Athabasca
MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2016

April 23, 2017

The following discussion of Athabasca Minerals Inc.'s financial condition and results of operations should be read in conjunction with the audited financial statements for the year ended December 31, 2016. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this management's discussion and analysis ("MD&A") are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "Our" or the "Corporation") is a reporting issuer in each of the provinces of Canada. The Corporation's shares trade on the TSX Venture Exchange under the symbol ABM-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on April 23, 2017.

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

FORWARD LOOKING INFORMATION

This document contains "forward looking statements" concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to, statements with respect to the future price of commodities, the estimation of aggregate and mineral reserves and resources, the realization of aggregate and mineral reserve estimates, 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, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Specifically, such forward-looking statements are set forth under "Liquidity and Capital Resources", "Financial Instruments", "Risks and Uncertainties" and "Outlook". In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements in the section entitled "Risks and Uncertainties", there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date of this document and, other than as required by applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

OUR BUSINESS

Athabasca Minerals Inc., incorporated in 2006, is a Canadian management and exploration company that specializes in the management, acquisition, exploration and development of mineral claims located in Alberta.

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

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

The Corporation's strategic business focus is on opportunities that increase both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and acquisition of other aggregate resources and industrial minerals. Management continues to be focused on the diversification of supplying aggregate products to all sectors in the Alberta market. This includes supplying aggregates to new and existing oil sands projects as well as infrastructure projects. Much of the Corporation's aggregate supply and industrial minerals are strategically situated nearby current and future development projects.

BUSINESS HIGHLIGHTS

- Revenue for the year ended December 31, 2016 declined to $7.4 million from $19.5 million in 2015, reflecting depressed activity levels in the oil and gas industry and the impact of the May 2016 Fort McMurray wild fires;
- Operating costs per tonne declined 6.7% to $1.12 per tonne during fiscal 2016 from $1.20 during fiscal 2015;
- Increased cash as at December 31, 2016 by $1.35 million or 51% to $4 million from $2.6 million as at December 31, 2015;
- During the year ended December 31, 2016, we reduced our capital term loan and lease obligations by $2.1 million or 57%;
- In June 2016, the Corporation sold its rights, title and interests surrounding three leases bordering the Obed Transloading Facility to Wayfinder Corp, for a purchase price of $0.8 million;
- In December 2016, the Corporation purchased two gravel projects located in the Wood Buffalo region of Alberta (KM248 pit and Cowpar) for $0.6 million;
- Fiscal 2016 loss per share of $.07 versus $0.22 loss per share for fiscal 2015; and
- The Corporation successfully defended Syncrude's application for a preservation order, with the Corporation receiving a favourable decision of the Court of Queen's Bench of Alberta on January 24, 2017

OPERATIONAL RESULTS

	Three months ended December 31,		Years ended December 31,	
	2016	2015	2016	2015
FINANCIAL HIGHLIGHTS:				
Susan Lake management fee revenue	**$ 1,864,466**	$ 3,369,986	**$ 6,154,112**	$ 12,191,947
Susan Lake royalty expense	**(826,737)**	(1,536,991)	**(2,813,174)**	(4,760,668)
Corporate pits sales revenue	**547,282**	5,080,086	**4,034,218**	12,022,860
Revenue	**1,585,011**	6,913,081	**7,375,156**	19,454,139
Gross profit	**218,401**	986,317	**1,225,815**	4,576,644
Operating income (loss)	**(1,259,388)**	(7,570,272)	**(4,210,947)**	(8,072,946)
Total comprehensive income (loss)	**(915,343)**	(6,762,150)	**(2,220,125)**	(7,313,810)
Earnings (loss) per share, basic and fully diluted ($ per share)	**(0.027)**	(0.203)	**(0.067)**	(0.220)
CASH FLOW HIGHLIGHTS:				
Net cash from operating activities	**2,063,502**	2,384,073	**3,368,339**	5,680,930
Spending on property and equipment	**(13,294)**	(180,132)	**(49,028)**	(766,528)
Spending on resource properties	**(734,818)**	(119,631)	**(988,598)**	(847,846)
OPERATIONAL HIGHLIGHTS:				
Tonnes sold				
Corporate pits	**23,440**	161,002	**135,652**	384,610
Susan Lake operations	**886,285**	1,577,963	**2,946,785**	6,214,902
Total tonnes sold	**909,725**	1,738,965	**3,082,437**	6,599,512
Gross margin	**14%**	14%	**17%**	24%

REVIEW OF OPERATIONAL RESULTS

REVENUE

Athabasca's revenue for the year ended December 31, 2016 was 62.1 % lower at $7.4 million, compared with $19.5 million for the year ended December 31, 2015. The overall decline in revenue was comprised of a 49.5% reduction in Susan Lake sales volumes and a 66.4% reduction in corporate pit volumes. The demand for aggregates was negatively impacted by the depressed oil prices and activity levels and the May 2016 Fort McMurray wild fires resulting in lower sales volumes during fiscal 2016. Similarly, revenue for Q4-2016 declined 80% from Q4-2015, the reduction was comprised of a 44.7% reduction in Susan Lake sales volumes and an 89.2% reduction in corporate pit volumes.

COST OF SALES

Cost of sales for the year ended December 31, 2016, decreased by 58.7% to $6.1 million from $14.9 million for the year ended December 31, 2015. Cost of sales for the three months ended December 31, 2016 decreased by 79.6% to $1.4 million from $5.9 million for the three months ended December 31, 2015. The decrease was due to a lower demand of product for the year.

