Athabasca Minerals Inc.

THREE AND NINE MONTHS ENDED SEPTEMBER 30 2016

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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Notice of No Auditor Review of Interim Condensed Financial Statements
For the three and nine months period ended September 30, 2016 and September 30, 2015

The accompanying unaudited interim condensed 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 interim condensed financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim condensed financial statements by an entity's auditor.

"*Don Paulencu*"

Don Paulencu
Interim Chief Executive Officer

"*Williams Woods*"

Williams Woods
Chief Financial Officer

November 18, 2016
Edmonton, Alberta

Interim Condensed Statements of Financial Position (Unaudited)

	Notes	As at September 30, 2016	As at December 31, 2015
ASSETS			
Current			
Cash		$ 2,974,654	$ 2,644,430
Accounts receivable		4,301,705	5,006,412
Income taxes recoverable		502,635	934,982
Inventory	4	2,196,244	2,952,483
Prepaid expenses and deposits		538,453	546,020
Current assets		10,513,691	12,084,327
Long-term deposits		875,133	842,443
Restricted cash		346,023	344,923
Property and equipment	5	7,231,678	8,782,071
Resource properties	6	5,615,282	5,900,057
Intangible assets	7	987,037	1,637,037
Total Assets		$ 25,568,844	$ 29,590,858
LIABILITIES AND SHAREHOLDERS'S EQUITY			
Current			
Accounts payable and accrued liabilities		$ 1,420,584	$ 2,088,532
Current portion of environmental rehabilitation obligations		-	14,908
Capital term loan	8	-	495,703
Current portion of lease obligations	9	1,370,388	1,532,121
Current Liabilities		2,790,972	4,131,264
Lease obligations	9	588,432	1,676,458
Deferred gain on sale and leaseback		5,181	10,958
Environmental rehabilitation obligations		1,393,970	1,366,183
Deferred tax liability	10	1,578,037	1,961,435
Total Liabilities		6,356,592	9,146,298
Contingency	19		
Shareholders' Equity			
Share capital	11	13,246,758	13,246,758
Contributed surplus		4,552,412	4,479,938
Retained earnings		1,413,082	2,717,864
Total Shareholders' Equity		19,212,252	20,444,560
Total Liabilities and Shareholders' Equity		$ 25,568,844	$ 29,590,858

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

Approved by the Board of Directors

" Don Paulencu "
Director

"Gerry Romanzin"
Director

Interim Condensed Statements of Comprehensive Income (Loss) (Unaudited)

	Notes	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Aggregate Sales Revenue		$ 2,225,134	$ 4,792,719	$ 3,486,936	$ 6,942,774
Aggregate Management Services - Revenues		2,867,463	4,856,879	4,289,646	8,821,961
Less: Provincial Government Royalties		(1,347,065)	(1,719,768)	(1,986,437)	(3,223,677)
Aggregate Management Fees - Net		1,520,398	3,137,111	2,303,209	5,598,284
Revenue		3,745,532	7,929,830	5,790,145	12,541,058
Operating Costs		1,472,130	1,574,061	2,585,593	4,173,640
Amortization		35,687	74,970	66,266	107,229
Depreciation	5	434,332	401,487	1,078,300	1,010,651
Royalties and Trucking		730,636	2,524,560	1,052,572	3,679,103
Cost of Sales		2,672,785	4,575,078	4,782,731	8,970,623
Gross Profit		1,072,747	3,354,752	1,007,414	3,570,435
General and Administrative		898,892	639,476	2,232,830	2,587,995
Exploration		32,388	-	137,616	-
Share-based Compensation		(19,338)	137,381	72,474	677,435
Amortization of Intangible Assets	7	216,667	216,666	650,000	650,000
Other (Income) Expenses	17	927,610	189,252	866,053	157,679
Operating Income (Loss)		(983,472)	2,171,977	(2,951,559)	(502,674)
Finance Costs	17	18,317	43,323	88,903	149,807
Other (Income) Expenses	17	(430,710)	29,390	(1,343,829)	47,473
Interest Income		(6,731)	(1,430)	(15,105)	(7,177)
Income (Loss) Before Income Taxes		(564,348)	2,100,694	(1,681,528)	(692,777)
Current Tax (Recovery)	10	6,653	414,065	6,653	(409,521)
Deferred Tax (Recovery) Expense	10	(159,142)	72,125	(383,399)	268,404
Total Comprehensive Income (Loss)		$ (411,859)	$ 1,614,504	$ (1,304,782)	$ (551,660)
Earnings (Loss) per Common Share - Basic	11	$ (0.012)	$ 0.048	$ (0.039)	$ (0.017)
Earnings (Loss) per Common Share - Diluted	11	$ (0.012)	$ 0.048	$ (0.039)	$ (0.017)
Weighted Average # of Shares Outstanding	11	33,303,650	33,303,650	33,303,650	33,303,650

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

Interim Condensed Statements of Changes in Equity (Unaudited)

