



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

November 23, 2017

The following discussion of Athabasca Minerals Inc.'s financial condition and results of operations should be read in conjunction with the unaudited interim condensed financial statements for the three and nine months ended September 30, 2017. 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 November 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, disposition of assets, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, potential joint-venture relationships, potential acquisitions, geographic diversification, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

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", "addressing", "striving" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "increasing", "improving", "optimizing", "intends", "anticipates" or "does not anticipate", or "believes", "pursuing", "recommence", "replenish", "reactivation" 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 resource company that manages, acquires, explores, develops and produces minerals 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

- Appointed Mr. Lucas Murray, Chief Financial Officer, on October 5th, 2017;
- Revised Corporation's organizational structure and management team to optimize costs as well as strengthen development, reclamation and project management capabilities;
- Susan Lake Gravel Pit closure activities are underway in relation to November 30, 2017 contract completion date. Closure Plan has been submitted and a Request for Extension to September 30, 2018 is pending approval by Alberta Environment & Parks;
- Revenue for the three months ended September 30, 2017 decreased 7% to \$3,479,022 versus \$3,745,532 in the comparable three-month period ending September 30, 2016;
- Corporate pits sales decreased 9% for the three months ended September 30, 2017 to \$2,026,736;
- Working capital of \$4.7 million; current debt of \$0.4 million; non-current debt \$0.2 million;
- During the nine months ended September 30, 2017, 106,726 tonnes of aggregate was produced at the Company's corporate pits.

SELECTED FINANCIAL INFORMATION

	Three months ended Sept 30,			Nine months ended Sept 30,		
	2017	2016	% Change	2017	2016	% Change
FINANCIAL HIGHLIGHTS:						
Corporate pits sales revenue	2,026,736	2,225,134	-9%	2,730,200	3,486,936	-22%
Susan Lake management fee revenue	\$ 2,481,158	\$ 2,867,463	-13%	\$ 4,349,512	\$ 4,289,646	1%
Susan Lake royalty expense	(1,028,872)	(1,347,065)	-24%	(1,846,710)	(1,986,437)	-7%
	1,452,286	1,520,398	-4%	2,502,802	2,303,209	9%
Revenue	3,479,022	3,745,532	-7%	5,233,002	5,790,145	-10%
Gross profit (loss)	801,942	1,072,747	-25%	566,890	1,007,414	-44%
Gross margin	23%	29%		11%	17%	
Operating loss	(754,454)	(983,472)	-23%	(3,054,400)	(2,951,559)	3%
Other Non-Operating Income	171,138	430,710	-60%	412,078	1,343,829	-69%
Total comprehensive loss	\$ (431,203)	\$ (411,859)	5%	\$ (1,958,309)	\$ (1,304,782)	50%
Loss per share, basic and fully diluted (\$ per share)	(0.013)	(0.012)	5%	(0.059)	(0.039)	50%
CASH FLOW HIGHLIGHTS:						
Net cash from operating activities	201,218	(740,288)	127%	76,938	2,104,837	-96%
Spending on property and equipment	(3,575)	-		(18,271)	(35,734)	-49%
Spending on resource properties	(3,297)	(27,208)	-88%	(158,565)	(253,780)	-38%
Weighted Average # of Shares Outstanding	33,303,650	33,303,650		33,303,650	33,303,650	
OPERATIONAL HIGHLIGHTS:						
Tonnes sold						
Corporate pits	66,262	63,795	4%	92,455	112,212	-18%
Susan Lake operations	1,165,150	1,370,804	-15%	2,042,761	2,060,500	-1%
Total tonnes sold	1,231,412	1,434,599	-14%	2,135,216	2,172,712	-2%
As at				Sept 30, 2017	December 30, 2016	% Change
FINANCIAL POSITION:						
Working capital ¹				\$ 4,660,127	\$ 6,622,356	-30%
Total assets				20,932,668	23,913,586	-12%
Total liabilities				4,523,798	5,605,685	-19%
Shareholder's Equity				16,408,870	18,307,901	-10%

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

Athabasca's revenue for the three months ended September 30, 2017 ("Q3-2017"), decreased by 7% to \$3.5 million from \$3.7 million in Q3-2016 and declined 10% or \$0.6 million for the nine months ended September 30, 2017 ("YTD-2017") over the nine months ended September 30, 2016 ("YTD-2016"), (YTD-2017: \$5.2 million YTD-2016: \$5.8 million). The 7% Q3-2017 decrease is comprised of a 4% decrease in Susan Lake management net revenues (Q3-2017: \$1.4 million vs. Q3-2016: \$1.5 million) and a 9% decrease in corporate pit sales (Q3-2017: \$2.0 million vs. Q3-2016: \$2.2 million). The 10% year to date decline in revenue is a combination of a 22% reduction in corporate pit revenue (YTD-2017: \$2.7 million vs. YTD-2016: \$3.5 million) offset by an 9% increase in Susan Lake management net revenue (YTD-2017: \$2.5 million vs. YTD-2016: \$2.3 million). The \$0.2 million or 9% increase in Susan Lake management net revenue is the result of the economic improvement in the oil & gas industry. The \$0.8 million or 22% year to date reduction in revenue from corporate pits is the result of several factors

including two large sales out of the Company's Kearl pit amounting to \$1 million in Q1-2016 that did not reoccur in 2017, a \$0.2 million decrease due to slower than seasonally adjusted demand for aggregates in Q3-2017 over Q3-2016 offset by a \$0.4 million increase in corporate pit sales during Q2-2017 over Q2-2016.

GROSS PROFIT

Gross profit is considered to be a non-IFRS measure. It is calculated by subtracting the operating costs, amortization, depreciation, and depletion, 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 operations. 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.

