



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 2015



Management’s Discussion and Analysis

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Twelve Months Ended December 31, 2015

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation"). The purpose of this document is also to help the reader understand the anticipated future performance of the Corporation.

This MD&A has been prepared as of April 20, 2016. It provides analysis of the Company's financial results for the twelve months ended December 31, 2015 and is compared with the results for the thirteen months ended December 31, 2014. This MD&A should be read in conjunction of Corporation's audited annual financial statements for the twelve months ended December 31, 2015 and the thirteen months ended December 31, 2014 and the related notes to .

All amounts have been expressed in Canadian dollars (except where noted), and have been prepared in accordance with International Financial Reporting Standards ("IFRS") (except where noted). Additional information about Athabasca may be found at the Corporation's website at www.athabascaminerals.com or within the Corporation's SEDAR profile at www.sedar.com.

Management is responsible for the preparation and integrity of this MD&A, together with the financial statements referred to in this MD&A, and provides officers' disclosure certifications, which are also filed on SEDAR.

Readers are cautioned that this MD&A contains forward looking statements and that actual events may vary from management's expectations. The forward looking information should be read in conjunction with the risk factors described in "Financial Instruments", "Risks and Uncertainties" and "Forward Looking Information" at the end of this MD&A.

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.

OVERVIEW OF THE BUSINESS

Athabasca Minerals Inc. ("Athabasca" or "the Corporation") is a resource company specializing in developing, producing, and exploring for aggregates and industrial minerals in Alberta. The business strategy of the Corporation includes both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and development (or acquisition of) other aggregate resources and industrial minerals.

Since incorporating in 2006, the Corporation has become one of the largest operators of a government public pit in Canada. The Corporation's focus is on opportunities that increase its strategic land holding position to grow the business of corporate owned pits. With new leadership, management is 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.

The supply of aggregates will lie at the very foundation of Athabasca's future economic growth. With a focus on the strategic supply of aggregates and the goal to provide key industrial minerals in support of Alberta's development and growth, management believes the Corporation is well positioned now and into the future.

2015 HIGHLIGHTS

- The Corporation entered into an agreement with Coal Valley Resources Inc. ("CVRI"), a subsidiary of Westmoreland Coal Company NasdaqGM: WLB to purchase a private rail trans-loading facility ("Obed Facility") from CVRI.
- Announcement of the completion of a Preliminary Economic Assessment (PEA) for the Corporation's Firebag Silica Sand Project (Firebag Project).
- Completion of National Instrument 43-101 Technical Report for the Richardson Aggregate Project with an initial inferred crushed rock aggregate resource of 683,000,000 tonnes.
- The Shareholder Rights Plan has been adopted by the Board of Directors and the shareholders to ensure the fair treatment of shareholders in connection with any take-over offer for Athabasca, and to provide the Board of Directors and shareholders with additional time to fully consider any unsolicited take-over bid.
- Revenue for 2015 of \$19,454,139 versus revenue for 2014 of \$26,332,357
- Gross profit for 2015 of \$4,576,644 versus gross profit of \$6,286,608 for 2014
- Operational losses for 2015 of \$401,110 versus an operational earnings of \$213,907 for 2014. Lower sales volumes, 2015 severance costs and legal costs accounts for the majority of the variance.
- Net loss and comprehensive loss for 2015 of \$7,313,810 versus net loss and comprehensive loss for 2014 of \$831,179
- Write downs of \$7,545,890 consists of Susan Lake goodwill (\$2,537,701), impairment of inventory values and excessive sand volumes in relation to the average sales over the last two years (\$2,865,602), and management's focus on developing sand and gravel properties resulting in the write down of the these assets (\$2,142,587).
- Loss per share for 2015 of \$0.220 versus 2014 of \$0.026
- Adjusted EBITDA for 2015 of \$2,619,727 versus adjusted EBITDA for 2014 of \$5,076,275

- Successful implementation of cost efficiencies associated with the production of aggregates from corporate owned aggregate projects
- Increased cash as at December 31, 2015 to \$2,644,430 from December 31, 2014 of \$828,672
- Lowered accounts receivable as at December 31, 2015 to \$5,006,412 from December 31, 2014 of \$6,521,384 with the focus on lowering the accounts over 90 days past due by over \$200,000
- Lowered accounts payable as at December 31, 2015 to \$2,088,532 from December 31, 2014 of \$3,937,424
- Appointment of Mr. Scott MacDougall, P. Eng. to the permanent position of President and Chief Executive Officer ("CEO") and Mr. William Woods to Chief Financial Officer ("CFO")
- Continued focus on optimization, diversification and expansion of core aggregates business

OPERATIONAL RESULTS:

	Three months ended December 31, 2015	Four months ended December 31, 2014	Twelve months ended December 31, 2015	Thirteen months ended December 31, 2014
FINANCIAL HIGHLIGHTS:				
Susan Lake management fee revenue	\$ 3,369,986	\$ 4,559,140	\$ 12,191,947	\$ 12,041,152
Susan Lake royalty expense	(1,536,991)	(1,275,492)	(4,760,668)	(3,331,690)
Corporate pits sales revenue	5,080,086	6,396,454	12,022,860	17,622,895
Revenue	\$ 6,913,081	\$ 9,680,102	\$ 19,454,139	\$ 26,332,357
Gross Profit	\$ 986,317	\$ 3,105,084	\$ 4,576,644	\$ 6,286,608
Adjusted EBITDA	\$ 519,407	\$ 2,336,156	\$ 2,619,727	\$ 5,076,275
Operating Earnings (loss)	\$ (76,007)	\$ 538,070	\$ (401,110)	\$ 213,907
Net Income / (loss)	\$ (6,762,150)	\$ 12,174	\$ (7,313,810)	\$ (831,179)
Net Income / (loss) per share, basic (\$ per share)	\$ (0.203)	\$ 0.001	\$ (0.220)	\$ (0.026)
CASH FLOW HIGHLIGHTS:				
Cash from operating activities, before working capital	\$ 493,300	\$ 1,988,244	\$ 2,615,522	\$ 4,723,532
Spending on property and equipment	\$ (180,132)	\$ (84,018)	\$ (766,528)	\$ (1,044,215)
Spending on resource properties	\$ (119,631)	\$ (82,305)	\$ (847,846)	\$ (1,785,676)
OPERATIONAL HIGHLIGHTS:				
Corporate Pits				
Tonnes Sold	161,002	218,195	384,610	571,493
Susan Lake Operations				
Tonnes Sold - Gravel & Sand	1,577,963	2,795,621	6,214,902	7,513,987

REVIEW OF OPERATIONAL RESULTS:**Revenue**

Athabasca's revenue for the three months ended December 31, 2015 was 29% lower at \$6.92 million, compared with \$9.68 million for the four months ended December 31, 2014. The average selling price net of royalties and trucking from the corporate-owned pit was down 3% for the three months ended December 31 compared to the four months ended December 31, 2014 and volumes were down 26% as supply and demand pressure from the market resulted in both lower prices and demand.

Athabasca's revenue for the twelve months ended December 31, 2015 was 26% lower at \$19.45 million, compared with \$26.33 million for the thirteen months ended December 31, 2014 due to a delay in planned deliveries as a result of the impact of the lower oil prices and lower aggregate prices. Sales volumes at the corporate pits decreased 186,883 tonnes or 33% for the twelve months ended December 31, 2015 compared to the thirteen months end December 31, 2014. Average prices for the same period reflects a 13% price decrease for the twelve months ended December 31, 2015 over the thirteen months ended December 31, 2014.

Cost of Sales

Cost of sales for the three months ended December 31, 2015 decreased by 10% to \$5.93 million from \$6.58 million for the four months ended December 31, 2014. Cost of sales for the twelve months ended December 31, 2015 decreased by 26% to \$14.88 million from \$20.05 million for the thirteen months ended December 31, 2014. This significant decrease was due to a reduction in production costs, management decision to focus of the reduction of higher cost inventory, and the correlation to lower volumes.

Gross profit

For the three months ended December 31, 2015, the Corporation incurred a gross profit of \$0.99 million as compared to \$3.1 million for the four months ended December 31, 2014. For the twelve months ended December 31, 2015, the Corporation incurred a gross profit of \$4.58 million as compared to \$6.29 million for the thirteen months ended December 31, 2014. The decrease in the gross profit for the quarter and the year was largely due to lower volumes and lower prices of aggregate sales mitigated partially by the improved efficiency of the operation and the focus on cost control.

Operating Income (loss)

The Corporation incurred an operating loss of \$0.076 million in the three months ended December 31, 2015 and an operating loss of \$0.40 million for the twelve months ended December 31, 2015 as compared to an operating income of \$0.54 million for the four months ended December 31, 2014 and an operating income of \$0.21 million for the thirteen months ended December 31, 2014. The increase in the loss reflects the impact of lower volumes and lower prices. General and administrative costs reflect the impact of severances paid during 2015 but is offset by lower stock based compensation.