	Number of Shares		Share Capital		Contributed Surplus		Retained Earnings		Total Equity
Balance as at December 31, 2014	33,303,650	$	13,246,758	$	3,811,373	$	10,031,674	$	27,089,805
Share-based compensation	-		-		677,435		-		677,435
Total comprehensive loss for the period	-		-		-		(551,660)		(551,660)
Balance as at September 30, 2015	**33,303,650**	**$**	**13,246,758**	**$**	**4,488,808**	**$**	**9,480,014**		**27,215,580**
Share-based compensation	-		-		(8,870)		-		(8,870)
Total comprehenive loss for the period	-		-		-		(6,762,150)		(6,762,150)
Balance as at December 31, 2015	**33,303,650**	**$**	**13,246,758**	**$**	**4,479,938**	**$**	**2,717,864**		**20,444,560**
Share-based compensation	-		-		72,474		-		72,474
Total comprehenive loss for the period	-		-		-		(1,304,782)		(1,304,782)
Balance as at September 30, 2016	**33,303,650**	**$**	**13,246,758**	**$**	**4,552,412**	**$**	**1,413,082**	**$**	**19,212,252**

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

Interim Condensed Statements of Cash Flows (Unaudited)

	Notes	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
OPERATING ACTIVITIES					
Total comprehensive income (loss)		$ (411,859)	$ 1,614,504	$ (1,304,782)	$ (551,660)
Repayment of environmental rehabilitation obligations		(4,966)	-	(10,042)	-
Cash recovered on income taxes		69,331	83,592	425,694	161,318
Adjustments for non-cash items					
Depreciation	5	434,332	407,849	1,078,300	1,010,651
Amortization and accretion of environmental rehabilitation obligation		2,247	24,815	22,946	36,033
Amortization of resource properties		33,440	47,560	43,320	71,196
Amortization of intangibles	7	216,667	216,666	650,000	650,000
Income tax recovery	10	(152,489)	486,190	(376,746)	(141,117)
Share-based compensation expense		(19,338)	137,381	72,474	677,435
Gain on land use agreement		-	28,620	-	45,398
Amortization of deferred gain on sale and leaseback	17	(1,926)	(1,926)	(5,777)	(5,777)
Amortization of deferred financing costs	17	-	2,578	4,297	7,734
Gain on disposal of property and equipment		(167,855)	-	(173,490)	-
Write down of exploration properties	6, 17	507,283	155,238	507,283	155,238
Write-off of intangible assets		-	-	-	5,773
Impairment on equipment	5, 17	370,794	-	370,794	-
Changes in non-cash working capital balances					
Accounts receivable		(3,236,992)	(3,448,853)	704,707	(734,477)
Inventory		631,704	396,246	756,239	716,864
Prepaid expenses and deposits		189,391	(44,979)	7,568	(155,321)
Accounts payable and accrued liabilities		799,948	1,827,524	(667,948)	1,347,569
Net cash from (used in) operating activities		(740,288)	1,933,005	2,104,837	3,296,857
INVESTING ACTIVITIES					
Long-term deposits		-	-	(32,690)	(3,436)
Restricted cash		983	15,036	(1,100)	13,752
Proceeds from land use agreement		-	20,000	-	169,939
Proceeds from disposal of property and equipment		291,450	-	298,450	28,442
Purchase of property and equipment	5	-	(49,588)	(35,734)	(586,396)
Spending on resource properties	6	(27,208)	(377,123)	(253,780)	(728,215)
Net cash from (used in) investing activities		265,225	(391,675)	(24,854)	(1,105,914)
FINANCING ACTIVITIES					
Repayment of capital loan term debt	8	-	(250,000)	(500,000)	(750,000)
Repayment of lease obligations	9	(491,623)	(408,945)	(1,249,759)	(1,119,707)
Net cash from (used in) financing activities		(491,623)	(658,945)	(1,749,759)	(1,869,707)
Net change in cash		(966,685)	882,385	330,224	321,236
Cash, beginning of period		3,941,339	267,523	2,644,430	828,672
Cash, end of period		$ 2,974,654	$ 1,149,908	$ 2,974,654	$ 1,149,908

Supplemental cash flow information (Note 16)

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

Note 1 - Nature of Business

Athabasca Minerals Inc. (the "Corporation" or "Athabasca") is incorporated under the Business Corporations Act (Alberta). The Corporation's head office is located at 1319 91st Street SW., Edmonton, Alberta, Canada T6X 1H1.

The Corporation manages the Susan Lake aggregate (sand and gravel) pit on behalf of the Province of Alberta for which management fees are earned. A significant portion of the Corporation's total revenue is derived from this contract.

In addition to this management contract, the Corporation owns gravel pits producing aggregate for a variety of purposes and explores for and develops land for the purposes of establishing additional Corporation owned gravel pits. The Corporation also acquires, explores and develops mineral claims located in the Fort McMurray area for the purpose of extracting silica sand and other minerals.