GROSS PROFIT

Gross profit is considered to be an non-IFRS measure. It is calculated by subtracting the operating costs, amortization and depreciation and royalties and trucking from revenue and is an indication of operational efficiency without taking into account overhead and other costs not specifically related to performing customer surveys. There is no IFRS equivalent to gross profit.

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

For the three months and year ended December 31, 2016, Athabasca incurred a gross profit of $0.2 million and $1.2 million respectively as compared to $1.0 million and $4.6 million for the three months and year ended December 31, 2015. This represents a 78% decline for the three months ended December 31, 2016 and a 73% decline for the year ended December 31, 2016 over the applicable comparable period ended December 31, 2015. The decrease in the gross profit for the quarter and the year was the result of lower volumes and lower prices of aggregate sales mitigated partially by Athabasca's focus on cost control.

OPERATING INCOME (LOSS)

The Corporation incurred an operating loss of $1.3 million and $4.2 million in the three months and year ended December 31, 2016, respectively as compared to an operating loss of $7.6 million for the three months ended December 31, 2015 and an operating loss of $8.1 million for the year ended December 31, 2015. Operating losses in the three months and year ended December 31, 2106 are largely due to non-cash impairments of stockpiled gravel inventory, equipment and resource properties the Corporation is no longer pursuing or developing. Operating losses in the three months and year ended December 31, 2015 were largely due to non-cash impairments of sand inventory, resource properties the Corporation is no longer pursuing and the impairment of the goodwill attached to the Susan Lake Contract.

TOTAL COMPREHENSIVE LOSS

The Corporation incurred a total comprehensive loss of $0.9 million ($0.027 per share) for the three months ended December 31, 2016 as compared to a total comprehensive loss of $6.8 million ($0.203 per share) for the three months ended December 31, 2015. The Corporation incurred a total comprehensive loss of $2.2 million ($0.067 per share) for the year ended December 31, 2016 as compared to a total comprehensive loss of $7.3 million ($0.22 per share) for the year ended December 31, 2015. The year ended December 31, 2106 comprehensive loss was offset by an $0.8 million gain on disposal of the Corporation's rights, title and interests surrounding three leases bordering the Obed Transloading Facility to Wayfinder Corp. in June 2016, $0.2 million gain on disposal of equipment and $0.4 million of equipment rental income and camp rental income.

OPERATIONAL RESULTS – CORPORATE PITS

Sales at the corporate pits were 23,440 tonnes and 135,652 tonnes for the three months and year ended December 31, 2016 compared to 161,002 tonnes and 384,610 tonnes during the three months and year ended December 31, 2015. No gravel or sand was produced for the three months ended December 31, 2016, but 26,261 tonnes were produced during the year ended December 31, 2016. The tonnage produced during the three months and year ended December 31, 2015 was 57,885 tonnes and 243,593 tonnes, respectively. Production at the Athabasca pits was reduced in response to the lower demand for product during the year ended December 31, 2016.

OPERATIONAL RESULTS – SUSAN LAKE PUBLIC PITS

Susan Lake sales for the three months and year ended December 31, 2016 were 886,285 tonnes and 2,946,785 tonnes respectively compared to 1,577,963 tonnes and 6,214,902 tonnes for the three months and year ended December 31, 2015. The majority of the aggregate sold was used for general maintenance of existing infrastructure in the Wood Buffalo region and new infrastructure projects and developments at the surrounding oil sands projects. The Susan Lake operation was negatively impacted by the May 2016 Fort McMurray wild fires resulting in lower sales during 2016. Susan Lake operations continued to feel the effects of the lower demand for aggregate as a result of the delay in projects resulting from the lower oil prices.

SUMMARY OF QUARTERLY RESULTS

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

	Q4 2016	Q3 2016	Q2 2016	Q1 2016
Susan Lake Management Fee Revenue	$ 1,864,466	$ 2,867,463	$ 724,018	$ 698,165
Susan Lake Royalties	(826,737)	(1,347,065)	(319,409)	(319,963)
Corporate Pit Revenue	547,282	2,225,134	159,029	1,102,773
Revenue	$ 1,585,011	$ 3,745,532	$ 563,638	$ 1,480,975
Gross Profit	$ 218,401	$ 1,072,747	$ (274,513)	$ 209,180
Total Comprehensive Income (Loss)	$ (915,343)	$ (411,859)	$ (258,773)	$ (634,150)
Earnings (Loss) per share, basic	$ (0.027)	$ (0.012)	$ (0.008)	$ (0.019)
Earnings (Loss) per share, diluted	$ (0.027)	$ (0.012)	$ (0.008)	$ (0.019)
Total Assets	$ 23,913,586	$ 25,568,844	$ 25,858,158	$ 27,002,620
Total Resource Properties	$ 6,889,219	$ 5,615,282	$ 6,127,937	$ 5,997,382
Total Debt (current)	$ 1,094,647	$ 1,370,388	$ 1,539,757	$ 1,796,334
Total Debt (non-current)	$ 485,062	$ 588,432	$ 910,686	$ 1,283,419

	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Susan Lake Management Fee Revenue	$ 3,369,986	$ 4,856,879	$ 2,681,947	$ 1,283,135
Susan Lake Royalties	(1,536,991)	(1,719,768)	(1,174,500)	(329,409)
Corporate Pit Revenue	5,080,086	4,792,719	1,840,978	309,077
Revenue	$ 6,913,081	$ 7,929,830	$ 3,348,425	$ 1,262,803
Gross Profit	$ 986,317	$ 3,359,184	$ 559,520	$ (328,377)
Total Comprehensive Income (Loss)	$ (6,762,150)	$ 1,614,504	$ (763,146)	$ (1,403,018)
Earnings (Loss) per share, basic	$ (0.203)	$ 0.048	$ (0.023)	$ (0.042)
Earnings (Loss) per share, diluted	$ (0.203)	$ 0.043	$ (0.023)	$ (0.042)
Total Assets	$ 29,590,858	$ 40,936,872	$ 37,904,383	$ 35,925,554
Total Resource Properties	$ 5,900,057	$ 7,807,177	$ 7,625,017	$ 7,434,715
Total Debt (current)	$ 2,027,824	$ 2,423,442	$ 2,637,775	$ 2,621,526
Total Debt (non-current)	$ 1,676,458	$ 2,178,610	$ 2,620,645	$ 2,143,037