During Q3-2017, Athabasca realized a gross profit of \$0.8 million versus the Q3-2016 gross profit of \$1.1 million. The decline in gross profit of \$0.3 million is the result of a 7% decline in revenues and an increase in operating costs of 13%. Operating costs include the production cost of inventory sold, stockpile losses, pit office costs, maintenance costs, pit supplies, and operational employment costs. Operating costs increased due to a 13% increase in the production cost of inventory sold (Q3 2017 - \$1.1 million, Q3 2016 - \$1.0 million), a stockpile loss of \$0.2 million (Q3 2016 - nil), a 23% increase in pit office costs (Q3 2017 - \$0.09 million, Q3 2016 - \$0.07 million), a 364% increase in maintenance costs (Q3 2017 - \$0.06 million, Q3 2016 - \$0.01 million) offset by a 40% decrease in pit supplies (Q3 2017 0.05 million, Q3 2016 - \$0.08 million).

Athabasca's year to date gross profit of \$0.6 million, represented a 44% (\$0.4 million) decrease in gross profit over YTD-2016 (\$1 million). Significant changes affecting the decrease in gross profit include, a 10% or \$0.6 million reduction in year to date revenues and an 18% increase in operating costs. Operating costs increased due to a 22% increase in the production cost of inventory sold (Q3 2017 - \$1.6 million, Q3 2016 - \$1.3 million), a stockpile loss of \$0.2 million (Q3 2016 - nil), a 66% increase in equipment maintenance (Q3 2017 - \$0.14 million, Q3 2016 - \$0.08 million) offset by an 18% reduction in pit office costs (Q3 2017 - \$0.20 million, Q3 2016 - \$0.25 million), a 9% reduction in operational employment costs (Q3 2017 - \$0.71 million, Q3 2016 - \$0.78 million), and a 30% reduction in pit supplies (Q3 2017 - \$0.24 million, Q3 2016 - \$0.35 million).

OPERATING INCOME (LOSS)

The Corporation incurred an operating loss of \$0.8 million, which is a 23% decrease during Q3-2017 over Q3-2016 (Q3-2017: \$0.8 million vs. Q3-2016: \$1 million) and a \$0.1 million increase in operating losses YTD-2017 over YTD-2016 (YTD-2017: \$3.1 million vs. YTD-2016: \$3.0 million). The year to date \$0.1 million increase in operating losses was largely a result of the decrease in gross profit discussed above. The decrease in gross profit was offset by decreases in general and administrative expenses of 6%, share-based compensation of 18%, amortization of intangible asset of 3%, and other operating expenses of 20%. Other operating expenses decreased primarily due to a decrease in write-downs of resource properties from \$0.5 million in Q3-2016 to \$0.2 million in Q3-2017 offset by an increase in impairments of property and equipment from \$0.4 million in Q3-2016 to \$0.5 million in Q3, 2017.

General and Administrative Expenses

	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% Change	2017	2016	% Change
Wages & benefits	\$ 299,231	\$ 221,690	35%	\$ 791,530	\$ 851,759	-7%
Legal & professional fees	96,231	122,064	-21%	348,253	340,394	2%
Consulting	32,294	32,897	-2%	234,876	183,359	28%
Shareholder Services	987	7,108	-86%	8,794	19,678	-55%
Directors fees and expenses	23,875	30,000	-20%	131,204	86,275	52%
Insurance	21,453	21,860	-2%	90,507	91,850	-1%
Rent & office expenses	37,893	34,269	11%	135,776	123,379	10%
Travel	15,219	3,766	304%	36,745	13,672	169%
Exploration	12,503	32,388	-61%	84,260	137,616	-39%
Severance	245,500	331,358	-26%	257,729	371,394	-31%
Other	73,410	93,880	-22%	115,099	151,070	-24%
	\$ 858,596	\$ 931,280	-8%	\$ 2,234,773	\$ 2,370,446	-6%

Year to date general and administrative expenses declined by 6% in 2017 over the YTD-2016 (YTD-2017: \$2.2 million vs. YTD-2016: \$2.4 million) and declined by 8% during Q3 2017 over Q3 2016. The increased consulting fees and director's fees are attributed to non-recurring expenditures associated with the recruitment of a new CEO.

Athabasca is committed to achieving a competitive cost structure and management is engaged in ongoing cost effectiveness strategy and analysis.

TOTAL COMPREHENSIVE LOSS

The Corporation incurred a total comprehensive loss of \$2.0 million (\$0.059 per share) for the YTD 2017 as compared to a total comprehensive loss of \$1.3 million (\$0.039 per share) for the YTD 2016 and a total comprehensive loss of \$0.4 million (\$0.013 per share) during Q3 2017 versus a total comprehensive loss of \$0.4 million (\$0.012 per share) during Q3 2016. The total comprehensive loss in YTD 2016 was mitigated by the \$0.8 million gain on the sale of Athabasca's rights, title and interests surrounding three leases bordering the Obed Transload Facility. The total comprehensive loss in the Q3 2017 included an increase of \$0.1 million in camp rental revenue and an increase of \$0.3 million in camp rental revenue over YTD 2016.

OPERATIONAL RESULTS – CORPORATE PITS

Sales at the corporate pits were 66,262 tonnes during Q3 2017 compared to 63,795 tonnes during Q3 2016, a 4% decrease and 92,455 tonnes for YTD 2017 compared to 112,212 for YTD 2016, an 18% decrease. 70,226 tonnes of aggregates were produced during Q3 2017 at the Company's corporate pits. Comparatively, there was no aggregate production during Q3 2016. Production during fiscal 2016 at the Athabasca pits was reduced in response to the lower demand for product during the contracted economic environment in the aggregate industry. As discussed in more depth in the "Outlook" section below, the Corporation has additional inventory production plans in place for later in the fiscal year and into the next fiscal year.

