Athabasca MINERALS INC.

YEAR ENDED DECEMBER 31, 2017

AUDITED FINANCIAL STATEMENTS

Athabasca MINERALS INC.

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Management's Responsibility for Financial Reporting Report

The accompanying financial statements of Athabasca Minerals Inc. are the responsibility of management and have been approved by the Board of Directors on recommendation by the Audit Committee.

The financial statements have been prepared by management in accordance with International Financial Reporting Standards. Where alternative accounting methods exist, management has chosen those which it deems most appropriate under the circumstances. Financial statements are not precise since they include amounts based on estimates and judgments. Management has determined such amounts to the best of its ability in a manner it deemed reasonable in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared financial information presented elsewhere in the accompanying management discussion and analysis and has ensured that it is consistent with that in the financial statements. In support of its responsibility, management maintains a system of internal controls to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board of Directors carries out this responsibility through its Audit Committee.

The Audit Committee is comprised of financially literate directors, appointed by the Board of Directors. The Audit Committee meets periodically with management and the external auditors to discuss internal controls over financial reporting processes, auditing matters and financial reporting issues to satisfy itself, that each party is properly discharging its responsibilities, and to review the financial statements and the external auditor's report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

These financial statements have been audited by Grant Thornton LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Grant Thornton LLP has full and free access to the Audit Committee.

(signed) "*Robert Beekhuizen*"

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Robert Beekhuizen
Chief Executive Officer

(signed) "*Lucas Murray*"

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Lucas Murray
Chief Financial Officer

April 19, 2018
Edmonton, Alberta

GrantThornton

Independent Auditor's Report

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To the Shareholders of Athabasca Minerals Inc.

We have audited the accompanying financial statements of Athabasca Minerals Inc., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2017 and December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Grant Thornton

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Athabasca Minerals Inc. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Edmonton, Canada

Grant Thornton LLP

April 19, 2018

Chartered Professional Accountants

Statements of Financial Position

	Notes	As at December 31, 2017	2016
ASSETS			
Current			
Cash		$ 2,629,371	$ 3,995,655
Accounts receivable	4	1,392,699	2,226,134
Income taxes recoverable		-	183,182
Inventory	5	2,083,174	1,585,039
Prepaid expenses and deposits		103,200	206,007
Equipment held for sale	8	336,382	-
Current Assets		6,544,826	8,196,017
Long-term deposits	6	863,700	1,009,814
Restricted cash	7	1,699,788	346,385
Property and equipment	8	4,312,833	6,701,781
Resource properties	9	5,903,241	6,889,219
Intangible asset	10	-	770,370
Total Assets		$ 19,324,388	$ 23,913,586
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		$ 510,669	$ 473,298
Deposit liabilities		142,671	-
Current portion of environmental rehabilitation obligations	13	178,001	5,716
Current portion of lease obligations	12	224,967	1,094,647
Lease obligations on equipment held for sale	8, 12	230,811	-
Current Liabilities		1,287,119	1,573,661
Lease obligations	12	29,284	485,062
Deferred gain on sale and leaseback		-	3,255
Environmental rehabilitation and decommissioning obligations	13	1,784,528	2,055,593
Deferred tax liability	14	524,788	1,488,114
Total Liabilities		3,625,719	5,605,685
Contingency	22		
Subsequent events	11		
Shareholders' Equity			
Share capital	15	13,246,758	13,246,758
Contributed surplus		4,641,313	4,563,404
(Deficit) retained earnings		(2,189,402)	497,739
Total Shareholders' Equity		15,698,669	18,307,901
Total Liabilities and Shareholders' Equity		$ 19,324,388	$ 23,913,586

The accompanying notes are an integral part of these audited financial statements

Approved by the Board of Directors

" Don Paulencu "	"Gerry Romanzin"
Director	Director

Statements of Loss and Comprehensive Loss

	Notes	For the years ended December 31, 2017	2016
Aggregate Sales Revenue		$ 3,707,094	$ 4,034,218
Aggregate Management Services - Revenues		6,629,050	6,154,112
Less: Provincial Government Royalties		(2,859,687)	(2,813,174)
Aggregate Management Fees - Net		3,769,363	3,340,938
Revenue		7,476,457	7,375,156
Operating Costs		(4,143,881)	(3,648,351)
Amortization, Depreciation, and Depletion		(1,289,773)	(1,486,138)
Royalties and Trucking		(399,359)	(1,207,224)
Cost of Sales		(5,833,013)	(6,341,713)
Gross Profit		1,643,444	1,033,443
General and Administrative		(3,208,279)	(3,029,089)
Share-based Compensation		(77,909)	(83,466)
Amortization of Intangible Asset	10	(770,370)	(866,667)
Other Operating Expenses	21	(1,733,255)	(1,361,253)
Operating Loss		(4,146,369)	(4,307,032)
Finance Costs	21	(38,587)	(107,534)
Other Non-Operating Income	21	510,306	1,482,551
Interest Income		24,183	19,218
Loss Before Income Taxes		(3,650,467)	(2,912,797)
Income Tax Recovery	14	963,326	692,672
Total Loss and Comprehensive Loss		$ (2,687,141)	$ (2,220,125)
Loss per Common Share - Basic	15	$ (0.081)	$ (0.067)
Loss per Common Share - Diluted	15	$ (0.081)	$ (0.067)
Weighted Average Number of Shares Outstanding	15	33,303,650	33,303,650

The accompanying notes are an integral part of these audited financial statements

Statements of Changes in Shareholders' Equity

	Number of Shares		Share Capital		Contributed Surplus		(Deficit) Retained Earnings		Total Equity
Balance as at December 31, 2015	33,303,650	$	13,246,758	$	4,479,938	$	2,717,864	$	20,444,560
Share-based compensation	-		-		83,466		-		83,466
Total loss and comprehensive loss for the year	-		-		-		(2,220,125)		(2,220,125)
Balance as at December 31, 2016	**33,303,650**	**$**	**13,246,758**	**$**	**4,563,404**	**$**	**497,739**	**$**	**18,307,901**
Share-based compensation	-		-		77,909		-		77,909
Total loss and comprehensive loss for the year	-		-		-		(2,687,141)		(2,687,141)
Balance as at December 31, 2017	**33,303,650**	**$**	**13,246,758**	**$**	**4,641,313**	**$**	**(2,189,402)**	**$**	**15,698,669**

The accompanying notes are an integral part of these audited financial statements

Athabasca MINERALS INC.

Statements of Cash Flows

	Notes	For the years ended December 31, 2017	2016
OPERATING ACTIVITIES			
Total loss and comprehensive loss		$ (2,687,141)	$ (2,220,125)
Repayment of environmental rehabilitation obligations	13	(57,202)	(10,042)
Cash recovered on income taxes		183,182	971,151
Adjustments for non-cash items			
Stockpile loss provision	5	110,270	203,205
Net realizable value write-down of inventory	5	-	192,372
Depreciation	8	822,766	1,437,899
Depletion of pit development costs	9	467,007	-
Amortization of resource properties lease costs		11,118	48,239
Amortization of intangible asset	10	770,370	866,667
Amortization of environmental rehabilitation obligation asset	9	62,675	-
Change in environmental rehabilitation obligation	13	(22,217)	96,085
Change in discount rate recognized in other operating income	13	1,028	-
Accretion of environmental rehabilitation obligation	13	20,551	11,747
Write down of exploration costs	9, 21	395,608	515,073
Write down of long-term deposits	6	23,480	30,625
Loss (gain) on disposal of property and equipment	21	14,915	(219,228)
Impairment of property and equipment	8	1,239,458	515,040
Gain on disposal of resources	21	-	(800,000)
Amortization of deferred gain on sale and leaseback	21	(3,255)	(7,703)
Amortization of deferred financing costs	21	-	4,297
Share-based compensation expense		77,909	83,466
Income tax recovery	14	(963,326)	(692,672)
Changes in non-cash working capital balances			
Accounts receivable		833,435	2,780,278
Inventory		(323,131)	971,867
Prepaid expenses and deposits		102,807	340,013
Accounts payable and accrued liabilities		37,371	(1,615,234)
Deposit liabilities		142,671	-
Net cash from operating activities		1,260,349	3,503,020
INVESTING ACTIVITIES			
Long-term deposits	6	122,634	(167,371)
Restricted cash		(1,353,403)	(1,462)
Proceeds from disposal of resources	21	-	800,000
Proceeds from disposal of property and equipment	8	21,238	383,534
Purchase of property and equipment	8	(99,969)	(49,028)
Spending on resource properties	9	(178,453)	(988,598)
Net cash used in investing activities		(1,487,953)	(22,925)
FINANCING ACTIVITIES			
Repayment of capital loan term debt	11	-	(500,000)
Repayment of lease obligations	12, 20	(1,138,680)	(1,628,870)
Net cash used in financing activities		(1,138,680)	(2,128,870)
Net change in cash		(1,366,284)	1,351,225
Cash, beginning of year		3,995,655	2,644,430
Cash, end of year		$ 2,629,371	$ 3,995,655