Seasonality of Operations

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. Aggregate sales and the associated delivery can often be affected by, among other things, weather conditions, timing of spring break-up, timing of projects, market demand and timing of growth capital investments in the region. Most construction, infrastructure and oil sands projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and fall when ground conditions improve. These seasonal trends typically lead to quarterly fluctuations in operating results and as a result the financial results from one quarter are not necessarily indicative of financial results in other quarters. This can be seen in fluctuations in revenue and total comprehensive income (loss) in the table above.

OUTLOOK

The Corporation is well situated with its pits along the Highway 881 and Highway 63 corridor in Alberta, to supply its client base for construction, infrastructure, development projects and steam assisted gravity drainage (SAGD) operations. Inventory located at multiple pits enables the Corporation to bid both major orders as well as spot orders requiring immediate deliveries. With the uncertainties surrounding oil recovery, and the development of new projects, the Corporation continues to bid upcoming infrastructure work and is actively looking at additional diversification opportunities outside the Wood Buffalo Region.

The Corporation continued to successfully draw down existing aggregate inventory at the KM 208 stockpile site and the KM 248 pit. The Corporation successfully obtained a dewatering permit to dewater the Kearl pit directly into the Muskeg River. The Corporation is currently in discussions with its customers to develop a timely plan to mine the remainder of the Kearl pit.
The Susan Lake gravel pit has experienced lower sales in the year ended 2016 due to a delay in construction associated with the depressed oil economy and the impacts of the May 2016 Fort McMurray wild fires.

The operating plan for 2017 is to rebuild inventory in strategic locations close to the active markets. In particular, 85,000 tonnes of 40mm product was trucked from the Logan pit to the Conklin stockpile site during Q1 2017. It is anticipated that Logan will be mined during the summer of 2017 producing a wide range of products. This mined material will be trucked to the Conklin stockpile site during the winter road season late this year.

Athabasca continues with its focus on understanding the current market demands and with this intelligence, management will be looking for gravel resource opportunities both from its exploration and pit acquisition programs. These programs identify additional aggregate resources both on public and private lands to align with its product diversification efforts and its diversification into additional areas outside of the Wood Buffalo Region.

The Corporation recently tested its sand inventories from its producing pits for the suitability of use in concrete. Early test results provide an indication that the sand meets required specification. Management has had some preliminary discussions with potential customers. As a result of the changing frac sand market conditions, Athabasca intends to focus on establishing what will be needed to bring product from its Firebag asset to market in an effort to capitalize on the renewed increase in frac sand demand.

OPERATIONS

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

SUSAN LAKE

The Corporation currently manages the Susan Lake Gravel Pit on behalf of the Government of Alberta pursuant to the Susan Lake Contract. The Corporation's services include exploration, identification of sand and gravel, clearing, topsoil stripping, site preparation, dewatering, road maintenance, allocation of pit areas to specific users, scaling of material and general administration of the pit. For these services, the Corporation receives a management fee for each tonne of aggregate material removed from the pit for the duration of the Susan Lake Contract. The Susan Lake Contract currently expires November 30, 2017 and the Corporation has applied for an extension on this contract to December 31, 2020. The extension application is currently under review by Alberta Environment and Parks

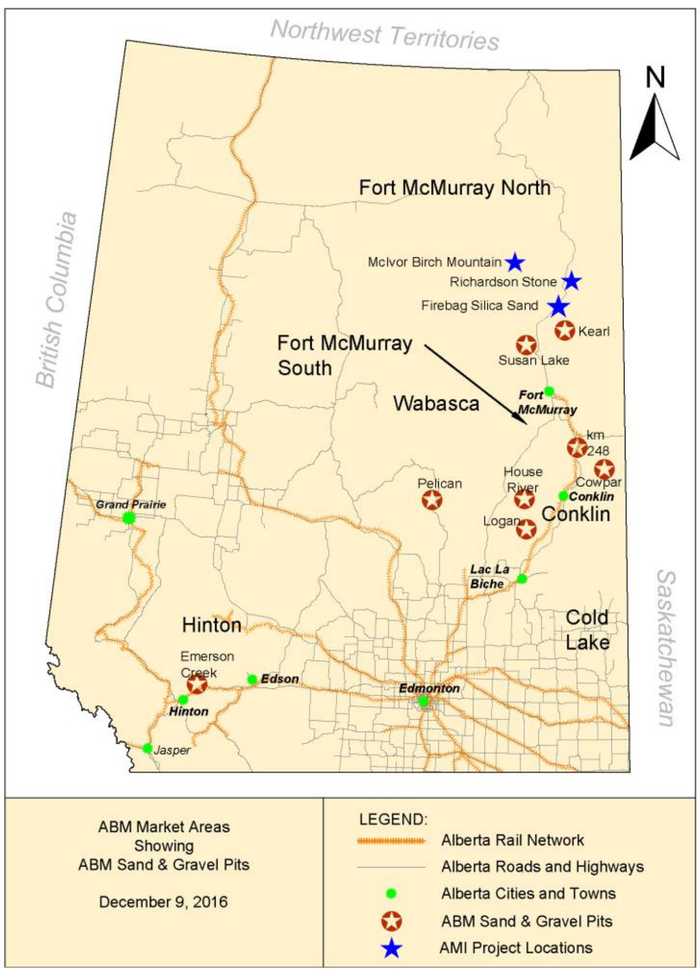
The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray and is 5,880 acres (2,379.5 ha) in size. Approximately 97.3 million tonnes of sand and gravel have been removed from this pit since 1998. The majority of its sales were to neighboring oil sands companies and supplying infrastructure aggregate to the Wood Buffalo Region. Between 2009 and 2016, aggregate sales from Susan Lake averaged 7.5 million tonnes per annum.