The Corporation is listed on the TSX Venture Exchange ("TSX Venture") under the stock symbol: ABM.

Note 2 – Basis of Presentation and Statement of Compliance

These interim condensed financial statements of the Corporation for the three and nine months period ended September 30, 2016 include comparative results for the three and nine months ended September 30, 2015. These financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting. Accordingly, certain information and footnote disclosures normally included in the annual financial statements have been omitted or condensed. Accordingly, these interim condensed financial statements should be read in conjunction with the audited financial statements and notes thereto, as at and for the year ended December 31, 2015.

The accounting policies set out below have been applied to all periods presented in these financial statements. The financial statements are presented in Canadian dollars which is the functional currency of the Corporation.

These financial statements were authorized for issue by the Board of Directors on November 18, 2016.

Note 3 – Significant management judgements, estimates and changes in accounting policies

The Corporation's management makes judgements in its process of applying the Corporation's accounting policies to the preparation of its interim condensed financial statements. In addition, the preparation of financial data requires that the Corporation's management make assumptions and estimates of the impacts on the carrying amounts of the Corporation's assets and liabilities at the end of the reporting period from uncertain future events and on the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates as the estimation process in inherently uncertain. Estimates are reviewed on an ongoing basis based on historical experience and other factors that are considered to be relevant under the circumstances. Revisions to estimates and the resulting impacts on the carrying amounts of the Corporation's assets and liabilities are accounted for prospectively.

The critical judgements and estimates applied in the preparation of the Corporation's unaudited interim condensed financial statements for the three and nine months period ended September 30, 2016 are consistent with those applied and disclosed in Note 3 to the Corporation's audited financial statements for the year ended December 31, 2015.

The interim condensed financial statements have been prepared in accordance with the accounting policies adopted in the Corporations' most recent annual financial statements for the year ended December 31, 2015.

Note 4 – Inventory

Inventory consists of the following:

	As at	
	September 30, 2016	December 31, 2015
Stockpiled crushed gravel	**$ 2,168,593**	$ 2,952,483
Fuel Inventory	**27,651**	-
	$ 2,196,244	$ 2,952,483

During the three and nine months period ended September 30, 2016, inventory with a production cost of $1,011,519 and $1,301,703 (three and nine months ended September 30, 2015 - $479,420 and $710,392) respectively was sold and forms part of operating costs.

Note 5– Property and Equipment

The Corporation took an impairment of $370,794 on the crusher plant as it anticipates selling the asset at fair market value which was determined on a recent rental/purchase agreement that failed to materialize.

	Stockpile pad	Crushing equipment	Equipment	On-site buildings and fences	Office complex	Scales and scale houses	Total
Cost:							
December 31, 2014	$ -	$ 3,678,249	$ 7,336,887	$ 1,062,751	$ 173,867	$ 832,214	$ 13,083,968
Additions	262,104	-	1,438,508	135,950	-	16,751	1,853,313
Disposals	-	-	(1,014,581)	-	-	-	(1,014,581)
December 31, 2015	**262,104**	**3,678,249**	**7,760,814**	**1,198,701**	**173,867**	**848,965**	**13,922,700**
Additions		-	35,734	-	-		35,734
Disposals	-	-	(208,058)	-	-	-	(208,058)
Impairment		(370,794)					(370,794)
September 30, 2016	**$ 262,104**	**$ 3,307,455**	**$ 7,588,490**	**$ 1,198,701**	**$ 173,867**	**$ 848,965**	**$ 13,379,582**
Accumulated Depreciation at:							
December 31, 2014	$ -	$ 682,465	$ 3,077,046	$ 215,530	$ 48,114	$ 279,842	$ 4,302,997
Additions	21,688	94,320	1,056,884	106,199	11,591	83,221	1,373,903
Disposals	-	-	(536,271)	-	-	-	(536,271)
December 31, 2015	**21,688**	**776,785**	**3,597,659**	**321,729**	**59,705**	**363,063**	**5,140,629**
Additions	39,316	214,810	685,469	79,669	8,693	62,416	1,090,373
Disposals	-	-	(83,098)	-	-	-	(83,098)
September 30, 2016	**$ 61,004**	**$ 991,595**	**$ 4,200,030**	**$ 401,398**	**$ 68,398**	**$ 425,479**	**$ 6,147,904**
Net book value at:							
September-30-16	**$ 201,100**	**$ 2,315,860**	**$ 3,388,460**	**$ 797,303**	**$ 105,469**	**$ 423,486**	**$ 7,231,678**
December-31-15	$ 240,416	$ 2,901,464	$ 4,163,155	$ 876,972	$ 114,162	$ 485,902	$ 8,782,071
Net book value of leased assets included above:							
Sepember 30, 2016	**$ -**	**$ 2,315,860**	**$ 1,837,977**	**$ 186,882**	**$ -**	**$ 40,232**	**$ 4,380,951**
December 31, 2015	$ -	$ 2,901,463	$ 2,312,803	$ 210,626	$ -	$ 45,493	$ 5,470,385

