MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2021

May 18, 2021

The following management's discussion and analysis ("MD&A") of Athabasca Minerals Inc.'s ("Athabasca", "AMI", "our" or the "Corporation") financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months ended March 31, 2021. The accompanying Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this MD&A are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "AMI", "our" or the "Corporation") is a reporting issuer in each of the provinces of Canada. The Corporation's shares trade on the TSX Venture Exchange under the symbol AMI-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on May 18, 2021.

Additional information about Athabasca, including our annual information form, management information circular and quarterly reports, is available at **www.athabascaminerals.com** and on the System for Electronic Document Analysis and Retrieval (SEDAR) at **www.sedar.com.**

FORWARD LOOKING INFORMATION

This document contains "forward looking statements" and "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of Canadian securities legislation. Such forward-looking statements the Corporation and its subsidiaries, relating to, without limitation, expectations, intentions, plans and beliefs, including information as to the future events, results of operations and Athabasca's future performance (both operational and financial) and business prospects. Forward-looking statements can be identified by the use of words such as "anticipates", "believes", "continue", "estimates", "expects", "intends", "may", "pending", "potential", "plans", "seeks", "should", "projects", "will" or variations of such words and phrases.

Forward-looking statements are based on the expectations and opinions of the Corporation's management ("Management") on the date the statements are made. The assumptions used in the preparation of such statements, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Such forward-looking statements reflect Athabasca's beliefs, estimates and opinions regarding its future growth, results of operations, future performance (both operational and financial), and business prospects and opportunities at the time such statements are made, and Athabasca undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change, except as required by applicable securities laws. Forward-looking statements are necessarily based upon a number of estimates and assumptions made by Athabasca that are inherently subject to significant business, economic, competitive, political and social uncertainties and contingencies. Forward-looking statements are not guarantees of future performance.

Although the Corporation believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Corporation can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Corporation's annual information form dated March 12, 2021 (a copy of which can be found under Athabasca's profile on SEDAR at www.sedar.com); exploration and development costs and delays; weather, health, safety, market and environmental risks; integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation including, but not limited to incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; general economic, market or business conditions; the COVID-19 health pandemic; global economic events; changes to Athabasca's financial position and cash flow; the availability of qualified personnel, management or other key inputs; potential industry developments; and other unforeseen conditions which could impact the use of services supplied by the Corporation.

Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive and should refer to "Risk Factors" set out in the Corporation's annual information form dated March 12, 2021.

Statements, including forward-looking statements, contained in this MD&A are made as of the date they are given and the Corporation disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Corporation's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Athabasca's profile on SEDAR at www.sedar.com.

OUR BUSINESS

Incorporated in 2006, Athabasca Minerals is an integrated group of companies capable of full life-cycle development and supply of aggregates and industrial minerals. The Corporation is comprised of the following business units:

- **AMI Aggregates** division produces and sells aggregates out of its corporate pits and manages the Coffey Lake Public Pit on behalf of the Government of Alberta.
- **AMI Silica** division (www.amisilica.com) is positioning to become a leading supplier of premium domestic silica sand with three regional deposits located in Alberta and NE-BC (White Rabbit, Firebag and Montney), and holds a 5-year purchase agreement with Shell Canada for the supply of proppant.
    - **Privco1 & Privco2** are numbered Alberta corporations owned by AMI that hold the Montney and White Rabbit domestic sand deposits, respectively which are strategically located with respect to the Montney and Duvernay sedimentary basins. Privco2 supports the Duvernay Sand Project, which is finalizing FEED (Front-End Engineering & Development) with the participation of an international industrial partner who brings access to rail, power, industrial water and heat recovery with green benefits, utilities and infrastructure.
- **AMI RockChain** division (www.amirockchain.com) is a midstream, technology-enabled business that deploys its proprietary RockChain™ digital platform, associated industry econometrics, supply-chain algorithms, quality-assurance & safety programs to bring customers integrated supply-delivery solutions of industrial minerals to industry, infrastructure and construction sectors.
    - **TerraShift Engineering** (www.terrashift.ca) was acquired by AMI RockChain in June 2020. TerraShift offers engineering and project services, proprietary technology applications such as TerraMaps, with expertise in resource exploration & development, mine planning, environmental reclamation and remediation, regulatory approvals, and compliance reporting, serving a growing customer base across Western Canada and Ontario.