OPERATIONAL RESULTS – SUSAN LAKE PUBLIC PITS

Susan Lake sales during Q3 2017 were 1,165,150 tonnes compared to 1,370,804 tonnes for Q3 2016, a 15% decrease and 2,042,761 tonnes during YTD 2017 compared to 2,060,500 tonnes during YTD 2016, a 1% decrease. 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.

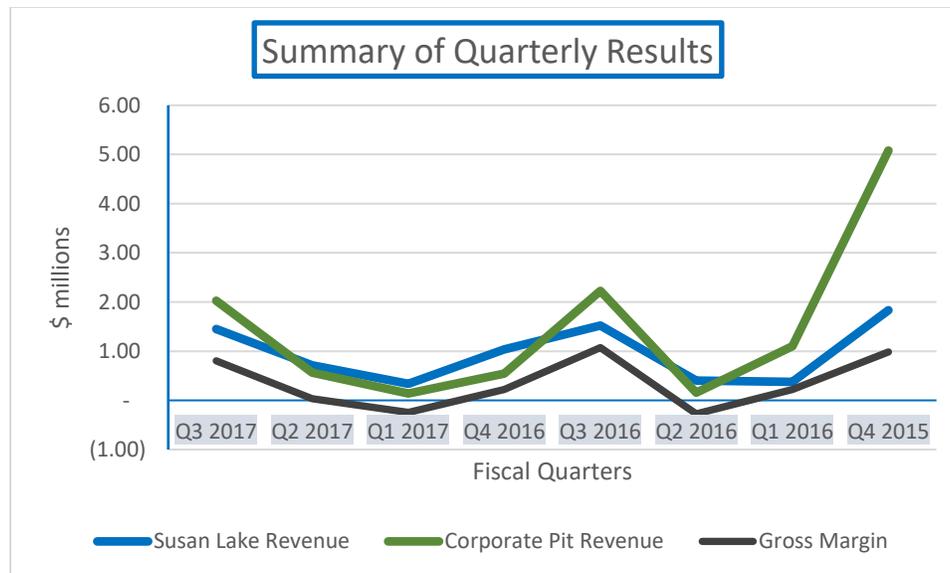
SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from unaudited 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.

Three months ended	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Corporate Pit Revenue	2,026,736	563,925	139,539	547,282
Susan Lake Management Fee Revenue	\$ 2,481,158	\$ 1,285,959	\$ 582,395	\$ 1,864,466
Susan Lake Royalties	(1,028,872)	(572,274)	(245,564)	(826,737)
	1,452,286	713,685	336,831	1,037,729
Revenue	\$ 3,479,022	\$ 1,277,610	\$ 476,370	\$ 1,585,011
Gross Profit (Loss)	\$ 801,942	\$ 33,551	\$ (247,557)	\$ 218,401
Total Comprehensive Income (Loss)	\$ (431,203)	\$ (672,550)	\$ (854,556)	\$ (915,343)
Earnings (Loss) per share, basic	\$ (0.013)	\$ (0.020)	\$ (0.026)	\$ (0.027)
Earnings (Loss) per share, diluted	\$ (0.013)	\$ (0.020)	\$ (0.026)	\$ (0.027)
Total Assets	\$ 20,932,668	\$ 21,808,891	\$ 22,587,523	\$ 23,913,586
Total Resource Properties	\$ 6,193,378	\$ 6,810,618	\$ 6,869,668	\$ 6,889,219
Total Debt (current)	\$ 430,186	\$ 581,378	\$ 850,376	\$ 1,094,647
Total Debt (non-current)	\$ 168,700	\$ 275,206	\$ 380,656	\$ 485,062
Three months ended	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Corporate Pit Revenue	2,225,134	159,029	1,102,773	5,080,086
Susan Lake Management Fee Revenue	\$ 2,867,463	\$ 724,018	\$ 698,165	\$ 3,369,986
Susan Lake Royalties	(1,347,065)	(319,409)	(319,963)	(1,536,991)
	1,520,398	404,609	378,202	1,832,995
Revenue	\$ 3,745,532	\$ 563,638	\$ 1,480,975	\$ 6,913,081
Gross Profit (Loss)	\$ 1,072,747	\$ (274,513)	\$ 220,838	\$ 986,317
Total Comprehensive Income (Loss)	\$ (411,859)	\$ (258,773)	\$ (634,150)	\$ (6,762,150)
Earnings (Loss) per share, basic	\$ (0.012)	\$ (0.008)	\$ (0.019)	\$ (0.203)
Earnings (Loss) per share, diluted	\$ (0.012)	\$ (0.008)	\$ (0.019)	\$ (0.203)
Total Assets	\$ 25,568,844	\$ 25,858,158	\$ 27,002,620	\$ 29,590,858
Total Resource Properties	\$ 5,615,282	\$ 6,127,937	\$ 5,997,382	\$ 5,900,057
Total Debt (current)	\$ 1,370,388	\$ 1,539,757	\$ 1,548,053	\$ 1,532,121
Total Debt (non-current)	\$ 588,432	\$ 910,686	\$ 1,283,419	\$ 1,676,458

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 Summary of Quarterly Results.



OUTLOOK

The Corporation is well situated with various pits in the heart of petroleum industry in Northern Alberta, particularly Oilsands and SAGD (steam-assisted gravity drainage) operations. With good access and proximity to Highway 63 and Highway 881 corridors, the Corporation supplies a broad client base relating to infrastructure, industry operations, development projects, and municipal construction. Inventory located at multiple pits, and at strategic staging locations enables the Corporation to bid and supply major orders as well as spot orders requiring immediate deliveries.

