Athabasca
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

April 16, 2020

The following management's discussion and analysis ("MD&A") of Athabasca Minerals Inc.'s ("Athabasca", "AMI", "our" or the "Corporation") financial condition and results of operations should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019. The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "AMI", "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 AMI-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on April 16, 2020.

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

FORWARD LOOKING INFORMATION

This document contains "forward looking statements" and "forward-looking information" (collectively referred to herein as "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 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.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "continues", "future", "forecasts", "potential", "budget" and similar expressions, or are events or conditions that "will", "would", "may", "likely", "could", "should", "can", "typically", "traditionally" or "tend to" occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things, the following: the impact of Athabasca's financial resources or liquidity on its future operating, investing and financing activities; Athabasca's capital budgets, the appropriateness of the amount and expectations of how it will be funded; the Corporation's capital management strategy and financial position; Athabasca's outlook, industrial and construction levels, and focus on cost management; the expansion of customers and network of AMI Rockchain; a potential partner or joint venture for the Duvernay Project and Montney Project; continued development of the Duvernay Project; the potential completion of a National Instrument 43-101 compliant technical report for the Montney Project; the reactivation of certain inactive pits; potential acquisition or divestiture activities; the demand for aggregates from the Richardson Quarry Project; and the impact of and the Corporation's response to the COVID-19 health pandemic.

Although the Corporation believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Corporation can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Corporation's annual information form dated January 10, 2020 (a copy of which can be found under Athabasca's profile on SEDAR at www.sedar.com); exploration and development costs and delays; weather, health, safety, market and environmental risks; integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation including, but not limited to incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; general economic, market or business conditions; the COVID-19 health pandemic; global economic events; changes to Athabasca's financial position and cash flow; the availability of qualified personnel, management or other key inputs; potential industry developments; and other unforeseen conditions which could impact the use of services supplied by the Corporation. Accordingly, readers should not place undue importance or reliance on the forward-looking statements.

Readers are cautioned that the foregoing list of factors is not exhaustive and should refer to "Risk Factors" set out in the Corporation's annual information form dated January 10, 2020.

Statements, including forward-looking statements, contained in this MD&A are made as of the date they are given and the Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Athabasca's profile on SEDAR at www.sedar.com.

OUR BUSINESS

Athabasca Minerals Inc. (or "AMI"), which incorporated in 2006, is an integrated group of companies focused on the aggregates and industrial minerals sectors, including resource development, aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, sales and royalties from corporate-owned pits, management services of third-party pits, acquisitions of sand and gravel operations, and new venture development.

Athabasca Minerals Inc. is the parent company of Aggregates Marketing Inc., now known as AMI RockChain Inc. ("AMI RockChain", name changed as of February 2020), a midstream technology-based business using its proprietary *RockChain*™ digital platform, associated algorithm and quality assurance & control services to provide cost-effective integrated supply /delivery solutions of industrial minerals to industry, and the construction sector. AMI is also the parent company of AMI Silica Inc. ("AMI Silica"), a subsidiary positioning to become a leading supplier of premium domestic in-basin sand with regional deposits in Alberta and Northeast British Columbia. It is the joint venture owner of the Montney In-Basin and Duvernay Basin Silica Sand Projects. Additionally, the Corporation has industrial mineral leases, such as those supporting AMI's Richardson Quarry Project, that are strategically positioned for future development in industrial regions with historically and consistently high demand for aggregates.

The Corporation has managed the Susan Lake aggregate (sand and gravel) pit, an operation on Crown Land, on behalf of the Government of Alberta for over the past 20 years. This contract generated revenues for aggregate management services. The contract technically expired in November 30, 2017, but the Corporation continued to manage the Susan Lake aggregate pit with overholding tenancy and generated revenues into the first quarter of 2019. The Corporation will continue its aggregate management services for the Province with the recent award of the Coffey Lake Public Pit contract in 2019.

The Corporation is strategically focused on growing its three core business units: the AMI Aggregates division, the AMI Silica division, and the AMI RockChain division. Management is continually pursuing opportunities for sustained growth and diversification in supplying aggregate products and industrial minerals.

BUSINESS HIGHLIGHTS

Athabasca Minerals reports the following key highlights in 2019:

- The Corporation was awarded a 15-year contract with a 10-year renewal option in Q1 2019 to operate and manage the Coffey Lake Public Pit located approximately 90 km north of Fort McMurray. Effective January 13, 2020, the Province of Alberta issued the Corporation a disposition for the Coffey Lake Pit and a Surface Mineral Lease that allows for the extraction of sand and gravel. This authorization enables the Corporation, as pit management contractor on behalf of the Province of Alberta, to commence activities to open aggregate operations at Coffey Lake to the public. Operations at Coffey Lake commenced in March 2020;
- On August 15, 2019, the Corporation received approval of its Susan Lake Public Pit Closure Plan from Alberta Environment and Parks ("AEP"). Additionally, the Corporation executed a settlement agreement with Syncrude Canada Ltd. ("Syncrude") in September 2019 related to an outstanding dispute (2012 claim by AMI and 2015 counterclaim by Syncrude) with respect to aggregates and reclamation obligations for a portion of overlapping lands and resource leases at Susan Lake. The closure plan approval and the settlement with Syncrude brought clarity and alignment for AMI to efficiently execute the pit closure and reclamation program, and simplified the transition of lands to the overlapping oilsands operators (including Syncrude), with consideration of their respective mining plans;
- The Corporation recorded a $2.1 million improvement to prior established estimates for environmental rehabilitation obligations ("ERO") and other associated operating expenses for the year-ended December 31, 2019. This improvement is accounted as a gain from adjustment of the ERO estimates for overlapping lands at Susan Lake of $1,572,096, from reclamation fund deposit liabilities retained for reclamation purposes of $602,238, but with offsets for ERO losses of $95,085 from changes to estimates at other locations;