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

CORPORATE OWNED PITS

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

An SML grants the lease holder the right to extract sand and gravel from Crown land. The Corporation holds several SML's for gravel extraction in Northern Alberta and operates additional gravel SMLs held by other companies under Joint Venture or Partnership agreements.



KEARL PIT

The Kearl pit is located approximately 60 km east of the Susan Lake gravel pit. During March 2011 Athabasca received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years. The Corporation completed construction of an all-weather road linking the Kearl aggregate operation to several major oil sands operations so the Corporation can sell product year-round.

The quality of the aggregate is suitable for road and infrastructure construction and ongoing maintenance. This pit is situated in close proximity to existing oil sands development and continues to be a major source of aggregate supply in the region.

KM248 PIT

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

The KM248 pit is located adjacent to Hwy 881 which provides year-round access and has produced high quality aggregate product since inception. This pit currently holds crushed inventory of 34,030 metric tonnes as of December 31, 2016. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor.

LOGAN PIT

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is accessible with a seasonal winter road.

The Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years in 2010. In February 2012, the Corporation announced the receipt of a NI 43-101 F1 technical report for the Logan aggregate deposit. The initial indicated mineral resource aggregate included 1,357,000 tonnes of gravel and an initial inferred mineral resource quantity of 662,600 tonnes of gravel. The quality of the aggregate materials is suitable for road construction and maintenance. The Corporation will continue to market product from this pit which currently holds inventory of 91,905 tonnes as of December 31, 2016.

HOUSE RIVER PIT

The House River pit is located approximately 11 km east of Highway 63 on the House River. During August 2011, the Corporation received SML approval from the Alberta Government to develop an open pit aggregate operation on the leased land for a term of ten years. The House River pit is currently accessible only by a winter season road. The Corporation is evaluating road improvements to allow for year-round delivery.

PELICAN HILL PIT

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. The Corporation received SML approval (10-year term) in June 2011 on this 79.7 acre (32 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil and gas industry, as well as to the government or its partners for use in infrastructure projects in the area. Current indications for aggregate demand from this location appear to be encouraging and management is reviewing market potential at this time. The Corporation has cleared trees and topsoil at this site in anticipation of potential demand with the recovery in the oil economy.

EMERSON PIT

The Emerson pit is located approximately 27 km southeast of the community of Hinton. The Corporation has the right to produce the aggregate from the 75 acres (30 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil and gas industry and its partners for use in infrastructure projects in the area. Current indications for aggregate demand from this location appear to be encouraging and management is continuing to review market potential at this time.

Exploration & Development Projects

RICHARDSON MEGA QUARRY (CRUSHED STONE) PROJECT

This potential mega quarry is located approximately 70 km north of the Susan Lake Gravel pit and 130 km north of Fort McMurray. It contains high quality dolomite and granite. During fiscal 2012, the Corporation identified a granite outcrop at the Richardson Project that is accessible by winter road. During Q1 2013, initial drilling in this area was performed and in-house testing of samples was conducted. The drilling program encountered granite and dolomite, confirming that granite extends beyond the granite outcrop.

In March 2014, the Corporation announced the completion of a winter drilling program at the Richardson Project. All holes successfully cored the dolomite and all but one intersected the granite basement rocks. Detailed core logging and sampling has been completed at Athabasca's Edmonton facility. Samples were then tested at a major independent testing lab in Calgary and were found suitable as aggregate for use in concrete, asphalt and road base.

The Richardson project consists of 8 Mineral permits totaling 150,650 acres (60,966 ha). Apex Geoscience of Edmonton, Alberta has completed the National Instrument 43-101 F1 technical resource report on the project. On June 9, 2015, management released the results announcing an initial inferred crushed rock aggregate resource estimate of 683,000,000 tonnes with thickness ranging from 8.3m to 47.9m averaging 39.5m.

The granite is estimated at 165 million tonnes. The material meets requirements for most aggregate designations as per the Alberta Transportation and Construction Builders Association guidelines.

Management will continue to minimize capital expenditure on this project and will focus on additional geophysical surveys to identify drilling targets.

FIREBAG SILICA SAND PROJECT:

The Corporation’s silica sand deposit “Firebag Project” is located 95 km north of Fort McMurray and is accessible via Highway 63. The planned operation is for the production of industrial proppants for use in the hydraulic fracturing of oil and gas wells. Independent testing by both Stim Lab and Proptester confirm a high-quality product with crush strength meeting or exceeding American Petroleum Institute and International Standards Organization standards for frac sand. A Preliminary Economic Assessment (“PEA”) confirmed that the Corporation’s Firebag Project has considerable potential for development as a frac sand resource, which includes the potential for a large, highly economical deposit with high margin, rapid payback and 25 years of open pit mining. The PEA was prepared by Norwest Corporation ("Norwest"), headquartered in Calgary, Alberta. The Corporation is investigating pricing and frac sand demand at this time.

