Athabasca MINERALS INC.

THREE MONTHS ENDED MARCH 31, 2019

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements
For the three-month periods ended March 31, 2019 and March 31, 2018

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management and have been approved by the Audit Committee and Board of Directors of the Corporation.

The Corporation's independent auditor has not performed a review of these unaudited interim condensed consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

(signed) "*Robert Beekhuizen*"

Robert Beekhuizen
Chief Executive Officer

(signed) "*Mark Smith*"

Mark Smith
Chief Financial Officer

May 13, 2019
Edmonton, Alberta

Interim Condensed Consolidated Statements of Financial Position (Unaudited)

	Notes	As at, March 31, 2019	As at, December 31, 2018
ASSETS			
Current			
Cash		$ 5,276,407	$ 5,078,537
Accounts receivable	3, 16	713,671	1,531,863
Inventory	4	1,311,133	1,311,133
Prepaid expenses and deposits		79,581	116,950
Share purchase options	9, 16	237,147	124,151
Current Assets		7,617,939	8,162,634
Long-term deposits	5	801,962	801,232
Restricted cash	6	1,780,143	2,155,450
Property and equipment	7	1,218,318	1,293,221
Resource properties	8	6,260,921	6,212,364
Investments in associates	9	1,867,046	1,646,151
Total Assets		$ 19,546,329	$ 20,271,052
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	16	$ 910,603	$ 453,081
Deposit liabilities	6	759,738	858,645
Current portion of environmental rehabilitation obligations	12	1,752,563	1,987,677
Current portion of lease obligations	11	49,245	29,284
Current Liabilities		3,472,149	3,328,687
Environmental rehabilitation and decommissioning obligations	12	2,305,248	2,270,462
Total Liabilities		5,777,397	5,599,149
Contingency	19		
Subsequent events	21		
Shareholders' Equity			
Share capital	13	14,570,325	14,465,325
Contributed surplus		4,961,968	4,908,045
Deficit		(5,763,361)	(4,701,467)
Total Shareholders' Equity		13,768,932	14,671,903
Total Liabilities and Shareholders' Equity		$ 19,546,329	$ 20,271,052

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Approved by the Board of Directors

" Don Paulencu " — Director

"Gerry Romanzin" — Director

Interim Condensed Consolidated Statements of Loss and Comprehensive Loss (Unaudited)

	Notes	Three months ended March 31, 2019	2018
Aggregate Sales Revenue		$ -	$ 6,762
Aggregate Management Services - Revenues		744,016	192,670
Less: Provincial Government Royalties		(310,381)	(85,749)
Aggregate Management Fees - Net		433,635	106,921
Revenue		433,635	113,683
Operating Costs		(508,399)	(398,278)
Amortization, Depreciation, and Depletion		(61,192)	(159,527)
Royalties and Trucking		-	(176)
Cost of Sales		(569,591)	(557,981)
Gross Profit		(135,956)	(444,298)
General and Administrative		(847,271)	(600,957)
Share-based Compensation	13	(53,923)	(16,328)
Other Operating Expenses	18	(147,700)	(30,822)
Reversal of Impairment Loss on Accounts Receivable	16	3,421	2,870
Operating Loss		(1,181,429)	(1,089,535)
Finance Costs	11, 18	(443)	(4,328)
Other Non-Operating Income	18	105,944	76,164
Interest Income		20,794	9,470
Loss Before Income Taxes		(1,055,134)	(1,008,229)
Income Tax Recovery (Expense)		(1,825)	267,760
Total Loss and Comprehensive Loss		$ (1,056,959)	$ (740,469)
Loss per Common share - Basic	13	$ (0.026)	$ (0.022)
Loss per Common share - Diluted	13	$ (0.026)	$ (0.022)
Weighted Average Number of Shares Outstanding	13	40,543,939	33,303,650

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

	Notes	Number of Shares	Share Capital	Contributed Surplus	(Deficit) Retained Earnings	Total Equity
Balance as at December 31, 2017, as previously stated		33,303,650	$ 13,246,758	$ 4,641,313	$ (2,189,402)	$ 15,698,669
Adjustment on initial application of IFRS 9, net of tax of $825		-	-	-	(2,229)	(2,229)
Adjusted balance as at January 1, 2018		33,303,650	13,246,758	4,641,313	(2,191,631)	15,696,440
Share-based compensation		-	-	16,328	-	16,328
Total loss and comprehensive loss for the period		-	-	-	(740,469)	(740,469)
Balance as at March 31, 2018		33,303,650	$ 13,246,758	$ 4,657,641	$ (2,932,100)	$ 14,972,299
Private placement share issuance	**13**	5,750,000	$ 992,625	$ 157,375	$ -	$ 1,150,000
Share issuance costs, net of tax of $nil	**13**	-	(47,058)	-	-	(47,058)
Shares issued in purchase of investment	**9, 13**	1,186,956	273,000	-	-	273,000
Share-based compensation		-	-	93,029	-	93,029
Total loss and comprehensive loss for the period		-	-	-	(1,769,367)	(1,769,367)
Balance as at December 31, 2018, as previously stated	**2**	40,240,606	$ 14,465,325	$ 4,908,045	$ (4,701,467)	$ 14,671,903
Adjustment on initial application of IFRS 16, net of tax of $1,825	**2**	-	-	-	(4,935)	(4,935)
Adjusted balance as at January 1, 2019	**2**	**40,240,606**	**$ 14,465,325**	**$ 4,908,045**	**$ (4,706,402)**	**$ 14,666,968**
Shares issued in purchase of investment	**13**	420,000	$ 105,000	$ -	$ -	$ 105,000
Share-based compensation		-	-	53,923	-	53,923
Total loss and comprehensive loss for the period		-	-	-	(1,056,959)	(1,056,959)
Balance as at March 31, 2019		**40,660,606**	**$ 14,570,325**	**$ 4,961,968**	**$ (5,763,361)**	**$ 13,768,932**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Interim Condensed Consolidated Statements of Cash Flows (Unaudited)