Depreciation expense for the following periods:	**Total**
Nine months ending September 30, 2016	**$ 1,078,300**
Nine months ending September 30, 2016 depreciation to resource properties	**$ 12,073**
Nine months ending September 30, 2015	$ 1,004,053

Note 6 – Resource Properties

	As at September 30, 2016	As at December 31, 2015
Exploration costs	$ 2,837,616	$ 3,121,686
Pit development costs	1,851,931	1,778,666
Environmental rehabilitation obligation assets	606,430	606,455
Other lease costs	162,205	205,525
Land	157,100	157,100
Mineral permits	-	30,625
	$ 5,615,282	$ 5,900,057

Exploration and Pit Development costs

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

	As at September 30, 2016	As at December 31, 2015
Exploration costs:		
Firebag project	$ 1,107,825	$ 1,102,699
Richardson project	1,054,457	1,048,911
Birch Mountain project	-	465,101
Other properties	675,334	504,975
	$ 2,837,616	$ 3,121,686
Pit development costs:		
Kearl pit	$ 1,083,898	$ 1,083,898
Logan pit	533,353	533,353
House River pit	161,415	161,415
Pelican	72,775	-
Emerson	490	-
	$ 1,851,931	$ 1,778,666

Exploration Costs

	Firebag Project	Richardson Project	Obed	Birch Mountain	Pelican Hill Pit	Hinton Project	Boyle Project	Dover Project	All Other Projects	Total
Cumulative Exploration Cost at Decmber 31, 2014	$ 944,340	$ 1,036,203	$ -	$ 459,415	$ 105,493	$ 56,387	$ 117,488	$ 1,009,830	$ 687,271	$ 4,416,427
Twelve months ended December 31, 2015 activity:										
Spending	105,263	11,758	486,223	4,731	30,251	3,261	6,753	11,174	188,432	847,846
Reclassification	53,096	950	-	955	21,838	-	-	-	(76,839)	-
Abandoned projects	-	-	(405,983)	-	-	-	(124,241)	(1,021,004)	(591,359)	(2,142,587)
Total spending in current period	158,359	12,708	80,240	5,686	52,089	3,261	(117,488)	(1,009,830)	(479,766)	(1,294,741)
Cumulative Exploration Costs at December 31, 2015	**$ 1,102,699**	**$ 1,048,911**	**$ 80,240**	**$ 465,101**	**$ 157,582**	**$ 59,648**	**$ -**	**$ -**	**$ 207,505**	**$ 3,121,686**
Nine months ended September 30, 2016 activity:										
Spending	5,126	5,546	1,454	5,046	-	14,652	-	-	179,316	$ 211,140
Depreciation									12,073	$ 12,073
Abandoned projects	-	-		(470,147)	-	-	-		(37,136)	(507,283)
Cumulative Exploration Costs at September 30, 2016	**$ 1,107,825**	**$ 1,054,457**	**$ 81,694**	**$ -**	**$ 157,582**	**$ 74,300**	**$ -**	**$ -**	**$ 349,685**	**$ 2,837,616**

During the three and nine months period ended September 30, 2016, the Corporation capitalized $30,233 (27,208 in cash, 3,025 in equipment depreciation) and $223,213 ($211,140 in cash, $12,073 in equipment depreciation) on exploration resource properties various projects compared to $377,123 and $728,215 for the three and nine months ended September 30, 2015 all of which was cash. The Corporation wrote off $507,283 in exploration assets in three and nine months ended September 30, 2016. The majority was the Birch Mountain silica sand project.

Pit development costs

	Kearl Pit	Logan Pit	House River Pit	KM248 Pit	Pelican	Emerson	Total
Cumulative Pit Development Costs at December 31, 2014	$ 1,085,568	$535,065	$162,019	$67,211	$ -	$ -	$ 1,849,863
Twelve months ended December 31, 2015 activity:							
Total pit development costs prior to depletion	1,085,568	535,065	162,019	67,211	-	-	1,849,863
Current period depletion	(1,670)	(1,712)	(604)	(67,211)	-	-	(71,197)
Cumulative Pit Development Costs at December 31, 2015	**$ 1,083,898**	**$ 533,353**	**$ 161,415**	**$ -**	**$ -**	**$ -**	**$ 1,778,666**
Nine months ended September 30, 2016 activity:							
Clearing and stripping	-	-	-	-	72,775	490	73,265
Total pit development costs prior to depletion	1,083,898	533,353	161,415	-	72,775	490	1,851,931
Current period depletion	-	-	-	-	-	-	-
Cumulative Pit Development Costs at September 30, 2016	**$ 1,083,898**	**$ 533,353**	**$ 161,415**	**$ -**	**$72,775**	**$ 490**	**$ 1,851,931**