- The Province of Alberta granted the Corporation Metallic and Industrial Mineral leases for the Corporation's Richardson Dolomite/Granite Aggregate project. The Richardson project consists of three contiguous subsurface leases totaling 3,904 hectares located 70 km from major oil sands projects north of Fort McMurray;
- The Corporation acquired a 16.2% ownership position in the Duvernay silica sand project on January 25, 2019, increasing its ownership position to 49.6% on April 30, 2019;
- The Corporation completed a National Instrument 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101") technical report for its Duvernay Project which includes a contiguous resource of 24.7 million metric tonnes ("MT") measured resource, an additional 5.6 million MT indicated resource, and a further 4.9 million MT inferred resource;
- In 2019, the Corporation focused on securing an offtake agreement for AMI Silica regarding the supply of premium domestic sand from its Duvernay silica sand project. This initiative culminated in receiving a five-year Master Purchase Contract from Shell Canada Energy ("Shell") on February 3rd, 2020, with an effective delivery date of July 1, 2021. Under terms of the contract, Shell is to purchase, at pre-determined prices, a minimum amount of silica sand up to an annual maximum representing a significant volume that supports the Duvernay project's targeted production capacity. The contract gives Shell the option to extend for two successive twelve-month terms, and the option to procure sand from AMI's future Montney silica sand project as well;
- The Corporation's wholly owned subsidiary AMI RockChain successfully developed and deployed its proprietary *RockChain*™ digital platform and 'Solution-Finder' algorithm to deliver aggregates with optimized supply-transport solutions to meet a growing number of customer orders in Western Canada. Tender submission are largely related to aggregates required for pipelines, infrastructure, road construction, municipality improvements and civil projects, and has resulted in an increasing number of contract awards within the first 12 months of operation;
- In Q4-2019, AMI RockChain won and commenced work on a customer contract for specialty aggregates (rail ballast product) which was completed in March-2020 and surpassed the $1 million revenue milestone. The *RockChain*™ solution included the integrated supply, transportation, quality control and delivery of product for a rail transload facility associated with a major industrial operation in Central Alberta;
- On January 13, 2020, the Corporation entered into an arrangement with Canadian Western Bank ("CWB") whereby $1.5 million was advanced to the Corporation by CWB for working capital purposes;
- Management and Board of Director appointments during 2019 included: the appointment of Dana Archibald as Chief Operating Officer on January 7, 2019; the appointment of Terrance Kutryk to the Board of Directors on September 5, 2019; and the appointment of Neil D. Manning to the Board of Directors on October 25, 2019; and
- As of the date of filing AMI has $2 million in unrestricted cash. The Company is actively reviewing and addressing its cash position, and a balanced approach with respect to receivables and payables to preserve its financial objectives.

SELECTED FINANCIAL INFORMATION

	Three months ended December 31,			Years ended December 31,		
	2019	2018	% Change	2019	2018	% Change
FINANCIAL HIGHLIGHTS:						
Aggregate Sales Revenue	$ 631,241	$ 114,718	450%	$ 1,689,792	$ 2,138,411	-21%
Management Services Revenue	477,399	575,455	-17%	911,034	2,993,182	-70%
Revenue	1,108,640	690,173	61%	2,600,826	5,131,593	-49%
Gross (loss) profit	(213,830)	140,975	-252%	(1,064,552)	1,463,799	-173%
Gross (loss) profit percent	-19%	20%		-41%	29%	
Operating loss	(1,187,674)	(1,091,082)	9%	(2,845,697)	(3,710,853)	-23%
Other non-operating income	71,895	137,810	-48%	39,827	619,380	-94%
Total loss and comprehensive loss	$ (1,101,728)	$ (932,579)	18%	$ (2,720,668)	$ (2,509,836)	8%
Income (loss) per share, basic ($ per share)	(0.024)	(0.028)	-10%	(0.063)	(0.074)	-20%
Income (loss) per share, fully diluted ($ per share)	(0.024)	(0.028)	-10%	(0.063)	(0.074)	-20%
CASH FLOW HIGHLIGHTS:						
Net cash generated from (used in) operating activities	(921,909)	1,037,169	-189%	(2,789,714)	820,553	-440%
Purchase of property and equipment	(6,548)	(1,430)	358%	(51,372)	(56,676)	-9%
Spending on resource properties	(18,424)	(8,161)	126%	(75,609)	(50,955)	48%
Weighted Average # of Shares Outstanding	44,987,364	33,897,827		43,354,271	33,897,827	
OPERATIONAL HIGHLIGHTS:						
Tonnes sold						
Susan Lake operations	-	111,955	-100%	341,459	1,018,376	-66%

	As at		
	December 31, 2019	December 31, 2018	% Change
FINANCIAL POSITION:			
Working capital[1]	$ 2,776,312	$ 4,833,947	-43%
Total assets	18,272,460	20,271,052	-10%
Total liabilities	4,000,646	5,599,149	-29%
Shareholder's Equity	14,271,814	14,671,903	-3%

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

The Corporation's revenue during Q4 2019 was $1.1 million compared to $0.7 million in Q4 2018. The increase in revenue of $0.4 million in Q4 2019 as compared to Q4 2018 was due to the contribution to revenues from AMI RockChain in Q4 2019. This additional line of business increased the Corporation's client base which in turn provided additional revenue.

The Corporation's revenue for 2019 decreased by 49% to $2.6 million from $5.1 million in the prior year. The decrease in revenue was due to a reduction in aggregates sales revenue resulting from the sale of Devon Jackfish ("Jackfish") to Canadian Natural Resources Limited ("CNRL") and the closing of Susan Lake in Q2 2019. The sale of Jackfish to CNRL resulted in the cessation of the Corporation's sale of aggregates to Jackfish and the closing of Susan Lake resulted in the reduction in management services revenue.

GROSS (LOSS) PROFIT

The Corporation incurred a gross loss of $0.2 million in Q4 2019 compared to a gross profit of $0.1 million in Q4 2018. The decrease in gross profit of $0.3 million was due to a cost of sales increase of $0.7 million, offset by a $0.4 million increase in revenue as noted above in Q4 2019 as compared to Q4 2018. The increase in Q4 2019 cost of sales was primarily due to AMI RockChain sales being filled using third party sources.

Gross profit decreased by $2.6 million from a gross profit of $1.5 million for the year ended December 31, 2018 to a gross loss of $1.1 million for the year ended December 31, 2019. The decrease in gross profit was due to the $2.5 million or 49% decrease in revenue noted above, while the cost of sales remained essentially unchanged for the years ended December 31, 2018 and 2019. The variance in cost of sales, which is comprised of operating costs, depreciation, depletion and amortization, and royalties, was due to:

- Operating costs for the year ended December 31, 2019 were $3.3 million as compared to $3.1 million in the prior year. Even though revenues decreased by $2.5 million to $2.6 million in 2019, operating costs remained relatively flat. This was due to front-end regulatory, engineering and design costs being incurred for AMI Silica in 2019, as well as certain operating costs that do not fluctuate with sales volume;
- Depreciation, depletion and amortization decreased by $0.1 million to $0.3 million for the year ended December 31, 2019 due to assets that were disposed of in 2018 being depreciated for part of that year prior to disposition, and none of this equipment being subject to depreciation in the 2019 year; and
- Royalties decreased from $0.1 in 2018 to effectively $nil in 2019.

General and Administrative Expenses

	Three months ended December 31,			Years ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Wages and benefits	$ 484,488	$ 386,902	25%	$ 1,767,060	$ 1,325,300	33%
Legal and professional fees	128,634	84,257	53%	477,146	379,693	26%
Consulting	93,734	315,604	-70%	263,786	504,856	-48%
Rent and office expenses	20,836	45,393	-54%	168,155	187,482	-10%
Directors fees and expenses	44,220	37,303	19%	164,905	156,365	5%
Insurance	32,122	27,546	17%	114,171	133,956	-15%
Investor relations	17,758	21,134	-16%	110,493	94,182	17%
General office	24,628	31,767	-22%	92,693	92,574	0%
Travel	16,861	8,368	101%	64,198	28,151	128%
Exploration	1,274	27,186	-95%	25,436	45,471	-44%
Severance	-	-	0%	8,608	-	100%
	$ 864,555	$ 985,460	-12%	$ 3,256,651	$ 2,948,030	10%

In 2019, general and administrative expenses increased by $0.3 million to $3.3 million from $3.0 million in 2018. The increase in general and administrative expenses was predominantly due to a $0.4 million increase in wages and benefits with the hiring of additional staff to support growth plans of the Corporation and a $0.1 million increase in legal and professional fees due to legal costs incurred to finalise the Syncrude settlement agreement. These were offset by a $0.2 million reduction in consulting fees in 2019 compared to 2018 with the hiring of permanent internal resources to offset reliance on external resources.