BUSINESS HIGHLIGHTS

Athabasca Minerals reports the following key highlights in Q1-2021 and subsequent highlights for Q2-2021:

- Revenue for Q1-2021 increased to $1.1 million from $0.5 million in Q4-2020 and $0.8 million in Q1-2020, driven primarily by AMI Aggregates resuming operations at Coffey Lake in January 2021 after a period of inactivity;
- On April 28, 2021, the Corporation announced the upgrade of AMI RockChain's proprietary technologies ("RockChain™ 2.0") which increases the speed and accuracy of its supply chain algorithms to support increased demand by customers and industry users.
- On April 28, 2021, the Corporation announced a transportation contract with a confidential client valued at $4 million.
- On April 28, 2021, the Corporation announced the final provincial approval for development and operation of the Hargwen aggregates pit located between Edmonton and Jasper, Alberta. The Hargwen Pit is situated in the vicinity of anticipated highway, pipeline, and energy projects in Western Alberta.
- On March 15, 2021, the Corporation announced a three-year agreement with a two-year renewal option for AMI RockChain to supply aggregates and related services to the Rural Municipalities of Alberta ("RMA"), their provincial membership of 69 rural municipalities, and their inter-provincial affiliates.
- On March 15, 2021, the Corporation announced TerraShift securing contracts valued over $600,000 to: (a) provide municipal services associated with environmental waste management for the Ministikwan Lake Cree Nation for the next 12 months, and (b) secure peat resources and regulatory approvals for a confidential industry client.
- On February 5, 2021, the Corporation announced the acquisition of 100% interest in Privco1 and Privco2, the private Alberta corporations that hold the Montney In-Basin Project and the Duvernay Sand Project, respectively. These transactions were combined and concluded for $1.00 of cash consideration and 8,000,000 common shares at a value of $0.25 per common share for a total purchase price of $2,000,001 released over three milestone installments.
    - 4,000,000 shares were paid on February 5, 2021. The remaining shares are held in escrow with 2,000,000 common shares to be paid at the Corporation's discretion by June 30, 2021, and 2,000,000 common shares to be paid at the Corporation's discretion by June 30th, 2022. If the Corporation elects not to release the common shares from escrow for either of the two milestone payments, then the founding partners will be returned an equivalent pro-rata interest in Privco2 in exchange.
- The Corporation is also using common shares to make one final Annual Minimum Royalty ("AMR") payment for Privco1, consisting of 800,004 common shares at a value of $0.25 per share, for a total value of $200,001, with three corresponding milestone installments.
    - 400,002 shares were paid on February 5, 2021. The remaining shares are held in escrow with 200,001 common shares to be paid at the Corporation's discretion by June 30, 2021, and 200,001 common shares to be paid at the Corporation's discretion by June 30th, 2022.
- AMI Aggregates and AMI RockChain were both impacted by lower activity due to COVID-19 as well as the economic downturn. Production out of Coffey Lake resumed in January 2021, and production out of AMI's other corporate pits is anticipated to resume in 2021.

Fiscal Management & Reporting

- The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic:
    - $180,000 in bank loans were secured through the Canadian Emergency Business Account ("CEBA") program.
    - AMI is receiving subsidies through the Canadian Emergency Wage Subsidy ("CEWS") program. The CEWS program is currently in place until June 2021, and AMI has received and accrued year-to-date subsidies totaling $45,696, and program lifetime-to-date subsidies totaling $496,256 as of March 31, 2021.
- The Corporation remains financially prudent during the COVID-19 pandemic. Effective January 1, 2021, AMI implemented 10% reductions of Management salaries and Board fees.
- AMI's cash position as of March 31, 2021 was $1.6 million free cash and $1.1 million restricted cash.