Note 7 – Intangible Assets

	Susan Lake Management Contract	Poplar Creek Environmental Rehabilitation Obligation Asset	Total
Cost:			
December 31, 2014	$ 7,800,000	$ 294,933	$ 8,094,933
Additions	-	43,464	43,464
December 31, 2015	7,800,000	338,397	8,138,397
Additions	-	7,312	7,312
September 30, 2016	**$ 7,800,000**	**$ 345,709**	**$ 8,145,709**
Accumulated Amortization:			
December 30, 2014	$ 5,296,296	$ 294,933	$ 5,591,229
Amortization for the period	866,667	-	866,667
Additions	-	43,464	43,464
December 31, 2015	6,162,963	338,397	6,501,360
Amortization for the year	650,000	-	650,000
Additions	-	7,312	7,312
September 30, 2016	**$ 6,812,963**	**$ 345,709**	**$ 7,158,672**
Net book value:			
September 30, 2016	**$ 987,037**	**$ -**	**$ 987,037**
December 31, 2015	$ 1,637,037	$ -	$ 1,637,037

Intangible assets consist of two management contracts with the Province of Alberta relating to the management of aggregate pits at Poplar Creek, Alberta and Susan Lake, 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. As at September 30, 2016 the remaining term of the contract is 14 months. No intangible asset has been established for potential environmental rehabilitation obligations for the disturbed areas of the site covered under the Susan Lake management agreement as it is expected that third parties will assume the reclamation obligations when they mine the area for bitumen deposits once the gravel deposit has been depleted.

The Poplar Creek pit has been depleted and accordingly its management contract and decommissioning and restoration costs carrying values were written off as at November 30, 2011.

During the nine months ended September 30, 2016, the estimate for future decommissioning and restoration costs for the Poplar Creek pit increased by $7,312 (nine months ended September 30, 2015 – increased by $3,707).

The terms of the contracts give the Province of Alberta the right to terminate the contracts without cause upon three months written notice. The contracts provide that the Province of Alberta may at any time during the term of the agreement require the Corporation to operate the tender location in cooperation with oil sands lease development. The Province of Alberta also has the right to withdraw any portion of the lands from the contracts and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to any environmental rehabilitation obligations.

Note 8 – Capital Term Loan

	As at	
	September 30, 2016	December 31, 2015
Capital term loan, repayable in monthly instalments of $83,333 plus interest at the bank's prime lending rate plus 1.75%, due June 8, 2016	$ -	$ 500,000
Deferred financing costs, amortized over life of debt agreement	-	(4,297)
	$ -	$ 495,703

The Corporation has a credit facility with HSBC, which includes an operating loan, and five leasing equipment facilities, and a credit card facility.

The Corporation has access to a $3,000,000 demand operating loan with a sub-limit of $2,000,000 available for letters of commercial credit. The operating loan bears interest at the bank's prime lending rate plus 3%. Availability of operating loan borrowing is subject to margin requirements, and is determined based upon acceptable accounts receivable and inventory. No balance was outstanding on the operating loan as at September 30, 2016 (December 31, 2015 - $nil); however, $1,351,760 (December 31, 2015 - $675,880) of the operating loan is committed, although not funded, in order to secure letters of credit totalling $1,351,760 (December 31, 2015 - $1,351,760) as described below, which bear a different rate of interest.

The Corporation has a letter of commercial credit for $603,000 to the benefit of the Government of Alberta for decommissioning and restoration at the Susan Lake pit. The Corporation has a letter of commercial credit for $248,760 to the benefit of the Government of Alberta for decommissioning and restoration in relation to a miscellaneous lease for a storage yard located at the Poplar Creek site. The Corporation has a letter of commercial credit for $500,000 to the benefit of the Government of Alberta for decommissioning and restoration at the Poplar Creek pit. A cost of 3.50% per annum is charged for each of the letters of commercial credit.

The Corporation also has access to a corporate credit card facility, up to a maximum of $100,000.

Security under the existing facility is as follows:

- general security agreement creating a first priority security interest in all present and after acquired personal property of the Corporation and a floating charge over all the Corporation's present and after acquired real property;
- collateral land mortgage over half of a section of land located near Peace River, Alberta;
- assignment of risk insurance;

- environmental agreement and indemnity;
- security agreement over cash, credit balances and deposit instruments; and
- current account overdraft agreement in support of line of credit.

The Corporation is subject to three financial covenants as part of the credit facility. The funded debt to earnings before interest, taxes, stock based compensation, depreciation and amortization (EBITDA) ratio must be less than 2.75 to 1 for all reporting periods subsequent to and including September 30, 2016. The debt service coverage ratio must be more than 1.25 to 1 for all reporting periods subsequent to and including September 30, 2016. The Corporation must maintain a current ratio for all reporting periods subsequent to and including September 30, 2016 in excess of 1.25 to 1.

As at September 30, 2016, the Corporation is in compliance with the lender's covenants.

