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 the fall seasons 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 re-positioning for growth across multiple business fronts – i.e. growth of its base Aggregates division, growth of its AMI Silica sand division, and growth of its Aggregates Marketing division. AMI's vision is to become the leading publicly trading aggregates company in Canada; and its mission is to do so with discipline by capturing progressive
and innovative opportunities ahead of our competition. A highlight of the activities taking place in Q3 to address the Corporations goals are as follows:

Base Aggregates Business

- Obtain regulatory approvals for Coffey Lake Public Pit with a planned opening in second half of 2019;
- Acquire approval for the Susan Lake Public Pit Closure Plan (still pending approval by AEP);
- Continue to work on the resolution of the Syncrude Lawsuit;
- Monetize the corporate-owned and third-party aggregate pits through the royalty agreements with strategic partners;
- Through the partnership with Montana First Nation, complete aggregate exploration activities on multiple properties owned by the Nation;
- Working to secure key industrial partners to set-up a JV relationship for the permitting and development of the Richardson Quarry Project; and
- Selectively pursue conventional aggregate companies for acquisition.

AMI Silica

- Secure offtake agreements for the supply of frac sand and augment with 'Last-Mile' delivery solutions for customers;
- Finalize the updated NI 43-101 for the Duvernay frac sand project;
- Complete facility design and permitting for the Duvernay frac sand project;
- Secure financing and/or a JV partner for the Duvernay frac sand project; and
- Continue the delineation drilling program for the Montney frac sand project.

Aggregates Marketing

- Continue to generate sales through Aggregates Marketing Inc.;
- Establish key client accounts with owner companies, general contractors, and civil contractors;
- Strengthen business systems, processes and back office support;
- Strategically hire Key Account Executives to strengthen sales capabilities; and
- Launch a Social / Digital Media Campaign to improve AMI's branding and online recognition.

OPERATIONS

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

SUSAN LAKE

Since 1998, the Corporation managed the Susan Lake Gravel Pit on behalf of the Government of Alberta pursuant to the Susan Lake Contract. The Corporation's services included 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 received a management fee for each tonne of aggregate material removed from the pit for the duration of the Susan Lake Contract.

Susan Lake Gravel Pit remained operational under Overholding Tenancy status, since the Management Contract expiration on November 30, 2017. A revised Closure Plan was formally submitted to AEP early May 2018 (with its most recent revision submitted March 2019) and is under review with final approval pending. Susan Lake Closure will result in an estimated incremental liability of $1.6M, with the majority of cost to be incurred from Quarter -2 to Quarter – 4 of 2019.