SELECTED FINANCIAL INFORMATION

	Three months ended March 31, 2021	2020	% Change
FINANCIAL HIGHLIGHTS:			
Aggregate sales revenue	$ 427,322	$ 489,018	-13%
Management services revenue, net of royalties	669,335	270,572	147%
Revenue	1,096,657	759,590	44%
Gross profit	200,679	41,429	384%
Gross profit percent	18%	5%	
Operating loss	(689,546)	(897,891)	23%
Other non-operating income	101,694	77,619	31%
Total loss and comprehensive loss	$ (601,912)	$ (815,680)	26%
Loss per share, basic ($ per share)	(0.009)	(0.018)	50%
Loss per share, fully diluted ($ per share)	(0.009)	(0.018)	50%
CASH FLOW HIGHLIGHTS:			
Net cash used in operating activities	(301,344)	(349,110)	14%
New financing from bank loans	40,000	1,500,000	-97%
Weighted Average # of Shares Outstanding	63,372,377	46,313,182	
OPERATIONAL HIGHLIGHTS:			
Tonnes sold			
Coffey Lake operations	133,707	57,870	131%

	As at March 31, 2021	December 31, 2020	% Change
FINANCIAL POSITION:			
Working capital[1]	$ 690,843	$ 917,834	-25%
Total assets	20,012,175	18,543,202	8%
Total liabilities	5,187,585	5,358,368	-3%
Shareholder's Equity	14,824,590	13,184,834	12%

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

The Corporation's revenue during Q1-2021 was $1.1 million compared to $0.8 million in Q1-2020. The increase in revenue of $0.3 million was due to:

- Management services revenue increased by $0.4 million due to a $0.3 million increase in sales from Coffey Lake in 2021, driven by a longer operating period in Q1-2021 as compared to Q1-2020, in addition to a $0.1 million increase from the addition of TerraShift's revenue stream, and;
- Aggregate sales revenue decreased by $0.1 million in 2021 as a result of lower networked third-party sales revenue through AMI RockChain.

GROSS PROFIT

The Corporation took the necessary actions to adjust cost structures where possible, and as a result, both gross profit and adjusted gross profit were significantly increased in Q1-2021 as compared to Q1-2020. It is anticipated that these adjustments to costs will benefit the Corporation on an ongoing basis.

The Corporation recorded a gross profit of $0.2 million in Q1-2021 compared to less than $0.1 million in Q1-2020. The increase in gross profit of $0.2 million was due to improved margins on revenues, as revenue increased by $0.3 million whereas cost of sales increased by $0.1 million. RockChain's gross profit margin improved in Q1-2021 over Q1-2020, and TerraShift contributed new engineering services, which resulted in additional gross profit.

Included in the gross profit of $0.2 million were non-recurring royalties related to the $0.1 million Annual Minimum Royalty ("AMR") payment for the numbered Alberta company that holds the Montney property. Prior to the impact of the AMR, adjusted gross profit for Q1-2021 was $0.3 million, compared to less than $0.1 million for the same period in 2020. Adjusted gross profit is a non-IFRS measure, and does not have a directly comparable IFRS measure. Management uses adjusted gross profit to measure business performance independent of gains and losses arising from material changes in estimated values of non-financial assets and liabilities, as well as other non-recurring items not derived from typical day-to-day operations.

	Three months ended March 31,		
	2021	**2020**	**% Change**
Revenue	**1,096,657**	759,590	44%
Gross profit	**200,679**	41,429	384%
Gross profit percent	**18%**	5%	
Non-recurring royalties included in gross profit	**(50,000)**	-	0%
Adjusted gross profit[1]	**250,679**	41,429	505%
Adjusted gross profit percent[1]	**23%**	5%	

[1]Non-IFRS Measure

General and Administrative Expenses

	Three months ended March 31,		
	2021	2020	% Change
Wages and benefits	$ **547,427**	$ 503,472	9%
Legal and professional fees	**76,254**	29,245	161%
Insurance	**59,307**	31,772	87%
Directors fees and expenses	**37,800**	42,701	-11%
Rent and office expenses	**35,468**	32,429	9%
Consulting	**31,037**	75,844	-59%
Investor relations	**27,392**	5,081	439%
Corporate asset maintenance	**23,377**	1,653	1314%
Travel	**4,113**	16,685	-75%
	$ **842,175**	$ 738,882	14%

General and administrative expenses for the three months ended March 31, 2021 were $0.8 million, compared to $0.7 million for the same period in 2020. Certain general and administrative costs for the comparative period were reclassified to conform to the current period presentation.