SAND, GRAVEL AND CRUSHED STONE EXPLORATION PROJECT SUMMARY

Management has 1,555 acres (629 ha) of sand and gravel exploration permits (SMEs) in application in the Fort McMurray and Conklin regions. The Corporation’s intent is to test the SMEs, and where an economically recoverable resource is defined, convert the SMEs into surface material leases (SMLs). During the year ended December 31, 2016, management tested a 315 acre (127 ha) SME (approved in Q4 2015) in the Conklin geographic region without success. An additional SME totalling 157 acres (63.5 ha) was approved for testing in the Conklin area during Q2, 2016 and is yet to be tested.

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

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

The following table details the exploration projects where the permits and leases are held by the Corporation.

Sand, Gravel and Crushed Stone Exploration Projects				
	As at December 31,			
	2016		2015	
	Acres	Hectares	Acres	Hectares
Surface Material Exploration Permits				
In Application	**1,555**	**629**	1,078	437
Approved for Testing	**547**	**221**	315	127
Tested	**472**	**191**	319	129
Surface Material Leases				
In Application	**1,018**	**412**	500	202
Approved in Principle	**-**	**-**	150	61
Approved for Development/Operating	**601**	**243**	400	162
Metallic and Industrial Mineral Exploration Permits				
In Application - Pelcian Sand	**113,419**	**45,899**	-	-
Approved - Richardson Mega Quarry & McIvor Sand	**327,730**	**132,628**	327,730	132,628

The following table details the exploration projects where the SML is held outside the Corporation, but has been granted sole access to the aggregate.

Right to Operate Third Party Surface Material Leases				
	As at December 31,			
	2016		2015	
	Acres	Hectares	Acres	Hectares
Surface Material Leases				
Approved	**197**	**80**	318	129

Athabasca owns 321 acres (130 ha) of land in the Peace River, Alberta area which is known for its high quality pre-glacial gravel. This land was tested in Q2 of 2016 and management is considering permitting the land for gravel extraction. During the year ended December 31, 2016, the Corporation has discontinued exploring opportunities to work with First Nations on developing sand and gravel resources in the North-Okanagan in British Columbia and Saskatchewan

SILICA SAND EXPLORATIONS PROJECTS SUMMARY

BIRCH MOUNTAIN PROJECT (SILCA SAND)

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

In Q4 of 2016, management applied to the Alberta Government for 18,575 Acres (45,899 ha) of land south of the existing Birch Mountain Permits. The project is called Pelican Sand and is intended to replace the Birch Mountain permits once they expire in January 2017.

The Corporation applied for 104,610 acres of Metallic and Industrial Mineral Exploration Permits along the southeastern slopes of the Joslyn oil sand project area. The Corporation intends to explore for silica sand similar to the sand that the Corporation previously explored for in north central Alberta.

MINERAL LEASES

The Corporation has written to the Province to cancel the Hargwen and Dover mineral leases totalling 1,265 acres (512 ha) because the Government of Alberta has approved in principal the Hargwen surface materials lease. The Dover salt project was written off by the Corporation in the previous period.

Minerals leases are maintained in good standing by incurring land rental and royalties on annual minerals sales production to the Government of Alberta.

SALT & CONGLOMERATE MINERAL PERMITS

BOYLE PROJECT (SALT)

During the year ended December 31, 2015, the Corporation determined it would focus its efforts on developing sand and gravel properties ahead of other commodities. As such, Athabasca Minerals has chosen not to renew the three mineral permits (67685 acres/27,392 ha) in the Boyle area.

HARGWEN CONGLOMERATE

In Q4 of 2015, the Province approved a Surface Material Lease in principle for this gravel deposit. Therefore, the 21, 957 acre (8,886 ha) mineral permit was let to lapse in January 2016.

DOVER PROJECT (SALT)

The Dover mineral permit 18,938 acres (7664 ha) was allowed to lapse in January 2016. On the Dover project property is a salt formation which the Corporation had identified and evaluated. During the year ended December 31, 2015, the Corporation determined it would focus its efforts on developing sand and gravel properties. As such, this project totalling $1,021,004 was fully written off in 2015.

Risks & Uncertainties

The success of Athabasca is subject to 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 and operation of mining properties. These risk factors could materially affect the Corporation's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation ("Forward Looking Information").

Outlined below are some of the Corporation's significant business risks.

Reliance on oil sands industry
Demand for Athabasca's products can vary significantly depending on the strength of the oil sands industry in Alberta.

Viability of the equity market
The Corporation's on-going ability to finance exploration will depend on, among other things, the viability of the equity market.

Access to additional capital
The Corporation's ability to access additional capital may be limited for future projects due to inherent risk in equity or debt markets.

Susan Lake Contract terms
The terms of the Susan Lake Contract gives the Province of Alberta the right to terminate the Susan Lake Contract without cause upon three months written notice. The Province of Alberta also has the right to withdraw any portion of the lands from the Susan Lake Contract and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to decommissioning and restoration.

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

Commodity risk
Athabasca's aggregate products, as well as potential development project products, such as silica sand and salt, are commodities, and as such, there is always pricing risk in a competitive market.

Employee turnover
The reliance of the Corporation on key personnel and skilled workers can always impact operational results.

Project development
The Corporation has the risk that projects will not develop as anticipated or resources may not have the quality or quantity that management anticipates. Other minerals, like frac sand, may not have the anticipated demand from the mining and oil and gas industry once projects are fully developed.

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 and other supplies for smaller companies like Athabasca.

Reclamation obligations
The estimates made by the Corporation for reclamation obligations could significantly change due to potential changes in regulatory requirements prior to completing reclamation work.