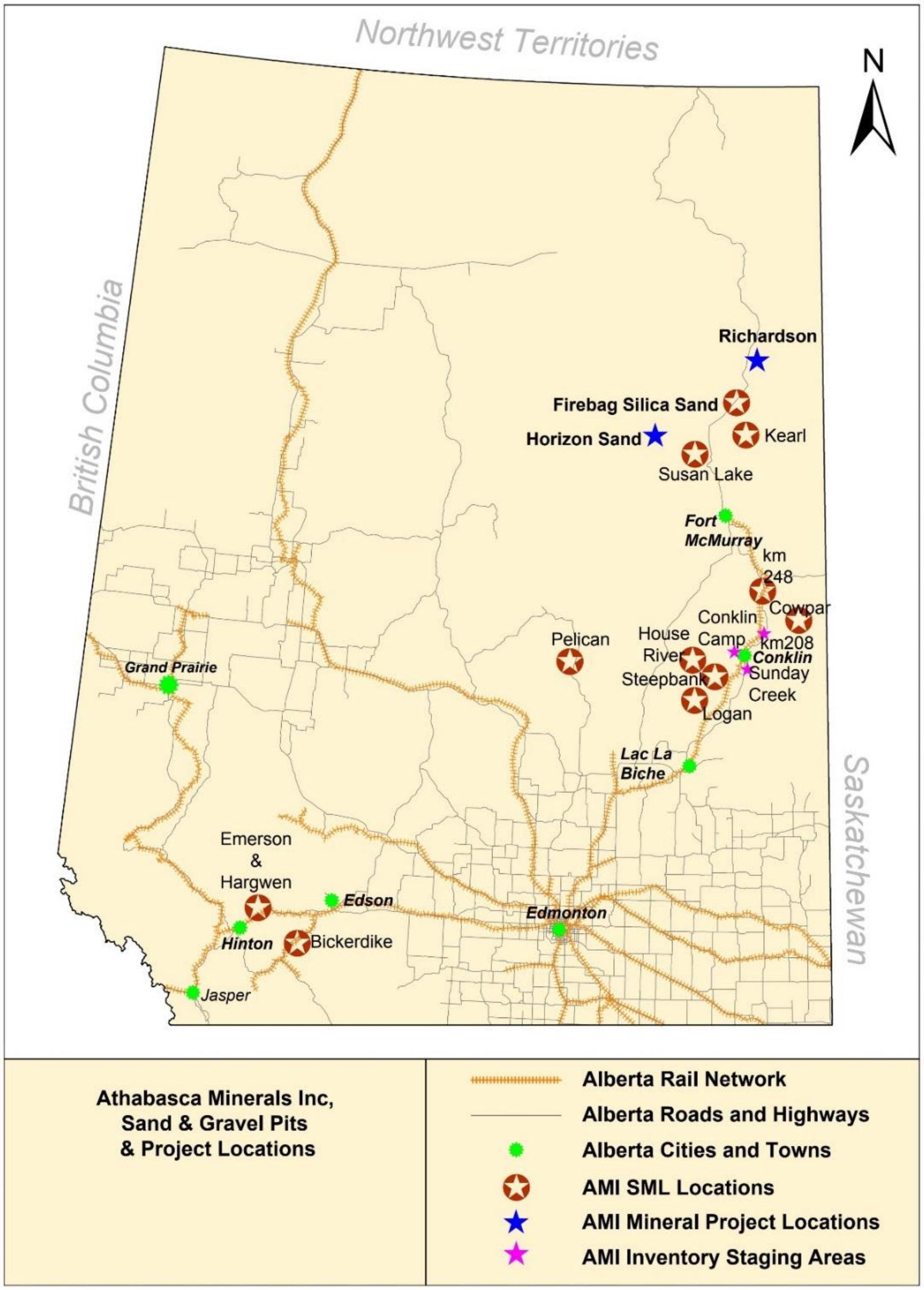
Management continues to work with Syncrude and external legal counsel regarding the claim and counterclaim.

As of the end of Q1 2019, the Susan Lake pit was closed to the public. As such, there will be no further sales beyond this point. The Corporation has been actively working on closure related activities and managing the phased closure of the 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 for year-round access.

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.

Approvals are in place for dewatering the site, and the Corporation received a license under the Water Act in September 2018 for the purpose of aggregate washing, equipment washing and dust control in the Kearl pit. In Q2 2019, the Corporation signed a royalty agreement with an aggregates producer to monetize the resource.

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 has approval to establish a strategic staging area (DML) near the House River pit along Highway 63. Management continues to assess the option to clear and prepare this DML 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.

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 and gas industry. In Q2 2019, the Corporation signed a royalty agreement with a local aggregates producer to monetize the resource, and an application to amend a seasonal winter access road to an all-weather road was submitted. Indigenous consultations have been completed, and the application is currently under review.

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 and 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.

The Corporation has been transferred the SML for this pit as of April 17, 2019 in accordance with the asset purchase and sale agreement dated June 1, 2016.

INVENTORY STAGING AREAS (Conklin, Sunday Creek, and KM208)

The Corporation has strategic inventory staging locations on accessible year-round roads at Conklin, Sunday Creek, and KM208 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 Pit.

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 to improve year-round accessibility to raw materials currently limited due to winter-road access constraints.

Development & Exploration Projects

AMI SILICA INC.

On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin frac sand project located in the vicinity of Dawson Creek and Fort St. John in exchange for $1,498,000 cash consideration and 1,186,956 common shares of the Corporation at a value of $0.23 per common share for a total purchase price of $1,771,000. The Corporation has the option to purchase the remaining 50.8% of the shares in the private corporation for $8,000,000 on or before a date which 6 months after completion of an NI 43-101 for the deposit.

On January 25, 2019, the Corporation purchased a 16.2% ownership interest in a private Alberta corporation that owns the Duvernay frac sand project in Alberta in exchange for $280,000 cash consideration and 420,000 common shares of the Corporation at a value of $0.25 per common share for a total purchase price of $385,000. On April 30, 2019, the Corporation exercised its option ("Option #1") to purchase an additional 33.4% of the shares in a private Alberta corporation that holds the Duvernay frac sand project for $742,000 of cash consideration and the issuance of 1,680,000 common shares of the Corporation. This increased the Corporation's ownership interest to 49.6%. The Corporation has the option to purchase the remaining 50.4% of the shares in the private corporation for $8,000,000 on or before January 25, 2020 ("Option #2").