	Notes	Three months ended March 31, 2019	2018
OPERATING ACTIVITIES			
Total loss and comprehensive loss		$ (1,056,959)	$ (740,469)
Environmental rehabilitation obligation payments	12	(311,499)	(78,717)
Adjustments for non-cash items			
Stockpile loss	4	-	11,005
Amortization, depreciation, and depletion	7	61,192	159,527
Amortization of resource properties lease costs	8	2,780	2,780
Amortization of environmental rehabilitation obligation asset	8	3,133	2,838
Change in environmental rehabilitation obligation	12	96,966	166
Change in discount rate recognized in other operating income	12	8,215	(952)
Accretion of environmental rehabilitation obligation	12	8,983	8,096
Write down of resource properties	8, 18	-	8,894
Write down of long-term deposits	5	-	9,000
Impairment of property and equipment	7	27,623	-
Share-based compensation	13	53,923	16,328
Equity pick-up in associate	9	25,429	-
Change in fair value of share purchase options	16	25,680	-
Income tax expense (recovery)		1,825	(267,760)
Changes in non-cash working capital balances			
Accounts receivable		818,192	1,234,224
Inventory		-	2,260
Prepaid expenses and deposits		37,369	21,995
Accounts payable and accrued liabilities		457,522	(190,138)
Deposit liabilities		(98,907)	68,864
Net cash from operating activities		161,467	267,941
INVESTING ACTIVITIES			
Long-term deposits	5	(730)	12,000
Restricted cash	6	375,307	(155,700)
Purchase of property and equipment	7	(3,525)	(18,908)
Spending on resource properties	8	(36,636)	(11,571)
Proceeds on sale of test samples	8	-	7,000
Consideration paid for interest in associate	9	(280,000)	-
Net cash from (used in) investing activities		54,416	(167,179)
FINANCING ACTIVITIES			
Repayment of lease obligations	11	(18,013)	(104,406)
Net cash from (used in) financing activities		(18,013)	(104,406)
Net change in cash		197,870	(3,644)
Cash, beginning of period		5,078,537	2,629,371
Cash, end of period		$ 5,276,407	$ 2,625,727

The accompanying notes are an integral part of these unaudited interim condensed consolidated 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. (or AMI), incorporated in 2006, is an integrated group of aggregates companies involved in resource development, aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, pit management services, sales from corporate-owned and third-party pits, acquisitions of sand and gravel operations, and new venture development. Athabasca Minerals is the parent company of Aggregates Marketing Inc. – a midstream business providing integrated supply and transportation solutions for industrial and construction markets. It is also the parent company of AMI Silica Inc. – a subsidiary positioning to become a leading supplier of premium domestic in-basin frac sand with regional deposits in Alberta and NE British Columbia. It is the joint venture owner of the Montney In-Basin and Duvernay Basin Frac Sand Projects. Additionally, the Corporation has industrial mineral leases, such as those supporting the Richardson Quarry Project, that are strategically positioned for future development in industrial regions of high potential aggregates demand.

The Corporation has managed the Susan Lake aggregate (sand and gravel) pit, an operation covering 5900 acres on Crown Land, on behalf of the Government of Alberta for over the past 20 years. This contract generated revenues for aggregate management services. Although the contract has technically expired (November 30, 2017), the Corporation continues to manage the Susan Lake aggregate pit with overholding tenancy until the Susan Lake Closure Plan is approved and finalized by the Government of Alberta. The Corporation is continuing its aggregate management services for the Province with its recent award of the Coffey Lake Public Pit contract in March-2019

The Corporation's strategic business focus is on growing its base Aggregates division, growing its AMI Silica sand division, and growing its Aggregates Marketing division. Management's objective is on materializing increased opportunities for sustained growth and diversification in supplying aggregate products to all sectors in Western Canada.

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2019 including comparatives were approved and authorized for issue by the Board of Directors on May 13, 2019.

2. Basis of Presentation

a) Statement of Compliance

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2019 were prepared in accordance with IAS 34 International Accounting Standard – "Interim Financial Reporting" (IAS 34) as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures included in the annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") have been condensed or omitted. The significant judgments made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were consistent with those applied to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2018, except as disclosed under changes to significant accounting policies, and should be read in conjunction with those audited annual consolidated financial statements. Actual results may differ from estimated results due to differences between estimated or anticipated events and actual events and results.

b) Basis of Presentation

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis except for the share purchase options (Note 9). These unaudited interim consolidated financial statements have been prepared using accounting policies in effect as of December 31, 2018 with exceptions noted under Changes to Significant Accounting Policies.

2. Basis of Presentation – continued

These consolidated financial statements include the accounts of the Corporation and its wholly-owned subsidiaries Aggregates Marketing Inc., which was incorporated on March 19, 2018 and AMI Silica Inc., which was incorporated on May 30, 2018 (the "subsidiaries"), and the Corporation's 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin frac sand project (Note 9). On January 25, 2019, the Corporation acquired a 16.2% ownership interest in a private Alberta corporation that holds the Duvernay frac sand project in Alberta (Note 9). This interest is accounted for using the equity method.

The assets, liabilities, equity, income, expenses, and cash flows of the Corporation and its wholly-owned subsidiaries to the date of these interim consolidated financial statements have been combined and any intercompany investments and transactions have been eliminated upon consolidation. Uniform accounting policies are used by all entities. All transactions in the subsidiaries are reflected in these consolidated financial statements.

c) Functional and Presentation Currency

These unaudited interim condensed consolidated financial statements are presented in Canadian dollars which is the functional currency of the Corporation and its subsidiaries.

d) Recent Accounting Pronouncements

(1) Standards adopted

The accounting policies applied in these unaudited interim condensed consolidated financial statements are the same as those applied in the December 31, 2018 audited consolidated financial statements, except as discussed below.

IFRS 16 – Leases ("IFRS 16")

IFRS 16 requires lessees to recognize right of use assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. The lease liability is measured as the present value of the remaining lease payments discounted using the Corporation's incremental borrowing rate. Right of use assets are measured at cost, which is calculated as the initial measurement of the lease liability described previously, plus/(minus) any lease payments/(incentives) made prior to the commencement date, plus initial direct costs of entering into the lease, less estimated removal/dismantling costs. Right of use assets are depreciated based on their estimated useful life and interest on the lease liability is expensed through the consolidated statement of loss and comprehensive loss as finance costs. On January 1, 2019, the Corporation transitioned to IFRS 16 using the modified retrospective approach, which involved adjusting January 1, 2019 opening retained earnings.

The Corporation has leases for trucks, equipment used in operating activities, office space, and office equipment.

Included in these leases are a number of leases for low value assets as well as short-term leases. As such, the Corporation applied the following recognition exemptions available under IFRS 16:

- Electing not to apply IFRS 16 to leases of low dollar value assets, and
- Electing not to apply IFRS 16 to leases with a term of 12 months or less at the commencement date of the lease

2. Basis of Presentation – continued

The Corporation also applied the following practical expedients to leases previously classified as operating leases under IAS 17:

- Grandfathering existing contracts using the definition of a lease under the previous standard, IAS 17, and applying the new definition of a lease under IFRS 16 to new or modified contracts only,
- Relief in applying IFRS 16 to leases expiring within 12 months of the date of initial application of IFRS 16,
- Applying a single discount rate to leases with similar characteristics,
- Using hindsight in determining lease terms,
- Excluding initial direct costs from the measurement of right of use assets, and
- Relief in re-assessing the right of use assets for impairment for onerous contracts under the new standard.