Supplemental cash flow information (Note 20)

The accompanying notes are an integral part of these audited financial statements

1. Nature of Business

Athabasca Minerals Inc. (the "Corporation") is a public Corporation incorporated under the Business Corporations Act (Alberta) and its shares are listed on the TSX Venture Exchange under the symbol the ABM-V. The Corporation's head office is located at 1319 91st Street SW., Edmonton, Alberta, Canada T6X 1H1.

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

The Corporation manages the Susan Lake aggregate (sand and gravel) pit on behalf of the Province of Alberta for which aggregate management services revenues are earned under a contract with an expiry date of November 30, 2017. Although the contract technically expired during the year, the Corporation continues to manage the Susan Lake aggregate pit with overholding tenancy until further notice from the Province of Alberta.

In addition to the Susan Lake management 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 financial statements for the year ended December 31, 2017 including comparatives were approved and authorized for issue by the Board of Directors on April 19, 2018.

2. Basis of Presentation

a) Statement of Compliance

These financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis. These financial statements have been prepared using accounting policies as set out in Note 3.

c) Functional and Presentation Currency

These financial statements are presented in Canadian dollars which is the functional currency of the Corporation.

d) Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS as issued by the IASB requires management to make estimates and judgments that affect the amount reported in the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are subject to measurement uncertainty. The effect on the financial statements of changes in such estimates in future reporting periods could be significant.

Significant estimates and areas where judgment is applied that have significant effect on the amount recognized in the financial statements are described below.

Significant Management Judgements

Realization of Assets
The investment in and expenditures on resource properties comprise a significant portion of the Corporation's assets. Realization of the Corporation's investment in these assets is dependent upon the successful exploration, development and the attainment of successful production from the properties or from the proceeds of their disposal.

Exploration and Development Expenditures
Mineral exploration and development is highly speculative and involves inherent risks. While the rewards if a resource body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of minerals.

The application of the Corporation's accounting policy for exploration and development expenditures requires judgement to determine whether future economic benefits are likely from either future exploration or sale or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. In addition to applying judgement to determine whether future economic benefits are likely to arise from the Corporation's exploration and development assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Corporation has to apply a number of estimates and assumptions. The determination of a mineral resource is an estimation process that involves varying degrees of uncertainty depending on how the resources are classified (i.e., measured, indicated or inferred). The estimates impact when the Corporation defers exploration and development expenditures. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If after the expenditure is capitalized information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalized amount is written off to the statements of loss and comprehensive loss in the period when the new information becomes available.

Impairment of Resource Properties
Resource properties are reviewed and evaluated for impairment at each reporting period or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Common indicators of impairment of a resource property include, but is not limited to:

- the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed;
- substantive expenditure on further exploration in a specific area is neither budgeted or planned;
- exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Corporation has decided to discontinue activities in the area; or
- sufficient data exists to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the resource property is unlikely to be recovered in full from successful development or by sale.

Commencement of Commercial Production
The Corporation assesses the stage of each resource property under development to determine when a property reaches the stage when it is substantially complete and ready for its intended use. The Corporation considers various relevant criteria to assess when the commercial production phase is considered to commence. Some of the criteria used will include, but is not limited to, the following:

- the completion of a reasonable period of testing of mine plant and equipment;
- the ability to produce saleable aggregates;
- the ability to achieve production targets;
- sufficiency of hauling access from the pit;
- ability to sustain ongoing production;
- capital expenditures incurred relative to the expected costs to complete.

Leases
Management uses judgment in determining whether a lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership to the Corporation. Management evaluates the lease terms and in some cases the lease transaction is not always conclusive in its classification as a finance lease.

Revenue

Sales of product are recognized in revenue when the risks and rewards of ownership pass to the customer and the price can be reliably measured.

Under the Corporation's Susan Lake aggregate management contract with the Government, the Corporation earns a management fee for services provided and recognizes revenue as the fees are earned. Additionally, the Corporation invoices its customers for any royalties applicable on the sale of aggregates and is responsible to collect and remit all royalties to the Government. An entity acts as a principal (as opposed to an agent) when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. In a principal relationship, revenue amounts are reported on a gross basis. In an agency relationship, billed amounts are reported on a net basis as the amounts collected on behalf of the principal are not considered revenue. Determining whether an entity is acting as a principal or agent requires judgment and consideration of all relevant facts and circumstances.

Features that indicate that an entity is acting as a principal include:

- The entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order;
- The entity bears the customer's credit risk for the amount receivable from the customer;
- The entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
- The entity has inventory risk before or after the customer order, during shipping or on return.

It is the judgment of management that in the case of providing aggregate management services, the first two considerations above apply to the Corporation's situation, whereas the remaining two considerations apply less to the Corporation's situation. It is therefore management's determination that the Corporation serves a role as principal rather than agent in the aggregate management services it performs.

Management Estimates

Collectability of Accounts Receivable
In determining the collectability of a trade or other receivable, the Corporation performs a risk analysis by considering the type and age of the outstanding receivable and the creditworthiness of the customer.

Inventory Valuation
The Corporation values inventory at the lower of cost and net realizable value ("NRV"). The net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and costs to sell. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period. The key assumptions require the use of management judgement regarding reliability of evidence available and are reviewed on a quarterly basis. Write-downs of inventory in stockpiles, in-process and finished inventories resulting from NRV impairments are reported as a component of other operating expenses.

Depreciation and Amortization and Determining Useful Lives
Mineral properties in production and other tangible assets used directly in resource production activities are depreciated on a unit-of-production basis ("UOP") over the productive life of the mine based on the economically recoverable reserves and resources including proven and probable reserves.

The calculation of the UOP rate, and therefore the annual depreciation expense could be materially affected by changes of estimates of mineral reserves and of the underlying mineral properties. Changes in estimates can be the result of:

- actual future production differing from current forecasts of future production;
- expansion of mineral reserves through exploration activities;
- differences between estimated and actual costs of mining development; and
- differences in the mineral prices used in the estimation of mineral reserves.

Depreciation and Amortization and Determining Useful Lives – continued

Mobile and other equipment is depreciated, net of residual value, over its useful economic life. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each fiscal year end.

Significant judgment is involved in the determination of useful life and residual values. No assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

Mineral Reserves
Proven and probable mineral reserves are the economically mineable parts of the Corporation's measured and indicated mineral resources demonstrated by, at a minimum, a preliminary feasibility study. The Corporation estimates its proven and probable mineral reserves based on information compiled by appropriately qualified persons. Geological estimates of the size, depth and shape of the mineral body requires complex judgements.

The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as:

- estimates of commodity prices;
- future capital requirements;
- mineral recovery factors and production costs;
- unforeseen operational issues; and
- geological assumptions and judgements made in estimating the size and grade of the mineral body.

Changes in the proven and probable mineral reserves or mineral resource estimates may impact the carrying value of resource properties, property and equipment, environmental rehabilitation obligations, recognition of deferred taxes, amortization, depletion and accretion. The Corporation conducts an annual review of its reserves and mineral resources. Changes in estimates are accounted for prospectively.