The Corporation is focused on delineation activities for the Montney and Duvernay deposits in order to achieve a NI 43-101 for each of those resources. The Corporation's cash investments in Privco1 and Privco2 are being allocated towards funding the delineation program. Upon completion of delineation activities, the Corporation may in its sole discretion exercise the option to acquire the remaining interest in one or both of the Montney and Duvernay deposits. Capital and funding requirements as well as project timelines will be developed based on delineation results, plant design requirements, and interest from stakeholders.

COFFEY LAKE PUBLIC PIT

On March 6, 2019, the Corporation announced that it was awarded a 15-year contract by the Province of Alberta to construct, operate and manage the Coffey Lake Public Pit north of Fort McMurray, Alberta. This Crown resource is situated on approximately 750 acres of land about 90 km north of Fort McMurray.

AMI submitted the Conservation Operation and Reclamation Plan to Alberta Environment and Parks (AEP) in July. AMI is working closely with key stakeholders to maintain the schedule for opening of the Coffey Lake Public Pit in the second half of 2019.

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, which will be used in future road construction, and granite. The Corporation first identified the deposit during a helicopter reconnaissance survey of the Richardson Project area in fiscal 2012. A granite outcrop was exposed following a wildfire disturbance that consumed much of the vegetation canopy on lands held by the Corporation under industrial mineral exploration permits in the survey area.

An initial drilling program in 2013 confirmed that granite and dolomite extended beyond the outcrop, and a follow up 2014 drilling program successfully cored the dolomite, and all but one drill hole intersected the granite basement. Samples were tested at a major independent lab in Calgary and were found suitable as aggregate for use in concrete, asphalt and road base, meeting requirements for Alberta Transportation and Canadian Standards Association specifications.

Apex Geoscience of Edmonton, Alberta completed a National Instrument 43-101 technical resource report on the Project in 2015, estimating an initial inferred crush rock dolomite aggregate resource of 683 million tonnes with thickness ranging from 8.3m to 47.9m averaging 39.5m. The granite is conservatively estimated at 165 million tonnes.

In Q1 2019, the Corporation was granted three Metallic and Industrial Mineral Leases for the Richardson Project totaling 9,647 acres (3,904 ha). Management secured the leases following discussions with government, industry and First Nation stakeholders in relation to the newly designated Kitaskino Nuwenëné Wildland Provincial Park, which was announced by the Province on Alberta March 11, 2019. Toward the goal of establishing the new wildland provincial park, the Corporation agreed to voluntarily surrender 39,488 hectares of its original eight contiguous Metallic and Industrial Minerals Permits in the vicinity of the current area defined by the three leases. The lease boundary includes the deposit that was assessed under the 43-101 technical resource report so that the estimated inferred resource has not been compromised and includes additional lands proximal to the deposit area and the granite outcrop.

The leases provide the Corporation with subsurface rights to commercially develop industrial minerals, but prior to commencing operations, the leases are subject to a regulatory review including an environmental impact assessment and public consultations. Other municipal development permits and provincial authorizations (e.g. under the Public Land Act & Water Act) will also be required.

The Corporation is preparing a front-end development scope for the Project, including a preliminary budget for regulatory approvals

With the closure of Susan Lake gravel pit as a source of aggregates, limited options are available to the industry for supply in the Fort McMurray/Wood Buffalo region. Proximity to market and market demand are important factors. The Richardson Project is directly adjacent to the Athabasca oil sands region in northeastern Alberta. The oil sands operations represent an area of enormous growth opportunity and require substantial sources of local aggregate. At the same time, sand and gravel aggregates in the oil sands region are scarce and inadequate to meet industry demand. As a result, local sources such as crushed aggregate are required to minimize impediments such as transportation costs.

SAND, GRAVEL AND CRUSHED STONE EXPLORATION PROJECT SUMMARY

Application for a Surface Material Exploration (SME) program is currently under regulatory review by Alberta Environment and Parks (AEP) for a sand and gravel test program totalling 124 acres (50 ha) in the Fort McMurray region. Management received approvals in principle for the Hinton (Hargwen) and Steepbank gravel SML's totalling 150 acres. The Conservation Operation Reclamation Plan for Hargwen was submitted to AEP for review in Q1 2019. Steepbank's SML boundary amendment has been submitted to AEP awaiting approval in principle.

