Athabasca MINERALS INC.

THREE MONTHS ENDED MARCH 31, 2020

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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Interim Condensed Consolidated Statements of Financial Position (Unaudited)

	Notes	As at March 31, 2020		As at December 31, 2019	
ASSETS					
Current					
Cash		$	**1,735,810**	$	1,995,280
Trade and other receivables	3, 18		**1,132,907**		1,011,903
Inventory	4		**1,112,475**		1,112,475
Prepaid expenses and deposits			**78,151**		115,582
Share purchase options	18		**-**		-
Current Assets			**4,059,343**		4,235,240
Long-term deposits	5		**780,962**		803,288
Restricted cash	6		**1,835,128**		1,761,470
Contract assets	7		**2,220,295**		392,879
Property and equipment	8		**911,664**		982,306
Right-of-use assets	9		**350,065**		175,414
Resource properties	10		**6,711,351**		6,288,436
Investments in associates	11		**3,614,043**		3,633,427
Total Assets		$	**20,482,851**	$	18,272,460
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current					
Accounts payable and accrued liabilities	18	$	**1,622,655**	$	1,348,550
Current portion of bank loan	12		**348,230**		-
Current portion of lease obligations	13		**159,688**		93,685
Current portion of environmental rehabilitation obligations	14		**16,904**		16,693
Current Liabilities			**2,147,477**		1,458,928
Bank loan	12		**1,151,770**		-
Lease obligations	13		**189,111**		86,205
Environmental rehabilitation obligations	14		**2,952,541**		2,455,513
Total Liabilities			**6,440,899**		4,000,646
Shareholders' Equity					
Share capital	15		**17,260,023**		16,734,732
Contributed surplus			**5,024,679**		4,964,152
Deficit			**(8,242,750)**		(7,427,070)
Total Shareholders' Equity			**14,041,952**		14,271,814
Total Liabilities and Shareholders' Equity		$	**20,482,851**	$	18,272,460

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Approved by the Board of Directors

" Don Paulencu " — Director

"Terrance Kutryk" — Director

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

	Notes	Three months ended March 31, 2020	2019
Aggregate sales revenue	21	$ 489,018	$ -
Management services revenue, net of royalties	21	270,572	433,635
Revenue		759,590	433,635
Operating costs		(617,316)	(504,978)
Depreciation, depletion, and amortization expense	8, 9	(100,845)	(61,192)
Cost of sales		(718,161)	(566,170)
Gross profit (loss)		41,429	(132,535)
General and administrative expenses		(738,882)	(821,842)
Share of loss from associates	11	(19,384)	(25,429)
Share-based compensation expense	15	(102,563)	(53,923)
Other operating expenses	20	(78,491)	(147,700)
Operating loss		(897,891)	(1,181,429)
Finance costs on lease obligations	13, 20	(2,680)	(443)
Other non-operating income	20	77,619	105,944
Interest income		7,272	20,794
Loss before income taxes		(815,680)	(1,055,134)
Income tax (expense) recovery		-	(1,825)
Total loss and comprehensive loss		$ (815,680)	$ (1,056,959)
Loss per common share - basic	15	$ (0.018)	$ (0.026)
Loss per common share - diluted	15	$ (0.018)	$ (0.026)
Weighted average number of shares outstanding	15	46,313,182	40,543,939

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

	Notes	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance as at December 31, 2018, as previously stated		40,240,606	$ 14,465,325	$ 4,908,045	$ (4,701,467)	$ 14,671,903
Adjustment on initial application of IFRS 16, net of tax of $1,825		-	-	-	(4,935)	(4,935)
Adjusted balance as at January 1, 2019		**40,240,606**	**$ 14,465,325**	**$ 4,908,045**	**$ (4,706,402)**	**$ 14,666,968**
Shares issued in purchase of investment	11	420,000	$ 105,000	$ -	$ -	$ 105,000
Share-based compensation	15	-	-	53,923	-	53,923
Total loss and comprehensive loss for the period		-	-	-	(1,056,959)	(1,056,959)
Balance as at March 31, 2019		**40,660,606**	**$ 14,570,325**	**$ 4,961,968**	**$ (5,763,361)**	**$ 13,768,932**
Shares issued in purchase of investment	11	1,680,000	$ 1,024,800	$ -	$ -	$ 1,024,800
Share-based compensation	15	-	-	233,001	-	233,001
Stock options exercised	15	998,334	347,484	(131,442)	-	216,042
Warrants exercised	15	1,987,500	795,000	(99,375)	-	695,625
Share issuance costs, net of tax of $nil	15	-	(2,877)	-	-	(2,877)
Total loss and comprehensive loss for the period		-	-	-	(1,663,709)	(1,663,709)
Balance as at December 31, 2019		**45,326,440**	**$ 16,734,732**	**$ 4,964,152**	**$ (7,427,070)**	**$ 14,271,814**
Shares issued	15	2,174,104	$ 511,636	$ -	$ -	$ 511,636
Share-based compensation	15	-	-	65,682	-	65,682
Stock options exercised	15	50,000	13,655	(5,155)	-	8,500
Total loss and comprehensive loss for the period		-	-	-	(815,680)	(815,680)
Balance as at March 31, 2020		**47,550,544**	**$ 17,260,023**	**$ 5,024,679**	**$ (8,242,750)**	**$ 14,041,952**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Athabasca MINERALS INC.

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

	Notes	Three months ended March 31, 2020	2019
OPERATING ACTIVITIES			
Receipts from customers		$ 771,900	$ 1,595,189
Payments to suppliers		(511,397)	(720,565)
Payments to employees		(614,208)	(733,508)
Interest received		7,275	20,794
Finance costs paid		(2,680)	(443)
Net cash (used in) generated from operating activities		(349,110)	161,467
INVESTING ACTIVITIES			
Long-term deposits	5	22,326	(730)
Restricted cash	6	(73,658)	375,307
Spending on contract assets	7	(1,330,757)	-
Purchase of property and equipment	8	-	(3,525)
Spending on resource properties	10	(826)	(36,636)
Consideration paid for interest in associate	11	-	(280,000)
Net cash (used in) generated from investing activities		(1,382,915)	54,416
FINANCING ACTIVITIES			
New financing from bank loan	12	1,500,000	-
Repayment of lease obligations	13	(35,945)	(18,013)
Proceeds from exercise of stock options	15	8,500	-
Net cash generated from (used in) financing activities		1,472,555	(18,013)
Net change in cash		(259,470)	197,870
Cash, beginning of period		1,995,280	5,078,537
Cash, end of period		$ 1,735,810	$ 5,276,407

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Note 1 - Nature of Business

Athabasca Minerals Inc. (the "Corporation") is a public corporation incorporated under the Business Corporations Act (Alberta) and its shares are listed on the TSX Venture Exchange under the symbol AMI-V (formerly ABM-V). The Corporation's head office is 4409 – 94 Street NW., Edmonton, Alberta, Canada T6E 6T7.

