Athabasca Minerals Inc. Announces Q1 2015 Results

May 20, 2015, EDMONTON, ALBERTA. Athabasca Minerals Inc. (“Athabasca” or the “Corporation”) (TSX Venture: ABM) is pleased to announce its financial results for the three months ended March 31, 2015. The Corporation’s unaudited interim financial statements and management’s discussion and analysis (“MD&A”) for the three months ended March 31, 2015 are available on SEDAR at www.sedar.com and on the Athabasca Minerals website at www.athabascaminerals.com.

Q1 2015 Highlights

- The completion of a Preliminary Economic Assessment (“PEA”) for the Corporation’s Firebag Silica Sand Project (“Firebag Project”).
- Subsequent to the end of the first quarter, the Corporation entered into an agreement with Coal Valley Resources Inc. ("CVRI"), a subsidiary of Westmoreland Coal Company (Nasdaq GM: WLB) to purchase a private rail trans-loading facility ("Obed Facility") from CVRI.
- The Corporation reduced spending by shutting down winter crushing operations and reducing the associated labour forces.
- Net loss in the first quarter 2015 of $1.4 million was an improvement of 27% from the loss of $1.9 million recorded in the first quarter 2014.
- Appointment of Mr. William Woods, CMA as Chief Financial Officer of the Corporation.
- Completed the improved test results from the Firebag Project silica sand after attrition scrubbing. These results, together with test results previously announced, provide additional confirmation that the Corporation's Firebag Project silica sand is suitable for use as proppant in hydraulic fracturing.

The Corporation changed to a fiscal year end as of December 31, 2014. As a result, the three months ended March 31, 2015 is being compared to the three months ended February 28, 2014. As of January 1, 2015, management has gone to a monthly accrual basis for all annual type expenses.

OUTLOOK

Aggregate:

The Corporation has provided previous guidance that the sales volume from the Susan Lake Gravel Pit would be approximately 6.5 million tonnes in 2015. While recognizing that the potential impact of lower oil prices could be significant, management believes that this projected tonnage is still appropriate and conservative.

Sales guidance for 2015 at the corporate-owned pits is 500,000 tonnes. Management continues to strive for production optimization levels and tighter cost controls as it prepares for the heavy demand aggregate season. Strategic inventory was established in 2014 in core areas which will allow management to quickly react to any sudden demand changes as the economy changes. Although the demand in Q1 was lower than expected, management continues to support the sales guidance of 500,000 tonnes.

Athabasca currently has two major contracts for gravel supply and deliveries to major oil sands projects in the Conklin area, south of Fort McMurray. It is anticipated that some of the materials will be delivered in the second quarter while the rest of the contracted amounts would be delivered in the third and fourth quarter.

Management has recently submitted a tender to supply significant amount of crushed gravel from the Kearl pit to a major oil sands customer. Management continues to submit bids on projects that provide the opportunity to meet or exceed the 500,000 tonne guidance.

Firebag Project:

Management continues to allocate resources to advance the engineering surrounding the final plant design, complete permitting at both trans-loading sites and evaluate procurement opportunities on longer lead time items. The majority of capital spending in 2015 will be in relation to the Firebag Project.

Obed:

The Corporation recently announced an agreement to purchase a rail trans-loading facility near Obed, Alberta. Additional details in this agreement can viewed on the Corporation's press release dated May 12, 2015.

Under the terms of the Agreement, Athabasca will acquire CVRI's rights in and to the provincial government lease of land on which the Obed Facility is located (the "Lease") and all load out infrastructure related thereto. Athabasca will also acquire CVRI's rights in and to a Surface Materials Lease (the "SML") located nearby and pay weight-based royalties to CVRI for sand and gravel removed from the SML under the Agreement. The Purchase Price will be paid by Athabasca over the course of a term starting on the closing date and ending January 31, 2019 and will be secured by a letter of credit. Closing is anticipated to occur during the fourth quarter of 2015 and is subject to a number of conditions, including the completion of satisfactory due diligence of the Obed Facility and consent to the Lease assignment from the provincial government and applicable regulatory authorities.