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 $2.8 million as at June 30, 2019 which Management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. Working capital decreased by $2.1 million from December 31, 2018, when the working capital balance was $4.8 million.

Current assets decreased by 26% or $2.1 million from December 31, 2018 ($8.2 million) to $6.1 million at June 30, 2019 which is largely due to lower than historical sales resulting in reduced gross profit (loss), and higher general and administrative expenses during Q2-2019.

Current liabilities remained consistent from December 31, 2018 ($3.3 million) to $3.3 million at June 30, 2019. Certain deposits from customers at Susan Lake were refunded which was offset by an increase in accounts payable and accrued liabilities largely related to purchases of third-party inventory to fill customer orders in Q2-2019.

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 19 of the Corporation's unaudited interim consolidated financial statements for the three and six months ended June 30, 2019.

AVAILABLE CREDIT FACILITIES

The Corporation currently has a credit facility with Canadian Western Bank which includes a letter of credit facility at a rate of 1.50% in the amounts of $603,000, $180,000, and $75,240 in favor of the Government of Alberta which have been fully advanced as of June 30, 2019.

The Corporation is not subject to any covenants or capital spending requirements as part of the current credit facility.

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	
	June 30, 2019	December 31, 2018
Susan Lake Pit	$ 603,000	$ 603,000
Poplar Creek Site, storage yard	180,000	180,000
Poplar Creek pit	-	500,000
Emerson pit	75,240	-
	$ 858,240	$ 1,283,000

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates to the benefit of Canadian Western Bank. Effective March 15, 2019, the Government of Alberta released the letter of credit for the Poplar Creek pit for $500,000 and the guaranteed investment certificate matured on March 31, 2019.

Credit Card Facility

The Corporation has access to a corporate credit card facility, up to a maximum of $20,000 (December 31, 2018: $20,000). The Corporation has secured its corporate credit card facility with a guaranteed investment certificate.

Security under the existing facility includes a general security agreement providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions with specific registrations against guaranteed investment certificate instruments pledged as collateral.

COMMITMENTS

Finance Leases	Interest Rate	Monthly Instalments	As at June 30, 2019	As at December 31, 2018
Jim Peplinski Leasing, due Feb 28, 2020	3.680%	1,230	**30,979**	-
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	**-**	13,695
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	**-**	15,589
			30,979	29,284
Current portion - principal due within one year			**(30,979)**	(29,284)
			$ -	$ -

Future minimum lease payments for the subsequent year is as follows:

July 1, 2019 to June 30, 2020	$ 31,113
Less: interest included in payments above	(134)
Lease loan principal outstanding, June 30, 2019	$ 30,979

The leases with CAT Financial are fixed interest rate leases and security is provided by the piece of equipment being leased. As of April 30, 2019, the two leases with CAT Financial were repaid in full.

	Note	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Changes in debt obligations arising from financing activities:					
Lease principal outstanding, beginning of year,		**$ 49,245**	$ 380,656	**$ 29,284**	$ 485,062
Adjustment on initial application of IFRS 16	2	**-**	-	**37,974**	-
Adjusted balance as at January 1, 2019		**49,245**	380,656	**67,258**	485,062
Repayment of lease obligations		**(18,088)**	(304,984)	**(35,658)**	(405,062)
Interest expense on lease obligations		**(178)**	(3,132)	**(621)**	(7,460)
Total principal repayments		**(18,266)**	(308,116)	**(36,279)**	(412,522)
Lease principal outstanding, end of period (all current)		**$ 30,979**	$ 72,540	**$ 30,979**	$ 72,540

The Corporation has leases for trucks, equipment used in operating activities, office space, and office equipment. Many of the Corporation's lease terms have expired and are paid on a month-to-month basis.