Total interest expense on the bank loan for the three and nine months period ended September 30, 2016 is $0 and $6,218 (September 30, 2015 - $10,449 and $40,405).

Note 9 – Lease Obligations

			As at	
	Interest Rate	Monthly	September 30, 2016	December 31, 2015
Finance Leases				
HSBC Lease #1, due June 30, 2017	4.124%	$ 24,457	$ 192,725	$ 403,242
HSBC Lease #2, due August 31, 2017	4.250%	65,253	702,852	1,257,847
HSBC Lease #3, due August 31, 2017	4.250%	6,627	71,469	127,832
HSBC Lease #4, due September 21, 2018	4.614%	7,452	170,615	230,617
HSBC Lease #5, due October 12, 2018	4.593%	7,481	178,114	238,150
Cat Financial Lease #1, due May 31, 2019	3.680%	3,611	-	135,741
Cat Financial Lease #2, due May 31, 2019	3.680%	3,450	101,870	129,679
Cat Financial Lease #3, due May 31, 2019	3.680%	3,927	115,958	147,612
Komatsu Financial Lease #1, due May 8, 2019	3.490%	13,935	425,217	537,859
			1,958,820	3,208,579
Current portion - principal due within one year			1,370,388	1,532,121
			$ 588,432	$ 1,676,458

Total interest expense on the lease obligations for the three and nine months period ended September 30, 2016 is $18,317 and $82,685 (three and nine months ended September 30, 2015 - $32,874 and $109,402).

Note 10 - Income Taxes

The estimation of the Corporation's deferred tax assets and liabilities involves significant judgment to determine the future earning potential, the expected timing of the reversal of deferred tax assets and liabilities, or the result of interpretation of tax legislation which might differ from the ultimate assessment of the tax authorities. These differences may affect the tax amounts or the timing of the payment of taxes.

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

		As at		
		September 30, 2016		**December 31, 2015**
Deferred tax assets:				
Cumulative eligible capital	**$**	**35,084**	$	35,084
Deferred gain on sale and leaseback		**1,399**		2,959
Share issuance costs and finance fees		**51,400**		77,869
Other		**40,500**		71,972
Environmental rehabilitation obligation		**340,757**		337,280
Tax benefit on loss carryforwards		**265,011**		-
		734,151		525,164
Deferred tax liabilities:				
Resource properties	**$**	**1,355,960**	$	1,375,444
Intangible assets		**266,500**		442,000
Property and equipment (net of lease obligations)		**689,728**		669,155
		2,312,188		2,486,599
Net deferred tax liability	**$**	**1,578,037**	$	1,961,435

Income tax expense varies from the amount that would result from applying the combined Federal and Provincial income tax rates to income before income taxes. The rate changed during the year due to the changes in the provincial statutory rate. These variances are presented here:

		Three months ended September 30,				Nine months ended September 30,		
		2016		**2015**		**2016**		**2015**
Income (loss) before income taxes	**$**	**(564,348)**	$	2,100,694	**$**	**(1,681,528)**	$	(692,777)
Statutory Canadian combined corporate tax rate		**27.0%**		25.0%		**27.0%**		25.0%
Expected tax recovery		**(152,374)**		525,174		**(454,013)**		(173,194)
Increase (decrease) from income taxes resulting from:								
Non-deductible expenses		**(1,546)**		34,345		**51,046**		169,359
Other		**1,431**		(73,329)		**26,221**		(137,282)
	$	**(152,489)**	$	486,190	**$**	**(376,746)**	$	(141,117)
The provision for (recovery of) taxes is comprised of:								
Provision for (recovery of) current taxes	**$**	**6,653**	$	414,065	**$**	**6,653**	$	(409,521)
Provision for (recovery of) deferred taxes		**(159,142)**		72,125		**(383,399)**		268,404
	$	**(152,489)**	$	486,190	**$**	**(376,746)**	$	(141,117)

Note 11 – Share Capital

a) Authorized:

An unlimited number of:

Common voting shares with no par value

Preferred shares, issuable in series

As at September 30, 2016, the Corporation has 33,303,650 common shares outstanding (September 30, 2015 - 33,303,650).

b) 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:

	Nine months ended September 30, 2016			Year ended December 31, 2015		
	Options	Average Exercise		Options	Average Exercise	
Options outstanding:						
Beginning of period:	3,416,265	$	1.37	3,006,264	$	1.69
Issued	-		-	1,390,000		0.52
Expired or cancelled	(1,942,932)		1.42	(979,999)		1.11
End of period:	1,473,333	$	1.36	3,416,265	$	1.37

Of the 1,473,333 outstanding stock options as at September 30, 2016, 1,193,335 (December 31, 2015 – 2,496,265) options have vested and therefore, were exercisable at September 30, 2016 at a weighted average exercise price of $1.60 per share (December 31, 2015 - $1.72 per share).

The weighted average remaining contractual life of the options is 2.61 years (December 31, 2015 – 3.04 years).