Payroll reductions and optimizations at all levels of the Corporation were in place for both Q1-2020 and Q1-2021, up to and including the Board of Directors. In addition, the Corporation applied for and received monthly CEWS subsidies beginning in Q1-2020 and continues to apply for these subsidies. The subsidies serve to reduce the salaries and benefits expense incurred during Q1-2020 and Q1-2021. In Q1-2021, the Corporation has recorded less than $0.1 million in CEWS subsidies. Since the inception of the CEWS program in Q1-2020, the Corporation has recorded $0.5 million in cumulative CEWS subsidies.

Due to the acquisition of TerraShift in June 2020, the Corporation had a larger workforce in Q1-2021 as compared to Q1-2020, which resulted in increased payroll costs and general office expenses. Accruals for trailing payments and performance payouts related to the TerraShift acquisition also increased payroll costs in Q1-2021.

The increase in Q1-2021 general and administrative expenses as compared to Q1-2020 was partially due to the increase in legal and professional fees, which was mainly due to legal costs that were incurred in the course of acquiring control of the numbered Alberta companies that hold the Montney and Duvernay resource properties. The acquisition of control of the numbered Alberta companies also resulted in increased investor relations expenses in Q1-2021 as compared to Q1-2020.

Wages and benefits also increased as discussed above, which was offset by decreases in consulting costs and Directors fees relative to the previous year. Insurance increased due to additional Directors & Officers liability coverage in Q1-2021 as compared to Q1-2020. Corporate asset maintenance increased due to buyouts on immaterial, non-capitalized leased vehicles being expensed as incurred.

OPERATING LOSS

The Corporation's operating loss for Q1-2021, which is calculated as gross profit less general and administrative costs, share of loss from associates, share-based compensation, and other operating income (expenses) was $0.7 million compared to Q1-2020's operating loss of $0.9 million.

The reduction in operating loss of $0.2 million was due to the $0.2 million increase in gross profit and a $0.1 million increase in other operating income, partially offset by the $0.1 million increase in general and administrative costs. Included in other operating income was the impact of the non-recurring AMR expense.

Excluding the above event, the adjusted operating loss for Q1-2021 was $0.6 million. Adjusted operating loss is a non-IFRS measure, and does not have a directly comparable IFRS measure.

Management uses adjusted operating loss to measure business performance independent of gains and losses arising from material changes in estimated values of non-financial assets and liabilities, as well as other non-recurring items not derived from typical day-to-day operations.

	Three months ended March 31,		
	2021	2020	% Change
Operating loss	(689,546)	(897,891)	23%
Non-recurring royalties included in operating loss	(50,000)	-	
Adjusted operating loss[1]	$ (639,546)	$ (897,891)	29%

[1]Non-IFRS Measure

TOTAL LOSS AND COMPREHENSIVE LOSS

In Q1-2021, the Corporation incurred a total loss and comprehensive loss of $0.6 million, $0.009 per share basic and diluted, as compared to a total comprehensive loss of $0.8 million, $0.018 per share basic and diluted, for Q1-2020. The improvement in total loss and comprehensive loss of $0.2 million was consistent with the $0.2 million improvement in unadjusted operating loss.

SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from the Consolidated Financial Statements of the Corporation. The information has been prepared by Management in accordance with IFRS. Revenue refers to aggregate management fees, gross aggregate sales from Corporate pits, fees for engineering services, and fees from integrated supply/delivery solutions of industrial minerals.