		Monthly payments	Lease payments expensed through Income statement	Expense included in	Maturity dates	Guaranteed residual value
Truck leases						
Truck lease #1	Short-term	$ 564	$ 3,384	Operating costs	Expired December 31, 2017	$ 9,700
Truck lease #2	Short-term	$ 450	$ 2,700	Operating costs	Expired February 28, 2019	$ 16,000
Truck lease #3	Short-term	$ 384	$ 2,304	Operating costs	Expired February 28, 2019	$ 13,000
Truck lease #4	Short-term	$ 507	$ 3,042	Operating costs	Expired February 28, 2019	$ 10,000
Office leases						
Calgary office	Short-term	Variable	$ 18,801	General and Administrative	Month-to-month	N/A
Edmonton office	Short-term	$ 8,962	$ 53,772	General and Administrative	August 29, 2019	N/A
Office equipment leases						
Photocopier	Short-term	1,286 per quarter	$ 2,572	General and Administrative	Expired May 28, 2018	N/A

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

	$ per hectare
First two year period	$ 5.00
Second two year period	$ 10.00
Third two year period	$ 10.00
Fourth two year period	$ 15.00
Fifth two year period	$ 15.00
Sixth two year period	$ 15.00
Seventh two year period	$ 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 June 30, 2019, the Corporation had 44,083,939 (December 31, 2018: 40,240,606) common shares outstanding.

Stock options

During the six months ended June 30, 2019, 946,667 options were granted to Directors, Officers and employees of the Corporation (year ended December 31, 2018: 1,705,000).

During the six months ended June 30, 2019, 118,333 options were exercised at a weighted average exercise price of $0.21 for total proceeds of $24,566 (year ended December 31, 2018: nil).

Of the 3,065,001 (December 31, 2018: 2,555,000) outstanding stock options, 1,530,001 (December 31, 2018: 1,178,334) options have vested and therefore, were exercisable at June 30, 2019 at a weighted average exercise price of $0.22 per share (December 31, 2018: $0.45 per share).

The weighted average remaining contractual life of the options is 3.80 years (December 31, 2018: 3.84 years).

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 Corporation's outstanding stock options are as follows:

		As at	
		June 30, 2019	December 31, 2018
Expiry Date	**Exercise Price**		
June 26, 2019	$ 2.90	-	100,000
December 14, 2020	0.30	**220,000**	245,000
January 13, 2022	0.24	**270,000**	270,000
July 7, 2022	0.18	**400,000**	430,000
November 23, 2022	0.22	-	30,000
April 30, 2023	0.17	**116,667**	220,000
June 4, 2023	0.17	**525,000**	550,000
September 13, 2023	0.30	**100,000**	100,000
November 23, 2023	0.26	**516,667**	610,000
January 9, 2024	0.28	**275,000**	-
May 21, 2024	0.57	**75,000**	-
May 22, 2024	0.57	**446,667**	-
June 24, 2024	0.65	**120,000**	-
		3,065,001	2,555,000

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair values of the options granted in the last two years were estimated using the following assumptions:

Grant Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk Free Rate of Return	Expected Life	Weighted Average Fair Value on Grant Date	Forfeiture Rate
June 24, 2019	120,000	$ 0.65	Nil	79.6%	1.34%	5 years	$ 0.42	18.1%
May 22, 2019	476,667	$ 0.57	Nil	81.6%	1.61%	5 years	$ 0.37	17.7%
May 21, 2019	75,000	$ 0.57	Nil	85.1%	1.64%	5 years	$ 0.38	17.7%
January 9, 2019	275,000	$ 0.28	Nil	78.2%	1.90%	5 years	$ 0.18	17.3%
November 23, 2018	610,000	$ 0.26	Nil	73.1%	2.28%	5 years	$ 0.16	16.3%
September 13, 2018	160,000	$ 0.30	Nil	74.3%	2.24%	5 years	$ 0.18	16.6%
June 4, 2018	665,000	$ 0.17	Nil	74.4%	2.10%	5 years	$ 0.10	16.3%
April 30, 2018	270,000	$ 0.17	Nil	72.9%	2.10%	5 years	$ 0.10	16.5%
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%

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

Share-based compensation expense in the statement of loss and comprehensive loss for the six months ended June 30, 2019 includes $29,208 to Directors, $74,676 to Officers, and $42,758 to employees (six months ended June 30, 2018: $7,130 to Directors, $21,564 to Officers, and $13,158 to employees).

The Corporation has not declared or paid dividends during the three and six months ended June 30, 2019 or the year ended December 31, 2018.

The Corporation's outstanding warrants are as follows:

	Six months ended June 30, 2019			Year ended December 31, 2018		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Warrants outstanding, beginning of period:	**2,875,000**	**$**	**0.35**	-	$	-
Issued	-		-	2,875,000		0.35
Exercised	**(1,625,000)**		**0.35**			-
Expired or cancelled	-		-	-		-
Warrants outstanding, end of period:	**1,250,000**	**$**	**0.35**	2,875,000	$	0.35

The fair value of the warrants issued were estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair values of the options issued were estimated using the following assumptions:

Grant Date	# of Warrants		Exercise Price	Dividend Yield	Expected Volatility	Risk Free Rate of Return	Expected Life		Weighted Average Fair Value on Grant Date
November 21, 2018	2,875,000	$	0.35	Nil	72.6%	2.23%	2 years	$	0.08

During the three and six months ended June 30, 2019 1,625,000 warrants were exercised at an exercise price of $0.35 for proceeds of $567,601 (year ended December 31, 2018: nil).