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 AMI RockChain Inc. ("AMI RockChain") (previously Aggregates Marketing Inc.), 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 also the joint venture owner of the Montney In-Basin and Duvernay 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 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.

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020 were approved and authorized for issue by the Board of Directors on May 21, 2020.

Note 2 - Basis of Presentation

a) Statement of Compliance

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2020, including comparatives, were prepared in accordance with IAS 34 International Accounting Standard – "Interim Financial Reporting" (IAS 34) as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") have been condensed or omitted.

The significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2019, and should be read in conjunction with those audited annual consolidated financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

Note 2 - Basis of Presentation – continued

b) Basis of Presentation

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis.

These unaudited interim condensed consolidated financial statements have been prepared using accounting policies in effect as of December 31, 2019.

These unaudited interim condensed consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries AMI RockChain Inc., which was incorporated on March 19, 2018 and AMI Silica Inc., which was incorporated on May 30, 2018 (the "subsidiaries"). The Corporation also holds a 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin silica sand project (Note 11) and a 49.6% ownership interest in a private Alberta corporation that holds the Duvernay silica sand project in Alberta (Note 11). These interests are accounted for using the equity method.

The assets, liabilities, equity, income, expenses, and cash flows of the Corporation and its wholly-owned subsidiaries to the date of these interim consolidated financial statements have been combined and any intercompany investments and transactions have been eliminated upon consolidation. Uniform accounting policies are used by all entities. All transactions in the subsidiaries are reflected in these consolidated financial statements.

New Joint Venture Agreement ("Buckhorn Quarry Joint-Venture")
In February 2020, AMI finalized a joint venture agreement with another entity to jointly share ownership of a new entity in Ontario, Canada. The purpose of the new entity is to develop a limestone quarry near Peterborough, Ontario.

AMI spent $5,094 on this project in the three months ended March 31, 2020. The amount spent by AMI has been recorded as part of operating costs on the statement of loss and comprehensive loss. Management will review the accounting treatment of AMI's ownership interest in this new entity during 2020, as activity within the entity becomes more significant. This review will include the determination of control in accordance with IFRS 10 and whether the entity meets the definitions of a joint arrangement within IFRS 11. As part of this review, management will also consider the accounting treatment of any related expenditures incurred by AMI.

c) Functional and Presentation Currency

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars which is the functional currency of the Corporation and its subsidiaries.

d) Reclassification of Prior Year Amounts

Certain prior year amounts have been reclassified for consistency with current year presentation.

e) Recent Accounting Pronouncements

Standards adopted

The accounting policies applied in these unaudited interim condensed consolidated financial statements are the same as those applied in the December 31, 2019 audited consolidated financial statements.

Note 3 – Accounts Receivable

Trade and other receivables are non-interest bearing and are carried at amortized cost, and impaired using the simplified approach which records impairment at the lifetime expected credit losses.

Note 4 – Inventory

Inventory with a production cost of approximately $457,499 was sold and is included in operating costs for the three months ended March 31, 2020 (March 31, 2019: $nil). These were networked sales with third-parties via AMI RockChain.

The inventory balance of $1,112,475 is unchanged from December 31, 2019 as all sales in the three months ended March 31, 2020 were networked third-party sales. As at March 31, 2020, inventory consists of $264,180 of unprocessed gravel and $848,295 of crushed gravel.

Note 5 – Long-term Deposits

	Notes	As at March 31, 2020	As at December 31, 2019
Security deposits on gravel leases		$ **642,862**	$ 665,188
Security deposits on miscellaneous leases		**106,520**	106,520
		749,382	771,708
Security deposits on exploration leases		**31,580**	31,580
		$ **780,962**	$ 803,288

Note 6 – Restricted Cash

	Notes	As at March 31, 2020	As at December 31, 2019
Funds on deposit			
Poplar Creek site		$ **300,000**	$ 300,000
House River pit		**57,369**	56,406
Guaranteed investment certificates for letters of credit			
Susan Lake pit		**230,705**	228,540
Poplar Creek Site, storage yard		**180,000**	183,600
Emerson pit		**76,004**	76,004
Coffey Lake reclamation		**296,520**	296,520
Coffey Lake indusrial miscellaneous lease		**74,130**	-
Coffey Lake performance bond		**500,000**	500,000
Coffey Lake right of way		**100,000**	100,000
Credit card facility		**20,400**	20,400
		$ **1,835,128**	$ 1,761,470

The Corporation has placed funds on deposit to be applied toward the costs of reclamation for the Poplar Creek site and the House River pit. The balance as at March 31, 2020 is $357,369 (as at December 31, 2019: $356,406).

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates as at March 31, 2020 in the amount of $1,457,359 (December 31, 2019: $1,384,664). This amount now includes $896,520 put in place in December 2019 as well as $74,130 put in place in March 2020 towards the new Coffey Lake public pit. See Note 14 for the amount of the reclamation liability for the Coffey Lake public pit as at March 31, 2020.

Note 7 – Contract Assets

	As at	
	March 31, 2020	December 31, 2019
	Costs	Costs
Coffey Lake	**$ 1,386,227**	$ 392,879
Duvernay Frac Sand Project offtake agreement	**834,068**	-
	$ 2,220,295	$ 392,879

<u>Coffey Lake</u>

The Coffey Lake contract was awarded to the Corporation on February 21, 2019 and began operations on March 21, 2020. It is a 15-year contract with the Government of Alberta to construct, operate and manage the Coffey Lake Public Pit north of Fort McMurray, Alberta. The costs included in the Coffey Lake contract asset were spent to enable the Corporation to prepare the site for operations. These costs are expected to be recovered through the receipt of fixed volume-based pit management fees from customers, net of Government royalties.

During the three months ended March 31, 2020, the Corporation spent $996,689 on the Coffey Lake contract asset (December 31, 2019: $392,879).

The contract asset will be amortized based on actual volume sales as a proportion of the estimated economically recoverable resource (units of production method). For the three months ended March 31, 2020, the Corporation recorded amortization of $3,341 on the Coffey Lake contract asset (December 31, 2019: $nil).

<u>Duvernay Frac Sand Project offtake agreement</u>

In the three months ended March 31, 2020, the Corporation signed an off-take agreement with Shell Canada Energy for frac-sand from the Duvernay site. The offtake agreement, which includes certain take-or-pay provisions, carries a five-year term with two mutually acceptable and separate one-year extensions beginning on the later of mid-2021 or 30 days after the Duvernay facility has been commissioned. The offtake agreement allows Shell to procure a minimum volume over five years or up to an annual maximum of frac sand that represents the majority of the Duvernay site's stated capacity.