With the slowdown in the Alberta economy still affecting the pace of new development, the Corporation is addressing broader diversification both within the Wood Buffalo Region and outside.

Over the next 12 months, the Corporation is actively addressing and working on various strategic and operational initiatives relating to the following:

- Resolution of the Syncrude lawsuit;
- Conclude the Susan Lake Management Renewal Contract (November 30, 2017 expiry date) and execute the closure program of the Susan Lake Gravel Pit, subject to milestones in the Request for Extension to September 30, 2018 (still pending approval by Alberta Environment & Parks);
- Optimize Corporate overheads and expenses;
- Preserve the Corporation's cash position, including the disposition of non-core or low-priority assets;
- Sell existing stockpiled inventories of sand and gravel;
- Re-commence production from the Corporation's Logan Pit and Kearl Pit in the range of 100 kT to 300 kT (production volume and range is dependent on geological re-assessment of available aggregates at Kearl);

- Advance the Firebag Frac Sand project venture – initiate site development activities to retain permits and pursue potential partnerships (processing and logistics) to support a pilot project with offsite staging area;
- Expand the role and functionality of strategic inventory staging and distribution hubs (e.g. Conklin, Poplar Creek, and potentially House River area) to augment corporate pits limited by winter access roads;
- Selectively pursue conventional aggregate companies for potential acquisition;
- Develop an aggregates marketing arm to broker sales of 3rd party inventories to a larger market and expanded customer base in Western Canada;
- Front-end development planning for Richardson Project (large scale aggregate deposit in Ft. McMurray area).

The 2017 operating plan currently focuses on revenue generation from Susan Lake (management contract), sales of production from Logan pit and Km248 pit, and sales of inventories from Conklin, Sunday Creek, and KM208 staging areas.

The Corporation plans to continue mining at the Logan pit in Q4 of 2017. Once mining is completed to approximately 100,000 tonnes, the pit run (raw aggregate) will be transported over winter access road in Q1-2018 and inventoried in a stockpile at the Corporation's Conklin staging and distribution hub. Crushing at the Conklin site is planned to commence during Q2 2018 (following an amended permit approval).

Reactivation of the Kearl pit is not planned for 2017 but is being re-assessed for a production program in 2018.

The Corporation 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 continues its discussions with potential customers and/or joint-venture partners.

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, 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 Management Renewal Contract expires November 30, 2017. The Corporation has been actively working on closure related activities and managing the Pit Users to conclude mining and crushing operations by the contract expiration date. A formal Closure Plan was submitted to Alberta Environment & Parks early November 2017 and is under review. Prior to submitting the Closure Plan, a Request for Extension was submitted to Alberta Environment & Parks July 2017, which was updated September 2017, to request additional time to complete reclamation and closure activities up to September 30, 2018, which would include moving aggregate stock piles up to April 30th, 2018. The Request for Extension and Closure Plan remain under review by Alberta Environment & Parks and approval is pending.

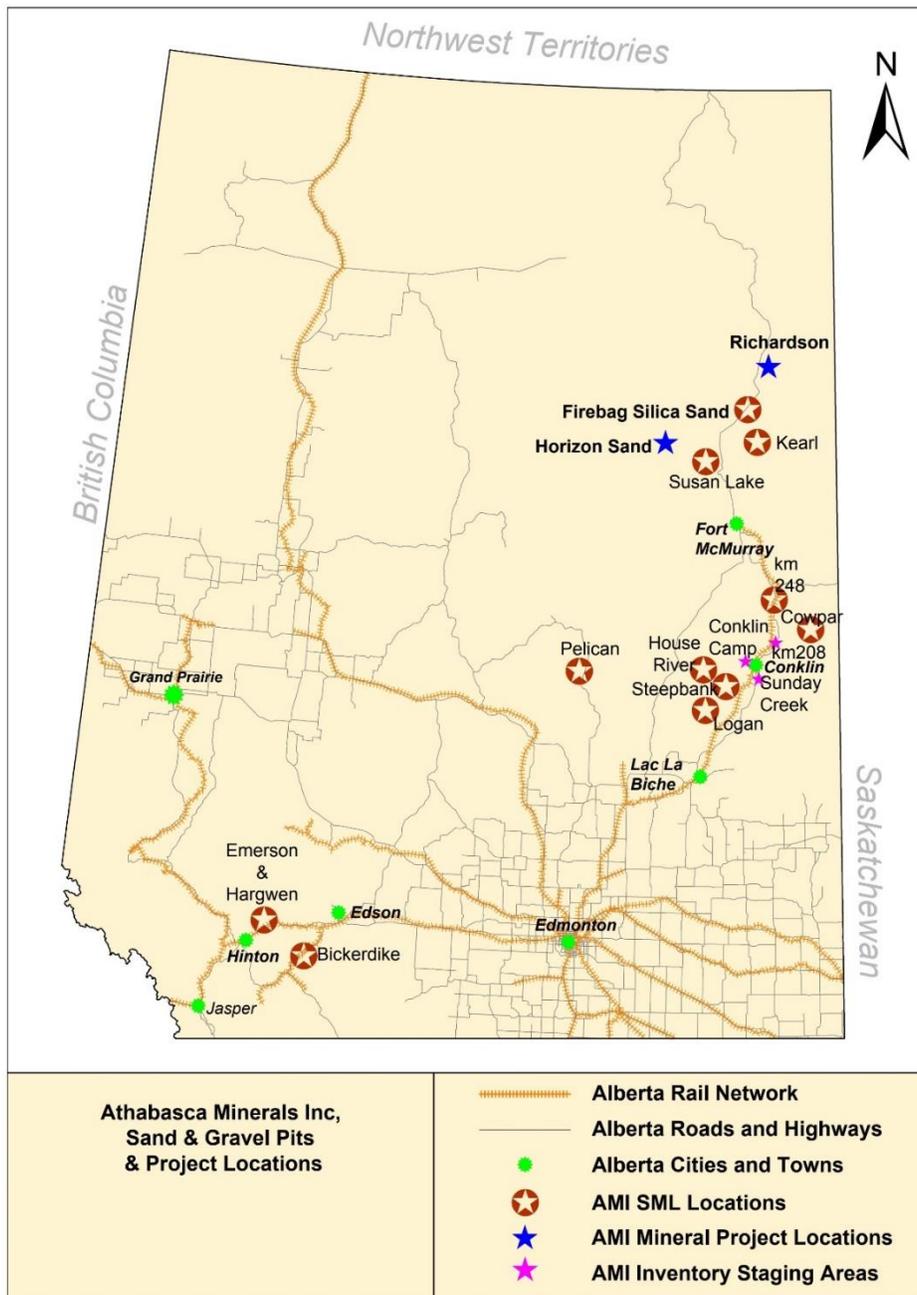
The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray and is 5,880 acres (2,379.5 ha) in size. Approximately 103.8 million tonnes of sand and gravel have been removed from this pit since 1998. The majority of its sales were to neighbouring oil sands companies and supplying infrastructure aggregate to the Wood Buffalo Region. Between 1998 and 2017, aggregate sales from Susan Lake averaged 5.2 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 & Parks, Alberta Energy Regulator and Syncrude regarding the claim and counterclaim 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.