Athabasca continues to be committed to achieving a competitive cost structure with Management engaging in ongoing cost effectiveness strategy and analysis. In February-March 2020 the Corporation optimized its payroll by approximately 10%.

OPERATING LOSS

The Corporation's operating loss for Q4 2019, which is calculated as gross profit less general and administrative costs, share of loss from associates, share-based compensation, and other operating income (expenses) was $1.2 million which was virtually unchanged from Q4 2018's operating loss of $1.1 million.

For the years ended December 31, 2019 and 2018, the operating loss was $2.8 million and $3.7 million, respectively. The decrease in the operating loss of $0.9 million was due to the following:

- As noted above, gross profit decreased by $2.6 million from $1.5 million in 2018 to a gross loss of $1.1 million in 2019;
- As noted above, general and administrative expenses increased by $0.3 million from $3.0 million in 2018 to $3.3 million in 2019;
- Share of loss from associates was $0.1 million in 2019 as compared to $nil in the prior year;
- Share-based compensation increased to $0.4 million in 2019 as compared to $0.1 million in the prior year due to the issuance of additional options during the year and the adoption of a restricted and deferred share unit plan in 2019; and
- Other operating income was $1.9 million in 2019 as compared to other operating expenses of $2.1 million in 2018 due to the approval of the Susan Lake Closure Plan and settlement agreement with Syncrude in 2019. Athabasca no longer has a reclamation obligation on the Susan Lake overlapping lands which resulted in an ERO reversal and gain of $2.1 million in 2019 being recorded in other operating income. The gain was marginally offset by a loss in ERO as a result of changes in estimates to ERO liabilities of other pits.

TOTAL LOSS AND COMPREHENSIVE LOSS

In Q4 2019, the Corporation incurred a total loss and comprehensive loss of $1.1 million, $0.024 per share basic and diluted, as compared to a total comprehensive loss of $0.9 million, $0.028 per share basic and diluted, for Q4 2018.

For the years ended December 31, 2019 and 2018, the Corporation incurred total comprehensive losses of $2.7 million, $0.063 per share basic and diluted, and $2.5 million, $0.074 per share basic and diluted, respectively. The year-to-date increase in the total loss and comprehensive loss of $0.2 million was due to the following:

- As noted above, operating losses decreased by $0.9 million from $3.7 million in 2018 to $2.8 million in 2019, offset by:
    - A decrease in other non-operating income of $0.6 million due to reduced camp rental income, a loss on share purchase options, and a gain on disposal of property and equipment in 2018 which was not repeated in 2019; and
    - A decrease in income tax recovery from $0.5 million in 2018 with a negligible income tax expense in 2019 due to a reduction in temporary tax differences and a reduction in unrecognized deferred tax assets.

SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from the unaudited consolidated 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 where the Corporation owns Alberta Metallic and Industrial Minerals Permits and Surface Material Leases and third-party aggregates.

	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Aggregate Sales Revenue	$ 631,241	$ 78,146	$ 980,405	$ -
Management Services Revenue	477,399	-	-	433,635
Total Revenue	1,108,640	78,146	980,405	433,635
Gross Profit (Loss)	(213,830)	(444,778)	(295,417)	(110,527)
Total Income (Loss) and Comprehensive Income (Loss)	(1,101,728)	748,666	(1,310,647)	(1,056,959)
Income (loss) per share, basic	(0.024)	0.017	(0.030)	(0.026)
Income (loss) per share, diluted	(0.024)	0.016	(0.030)	(0.026)
Total Assets	18,272,460	18,315,146	19,753,963	19,546,329
Total Resource Properties	6,288,436	6,272,040	6,261,111	6,260,921
Current portion of lease obligations	93,685	94,493	30,979	49,245
Total Debt (non-current)	86,205	103,923	-	-
	Q4 2018	Q3 2018	Q2 2018	Q1 2018
Aggregate Sales Revenue	$ 114,718	$ 1,769,211	$ 247,720	$ 6,762
Management Services Revenue	575,455	1,186,218	1,124,588	106,921
Total Revenue	690,173	2,955,429	1,372,308	113,683
Gross Profit (Loss)	140,975	1,272,802	494,320	(444,298)
Total Loss and Comprehensive Loss	(932,579)	(782,148)	(54,640)	(740,469)
Loss per share, basic	(0.074)	(0.023)	(0.022)	(0.022)
Loss per share, diluted	(0.074)	(0.023)	(0.022)	(0.022)
Total Assets	20,271,052	19,949,558	18,885,242	18,022,552
Total Resource Properties	6,212,364	6,240,437	5,935,917	5,891,420
Current portion of lease obligations	29,284	51,011	72,540	182,398
Lease obligations on equipment held for sale	-	-	-	190,903
Total Debt (non-current)	-	-	-	7,355

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 be affected by, among other things:

- weather conditions;
- seasonal variances in oil and natural gas exploration and development activities;
- timing of projects;
- market demand; and
- timing of capital investments in the region.

Most construction, infrastructure and industry projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and the fall seasons when ground conditions firm up. These seasonal trends typically lead to quarterly fluctuations in operating results and, consequently, the financial results from one quarter are not necessarily comparable or indicative of financial results in other quarters of the year. These seasonal trends can be observed in fluctuations in Total Revenue and Total Income (Loss) and Comprehensive Income (Loss) in the Summary of Quarterly Results above.

OUTLOOK

The Corporation is positioning for growth across each of its three divisions in 2020, i.e. AMI Aggregates, AMI Silica, and AMI RockChain:

AMI Aggregates

The base division will generate revenues from commercial operations and production at the Coffey Lake Public Pit, as well as its True North Staging Hub both located in the high-demand region of oilsands industrial region.

Royalty agreements remain in place to earn revenues from strategic partners interested in harvesting aggregates from several AMI corporate pits.

AMI is also pursuing pit management services and leveraging its expertise to support First Nation partners, government and/or municipality resources or existing operations.

A strategic joint venture ("JV") relationship has been established for the development of the Buckhorn Quarry in Ontario some 90 minutes from the Greater Toronto Area ("GTA"). Likewise, AMI intends to pursue a similar JV approach for the future development of the Corporation's Richardson Quarry Project north of Fort McMurray.

AMI RockChain

AMI RockChain is 'a midstreamer of aggregates, enabled by technology'. The subsidiary is uniquely focused on enhanced price/delivery solutions in mapping customer requirements (orders) to aggregates suppliers and transportation companies using technology for greater speed and efficiency. AMI RockChain purchases and takes custody of aggregates using its 'Solution Finder' algorithm in conjunction with its *RockChain*™ digital platform. This gives AMI RockChain distinctive advantages in the scope of its outreach, its ability to handle a large volume of bids, and in the turnaround (response) time in networking optimal solutions for customers requiring aggregates. AMI RockChain is additionally reinforced by an in-house Quality Control/Quality Assurance program to ensure customer requirements are met upon delivery.