The Corporation incurred costs of $834,068 in the three months ended March 31, 2020 (December 31, 2019: $nil) to secure the Duvernay offtake agreement. These costs include $500,000 in AMI's common shares issued to the Corporation's advisors as well as cash payments of $334,068. An additional $165,932 will be paid in the second quarter of 2020 for a total expected cost of $1,000,000.

The contract asset will be amortized over the life of the Duvernay frac sand project based on actual volume sales as a proportion of the estimated economically recoverable resources (units of production method).

Note 8 – Property and Equipment

	Stockpile pad	Crushing equipment	Equipment	On-site buildings	Office complex	Scales and scale houses	Total
Cost:							
December 31, 2018	**$ 262,104**	**$ -**	**$ 4,405,103**	**$ 275,593**	**$ 104,162**	**$ 579,577**	**$ 5,626,539**
Additions	-	-	51,372	-	-	-	51,372
Disposals	-	-	(23,885)	(80,492)	-	(52,386)	(156,763)
Impairment	-	-	(32,991)	-	-	(3,303)	(36,294)
December 31, 2019	**$ 262,104**	**$ -**	**$ 4,399,599**	**$ 195,101**	**$ 104,162**	**$ 523,888**	**$ 5,484,854**
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
March 31, 2020	**$ 262,104**	**$ -**	**$ 4,399,599**	**$ 195,101**	**$ 104,162**	**$ 523,888**	**$ 5,484,854**
Accumulated Depreciation:							
December 31, 2018	**$ 178,951**	**$ -**	**$ 3,314,983**	**$ 264,349**	**$ 104,162**	**$ 470,873**	**$ 4,333,318**
Additions	52,421	-	237,266	3,037	-	30,119	322,843
Disposals	-	-	(20,735)	(80,492)	-	(52,386)	(153,613)
December 31, 2019	**$ 231,372**	**$ -**	**$ 3,531,514**	**$ 186,894**	**$ 104,162**	**$ 448,606**	**$ 4,502,548**
Additions	13,171	-	51,414	729	-	5,328	70,642
Disposals	-	-	-	-	-	-	-
March 31, 2020	**$ 244,543**	**$ -**	**$ 3,582,928**	**$ 187,623**	**$ 104,162**	**$ 453,934**	**$ 4,573,190**
Net book value:							
December 31, 2018	$ 83,153	$ -	$ 1,090,120	$ 11,244	$ -	$ 108,704	$ 1,293,221
December 31, 2019	$ 30,732	$ -	$ 868,085	$ 8,207	$ -	$ 75,282	$ 982,306
March 31, 2020	**$ 17,561**	**$ -**	**$ 816,671**	**$ 7,478**	**$ -**	**$ 69,954**	**$ 911,664**

Depreciation expense for the following periods:

		Total
Three months ended March 31, 2019 depreciation to statement of loss and comprehensive loss		$ 61,192
Three months ended March 31, 2019 depreciation to repayment of environmental rehabilitation obligations	Note 14	$ 20,827
Three months ended March 31, 2020 depreciation to statement of loss and comprehensive loss		**$ 70,642**
Three months ended March 31, 2020 depreciation to repayment of environmental rehabilitation obligations	**Note 14**	**$ -**

During the three months ended March 31, 2020, management recorded no impairment loss on assets.

During the year ended December 31, 2019, management identified specific property and equipment assets being carried at an amount above the assets' recoverable amount, resulting in the recognition of an impairment loss of $36,294 included in other operating expenses. This includes a provision for damage and vandalism on equipment at the Corporation's corporate owned pits of $25,000. An impairment of $11,294 was taken in the second quarter of 2019 on 10 pieces of small equipment that were stolen during the period.

During the three months ended March 31, 2020, management did not sell any property and equipment.

During the year ended December 31, 2019, the Corporation sold property and equipment with a carrying amount of $3,150 for net proceeds of $6,700, which resulted in a gain of $3,550.

Note 9 – Right-of-use Assets

	Notes	Truck lease asset	Calgary office lease asset	Edmonton office lease asset	Xerox Photocopier lease asset	Total
Cost:						
December 31, 2018, as previously stated		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Adjustment on initial application of IFRS 16		$ 73,823	$ -	$ -	$ -	$ 73,823
Adjusted balance as at January 1, 2019		**$ 73,823**	**$ -**	**$ -**	**$ -**	**$ 73,823**
Additions		-	-	168,613	15,116	$ 183,729
Disposals		-	-	-	-	$ -
December 31, 2019		**$ 73,823**	**$ -**	**$ 168,613**	**$ 15,116**	**$ 257,552**
Additions		-	204,854	-	-	$ 204,854
Disposals		-	-	-	-	$ -
March 31, 2020		**$ 73,823**	**$ 204,854**	**$ 168,613**	**$ 15,116**	**$ 462,406**
Accumulated Depreciation:						
December 31, 2018, as previously stated		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Adjustment on initial application of IFRS 16		$ 42,609	$ -	$ -	$ -	$ 42,609
Adjusted balance as at January 1, 2019		**$ 42,609**	**$ -**	**$ -**	**$ -**	**$ 42,609**
Additions		12,286	-	26,099	1,144	$ 39,529
Disposals		-	-	-	-	$ -
December 31, 2019		**$ 54,895**	**$ -**	**$ 26,099**	**$ 1,144**	**$ 82,138**
Additions		933	11,381	17,133	756	$ 30,203
Disposals		-	-	-	-	$ -
March 31, 2020		**$ 55,828**	**$ 11,381**	**$ 43,232**	**$ 1,900**	**$ 112,341**
Net book value:						
December 31, 2019		**$ 18,928**	**$ -**	**$ 142,514**	**$ 13,972**	**$ 175,414**
March 31, 2020		**$ 17,995**	**$ 193,473**	**$ 125,381**	**$ 13,216**	**$ 350,065**

The right-of-use asset amount added upon the application of IFRS 16 on January 1, 2019 with a cost of $73,823 and accumulated depreciation of $42,609 for a net book value of $31,214 was for an asset that was not previously included in property and equipment as it was previously treated as an operating lease commitment.

During the three months ended March 31, 2020, the Corporation acquired one new right-of-use asset for the new Calgary office lease at a cost of $204,854. These assets also include a lease obligation of $204,854 (see Note 13).

These right-of-use assets are being depreciated over the expected life of each asset in accordance with the Corporation's accounting policies under the newly adopted accounting standard, IFRS 16.

Note 10 – Resource Properties

	As at	
	March 31, 2020	**December 31, 2019**
Exploration costs	**$ 1,385,917**	$ 1,385,917
Pit development costs	**3,100,249**	3,099,423
Environmental rehabilitation obligation assets	**1,946,933**	1,522,064
Other costs	**278,252**	281,032
	$ 6,711,351	$ 6,288,436

Note 10 – Resource Properties – continued

Exploration and Pit Development Costs

The exploration and pit development costs have been incurred across the Corporation's various operations and development projects which are primarily located in the Fort McMurray area of Northern Alberta.