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.

There has been no production at the Kearl Pit since 2015. With the impending closure of the Susan Lake pit by the Government of Alberta (see Susan Lake above), the Corporation is revisiting the reactivation of the Kearl pit for production in 2018. Permits are in place for dewatering the site. An additional permit relating to forestry access for dewatering purposes is pending. The Corporation is currently revisiting its geological re-assessment of remaining aggregate volumes to reconfirm production volumes and associated costs. Recent meetings held with local oilsands and SAGD clients in close proximity to the Kearl Pit have taken place to address gravel supply from Kearl pit, and market interest remains favourable.

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 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. As part of the Corporation's operating plan for 2017 to rebuild its inventory in strategic locations close to the active markets, 87,000 tonnes of product was hauled from the Logan pit to the Conklin stockpile site during Q1 2017.

Preparation for mining and stockpiling of pit run material from the Logan pit resumed in late Q3 2017. Mining of pit run is underway, and will be completed in Q4 2017. The Corporation is currently planning to transport this new volume of pit run across the winter road to its staging and distribution hub at Conklin in January 2018 for a subsequent crush-on-demand program (Q2 2018) that serves local industry. This approach will optimize and mitigate real-time costs and cash management demands. A revised permit to allow crushing at the Conklin staging and distribution hub is being submitted early December 2017. Approvals are expected in Q1 2018. The crush-on-demand program will commence thereafter in Q2 2018.

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 Government of Alberta 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.

There is no production planned from House River pit in 2017, or Q1 2018 while the winter road is accessible. The Corporation is pursuing a strategic staging area in 2018 to support stock piling pit run inventories to be mined in Q4 2018.

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. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor.

Production at the KM248 commenced in Q2 2017 and continued into Q3 2017, but is not planned to continue in Q4 2017. The Company used a contract crushing operator to produce multiple aggregate products.

Current indications suggest that KM248 pit has limited amounts of aggregate remaining. The Corporation is currently revisiting its geological re-assessment to confirm potential production and associated costs in 2018. However, the location of the Pit along Highway 881 makes it a useful staging and distribution hub that fits with the Corporation's marketing & distribution business plan.

PELICAN HILL PIT

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca. 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 & gas industry.

There has been no production from Pelican Hill pit in 2017. The Corporation is re-assessing potential production plans for 2018, including the cost-benefits of constructing a short all-weather road to enable year-round access.

EMERSON PIT

The Emerson pit is located approximately 27 km southeast of the community of Hinton. The Corporation has the right to produce 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 & 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.

There has been no production from Emerson pit in 2017. The Corporation is re-assessing whether Emerson is a strategic asset or should be part of an asset disposition program in 2018.

INVENTORY STAGING AREAS (Conklin, Sunday Creek, and Km-208)

The Corporation has strategic inventory staging locations on accessible year-round roads at Conklin, Sunday Creek, and Km-208 to support product supply and deliveries to local clients and industry on demand through the year. These staging areas accommodate seasonal production from Corporate pits, particularly from Logan and Cowpar Pit.

In 2018, the Corporation will continue to develop its existing strategic hubs for the staging and distribution of aggregate inventories, as well as selectively grow its portfolio. The functionality of Conklin and Poplar Creek hubs will be expanded, and KM248 pit is also planned for conversion to a staging hub. New staging hubs will be identified and pursued for the Corporation's House River Pit and Firebag Silica Sand deposit to improve year-round accessibility to raw materials currently limited due to winter-road access constraints to these resource locations.

Exploration & 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 confirmed 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.

As silica sand demand continues to increase, Athabasca Minerals has focused 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 silica sand demand.

The Corporation has met with the Regional Municipality of Wood Buffalo and its partner the Wood Buffalo Metis Corporation to present the outlook for the Silica Sand Firebag Project. The Corporation has received First Nations Consultation approval for the Silica Sand Firebag Project.