	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Aggregate Sales Revenue	$ 427,322	$ 397,476	$ 326,194	$ 59,071
Management Services Revenue	669,335	116,671	99,537	186,641
Total Revenue	1,096,657	514,147	425,731	245,712
Gross Profit (Loss)	200,679	(87,812)	(321,952)	(30,993)
Total Loss and Comprehensive Loss	(601,912)	(934,533)	(1,106,354)	(673,958)
Loss per share, basic	(0.009)	(0.017)	(0.023)	(0.014)
Loss per share, diluted	(0.009)	(0.017)	(0.023)	(0.014)
Total Assets	20,012,175	18,543,202	18,097,757	19,070,097
Total Resource Properties	11,629,111	6,250,770	6,685,322	6,750,782
Current portion of lease obligations and debt	1,285,153	1,446,564	690,205	638,255
Long-term lease obligations and debt	240,374	218,521	1,126,158	1,296,828
	Q1 2020	**Q4 2019**	**Q3 2019**	**Q2 2019**
Aggregate Sales Revenue	$ 489,018	$ 631,241	$ 78,146	$ 980,405
Management Services Revenue	270,572	477,399	-	-
Total Revenue	759,590	1,108,640	78,146	980,405
Gross Profit (Loss)	41,429	(213,830)	(444,778)	(295,417)
Total Income (Loss) and Comprehensive Income (Loss)	(815,680)	(1,101,728)	748,666	(1,310,647)
Income (Loss) per share, basic	(0.018)	(0.024)	0.017	(0.030)
Income (Loss) per share, diluted	(0.018)	(0.024)	0.016	(0.030)
Total Assets	20,482,851	18,272,460	18,315,146	19,753,963
Total Resource Properties	6,711,351	6,288,436	6,272,040	6,261,111
Current portion of lease obligations and debt	507,918	93,685	94,493	30,979
Long-term debt and lease obligations	1,340,881	86,205	103,923	-

Seasonality of Operations

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. Aggregate sales and the associated delivery can be affected by, among other things:

- weather conditions;
- seasonal variances in oil and natural gas exploration and development activities;
- timing of projects;
- market demand; and
- timing of capital investments in the region.

Most construction, infrastructure and industry projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and the fall seasons when ground conditions firm up. These seasonal trends typically lead to quarterly fluctuations in operating results and, consequently, the financial results from one quarter are not necessarily comparable or indicative of financial results in other quarters of the year. These seasonal trends can be observed in fluctuations in Total Revenue and Total Income (Loss) and Comprehensive Income (Loss) in the Summary of Quarterly Results above.

Mergers, Acquisitions & Strategic Joint Ventures

AMI continues to be active with screening, assessing, and reviewing acquisition and joint venture investment opportunities that are synergistic to the Corporation's portfolio, accretive, and able to expand revenues in the use and application of industrial minerals.

COVID-19

COVID-19 is having an adverse impact on global economic conditions, which has had an adverse effect on the Corporation's business and financial position. No inventory has been sold from the Corporate-owned pits in fiscal 2021 or 2020. The Corporation's revenue for 2021 has been primarily due to networked sales with third parties via AMI RockChain, management services revenue at the Coffey Lake public pit in 2021, and from the new TerraShift operations; however, both aggregate sales revenue and management services revenue are continuing to see adverse effects from the impact of COVID-19. The Corporation is continuing to monitor the actual and potential financial impact of COVID-19, such as changes to discount rates and indicators of impairment of inventory and exploration assets, and is updating any accounting estimates that are impacted by the effects of COVID-19.

AMI is navigating the situation on an ongoing basis with respect to making appropriate and prudent business decisions, including right-sizing the organization accordingly. The Corporation's divisions and associated operations have been deemed an essential business supporting construction, infrastructure, and the energy sector. AMI will continue to monitor and adhere to the required protocols to ensure compliance and to mitigate the risks to staff, and to key stakeholders in its supply chain.

OPERATIONS

With respect to the Corporation's operations, a conversion ratio of 2.471 acres to 1 hectare has been used throughout.

PIT MANAGEMENT CONTRACTS

Coffey Lake Public Pit

- Effective January 13, 2020, the Government of Alberta issued the Corporation a disposition for the Coffey Lake Public Pit and a Surface Mineral Lease that allows for the extraction of sand and gravel. This authorization enabled the Corporation, as pit management contractor on behalf of the Government of Alberta, to commence activities to open aggregate operations at Coffey Lake to the public.
- Effective March 21, 2020, Coffey Lake Public Pit commenced commercial operations. Operations were subsequently halted in Q2-2020 due to the impact of COVID-19, and operations resumed in January 2021;