Net loss

The Corporation incurred net loss of \$6.76 million (\$0.203 per share) in the fourth quarter ended December 31, 2015 and an net loss of \$7.31 million (\$0.220 per share) for the twelve months ended December 31, 2015 as compared to net income of \$0.012 million (\$0.001 per share) for the four months ended December 31, 2014 and an net loss of \$0.83 million (\$0.026 loss per share) for the thirteen months ended December 31, 2014. The majority of the losses for the fourth quarter are attributed to the other expenses. The costs related to the write down of the exploration assets we are no longer pursuing, the goodwill attached to the Susan Lake contract, the write-off of sand inventory as current levels far exceeded average sales over the last two years, loss on disposal of equipment and the land use agreement. These one-time expenses represent \$7.79 million pre-tax.

Operational Results – Corporate Pits

Sales at the corporate pits were 161,002 tonnes for the three months ended December 31, 2015 compared to 218,195 tonnes during the four months ended December 31, 2014, a reduction of 26%. Tonnes produced for the three months ended December 31, 2015 was 57,885 compared to 243,593 for the four months end December 31, 2014 and 245,058 for the twelve months ended December 31, 2015 compared to 639,488 tonnes for the thirteen months ended December 31, 2014.

With the reduction in oil prices Athabasca focused sales efforts in establishing new clients and diversifying into additional regions. The majority of sales in 2015 were to new clients when compared to 2014. Overall sales and planned deliveries are lower than anticipated primarily due to a delay in planned projects as a result of the impact of lower oil prices.

Sales volumes during the twelve months ended December 31, 2015 were 384,610 metric tonnes, a decrease of 186,883 or 33% compared to the thirteen months ended December 31, 2014 of 571,493 metric tonnes.

Athabasca reduced production during the twelve months ended December 31, 2015 as the aggregate inventory volumes available at the corporate pits were able to supply contractual commitments.

Operational Results – Susan Lake Public Pit

Susan Lake sales for the three months ended December 31, 2015 were 1,577,963 tonnes compared to 2,795,621 tonnes for the four months ended December 31, 2014. Susan Lake volumes were 6,214,902 tonnes for the twelve months ended December 31, 2015 compared to 7,513,987 tonnes for the thirteen months ended December 31, 2014. The majority of the aggregate sold was used for general maintenance of existing infrastructure in the Wood Buffalo region, new infrastructure projects and developments at the surrounding oil sands projects.

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 corporate - owned aggregate operations.

	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
Total Revenue	\$ 6,913,081	\$ 7,929,830	\$ 3,348,425	\$ 1,262,803
Gross Profit	\$ 986,317	\$ 3,359,184	\$ 559,520	\$ (328,377)
Net Income (Loss)	\$ (6,762,150)	\$ 1,614,504	\$ (763,146)	\$ (1,403,018)
Net Income (Loss) per share, basic	\$ (0.203)	\$ 0.048	\$ (0.023)	\$ (0.042)
Net Income (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 (non-current)	\$ 1,676,458	\$ 2,178,610	\$ 2,620,645	\$ 2,143,037
	4 - months			
	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Susan Lake Management Fee Revenue	\$ 4,559,140	\$ 4,547,008	\$ 2,156,114	\$ 778,890
Susan Lake Royalties	(1,275,492)	(1,202,320)	(629,556)	(224,323)
Corporate Pit Revenue	6,396,454	6,119,581	2,117,483	2,989,377
Total Revenue	\$ 9,680,102	\$ 9,464,269	\$ 3,644,041	\$ 3,543,944
Gross Profit	\$ 3,105,084	\$ 4,201,714	\$ 272,510	\$ (1,292,700)
Net Income (Loss)	\$ 12,174	\$ 1,605,744	\$ (538,704)	\$ (1,910,393)
Net Income (Loss) per share, basic	\$ -	\$ 0.049	\$ (0.017)	\$ (0.063)
Net Income (Loss) per share, diluted	\$ -	\$ 0.047	\$ (0.017)	\$ (0.063)
Total Assets	\$ 39,876,680	\$ 41,260,053	\$ 39,447,914	\$ 38,965,296
Total Resource Properties	\$ 7,280,531	\$ 6,916,978	\$ 6,679,961	\$ 6,415,505
Total Debt (non-current)	\$ 2,494,449	\$ 3,772,522	\$ 4,362,765	\$ 4,949,392

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 hampered by the weather conditions and the timing of spring break-up. 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. As a result, there is a seasonal nature to operations, with winter and spring traditionally being the slowest time for the Corporation. This can be seen in fluctuations in revenue and net income in the table above.