Provision for Reclamation and Decommissioning Obligations
Accounting for reclamation and decommissioning obligations requires management to make estimates of the timing and amount of future costs the Corporation will incur to complete the reclamation and decommissioning work required to comply with existing laws, regulations and contractual agreements at each mining operation. Timing and actual costs incurred may differ from those estimated. Future changes to environmental laws and regulations could increase the extent of reclamation and remediation work required to be performed by the Corporation. Increases in future costs and timing of those costs could materially impact the amounts charged to operations for reclamation, remediation and decommissioning. The Corporation assesses its provision for asset retirement obligations on an annual basis or when new material information becomes available. If after a provision is recognized, information becomes available suggesting that recovery of the corresponding asset is unlikely, the asset is written off to the statements of loss and comprehensive loss in the period when the new information becomes available.

Impairment of Non-Current Assets
The Corporation assesses each asset or cash generating unit ("CGU") at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount is made, which is considered to be the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimates and assumptions such as long-term commodity prices (considering current and historical prices, price trends and related factors), discount rates, operating costs, future capital requirements, closure and rehabilitation costs, reserves and operating performance. These estimates and assumptions are subject to risk and uncertainty and therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

Income Taxes
Income taxes are measured by applying estimated annual effective income tax rates that are expected to be in effect when the temporary differences that give rise to deferred tax assets and liabilities are expected to reverse or when losses are expected to be utilized. The estimated average annual effective income tax rates are re-estimated at each reporting date.

Income Taxes - continued

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

The Corporation evaluates the recoverability of deferred tax assets based on an assessment of the Corporation's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Corporation's assessment is based upon existing tax laws, estimates of future taxable income, and the expected timing of taxable temporary difference reversals. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Corporation to realize the net deferred tax assets recorded at the reporting date could be impacted. Future changes in tax laws could limit the ability of the Corporation to obtain tax deductions in future periods.

Calculation of Share-based Compensation
The amount expensed for share-based compensation is determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

3. Significant Accounting Policies

a) Cash

Cash in the statement of financial position comprises cash on deposit with financial institutions and on hand but excludes any restricted cash.

b) Inventory

Inventory is valued at the lower of cost and net realizable value. Net realizable value is calculated as the estimated selling price in the ordinary course of business less estimated costs required to sell the inventory. Cost is determined by the weighted average method, including direct purchase costs, the associated costs of crushing and hauling and an appropriate portion of direct overhead costs including applicable amortization and depletion of estimated resource properties. Any write down of inventory is recognized as a charge against income in the period the write down occurs.

Inventory does not include any parts and supplies on hand. Parts and supplies are insignificant and are expensed in the period they are acquired.

c) Restricted Cash

Restricted cash is cash on deposit with financial institutions which is not available for use by the Corporation and shall not be released until certain conditions are met under contractual obligations. Restricted cash is cash set aside for the specific use of reclamation obligations.

d) Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into operation. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. Amortization begins when the asset is available for use. Maintenance costs are expensed as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized only if it is probable that future economic benefits associated with the expenditure will flow to the Corporation.

d) Property and Equipment – continued

The Corporation provides for depreciation on its property and equipment using the following methods and rates:

	Method	Rate
On-site buildings	Straight line	10 years
Office complex	Straight line	15 years
Scale and scale houses	Straight line	10 years
Stockpile pad	Straight line	5 years
Crushing equipment	Unit-of-production	
Mobile home	Straight line	10 years
Computer software	Straight line	1-3 years
Office equipment	Straight line	3 years
Computer hardware	Straight line	3 years
Large equipment	Declining balance	20%
Vehicles	Declining balance	30%

The residual values, useful lives and method of depreciation of property and equipment are reviewed each financial year and adjustments are accounted for prospectively, if appropriate. An item of property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of an asset is included in profit or loss in the period the asset is derecognized.

Depreciation expense from property and equipment used in inventory production are included in the cost of inventory; depreciation from equipment used for exploration is capitalized under the associated exploration and development mineral properties; and depreciation from administrative capital assets is charged against operations in the period.

e) Exploration Expenditures

Mineral exploration expenditures relate to the initial costs incurred for investigation of potential mineral reserves and resources, including exploratory drilling, sampling, mapping and other activities in searching for mineral bodies and to evaluate the technical and commercial viability of developing mineral properties identified through exploration. Exploration expenditures are recorded on a property-by-property basis and deferred as exploration costs until the technical and commercial viability for that property is established and the property is placed into development, sold or abandoned or determined to be impaired.

The establishment of technical and commercial viability is assessed based on technical studies carried out in compliance with industry standards and regulatory requirements and is deemed to be achieved when the Corporation determines that the project will provide a satisfactory return relative to its perceived risks. Once the technical and commercial viability for a resource property is established, the property is considered to be under development. Previously capitalized exploration costs related to the property are at that time tested for impairment and if no indicators of impairment are present the costs are then transferred to development costs.

Exploration expenditures incurred before the Corporation has obtained the legal right to explore an area are expensed as incurred.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history, which is typical for many mineral properties. The Corporation has investigated title to all its mineral properties and, to the best of its knowledge, all its properties are in good standing.

f) Pit Development Expenditures

A resource property is under the development stage once the property is determined to be commercially and technically viable and development decision has been made. The costs incurred to design and engineer an open pit, to build access roads, camps and other infrastructure for mining, and to remove overburden and other mine waste materials in order to access the mineral body at open pit operations ("stripping costs") prior to the commencement

f) Pit Development Expenditures - continued

of commercial production are categorized as pit development expenditures. Development expenditures to this point, including depreciation of related plant and equipment, are capitalized to the related property. Pit development expenditures are depreciated on a UOP basis over the productive life of the resource property based on proven and probable reserves.

Stripping and clearing costs incurred during the development of a pit or mine are capitalized in resource properties. Stripping costs incurred during the production phase of a mine are considered production costs and are included in the cost of inventory produced during the period in which stripping costs are incurred. Stripping costs incurred to prepare the resource body for extraction or to provide access to a resource body that will be extracted in future periods and would not otherwise have been accessible are capitalized as pit development expenditures and depreciated on a UOP basis over the reserves and resource that directly benefit from the stripping activity. New infrastructure costs incurred during the production phase for future probable economic benefit are also capitalized to the related mineral property subject to depreciation on a UOP basis.

g) Intangible Assets

Intangible assets include the management contract relating to the management of the aggregate pit at Susan Lake which is carried at cost and amortized on a straight-line basis over the expected life of the contract.

The Corporation has not identified intangible assets for which the expected useful life is indefinite.

h) Impairment of Non-Financial Assets

The carrying amounts of non-financial assets are reviewed for impairment whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. The recoverable amount of an asset or CGU is determined as the higher of its fair value less costs of disposal and its value in use.

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. Fair value for mineral assets is generally determined as the present value of estimated future cash flows arising from the continued use of the asset, which includes estimates such as the cost of future expansion plans and eventual disposal, using assumptions that an independent market participant may take into account. Cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Management has assessed its CGUs as being an individual mine site, which is the lowest level for which cash inflows are largely independent of those of other assets/CGUs.

An impairment loss exists if the asset's or CGU's carrying amount exceeds the recoverable amount and is recorded as an expense in the period.

Tangible assets that have been impaired in prior periods are tested for possible reversal of impairment whenever events or changes in circumstances indicate that the impairment has reversed. If the impairment has reversed, the carrying amount of the asset is increased to its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is recognized in profit or loss immediately.

i) Environmental Rehabilitation Obligations ("ERO")

The Corporation recognizes a liability for restoration, rehabilitation and environmental obligations associated with long-lived assets, including the abandonment of resource properties and returning properties to the condition required in order to satisfy regulatory obligations.

i) Environmental Rehabilitation Obligations ("ERO") - continued

The present value of future rehabilitation cost estimates is capitalized to the corresponding asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the present value.

The Corporation's estimates are reviewed annually for changes in regulatory requirements, effects of inflation and changes in estimates. The discounted liability is increased for the passage of time and adjusted for changes to the current discount rate, and the amount or timing of the underlying cash flows needed to settle the obligation. The liability is subsequently adjusted for the passage of time and is recognized in income or loss as accretion expense.