In May 2017 the Corporation received regulatory approvals and municipality permits that will allow mining operations to proceed.

Recent meetings and discussions with frac sand supply chain and logistics companies, equipment suppliers, and interested parties for potential staging locations have taken place in the second half of 2017. The Corporation recently hired a Vice President of Development & Asset Management in November 2017 to bring focus to project execution planning. Steps are being taken to find and secure a year-round staging area where raw material will be transported to and processed. Recent market tender opportunities to supply frac sand have stimulated interest in the Firebag silica sand deposit, given the high volume and high quality of the sand, and permit-readiness to mine. Raising capital and/or forming a joint-venture in 2018 to pursue a pilot project remains a key objective.

RICHARDSON (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 aggregate designations as per the Alberta Transportation and Construction Builders Association guidelines.

With the impending closure of Susan Lake gravel pit, Management has been revisiting the supply/demand fundamentals for aggregate in the Ft. McMurray/Wood Buffalo region, and has started to address front-end development scope

associated with this project. Regulatory sensitivities associated with Woodland Caribou remain a factor affecting the project. The Corporation met with Alberta Environment & Parks in Q4 2017 to discuss the project and to better understand development implications. Alberta Environment & Parks has advised that more will be conveyed about environmental constraints in Q1 or Q2 2018. An Environmental Impact Assessment (EIA) is an expected requirement. Currently, the Corporation has not budgeted for an EIA in 2018.

SAND, GRAVEL AND CRUSHED STONE EXPLORATION PROJECT SUMMARY

Management has 370 acres (150 ha) of sand and gravel exploration permits (SMEs) in application in the Fort McMurray and Conklin regions. On September 29, 2017 Management obtained approval from the provincial government to test 139 acres for clay resource. 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).

In September 2015, Management received approvals in principle for the Steepbank and the Hinton (Bickerdike) gravel SMLs totalling 150 acres. In March 2016, the Corporation applied for a 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.

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.

SILICA SAND EXPLORATIONS PROJECTS SUMMARY

BIRCH MOUNTAIN PROJECT (SILICA SAND)

In Q4 of 2016, Management applied to the Government of Alberta for 113,416 acres (45,899 ha) of land south of the existing Birch Mountain permits. The project is called Horizon Sand and is intended to replace the Birch Mountain permits that expired in January 2017. Permits were granted in December 2016.

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. During the year ended December 31, 2016, the Corporation wrote off the value attached to the two expired mineral leases totaling \$470,147. Athabasca held mineral permits on 177,077 acres (71,662 ha) on land adjacent to the two mineral leases. The mineral permits expired in January 2017.

Liquidity & Capital Resources

Working capital

Working capital is a non-IFRS measure calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital. Management uses working capital as a measure for assessing overall liquidity. The Corporation has working capital of \$4.7 million as at September 30, 2017 which Management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. Working capital declined by \$1.9 million from December 31, 2016, when the working capital balance was \$6.6 million.

Current assets decreased by 22% or \$1.8 million from December 31, 2016 (\$8.2 million) to \$6.4 million at September 30, 2017 which is largely due to reclassifying an additional \$1.4 million of available cash to restricted cash as a result of cash securing letters of credit for the Susan Lake pit and the Poplar Creek site, pit and storage yard. Further, current assets decreased due to making scheduled lease repayments of \$1.0 million. This was offset by a net increase in inventory of \$0.7 million due to production at KM248 and Logan.

Current liabilities increased by 12% or \$0.2 million from \$1.6 million at December 31, 2016 to \$1.8 million at September 30, 2017 reflecting the increase of \$0.6 million in accounts payable and accrued liabilities related to the production of inventory at KM248 and Logan, transfer of \$0.2 million to the current portion of environmental rehabilitation obligations from the non-current environmental rehabilitation obligations account relating to the decommissioning of Susan Lake within the next 12 months and offset by a \$0.7 million reduction in the current portion of lease obligations due to making scheduled repayments.

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 20 of the Corporation's financial statements for the three and nine months ended September 30, 2017.

AVAILABLE CREDIT FACILITIES

During the nine months ended September 30, 2017 the Corporation had a credit facility with HSBC Bank Canada, which included an operating loan, a credit card facility and five leasing equipment facilities. Effective August 1, 2017, the Corporation's operating loan facility was not renewed with HSBC Bank Canada. The Corporation continues to maintain the credit card and the leasing equipment facilities.

As part of the credit facility the Corporation was 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 September 30, 2017 (December 31, 2016: 2.75 to 1). The debt service coverage ratio must be more than 1.25 to 1 for all reporting periods subsequent to and including September 30, 2017 (December 31, 2016: 1.25 to 1). The Corporation must maintain a current ratio in excess of 1.25 to 1 for all reporting periods subsequent to and including September 30, 2017 (December 31, 2016: 1.25 to 1).

As at September 30, 2017, the Corporation was not in compliance with certain financial covenants on their credit facility with HSBC Bank Canada, namely the funded debt to EBITDA ratio and the debt service coverage ratio. HSBC Bank Canada has granted the Corporation a forbearance for the three and nine months ended September 30, 2017 on the funded debt to EBITDA ratio and the debt service coverage ratio covenants.

To facilitate the management of these ratios, the Corporation prepares quarterly and annual financial budgets. These budgets are updated regularly to reflect varying factors including the seasonality of the construction industry, fluctuating weather conditions, timing of projects and current market demand, current and forecasted prices, acquisitions, and general industry conditions, to assess how these factors may impact covenant compliance in future periods.

The Corporation is subject to capital requirements by HSBC Bank Canada such that capital expenditures in any one year in excess of \$3.0 million annually are restricted without prior written consent.