AMI RockChain is focused on continued growth by expanding its geographic coverage across Western Canada and from increased customer applications across various market-sectors. The subsidiary is also focused on continuous improvements and advancements relating to technology development, operational excellence, its supply chain data network, growing key client and servicing repeat customers.

AMI Silica

AMI Silica's Duvernay Project will continue to advance with priority given its five-year offtake agreement with Shell Canada Energy. The development program is focused on revising the Front-end Engineering & Development (FEED) in collaboration with a pending industrial partner, obtaining permits, and thereafter confirming Financial Investment Decision (FID) as well as associated funding to proceed to Execution.

AMI Silica's Montney Silica Sand Delineation & Development program is being re-adjusted for cashflow management purposes, in relation concurrent demands related to the Duvernay Project. Together with its existing joint-venture (JV) partner, 'Privco', the parties are taking a measured approach concerning expenditures in order to confirm the most suitable and cost-effective location for development within the 150,000-hectare area in which the JV holds mineral leases.

Mergers, Acquisitions & Strategic Joint Ventures

AMI continues to be active with screening, assessing, and reviewing acquisition and joint venture investment opportunities that are synergistic to the Corporation's portfolio, accretive, and able to expand revenues in the use and application of industrial minerals.

COVID-19

COVID-19 is having an adverse impact on global economic conditions, which could have an adverse effect on the Corporation's business and financial position. The potential financial impact of the COVID-19 pandemic to the Corporation remains uncertain. At this time, the Corporation is navigating COVID-19 impacts. AMI's divisions and associated operations support the essential services of construction, infrastructure and energy sectors and will remain active throughout the COVID-19 disruption. AMI will continue to monitor and adhere to the required protocols to ensure compliance and to mitigate the risks to staff, and to key stakeholders in its supply chain.

OPERATIONS

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

PIT MANAGEMENT CONTRACTS

Coffey Lake Public Pit

- On March 6, 2019, the Corporation announced that it was successful in winning a 15-year contract tendered 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;
- Effective January 13, 2020, the Province of Alberta issued the Corporation a disposition for the Coffey Lake Pit and a Surface Mineral Lease that allows for the extraction of sand and gravel. This authorization enables the Corporation, as pit management contractor on behalf of the Province of Alberta, to commence activities to open aggregate operations at Coffey Lake to the public;
- Effective March 21, 2020, Coffey Lake commenced commercial operations.

Susan Lake Public Pit

- As of the end of Q2 2019, the Susan Lake pit was closed to the public;
- On August 15, 2019, the Corporation received formal approval of its Susan Lake Closure Plan from AEP;
- The Corporation executed a settlement agreement with Syncrude Canada Ltd. ("Syncrude") in September 2019. The closure plan approval and the settlement with Syncrude brought clarity and alignment for AMI to efficiently execute the pit closure and reclamation program and simplified the transition of lands to the overlapping oilsands operators (including Syncrude), with consideration of their respective mining plans. Of the four zones comprising Susan Lake, three zones have been successfully turned over to the overlapping oilsands operators. Zone-4 (non-overlapping land) is subject to reclamation monitoring for approximately the next two years and is concluded upon receipt of a reclamation certificate.

CORPORATE OWNED PITS

- The Corporation holds Surface Material Leases ("SMLs") for several aggregate pits in northern Alberta. A SML grants the lease holder the right to extract sand and gravel from Crown land;
- The Corporation is exploring options to either reactivate inactive pits, assign to a 3rd party under a royalty agreement, or divest depending on market conditions.

Richardson Quarry Project – Exploration Project

- The Corporation holds leases for a potential large-scale quarry located approximately 70 km north of the Susan Lake gravel pit and 130 km north of Fort McMurray, Alberta (the "Richardson Quarry Project"). It contains high quality dolomite and granite deposit;
- With the closure of Susan Lake 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 Quarry Project is located about 40 kilometers from major oilsands operations north of Fort McMurray. These oilsands operations represent significant sustainable annual demand for aggregates and justify the potential role of the Richardson Quarry Project in the coming years, especially as Coffey Lake Public Pit depletes reserves and declines in production. The Richardson Quarry Project offers high quality granite and dolomite in large volumes (683+ million tonnes), on a transportation corridor, which make it attractive for future development. It offers a new source of high-quality crushed aggregates that supports a wide variety of construction applications with the capability of meeting ongoing regional demand;
- An initial drilling program in 2013 confirmed that granite and dolomite extended beyond the outcrop, and a follow up drilling program completed in 2014 successfully cored the dolomite, and all but one drill hole intersected the granite basement. APEX Geoscience Ltd. ("APEX") of Edmonton, Alberta completed a technical resource report in accordance with NI 43-101 on the Richardson Project in 2015, estimating an initial crush rock dolomite aggregate inferred mineral resource of 683 million tonnes with thickness ranging from 8.3 m to 47.9 m, averaging 39.5 m. 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 Quarry Project totaling 9,647 acres. Management secured the leases following discussions with government, industry and First Nations stakeholders in relation to the newly designated Kitaskino Nuwenëné Wildland Provincial Park, which was announced by the Province of Alberta on March 11, 2019. With a view to the establishment of the new wildland provincial park, the Corporation agreed to voluntarily surrender 39,488 hectares of its original eight contiguous Metallic and Industrial Minerals Permits which had no impact on the project. AMI's lease boundary includes the deposit that was assessed in the Richardson Technical Report (as defined herein) so that the estimated inferred resource has not been compromised and includes additional lands proximal to the deposit area and the granite outcrop;
- In December 2019, AMI announced that the Richardson Technical Report had been updated by APEX Geoscience Ltd. with respect to three contiguous Metallic and Industrial Mineral Leases of 3,904 hectares granted to Athabasca by the Province of Alberta in Q1 2019. The updated Richardson Technical Report includes estimates of approximately 683 million tonnes of inferred crush rock aggregate (dolomite and granite) resource situated in the "Winnipegosis Formation" with a thickness ranging from 8.3m to 47.9m averaging 39.5m. The resource lies beneath an estimated 497 million tonnes of unconsolidated glaciofluvial sand and boulders ("overburden") with an average thickness of 35.7m. In addition, the updated Richardson Technical Report assessed the basement granite as a potential target for future exploration and describes a potential granite deposit of between 157 and 236 million tonnes in the resource area;
- 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 Lands Act (Alberta) and the Water Act (Alberta)) will also be required;
- Athabasca is maintaining front-end development plans for the Richardson Quarry Project, including a preliminary budget for regulatory approvals. Regulatory sensitivities associated with woodland caribou remain a factor affecting permit timing and start of construction. An assessment of a draft Caribou Range Plan published by the Government of Alberta in 2018 did not identify immediate negative impacts. The Corporation will align the Richardson Project with goals for restoring the caribou habitat pending a final decision for the proposed caribou plan.