The table below summarizes the changes to the statement of financial position as a result of the transition to IFRS 16 as of January 1, 2019:

Financial statement item		As previously stated under IAS 17 as at December 31, 2018		Change on transition to IFRS 16:		Tax		Net of tax
Property and equipment	$	1,293,221	$	31,214	$	(8,428)	$	22,786
Current portion of lease obligations	$	(29,284)	$	(37,974)	$	10,253	$	(27,721)
			$	(6,760)	$	1,825	$	(4,935)

The table below reconciles the additional lease liability upon transition to IFRS 16 on January 1, 2019 to the Corporation's operating lease commitments as of December 31, 2018:

Operating lease commitments as of December 31, 2018	$	92,591
Less: exemption for short-term leases		(74,508)
Residual value guarantee		22,000
Effect of discounting		(2,109)
Lease liability recognized upon initial adoption of IFRS 16 on January 1, 2019	$	37,974

Note 3 – Accounts Receivable

Trade and other receivables are non-interest bearing and are carried at amortized cost, and impaired using the simplified approach which records impairment at the lifetime expected credit losses. During the three months ended March 31, 2019, the estimated credit loss amounted to $320 (year ended December 31, 2018: $3,741).

Note 4 – Inventory

Inventory with a production cost of $nil was sold and is included in operating costs for the three months ended March 31, 2019 (three months ended March 31, 2018: $2,260).

The Corporation recognizes a stockpile loss on all inventory stockpiles based on aerial drone measurements of the individual stockpile's volume. During the three months ended March 31, 2019, the Corporation recognized a stockpile loss of $nil (three months ended March 31, 2018: $11,005) included in operating costs.

The inventory balance of $1,311,133 consists of $264,180 of unprocessed gravel and $1,046,953 of crushed gravel (year ended December 31, 2018: $264,180 of unprocessed gravel and $1,046,953 of crushed gravel).

Note 5 – Long Term Deposits

		As at	
		March 31, 2019	December 31, 2018
Security deposits on gravel leases		**$ 642,942**	$ 639,212
Security deposits on miscellaneous leases		**106,520**	106,520
	12	**749,462**	745,732
Security deposits on exploration leases		**52,500**	55,500
		$ 801,962	$ 801,232

Management wrote off $nil in uncollectible security deposits on gravel leases during the three months ended March 31, 2019 (year ended December 31, 2018: $10,936). The impairment is included in other operating expenses.

Note 6 – Restricted Cash

	As at	
	March 31, 2019	December 31, 2018
<u>**Funds on deposit**</u>		
Poplar Creek site	**$ 300,000**	$ 300,000
House River pit	**52,699**	51,496
Customer deposits collected	**624,444**	500,954
<u>**Letters of credit**</u>		
Susan Lake pit	**603,000**	603,000
Poplar Creek Site, storage yard	**180,000**	180,000
Poplar Creek pit	**-**	500,000
Credit card facility	**20,000**	20,000
	$ 1,780,143	$ 2,155,450

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 the three months ended March 31, 2019 of $352,699 (year ended December 31, 2018: $351,496).

Effective December 1, 2017, the Corporation began charging a surcharge of $1.00/cubic yard for all gravel sold out of Susan Lake. This surcharge was restricted and was to be used for reclamation of the access road into the pit. Any excess of funds collected over funds used for reclamation of the access road will be refunded to the Susan Lake pit users proportionately. The Corporation discontinued this surcharge as of January 21, 2019. The Corporation's liability related to this fund of $602,238 (December 31, 2018: $595,729) is included in deposit liabilities in the consolidated statement of financial position along with other customer prepayments.

On March 15, 2019, the Government of Alberta released the letter of credit for the Poplar Creek pit for $500,000 and the guaranteed investment certificate matured on March 31, 2019.

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates for the three months ended March 31, 2019 in the amount of $783,000 (December 31, 2018: $1,283,000).

Note 7 – Property and Equipment

	Notes	Stockpile pad	Crushing equipment	Equipment	On-site buildings	Office complex	Scales and scale houses	Total
Cost:								
December 31, 2017		$ 262,104	$ 2,791,595	$ 6,297,848	$ 585,565	$ 104,162	$ 770,253	$ 10,811,527
Additions		-	-	56,676	-	-	-	56,676
Disposals		-	(2,791,595)	(1,915,437)	(247,838)	-	(159,080)	(5,113,950)
Impairment		-	-	(33,984)	(62,134)	-	(31,596)	(127,714)
December 31, 2018, as previously stated		**$ 262,104**	**$ -**	**$ 4,405,103**	**$ 275,593**	**$ 104,162**	**$ 579,577**	**$ 5,626,539**
Adjustment on initial application of IFRS 16	2	$ -	$ -	$ 73,823	$ -	$ -	$ -	$ 73,823
Adjusted balance as at January 1, 2019		**$ 262,104**	**$ -**	**$ 4,478,926**	**$ 275,593**	**$ 104,162**	**$ 579,577**	**$ 5,700,362**
Additions		-	-	3,525	-	-	-	3,525
Disposals		-	-	(6,150)	(80,492)	-	-	(86,642)
Impairment		-	-	(27,623)	-	-	-	(27,623)
March 31, 2019		**$ 262,104**	**$ -**	**$ 4,448,678**	**$ 195,101**	**$ 104,162**	**$ 579,577**	**$ 5,589,622**
Accumulated Depreciation:								
December 31, 2017		$ 126,530	$ 991,595	$ 4,302,793	$ 441,718	$ 104,162	$ 531,896	$ 6,498,694
Additions		52,421	-	390,756	28,064	-	62,786	534,027
Disposals		-	(991,595)	(1,378,566)	(205,433)	-	(123,809)	(2,699,403)
December 31, 2018, as previously stated		**$ 178,951**	**$ -**	**$ 3,314,983**	**$ 264,349**	**$ 104,162**	**$ 470,873**	**$ 4,333,318**
Adjustment on initial application of IFRS 16	2	$ -	$ -	$ 42,609	$ -	$ -	$ -	$ 42,609
Adjusted balance as at January 1, 2019		**$ 178,951**	**$ -**	**$ 3,357,592**	**$ 264,349**	**$ 104,162**	**$ 470,873**	**$ 4,375,927**
Additions		13,105	-	60,503	759	-	7,652	82,019
Disposals		-	-	(6,150)	(80,492)	-	-	(86,642)
March 31, 2019		**$ 192,056**	**$ -**	**$ 3,411,945**	**$ 184,616**	**$ 104,162**	**$ 478,525**	**$ 4,371,304**
Net book value:								
December 31, 2017		$ 135,574	$ 1,800,000	$ 1,995,055	$ 143,847	$ -	$ 238,357	$ 4,312,833
December 31, 2018		$ 83,153	$ -	$ 1,090,120	$ 11,244	$ -	$ 108,704	$ 1,293,221
March 31, 2019		**$ 70,048**	**$ -**	**$ 1,036,733**	**$ 10,485**	**$ -**	**$ 101,052**	**$ 1,218,318**
Net book value of leased assets included above:								
December 31, 2017		$ -	$ 1,800,000	$ 1,314,010	$ 24,027	$ -	$ 31,460	$ 3,169,497
December 31, 2018		$ -	$ -	$ 158,732	$ -	$ -	$ -	$ 158,732
March 31, 2019		**$ -**	**$ -**	**$ 178,939**	**$ -**	**$ -**	**$ -**	**$ 178,939**