Definition of resources
The Corporation has a risk that current estimates of reserves and resources may not be completely accurate as not all properties have estimates based on the standards required by National Instrument 43-101.

Environmental, health and safety risk
The Corporation has a strong safety and environmental record, but any major incident in the future can significantly impact operational results and employee productivity, as well as reputation in the market.

Litigation
The Corporation's ability to determine the legal costs in defending a lawsuit filed by Syncrude Canada Ltd. is undeterminable and may be significant.

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. At December 31, 2016, the Corporation reported working capital of $6.8 million which management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. This balance is down $1.2 million from December 31, 2015, when the working capital balance was $8.0 million.

Current assets decreased by 31% from $12.1 million at December 31, 2015 to $8.3 million at December 31, 2016 as a result of collections of $2.8 million of accounts receivable, a $0.8 million reduction in income taxes recoverable and a $1.4 million reduction of inventory offset by an $ 1.4 million increase in cash.

Current liabilities decreased by $2.6 million from $4.1 million at December 31, 2015 to $1.6 million at December 31, 2016 reflecting the $1.6 million reduction in accounts payable and accrued liabilities, the $0.5 million reduction in the capital term loan and the $0.4 million reduction in the current portion of lease obligations.

The Corporation is exposed to significant liquidity risk should Syncrude Canada Ltd. be successful in their counterclaim law suit, seeking damages in excess of $68,000,000 as discussed below and in Note 23 of the Corporation's financial statements for the year ended December 31, 2016.

The following table summarizes the Corporation's cash flows:

	Years ended December 31,	
	2016	2015
Cash from operating activities	$ 822,891	$ 2,615,522
Change in non-cash working capital	2,545,448	3,065,408
Cash from (used) in investing activities	111,756	(1,123,558)
Cash used in financing activities	(2,128,870)	(2,741,614)
Increase in cash	**$ 1,351,225**	**$ 1,815,758**

AVAILABLE CREDIT FACILITIES

The Corporation currently has a credit facility with HSBC Bank Canada, which includes an operating loan, a credit card facility and five leasing equipment facilities.

During the year ended December 31, 2015 the Corporation had a capital term loan with an outstanding balance of $0.5 million as at December 31, 2015. On June 8, 2016, the Corporation extinguished the capital term loan. The loan was originally for $4 million and was repayable in monthly instalments of $83,333 plus interest at the bank's prime lending rate plus 1.75%.

Operating Loan

The Corporation has access to a $3 million (2015: $3 million) demand operating loan with a sub-limit of $2 million (2015: $2 million) available for letters of commercial credit. The operating loan bears interest at the bank's prime lending rate plus 3% (2015: bank's prime lending rate plus 1%). Availability of operating loan borrowing is subject to margin requirements, and is determined based upon acceptable accounts receivable and inventory. No balance was outstanding on the operating loan as at December 31, 2016. $1,351,760 (2015: $1,351,760) of the operating line is committed to secure the letters of credit to the benefit of the Government of Alberta but is not funded by the operating line. A cost of 3.50% (2015: 2.50%) per annum is charged to secure each of the letters of commercial credit.

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

	As at December 31,	
	2016	2015
Susan Lake Pit	**$ 603,000**	$ 603,000
Poplar Creek Site, storage yard	**248,760**	248,760
Poplar Creek pit	**500,000**	500,000
	$ 1,351,760	$ 1,351,760

Credit Card Facility:
The Corporation also has access to a corporate credit card facility, up to a maximum of $100,000.

Security under the existing facility is as follows:

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

Total interest expense on the bank loan for the year ended December 31, 2016 was $6,218 (2015: $47,811).

As part of the credit facility the Corporation is subject to three financial covenants. The funded debt to EBITDA (earnings before interest, taxes, stock based compensation, depreciation and amortization and other one time non-cash expenditures) ratio must be less than 2.75 to 1 for all reporting periods subsequent to and including December 31, 2016 (2015: 2.75 to 1). The debt service coverage ratio must be more than 0.7 to 1 for all reporting periods subsequent to and including December 31, 2016 (2015: 1.25 to 1). The Corporation must maintain a current ratio for all reporting periods subsequent to and including December 31, 2016 in excess of 1.25 to 1 (2015: 1.25 to 1). As at December 31, 2016, the Corporation is in compliance with the lender's covenants.

The Corporation is subject to capital requirements by HSBC Bank Canada that capital expenditure aggregates in any one year in excess of $3,000,000 annually are restricted without prior written consent.

COMMITMENTS

The five leasing equipment facilities with HSBC Bank Canada are used to finance the acquisition of equipment. As at December 31, 2016, Athabasca has eight lease obligations under lease facilities totaling $1.6 million. In addition to the HSBC Bank Canada leases there are two Cat Financial leases at an interest rate of 3.68%, totaling $0.2 million and a Komatsu lease at an interest rate of 3.49% with a lease obligation of $0.4 million.