OTHER AGGREGATES DEPOSITS (Hargwen, Bickerdike, and Steepbank)

- The Corporation controls three other deposits for potential development: the Hargwen aggregates deposit, the Bickerdike sand deposit, and the Steepbank aggregates deposit
- **Hargwen aggregates deposit**: is located on approximately 80 acres of crown land about 21 km east of the community of Hinton, Alberta on an all-season road:
  - AMI has an SML- approved in principle;
  - A Conservation Operation & Reclamation Plan was submitted in January 2019 and is awaiting final approval from Alberta Environment & Parks; and
  - AMI is addressing the opening of the pit together with a 3rd party operator under a royalty agreement, with timing based on upcoming infrastructure projects in the area.
- **Bickerdike sand deposit:** is located on approximately 80 acres of crown land about 20 km south of the community of Edson, Alberta on an all-season road:
  - AMI has an SML-approved in principle;
  - The Bickerdike sand has been tested. It is a useful resource for construction purposes but is considered marginal as proppant for well-drilling and completion applications; and
  - Until market conditions change in the area, there are no immediate plans for the development of Bickerdike deposit.
- **Steepbank aggregates deposit:** is located on approximately 80 acres of crown land about 50 km south-west of Conklin, Alberta, accessible by approximately 30 km winter access road:
  - AMI has an SML-approved in principle; and
  - Until market conditions change in the area, there are no immediate plans for the development of Steepbank deposit.

Strategic Partnerships

- **Montana First Nations (MFN):** In 2019 AMI and MFN entered into a 10-year Aggregates Management Agreement to explore and develop potential aggregate resources on 9600 acres of MFN lands, as well as develop commercial opportunities with AMI RockChain. In 2019, AMI made progress on the following:
  - AMI RockChain in conjunction with MFN secured an aggregate supply and delivery contract on 'Spread-1' of the TMX Pipeline Project in Q4 2019.
  - AMI RockChain and MFN are bidding on additional industrial developments within MFN's traditional territory.
  - AMI successfully executed an Emergency Road Repair Program on MFN lands in Q4-2019.
  - Initial exploration for aggregates was conducted at select locations on MFN lands in Q3- Q4 2019 with limited results. In 2020 the program will continue at measure pace in relation to cash management constraints and commercial viability objectives.

Firebag – Development Project

- The Firebag silica sand deposit is located north of Ft. McMurray with an active SML covering 80 acres, and a land amendment application for an additional SML consisting of 420 acres;
- In December-2019, the Corporation announced it had updated the its previous report for the Firebag Project filed in 2014 (the "Firebag Report"). The updated Firebag Report contains an indicated resource of 38.2 million tonnes of various fractions. The updated Firebag Report was prepared by Stantec Consulting Ltd. ("Stantec");
  - 4.5 million tonnes in the 20/40 fraction, 19.3 million tonnes in the 40/70 fraction, 13.4 million tonnes in the 70/140 fraction and 1.0 million tonnes in the 140/170 fraction;
- The asset is fully permitted for mining operations;
- The Corporation has applied for permits to develop a rail transload terminal in the Fort McMurray region to facilitate transportation to market;
- The Corporation is exploring options to either develop the pit, assign to a 3rd party under a royalty agreement, or divest depending on market prospects.

Kearl Pit – Development Project

- The Kearl corporate pit is located on 80 acres of crown land north of Ft. McMurray on an all-season road in close proximity to Imperial Oil /Exxon Kearl Oilsands Operations;
- Athabasca received SML approval in March 2011 for 10 years to develop and operate an aggregate operation;
- The Kearl corporate pit was in production for approximately 4 years with approximately 1 million tonnes of aggregates removed. Kearl has not been operational since 2016 in response to a slowdown in the regional demand market. As would be expected, the pit will have incremental production costs when the time comes to access the remaining aggregates reserves.

Logan Pit – Development Project

- The Logan corporate pit is located on 200 acres (across 3 leases) of crown land, approximately 110 km north of Lac La Biche accessible by an all-season road to the south, and a seasonal winter road from the east;
- Athabasca received SML approvals for each of the three adjacent leases on February 2010, May 2012, Nov-2012 respectively, in each case for 10 years, to develop and operate an aggregate operation;
- The Logan corporate pit (first lease) was in production from 2013 to 2017 with approximately 400,000 tonnes of aggregates removed. It has not been operational since 2017 due to changes in the regional demand market and seasonal access limitations which require advanced orders versus crushing on-demand.

House River Pit – Development Project

- The House River corporate pit is located on 160 acres across two leases of Crown land south of Fort McMurray 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 80 acres of the leased land for a term of 10 years. A second SML approval was obtained in October 2016 for 10 years for an additional 80 acres of Crown land;
- The House River corporate pit was in production for one winter season with approximately 250,000 tonnes of aggregates removed.

Pelican Hill Pit – Development Project

- The Pelican corporate pit is located on 79.7 acres of crown land approximately 70 km south-east of the hamlet of Wabasca, Alberta, and historically was only accessible by a 2 km winter road;
- Athabasca received SML approval in June-2011 for 10 years to develop and operate an aggregate operation;
- The Pelican corporate pit has not yet gone into production due to changes in the regional demand market and seasonal access limitations which require advanced orders versus crushing on demand;
- In Q2-2019, the Corporation signed a non-binding term sheet which may allow the Corporation to enter into a royalty agreement with a 3rd party and received approval to amend the seasonal winter access road to an all-season road with construction commencing in Q4 2019;
- The Corporation is now actively addressing the opening of the pit for operation in 2020, together with the 3rd party under royalty agreement, based on upcoming infrastructure projects in the area. Conversion of the winter-access road into an all-season road is part of this 3rd party agreement.

Emerson Pit – Development Project

- The Emerson corporate pit is located on 75 acres of crown land approximately 27 km south-east of the community of Hinton, Alberta on an all-season road;
- Athabasca acquired the SML in March-2011 for 10 years to develop and operate an aggregate operation;

* The Corporation had the SML transferred into its possession on April 17, 2019 in accordance with the asset purchase and sale agreement dated June 1, 2016 with Prairie Mines.

Inventory Staging and Distribution Hubs (Conklin, Sunday Creek, KM208, True North)

The Corporation has strategic inventory staging hubs on accessible, year-round roads to support product supply and deliveries on demand to local projects and industry customers. These staging hubs are also accessible in relation to nearby Corporate pits. AMI's key staging hubs include:

* **Conklin** - The Conklin staging hub, located 13km East of the Town of Conklin. The Conklin staging hub is accessible by Corporation's Logan Pit, and has inventory on location.
* **Sunday Creek** - The Sunday Creek staging hub is located 26km North of the Town of Conklin on roads accessible to nearby industry SAGD operations. The Sunday Creek hub has historically staged and delivered product from various aggregate sources in the area to service annual orders.
* **KM248** - Located at kilometer 248 of Highway 881 was historically an aggregate source (now depleted) and has been re-purposed as a staging hub for industrial customers near the town of Anzac south of Fort McMurray.
* **True North** - The True North staging hub is strategically located 7 km from the Coffey Lake Public Pit at the Highway-63 junction. AMI received its disposition from Alberta Environment & Parks in Q1-2020. AMI will manage the True North Hub to provide stockpiling and crushing access for aggregate producers in the area. AMI completed vegetation clearing activities in Q1 2020 and expects to open the hub in Q2-Q3 2020.