Letter of Guarantee Facility

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

As at	September 30, 2017	December 31, 2016
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.

COMMITMENTS

The two remaining leasing equipment facilities with HSBC Bank Canada are used to finance the acquisition of equipment. As at September 30, 2017, Athabasca has six lease obligations under lease facilities totaling \$0.6 million (December 31, 2016: \$1.6 million). During the three months ended March 31, 2017 the Corporation entered into a new lease for the purchase of a vehicle. The vehicle lease had an eleven month term, with five months remaining, a fixed interest rate and security is provided by the piece of equipment.

As at			September 30, 2017	December 31, 2016
Finance Leases	Interest Rate	Monthly Instalments		
HSBC Lease #1, due June 30, 2017	4.124%	\$ 24,457	\$ -	\$ 121,095
HSBC Lease #2, due August 31, 2017	4.250%	65,253	-	513,894
HSBC Lease #3, due August 31, 2017	4.250%	6,627	-	52,279
HSBC Lease #4, due September 21, 2018	4.614%	7,452	87,320	150,150
HSBC Lease #5, due October 12, 2018	4.593%	7,481	94,787	157,639
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	63,580	92,429
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	72,372	105,211
Komatsu Financial Lease #1, due May 8, 2019	3.490%	13,935	270,373	387,012
Light Vehicle Lease	7.131%	4,159	10,454	-
			598,886	1,579,709
Current portion - principal due within one year			(430,186)	(1,094,647)
			\$ 168,700	\$ 485,062

Future minimum lease payments for the subsequent three years are as follows:

Oct 1, 2017 to Sept 30, 2018	445,495
Oct 1, 2018 to Sept 30, 2019	170,802
Oct 1, 2019 to Sept 30, 2020	-
	616,297
Less: interest included in payments above (year one)	15,309
Less: interest included in payments above (years two and beyond)	2,102
	17,411
Lease loan principal outstanding, September 30, 2017	\$ 598,886

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

Total interest expense on the lease obligations for the three and nine months ended September 30, 2017 was \$7,472 and \$33,115 (three months ended September 30, 2016: \$18,317; nine months ended September 30, 2016: \$82,685).

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

Oct 1, 2017 to Sept 30, 2018	\$	141,705
Oct 1, 2018 to Sept 30, 2019	\$	121,126
Oct 1, 2019 to Sept 30, 2020	\$	6,458

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 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 September 30, 2017, the Corporation had 33,303,650 (December 31, 2016: 33,303,650) common shares outstanding.

Of the 1,275,000 (December 31, 2016: 1,270,000) outstanding stock options, as at September 30, 2017, 545,000 (December 31, 2016: 1,073,333) options have vested and therefore were exercisable at a weighted average exercise price of \$0.55 per share (December 31, 2016: \$1.32 per share).

The weighted average remaining contractual life of the options is 3.77 years (December 31, 2016: 2.21 years).

No options were exercised during the three and nine months ended September 30, 2017 (December 31, 2016: Nil).

During the three and nine months ended September 30, 2017, 530,000 and 1,005,000 options expired or were cancelled respectively (three and nine months ended September 30, 2016: 1,005,000 and 1,488,334).

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. The outstanding stock option grants were issued with an exercisable period of five years from the date of grant. Options under the stock option plan are not transferable or assignable.

The following is a summary of the outstanding stock options as at September 30, 2017 and December 31, 2016:

As at		September 30, 2017	December 31, 2016
Expiry Date	Exercise Price		
March 29, 2017	0.63	-	30,000
December 11, 2017	1.64	75,000	75,000
September 6, 2018	1.02	25,000	200,000
June 26, 2019	2.90	100,000	375,000
May 25, 2020	0.70	-	160,000
December 14, 2020	0.30	245,000	430,000
January 13, 2022	0.24	300,000	-
July 7, 2022	0.18	530,000	-
		1,275,000	1,270,000

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair value of the options granted in the last two years were estimated using the following assumptions:

Grant Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk free rate of return	Expected life	Weighted Average Fair Value	Forfeiture rate
July 7, 2017	530,000	\$ 0.18	Nil	74.1%	1.46%	5 years	\$ 0.11	15.3%
January 13, 2017	480,000	\$ 0.24	Nil	74.3%	1.13%	5 years	\$ 0.14	15.3%
December 14, 2015	640,000	\$ 0.30	Nil	74.3%	0.79%	5 years	\$ 0.18	11.9%

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

The Corporation has not declared or paid dividends during the nine months ended September 30, 2017 or the nine months ended September 30, 2016.

CONTINGENCY

Syncrude Counterclaim

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.

Susan Lake Closure

The Corporation has submitted and is currently awaiting approval from the government of the closure plan for the Susan Lake contract. Once approved, the plan will outline the scope of work necessary to turn over custody of the pit to the Province. Until the closure plan is approved, the scope of work may be different than originally anticipated. As such, a sufficiently reliable estimate of the amount of the closure costs is not determinable.