Additional disturbances or changes in rehabilitation cost will be recognized as additions or charges to the corresponding assets and asset retirement obligation when they occur. If there is a decrease in the estimated rehabilitation costs beyond the corresponding asset balance, this decrease is recognized in income when it occurs.

j) Deferred Financing Costs

Deferred financing costs consist of costs incurred by the Corporation relating to the issuance of debt. They are amortized over the term of the related debt or if the debt is retired, they are expensed immediately. These costs are netted against the carrying value of the long-term debt.

k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

<u>Operating Leases</u>
The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognized as an expense in profit or loss on a straight-line basis over the lease term. Contingent rentals are recognized as an expense when they are incurred.

<u>Finance Leases</u>
Leases which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item to the Corporation are capitalized at the inception of the lease at the fair value of the leased item or, if lower, at the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the incremental borrowing rate is used.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recorded in profit or loss.

Any initial direct costs of the lessee are added to the amount recognized as an asset. The useful life and depreciation method is determined on a consistent basis with the Corporation's policies for property and equipment.

l) Financial Instruments

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

l) Financial Instruments - continued

Fair Value

When measuring fair values of financial assets and liabilities, the fair values are grouped into three levels of a hierarchy based on the observability of significant inputs used in making the measurements, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation can assess at the measurement date;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly as prices or indirectly derived from prices; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

Non-Derivative Financial Assets

The Corporation classifies non-derivative financial assets as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available for sale financial assets as appropriate.

i. Financial Assets at Fair Value through Profit or Loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets in this category are measured at fair value, with any changes recognized in the statements of loss and comprehensive loss within other gains and losses in the period in which they arise. Financial assets at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the statements of financial position dates, which are classified as non-current.

ii. Loans and Receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method.

iii. Held-to-Maturity

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as Held-to-maturity if the Corporation has the intention and ability to hold them until maturity. Held-to-maturity investments are measured subsequently at amortised cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognised in profit or loss.

iv. Available for Sale

Assets available for sale are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Assets available for sale are measured at fair value with any impairment recognized in other comprehensive income.

Non-Derivative Financial Liabilities

The Corporation classifies non-derivative financial liabilities as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss as appropriate.

i. Financial Liabilities at Amortized Cost

Financial liabilities classified at amortized cost are initially recognized at fair value less directly attributable transaction costs. After initial recognition, the liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Non-Derivative Financial Liabilities - continued

ii. Financial Liabilities at Fair Value through Profit or Loss
Financial liabilities at fair value through profit or loss are initially recognized at fair value. Subsequent changes in fair value are recognized through profit or loss as finance costs or finance income.

Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset or group of financial assets.

m) Provisions

Liabilities are recognized when the Corporation has a present legal or constructive obligation arising as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation and a reliable estimate of the obligation can be made.

A provision is a liability of uncertain timing or amount. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as a finance cost.

n) Revenue Recognition

Revenue from the sale of aggregates, net of any discounts, is recognized on the sale of products at the time the Corporation has transferred to the buyer the significant risks and rewards of ownership; the Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will flow to the entity; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Corporate Pits
The Corporation derives revenues from the sale of aggregates from pits which it owns the Alberta Metallic and Industrial Minerals Permits and Surface Material Leases. The Corporation recognizes revenue at the point that the aggregate material leaves the pit.

Susan Lake Aggregate Pit
The Corporation derives revenues through the management of the Susan Lake aggregate pit where a management fee is earned based on the volume extracted from the pit and revenue is recognized at the point the aggregate material leaves the pit.

o) Share-Based Compensation

The Corporation grants stock options to directors, officers, employees and consultants of the Corporation pursuant to a stock option plan. The fair value of options granted is recognized as an expense with a corresponding increase in contributed surplus.

Share-based compensation to employees and others providing similar services are measured on the grant date at the fair value of the instruments issued as measured using the Black-Scholes Option Pricing Model. The amount recognized as an expense is adjusted to reflect the actual number of options that are expected to vest. Each tranche in an award with graded vesting is considered a separate grant with a different vesting date and fair value.

o) Share-Based Compensation – continued

Share-based payments to non-employees are measured at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case the fair value of the equity instruments issued is used. The value of the goods or services is recorded at the earlier of the vesting date, or the date the goods or services are received.

Any consideration received upon exercise of options is credited to share capital and the associated amounts originally recorded in contributed surplus are transferred to share capital. In the event options are forfeited prior to vesting, the amount recognized in prior periods in relation to the option is reversed.

p) Income Taxes

Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity and other comprehensive income, in which case the tax expense is also recognized directly in equity and other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates and laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are provided for using the liability method on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the year in which temporary differences are expected to be recovered or settled. Changes to these balances, including changes due to changes to income tax rates, are recognized in profit or loss in the period in which they occur.

Deferred tax assets are recognized to the extent future recovery is probable. Deferred tax assets are reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are generally recognized in full, although IAS 12 "Income Tax" specifies limited exemptions. As a result, the Corporation does not recognize deferred tax on temporary differences relating to goodwill and other intangible assets.

q) Income (Loss) Per Common Share

Basic income (loss) per common share is calculated by dividing the net income (loss) for the period by the weighted average number of common shares outstanding during the financial reporting period.

Diluted income (loss) per share is calculated by adjusting the weighted average number of shares for the dilutive effect of options and warrants. The computation of diluted income per share assumes the conversion, exercise or contingent issuance of securities only when such conversion would have a dilutive effect on income. It is assumed that outstanding options, warrants and similar items are exercised or converted into shares and that the proceeds that would be realized upon such exercise or conversion are used to purchase common shares at the average market price per share during the relevant period.

r) Recent Accounting Pronouncements

(1) Standards adopted

Amendments to IAS 12 – Income taxes: Recognition of Deferred Tax Assets for Unrealized Losses ("IAS 12")

The Corporation applied, for the first time, amendments to IAS 12, "Income taxes". IAS 12 has amendments to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. This amendment has no impact on the Corporation's financial position or performance.

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

The Corporation applied, for the first time, amendments to IAS 7, "Statement of Cash Flows". IAS 7 has amendments that require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes (refer to Note 20). This amendment has no impact on the Corporation's financial position or performance.

The standards and interpretations that are issued, but not yet effective, as of the date of the Corporation's financial statements are disclosed below. The Corporation intends to adopt these standards, if applicable, when they become effective.

(2) Standards Issued But Not Yet Effective

IFRS 9 – Financial Instruments ("IFRS 9")

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 will be measuring trade receivables at amortized cost reduced by a loss allowance based on the lifetime expected credit loss approach. A new accounting policy for measuring the loss allowance on trade receivables will be included when the standard comes into effect for the year ending December 31, 2018 and the new policy will be applied retrospectively. Based on management's assessment of the impact of the new standard on current operations, it is expected that there will be a minimal impact on our financial results.

IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

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.

Under IAS 18, the previous standard, the amount of revenue was equal to the fair value of the consideration received or receivable, which was the price negotiated with the customer. Under IFRS 15, the transaction price is equal to the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, which will continue to be the price negotiated with the customer. As such, it is expected that the change in the amount of revenue recognized in the financial statements under the new standard based on the Corporation's current operations will be minimal.

The Corporation's revenue is primarily derived from the sale of aggregates. Athabasca Minerals Inc.'s revenue recognition policy under IAS 18, the previous standard, was to recognize revenue as aggregate material leaves the pit. As the Corporation's historical contracts have not included any further distinct goods or services, the point of revenue recognition under IFRS 15 will continue to be as aggregate material leaves the pit. As such, it is expected that there will be no material change in the timing of revenue recognition under the new standard based on the Corporation's current operations.

Management has assessed the impact of the new standard on each of the Corporation's revenue streams and has determined that the changes will not materially impact the timing or amount of the Corporation's revenue recognition. A new accounting policy for revenue recognition will be included when the standard comes into effect for the year ending December 31, 2018 and the new revenue recognition policy will be applied retrospectively.

IFRS 16 – Leases ("IFRS 16")

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.

Note 4 – Accounts Receivable

Trade and other receivables are non-interest bearing and are carried at amortized cost, except when fair value is materially lower. If there is objective evidence of an impairment loss, the specific account receivable is written off directly to bad debt expense, which is included in general and administrative expenses. During the year ended December 31, 2017, a bad debt expense of $418,912 (2016: $83,088) was recognized. The amount that was written off was receivable from an individual customer.