The following table summarizes the exploration costs:

	Richardson	Hinton	Steepbanks	All Other Projects	Total
Cumulative Exploration Cost at December 31, 2018	$ 1,090,906	$ 95,117	$ 105,476	$ 38,130	$ 1,329,629
Spending	39,515	16,773	-	-	56,288
Cumulative Exploration Costs at December 31, 2019	**$ 1,130,421**	**$ 111,890**	**$ 105,476**	**$ 38,130**	**$ 1,385,917**
Spending	-	-	-	-	-
Cumulative Exploration Costs at March 31, 2020	**$ 1,130,421**	**$ 111,890**	**$ 105,476**	**$ 38,130**	**$ 1,385,917**

During the three months ended March 31, 2020, the Corporation spent $nil to advance the exploration projects (year ended December 31, 2019: $56,288).

The following table summarizes the pit development costs:

	Firebag	Kearl	Logan	House River	Pelican Hill	Emerson	Lynton	Total
Cumulative Pit Development Costs at December 31, 2018	$ 1,141,355	$ 1,042,534	$ 490,055	$ 175,266	$ 230,357	$ 491	$ 44	$ 3,080,102
Additions	-	-	-	-	19,321	-	-	19,321
Cumulative Pit Development Costs at December 31, 2019	**$ 1,141,355**	**$ 1,042,534**	**$ 490,055**	**$ 175,266**	**$ 249,678**	**$ 491**	**$ 44**	**$ 3,099,423**
Additions	-	-	266	-	560	-	-	826
Cumulative Pit Development Costs at March 31, 2020	**$ 1,141,355**	**$ 1,042,534**	**$ 490,321**	**$ 175,266**	**$ 250,238**	**$ 491**	**$ 44**	**$ 3,100,249**

During the three months ended March 31, 2020, the Corporation spent $826 on pit development costs (year ended December 31, 2019: $19,321).

Environmental Rehabilitation Obligation ("ERO") Asset

The following summarizes the ERO asset:

	Notes	As at March 31, 2020	As at December 31, 2019
Opening Balance, ERO asset		**1,522,064**	$ 1,510,483
Change in estimate recognized in ERO asset		**221,673**	14,566
Amortization of ERO asset	20	**(3,289)**	(12,562)
Change in discount rate affecting ERO asset		**206,485**	9,577
Closing Balance, ERO Asset		**$ 1,946,933**	$ 1,522,064

The ERO assets pertain to resource properties where the Corporation has the legal and constructive obligation to complete decommissioning, reclamation and restoration costs on the property as discussed in Note 14.

Other Costs

As at March 31, 2020, other costs within resource properties include $278,252 for miscellaneous lease costs and deposits on land (December 31, 2019: $281,032). Amortization of the lease costs in the three months ended March 31, 2020 was $2,780 (March 31, 2019: $2,780).

Note 11 – Investments in Associates

Duvernay Frac Sand Project ("Duvernay Project")
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 at a value of $0.61 per common share for a total purchase price of $1,766,800. This increased the Corporation's ownership interest to 49.6%. This interest is accounted for using the equity method.

The Corporation had the option to purchase the remaining 50.4% of the shares in the private corporation for $8,000,000 for an initial term of one year after the close date of January 25, 2019 ("Option #2"). The Corporation did not exercise the option and it expired on January 25, 2020.

Montney In-Basin Silica Sand Project ("MIB Project")
On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin silica 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. This interest is accounted for using the equity method.

The Corporation has the option to purchase the remaining 50.8% of the shares in the private corporation for $8,000,000 for an initial term of one year after the close date. This option was extended for a term of up to 6 months after a NI 43-101 compliant technical report is filed, something which has not yet occurred.

The following summarizes the investments in associates:

	As at					
	March 31, 2020			December 31, 2019		
	Montney in-basin project	Duvernay project	Total	Montney in-basin project	Duvernay project	Total
Investment in associate, beginning of period	$ 1,585,337	$ 2,048,090	$ **3,633,427**	$ 1,646,151	$ -	$ **1,646,151**
Additions:						
Cash consideration for original purchase	-	-	**-**	$ -	$ 280,000	**280,000**
Share consideration for original purchase	-	-	**-**	$ -	$ 105,000	**105,000**
Cash consideration for option exercised	-	-	**-**	$ -	$ 742,000	**742,000**
Share consideration for option exercised	-	-	**-**	$ -	$ 1,024,800	**1,024,800**
	1,585,337	2,048,090	**3,633,427**	$ 1,646,151	$ 2,151,800	**3,797,951**
Purchase price allocated to share purchase options on transaction date	-	-	**-**	$ -	$ (59,641)	**(59,641)**
	1,585,337	2,048,090	**3,633,427**	$ 1,646,151	$ 2,092,159	**3,738,310**
Corporation's ownership interest	49.2%	49.6%		49.2%	49.6%	
Corporation's share of associate's net loss for the period	(7,992)	(11,392)	**(19,384)**	(60,814)	(44,069)	**(104,883)**
Investments in associates, end of period	1,577,345	2,036,698	**3,614,043**	$ 1,585,337	$ 2,048,090	$ **3,633,427**

Note 12 – Bank loan and credit facility

On July 4, 2018, the Corporation entered into a credit facility with Canadian Western Bank ("CWB") which included a letter of credit facility for up to $1,351,760 and a credit card facility for up to $50,000. Each letter of credit costs the Corporation an annual fee of 1.50%. On December 9, 2019, the letter of credit facility was increased to a maximum available amount of $1,458,240.

Security under the CWB facility is 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.

The Corporation is in compliance with all covenants and capital spending requirements as part of this credit facility.

Bank Loan
On January 28, 2020, the Corporation amended the credit facility with CWB to add a bank loan for $1,500,000 to help fund the development of the Coffey Lake public pit.

			As at	
	Interest Rate	Monthly Payments	March 31, 2020	December 31, 2019
CWB Bank Loan Facility, due April 30, 2023	5.40%	$ 49,021.85	$ 1,500,000	$ -
			1,500,000	-
Current portion - principal due within one year			(348,230)	-
			$ 1,151,770	$ -

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

April 1, 2020 - March 31, 2021	$ 418,674
April 1, 2021 - March 31, 2022	$ 588,262
April 1, 2022 - March 31, 2023	$ 588,262
April 1, 2023 - March 31, 2024	$ 49,022
April 1, 2024 - March 31, 2025	$ -
	1,644,220
Less: interest included in payments above	144,220
Bank loan principal outstanding, March 31, 2020	$ 1,500,000

The term of the bank loan is thirty-nine months with thirty-three monthly loan payments of $49,022 starting in August 2020, after six months of interest only payments. The bank loan was originally for 3 years, but CWB added three months of interest only payments from May 2020 to July 2020 and extended the term of the loan by three months due to the economic uncertainty in Alberta and around the world due to the COVID-19 pandemic. The interest rate on the bank loan is 5.4%.