Susan Lake Public Pit

- On August 15, 2019, the Corporation received formal approval of its Susan Lake Closure Plan from the Government of Alberta. Of the four zones comprising Susan Lake, three zones have been successfully turned over to the overlapping oilsands operators. Zone-4 (non-overlapping land) is subject to reclamation monitoring for approximately the next year and is concluded upon receipt of a reclamation certificate.
- As of the end of Q2-2019, the Susan Lake pit was closed to the public;

Corporate-Owned Pits

- The Corporation holds Surface Material Leases ("SMLs") for several aggregate pits in northern Alberta. An SML grants the leaseholder the right to extract sand and gravel from Crown land;
- The Corporation is exploring options to reactivate inactive pits, including assigning to a third-party under a royalty agreement, or divest depending on market conditions.


High Level
Richardson
Firebag
Coffey Lake
True North
Kearl
Fort McMurray
Warrensville
Peace River
Montney In-Basin
Pit 248
Pelican Hills
House River
Logan Pit
Grande Prairie
Athabasca
Duvernay
Whitecourt
Emerson
Edmonton
Hargwen
Lloydminster
Jasper
Red Deer
Hanna
Banff
Calgary
Lethbridge
Medicine Hat
Waterton Park

Richardson Quarry Project – Exploration Project

- The Corporation holds leases for a potential large-scale quarry located approximately 40 km north of the Coffey Lake and 130 km north of Fort McMurray, Alberta for the Richardson Project. It contains high quality granite and dolomite in large volumes (683+ million tonnes), on a transportation corridor, which make it attractive for future development;
- Athabasca is continuing front-end development for the Richardson Quarry Project, including a preliminary budget for regulatory approvals. Regulatory sensitivities associated with woodland caribou remain a factor affecting permit timing and the start of construction. An assessment of a draft Caribou Range Plan published by the Government of Alberta in 2018 did not identify immediate negative impacts. The Corporation will align the Richardson Project with goals for restoring the caribou habitat pending a final decision for the proposed caribou plan; and
- Athabasca intends to pursue a joint-venture approach for the development of the Corporation's Richardson Quarry Project north of Fort McMurray over the next two years and is engaged in ongoing discussions with potentially interested parties.

Hargwen – Exploration Project

- **Hargwen aggregates deposit**: is located on approximately 32 hectares (80 acres) of crown land about 21 km east of the community of Hinton, Alberta on an all-season road:
  - During April 2021, the Corporation announced SML approval from the Government of Alberta to develop an open-pit aggregate operation on 32 hectares (80 acres) of the leased land for a term of 10 years.
  - A Conservation Operation & Reclamation Plan was submitted in January 2019 and has been approved by Alberta Environment & Parks; and
  - AMI is continuing to address the opening of the pit, with timing based on upcoming infrastructure projects in the area.

Strategic Partnerships

- **Montana First Nation (MFN):** In 2019, AMI and MFN entered into a 10-year Aggregates Management Agreement to explore and develop potential aggregate resources on 3,885 hectares (9,600 acres) of MFN lands, as well as develop commercial opportunities with AMI RockChain. To date, AMI made progress on the following:
  - AMI RockChain, in conjunction with MFN, has secured an aggregate supply and delivery contract on 'Spread-1' of the TMX Pipeline Project;
  - AMI RockChain and MFN are bidding on additional industrial developments within MFN's traditional territory;
  - AMI successfully executed an Emergency Road Repair Program on MFN lands in Q4-2019; and
  - Initial exploration for aggregates was conducted at select locations on MFN lands in Q3- Q4 2019 with limited results. Due to current market conditions, the Corporation does not expect any exploration in 2021.
- In 2020, AMI RockChain participated in the base development of the solar project on Montana First Nations by delivering aggregates for the construction company Akamihk Kanataskiy Ventures.

Emerson Pit – Development Project

- The Emerson corporate pit is located on 30 hectares (75 acres) of crown land approximately 27 km south-east of the community of Hinton, Alberta on an all-season road;
- Prairie Mines acquired the SML in March 2013 for 10 years to develop and operate an aggregate operation;
- The Corporation had the SML transferred into its possession on April 17, 2019 in accordance with the asset purchase and sale agreement dated June 1, 2016 with Prairie Mines; and
- The pit was active in 2019, and 2021 sales will be based on demand from projects in the area.