OUTLOOK:

Management continued to follow its strategy of cost reductions implemented in 2014. The Corporation implemented and managed tight cost controls, minimize capital expenditures, and reduce headcount both in the field and in the corporate office. The Corporation focused on production and existing inventory to align with contractual obligations and sales strategy. With the uncertainties surrounding the timeline of a recovery in oil prices, the Corporation will continue this strategy; bidding jobs sourced from existing inventory and when accretive, will crush new material only as required with the award of successful bids. Focused on reducing existing inventory, the Corporation is situated well with its pit along the Highway 881 and Highway 63 corridor to supply its historical client base for construction, infrastructure, development projects and steam assisted gravity drainage operations. Our Kearl pit experienced anticipated sales with a complete turn of produced aggregate in late 2015 and early 2016. The Corporation will begin dewatering and stockpiling in Q2 2016 to ensure available aggregate supply for oil sands requirements in close proximity to the pit. The Corporation implemented a new software system which complements the cost savings initiatives established in 2015. This new system provides detailed cost reporting which will allow operations to continue to focus on additional cost saving opportunities.

Susan Lake gravel pit continued to supply aggregate to both maintenance and development of oil sands projects in the Northern Alberta along with infrastructure projects in the region. Overall sales were in line with previous guidance. The Corporation has cleared the majority of the land for future aggregate production at Susan Lake and is anticipating an increase to historical margins received from managing the Province's public pit.

Athabasca will be undertaking an increased exploration program in the 2016 calendar year to identify additional resources both on public, private and First Nation lands to align with its diversification efforts into additional areas outside of the Wood Buffalo Region.

The Corporation undertook a detailed review of its legacy projects and has written off some of its non-core assets. The Corporation will focus personnel on the exploration of additional aggregate and mineral resources and business development surrounding pit management thru 2016.

OPERATIONS:

Susan Lake

"Public Pit" - Management of aggregate operations on behalf of the Government of Alberta or privately held interests

The Corporation currently manages the Susan Lake Gravel Pit on behalf of the Government of Alberta. The Corporation's services include exploration and identification of minerals, clearing and topsoil stripping, site preparation, dewatering and 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 contract, which expires November 30, 2017.

The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray. The Susan Lake property is 2,379.5 hectares in size. Approximately 95 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 also in supplying infrastructure aggregate to the Wood Buffalo Region. Between 2009 and 2015, aggregate sales from Susan Lake averaged 8.29 million tonnes per annum.

Although new oil and gas activities in the general Wood Buffalo area have declined the corporation continues to observe demand for aggregate supply from the Susan Lake pit due to its close proximity to existing oil sands projects. Management continues to work with the Alberta Environmental Protection, Alberta Environmental Regulators and Syncrude regarding the counter claim surrounding the Susan Lake gravel pit.

Corporate-Owned Pits

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

A SML grants the lease holder the right to extract sand and gravel from Crown land. The Corporation holds several SML's for gravel extraction in Northern Alberta and operates additional gravel SMLs held by other companies under Joint Venture or Partnership agreements. The corporation continues to manage and process aggregated form it's second joint venture with a First Nations company in the Wood Buffalo region.

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 a number of 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

During July 2014, Athabasca initiated production under an agreement with DeneCo for a second nearby aggregate location, Km248, located 85 km southwest of Fort McMurray. Athabasca serves as the developer and operator of this location under a similar arrangement. These agreements encourage and promote the participation of First Nations in employment and business opportunities.

The 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 102,673 metric tonnes as of March 31, 2016. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor. The Corporation plans to continue crushing in 2016 and inventory levels are drawn down.

Logan Pit

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is primarily a winter access only pit due to access limitations 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 for the Logan aggregate deposit. The indicated mineral resource aggregate included 1,357,000 tonnes of gravel. Also reported is an 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 118,605 as of March 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 through a winter season road. The Corporation is evaluating road improvements to allow for year round delivery.

EXPLORATION AND DEVELOPMENT PROJECTS

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.

With the uncertainty in oil prices the Corporation will be limiting any capital spending on this project until greater certainty surrounding pricing and domestic frac sand demand is established. The Corporation will focus efforts on completing engineering options surrounding plant size and additional permitting.

Richardson Project

This potential 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 60,966 Ha. (150,650 acres). Apex Geoscience of Edmonton, Alberta has completed the National Instrument 43-101 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 basement granite is 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 but is exploring potential developmental partners and JV opportunities. 2016 work will focus on additional resource delineation

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 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 oil.

Trans-Loading Facility

The Corporation had entered into an agreement with Coal Valley Resources Inc. (now Prairie Mines & Royalty ULC), a subsidiary of Westmoreland Coal Company to purchase a private rail trans-loading facility. The facility includes 160 acres of land, a private load out structure, a 45,000 tonne capacity dome structure, 7.0 km of private rail that connects to the CN main line, water, power, and natural gas connections. The facility has direct access to Highway 16 making it an ideal location for year round delivery capabilities.