Depreciation expense for the following periods:

	Total
Three months ended March 31, 2018 depreciation to statement of loss and comprehensive loss	$ 159,527
Three months ended March 31, 2018 depreciation to repayment of environmental rehabilitation obligations	$ 7,914
Three months ended March 31, 2019 depreciation to statement of loss and comprehensive loss	**$ 61,192**
Three months ended March 31, 2019 depreciation to repayment of environmental rehabilitation obligations	**$ 20,827**

Included in the impairment expense of $27,623 is a provision for damage and vandalism on equipment at the Corporation's corporate owned pits of $25,000.

Note 8 – Resource Properties

	As at			
	March 31, 2019		December 31, 2018	
Exploration costs	$	**1,366,265**	$	1,329,629
Pit development costs		**3,080,102**		3,080,102
Environmental rehabilitation obligation assets		**1,525,184**		1,510,483
Other costs		**289,370**		292,150
	$	**6,260,921**	$	6,212,364

Exploration and Pit Development Costs

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

The following table summarizes what comprises exploration costs:

	Firebag Project	Richardson Project	Pelican Hill Pit	Hinton Project	Steepbanks	All Other Projects	Total
Cumulative Exploration Cost at December 31, 2017	$ 1,136,330	$ 1,090,906	$ 157,582	$ 84,089	$ 105,476	$ 128,814	$ 2,703,197
Spending	5,025	-	-	11,028	-	9,902	25,955
Sale of samples	-	-	-	-	-	(7,000)	(7,000)
Abandoned projects	-	-	-	-	-	(64,320)	(64,320)
Transfer to pit development costs	(1,141,355)	-	(157,582)	-	-	(29,266)	(1,328,203)
Cumulative Exploration Costs at December 31, 2018	**$ -**	**$ 1,090,906**	**$ -**	**$ 95,117**	**$ 105,476**	**$ 38,130**	**$ 1,329,629**
Spending	-	19,863	-	16,773	-	-	36,636
Abandoned projects	-	-	-	-	-	-	-
Cumulative Exploration Costs at March 31, 2019	**$ -**	**$ 1,110,769**	**$ -**	**$ 111,890**	**$ 105,476**	**$ 38,130**	**$ 1,366,265**

During the three months ended March 31, 2019, the Corporation recorded a $nil impairment on projects previously included in exploration assets (year ended December 31, 2018: $64,320 on ten projects). 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 impairment is recognized in other operating expenses.

During the three months ended March 31, 2019, the Corporation sold test hole data, logs, photos, maps and samples to a third party for proceeds of $nil (year ended December 31, 2018: $7,000). The proceeds approximated the costs to obtain the samples. As such, no gain or loss on sale was recognized.

During the year ended December 31, 2018, the Corporation transferred the exploration costs for Firebag to pit development costs as this project was determined to be commercially and technically viable and a decision to develop had been made. At the time of transfer to pit development costs, the Firebag project was tested for impairment by comparing the carrying amount to its recoverable amount, which was fair value less costs of disposal. An independent third-party appraiser estimated the fair value of the Firebag asset using a market approach. The key assumptions in the estimate include the technical and commercial viability of the reserve using a multiple of price per tonne of resource based on precedent transactions and the extent of the reserves using technical studies carried out in compliance with industry standards and regulatory requirements. This is a level 3 fair value hierarchy measurement. It was determined that no impairment existed on the Firebag asset at the time of transfer from exploration costs to pit development costs.

During the year ended December 31, 2018, exploration costs for Pelican Hill Pit, Logan and House River were also transferred to pit development costs, as the Corporation received approval to mine.

Note 8 – Resource Properties – continued

The following table summarizes what comprises development costs:

	Firebag	Kearl Pit	Logan Pit	House River Pit	Pelican	Emerson	Lynton	Total
Cumulative Pit Development Costs at December 31, 2017	$ -	$ 1,083,898	$ 477,953	$ 171,906	$ 72,775	$ 491	$ 44	$ 1,807,067
Additions	-	-	11,207	13,793	-	-	-	25,000
Transfers from exploration costs	1,141,355	-	895	28,371	157,582	-	-	1,328,203
Current period depletion	-	-	-	-	-	-	-	-
Abandoned projects	-	(41,364)	-	(38,804)	-	-	-	(80,168)
Cumulative Pit Development Costs at December 31, 2018	**$ 1,141,355**	**$ 1,042,534**	**$ 490,055**	**$ 175,266**	**$ 230,357**	**$ 491**	**$ 44**	**$ 3,080,102**
Cumulative Pit Development Costs at March 31, 2019	**$ 1,141,355**	**$ 1,042,534**	**$ 490,055**	**$ 175,266**	**$ 230,357**	**$ 491**	**$ 44**	**$ 3,080,102**

During the three months ended March 31, 2019, the Corporation recorded a $nil impairment on projects previously included in pit development costs (year ended December 31, 2018: $80,168 on two projects). Management re-evaluated the future economic potential of certain areas within these projects. As a result, the applications to lease certain areas of the project were cancelled or allowed to expire and the impairment is recognized in other operating expenses.

Environmental Rehabilitation Obligation ("ERO") Asset

The following summarizes what comprises the ERO asset:

	As at	
	March 31, 2019	December 31, 2018
Opening Balance, ERO asset	**1,510,483**	$ 1,089,709
Change in estimate recognized in ERO asset	**-**	439,126
Amortization of ERO asset	**(3,133)**	(15,200)
Change in discount rate affecting ERO asset	**17,834**	(3,152)
Closing Balance, ERO Asset	**$ 1,525,184**	$ 1,510,483

The ERO 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 12.

Note 9 – Investments in Associates

Duvernay Frac Sand Project ("Duvernay Project")
On January 25, 2019, the Corporation purchased a 16.2% ownership interest in a private Alberta corporation that owns the Duvernay frac sand project in Alberta, in exchange for $280,000 cash consideration and 420,000 common shares of the Corporation at a value of $0.25 per common share for a total purchase price of $385,000. This interest is accounted for using the equity method.

The Corporation has the option to purchase an additional 33.4% of the shares in the private corporation for $742,000 cash consideration and 1,680,000 common shares of the Corporation for an initial term of eight months after the close date pending resource delineation results ("Option #1"). This option was valued using the Black-Scholes Option Pricing Model at $99,749 using the following assumptions as at March 31, 2019. The change in fair value of the option since the transaction date can be seen in Note 16.