Note 5 – Inventory

Inventory with a production cost of $2,209,420 (2016: $1,656,773) was sold and is included in operating costs for the year ended December 31, 2017.

The Corporation included in other operating expenses a $nil (2016: $192,372) write down on a specific stockpiled crushed gravel product as the current net realizable value on this product was less than the product's carrying cost.

The Corporation recognizes a stockpile loss provision on all inventory stockpiles based on the individual stockpile's age and size. During the year ended December 31, 2017, the Corporation recognized a stockpile loss provision of $110,270 (2016: $203,205) included in operating costs.

The inventory balance of $2,083,174 consists of $264,180 of pit run and $1,818,994 of crushed gravel (2016: $nil pit run, $1,570,499 crushed gravel, and $14,540 fuel inventory).

Note 6 – Long Term Deposits

	As at December 31,	
	2017	2016
Security deposits on gravel leases	$ 725,648	$ 815,128
Deposits on lease obligations	8,962	88,756
Security deposits on miscellaneous leases	129,090	105,930
	$ 863,700	$ 1,009,814

The long-term deposits are made with various entities to secure certain lease commitments.

Management wrote off $23,480 in uncollectible security deposits on gravel leases during the year ended December 31, 2017 (2016: $30,625). The impairment is included in other operating expenses.

Note 7 – Restricted Cash

	As at December 31,	
	2017	2016
Funds on deposit		
Poplar Creek site	$ 300,000	$ 300,000
House River pit	48,028	46,385
Letters of credit		
Susan Lake pit	603,000	-
Poplar Creek Site, storage yard	248,760	-
Poplar Creek pit	500,000	-
	$ 1,699,788	$ 346,385

The Corporation has placed funds on deposit to be applied toward the costs of reclamation for the Poplar Creek site and the House River pit for $348,028 (2016: $346,385).

Effective August 1, 2017, the Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with cash on deposit in the amount of $1,351,760 (2016: $nil). As a result, cash was reclassified to restricted cash.

Note 8 – Property and Equipment

	Stockpile pad	Crushing equipment	Equipment	On-site buildings	Office complex	Scales and scale houses	Total
Cost:							
December 31, 2015	$ 262,104	$ 3,678,249	$ 7,760,814	$ 1,198,701	$ 173,867	$ 848,965	$ 13,922,700
Additions	$ -	$ -	$ 49,028	$ -	$ -	$ -	$ 49,028
Disposals	$ -	$ -	$ (363,246)	$ -	$ -	$ -	$ (363,246)
Impairment	$ -	$ (370,794)	$ (102,396)	$ (41,850)	$ -	$ -	$ (515,040)
December 31, 2016	**$ 262,104**	**$ 3,307,455**	**$ 7,344,200**	**$ 1,156,851**	**$ 173,867**	**$ 848,965**	**$ 13,093,442**
Additions	$ -	$ -	$ 141,802	$ 2,200	$ -	$ -	$ 144,002
Disposals	$ -	$ -	$ (514,408)	$ (77,035)	$ -	$ -	$ (591,443)
Impairment	$ -	$ (515,860)	$ (78,730)	$ (496,451)	$ (69,705)	$ (78,712)	$ (1,239,458)
Transfer to held for sale	$ -	$ -	$ (595,016)	$ -	$ -	$ -	$ (595,016)
December 31, 2017	**$ 262,104**	**$ 2,791,595**	**$ 6,297,848**	**$ 585,565**	**$ 104,162**	**$ 770,253**	**$ 10,811,527**
Accumulated Depreciation:							
December 31, 2015	$ 21,688	$ 776,785	$ 3,597,659	$ 321,729	$ 59,705	$ 363,063	$ 5,140,629
Additions	$ 52,421	$ 214,810	$ 958,039	$ 106,225	$ 32,866	$ 85,611	$ 1,449,972
Disposals	$ -	$ -	$ (198,940)	$ -	$ -	$ -	$ (198,940)
December 31, 2016	**$ 74,109**	**$ 991,595**	**$ 4,356,758**	**$ 427,954**	**$ 92,571**	**$ 448,674**	**$ 6,391,661**
Additions	$ 52,421	$ -	$ 682,924	$ 90,799	$ 11,591	$ 83,222	$ 920,957
Disposals	$ -	$ -	$ (478,255)	$ (77,035)	$ -	$ -	$ (555,290)
Transfer to held for sale	$ -	$ -	$ (258,634)	$ -	$ -	$ -	$ (258,634)
December 31, 2017	**$ 126,530**	**$ 991,595**	**$ 4,302,793**	**$ 441,718**	**$ 104,162**	**$ 531,896**	**$ 6,498,694**
Net book value:							
December 31, 2015	$ 240,416	$ 2,901,464	$ 4,163,155	$ 876,972	$ 114,162	$ 485,902	$ 8,782,071
December 31, 2016	$ 187,995	$ 2,315,860	$ 2,987,442	$ 728,897	$ 81,296	$ 400,291	$ 6,701,781
December 31, 2017	**$ 135,574**	**$ 1,800,000**	**$ 1,995,055**	**$ 143,847**	**$ -**	**$ 238,357**	**$ 4,312,833**
Net book value of leased assets included above:							
As at December 31, 2015	$ -	$ 2,901,463	$ 2,312,803	$ 210,626	$ -	$ 45,493	$ 5,470,385
As at December 31, 2016	$ -	$ 2,315,860	$ 1,608,677	$ 178,968	$ -	$ 38,477	$ 4,141,982
As at December 31, 2017	**$ -**	**$ 1,800,000**	**$ 1,314,010**	**$ 24,027**	**$ -**	**$ 31,460**	**$ 3,169,497**

Depreciation expense for the following periods:

	Total
Year ending December 31, 2016	$ 1,437,899
Year ending December 31, 2016 depreciation to resource properties	$ 12,073
Year ending December 31, 2017 depreciation to statement of loss and comprehensive loss	**$ 822,766**
Year ending December 31, 2017 depreciation to inventory	**$ 93,750**
Year ending December 31, 2017 depreciation to repayment of environmental rehabilitation obligations	**$ 4,441**

During the year ended December 31, 2017, management identified specific property and equipment assets being carried at an amount above the assets' recoverable amount, resulting in the recognition of an impairment of $1,239,458 (2016: $515,040) included in other operating expenses. Impairment was taken on the crusher included in Crushing equipment and Equipment, two sand trucks included in Equipment, three camps and a holding tank included in On-site buildings, one office complex, and four scales and a skid mounted wellsite included in Scales and scale houses in the table above, as these assets were not used by the Corporation during the year. These assets' net book values exceeded their recoverable amounts, being fair value less costs to sell. The recoverable amount for the crusher was $1,800,000, the recoverable amount for the sand trucks was $7,000, the recoverable amount for the camps and the holding tank were $52,005, the recoverable amount for the office complex was $nil, and the recoverable amounts for the scales and skid mounted wellsite were $27,000. The recoverable amounts were determined using recent sales agreements and appraisals of similar assets in the same geographical location, less costs of disposal. This is a Level 2 fair value hierarchy measurement and has not changed from the prior year.

Note 8 – Property and Equipment - continued

A 24-man camp, included in On-site buildings with a cost of $135,950 is not in use and no depreciation has been taken during the year ended December 31, 2017 (2016: $nil) on this asset as it is not in the condition necessary for it to be capable of operating in the manner intended by management. This camp was one of the three camps discussed as impaired in the previous paragraph.

Equipment held for sale, with a carrying value of $336,382, includes a wheel loader on consignment with an equipment broker. Management anticipates the wheel loader will sell within the next fiscal year, with a commission based on the sales price to be paid to the equipment broker. No gain or loss has been recognized upon classification as held for sale, as the net book value of the equipment was less than the fair value less costs to sell. This wheel loader was originally financed through Komatsu Financial. The outstanding obligation on the lease as of December 31, 2017 is $230,811.

Equipment additions include a vehicle of $44,033 acquired under a capital lease.