The Corporation has subsequently signed a definitive agreement for the sale of Athabasca's rights, title and interests surrounding three leases bordering the Obed Transloading Facility ("Obed Facility") to Wayfinder Corp, for a purchase price of \$800,000. As part of the Agreement, Athabasca has transferred its rights of first refusal on the purchase of the Obed facility to Wayfinder Corp. who has contemporaneously entered into a separate agreement with Westmoreland Coal for the purchase of the Obed Facility. As part of the Agreement Athabasca maintains the rights to:

- Construct, operate and maintain a drying facility on lands adjacent to the Obed facility.
- Work with Wayfinder in utilizing the existing rail infrastructure to sell certain aggregates.
- Act as a domestic supplier of sand, gravel, borrow or aggregates material to Wayfinder for Wayfinder's operations at the Obed site and adjacent leases.
- Act as a third party contractor to Wayfinder for any road maintenance work, civil earthwork or site development work surrounding Wayfinder's operations at the Obed Facility and adjacent leases.
- Athabasca will maintain the ability to distribute frac sand from the Firebag Frac Sand Project ("Firebag Project") via the Obed Facility.

Sand and Gravel Properties

Athabasca also owns 130 hectares of private land in the Grimshaw, Alberta area which is known for its high quality pre-glacial gravel.

	December 31, 2015 (hectares)	December 31, 2014 (hectares)	November 30, 2013 (hectares)
Balance at beginning of period:	390	307	307
Sand and gravel leases or private land acquired during the period:	0	83	0
Balance at end of period:	390	390	307

During the twelve months ended December 31, 2015, management tested the 320 acres in the Conklin geographic region without success. In September 2015, management received approvals in principle for the Steepbank and Hargwen gravel deposits totalling 149 acres. The Corporation is currently preparing conservation and reclamation business plans for these pits. In addition, management has applied for 1,184.25 acres of sand and gravel exploration permits in the Edson and Conklin, geographic region of which 320 acres have been approved.

In Q4 of 2015, the Corporation began exploring for gravel in new market areas in Saskatchewan. Testing was conducted on private land near Indianhead and Lipton. These areas are established gravel sources for the Regina market. The Corporation also began discussions to acquire gravel from private land owners in the Cold Lake market area.

The Corporation currently has several SME's approved and is anticipating additional approvals in 2016. The Corporation's intent is to test the SME's and where an economically recoverable resource is defined convert the SME's into SML's. The company has budgeted an increased exploration program in 2016 to grow its ability to diversify into additional regions supporting both oil, gas, forestry and infrastructure developments.

MINERAL PROPERTIES

As at December 31, 2015, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 178,348 hectares of land and Alberta Metallic and Industrial Mineral Leases on 512 hectares of land, largely located in the Fort McMurray region in northeast Alberta. A variety of important industrial minerals have been identified as essential in this region including silica sand, dolomite, granite, and conglomerate. These minerals are key Ingredients for many products used to support the oil sands industry and Alberta infrastructure projects.

Birch Mountain Project (Silica Sand)

The Corporation previously held two mineral leases covering 2,432 hectares, situated in the Wood Buffalo region in northeast Alberta, which contains silica sand. Athabasca holds mineral permits on 71,662 hectares on land adjacent to the two mineral leases. The Corporation continues to explore for frac sand in the Birch Mountains.

Boyle Project (Salt)

During the third quarter ended September 30, 2015, Athabasca Minerals Inc. 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 four mineral lease holdings covering 5,833.5 ha in the Boyle Lease resulting in the expensing of \$124,241 in the third quarter.

Dover Project (Salt)

The Corporation holds one mineral lease covering 256 hectares in the Wood Buffalo region of Alberta in the Birch Mountain area approximately 150 kilometers north of Fort McMurray. On the property is a salt formation which the Corporation has identified and evaluated. The Corporation drilled a salt test well that terminated at a depth of 490 meters. Studies have indicated that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands.

During the fourth quarter end December 31, 2015, Athabasca Minerals Inc. determined it would focus its efforts on developing sand and gravel properties. As such, this project totalling \$1,021,004 has been fully written off.

Mineral Permits

The Corporation continuously evaluates its mineral permit holdings, relinquishing and/or acquiring permits as dictated by its exploration and strategic priorities, as well as financial considerations.

The following is the land area covered by the Corporation's mineral permits as at December 31, 2015, located largely in the Fort McMurray area:

	December 31, 2015 (hectares)	December 31, 2014 (hectares)	November 30, 2013 (hectares)
Balance at beginning of period:	242,862	488,952	439,331
Mineral permits acquired during the period:	71,662	35,056	125,934
Mineral permits relinquished during the period:	(137,954)	(281,146)	(76,313)
Balance at end of period:	176,570	242,862	488,952

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

Management is currently in discussions with an oilfield waste disposal company about the Dover lease and is contracting a geologist specialized in salt storage.