INVESTMENTS IN ASSOCIATES

Duvernay Project

- The Corporation has a 49.6% ownership interest in an entity ("Privco2") that owns the Duvernay Project. The Corporation's cash investments in Privco2 have been allocated towards funding the delineation program, a NI 43-101 compliant technical report (including validation of reserve or resource), securing land options, conducting facility design, and for the preparation of regulatory applications;
- In Q3-2019, Privco2 completed a NI 43-101 technical report (the "Duvernay Report") to validate the reserves and resources. The Duvernay Report was prepared by Stantec;
- The Privco2 resource encompasses 356 hectares (878 acres) of largely contiguous, and privately-owned, properties. The underlying sand deposit was delineated based on 49 drill holes, and the retrieval of over 200 stratum samples which were subject to a comprehensive lab testing program;
- The Duvernay Report establishes that AMI's Duvernay Project contains a sand resource of:
    - fine-to-coarse grain sands with pay thickness from 0.4 meters to 21.6 meters; and
    - 24.7 million metric tonnes (MT) measured resource, with an additional 5.6 million MT indicated resource, and a further 4.9 million MT inferred resource;
- On February 3, 2020 a Master Purchase Contract was entered into whereby a contract with an effective date of July 1, 2021 was agreed to by AMI Silica and Shell Canada ("Shell"). Under terms of the contract, Shell is to purchase, at pre-determined prices, a minimum amount of silica sand up to an annual maximum representing the majority of the Duvernay Project's stated capacity. The contract's initial term is five years commencing on the effective date with Shell having the right to extend the contract for an additional period of two twelve-month terms. The contract also provides Shell with the option to procure sand from the Corporation's future Montney silica sand project; and
- AMI continues to pursue strategic partnering and joint-venture relationships that will advance its industrial minerals growth strategies, diversify its revenue generation, and increase options for access to lower-cost capital funding.

Montney In-Basin Project

- On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation ("Privco") that owns the Montney In-Basin silica sand project located in the vicinity of Dawson Creek and Fort St. John, British Columbia. The purchase price for the 49.2% interest was $1,498,000 cash and 1,186,956 common shares of the Corporation;
- The Corporation's cash investment in the Montney Project is being deployed for its resource delineation program and the subsequent funding of a National Instrument 43-101 technical report for the validation of reserve or resource status once a preferred development location is confirmed.
- AMI Silica's Montney Silica Sand Delineation & Development program is being re-adjusted for cashflow management purposes, in relation concurrent demands related to the Duvernay Project. Together with its existing joint-venture (JV) partner, 'Privco', the parties are taking a measured approach concerning expenditures in order to confirm the most suitable and cost-effective location for development within the 150,000 hectare area in which the JV holds mineral leases.

SEGMENTED REPORTING

The reportable segments discussed below represent segments that Management considers when reviewing the performance of the Corporation and deciding how to allocate resources. A summary of key financial information by reportable segment for the year ended December 31, 2019 (along with comparative information for 2018) is as follows:

	AMI Aggregates		AMI RockChain		AMI Silica		Corporate		Consolidation eliminations		Consolidated	
For the years ended December 31,	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Revenue:												
Aggregate sales revenue	**$ 1,014,506**	$ 2,138,411	**$ 675,286**	$ -	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ 1,689,792**	**$ 2,138,411**
Management services revenue	**911,034**	2,993,182	**-**	-	**-**	-	**-**	-	**-**	-	**911,034**	**2,993,182**
Total income (loss) and comprehensive income (loss)	**1,354,820**	(76,876)	**(321,400)**	(60,955)	**(261,313)**	(521,412)	**(3,492,775)**	(1,850,593)	**-**	-	**(2,720,668)**	**(2,509,836)**
Amortization, depreciation, and depletion	**(271,542)**	(372,763)	**(3,485)**	(1,500)	**-**	-	**(66,052)**	(73,459)	**-**	-	**(341,079)**	**(447,722)**
Finance costs	**(3,292)**	(8,464)	**-**	-	**-**	-	**-**	-	**-**	-	**(3,292)**	**(8,464)**
Interest income	**-**	-	**-**	-	**-**	-	**90,319**	66,138	**-**	-	**90,319**	**66,138**
Income tax recovery (expense)	**-**	-	**-**	-	**-**	-	**(1,825)**	523,963	**-**	-	**(1,825)**	**523,963**

As at	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**	**December 31, 2019**	**December 31, 2018**
Segment assets	**$ 12,448,558**	$ 12,483,627	**$ 689,520**	$ 7,500	**$ 4,911,880**	$ 3,044,987	**$ 2,365,482**	$ 5,266,608	**$ (2,142,980)**	$ (531,670)	**$ 18,272,460**	**$ 20,271,052**
Segment liabilities	**3,720,962**	5,401,615	**470,849**	1,713	**1,516,780**	525,774	**435,035**	135,076	**(2,142,980)**	(465,029)	**4,000,646**	**5,599,149**

The Corporation has three reportable Operations segments, and a Corporate costs segment:

AMI Aggregates

The Corporation produces and sells aggregate out of its Corporate Owned Pits (see discussion of Corporate Owned Pits in the Operations section of this MD&A); manages the Coffey Lake aggregate pit on behalf of the Province of Alberta for which aggregate management services revenue are earned, and manages other contract work for customers. The Corporation previously managed the Susan Lake aggregate pit.

Total revenues of $1.9 million from AMI Aggregates for 2019 declined from their 2018 level of $5.1 million due to: (i) the closing of Susan Lake in Q2 2019 which directly impacted management services revenues; and (ii) aggregate sales revenues being negatively impacted in 2019 with the loss of revenue from Devon Jackfish with that operation's sale to CNRL. Management services revenue during the year ended December 31, 2019 included $0.5 million for work done to build a road for the Montana First Nation. Although revenues declined in 2019, total income and comprehensive income in 2019 increased to $1.3 million compared to a total loss and comprehensive loss of $(0.08) million in 2018. The $1.4 million increase in the segment's total income and comprehensive income in 2019 as compared to 2018 was due to the financial impact of the approval of the Susan Lake Closure Plan and settlement agreement with Syncrude. Athabasca no longer has a reclamation obligation on the Susan Lake overlapping lands which resulted in an ERO reversal and gain of $2.1 million in 2019 which was recorded in other operating income. The gain was marginally offset by a loss in ERO as a result of changes in estimates on other properties.

This segment's assets as at December 31, 2019 of $12.4 million (2018: $12.5 million) were essentially the same year over year. Segment assets in 2019 consisted of resource properties and ERO assets carried at $5.1 million, accounts receivable (prior to intercompany eliminations) of $2.5 million, inventory at $1.1 million and restricted cash of $1.8 million. Other assets such as deposits and contract assets amounted to $2.0 million.