Note 9 – Resource Properties

	As at December 31, 2017	2016
Exploration costs	**$ 2,703,197**	$ 2,931,018
Pit development costs	**1,807,067**	2,454,932
Environmental rehabilitation obligation assets	**1,089,709**	1,188,883
Other costs	**303,268**	314,386
	$ 5,903,241	$ 6,889,219

<u>Exploration and Pit Development Costs</u>

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

The following table summarizes what comprises exploration costs:

	Firebag Project	Richardson Project	Obed	Birch Mountain	Pelican Hill Pit	Hinton Project	All Other Projects	Total
Cumulative Exploration Cost at December 31, 2015	$1,102,699	$ 1,048,911	$ 80,240	$ 465,101	$ 157,582	$ 59,648	$ 207,505	$ 3,121,686
Spending	5,339	41,118	4,212	5,046	-	24,042	232,575	312,332
Reclassification	-	-	-	-	-	-	12,073	12,073
Abandoned projects	-	-	-	(470,147)	-	-	(44,926)	(515,073)
Cumulative Exploration Costs at December 31, 2016	**$1,108,038**	**$1,090,029**	**$ 84,452**	**$ -**	**$ 157,582**	**$ 83,690**	**$ 407,227**	**$ 2,931,018**
Spending	28,292	877	57	-	-	399	138,162	167,787
Abandoned projects	-	-	(84,509)	-	-	-	(311,099)	(395,608)
Cumulative Exploration Costs at December 31, 2017	**$ 1,136,330**	**$1,090,906**	**$ -**	**$ -**	**$ 157,582**	**$ 84,089**	**$ 234,290**	**$ 2,703,197**

During the year ended December 31, 2017, the Corporation recorded an impairment loss of $395,608 on nine projects (2016 - $515,073) that were included in exploration assets. Management re-evaluated the future economic potential of these projects and determined that further financial investment would be unjustified. As a result, those projects were abandoned and the resulting write down is recognized in other operating expenses.

Note 9 – Resource Properties - continued

The following summarizes what comprises pit development costs:

	Kearl Pit	Logan Pit	House River Pit	KM248 Pit	Pelican	Emerson	Lynton	Total
Cumulative Pit Development Costs at December 31, 2015	$ 1,083,898	$ 533,353	$ 161,415	$ -	$ -	$ -	$ -	$ 1,778,666
Acquisition	-	-	-	603,000	-	-	-	603,000
Clearing and stripping	-	-	-	-	72,775	491	-	73,266
Current period depletion	-	-	-	-	-	-	-	-
Cumulative Pit Development Costs at December 31, 2016	**$ 1,083,898**	**$ 533,353**	**$ 161,415**	**$ 603,000**	**$ 72,775**	**$ 491**	**$ -**	**$ 2,454,932**
Additions	-	131	10,491	-	-	-	44	10,666
Current period depletion	-	(55,531)	-	(603,000)	-	-	-	(658,531)
Cumulative Pit Development Costs at December 31, 2017	**$ 1,083,898**	**$ 477,953**	**$ 171,906**	**$ -**	**$ 72,775**	**$ 491**	**$ 44**	**$ 1,807,067**
Year ending December 31, 2017 depletion to inventory	**$ -**	**$ 55,531**	**$ -**	**$ 135,993**	**$ -**	**$ -**	**$ -**	**$ 191,524**

On December 21, 2016, the Corporation purchased two gravel projects located in the Wood Buffalo region of Alberta. The gravel projects include KM248 and Cowpar gravel properties and were acquired for $603,000. The Corporation has been the developer and operator of the KM248 and Cowpar gravel pits since 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 mineral reserves at Cowpar were fully depleted in 2014.

During the year ended December 31, 2017, management’s annual review of its reserves and mineral resources indicated that KM248 was fully depleted as of September 30, 2017, which resulted in accelerated depletion to bring the carrying amount of KM248 included in pit development costs to $nil.

Environmental Rehabilitation Obligation (ERO) Asset

The following summarizes what comprises the environmental rehabilitation obligation asset:

	As at December 31, 2017	As at December 31, 2016
Opening Balance, Environmental Rehabilitation Obligation Asset	**$ 1,188,883**	$ 606,455
Change in estimate recognized in ERO asset	**6,026**	590,134
Amortization of environmental rehabilitation obligation asset	**(62,675)**	-
Change in discount rate affecting ERO asset	**(42,525)**	(7,706)
Closing Balance, Environmental Rehabilitation Obligation Asset	**$ 1,089,709**	$ 1,188,883

The environmental rehabilitation obligation assets pertain to resource properties where the Corporation has the legal and constructive obligation to complete decommissioning, reclamation and restoration costs on the property as discussed in Note 13.

Note 10 – Intangible Asset

Susan Lake Management Contract		
Cost:		
Balance as at December 31, 2015	$	7,800,000
Balance as at December 31, 2016		7,800,000
Balance as at December 31, 2017	**$**	**7,800,000**
Accumulated Amortization:		
Balance as at December 31, 2015	$	6,162,963
Amortization for the year		866,667
Balance as at December 31, 2016	$	7,029,630
Amortization for the year		770,370
Balance as at December 31, 2017	**$**	**7,800,000**
Net book value:		
As at December 31, 2015	$	1,637,037
As at December 31, 2016	$	770,370
As at December 31, 2017	**$**	**-**

The intangible asset relates to the Susan Lake management contract with the Province of Alberta.

The Susan Lake management contract is amortized on a straight-line basis over the life of the contract, with an expiry date of November 30, 2017. The Corporation had a meeting with Alberta Environment and Parks ("AEP"), by whom the Contract is administered, on December 1, 2017, which resulted in instruction to Athabasca to continue its operations in the near term with 'overholding tenancy' status until the Closure Plan for Susan Lake gravel pit is approved by AEP. Management estimates that operations will continue until June 30, 2018. See note 22.

Note 11 – Credit Facility

The Corporation currently has a credit facility with HSBC Bank Canada which includes a letter of guarantee facility, a credit card facility, and five leasing equipment facilities which have been fully advanced as of December 31, 2017.

As part of the credit facility the Corporation is subject to three financial covenants. The funded debt to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation and amortization and other one-time non-cash expenditures) ratio must be less than 2.75 to 1 for all reporting periods subsequent to and including December 31, 2017 (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 December 31, 2017 (2016: 0.70 to 1). The Corporation must maintain a current ratio for all reporting periods subsequent to and including December 31, 2017 in excess of 1.25 to 1 (2016: 1.25 to 1).

As at December 31, 2017, the Corporation was not in compliance with certain financial covenants on their credit facility with HSBC Bank Canada, namely the debt service coverage ratio. The corresponding HSBC Bank Canada leases are included in the current portion of lease obligations under current liabilities.

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

Operating Loan
Pursuant to the Credit Facility Agreement with HSBC Bank Canada, the Corporation's operating loan facility was not renewed (2016: access to $3,000,000 demand operating loan of which $nil was drawn).

Total interest expense on the operating loan for the year ended December 31, 2017 is $nil (2016: $6,218).

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 December 31,	
	2017	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

Effective August 1, 2017, the Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with cash on deposit (Note 7).

Credit Card Facility
The Corporation also has access to a corporate credit card facility, up to a maximum of $50,000 (2016: $100,000). Effective January 4, 2018, the Corporation has secured its corporate credit card facility with cash on deposit.

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.

Note 12 – Lease Obligations

			As at	
			December 31, 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	65,890	150,150
HSBC Lease #5, due October 12, 2018	4.593%	7,481	73,353	157,639
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	53,785	92,429
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	61,223	105,211
Komatsu Financial Lease #1, due May 8, 2019	3.490%	13,935	230,811	387,012
			485,062	1,579,709
Current portion - principal due within one year			(224,967)	(1,094,647)
Current portion - held for sale asset			(230,811)	-
			$ 29,284	$ 485,062

Future minimum lease payments for the subsequent three years, assuming the lease on the held for sale asset is repaid in 2018, are as follows:

January 1, 2018 to December 31, 2018	$ 467,491
January 1, 2019 to December 31, 2019	29,509
January 1, 2020 to December 31, 2020	-
	497,000
Less: interest included in payments above (year one)	11,713
Less: interest included in payments above (years two and beyond)	225
	11,938
Lease loan principal outstanding, December 31, 2017	$ 485,062

Security on the HSBC Bank Canada leases is provided for the lease obligation as part of the Corporation's credit facility.