No options were exercised in the nine months ended September 30, 2016

The following is a summary of the outstanding stock options as of September 30, 2016:

			Options Outstanding as at		
Expiry Date	Exercise Price		September 30, 2016	December 31, 2015	September 30, 2015
January 14, 2016	$	1.45	-	237,931	237,931
March 29, 2017		0.63	**250,000**	493,333	493,333
August 24, 2017		1.04	-	50,000	50,000
December 11, 2017		1.64	**75,000**	300,000	300,000
September 6, 2018		1.02	**200,000**	250,000	250,000
January 14, 2019		1.63	-	150,000	150,000
June 26, 2019		2.90	458,333	825,001	866,668
October 29, 2019		1.60	-	100,000	100,000
May 25, 2020		0.70	**120,000**	370,000	470,000
December 14, 2020		0.30	**370,000**	640,000	-
			1,473,333	3,416,265	2,917,932

c) Warrants:

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

	Nine Months ended Septetmber 30, 2016			Twelve Months ended December 31, 2015		
	Number of Warrants	Weighted Average Exercise Price		Number of Warrants	Weighted Average Exercise Price	
Warrants Outstanding, b**eginning of period**	**1,560,458**	**$**	**1.75**	1,560,458	$	1.75
Expired	**(1,560,458)**		**1.75**	-		-
Warrants Outstanding, end**of period**	**-**	**$**	**-**	1,560,458	$	1.75

These warrants expired on January 14, 2016 unexercised.

d) Net loss per common share

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Basic earnings (loss) per share				
Total comprehensive income (loss)	$ (411,859)	$ 1,614,504	$ (1,304,782)	$ (551,660)
Weighted average number of common shares outstanding	33,303,650	33,303,650	33,303,650	33,303,650
Total comprehensive income (loss) per common share, basic	$ (0.012)	$ 0.048	$ (0.039)	$ (0.017)
Diluted earnings (loss) per share				
Total comprehensive income (loss)	$ (411,859)	$ 1,614,504	$ (1,304,782)	$ (551,660)
Weighted average number of common shares outstanding	33,303,650	33,303,650	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	33,303,650	33,303,650
Total comprehensive income (loss) per common share, diluted	$ (0.012)	$ 0.048	$ (0.039)	$ (0.017)

During the three and nine months period ended September 30, 2016, compared to the same period ended September 30, 2015, the Corporation was in a net loss position therefore the conversion of convertible securities is considered to be anti-dilutive.

Note 12 - Related Party Transactions

During the three and nine months period ended September 30, 2016, the Corporation incurred expenses of $30,000 and $86,275 (three and nine months ended September 30, 2015 - $51,295 and $153,238) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below.

These costs are recorded in the financial statements as follows:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Directors and Officers:				
Directors fees and expenses	$ 30,000	$ 30,000	$ 85,000	$ 85,619
Travel and miscellaneous	-	295	1,275	4,619
	$ 30,000	$ 30,295	$ 86,275	$ 90,238
Companies controlled by former Director:				
Rent	-	21,000	-	63,000
	$ 30,000	$ 51,295	$ 86,275	$ 153,238
Accounts Payable - related parties				
Directors Fees - accrued and included in trade payables	$ 2,500	$ 15,750	$ 2,500	$ 15,750

Accounts payable and accrued liabilities includes $2,500 for unpaid director liabilities as at September 30, 2016 (September 30, 2015 - $15,750).

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 13 – Compensation of Key Management

Key management personnel include members of the executive leadership team. Compensation for key management personnel was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
Salaries and other benefits *	$ 376,583	$ 97,350	$ 675,583	$ 762,497
Share-based compensation	(18,976)	57,241	34,188	298,936
	$ 357,607	$ 154,591	$ 709,771	$ 1,061,433

* Includes severance payments for former employees of $267,500 in the three and nine months ended 2016 and $355,000 in the nine months ended 2015.

Note 14 - Financial Instruments

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

a) Fair Value

Due to the short-term nature of cash, accounts receivable, accounts payable and accrued liabilities and lease obligations, the carrying value of these financial instruments approximate their fair value. The fair value of restricted cash is a level 2 measurement and 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 is a level 2 measurement and not materially different from carrying value. The lease obligation is at a fixed rate of interest.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, and long-term deposits. The Corporation's maximum credit risk at September 30, 2016 is the carrying value of these financial assets.

In the normal course of business, the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. Four customers accounted for 74.7% for the Corporation's accounts receivable for the period ending September 30, 2016 (December 31, 2015: 71.1%), with each individually owing greater than 10% of the accounts receivable total balance.

The Corporation's aged accounts receivable are comprised of 68.6% current, 21.9% past due up to 60 days and 9.5% past due over 60 days (compared to December 31, 2015 of 17.1% current, 74.8% past due up to 60 days and 8.1% past due over 60 days). During the three and nine months ending September 30, 2016, the Corporation wrote off $9,140 as bad debts. While certain amounts are past due as at September 30, 2016, management considers there is no impairment of the accounts receivable.