The Corporation has the further option to purchase the remaining 50.4% of the shares in the private corporation for $8,000,000 for an initial term of one year after the close date ("Option #2"). This option was valued using the Black-Scholes Option Pricing Model at $6,643 using the following assumptions as at March 31, 2019. The change in fair value of the option since the transaction date can be seen in Note 16.

Note 9 – Investments in Associates - continued

Option Purchase Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk free rate of return	Expected life	Fair Value
January 25, 2019	166	$ 7,000	Nil	103%	1.55%	6 months	$ 99,749
January 25, 2019	225	$ 35,555	Nil	96%	1.55%	10 months	$ 6,643

The expected volatilities were estimated using the average volatility in share price of comparable publicly traded junior mining companies. This was a Level 3 fair value hierarchy measurement.

As at,	March 31, 2019			December 31, 2018		
	Montney in-basin frac sand project	Duvernay frac sand project	Total	Montney in-basin frac sand project	Duvernay frac sand project	Total
Investment in associate, beginning of period	$ 1,646,151	$ -	$ 1,646,151	$ -	$ -	$ -
Additions:						
Cash consideration	-	280,000	280,000	1,498,000	-	-
Share consideration	-	105,000	105,000	273,000	-	-
	1,646,151	385,000	2,031,151	1,771,000	-	-
Purchase price allocated to share purchase options on transaction date	-	138,676	138,676	124,151	-	-
	1,646,151	246,324	1,892,475	1,646,849	-	-
Corporation's ownership interest	49.2%	16.2%		49.2%	0.0%	
Corporation's share of associate's net loss for the period	(19,224)	(6,205)	(25,429)	(698)	-	-
Investment in associate, end of period	$ 1,626,927	$ 240,119	$ 1,867,046	$ 1,646,151	$ -	$ -

Montney In-Basin Frac Sand Project ("MIB Project")
On December 14, 2018, the Corporation purchased a 49.2% ownership interest in a private Alberta corporation that owns the Montney In-Basin frac sand project located in the vicinity of Dawson Creek and Fort St. John in exchange for $1,498,000 cash consideration and 1,186,956 common shares of the Corporation at a value of $0.23 per common share for a total purchase price of $1,771,000. This interest is accounted for using the equity method.

The Corporation has the option to purchase the remaining 50.8% of the shares in the private corporation for $8,000,000 for an initial term of one year after the close date. This option was valued using the Black-Scholes Option Pricing Model at $130,755 using the following assumptions as at March 31, 2019:

Option Purchase Date	# of Options	Exercise Price	Dividend Yield	Expected Volatility	Risk free rate of return	Expected life	Fair Value
December 14, 2018	261	$ 30,651	Nil	93%	1.55%	1 year	$ 130,755

The expected volatility was estimated using the average volatility in share price of comparable publicly traded junior mining companies. This was a Level 3 fair value hierarchy measurement.

Note 10 – Credit Facility

The Corporation currently has a credit facility with Canadian Western Bank which includes a letter of credit facility at a rate of 1.50% in the amounts of $603,000 and $180,000 in favour of the Government of Alberta and a credit card facility in the amount of $20,000 which have been fully advanced as of March 31, 2019.

The Corporation is not subject to any covenants or capital spending requirements as part of the current credit facility.

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	
	March 31, 2019	December 31, 2018
Susan Lake Pit	$ 603,000	$ 603,000
Poplar Creek Site, storage yard	180,000	180,000
Poplar Creek pit	-	500,000
	$ 783,000	$ 1,283,000

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates to the benefit of Canadian Western Bank. Effective March 15, 2019, the Government of Alberta released the letter of credit for the Poplar Creek pit for $500,000 and the guaranteed investment certificate matured on March 31, 2019.

Credit Card Facility
The Corporation has access to a corporate credit card facility, up to a maximum of $20,000 (December 31, 2018: $20,000). The Corporation has secured its corporate credit card facility with a guaranteed investment certificate (Note 6).

Security under the existing facility includes a general security agreement providing a first security interest in all present and after acquired property to be registered in all appropriate jurisdictions with specific registrations against guaranteed investment certificate instruments pledged as collateral.

Note 11 – Lease Obligations

			As at	
			March 31, 2019	December 31, 2018
Finance Leases	**Interest Rate**	**Monthly Instalments**		
Jim Peplinski Leasing, due Feb 28, 2020	3.680%	1,230	**34,557**	-
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	**6,869**	13,695
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	**7,819**	15,589
			49,245	29,284
Current portion - principal due within one year			**(49,245)**	(29,284)
			$ -	$ -

Future minimum lease payments for the subsequent year is as follows:

April 1, 2019 to March 31, 2020	$ 49,558
Less: interest included in payments above	(313)
Lease loan principal outstanding, March 31, 2019	$ 49,245

The leases with CAT Financial are fixed interest rate leases and security is provided by the piece of equipment being leased. As of April 30, 2019, the two leases with CAT Financial were repaid in full.

		Three months ended March 31,	
		2019	2018
Changes in debt obligations arising from financing activities:			
Lease principal outstanding, beginning of year, as previously stated		**$ 29,284**	$ 485,062
Adjustment on initial application of IFRS 16	2	**37,974**	-
Adjusted balance as at January 1, 2019		**67,258**	485,062
Repayment of lease obligations		**(18,456)**	(108,734)
Interest expense on lease obligations		**443**	4,328
Total principal repayments		**(18,013)**	(104,406)
Lease principal outstanding, end of period		**$ 49,245**	$ 380,656
Current portion of lease obligations		**49,245**	182,398
Lease obligations on equipment held for sale		**-**	190,903
Lease obligations		**-**	7,355
		$ 49,245	$ 380,656

The Corporation has leases for trucks, equipment used in operating activities, office space, and office equipment. Many of the Corporation's lease terms have expired and are paid on a month-to-month basis.