Of the 1,250,000 (December 31, 2018: 2,875,000) outstanding warrants, 1,250,000 (December 31, 2018: 2,875,000) were exercisable at June 30, 2019 at a weighted average exercise price of $0.35 per warrant (December 31, 2018: $0.35 per warrant).

The weighted average remaining contractual life of the warrants is 1.40 years (December 31, 2018: 1.89 years).

CONTINGENCY

Syncrude Counterclaim

The Corporation has received the Statement of Defense 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").

Athabasca Minerals believes the Counterclaim is without merit and will defend it rigorously. The outcome of the counterclaim is unknown at this time.

RELATED PARTY TRANSACTIONS

Transactions with independent Directors were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
Directors:				
Directors fees	$ 43,500	$ 43,500	$ 79,500	$ 80,167
Travel and miscellaneous expenses	1,658	922	2,799	922
Share-based compensation	16,319	4,696	29,208	7,130
	$ 61,477	$ 49,118	$ 111,507	$ 88,219

Amounts due to Directors at June 30, 2019 was $128 (June 30, 2018: $494). The Director's fees are paid on a quarterly basis. Any unpaid amounts due to Directors are unsecured and are non-interest bearing.

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

Classification

The Corporation's financial instruments consist of the following:

Financial statement item	Classification
Cash	Amortized cost
Trade and other receivables	Amortized cost
Share purchase options	Fair value through profit and loss
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Deferred share unit liability (included in Accounts payable and accrued liabilities)	Fair value through profit and loss

Fair Value

Due to the short-term nature of cash, trade and other receivables, accounts payable and accrued liabilities the carrying value of these financial instruments approximate their fair value. The fair value of restricted cash approximates the carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits are not materially different from their carrying value.

The deferred share unit liability and the share purchase options are the only financial instruments measured at fair value on a recurring basis. The deferred share unit liability is a Level 2 fair value hierarchy measurement and the share purchase options are a Level 3 fair value hierarchy measurement. There were no transfers between Level 1, 2, or 3 of the fair value hierarchy for the three and six months ended June 30, 2019 (year ended December 31, 2018: none).

FINANCIAL INSTRUMENTS - CONTINUED

Share purchase options

The following tables show the sensitivity of the fair value estimates for the share purchase options as a result of changes to the inputs:

Financial instrument carried at fair value	Significant unobservable input	Sensitivity of the fair value measurement to input
Montney in-basin share purchase option	Expected volatility	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $126,000 ($64,000)
	Risk free rate of return	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $600 ($500)

Financial instrument carried at fair value	Significant unobservable input	Sensitivity of the fair value measurement to input
Duvernay share purchase option #2	Expected volatility	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $3,400 ($340)
	Risk free rate of return	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $4 ($3)

The reconciliation of the carrying amounts of financial instruments classified within Level 3 of the fair value hierarchy is as follows ($CDN):

	Note	As at, June 30, 2019			December 31, 2018		
		Montney in-basin frac sand project	Duvernay frac sand project	**Total**	Montney in-basin frac sand project	Duvernay frac sand project	**Total**
Balance at December 31, 2018		$ 124,151	$ -	**$ 124,151**	$ 124,151	$ -	$ 124,151
Share purchase option additions	11	-	138,676	**138,676**	-	-	-
Share purchase option exercised		-	(79,035)	**(79,035)**	-	-	-
Change in fair value of share purchase options		(29,608)	(59,287)	**(88,895)**	-	-	-
Balance at June 30, 2019		**$ 94,543**	**$ 354**	**$ 94,897**	**$ 124,151**	**$ -**	**$ 124,151**

The total amount of the unrealized loss included in the consolidated statement of loss and comprehensive loss for the three and six months ended June 30, 2019 is $88,895 (December 31, 2018: $nil).

Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, trade and other receivables, and long-term deposits. The Corporation's maximum credit risk at June 30, 2019 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.