The security for the bank loan is part of the same general security agreement that was put in place when the credit facility with CWB was established in July 2018. The bank loan is also guaranteed by the Corporation's subsidiaries, AMI RockChain and AMI Silica. There are no new financial covenants added to the credit facility as a result of this new bank loan.

The first two interest only payments in February 2020 and March 2020 totalling $13,537 have been capitalized to the Coffey Lake contract asset.

Note 12 – Bank loan and credit facility - continued

Letter of Credit/Guarantee Facility
As of March 31, 2020, the Corporation has issued letters of credit in the amounts of $1,356,595 in favour of the Government of Alberta. The Corporation has also issued a letter of credit to Imperial Oil for $100,000 for a right of way at the Coffey Lake site (December 31, 2019: $100,000). These letters of credit are secured by guaranteed investment certificates (See Note 6).

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

	As at	
	March 31, 2020	December 31, 2019
Susan Lake Pit	$ 230,705	$ 228,540
Poplar Creek Site, storage yard	180,000	180,000
Emerson pit	75,240	75,240
Coffey Lake reclamation	296,520	296,520
Coffey Lake industrial miscellaneous lease	74,130	-
Coffey Lake performance bond	500,000	500,000
	$ 1,356,595	$ 1,280,300

Credit Card Facility
The Corporation has access to a corporate credit card facility, up to a maximum of $20,000 (December 31, 2019: $20,000). The Corporation has secured its corporate credit card facility with a guaranteed investment certificate of $20,400 (See Note 6).

Note 13 – Lease Obligations

The Corporation's lease obligations and future minimum lease obligations are summarized in the following table. The assets are also included as right-of-use assets under the newly adopted accounting standard IFRS 16 (see Note 9).

			As at	
			March 31, 2020	December 31, 2019
Finance Leases	**Interest Rate**	**Monthly / Quarterly * Instalments**		
EDF Trading LLC Calgary office lease, due December 31, 2022	3.680%	Variable	$ **188,057**	$ -
VETS Group Ltd. Edmonton Office Lease, due Jan 31, 2022	3.680%	Variable	**125,944**	141,952
Xerox Photocopier Lease, due May 19, 2024	3.680%	816 *	**12,932**	13,623
Jim Peplinski Leasing, due Feb 28, 2020	3.680%	1,230	**21,866**	24,315
			348,799	179,890
Current portion - principal due within one year			**(159,688)**	(93,685)
			$ **189,111**	$ 86,205

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

April 1, 2020 - March 31, 2021	$ 169,568
April 1, 2021 - March 31, 2022	133,540
April 1, 2022 - March 31, 2023	57,264
April 1, 2023 - March 31, 2024	3,264
April 1, 2024 - March 31, 2025	816
	364,452
Less: interest included in payments above	15,653
Lease loan principal outstanding, March 31, 2020	$ 348,799

In the three months ended March 31, 2020, the Corporation agreed to lease obligations of $204,854 for the new Calgary office location. 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.

Note 13 – Lease Obligations - continued

The lease term for the truck lease with Jim Peplinski leasing has reached the end of its term and the Corporation is still evaluating its options for buying out the asset or re-leasing the residual value of the lease.

The following is a reconciliation of the change in lease obligations of the Corporation:

		Total
Lease obligations as at December 31, 2018	$	29,284
Adjustment on initial application of IFRS 16	$	37,974
Adjusted balance as at January 1, 2019	**$**	**67,258**
Total principal repayments		(18,013)
Lease obligations as at March 31, 2019	**$**	**49,245**
Addition of lease obligations		171,729
Total principal repayments		(41,084)
Lease obligations as at December 31, 2019	**$**	**179,890**
Addition of lease obligations		204,854
Total principal repayments		(35,945)
Lease obligations as at March 31, 2020	**$**	**348,799**

Note 14 – Environmental Rehabilitation Obligations (“ERO”)

The following is a reconciliation of the EROs of the Corporation:

	As at	
	March 31, 2020	December 31, 2019
Opening balance, ERO	**$ 2,472,206**	$ 4,258,139
Change in estimate recognized in ERO asset	**221,673**	14,566
Change in estimate recognized in other operating expenses	**-**	(1,477,011)
Change in discount rate	**206,485**	9,577
Change in discount rate recognized in other operating expenses	**58,584**	4,685
Accretion expense	**10,497**	34,852
Spending on reclamation activities	**-**	(351,309)
Amortization allocated to reclamation spending	**-**	(21,293)
Ending balance, ERO	**2,969,445**	2,472,206
Less: Current portion, EROs to be funded within one year	**(16,904)**	(16,693)
	$ 2,952,541	$ 2,455,513

Provisions for EROs are recognized for mining activities at the Corporate owned pits and the Coffey Lake public pit, as well as estimated costs related to closing out the Susan Lake management contract. The Corporation assesses its provision for EROs on an annual basis or when new material information becomes available. The estimated undiscounted ERO as at March 31, 2020 is $3,184,509 (December 31, 2019: $2,947,973).

Note 14 – Environmental Rehabilitation Obligations ("ERO") - continued

During the three months ended March 31, 2020, the Corporation removed trees and performed groundwork at the new Coffey Lake public pit site. The Corporation has recorded a new ERO liability related to this site for $221,673. During the year ended December 31, 2019, the Corporation reduced the ERO liability by $1,462,445 as a result of receiving approval for the Susan Lake Closure Plan and executing a settlement agreement with Syncrude Canada Ltd.

Total reclamation expense during the three months ended March 31, 2020 was $nil (year ended December 31, 2019: $372,602). Reclamation work performed in 2019 primarily related to activities at Susan Lake as well as Poplar Creek.

The discount rates used by the Corporation are based on the Government of Canada bond yields for periods comparable to the expected timing of reclamation activities at each site. These rates ranged from 0.42% to 1.32% as at March 31, 2020 (December 31, 2019: 1.69% to 1.76%) depending on the expected timing of reclamation activities. The significant decrease in the discount rates used as at March 31, 2020 caused the ERO to increase by $265,069. It is expected that reclamation activities for the Corporate owned pits and Susan Lake will occur between 2020 and 2036 considering the projected production schedules, the timing of reclamation activities included in the Conservation and Reclamation Business Plan, as well as the timing of expiration of the related surface materials lease for each property.

Accretion expense is the expense calculated when updating the present value of the ERO provision. This expense increases the liability based on estimated timing of reclamation activities and the discount rate used in the ERO calculations.