		Monthly payments	Lease payments expensed through income statement	Expense included in	Maturity dates	Guaranteed residual value
Truck leases						
Truck lease #1	Short-term	$ 564	$ 1,692	Operating costs	Expired December 31, 2017	$ 9,700
Truck lease #2	Short-term	$ 450	$ 1,350	Operating costs	Expired February 28, 2019	$ 16,000
Truck lease #3	Short-term	$ 384	$ 1,152	Operating costs	Expired February 28, 2019	$ 13,000
Truck lease #4	Short-term	$ 507	$ 1,521	Operating costs	Expired February 28, 2019	$ 10,000
Office leases						
Calgary office	Short-term	Variable	$ 8,326	General and Administrative	Month-to-month	N/A
Edmonton office	Short-term	$ 8,962	$ 26,886	General and Administrative	August 29, 2019	N/A
Office equipment leases						
Photocopier	Short-term	1,286 per quarter	$ 3,858	General and Administrative	Expired May 28, 2018	N/A

Note 12 – Environmental Rehabilitation and Decommissioning Obligations ("ERO")

The following is a reconciliation of the EROs of the Corporation:

	As at	
	March 31, 2019	**December 31, 2018**
Opening balance, ERO	**$ 4,258,139**	$ 1,962,529
Change in estimate recognized in ERO asset	**-**	439,126
Change in estimate recognized in other operating expenses	**96,966**	2,817,047
Change in discount rate	**17,834**	(3,152)
Change in discount rate recognized in other operating expenses	**8,215**	(162)
Accretion expense	**8,983**	32,383
ERO payments	**(311,499)**	(903,327)
Amortization allocated to ERO payments	**(20,827)**	(86,305)
Ending balance, ERO	**4,057,811**	4,258,139
Less: Current portion, EROs to be funded within one year	**(1,752,563)**	(1,987,677)
	$ 2,305,248	$ 2,270,462

Provisions for EROs were recognized for mining activities at the Corporate owned pits. The Corporation assesses its provision for EROs on an annual basis or when new material information becomes available. The estimated undiscounted ERO as at March 31, 2019 was $4,134,281 (December 31, 2018: $4,398,501).

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 1.55% to 1.54% as at March 31, 2019 (December 31, 2018: 1.86% to 1.90%) depending on the expected timing of reclamation activities. It is expected that reclamation activities for the Corporate owned pits will occur between 2019 and 2025 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.

The Corporation has completed successive revisions to the Susan Lake Closure Plan over the past year and continues to await final approval from Alberta Environment & Parks ("AEP"). Closure and reclamation activities have been underway throughout 2018, with certain provisions allowed by AEP for concurrent operations to recover residual aggregates to assist in meeting Ft. McMurray regional demand.

Total reclamation funded during the three months ended March 31, 2019 was $332,326, including amortization (year ended December 31, 2018: $989,632) and related to work performed at Susan Lake (year ended December 31, 2018: Susan Lake and House River).

To March 31, 2019, the Corporation incurred total costs of $1,186,915 related to Susan Lake closure activities, which includes $92,827 of amortization (December 31, 2018: $854,589 including $72,000 of amortization). The Corporation has been reimbursed for these costs up to a maximum of $1,016,770, which has been fully received as of March 31, 2019.

The Corporation has paid cash security deposits of $616,132 as at March 31, 2019 (December 31, 2018: $612,402) to the Government of Alberta on behalf of the Corporation for ERO provisions on the aggregate pits, and an additional $133,330 (December 31, 2018: $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 included in the long-term deposits disclosed in Note 5.

Note 13 – Share Capital

		Three months ended March 31, 2019		Year ended December 31, 2018	
		Number of Shares	Amount	Number of Shares	Amount
Authorized:					
An unlimited number of:					
Common voting shares with no par value					
Preferred shares, issuable in series					
Issued and outstanding, beginning of period		**40,240,606**	**$ 14,465,325**	33,303,650	$ 13,246,758
Issuance of common share units		-	-	5,750,000	992,625
Common share issuance costs		-	-	-	(47,058)
Shares issued in purchase of investment	9	**420,000**	**105,000**	1,186,956	273,000
Issued and outstanding, end of period		**40,660,606**	**$ 14,570,325**	40,240,606	$ 14,465,325

On November 21, 2018, the Corporation issued 5,750,000 common shares in a private placement for cash consideration of $1,150,000. Legal and filing fees of $47,058 and commission of $nil associated with the private placement were incurred for net cash proceeds of $1,102,942. Each common share issued in the private placement is accompanied by one-half common share purchase warrant with each full warrant entitling the holder to acquire one additional common share at an exercise price of $0.35 for a period of two years from the issuance date. If the closing price of the Corporation's common shares on the TSX Venture Exchange is at a price equal to or greater than $0.50 for a period of ten consecutive trading days, the Corporation will have the right to accelerate the expiry date of the Warrants, whereby the Warrants will expire 30 days from the date of the notice to the Warrant holders. As of March 16, 2019, the Corporation's share price met the warrant acceleration threshold; however, the Corporation chose not to accelerate the expiry date of the warrants. The fair values attributed to the common shares and warrants were $992,625 and $157,375 respectively using the relative fair value method. The fair value of the warrants has been recorded in contributed surplus.

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:

	Three months ended March 31, 2019		Year ended December 31, 2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Options outstanding, beginning of period:	**2,555,000**	**$ 0.33**	1,270,000	$ 0.45
Issued	**275,000**	**0.28**	1,705,000	0.21
Expired or cancelled	**(60,000)**	**0.20**	(420,000)	0.26
Options outstanding, end of period:	**2,770,000**	**$ 0.32**	2,555,000	$ 0.33

Of the 2,770,000 (December 31, 2018: 2,555,000) outstanding stock options, 1,325,000 (December 31, 2018: 1,178,334) options have vested and therefore, were exercisable at March 31, 2019 at a weighted average exercise price of $0.42 per share (December 31, 2018: $0.45 per share).

The weighted average remaining contractual life of the options is 3.71 years (December 31, 2018: 3.84 years).

No options were exercised during the three months ended March 31, 2019 (year ended December 31, 2018: nil).

During the three months ended March 31, 2019, 60,000 options expired or were cancelled respectively (year ended December 31, 2018: 420,000 expired and cancelled).

During the three months ended March 31, 2019, 275,000 options were granted to Officers and employees of the Corporation (year ended December 31, 2018: 1,705,000).

Note 13 – Share Capital - continued

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

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

Pursuant to the stock option plan, options must be exercised within thirty days 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 Corporation's outstanding stock options are as follows:

		As at	
		March 31, 2019	December 31, 2018
Expiry Date	**Exercise Price**		
June 26, 2019	$ 2.90	**100,000**	100,000
December 14, 2020	0.30	**245,000**	245,000
January 13, 2022	0.24	**270,000**	270,000
July 7, 2022	0.18	**430,000**	430,000
November 23, 2022	0.22	**-**	30,000
April 30, 2023	0.17	**190,000**	220,000
June 4, 2023	0.17	**550,000**	550,000
September 13, 2023	0.30	**100,000**	100,000
November 23, 2023	0.26	**610,000**	610,000
January 9, 2024	0.28	**275,000**	-
		2,770,000	2,555,000

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair values 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 on Grant Date	Forfeiture Rate
January 9, 2019	275,000	$ 0.28	Nil	78.2%	1.90%	5 years	$ 0.18	17.3%
November 23, 2018	610,000	$ 0.26	Nil	73.1%	2.28%	5 years	$ 0.16	16.3%
September 13, 2018	160,000	$ 0.30	Nil	74.3%	2.24%	5 years	$ 0.18	16.6%
June 4, 2018	665,000	$ 0.17	Nil	74.4%	2.10%	5 years	$ 0.10	16.3%
April 30, 2018	270,000	$ 0.17	Nil	72.9%	2.10%	5 years	$ 0.10	16.5%
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%

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

Share-based compensation expense in the statement of loss and comprehensive loss for the three months ended March 31, 2019 includes $12,889 to Directors, $25,873 to Officers, and $15,161 to employees (three months ended March 31, 2018: $2,434 to Directors, $9,730 to Officers, and $4,164 to employees).