Segment liabilities as at December 31, 2019 of $3.7 million (2018: $5.4 million) are comprised of accounts payable of $1.2 million and ERO of $2.5 million. In 2019, liabilities decreased from the prior year due to a decrease in ERO assets in the amount of $1.8 million as result of the Corporation reaching the settlement agreement with Syncrude as described above. This settlement resulted in Athabasca no longer having any reclamation obligation on the Susan Lake Pit lands.

AMI RockChain

AMI RockChain is 'a midstreamer of aggregates, enabled by technology'. The subsidiary is uniquely focused on enhanced price/delivery solutions in mapping customer requirements (orders) to aggregates suppliers and transportation companies using technology for greater speed and efficiency. AMI RockChain purchases and takes custody of aggregates using its 'Solution Finder' algorithm in conjunction with its *RockChain*™ digital platform. This gives AMI RockChain distinctive advantages in the scope of its outreach, its ability to handle a large volume of bids, and in the turnaround (response) time in networking optimal solutions for customers requiring aggregates. AMI RockChain is additionally reinforced by an in-house Quality Control/Quality Assurance program to ensure customer requirements are met upon delivery.

The segment generated its first revenues in 2019 and a total loss and comprehensive loss of $(0.3) million during the year. AMI RockChain is focused on strengthening the RockChain™ digital platform and growing key accounts and expanding its presence in Western Canada.

Segment assets increased from $nil in 2018 to $0.7 million in 2019. This was due to AMI RockChain starting business activities in March 2019 when its first employee was hired and the business model developed.

Liabilities at $0.5 million increased in 2019 with the start of AMI RockChain's business activities.

AMI Silica

The Corporation owns a 49.6% interest in the Duvernay Project and a 49.2% interest in the Montney Project (see discussion under the "Investment in Associates" heading in the "Operations" section of this MD&A).

Revenues for the 2019 year were $nil with total loss and comprehensive loss of $(0.06) million as compared to $(0.3) million in the prior year. Revenues and income are expected to increase with the development of the Duvernay and Montney Projects.

Segment assets were $4.9 million in 2019 (2018: $3.0 million) consisting predominantly of $3.6 million in investments with respect to the Duvernay and Montney Projects and historical investments of $1.1 million in the Firebag Project. The increase over 2018 is due to the Corporation's $2.0 million investment in the Duvernay Project during 2019.

The segment's liabilities were $1.5 million in 2019 (2018: $0.5 million), a $1.0 million increase from the prior year mainly due to intercompany balances due to the AMI Aggregates segment for expenses paid on its behalf.

Corporate

Corporate costs for the 2019 year were $3.5 million as compared to $1.9 million in the prior year. Corporate costs consist predominantly of general and administrative expenses of $3.2 million, share-based compensation at $0.4 million, other non-operating income and interest income of $0.1 million and income tax expense which was negligible during the year. Explanations for these variances are provided above in the Finance and Operational Review section of this MD&A under the subheadings Operating Loss, and Total Loss and Comprehensive Loss.

The Corporate Segment's assets at $2.3 million (2018: $5.3 million) were $3.0 million lower than the prior year. Corporate segment assets in 2019 consisted of $2.0 million in cash, $0.1 million in prepaids and $0.2 million in right-of-use assts. The decrease from the prior year was due to a $3.1 million decrease in cash and other minor changes in Corporate Segment assets in 2019 as compared to 2018.

Corporate Segment liabilities in 2019 at $0.4 million were not significantly different from 2018 liabilities at $0.1 million and consisted of accounts payable.

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 had net working capital of $2.8 million as at December 31, 2019 (2018: $4.8 million) which in management's opinion is sufficient to fund ongoing operations. The decrease in working capital was predominately due to a $3.1 decrease in cash, a $0.7 million decrease in trade and other receivable and inventory, and a $0.9 million increase in accounts payable and accrued liabilities. This was partially offset by a decrease in the current portion of ERO of $2.0 million.

The decrease is cash occurred due to consideration paid for investments in associates and lower comparative revenues during the year. Trade and other receivables decreased in line with revenues, with accounts payable and accrued liabilities increasing due to additional accounts payables from AMI RockChain in line with increasing business from that operating segment, and with additional costs and payable being incurred due to the Coffey Lake permitting process. The significant decline in the current portion of ERO was due to the approval of the Susan Lake closure plan and the settlement agreement with Syncrude which is discussed above in the Segmented reporting section of this MD&A, and due to required environmental rehabilitation work at Susan Lake being completed in the first half of 2019.

The Corporation's sources of liquidity as at December 31, 2019 were cash, accounts receivable and the Corporation's credit facility with CWB. Management believes it is able to generate sufficient amounts of cash to meet its commitments, support operations, finance capital expenditures and support growth strategies. The Corporation's capital expenditures may be funded by working capital, cash flows from operations and proceeds from debt and equity offerings.

The Corporation manages its capital structure and makes adjustments to it for market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Corporation may adjust capital spending, issue new shares, issue new debt, repay existing debt or enter into other credit arrangements.

AVAILABLE CREDIT FACILITIES

On January 29, 2020 the Corporation entered into an arrangement with Canadian Western Bank ("CWB") whereby $1,500,000 was advanced to the Corporation by CWB for working capital purposes. Interest charged on the advance is 5.4% per annum calculated daily and compounded and payable monthly beginning on February 20, 2020. The first three installments are interest only with the final thirty-two installments being $49,021.85 each until December 31, 2022. Security for the advance includes a General Security Agreement which provides a first security interest in all specific serial numbered assets and all present and after acquired property, a full liability guarantee from AMI Silica and AMI RockChain in favor of CWB. The Corporation is not subject to any covenants as part of the current credit facility with CWB.

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, 2019	December 31, 2018
Susan Lake Pit	$ 228,540	$ 603,000
Poplar Creek Site, storage yard	180,000	180,000
Poplar Creek pit	-	500,000
Emerson pit	75,240	-
Coffey Lake reclamation	296,520	-
Coffey Lake performance bond	500,000	-
Coffey Lake right of way	100,000	-
	$ 1,380,300	$ 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.

COMMITMENTS

As at December 31, 2019, AMI had three lease obligations under lease facilities totaling $0.18 million (December 31, 2018: $0.03 million).

Finance Leases	Interest Rate	Monthly / Quarterly * Instalments	As at December 31, 2019	December 31, 2018
VETS Group Ltd. Edmonton Office Lease, due Jan 31, 2022	3.680%	Variable	141,952	-
Xerox Photocopier Lease, due May 19, 2024	3.680%	816 *	13,623	-
Jim Peplinski Leasing, due Feb 28, 2020	3.680%	1,230	24,315	-
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
			179,890	29,284
Current portion - principal due within one year			(93,685)	(29,284)
			$ 86,205	$ -

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

January 1, 2020 to December 31, 2020	98,276
January 1, 2021 to December 31, 2021	80,164
January 1, 2022 to December 31, 2022	3,264
January 1, 2023 to December 31, 2023	3,264
January 1, 2024 to December 31, 2024	1,801
	186,769
Less: interest included in payments above	6,879
Lease principal outstanding, December 31, 2019	$ 179,890

In the year ended December 31, 2019, the Corporation agreed to new lease obligations of $171,729 for the new Edmonton office location and a photocopier. Total interest expense on the lease obligations for the year ended December 31, 2019 was $3,292 (2018: $8,464).