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

FINANCIAL INSTRUMENTS - CONTINUED

Under the simplified approach, lifetime expected credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions and forecasts at the reporting date. The Corporation estimates an increased loss rate for new customers as opposed to customers that the Corporation has previous experience with, as the Corporation has experienced defaults more commonly with new customers as opposed to previous customers. New customers are customers that the Corporation has not completed projects with previously.

The calculation of the lifetime expected credit loss is as follows:

	Days outstanding	Estimated loss rate	Accounts receivable - gross	Lifetime expected credit loss	Accounts receivable - net
Previous customers	Current (0-60)	0.00%	$ 1,042,106	$ (8)	$ 1,042,098
	60-90	0.00%	-	-	-
	90+	0.00%	-	-	-
			$ 1,042,106	**$ (8)**	**$ 1,042,098**
			$ 1,042,106	**$ (8)**	**$ 1,042,098**

The following table summarizes the changes in the estimated lifetime expected credit loss included in accounts receivable:

	As at June 30, 2019	As at December 31, 2018
Balance, beginning of period	$ 3,741	$ 3,054
Adjustment to lifetime expected credit loss estimate	2,567	687
Less: specific account written-off	(6,300)	-
Balance, end of period	**$ 8**	**$ 3,741**

The accounts receivable aging is as follows:

	Current	60-90 days	> 90 days	Total
As at June 30, 2019	**$ 1,042,098**	**$ -**	**$ -**	**$ 1,042,098**
As at December 31, 2018	$ 1,048,713	$ 311,911	$ 171,239	$ 1,531,863

One customer individually owing greater than 10% of the accounts receivable total balance accounted for 95% for the Corporation's accounts receivable as at June 30, 2019 (December 31, 2018: two customers accounted for 84%).

FINANCIAL INSTRUMENTS - CONTINUED

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they fall due. The Corporation manages liquidity risk through budgeting and forecasting cash flows to ensure it has sufficient cash to meet its short-term requirements for operations, start-up costs for its wholly-owned subsidiaries Aggregates Marketing Inc. and AMI Silica Inc., and other contractual obligations.

As at June 30, 2019, 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's financial liabilities include 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 following table:

		As at June 30, 2019		
	Note	0 - 1 year	2 - 3 years	Total
Accounts payable and accrued liabilities		$ 947,124	$ -	$ 947,124
Lease obligations, including interest	13	31,113	-	31,113
Total		**$ 978,237**	**$ -**	**$ 978,237**

SEGMENTED REPORTING

Reportable segments are determined based on the corporate structure and operations. Corporate is disclosed for reconciliation purposes only.

	Aggregate sales and aggregate management services		Frac sand		Corporate		Consolidation eliminations		Consolidated	
For the three months ended June 30,	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue:										
Aggregate sales revenue	980,405	247,720	-	-	-	-	-	-	980,405	247,720
Aggregate management services	-	1,124,588	-	-	-	-	-	-	-	1,124,588
Total income (loss) and comprehensive income (loss)	(305,806)	289,739	(24,992)	-	(979,849)	(344,379)	-	-	(1,310,647)	(54,640)
Amortization, depreciation, and depletion	(78,773)	(128,462)	-	-	(5,981)	(13,363)	-	-	(84,754)	(141,825)
Finance costs	(178)	(3,132)	-	-	-	-	-	-	(178)	(3,132)
Interest income	-	-	-	-	34,316	11,631	-	-	34,316	11,631
Income tax recovery (expense)	-	-	-	-	-	10,665	-	-	-	10,665

	Aggregate sales and aggregate management services		Frac sand		Corporate		Consolidation eliminations		Consolidated	
For the six months ended June 30,	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue:										
Aggregate sales revenue	980,405	254,482	-	-	-	-	-	-	980,405	254,482
Aggregate management services	433,635	1,231,509	-	-	-	-	-	-	433,635	1,231,509
Total loss and comprehensive loss	(411,760)	(189,709)	(228,817)	-	(1,727,029)	(605,400)	-	-	(2,367,606)	(795,109)
Amortization, depreciation, and depletion	(134,272)	(269,457)	-	-	(11,674)	(31,895)	-	-	(145,946)	(301,352)
Finance costs	(621)	(7,460)	-	-	-	-	-	-	(621)	(7,460)
Interest income	-	-	-	-	55,110	21,101	-	-	55,110	21,101
Income tax recovery (expense)	-	-	-	-	(1,825)	278,425	-	-	(1,825)	278,425

As at	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Segment assets	11,726,020	12,491,127	4,969,937	1,274,685	3,868,784	7,036,910	(810,778)	(531,670)	19,753,963	20,271,052
Segment liabilities	5,404,017	5,403,328	810,377	525,774	211,204	135,076	(810,778)	(465,029)	5,614,820	5,599,149

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at June 30, 2019 or at December 31, 2018.