Note 13 – Share Capital - continued

Warrants

	Three months ended March 31, 2019				Year ended December 31, 2018			
	Number of Warrants		Weighted Average Exercise Price		Number of Warrants		Weighted Average Exercise Price	
Warrants outstanding, beginning of period:	**2,875,000**	**$**	**0.35**		-	$	-	
Issued	**-**		**0.35**		2,875,000		0.35	
Expired or cancelled	**-**		**0.35**		-		-	
Warrants outstanding, end of period:	**2,875,000**	**$**	**0.35**		2,875,000	$	0.35	

The fair value of the warrants issued were estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair values of the options issued 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 on Grant Date	Forfeiture Rate
November 21, 2018	2,875,000	$ 0.35	Nil	72.6%	2.23%	2 years	$ 0.08	0.0%

Of the 2,875,000 (December 31, 2018: 2,875,000) outstanding warrants, 2,875,000 (December 31, 2018: 2,875,000) were exercisable at March 31, 2019 at a weighted average exercise price of $0.35 per warrant (December 31, 2018: $0.35 per warrant).

The weighted average remaining contractual life of the warrants is 1.65 years (December 31, 2018: 1.89 years).

No warrants were exercised during the three months ended March 31, 2019 (year ended December 31, 2018: nil). Subsequent to March 31, 2019, 1,300,000 warrants were exercised for proceeds of $455,000.

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 three months ended March 31, 2019 and March 31, 2018, all outstanding options were considered anti-dilutive because the Corporation recorded a loss over those periods.

	Three months ended March 31,			
	2019		2018	
Basic loss per share				
Total loss and comprehensive loss	**$**	**(1,056,959)**	$	(740,469)
Weighted average number of common shares outstanding		**40,543,939**		33,303,650
Total loss and comprehensive loss per common share, basic	**$**	**(0.026)**	$	(0.022)
Diluted loss per share				
Total loss and comprehensive loss	**$**	**(1,056,959)**	$	(740,469)
Weighted average number of common shares outstanding		**40,543,939**		33,303,650
Effect of dilutive stock		**-**		-
Weighted average number of common shares outstanding assuming dilution		**40,543,939**		33,303,650
Total loss and comprehensive loss per common share, diluted	**$**	**(0.026)**	$	(0.022)

Note 14 – Related Party Transactions

The Corporation's related parties include four independent Directors, the Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, Aggregates Marketing Inc., AMI Silica Inc., the private Alberta corporation that owns the Montney In-Basin frac sand project, and the private Alberta corporation that owns the Duvernay frac sand project.

Transactions with independent Directors were as follows:

	As at March 31,			
		2019		2018
Directors:				
Directors fees	$	**36,000**	$	36,667
Travel and miscellaneous expenses		**1,141**		-
Share-based compensation		**12,889**		2,434
	$	**50,030**	$	39,101

Amounts due to Directors at March 31, 2019 was $nil (March 31, 2018: $nil). The Director's fees are paid on a quarterly basis. The unpaid amounts due to Directors are unsecured and are non-interest bearing.

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 15 – Compensation of Key Management

The remuneration paid to named Officers were as follows:

	As at March 31,			
		2019		2018
Salaries and other benefits including severance	$	**154,562**	$	101,142
Share-based compensation		**25,873**		9,730
	$	**180,435**	$	110,872

Amounts due to named Officers at March 31, 2019 was $550 (March 31, 2018: $nil).

Note 16 – Financial Instruments

Classification

The Corporation's financial instruments consist of cash, accounts receivable, share purchase options, long-term deposits, restricted cash, accounts payable and accrued liabilities which are classified as follows:

Financial statement item	Classification
Cash	Amortized cost
Accounts receivable	Amortized cost
Share purchase options	Fair value through profit and loss
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Note 16 – Financial Instruments - continued

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 their carrying value.

The share purchase options are the only financial instrument measured at fair value on a recurring basis. These are a Level 3 fair value hierarchy measurement. There were no transfers between Level 1, 2, or 3 of the fair value hierarchy for the three months ended March 31, 2019 (year ended December 31, 2018: none).

The following tables show the sensitivity of the fair value estimates as a result of changes to the inputs:

Financial instrument carried at fair value	Significant unobservable input	Sensitivity of the fair value measurement to input
Montney in-basin share purchase option	Expected volatility	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $151,000 ($83,000)
	Risk free rate of return	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $1,000 ($800)

Financial instrument carried at fair value	Significant unobservable input	Sensitivity of the fair value measurement to input
Duvernay share purchase option #1	Expected volatility	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $52,000 ($40,000)
	Risk free rate of return	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $400 ($300)
Duvernay share purchase option #2	Expected volatility	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $24,000 ($6,000)
	Risk free rate of return	An increase of 25% (decrease of 25%) would increase (decrease) the fair value by $60 ($50)

The reconciliation of the carrying amounts of financial instruments classified within Level 3 of the fair value hierarchy is as follows ($CDN):

		As at, March 31, 2019			December 31, 2018		
		Montney in-basin frac sand project	Duvernay frac sand project	**Total**	Montney in-basin frac sand project	Duvernay frac sand project	**Total**
Balance at December 31, 2018		$ 124,151	$ -	**$ 124,151**	$ 124,151	$ -	$ 124,151
Share purchase option additions	9	-	138,676	**138,676**	-	-	-
Change in fair value of share purchase options		6,604	(32,284)	**(25,680)**	-	-	-
Balance at March 31, 2019		**$ 130,755**	**$ 106,392**	**$ 237,147**	**$ 124,151**	**$ -**	**$ 124,151**

The total amount of the unrealized loss included in the consolidated statement of loss and comprehensive loss for the three months ended March 31, 2019 is $25,680 (December 31, 2018: $nil).

Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, accounts receivable, and long-term deposits. The Corporation's maximum credit risk at March 31, 2019 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.

Note 16 – Financial Instruments - continued

On an ongoing basis, the Corporation monitors the financial condition of its customers with all information available. The Corporation reviews the credit worthiness of all new customers and sets credit limits accordingly in order to minimize the Corporation's exposure to credit losses. The Corporation requires any customers deemed to be high-risk to prepay for aggregate prior to taking delivery.