Note 15 – Share Capital

The continuity of the Corporation's outstanding share capital is as follows:

		Three months ended March 31, 2020		Year ended December 31, 2019	
	Notes	Number of Shares	Amount	Number of Shares	Amount
Authorized:					
An unlimited number of:					
Common voting shares with no par value					
Preferred shares, issuable in series					
Issued and outstanding, beginning of period		**45,326,440**	**$ 16,734,732**	40,240,606	$ 14,465,325
Shares issued in purchase of investment	11	-	-	2,100,000	1,129,800
Shares issued to contractors/consultants	7	**2,174,104**	**511,636**	-	-
Common share issuance costs		-	-	-	(2,877)
Warrants exercised		-	-	1,987,500	795,000
Stock options exercised		**50,000**	**13,655**	998,334	347,484
Issued and outstanding, end of period		**47,550,544**	**$ 17,260,023**	45,326,440	$ 16,734,732

During the three months ended March 31, 2020, the Corporation issued shares to two entities who helped secure the Shell offtake agreement for the Duvernay Silica Sand Project. The Corporation issued each entity 1,065,190 common voting shares worth $250,000 on the date of the transaction.

Additionally, the Corporation paid a contractor in common voting shares for services provided. During the three months ended March 31, 2020, the Corporation issued 43,724 common shares as payment of invoices totalling $11,636 (March 31, 2019: $nil).

Note 15 – Share Capital – continued

Stock options

The Corporation has issued options to Directors, Officers, employees and consultants of the Corporation as incentives. The continuity of the Corporation's outstanding stock options is as follows:

	Three months ended March 31, 2020			Year ended December 31, 2019		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of year:	**2,680,000**	**$**	**0.35**	2,555,000	$	0.33
Issued	-		-	1,731,667		0.46
Exercised	**(50,000)**		**0.17**	(998,334)		0.22
Expired or cancelled	**(265,000)**		**0.45**	(608,333)		0.77
Options outstanding, end of year:	**2,365,000**	**$**	**0.34**	2,680,000	$	0.35

Of the 2,365,000 (December 31, 2019: 2,680,000) outstanding stock options, 1,270,001 (December 31, 2019: 1,241,666) options have vested and therefore, were exercisable at March 31, 2020 at a weighted average exercise price of $0.28 per share (December 31, 2019: $0.27 per share).

During the three months ended March 31, 2020, 50,000 options were exercised at a weighted average exercise price of $0.17 per share for total proceeds of $8,500 (year ended December 31, 2019: 998,334 options were exercised at an average share price of $0.48 per share).

During the three months ended March 31, 2020, 265,000 options expired or were cancelled (year ended December 31, 2019: 608,333).

During the three months ended March 31, 2020, no new options were granted to Directors, Officers and employees of the Corporation (year ended December 31, 2019: 1,731,667).

The weighted average remaining contractual life of the outstanding stock options is 3.77 years (December 31, 2019: 4.00 years).

The Corporation's outstanding stock options are as follows:

		As at	
		March 31, 2020	December 31, 2019
Expiry Date	**Exercise Price**		
December 14, 2020	$ 0.30	-	50,000
January 13, 2022	0.24	**195,000**	195,000
April 30, 2023	0.17	**15,000**	65,000
June 4, 2023	0.17	**400,000**	400,000
September 13, 2023	0.30	**100,000**	100,000
November 23, 2023	0.26	**350,000**	380,000
January 9, 2024	0.28	**225,000**	225,000
May 21, 2024	0.57	**75,000**	75,000
May 22, 2024	0.57	**315,000**	315,000
June 24, 2024	0.65	**120,000**	120,000
August 20, 2024	0.64	**70,000**	190,000
December 6, 2024	0.33	**470,000**	520,000
December 19, 2024	0.28	**30,000**	45,000
		2,365,000	2,680,000

Note 15 – Share Capital – continued

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. Pursuant to the stock option plan, options must be exercised within thirty days following termination of employment or cessation of the optionee's position with the Corporation, or such other period established by the Board of Directors, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option may be exercised within one year, subject to the expiry date.

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
December 19, 2019	45,000	$	0.28	Nil	77.9%	1.66%	5 years	$	0.18	19.2%
December 6, 2019	520,000	$	0.33	Nil	77.0%	1.58%	5 years	$	0.21	19.2%
August 20, 2019	220,000	$	0.64	Nil	84.9%	1.19%	5 years	$	0.43	18.8%
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%

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

Options may be exercisable for up to ten years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. The outstanding stock option grants were issued with an exercisable period of five years from the date of grant. Options under the stock option plan are not transferable or assignable.

Warrants

	Three months ended March 31, 2020			Year ended December 31, 2019		
	Number of Warrants		Weighted Average Exercise Price	Number of Warrants		Weighted Average Exercise Price
Warrants outstanding, beginning of period:	**887,500**	**$**	**0.35**	2,875,000	$	0.35
Issued	-		-	-		-
Exercised	-		0.35	(1,987,500)		0.35
Expired or cancelled	-		-	-		-
Warrants outstanding, end of period:	**887,500**	**$**	**0.35**	887,500	$	0.35

Of the 887,500 (December 31, 2019: 887,500) outstanding warrants, 887,500 (December 31, 2019: 887,500) were exercisable at March 31, 2020 at a weighted average exercise price of $0.35 per warrant (December 31, 2019: $0.35 per warrant).

During the three months ended March 31, 2020, no warrants were exercised (year ended December 31, 2019: 1,987,500 warrants were exercised). The weighted average remaining contractual life of the warrants is 0.64 years (December 31, 2019: 0.89 years).

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

Note 15 – Share Capital – continued

Restricted Share Unit (“RSUs”) and Deferred Share Units (“DSUs”)

On April 4, 2019, the Corporation adopted Restricted share unit (“RSU”) and Deferred share unit (“DSU”) plans. No RSUs have been granted yet.

	Three months ended March 31, 2020								Year ended December 31, 2019							
	Number of DSUs		Weighted Average Fair Value		Number of RSUs		Weighted Average Fair Value		Number of DSUs		Weighted Average Fair Value		Number of RSUs		Weighted Average Fair Value	
Outstanding, beginning of year:	**1,329,000**	**$**	**0.06**		**-**	**$**	**-**		-	$	-		-	$	-	
Issued	-		-		-		-		1,449,000		0.06		-		-	
Expired or cancelled	(170,000)		0.06		-		-		(120,000)		0.06		-		-	
Outstanding, end of year:	**1,159,000**	**$**	**0.10**		**-**	**$**	**-**		1,329,000	$	0.06		-	$	-	

During the year ended December 31, 2019, 1,449,000 DSUs were granted to Directors, Officers and employees of the Corporation. DSUs vest 1/3rd on the first, second, and third (annual) anniversary of the date of grant based on continued tenure of the participant.

Of the 1,159,000 (December 31, 2019: 1,329,000) outstanding DSUs as at March 31, 2020, nil (December 31, 2019: nil) DSUs have vested.