The leases entered into during the year ended December 31, 2015 with CAT Financial and Komatsu are fixed interest rate leases and security is provided by the piece of equipment being leased.

Total interest expense on the lease obligations for the year ended December 31, 2017 is $38,587 (2016: $101,316).

Additional operating leases for premises and equipment for each of the next three years are as follows:

January 1, 2018 to December 31, 2018	$ 139,929
January 1, 2019 to December 31, 2019	90,008
January 1, 2020 to December 31, 2020	2,583

Note 13 – Environmental Rehabilitation Obligations (ERO)

The following is a reconciliation of the environmental rehabilitation obligations of the Corporation:

	As at December 31, 2017	2016
Opening balance, ERO	**$ 2,061,309**	$ 1,381,091
Change in estimate recognized in ERO asset	**6,026**	590,134
Change in estimate recognized in other operating income	**(22,217)**	96,085
Change in discount rate	**(42,525)**	(7,706)
Change in discount rate recognized in other operating income	**1,028**	-
Accretion expense	**20,551**	11,747
Repayment of environmental rehabilitation obligations	**(57,202)**	(10,042)
Amortization allocated to ERO spending	**(4,441)**	-
Ending balance, ERO	**1,962,529**	2,061,309
Less: Current portion, obligations to be funded within one year	**(178,001)**	(5,716)
	$ 1,784,528	$ 2,055,593

Provisions for environment rehabilitation obligations were recognized for mining activities at the Corporate owned pits. The Corporation assesses its provision for environmental rehabilitation obligations on an annual basis or when new material information becomes available. The estimated undiscounted ERO as at December 31, 2017 was $2,168,200 (2016: $2,181,283).

The discount rates used by the Corporation are based on the Government of Canada bond yields for periods comparable to the expected timing of reclamation activities at each site. These rates ranged from 1.63% to 2.01% as at December 31, 2017 (2016: 0.84% to 1.72%) depending on the expected timing of reclamation activities. It is expected that reclamation activities for the Corporate owned pits will occur between 2018 and 2027 considering the projected production schedules, the timing of reclamation activities included in the Conservation and Reclamation Business Plan, as well as the timing of expiration of the related surface materials lease for each property.

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

Reclamation funded during the year ended December 31, 2017 was $61,643, including amortization (2016: $10,042), and primarily related to work performed at Susan Lake.

The Corporation has paid cash security deposits of $614,249 as at December 31, 2017 (2016: $563,605) to the Government of Alberta on behalf of the Corporation for ERO provisions on the aggregate pits, and an additional $133,330 (2016: $133,330) for the Firebag property, where there has been no disturbance yet that would require the Corporation to set up an ERO provision. These deposits are disclosed in Note 6. The Corporation's obligations regarding the Susan Lake closure is discussed in Note 22.

Note 14 - Income Taxes

The tax effects of temporary differences that give rise to the net deferred tax liability are:

	As at December 31, 2017	
	2017	2016
Deferred tax assets:		
Cumulative eligible capital	$ 30,344	$ 32,628
Deferred gain on sale and leaseback	$ -	$ 879
Share issuance costs and finance fees	$ 23,930	$ 50,036
Other	$ 40,500	$ 40,500
Environmental rehabilitation obligation	$ 436,754	$ 463,424
Non-capital loss carryforwards	$ 1,078,455	$ 395,852
	$ 1,609,983	$ 983,319
Deferred tax liabilities:		
Resource properties	$ 1,407,001	$ 1,497,012
Intangible assets	$ -	$ 208,000
Inventory	$ 77,024	
Property and equipment (net of lease obligations)	$ 650,746	$ 766,421
	$ 2,134,771	$ 2,471,433
Net deferred tax liability	$ 524,788	$ 1,488,114

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. The differences result from the following:

	For the years ended December 31,	
	2017	2016
Loss before income taxes	$ (3,650,467)	$ (2,912,797)
Statutory Canadian combined corporate tax rate	27.0%	27.0%
Expected tax recovery	(985,626)	(786,455)
Increase (decrease) from income taxes resulting from:		
Non-taxable items	22,300	25,151
Tax rate changes and differences	-	14,655
Other	-	53,977
	$ (963,326)	$ (692,672)
Recovery of taxes is comprised of:		
Recovery of current taxes	-	(219,351)
Recovery of deferred taxes	(963,326)	(473,321)
	$ (963,326)	$ (692,672)

The Corporation has tax loss carry forwards of $3,994,278 that have been recognized and are available for future use (2016: $1,466,118). The tax losses expire in 2036 and 2037.

Note 15 – Share Capital

	As at December 31, 2017		2016	
Authorized:				
An unlimited number of:				
Common voting shares with no par value				
Preferred shares, issuable in series				
Issued and outstanding				
33,303,650 Common voting shares with no par value, (2016: 33,303,650 shares)	**$**	**13,246,758**	$	13,246,758

Stock options
The Corporation has issued options to directors, officers, employees and consultants of the Corporation as incentives.

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

	Years ended December 31, 2017			2016		
	Number of Options	Weighted Average Exercise Price		Number of Options	Weighted Average Exercise Price	
Options outstanding, beginning of year:	1,270,000	$	1.32	3,173,334	$	1.22
Issued	1,210,000		0.21	-		-
Expired or cancelled	(1,210,000)		1.11	(1,903,334)		1.15
Options outstanding, end of year:	**1,270,000**	**$**	**0.45**	1,270,000	$	1.32

Of the 1,270,000 outstanding stock options as at December 31, 2017, 460,000 (December 31, 2016 – 1,073,333) options have vested and therefore, were exercisable at December 31, 2017 at a weighted average exercise price of $0.89 per share (2016: $1.32 per share).

The weighted average remaining contractual life of the options is 3.86 years (December 31, 2016 – 2.21 years).

No options were exercised in the years ended December 31, 2017 and December 31, 2016.

During the year ended December 31, 2017, 1,210,000 options expired or were cancelled respectively (2016: 1,903,334).

During the year ended December 31, 2017, 1,210,000 options were granted to directors, officer and employees of the Corporation (2016: Nil).

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

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

Note 15 – Share Capital – continued

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

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

		As at December 31,	
		2017	2016
Expiry Date	**Exercise Price**		
March 29, 2017	$ 0.63	-	30,000
December 11, 2017	1.64	-	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	**270,000**	-
July 7, 2022	0.18	**430,000**	-
November 23, 2022	0.22	**200,000**	-
		1,270,000	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
November 23, 2017	200,000	$ 0.22	Nil	73.4%	1.61%	5 years	$ 0.13	16.8%
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%

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

<u>Warrants</u>

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

	Years ended December 31,			
	2017		2016	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Warrants Outstanding, beginning of year	-	$ -	1,560,458	$ 1.75
Expired	-	-	(1,560,458)	1.75
Warrants Outstanding, end of year	-	$ -	-	$ -

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

Note 15 – Share Capital – continued

Net Loss Per Common Share

The treasury stock method is used to calculate loss per share, and under this method options that are anti-dilutive are excluded from the calculation of diluted loss per share. For the years ended December 31, 2017 and 2016, all outstanding options and warrants were considered anti-dilutive because the Corporation recorded a loss over those years.

	Years ended December 31,			
		2017		2016
Basic loss per share				
Total loss and comprehensive loss	$	(2,687,141)	$	(2,220,125)
Weighted average number of common shares outstanding		33,303,650		33,303,650
Total loss and comprehensive loss per common share, basic	$	(0.081)	$	(0.067)
Diluted loss per share				
Total loss and comprehensive loss	$	(2,687,141)	$	(2,220,125)
Weighted average number of common shares outstanding		33,303,650		33,303,650
Effect of dilutive stock		-		-
Weighted average number of common shares outstanding assuming dilution		33,303,650		33,303,650
Total loss and comprehensive loss per common share, diluted	$	(0.081)	$	(0.067)

Note 16 - Related Party Transactions

The Corporation's related parties include four 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 was as follows:

	As at December 31,			
		2017		2016
Directors:				
Directors fees	$	115,438	$	111,250
Travel and miscellaneous expenses		1,746		2,381
Share-based compensation		34,848		14,293
	$	152,032	$	127,924
Accounts Payable - related parties				
Directors expenses		435		-
Officers expenses		684		-
	$	1,119	$	-

Amounts due to related parties relating to director fees and expenses as at December 31, 2017 was $1,119 (2016: $nil). The director's fees are paid on a quarterly basis. The unpaid amounts due to directors are recorded against accrued liabilities, are unsecured and bear no interest.