SHARE CAPITAL

As of December 31, 2019, the authorized share capital of the Corporation consisted of an unlimited number of common voting shares with no par value, and preferred shares issuable in series. As of December 31, 2019, the Corporation had 45,326,440 (December 31, 2018: 40,240,606) common shares outstanding. As of the date of filing this MD&A the outstanding share capital is 47,550,554 common shares, which includes payment using shares for fees and commissions related to the Shell Offtake Agreement. The Corporation did not declare or pay dividends during the years ended December 31, 2019 or December 31, 2018.

RELATED PARTY TRANSACTIONS

All related party transactions during the year ended December 31, 2019 were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. Refer to note 18 of the Audited Consolidated Financial Statements for disclosure with respect to related party transactions.

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

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 values of the long-term deposits are not materially different from their carrying value. The share purchase options for both the Duvernay and the Montney Projects were valued at $nil as at December 31, 2019. The total amount of the unrealized loss on these share purchase options included in non-operating income for the year ended December 31, 2019 is $183,792 (2018: $nil). The deferred share unit liability and the share purchase options are the only financial instruments measured at fair value on a recurring basis.

For further information regarding the Corporation's financial instruments and how the Corporation manages the risk associated with the instruments refer to note 20 in the Audited Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

Outlined below are some of the Corporation's significant business risks. See also the risks and risk factors set out in the Corporation's annual information form dated January 10, 2020 and filed on SEDAR at www.sedar.com.

COVID-19
The Corporation faces risks related to health epidemics and other outbreaks of communicable diseases, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions.

The Corporation's business could be adversely impacted by the effects of the coronavirus or other epidemics. In December 2019, a novel strain of the coronavirus emerged in China and the virus has now spread to several other countries, including Canada and the U.S., and infections have been reported globally. The extent to which the coronavirus impacts the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of the coronavirus globally could materially and adversely impact the Corporation's business including without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, restrictions to its drill program and/or the timing to process drill and other metallurgical testing, and other factors that will depend on future developments beyond the Corporation's control, which may have a material and adverse effect on its business, financial condition and results of operations. The Corporation will continue to monitor and stay informed of the progress of the pandemic and is taking action wherever and whenever possible to mitigate the impact of the pandemic on the staff and operations of the Corporation.

Economic Cyclicality of the Energy Industry
The aggregates business is directly affected by fluctuations in the level of oil and natural gas exploration, development, production and decommissioning activities carried on by its customers in the energy industry, which in turn is dictated by numerous factors, including world energy prices and government policies. Additionally, the business risks also include but are not limited to: seasonality; availability of skilled workers; ability to retain key customers; and the environmental and safety risks inherent in the business.

The demand, pricing and terms for the Corporation's products and services largely depend upon the level of oil and natural gas exploration and development activity. Industry conditions are influenced by numerous factors that the Corporation has no control over, including but not limited to: oil and natural gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining production; the discovery rates of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; certain regional weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and natural gas producing companies to raise equity capital or debt financing.

The aggregates sector is highly reliant on the level of capital expenditures made by energy companies who base their capital expenditure decisions on several factors, including but not limited to oil and natural gas prices, production levels, availability of export capacity and access to capital. Commodity prices, and therefore, the level of drilling, production and exploration activity have been volatile. A prolonged, substantial reduction in commodity prices negatively affects the activity levels of energy companies and the demand for the Corporation's services. A significant, prolonged decline in commodity prices could have a material adverse effect on the aggregates sector, aggregates pricing, the Corporation's business, results of operations, cash flows and financial condition.

The price of labor, fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and international, national and regional economic conditions are factors over which the Corporation has little or no control. A significant increase in fuel prices, equipment prices, employee wages and other input prices, interest rates, currency exchange rates or insurance costs could reduce profitability and could adversely affect the Corporation's cash flow and financial condition. The Corporation cannot predict the impact of future economic conditions and there is no assurance that the operations of the Corporation will continue to be profitable.

Commodity Risk
The Corporation's aggregates, including silica sand, are commodities, and as such there is commodity pricing risks in a competitive market.

Environmental & Regulatory
Environmental and Regulatory legislation is becoming increasingly stringent and time-consuming. Costs, expenses and approval periods associated with regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's projects or operations could affect financial performance. Restrictions such as those relating to wildlife habitat can adversely affect the timing and scope of exploration and development activities or introduce production constraints.

Conditions of Equity Markets
The Corporation's on-going ability to finance exploration and development can be affected by, among other things, conditions of the equity market.

Access to Capital
The Corporation's access to capital for planned and future projects, including debt and equity financing, is subject to risk related to the amount capital required, market conditions, and timing.

Risk of Delays to Projects & Stakeholder Management
The development of resource projects may be subject to unexpected problems or delays due to a variety of stakeholder management factors, which in turn can delay or postpone the profitability expected from these ventures.

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

Loss of Key Personnel
The Corporation relies on certain key employees whose skills and knowledge are critical to maintaining its success. Loss of key personnel is an inherent risk. Athabasca strives to retain key employees with competitive compensation, including incentive-based programs.

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.

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.

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 a given project. Athabasca's past and future decisions to acquire, develop, and operate resource properties for production are based on estimates in relation to expected or anticipated 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. Actual cash operating costs, production and economic returns may vary from those anticipated by original project development estimates.

Reclamation & Remediation Obligations
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 estimates made by the Corporation for reclamation obligations could vary significantly due to potential changes in regulatory requirements and/or contractor rates and services prior to the actual commencement of reclamation work.

Estimation of Resource Reserves
The Corporation has a risk that actual reserves in place on its properties can vary from geological estimates of such reserves and resources.

Health, Safety & Environment ("HSE") Operational risks
Any major HSE operational incident in the future could significantly impact production, productivity, corporate reputation, or cause disruption to operations.

Cyber Security Risk
The Corporation's business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable cyber security measures, including third party

surveillance, to safeguard against potential cyber-attacks. However, if a cyber security event occurred, and the Corporation's systems were detrimentally affected in a way that information systems cannot be recovered or re-instated in a timely manner, this could impact business operations, payment or financial collection.

Litigation

The risk of unknown future claims against the Corporation in excess of the Corporation's commercial general liability coverage could materially affect the Corporation's future operations.

IMPACT OF NEW ACCOUNTING STANDARDS

Standards adopted

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 statements 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.

Additional information on the impact of adopting IFRS 16 is disclosed in note 3 of the Audited Consolidated Financial Statements.

SIGNIFICANT MANAGEMENT ESTIMATES

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

The most significant accounting estimates and judgements used in the preparation of the Corporation's Audited Consolidated Financial Statements are included in note 2 of the Audited Consolidated Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's accounting policies are included in note 3 of the Audited Consolidated Financial Statements, which is updated for the impact of the new accounting standard described above.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the year ended December 31, 2019 at the Board of Directors meeting on April 16, 2020.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings, TSX Venture Exchange 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, 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 year ended December 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.