Mineral Leases

The following is the land area covered by the Corporation's mineral leases as at December 31, 2015, located largely in the Fort McMurray area:

	December 31, 2015 (hectares)	December 31, 2014 (hectares)	November 30, 2013 (hectares)
Balance at beginning of period:	21,579.5	21,579.5	18,635.5
Mineral leases acquired during the period:	-	-	2,944.0
Mineral leases relinquished	(21,067.5)		
Balance at end of period:	512.0	21,579.5	21,579.5

The Corporation's two Alberta Metallic and Industrial Minerals Leases are maintained in good standing by the payment of annual lease payments. Estimated costs associated with maintaining these mineral permits and leases appear in the Commitments discussion in the Liquidity and Capital Resources section below.

RISKS AND 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 (see the Section on 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 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 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.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2015 the Corporation reported working capital of \$8.0 million which management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. This balance is down \$2.7 million from December 31, 2014, when the working capital balance was \$10.7 million. The working capital decreased primarily due to a reduction in cash flow generated from operations, due to the impact of lower sales, the write down of the sand inventory, offset by lower payables, and the higher income tax recovery as a result of the loss in the year.

The following table summarizes the Corporation's cash flows:

	Three months ended			Four months ended			Twelve months ended			Thirteen months ended		
	December 31, 2015	December 31, 2014	Change (\$)	December 31, 2015	December 31, 2014	Change (\$)	December 31, 2015	December 31, 2014	Change (\$)	December 31, 2015	December 31, 2014	Change (\$)
\$ thousands of Canadian dollars, unless otherwise noted												
Cash from operating activities	\$ 493,300	\$ 1,988,244	\$ (1,494,944)	\$ 2,615,522	\$ 4,723,532	\$ (2,108,010)						
Change in non-cash working capital	1,890,773	(1,613,636)	3,504,409	3,065,408	(4,903,714)	7,969,122						
Cash used in investing activities	(17,644)	(29,867)	12,223	(1,123,558)	(2,962,258)	1,838,700						
Cash from (used in) financing activities	(871,907)	(602,646)	(269,261)	(2,741,614)	3,898,961	(6,640,575)						
Increase (decrease) in cash	\$ 1,494,522	\$ (257,905)	\$ 1,752,427	\$ 1,815,758	\$ 756,521	\$ 1,059,237						

Available Credit Facilities

The Corporation is party to a credit facility agreement with HSBC. The facility includes an operating loan, a capital loan, five leasing equipment facilities, and a MasterCard facility.

The capital term loan, with an outstanding balance of \$0.50 million as at December 31, 2015, has no unused

capacity.

The five leasing equipment facilities are used to finance the acquisition of equipment. As at December 31, 2015, Athabasca has lease obligations under these facilities totaling \$2.26 million. In addition, there are three Cat Financial leases at an interest rate of 3.68%, Athabasca has lease obligations under these facilities totaling \$0.41 million and a Komatsu Lease at an interest rate of 3.49% and has a lease obligation of \$0.54 million.

The Corporation has access to a \$3.0 million demand operating loan with a sub-limit of \$2.0 million available for letters of commercial credit. No amount was outstanding on the operating loan. \$675,880 of the operating loan is committed, although not funded, in order to secure letters of credit totalling \$1,351,760.

Accordingly, the Corporation is not exposed to significant liquidity risk.

Commitments

The Corporation has no formal commitments for capital expenditures.

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

First two year period	\$5.00 per hectare
Second two year period	\$10.00 per hectare
Third two year period	\$10.00 per hectare
Fourth two year period	\$15.00 per hectare
Fifth two year period	\$15.00 per hectare
Sixth two year period	\$15.00 per hectare
Seventh two year period	\$15.00 per hectare

As of December 31, 2015 the Corporation held mineral permits covering 178,348 hectares (440,698 acres). As a result, the Corporation has spending commitments totaling approximately \$0.6 million in 2016. 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.

As of December 31, 2015, the Corporation held mineral leases covering 512 hectares. In order to keep the land under mineral leases in good standing, the Corporation is required to pay annual rental of \$3.50 per hectare on the mineral leases. Currently, the Corporation has an annual rental commitment of \$1,792 over the 15 year life of the mineral leases which in 2028. In addition, applicable royalties will be payable to the Government of Alberta once sales production on the mineral leases commences.

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 hectares 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, 2015, the Corporation had 33,303,650 common shares outstanding. An additional 3,416,265 options to acquire common shares are outstanding, with an average exercise price of \$1.37 per share. As at December 31, 2014, the Corporation has 33,303,650 common shares outstanding. In 2014, an additional 3,006,264 options to acquire common shares are outstanding, with an average exercise price of \$1.69 per share.