			As at December 31,	
	Interest Rate	Monthly Instalments	2016	2015
Finance Leases				
HSBC Lease #1, due June 30, 2017	4.124%	$ 24,457	**$ 121,095**	$ 403,242
HSBC Lease #2, due August 31, 2017	4.250%	65,253	**513,894**	1,257,847
HSBC Lease #3, due August 31, 2017	4.250%	6,627	**52,279**	127,832
HSBC Lease #4, due September 21, 2018	4.614%	7,452	**150,150**	230,617
HSBC Lease #5, due October 12, 2018	4.593%	7,481	**157,639**	238,150
Cat Financial Lease #1, due May 31, 2019	3.680%	3,611	**-**	135,741
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	**92,429**	129,679
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	**105,211**	147,612
Komatsu Financial Lease #1, due May 8, 2019	3.490%	13,935	**387,012**	537,859
			1,579,709	3,208,579
Current portion - principal due within one year			**(1,094,647)**	(1,532,121)
			$ 485,062	$ 1,676,458

Finance lease payments for equipment for each of the next three years are as follows:

January 1, 2017 to December 31, 2017	$	1,132,517
January 1, 2018 to December 31, 2018		397,815
January 1, 2019 to December 31, 2019		99,186
		1,629,518
Less: interest included in payments above (year one)		37,870
Less: interest included in payments above (years two and beyond)		11,939
		49,809
Lease loan principal outstanding, December 31, 2106	$	1,579,709

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

January 1, 2017 to December 31, 2017	$ 187,980
January 1, 2018 to December 31, 2018	170,617
January 1, 2019 to December 31, 2019	111,261
January 1, 2020 to December 31, 2020	15,270

The Corporation has no formal commitments for capital expenditures.

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

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

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

In managing the exploration permits, the Corporation adds mineral permits in areas of interest and relinquishes mineral permits in areas that the exploration activities indicate have a low potential of discovering mineral reserves. As permits are relinquished, the number of acres is decreased thereby reducing the spending commitment. The Corporation is in the process of exploring aggregate and mineral properties and has not yet determined whether these properties contain deposits that are economically recoverable. The continuing operations of the Corporation to meet its commitments, including the development of the properties, securing and maintaining title and financing exploration and development of the properties is dependent upon the internal generation of cash flow and obtaining necessary financing through debt and public and private share offerings.

CAPITAL RESOURCES

As of December 31, 2016, the Corporation had 33,303,650 (2015: 33,303,650) common shares outstanding. Additionally, as at December 31, 2016 there are 1,473,333 (2015: 3,416,265) options to acquire common shares outstanding, with an average exercise price of $1.34 (2015: 1.37) per share; 1,349,998 (2015: 2,496,265) of the 1,473,333 outstanding options have vested and are exercisable at December 31, 2016 (2015: 2,496,265) at a weighted average exercise price of $1.46 per share (2015: $1.72 per share). As at April 23, 2017, the Corporation has 33,303,650 common shares and 1,703,333 options outstanding.

The Corporation’s stock option plan provides that the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares.

The stock option plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the TSX Venture Exchange. Options may be exercisable for up to ten years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. Options under the stock option plan are not transferable or assignable.

Options previously issued to directors and officers with expiration dates of August 24, 2017, January 14, 2019 and October 29, 2019 were cancelled September 30, 2016.

The following is a summary of the outstanding stock options as at December 31, 2016:

		Options Outstanding as at December 31,	
Expiry Date	**Exercise Price**	**2016**	**2015**
January 14, 2016	$ 1.45	-	237,931
March 29, 2017	0.63	**250,000**	493,333
August 24, 2017	1.04	-	50,000
December 11, 2017	1.64	**75,000**	300,000
September 6, 2018	1.02	**200,000**	250,000
January 14, 2019	1.63	-	150,000
June 26, 2019	2.90	**458,333**	825,001
October 29, 2019	1.60	-	100,000
May 25, 2020	0.70	**120,000**	370,000
December 14, 2020	0.30	**370,000**	640,000
		1,473,333	3,416,265

On January 14, 2014, the Corporation issued 3,965,517 common shares in a private placement. Each common share issued in the private placement was accompanied by one common share purchase warrant entitling the holder to acquire one-half additional common share at a price of $1.75 for a period of two years from January 14, 2014. The warrants expired unexercised on January 14, 2016.

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

	Years ended December 31,			
	2016		2015	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants Outstanding, beginning of year	**1,560,458**	**$ 1.75**	1,560,458	$ 1.75
Expired	**(1,560,458)**	**1.75**	-	-
Warrants Outstanding, end of year	**-**	**$ -**	1,560,458	$ 1.75

Of the outstanding warrants, 1,560,458 were exercisable at December 31, 2015 at an exercise price of $1.75 per share.
No warrants were exercised in the year ended December 31, 2016 (2015: Nil).

The Corporation has not declared or paid dividends during the year ended December 31, 2016 or during the year ended December 31, 2015.

CONTINGENCY

The Corporation has received the Statement of Defence and Counterclaim from Syncrude Canada Ltd. ("Syncrude") in respect to the Corporation's dispute with Syncrude regarding approximately $620,000 in user fees and government royalties that the Corporation believes are owed by Syncrude to the Corporation in respect of gravel used by Syncrude from the Susan Lake Public Pit. In addition to denying all allegations in the Corporation's Statement of Claim, Syncrude has brought several counterclaims against the Corporation and is seeking damages in excess of $68,000,000 (the "Counterclaim"). The Corporation believes the Counterclaim is without merit and will defend it rigorously. The outcome of the counterclaim is unknown at this time.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as at December 31, 2016 or at December 31, 2015.

RELATED PARTY TRANSACTIONS

During the three and twelve months ended December 31, 2016, the Corporation incurred expenses of $27,356 and $113,631 compared to the three and twelve months ended December 31, 2015 of $37,397 and $190,635 for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below. These costs are recorded in the financial statements as follows:

	Three months ended December 31,		Years ended December 31,	
	2016	2015	2016	2015
Directors and Officers:				
Directors fees and expenses	$ 26,250	$ 34,961	$ 111,250	$ 120,580
Travel and miscellaneous	1,106	2,436	2,381	7,055
	$ 27,356	$ 37,397	$ 113,631	$ 127,635
Companies controlled by former Director:				
Rent	-	-	-	63,000
	$ 27,356	$ 37,397	$ 113,631	$ 190,635
Accounts Payable - related parties				
Directors Fees - accrued and included in trade payables	$ -	$ 2,219		$ 2,219

Janitorial services in the amount of $9,050 were paid to a family member of an officer of the Corporation during the year ended December 31, 2016 (2015: $Nil). The balance owing with respect to these services at December 31, 2016 was $Nil.