RELATED PARTY TRANSACTIONS

The Corporation's related parties include three directors, the Chief Executive Officer, Interim Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, and a janitorial service provider who is a family member of a former Officer of the Corporation. The remuneration earned by the directors, Chief Executive Officer, Interim Chief Executive Officer, Chief Financial Officer, and the Chief Operations Officer were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2017	2016	2017	2016
Directors and Officers:				
Directors fees	\$ 23,875	\$ 30,000	\$ 129,438	\$ 85,000
Travel and miscellaneous expenses	-	-	1,766	1,275
	\$ 23,875	\$ 30,000	\$ 131,204	\$ 86,275
Salaries and other benefits	\$ 224,087	\$ 376,583	\$ 399,064	\$ 675,583
Share-based compensation	14,275	(18,976)	52,877	34,188
	\$ 238,362	\$ 357,607	\$ 451,941	\$ 709,771
Accounts Payable - related parties				
Directors fees	\$ 1,184	\$ 2,500	\$ 1,184	\$ 2,500
Directors expenses	-	-	-	-
Officers expenses	621	-	621	-
	\$ 1,805	\$ 2,500	\$ 1,805	\$ 2,500

Amounts due to related parties relating to director fees and expenses, as at September 30, 2017 was \$1,805 (September 30, 2016: \$2,500). The director's fees are paid on a quarterly basis. The unpaid amounts due to directors are recorded against accrued liabilities, unsecured and bear no interest.

Janitorial services were provided by a family member of a former officer of the Corporation during the three and nine months ended September 30, 2017 in the amount of \$Nil and \$3,400 respectively (three months ended September 30, 2016: \$1,700; nine months ended September 30, 2016: \$6,450). The balance owing with respect to these services as at September 30, 2017 was \$nil (September 30, 2016: \$800).

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.

FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, long-term deposits and 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. Four customers, each individually owing greater than 10% of the accounts receivable total balance, accounted for 66% for the Corporation's accounts receivable as at September 30, 2017 (December 31, 2016: Two customers accounted for 59%).

The accounts receivable aging is as follows:

As at	Current	60-90 days	> 90 days	Total
September 30, 2017	\$ 2,272,910	\$ -	\$ -	\$ 2,272,910
December 31, 2016	\$ 1,690,579	\$ 208,068	\$ 327,487	\$ 2,226,134

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 September 30, 2017 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, 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 September 30, 2017			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 1,123,010	\$ -	\$ -	\$ 1,123,010
Lease obligations, including interest	445,495	170,802	-	616,297
Total	\$ 1,568,505	\$ 170,802	\$ -	\$ 1,739,307

	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

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as at September 30, 2017 or at December 31, 2016.

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, production and operation of mining properties. These risk factors could materially affect the Corporation's future operations and could cause actual events to differ materially from those described in forward looking statements 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.

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.

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 – Request for Extension and Contract Closure terms

The Province of Alberta through Alberta Environment & Parks has the right to grant or deny approval of the Corporation's Request for Extension to extend the closure program of the Susan Lake gravel pit to September 30th, 2018. To date, the Request for Extension submitted in July 2017, and updated in September 2017, is pending. A risk remains that the Corporation could be denied the extension by Alberta Environment & Parks, in which case there would be a loss of management fee associated with the transport of stockpiled aggregate materials from December 1st, 2017 up to April 30th, 2018. Additionally, Alberta Environment & Parks has the authority to stipulate conditions associated with the Corporation's Susan Lake Closure Plan that could pose added costs. The Corporation also faces certain cost exposure associated with reclamation of the access road to the Susan Lake pit currently held by Syncrude, and to be transferred to CNRL (Jan 2018).

Loss of key personnel

Athabasca relies on certain key employees whose skills and knowledge are critical to maintaining the Corporation's success. Athabasca always strives to identify and retain key employees and always strives to be competitive with compensation and working conditions.

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, labour and other supplies.

Profitability from production and operations

The profitability of mining and resource companies depends, in part, on the actual costs of developing and operating such properties, which may differ significantly from estimates determined at the time a relevant resource project was approved. The development of resource projects may also be subject to unexpected problems and delays that could increase the cost of development and the ultimate operating cost of the relevant project. Athabasca's past and future decisions to acquire and develop resource properties and operate for production are based on estimates made as to the expected or anticipated project's economic returns. These estimates are based on assumptions regarding future aggregate prices, anticipated tonnage (with geological uncertainties), recovery rates and quality, anticipated capital expenditures and operating costs.

Re-entering the corporation's Kearn gravel pit in 2018 to resume production does pose a certain degree of cost and production risk and uncertainty relating to the dewatering program and geology affecting the determination of remaining aggregates.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such estimates.

Sales & Inventory Turnover versus Production

The conversion of annual aggregates production into annual sales within a given budget year is variable, where sales often range between 50% - 80% of production. Inventory turnover of annual production is typically affected by, but not limited to, economic demand, construction-window seasonality, and competitor pricing responses to market conditions.

Environmental

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

The Corporation is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Corporation conducts its exploration, development, production, operations and reclamation activities in compliance with applicable environmental protection legislation. The Corporation is not aware of any existing environmental problems related to any of its current properties.

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.

Estimation of resource reserves

The Corporation has a risk that current estimates of reserves and resources may differ from actual.

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 the Corporation's reputation in the market.

Cyber security risk

The Corporation's operations may be disrupted or threatened by cyber-attacks or viruses. The business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable security measures to prevent disability or failure. However, if the Corporation's systems cannot be recovered in a timely manner, the Corporation may be unable to meet critical business functions, which could have a material adverse effect on the business, financial condition and results of operations.

Litigation

The Corporation's ability to determine the legal costs in defending a lawsuit filed by Syncrude Canada Ltd. is not determinable and may be significant.

NEW ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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.

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.

Subsequent Events

On November 23, 2017, the Company announced that it issued 200,000 stock options (“Options”) to officers and employees of the Corporation in accordance with its employee stock option plan. The Options grant holders the right to purchase common shares at \$0.22 per share for a period of five years. 33 1/3% of the options vest 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.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the three months ended September 30, 2017 at the Board of Directors meeting on November 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 Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Corporation each certify that the documents prepared for the three months ended September 30, 2017 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 months ended September 30, 2017.

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.