As at December 31, 2015, the Corporation has 1,560,458 warrants outstanding at an average exercise price of \$1.75. On January 14, 2016, these warrants expired unexercised.

The Corporation has no dividends declared or paid in the year ended December 31, 2015.

Contingency

During 2015, the Corporation has received the Statement of Defence and Counterclaim of Syncrude Canada Ltd. ("Syncrude") in respect of the Corporation's dispute with Syncrude regarding approximately \$620,000 in user fees and government royalties the Corporation believed were owed by Syncrude to the Corporation and the Government of Alberta 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 is uncertain of the outcome of the claim at this time.

Management believes the counterclaim is without merit and will defend it rigorously.

The Corporation has met with Syncrude, Government of Alberta Environmental & Parks, as well as the Assistant Deputy Minister in regards to the counter claim. The Corporation will continue to meet with all parties to work towards a resolution.

OFF BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

During the three and twelve months ended December 31, 2015, the Corporation incurred expenses of \$37,397 and \$190,635 respectively compared to the three and thirteen months ended December 31, 2014 of \$131,481 and \$224,710 respectively for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below. Beginning in 2015, director fees are accrued as earned compared to prior periods where director fees were recorded on a cash disbursement basis.

These costs are recorded in the financial statements as follows:

	Three months ended December 31, 2015	Four months ended December 31, 2014	Twelve months ended December 31, 2015	Twelve months ended December 31, 2014
Directors and Officers:				
Directors fees and expenses	\$ 34,961	\$ 95,777	\$ 120,580	\$ 108,080
Travel and miscellaneous	2,436	7,704	7,055	25,630
	<u>\$ 37,397</u>	<u>\$ 103,481</u>	<u>\$ 127,635</u>	<u>\$ 133,710</u>
Companies controlled by Directors and Officers:				
Rent	-	28,000	63,000	91,000
	<u>\$ 37,397</u>	<u>\$ 131,481</u>	<u>\$ 190,635</u>	<u>\$ 224,710</u>

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 Board of Directors and the senior leadership team. Compensation for key management personnel, including directors, was as follows:

	<u>Three months ended December 31, 2015</u>	<u>Four months ended December 31, 2014</u>	<u>Twelve months ended December 31, 2015</u>	<u>Thirteen months ended December 31, 2014</u>
Salaries and other benefits	\$ 227,503	\$ 400,882	\$ 990,000	\$ 1,025,943
Share-based benefits	17,418	611,474	316,354	1,142,711
	<u>\$ 244,921</u>	<u>\$ 1,012,356</u>	<u>\$ 1,306,354</u>	<u>\$ 2,168,654</u>

CHANGE IN ACCOUNTING POLICIES**Accounting Changes**

Effective January 1, 2015, the Corporation adopted the following new standards and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC"). IFRS 2 'Share-based Payments' is an amendment to clarify the definition of vesting conditions and separately define a performance condition and a service condition. The amendments are effective for a share-based payment transaction for which the grant date is on or after July 1, 2014. The adoption of the amendment did not have a material impact on the financial statements.

IAS 24 'Related Party Disclosures' amendment clarify that a management entity, or any member of a group of which it is a part, that provides key management services to a reporting entity, or its parent, is a related party of the reporting entity. The amendments also require an entity to disclose amounts incurred by key management personnel services provided by a separate management entity. This replaces the more detailed disclosure by category required for other key management personnel compensation. The amendments will only affect disclosure and are effective for annual periods beginning on or after July 1, 2014. The adoption of the amendment did not have a material impact on the Financial Statements.

New accounting standards issued but not yet effective**IFRS 9 - Financial Instruments**

In July 2014, the IASB issued a finalized version of IFRS 9, *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*, and supersedes all previous versions of the standard. The standard introduces a new model for the classification and measurement of financial assets and liabilities, a single expected credit loss model for the measurement of the impairment of financial assets and a new model for hedge accounting that is aligned with a company's risk management activities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The Corporation is currently evaluating the impact of adopting this standard on its annual financial statements.

IFRS 15 - Revenue from Contract with Customers

In May 2014, the IASB issued IFRS 15, *Revenue from Contracts with Customers*, which provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted.

The Corporation is currently evaluating the impact of adopting this standard on its annual financial statements.

IFRS 16 - Leases

In January 2016, the IASB published a new standard, IFRS 16, *Leases*. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted if IFRS 15, *Revenue from Contracts with Customers*, has also been applied.

The Corporation is currently evaluating the impact of adopting this standard on its annual financial statements.