Credit risk associated with cash and restricted cash is minimized substantially by ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade rating. Long-term deposits are held with the Government of Alberta minimizing their credit risk.

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. As part of Athabasca's credit facility, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at September 30, 2016.

As at September 30, 2016 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.

	As at September 30, 2015			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 1,420,584	$ -	$ -	$ 1,420,584
Lease obligations, including interest	1,421,415	605,733	-	2,027,148
Total	**$ 2,841,999**	**$ 605,733**	**$ -**	**$ 3,447,732**

The Corporation's projected cash flow from operating activities and existing availability from credit facilities are expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities as at September 30, 2016. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts or if a preservation order sought by Syncrude through the courts is granted.

d) Interest Rate Risk

The Corporation is exposed to interest rate risk on the operating loan. The Corporation's operating loan bears interest at 3.00% over the bank's prime lending rate. As the bank's prime lending rate fluctuates so will the cost of borrowing.

A 100 basis point increase in the interest rate on outstanding debt with variable interest rates would have negatively impacted earnings by approximately nil in 2016 (September 30, 2015 - $7,500).

Note 15 - Capital Disclosures

The capital structure of the Corporation consists of net debt (borrowings offset by cash) plus equity (comprised of share capital, contributed surplus and retained earnings).

As at September 30, 2016, total managed capital was $18,467,097 (December 31, 2015 - $21,504,412).

	As at	
	September 30, 2016	December 31, 2015
Cash	$ 2,974,654	$ 2,644,430
Debt	(1,958,820)	(3,704,282)
Shareholder Equipty	(19,482,931)	(20,444,560)
Total Managed Capital	$ (18,467,097)	$ (21,504,412)

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 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.

There were no changes to the Corporation's capital management during the nine months ended September 30, 2016.

Note 16 - Supplemental Cash Flow Disclosures

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cash received (paid) cash during the period for:				
Interest received	$ 6,731	$ 1,429	$ 15,105	$ 7,176
Interest paid	(18,317)	43,323	(88,903)	149,807
Income tax received	69,331	83,592	425,694	161,318

Note 17 - Supplemental Income Statement Disclosures

Finance costs are comprised of the following:

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
<u>Finance Costs</u>				
Interest on long-term debt	$ -	$ 10,449	$ 6,218	$ 40,405
Interest on lease obligations	18,317	32,874	82,685	109,402
	$ 18,317	$ 43,323	$ 88,903	$ 149,807
<u>Operating Costs</u>				
Write down of exploration properties	507,283	155,238	507,283	155,238
Impairment on equipment	370,794	-	370,794	-
Other (income) expenses	49,533	34,014	(12,024)	2,441
	$ 927,610	$ 189,252	$ 866,053	$ 157,679
<u>Other Costs</u>				
Gain on disposal of property and equipment	(167,855)	-	(173,490)	-
Amortization of deferred gain on sale and leaseback	(1,926)	(1,926)	(5,777)	(5,777)
Rental income	(191,806)	-	(255,741)	-
Amortization of deferred financing costs	-	2,578	4,297	7,734
Gain of disposal of resources	-	-	(800,000)	-
Horizon camp rental	(69,123)	28,738	(113,118)	45,516
Other (income) expenses	$ (430,710)	$ 29,390	$ (1,343,829)	$ 47,473

For comparative purposes, finance costs have been separated into finance costs and other costs in the current year. ERO accretion for 2015 has been reclassified from other costs to amortization and depreciation purposes; 2015 Q3 $4,432 and 2015 YTD $13,295.

Note 18 - Seasonality

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. Aggregate sales and the associated delivery can often be hampered by the weather conditions and the timing of spring break-up. Most construction, infrastructure and oil sands projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and fall when ground conditions improve. As a result, there is a seasonal nature to operations, with winter and spring traditionally being the slowest time for the Corporation.

Note 19 – Contingency

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").

In conjunction with the Syncrude Counterclaim, Syncrude is seeking a preservation order on the gravel, sand and other material located in the overlapping area. The preservation order would prevent the Corporation from receiving aggregate management fees income on the Susan Lake overlapping area which is defined as the Susan Lake Pit held by the Corporation and the Syncrude oil sand mine.

A granting of the preservation order by the courts would dramatically reduce the aggregate management fee income on the Susan Lake Project and jeopardize the Corporation’s ability to continue as a going concern.

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 – Subsequent Events

Athabasca and Syncrude were present in Court of Queen's Bench on October 13th and 14th, 2016 for the hearing of the proposed preservation order requested by Syncrude regarding operations at the Susan Lake Public Pit, as previously disclosed in the Corporation's press release of August 15th, 2016. No decision has been received as of today, and it is unknown as to when any decision will be announced. Athabasca rigorously defended its rights to operate under the Susan Lake Management Contract with the Province of Alberta, and will continue to operate as it has done since 1998.