All related party transactions were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties.

COMPENSATION OF KEY MANAGEMENT

Key management personnel include members of the executive leadership team. Compensation for key management personnel was as follows:

	As at December 31,	
	2016	2015
Salaries and other benefits	**$ 528,588**	$ 990,000
Share-based compensation	**48,607**	316,354
	$ 577,195	$ 1,306,354

* Includes severance payments for former employees of $267,500 during the year ended December 31, 2016 (2015: $355,000).

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Disclosure Initiative - Amendments to IAS 7: Statement of Cash Flows

IAS 7 has amendments that require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. One way to meet this new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities from financing activities. Application of the standard is mandatory for annual periods beginning on or after January 1, 2017. The Corporation is evaluating any potential impact of this standard.

IFRS 9 – FINANCIAL INSTRUMENTS

IFRS 9 will replace IAS 39 "Financial Instruments: Recognition and Measurement" (IAS 39). IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduces a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. Application of the standard is mandatory for annual periods beginning on or after January 1, 2018, with early application permitted. The Corporation is evaluating any potential impact of adopting this standard on its annual financial statements.

IAS 12 – INCOME TAXES: RECOGNIGTION OF DEFERRED TAX ASSETS FOR UNREALIZED LOSSES

IAS 12 has amendments to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. Application of the standard is mandatory for annual periods beginning on or after January 1, 2017. The Corporation is evaluating any potential impact of this standard.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

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

IFRS 16 - LEASES

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

FINANCIAL INSTRUMENTS

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

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

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

a) FAIR VALUE

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

b) CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, and long-term deposits. The Corporation's maximum credit risk at December 31, 2016 is the carrying value of these financial assets.

Credit risk associated with cash and restricted cash is minimized substantially by ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade rating. Long-term deposits are held with the Government of Alberta thus minimizing their credit risk.

In the normal course of business, the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the potential credit losses by considering the credit risk of specific customers, historical trends and other information. Two customers, each individually owing greater than 10% of the accounts receivable total balance, accounted for 59% for the Corporation's accounts receivable for the period ending December 31, 2016 (2015: Four customers accounted for 71.1%).

The accounts receivable aging is as follows:

	Current	60-90 days	> 90 days	Total
As at December 31, 2016	**$ 1,690,579**	**$ 208,068**	**$ 327,487**	**$ 2,226,134**
As at December 31, 2015	$ 2,871,937	$ 1,732,512	$ 401,963	$ 5,006,412

c) LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through budgeting and forecasting cash flows to ensure it has sufficient cash to meet its short-term requirements for operations, business development and other contractual obligations.

As at December 31, 2016 the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation has identified its financial liabilities as accounts payable and accrued liabilities and lease obligations, including interest.

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

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

	As at December 31, 2015			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 2,088,532	$ -	$ -	$ 2,088,532
Capital term loan, including interest	$ 506,490			$ 506,490
Lease obligations, including interest	1,634,303	1,616,998	113,630	$ 3,364,931
Total	**$ 4,229,325**	**$ 1,616,998**	**$ 113,630**	**$ 5,959,953**

d) INTEREST RATE RISK

The Corporation is exposed to interest rate risk on the operating loan. The Corporation's operating loan bears interest at 3.00% (2015: 1.00%) over the bank's prime lending rate. As the bank's prime lending rate fluctuates so will the cost of borrowing.

A 100-basis point increase in the interest rate on outstanding debt with variable interest rates would not have negatively impacted earnings because the operating loan was not utilized during the year ended December 31, 2016 (2015: $5,000).

SUBSEQUENT EVENTS

On January 13, 2017, the Company announced that it issued 480,000 stock options (Options) to officers, directors and employees of the Corporation in accordance with its employee stock option plan. The Options grant holders the right to purchase common shares at $0.235 per share for a period of five years. 33 1/3% of the options vested six months after the date of the grant and the balance will vest as to 33 1/3% every six months herein after for the following one year.

On January 24, 2017, the Court of Queen's Bench of Alberta released a decision denying an application brought by Syncrude for a preservation order on the gravel, sand and other material located in the overlapping area. The preservation order would have prevented the Corporation from receiving aggregate management fees income on the Susan Lake overlapping area which is defined as the Susan Lake Pit held by the Corporation and the Syncrude oil sand mine. Athabasca will continue to manage Susan Lake on a business as usual basis. Athabasca retains the right to seek costs incurred in defending the Syncrude injunction application.

On March 29, 2017, 250,000 options previously granted at $0.63 expired.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the year ended December 31, 2016 at the Board of Directors meeting on April 23, 2017.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), TSX Venture issuers like Athabasca are required to certify using the Venture Issuer Basic Certificate. This certificate states that the Interim Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Corporation each certify that the documents prepared for the year ended December 31, 2016 have been reviewed, contain no misrepresentations, and provide a fair presentation of the financial condition, financial performance and cash flows of the Corporation, to the best of their knowledge. This Venture Issuer Basic Certificate does not include any representations relating to the establishment and maintenance of disclosure controls and procedures and/or internal controls over financial reporting. Please refer to the Form 52-109FV1 for additional details. The Interim CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the year ended December 31, 2016.

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.