During the three months ended March 31, 2020, 170,000 DSUs were forfeited due to the departure of the participant (December 31, 2019: 120,000).

The fair value of the DSU liability as at March 31, 2020 is $114,402 (December 31, 2019: $77,521), which is based on the closing price of the Corporation's shares on the TSX Venture Exchange and an expected forfeiture rate of 18.8%. This liability is included in accounts payable and accrued liabilities in the consolidated statements of financial position. Any change to the fair value of the liability is included in share-based compensation expense in the consolidated statements of income (loss) and comprehensive income (loss).

The value of the vested DSUs are redeemable by the participant following resignation, retirement, or death. The fair value of the DSUs redeemed is equal to the market price of the Corporation’s shares and are payable in the form of cash, less applicable withholding taxes.

The stock option, RSU, and DSU plans provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the TSX Venture Exchange.

Share-based compensation expense is comprised of the following:

	Three months ended March 31,			
		2020		2019
Stock options	**$**	**65,682**	$	53,923
Deferred share units	**$**	**36,881**		-
Share-based compensation expense	**$**	**102,563**	$	53,923

Share-based compensation expense in the consolidated statements of loss and comprehensive loss for the three months ended March 31, 2020 includes $21,549 to Directors (three months ended March 31, 2019: $12,889) and $53,384 to Officers (March 31, 2019: $25,873).

Note 15 – Share Capital – continued

Net Earnings (Loss) Per Common Share

The treasury stock method is used to calculate diluted earnings (loss) per share, and under this method options that are anti-dilutive are excluded from the calculation of diluted earnings (loss) per share.

For the three months ended March 31, 2020 and the three months ended March 31, 2019, all outstanding options and warrants were considered anti-dilutive because the Corporation recorded a loss in both periods.

	Three months ended March 31, 2020	2019
Basic loss per share		
Total loss and comprehensive loss	**$ (815,680)**	$ (1,056,959)
Weighted average number of common shares outstanding	**46,313,182**	40,543,939
Total loss and comprehensive loss per common share, basic	**$ (0.018)**	$ (0.026)
Diluted loss per share		
Total loss and comprehensive loss	**$ (815,680)**	$ (1,056,959)
Weighted average number of common shares outstanding	**46,313,182**	40,543,939
Effect of dilutive stock options and warrants	**-**	-
Weighted average number of common shares outstanding after dilution	**46,313,182**	40,543,939
Total loss and comprehensive loss per common share, diluted	**$ (0.018)**	$ (0.026)

Note 16 – Related Party Transactions

The Corporation's related parties include four independent Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, AMI RockChain Inc., AMI Silica Inc., the private Alberta corporation that owns the Montney In-Basin silica sand project, and the private Alberta corporation that owns the Duvernay silica sand project.

Transactions with independent Directors were as follows:

	Three months ended March 31, 2020	2019
Directors:		
Directors fees	**$ 42,000**	$ 36,000
Travel and miscellaneous expenses	**701**	1,141
Share-based compensation	**21,549**	12,889
	$ 64,250	$ 50,030

Amounts due to Directors as at March 31, 2020 was $1,863 (March 31, 2019: $nil). The Director's fees are paid on a quarterly basis, and historically have also included additional fees per meeting. The increase in Director fees for Q1 2020 over Q1 2019 was due to a higher number of meetings during that quarter than previously. In Q2 2020 the Director fee structure has been revised going forward with cost improvements based on a flat-fee structure, without any further incremental meeting fees. 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.

Note 17 – Compensation of Key Management

The remuneration paid to named Officers were as follows:

	Three months ended March 31,			
	2020		2019	
Salaries and other benefits	$	**155,369**	$	154,562
Share-based compensation		**53,384**		25,873
	$	**208,753**	$	180,435

Amounts due to named Officers at March 31, 2020 was $464 (March 31, 2019: $550).

Note 18 – 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
Lease obligations and bank loan	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, as well as 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 lease obligations and bank loan are measured at amortized cost because the reduction in the liability using the schedule of principal payments approximates their fair 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 months ended March 31, 2020 (year ended December 31, 2019: none).

Note 18 – Financial Instruments - continued

Share purchase options
The Corporation holds share purchase options for the investment in associates as described in Note 12. Both share purchase options were valued at $nil as at December 31, 2019. Management notified shareholders of the decision to not exercise either of the share purchase options in January 2020. The Duvernay project share purchase options expired unexercised on January 25, 2020. The term of the MIB project share purchase options was extended to an expiry date of six months after the NI 43-101 is filed.

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

	Notes	As at March 31, 2020			As at December 31, 2019		
		Montney in-basin frac sand project	Duvernay frac sand project	Total	Montney in-basin frac sand project	Duvernay frac sand project	Total
Opening balance		$ -	$ -	$ -	$ 124,151	$ -	$ 124,151
Share purchase option additions	11	-	-	-	-	59,641	59,641
Change in fair value of share purchase options		-	-	-	(124,151)	(59,641)	(183,792)
Ending balance		$ -	$ -	$ -	$ -	$ -	$ -

The total amount of the unrealized loss included in the consolidated statements of loss and comprehensive loss for the three months ended March 31, 2020 is $nil (year ended December 31, 2019: $183,792).

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 March 31, 2020 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.

The aging summary for trade and other receivables is as follows:

	Current	60-90 days	> 90 days	Total
As at March 31, 2020	**$ 962,313**	**$ 4,125**	**$ 166,469**	**$ 1,132,907**
As at December 31, 2019	**$ 401,764**	**$ 599,259**	**$ 10,880**	**$ 1,011,903**
As at December 31, 2018	$ 1,048,713	$ 311,911	$ 171,239	$ 1,531,863

As at March 31, 2020 two customers individually owed greater than 10% of the accounts receivable total balance and therefore, accounted for 80% of the Corporation's accounts receivable balance as at March 31, 2020 (December 31, 2019: two customers accounted for 91%).

Note 18 – 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 enough cash to meet its short-term requirements for operations, start-up costs for its wholly-owned subsidiaries AMI RockChain Inc. and AMI Silica Inc., and other contractual obligations.

As at March 31, 2020, the Corporation has enough working capital to fund on-going 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, as well as the bank loan and lease obligations, including interest.

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

	As at March 31, 2020			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 1,622,655	$ -	$ -	$ 1,622,655
Bank loan, including interest	418,674	1,176,524	49,022	1,644,220
Lease obligations, including interest	169,568	190,804	4,080	364,452
Total	**$ 2,210,897**	**$ 1,367,328**	**$ 53,102**	**$ 3,631,327**

Note 19 – Capital Disclosures

The capital of the Corporation consists of items included in equity and debt, net of cash.