Under the simplified approach, lifetime expected credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions and forecasts at the reporting date. The Corporation estimates an increased loss rate for new customers as opposed to customers that the Corporation has previous experience with, as the Corporation has experienced defaults more commonly with new customers as opposed to previous customers. New customers are customers that the Corporation has not completed projects with previously.

The calculation of the lifetime expected credit loss is as follows:

	Days outstanding	Estimated loss rate	Accounts receivable - gross	Lifetime expected credit loss	Accounts receivable - net
New customers	Current (0-60)	0.00%	$ -	$ -	$ -
	60-90	0.00%	-	-	-
	90+	0.00%	-	-	-
			$ -	$ -	$ -
Previous customers	Current (0-60)	0.03%	$ 628,340	$ (166)	$ 628,174
	60-90	0.10%	15,787	(16)	15,771
	90+	0.20%	69,864	(138)	69,726
			$ 713,991	$ (320)	$ 713,671
			$ 713,991	**$ (320)**	**$ 713,671**

The following table summarizes the changes in the estimated lifetime expected credit loss included in accounts receivable:

	As at March 31, 2019	December 31, 2018
Balance, beginning of period	$ 3,741	$ 3,054
Adjustment to lifetime expected credit loss estimate	(3,421)	687
Balance, end of period	**$ 320**	**$ 3,741**

The accounts receivable aging is as follows:

	Current	60-90 days	> 90 days	Total
As at March 31, 2019	**$ 628,174**	**$ 15,771**	**$ 69,726**	**$ 713,671**
As at December 31, 2018	$ 1,048,713	$ 311,911	$ 171,239	$ 1,531,863

One customer individually owing greater than 10% of the accounts receivable total balance accounted for 79% for the Corporation's accounts receivable as at March 31, 2019 (December 31, 2018: two customers accounted for 84%).

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, start-up costs for its wholly-owned subsidiaries Aggregates Marketing Inc. and AMI Silica Inc., and other contractual obligations.

As at March 31, 2019, 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's financial liabilities include accounts payable and accrued liabilities and lease obligations, including interest.

Note 16 – Financial Instruments - continued

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

	As at March 31, 2019		
	0 - 1 year	2 - 3 years	Total
Accounts payable and accrued liabilities	$ 910,603	$ -	$ 910,603
Lease obligations, including interest	49,558	-	49,558
Total	**$ 960,161**	**$ -**	**$ 960,161**

Note 17 – Capital Disclosures

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

	As at	
	March 31, 2019	December 31, 2018
Total equity attributable to shareholders	**$ 13,768,932**	$ 14,671,903
Total borrowings		
Current portion of lease obligations	**49,245**	29,284
Cash	**(5,276,407)**	(5,078,537)
Total managed capital	**$ 8,541,770**	$ 9,622,650

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.

There were no changes to the Corporation's capital management during the three months ended March 31, 2019.

Note 18 – Supplemental Statement of Loss and Comprehensive Loss Disclosures

Finance costs are comprised of the following:

		Three months ended March 31,	
	Note	2019	2018
Interest on lease obligations	11	**(443)**	(4,328)
		$ (443)	$ (4,328)

Other operating expenses are comprised of the following:

		Three months ended March 31,	
	Note	2019	2018
Write down of resource properties security deposits	5	**-**	(9,000)
Impairment of property and equipment	7	**(27,623)**	-
Write down of resource properties	8	**-**	(8,894)
Change in environmental rehabilitation obligation	12	**(96,966)**	(166)
Change in discount rate recognized in other operating expenses	12	**(8,215)**	952
Amortization of environmental rehabilitation obligation asset	8	**(3,133)**	(2,838)
Amortization of resource property lease costs	8	**(2,780)**	(2,780)
Accretion of environmental rehabilitation obligation	12	**(8,983)**	(8,096)
		$ (147,700)	$ (30,822)

Note 18 – Supplemental Statement of Loss and Comprehensive Loss Disclosures - continued

Other non-operating income is comprised of the following:

	Note	Three months ended March 31, 2019		2018
Change in fair value of share purchase options	16	(25,680)		-
Camp rental		122,748		72,450
Rental income		9,140		3,714
Foreign exchange loss		(264)		-
		$ 105,944	$	76,164

During the three months ended March 31, 2019, the Corporation rented the work camp at Poplar Creek for $122,748 (three months ended March 31, 2018: $72,450) in rental income.

During the three months ended March 31, 2019, 94% of aggregate sales were sold to two customers (three months ended March 31, 2018: 86% to two customers). Individually, these customers represented more than 10% of the Corporation's revenue.

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

	For the three months ended March 31, 2019	2018
Employee benefit expenses	$ 687,812	$ 512,326

Employee benefit expenses include wages, salaries, 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 period, which are not included in the employee benefit expenses table above:

	For the three months ended March 31, 2019	2018
Severance	$ 8,608	$ -

Note 19 – 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.

Note 20 – Segmented Reporting

Reportable segments are determined based on the corporate structure and operations. Corporate is disclosed for reconciliation purposes only.

	Aggregate Sales and Aggregate Management Services		Frac sand		Corporate		Consolidation eliminations		Consolidated	
For the three months ended March 31,	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Revenue:										
Aggregate Sales Revenue	-	6,762	-	-	-	-	-	-	-	**6,762**
Aggregate Management Fees - Net	**433,635**	106,921	-	-	-	-	-	-	**433,635**	**106,921**
Total Loss and Comprehensive Loss	**(105,954)**	(479,448)	**(203,825)**	-	**(747,180)**	(261,021)	-	-	**(1,056,959)**	**(740,469)**
Amortization, Depreciation, and Depletion	**(55,499)**	(140,995)	-	-	**(5,693)**	(18,532)	-	-	**(61,192)**	**(159,527)**
Finance Costs	**(443)**	(4,328)	-	-	-	-	-	-	**(443)**	**(4,328)**
Interest Income	-	-	-	-	**20,794**	9,470	-	-	**20,794**	**9,470**
Income Tax Recovery (Expense)	-	-	-	-	**(1,825)**	267,760	-	-	**(1,825)**	**267,760**
As at	**March 31, 2019**	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**	**March 31, 2019**	**December 31, 2018**
Segment Assets	**11,386,251**	12,491,127	**3,378,878**	1,274,685	**5,500,194**	7,036,910	**(718,994)**	(531,670)	**19,546,329**	**20,271,052**
Segment Liabilities	**5,605,937**	5,403,328	**721,127**	525,774	**169,327**	135,076	**(718,994)**	(465,029)	**5,777,397**	**5,599,149**

Note 21 – Subsequent Events

On April 30, 2019, the Corporation exercised it's option to purchase an additional 33.4% of the shares in a private Alberta corporation that holds the Duvernay frac sand project in Alberta for $742,000 of cash consideration and the issuance of 1,680,000 common shares of Athabasca Minerals Inc.