Clarification of Acceptable Methods of Depreciations and Amortization (Amendments to IAS 16 and IAS 38)

On May 12, 2014, the IASB issued amendments to IAS 16 "Property, Plant and Equipment" (IAS 16) and IAS 38 "Intangible Assets: (IAS 38). The amendments clarify that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The standard was to be applied prospectively for reporting periods beginning on or after January 1, 2016 with early application permitted.

FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, land use agreement receivable, long-term deposits, accounts payable and accrued liabilities, lease obligations, and capital term loan.

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 and capital term loan approximates their carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits is not materially different from carrying value. The lease obligation is at a fixed rate of interest. The fair value of the lease obligation is not materially different from carrying value as they are at the market rate of interest. Land use agreement receivable is an estimate of discounted future cash flow with carrying value approximating fair value.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at December 31, 2015 is the carrying value of these financial assets.

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 need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At December 31, 2015, 80.7% of the Corporation's accounts receivable was due from five customers (December 31, 2014 – 57.0% of the top four customers).

The Corporation's aged accounts receivable are comprised of 17.1% current, 74.8% past due up to 60

days and 8.1% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable.

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 so they bear little credit risk.

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. As part of Athabasca's credit facility, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at December 31, 2015.

As at December 31, 2015 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, capital term loan, including interest but excluding deferred financing costs, and lease obligations, including interest.

For the twelve months ended Dec. 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

The Corporation's projected cash flow from operating activities and existing availability from credit facilities are expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities as at December 31, 2015. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts.

d) Foreign Currency Risk

The Corporation maintains a USD currency bank account with a nominal balance for the infrequent need to fund supplier purchases denominated in USD currency. As at December 31, 2015, the Corporation had minimal amounts of USD cash, accounts receivable and accounts payable. As the amounts involved are insignificant, management feels the foreign currency risk for the Corporation is minimal.

e) Interest Rate Risk

The Corporation is exposed to interest rate risk on the variable rate capital term loan. The Corporation's capital term loan bears interest at 1.75% over the bank's prime lending rate. The Corporation's operating loan bears interest at 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 have negatively impacted earnings by approximately \$5,000 in 2015.

NON-IFRS MEASURES

Management uses earnings before interest, taxes, depreciation and amortization (EBITDA) and adjusts for stock based compensation and other write-downs to monitor the financial performance of the Corporation and believes this measure enables investors and analysts to compare the Corporation's financial performance with its competitors and evaluate the results of its underlying business. Adjusted EBITDA does not have a standard measurement under IFRS and should not be considered as a substitute for measures of performance that are prepared in accordance with IFRS. As EBITDA does not have a standardized meaning, the definition used by Athabasca may not be comparable to similar measures used by other companies.

The Corporation defines EBITDA as Operating Earnings adjusted for depreciation, amortization and depletion expense on property and equipment, resource properties, and intangible assets, stock based compensation and other one write downs.

The following table reconciles EBITDA to net income (loss) income as per the financial statements of the Corporation (in thousands of Canadian dollars):

\$ thousands of Canadian dollars	Three months ended December 31, 2015	Four months ended December 31, 2014	Twelve months ended December 31, 2015	Thirteen months ended December 31, 2014
Net loss, per financial statements	\$ (6,762,150)	\$ 12,174	\$ (7,313,810)	\$ (831,179)
Add back:				
Amortization of intangible assets	216,667	288,888	866,667	938,888
Amortization and depreciation expense	387,617	736,512	1,485,605	2,369,807
Stock Based Compensation	(8,870)	772,686	668,565	1,553,673
Finance costs	71,917	145,150	303,315	440,457
Loss on impairment of inventory	2,865,602	-	2,865,602	-
Loss on impairment of Susan Lake pit goodwill	2,537,701	-	2,537,701	-
Write-down of resource properties	1,986,859	(171,719)	2,142,587	89,412
Loss on disposal of property and equipment	174,611	139,013	174,611	139,013
Loss on land use agreement	47,543	144,127	93,059	258,947
Write-down (recovery) of intangible assets	26,729	(19,094)	26,729	(19,094)
Income tax expense	(1,027,623)	259,411	(1,168,740)	209,827
Other expenses	4,672	31,798	(53,119)	(61,416)
Less:				
Interest income	(1,868)	(2,790)	(9,045)	(12,060)
Adjusted EBITDA	<u>\$ 519,407</u>	<u>\$ 2,336,156</u>	<u>\$ 2,619,727</u>	<u>\$ 5,076,275</u>

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the three and twelve months ended December 31, 2015 at the Board of Directors meeting on April 20, 2016.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), TSX Venture issuers like Athabasca are required to certify using the Venture Issuer Basic Certificate. This certificate states that the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Corporation each certify that the documents prepared for the three and twelve months ended December 31, 2015 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 CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the three and twelve months ended December 31, 2015.

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.