		As at	
	Notes	March 31, 2020	December 31, 2019
Total equity attributable to shareholders		**$ 14,041,952**	$ 14,271,814
Total borrowings			
Lease obligations	**12**	**348,799**	179,890
Bank loan	**12**	**1,500,000**	-
Cash		**(1,735,810)**	(1,995,280)
Total managed capital		**$ 14,154,941**	$ 12,456,424

The Corporation's objective when managing capital is to provide enough capital to cover normal operating and capital expenditures. In order to maintain or adjust the capital structure, the Corporation may issue debt, purchase shares for cancellation pursuant to normal course issuer bids or issue new shares.

During the three months ended March 31, 2020, the Corporation agreed to a loan agreement with CWB for $1,500,000 to manage costs related to the development of the Coffey Lake Public Pit.

Note 20 – Supplemental Consolidated Statements of Loss and Comprehensive Loss Disclosures

A large portion of the Corporation's aggregate sales and aggregate management services revenue typically come from a small group of major customers. Any customer who represents more than 10% of the Corporation's revenue for the respective period is considered a major customer. During the three months ended March 31, 2020, 99% of aggregate sales were sold to three major customers (year ended December 31, 2019: 90% to four customers).

Finance costs are comprised of the following:

		Three months ended March 31,	
	Notes	2020	2019
Interest on lease obligations	13	$ (2,680)	$ (443)

Total lease payments, including principal and interest, for the three months ended March 31, 2020 was $38,625 (March 31, 2019: $18,456). See Note 13 for additional information.

The interest paid on the bank loan in the three months ended March 31, 2020 of $13,537 (March 31, 2019: $nil) has been capitalized as part of the Coffey Lake contract asset. See Note 12 for additional information.

Other operating expenses are comprised of the following:

		Three months ended March 31,	
	Notes	2020	2019
Amortization of contract assets	7	$ (3,341)	$ -
Impairment of property and equipment	8	-	(27,623)
Amortization of environmental rehabilitation obligation asset	10	(3,289)	(3,133)
Amortization of resource property lease costs	10	(2,780)	(2,780)
Change in estimate for ERO recognized in other operating expenses	14	-	(96,966)
Change in discount rate recognized in other operating expenses	14	(58,584)	(8,215)
Accretion of environmental rehabilitation obligations	14	(10,497)	(8,983)
		$ (78,491)	$ (147,700)

Other non-operating income are comprised of the following:

		Three months ended March 31,	
	Notes	2020	2019
Camp rental income		$ 77,619	$ 122,748
Other rental income		-	9,140
Change in fair value of share purchase options	18	-	(25,680)
Foreign exchange loss		-	(264)
		$ 77,619	$ 105,944

During the three months ended March 31, 2020, the Corporation rented the work camp at Poplar Creek for $77,619 (March 31, 2019: $122,748) in camp rental income.

Note 20 – Supplemental Consolidated Statements of Loss and Comprehensive Loss Disclosures - continued

The following table shows the total employee benefit expenses for the period:

	Notes	Three months ended March 31, 2020	2019
Employee benefit expenses		$ 571,507	$ 687,812

Employee benefit expenses include salaries, wages, bonuses, group benefit premiums, and Canada Pension Plan, Employment Insurance and Workers' Compensation Board contributions. Employee benefit expenses are included in both operating costs and general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Not included in the amount above is severance for the three months ended March 31, 2020 of $nil (March 31, 2019: $8,608).

Note 21 – Segmented Reporting

Reportable segments are determined based on the corporate structure and operations in accordance with the Corporation's accounting policies.

The "AMI RockChain" segment was disclosed in the December 2019 consolidated annual financial statements for the first time as the operations became material for disclosure in the fourth quarter of 2019. The "AMI Silica" segment was first disclosed in the December 2018 annual consolidated financial statements when the operations became material for disclosure. The "Corporate" segment is disclosed for reconciliation purposes only.

The summary of key financial information by reportable segment for the three months ended March 31, 2020 (along with comparative information for results by segment for the three months ended March 31, 2019) as well as the balance sheet information as at March 31, 2020 (along with comparative information for segment assets and liabilities information as at December 31, 2019) is as follows:

	AMI Aggregates		AMI RockChain		AMI Silica		Corporate		Consolidation eliminations		Consolidated	
For the three months ended March 31,	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Aggregate sales revenue	$ -	$ -	$ 489,018	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 489,018	$ -
Management services revenue	270,572	433,635	-	-	-	-	-	-	-	-	270,572	433,635
Revenue	270,572	433,635	489,018	-	-	-	-	-	-	-	759,590	433,635
Total income (loss) and comprehensive income (loss)	(27,001)	(279,220)	(107,017)	(44,487)	(90,987)	(203,575)	(590,675)	(529,677)	-	-	(815,680)	(1,056,959)
Amortization, depreciation, and depletion	(59,437)	(50,361)	(1,083)	(750)	-	-	(40,325)	(10,081)	-	-	(100,845)	(61,192)
Finance costs	(2,680)	(443)	-	-	-	-	-	-	-	-	(2,680)	(443)
Interest income	-	-	-	-	-	-	7,272	20,794	-	-	7,272	20,794
Income tax recovery (expense)	-	-	-	-	-	-	-	(1,825)	-	-	-	(1,825)
As at	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**	**March 31, 2020**	**December 31, 2019**
Segment assets	$ 15,357,819	$12,448,558	$ 694,980	$ 689,520	$ 5,723,648	$ 4,911,880	$ 2,227,177	$ 2,365,482	$(3,520,773)	$(2,142,980)	$ 20,482,851	$18,272,460
Segment liabilities	5,342,318	3,720,962	1,655,334	470,849	2,522,685	1,516,780	441,335	435,035	(3,520,773)	(2,142,980)	6,440,899	4,000,646

Note 22 – 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.

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 Corporation's business is being adversely impacted by the effects of the coronavirus or other epidemics. The extent to which the coronavirus continues to impact 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.

The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic:

- On April 16, 2020, Athabasca secured a \$40,000 loan for AMI Silica, and another \$40,000 loan for AMI RockChain through the Canadian Emergency Business Account (CEBA) program to support the businesses through the COVID-19 pandemic. Both loans are interest free and require no principal payments until December 2022.
- AMI applied for the Canadian Emergency Wage Subsidy (CEWS) program to support the businesses through the COVID-19 pandemic. AMI received the first monthly subsidy of \$44,044 on May 11, 2020.
- Principal repayment of the \$1,500,000 bank loan purposed for Coffey Lake Public Pit and the True North Staging Hub construction was deferred three months with interest-only payment terms, from May 2020 to July 2020.
- In Q1 2020 there were initial payroll reductions resulting in approximately a 10% cost improvement compared to the previous Quarter. With the onset of COVID-19, in Q2 2020 a second round of payroll reductions and optimizations at all levels of the company are being implemented, up to and including the Board of Directors. The cumulative payroll cost improvements year-to-date are now approximately 30%.