Note 16 - Related Party Transactions - continued

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

Note 17 – Compensation of Key Management

The remuneration paid to named officers were as follows:

	As at December 31,			
	2017		2016	
Salaries and other benefits	$	**431,642**	$	528,588
Share-based compensation		**32,595**		34,314
	$	**464,237**	$	562,902

Salaries and other benefits Includes severance payments for former key management of $235,000 in the year ended December 31, 2017 (2016: $267,500).

Janitorial services in the amount of $3,400 were paid to a family member of an officer of the Corporation during the year ended December 31, 2017 (2016: $9,050). The balance owing with respect to these services at December 31, 2017 was $Nil (2016: $Nil).

Note 18 - Financial Instruments

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

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.

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, 2017 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. Five customers, each individually owing greater than 10% of the accounts receivable total balance, accounted for 71% of the Corporation's accounts receivable for the year ending December 31, 2017 (2016: Two customers accounted for 59%).

Note 18 - Financial Instruments - continued

The accounts receivable aging is as follows:

		Current		60-90 days		> 90 days		Total
As at December 31, 2017	**$**	**1,178,096**	**$**	**206,361**	**$**	**8,242**	**$**	**1,392,699**
As at December 31, 2016	$	1,690,579	$	208,068	$	327,487	$	2,226,134

Liquidity Risk

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

As at December 31, 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 and accrued liabilities and lease obligations, including interest.

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

	As at December 31, 2017							
		0 - 1 year		2 - 3 years		4 - 5 years		Total
Accounts payable and accrued liabilities	$	510,669	$	-	$	-	$	510,669
Lease obligations, including interest		467,491		29,509		-		497,000
Total	**$**	**978,160**	**$**	**29,509**	**$**	**-**	**$**	**1,007,669**

	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**

Note 19 - Capital Disclosures

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

	As at December 31,			
		2017		2016
Total equity attributable to shareholders	**$**	**15,698,669**	$	18,307,901
Total borrowings				
Current portion of lease obligations		**224,967**		1,094,647
Lease obligations on equipment held for sale		**230,811**		-
Lease obligations		**29,284**		485,062
Cash		**(2,629,371)**		(3,995,655)
Total managed capital	**$**	**13,554,360**	$	15,891,955

Note 19 - Capital Disclosures - continued

The Corporation's objective when managing capital is to provide sufficient capital to cover normal operating and capital expenditures. In order to maintain or adjust the capital structure, the Corporation may issue debt, purchase shares for cancellation pursuant to normal course issuer bids or issue new shares. The Corporation is subject to externally imposed capital requirements by the Corporation's bank that capital expenditure aggregates in any one year in excess of $3,000,000 annually are restricted without prior written consent as disclosed in Note 11.

There were no changes to the Corporation's capital managed during the year ended December 31, 2017.

Note 20 - Supplemental Cash Flow Disclosures

		For the years ended December 31, 2017	2016
Changes in debt obligations arising from financing activities:			
Lease and Capital Term Loan principal outstanding, beginning of year		$ 1,579,709	$ 3,704,282
Addition of lease obligation	8	44,033	-
Total new financing obtained		44,033	-
Repayment of lease obligations		(1,138,680)	(1,628,870)
Repayment of long-term debt		-	(500,000)
Amortization of deferred financing costs		-	4,297
Total principal repayments		(1,138,680)	(2,124,573)
Interest payments on lease obligations	12	(38,587)	(101,316)
Interest payments on long-term debt		-	(6,218)
Total interest payments		(38,587)	(107,534)
Interest expense on lease obligations	12	38,587	101,316
Interest expense on long-term debt		-	6,218
Total interest expense		38,587	107,534
Lease principal outstanding, end of year		$ 485,062	$ 1,579,709
Current portion of lease obligations	12	$ 224,967	$ 1,094,647
Lease obligations on equipment held for sale	12	$ 230,811	$ -
Lease obligations	12	$ 29,284	$ 485,062
		$ 485,062	$ 1,579,709

Note 21 - Supplemental Statement of Loss and Comprehensive Loss Disclosures

Financing costs are comprised of the following:

	Notes	For the years ended December 31, 2017	2016
Finance Costs			
Interest on long-term debt		$ -	$ (6,218)
Interest on lease obligations	12	(38,587)	(101,316)
		$ (38,587)	$ (107,534)

Other operating expenses are comprised of the following:

	Notes	For the years ended December 31, 2017	2016
Other Operating Expenses			
Net realizable value write-down of inventory		$ -	$ (192,372)
Write down of resource properties security deposits	6	(23,480)	(30,625)
Impairment of property and equipment	8	(1,239,458)	(515,040)
Write down of exploration costs	9	(395,608)	(515,073)
Decrease (Increase) in environmental rehabilitation obligation	13	22,217	(96,085)
Change in discount rate recognized in other operating income	13	(1,028)	-
Amortization of environmental rehabilitation obligation asset	9	(62,675)	-
Amortization of resource property lease costs		(11,118)	-
Accretion of environmental rehabilitation obligation	13	(20,551)	(11,747)
Other expenses		(1,554)	(311)
		$ (1,733,255)	$ (1,361,253)

Note 21 - Supplemental Statement of Loss and Comprehensive Loss Disclosures – continued

Other non-operating income and expenses are comprised of the following:

	Notes	For the years ended December 31, 2017	2016
Other Non-Operating Income (Expenses)			
(Loss) gain on disposal of property and equipment	8	$ (14,915)	$ 219,228
Horizon camp rental		513,741	162,423
Rental income		-	255,741
Gain on disposal of resource properties		-	800,000
Amortization of deferred gain on sale and leaseback		3,255	7,703
Amortization of deferred financing costs		-	(4,297)
Other income		8,225	41,753
		$ 510,306	$ 1,482,551

During the year ended December 31, 2017, the Corporation rented the work camp at Poplar Creek for $513,741 (2016: $162,423) in rental income.

During the year ended December 31, 2017, 60% (2016: 63%) of aggregate sales were sold to three (2016: four) customers. Individually these customers represented more than 10% of the Corporation's total annual revenue.

The Corporation sold its rights, title and interests surrounding three leases bordering the Obed Transloading Facility to Wayfinder Corp., for a purchase price of $800,000 on June 29, 2016.

The Corporation received $255,741 in equipment rental income for the usage of the crusher equipment and another piece of large equipment for a four-month term during the year ended December 31, 2016 from another aggregate producer.

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

	For the years ended December 31, 2017	2016
Employee benefit expenses	$ 2,013,649	$ 2,257,901

Employee benefit expenses include wages, salaries, severance pay, bonuses, and group benefit premiums, as well as Canada Pension Plan, Employment Insurance and Workers' Compensation Board contributions. Employee benefit expenses are included in both operating costs and general and administrative expenses in the Statement of Loss and Comprehensive Loss.

The following table shows the total severance expenses for the year, which are not included in the employee benefit expenses table above:

	For the years ended December 31, 2017	2016
Severance	$ 350,500	$ 371,394

Note 22 – 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").

Athabasca Minerals 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 entered into discussions with the Government in order to determine the nature and scope of work required in order to obtain approval 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 the work, including any possible reimbursement of the quantity-based surcharge the Corporation has collected and remitted to the Government from Susan Lake pit users in the past, is not known. As such, a sufficiently reliable estimate of the amount of the closure costs is not determinable. The Corporation has not disclosed an estimate of the financial effect as discussions with the Government are on-going and therefore, such disclosure is not practicable at this time.