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.

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.

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

Susan Lake Contract – 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 Government of Alberta through AEP 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. A revised Closure Plan was formally submitted to AEP early May 2018 (with its most recent revision submitted October 2018) and is under review that will schedule closure activities throughout 2018 and into 2019; with an additional monitoring period of 2 years thereafter. Additionally, AEP has the authority to stipulate conditions associated with the Corporation's Susan Lake Closure Plan that could pose significant costs.

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, labor and other supplies.

RISKS & UNCERTAINTIES – CONTINUED

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

Environmental and Regulatory
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 risk of unknown future claims being brought forth against the Corporation in excess of the Corporation's commercial general liability coverage could materially affect the Corporation's future operations.

NEW ACCOUNTING STANDARDS

Standards adopted

The accounting policies applied in these unaudited interim condensed consolidated financial statements are the same as those applied in the December 31, 2018 audited consolidated financial statements, except as discussed below.

IFRS 16 – Leases ("IFRS 16")

IFRS 16 requires lessees to recognize right of use assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. The lease liability is measured as the present value of the remaining lease payments discounted using the Corporation's incremental borrowing rate. Right of use assets are measured at cost, which is calculated as the initial measurement of the lease liability described previously, plus/(minus) any lease payments/(incentives) made prior to the commencement date, plus initial direct costs of entering into the lease, less estimated removal/dismantling costs. Right of use assets are depreciated based on their estimated useful life and interest on the lease liability is expensed through the consolidated statement of loss and comprehensive loss as finance costs. On January 1, 2019, the Corporation transitioned to IFRS 16 using the modified retrospective approach, which involved adjusting January 1, 2019 opening retained earnings.

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

Included in these leases are a number of leases for low value assets as well as short-term leases. As such, the Corporation applied the following recognition exemptions available under IFRS 16:

- Electing not to apply IFRS 16 to leases of low dollar value assets, and
- Electing not to apply IFRS 16 to leases with a term of 12 months or less at the commencement date of the lease

The Corporation also applied the following practical expedients to leases previously classified as operating leases under IAS 17:

- Grandfathering existing contracts using the definition of a lease under the previous standard, IAS 17, and applying the new definition of a lease under IFRS 16 to new or modified contracts only,
- Relief in applying IFRS 16 to leases expiring within 12 months of the date of initial application of IFRS 16,
- Applying a single discount rate to leases with similar characteristics,
- Using hindsight in determining lease terms,
- Excluding initial direct costs from the measurement of right of use assets, and
- Relief in re-assessing the right of use assets for impairment for onerous contracts under the new standard.

NEW ACCOUNTING STANDARDS - CONTINUED

The table below summarizes the changes to the statement of financial position as a result of the transition to IFRS 16 as of January 1, 2019:

Financial statement item	As previously stated under IAS 17 as at December 31, 2018	Change on transition to IFRS 16:	Tax	Net of tax
Right-of-use assets	$ 1,293,221	$ 31,214	$ (8,428)	$ 22,786
Current portion of lease liabilities	$ (29,284)	$ (37,974)	$ 10,253	$ (27,721)
		$ (6,760)	$ 1,825	$ (4,935)

The table below reconciles the additional lease liability upon transition to IFRS 16 on January 1, 2019 to the Corporation's operating lease commitments as of December 31, 2018:

Operating lease commitments as of December 31, 2018	$ 92,591
Less: exemption for short-term leases	(74,508)
Residual value guarantee	22,000
Effect of discounting	(2,109)
Lease liability recognized upon initial adoption of IFRS 16 on January 1, 2019	$ 37,974

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the three and six months ended June 30, 2019 at the Board of Directors meeting on August 12, 2019.

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 three months ended March 31, 2019 have been reviewed, contain no misrepresentations, and provide a fair presentation of the financial condition, financial performance and cash flows of the Corporation, to the best of their knowledge. This Venture Issuer Basic Certificate does not include any representations relating to the establishment and maintenance of disclosure controls and procedures and/or internal controls over financial reporting. Please refer to the Form 52-109FV2 for additional details. The CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the three months ended March 31, 2019.

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.