The Obed Facility includes 160 acres of land with a private load-out structure that can load rail cars at the rate of 500 tonnes per hour, a dome storage structure that can store approximately 45,000 tonnes of aggregate, 4.6 kilometers of private rail line connecting to CN main line, water, power and natural gas connections. The facility also has direct highway access making it an ideal location for year round delivery capabilities. In addition to the potential trans-load opportunities, Athabasca will also be working to market and develop the sand and gravel resources that exists within the Obed Mountain Mine area.

The acquisition of the Obed Facility will allow Athabasca to continue to grow and diversify its aggregate business and advance the development of its Firebag Project. In addition, Athabasca intends to explore additional sand trans-loading capabilities at the Obed Facility.

First Quarter 2015

2015 First Quarter sales from corporate-owned aggregate operations were impacted by limited construction activities during the winter months and spring break up. Coupled with the uncertainty in the region due to the drop in oil prices, oil sands customers cut back and deferred some of the planned projects.

President and CEO Dom Kriangkum stated, "As there is traditionally slow demand for aggregate during the first quarter, compounded with major cutbacks in spending by oil sands operators due to the significant drop in oil price, aggregate sales were lower than previous years. We have secured two major contracts with oil sands companies to supply and deliver approximately 300,000 tonnes of aggregate before the end of the year. We have also recently submitted a proposal to supply aggregate to a major oil sands operator from the Kearl gravel pit." Kriangkum further stated "We are very pleased with the results of the PEA of the Firebag Project. This study outlines the high economic return and technical viability of the project. The PEA confirms our initial work and supports a high value, high margin and low risk frac sand project in Alberta."

OPERATIONS UPDATE

Aggregate sales from the Susan Lake Gravel Pit increased by 52% over the first quarter of 2014. With spring break up completed, the Northern region has commenced project work including roadwork and other infrastructure projects. In conjunction with oil sands aggregate deliveries, the Corporation still supports its earlier guidance of 6.5 million tonnes from the Susan Lake operation.

Management continues to implement new operational strategies designed to increase operational efficiencies, while actively exploring and introducing new aggregate supply within the Wood Buffalo region.

FINANCIAL HIGHLIGHTS

	Three months ended March 31, 2015	**Three months ended February 28, 2014**
FINANCIAL HIGHLIGHTS		
Revenue	$1,262,803	$3,543,567
Cost Of Sales	$1,591,180	$4,836,644
Gross profit (loss)	($328,377)	($1,292,700)
Operating Loss	($1,693,493)	($2,326,243)
Net loss	($1,403,018)	($1,910,393)
Net income (loss) per share	$ (0.042)	$ (0.063)
EBITDA	($1,189,616)	($1,606,804)
OPERATION HIGHLIGHTS:		
Corporate Owned Pits: Tonnage sold	7,828	79,994
Susan Lake - Tonnage sold	759,939	498,543

The Corporation’s revenue for the three months ended March 31, 2015 was $1.26 million or 64% lower when compared to the $3.54 million for the three months revenue ended February, 2014. Sales at the corporate pits decreased in the comparative quarter due to a delay in planned deliveries, a drop in oil prices leading to the deferral of expansion projects and seasonality effects historically observed in the first quarter.

Cost of sales for the three months ended March 31, 2015 decreased by 67% to $1.59 million from $4.84 million for the three months ended February 28, 2014. This significant reduction was due to lower aggregate sales from the corporate-owned pits and the associated trucking costs, and the reduction in production related costs as inventory volumes allowed management to defer production and focus on preparing the site and equipment for the construction season.

The Corporation incurred a net loss of $1.40 million ($0.042 per share loss) in the first quarter ended March 31, 2015 as compared to a net loss of $1.91 million ($0.063 per share loss) for the three months ended February 28, 2014.

As the Corporation gears up for the construction season, management is reviewing opportunities to optimize production, lower costs and reduce the seasonality effects surrounding the demands for aggregates in future periods.

About Athabasca Minerals

The Corporation is a resource company involved in the management, exploration and development of aggregate projects. These activities include contracts works, aggregate pit management, aggregate production and sales from corporate-owned pits, new aggregate development and acquisitions of sand and gravel operations. The Corporation also has industrial mineral land holdings for the purpose of locating and developing sources of industrial minerals and aggregates essential to high growth economic development.

For further Information on Athabasca, please contact:

Dean Stuart
T: 403- 517-2270
E: dean@boardmarker.net

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