Firebag – Development Project

- The Firebag silica sand deposit is located north of Fort McMurray, Alberta with an active SML covering 32 hectares (80 acres).
- In December-2019, the Corporation announced it had updated the previous report for the Firebag Project filed in 2014 (the "Firebag Report"). The updated Firebag Report contains an indicated resource of 38.2 million tonnes of various fractions. The updated Firebag Report was prepared by Stantec Consulting Ltd. ("Stantec");
    - 4.5 million tonnes in the 20/40 fraction, 19.3 million tonnes in the 40/70 fraction, 13.4 million tonnes in the 70/140 fraction and 1.0 million tonnes in the 140/170 fraction.
- The asset is fully permitted for mining operations;
- The Corporation has applied for permits to develop a rail transload terminal in the Fort McMurray region to facilitate transportation to market; and
- The Corporation is exploring options to either develop the pit, assign it to a third party under a royalty agreement, or divest depending on market prospects.

House River Pit – Development Project

- The House River corporate pit is located on 65 hectares (160 acres) across two leases of Crown land south of Fort McMurray, Alberta, approximately 11 km east of Highway 63 on the House River.
- During August 2011, the Corporation received SML approval from the Government of Alberta to develop an open-pit aggregate operation on 32 hectares (80 acres) of the leased land for a term of 10 years.
- A second SML approval was obtained in October 2016 for 10 years for an additional 32 hectares (80 acres) of Crown land; and
- The House River corporate pit was in production for one winter season with approximately 250,000 tonnes of aggregates removed in 2016.

Kearl Pit – Development Project

- The Kearl corporate pit is located on 32 hectares (80 acres) of crown land north of Fort McMurray, Alberta on an all-season road in close proximity to Imperial Oil /Exxon Kearl Oilsands Operations;
- Athabasca received SML approval in March 2011 for 10 years to develop and operate an aggregate operation. This SML has been extended until October 2030; and
- The Kearl corporate pit was in production for approximately four years with approximately one million tonnes of aggregates removed. Kearl has not been operational since 2016 in response to a slowdown in the regional market demand. As would be expected, the pit will have incremental production costs when the time comes to access the remaining aggregates reserves. Athabasca is currently bidding on multiple projects, as well as considering strategic partnerships or divestiture options depending on market prospects.

Logan Pit – Development Project

- The Logan corporate pit is located on 81 hectares (200 acres) across 3 leases of crown land, approximately 110 km north of Lac La Biche, Alberta, and is accessible by an all-season road to the south and a seasonal winter road from the east;
- Athabasca received SML approvals for each of the three adjacent leases on February 2010, May 2012, Nov-2012 respectively, in each case for 10 years, to develop and operate an aggregate operation. This SML has been extended until October 2030; and
- The Logan corporate pit (first lease) was in production from 2013 to 2017 with approximately 400,000 tonnes of aggregates removed. It has not been operational since 2017 due to changes in the regional demand market and seasonal access limitations which require advanced orders versus crushing on-demand.

Pelican Hill Pit – Development Project

- The Pelican corporate pit is located on 32 hectares (80 acres) of crown land approximately 70 km south-east of the hamlet of Wabasca, Alberta, and historically was only accessible by a 2 km winter road;
- Athabasca received SML approval in June-2011 for 10 years to develop and operate an aggregate operation. The Corporation is actively seeking an extension to the disposition for this lease;
- The Pelican corporate pit has not yet gone into production due to changes in the regional demand market and seasonal access limitations which require advanced orders versus crushing on demand; and
- In Q2-2019, the Corporation entered into a royalty agreement with a 3rd party. The Corporation is addressing the opening of the pit for operation in 2021, based on demand associated with potential projects in the area. In early 2021, conversion of a winter-access road by a third party into an all-season road was completed.

Inventory Staging and Distribution Hubs (Conklin, Sunday Creek, KM248, and True North Staging Hub)

The Corporation has strategic inventory staging hubs on accessible, year-round roads to support product supply and deliveries on demand to local projects and industry customers. These staging hubs are also accessible in relation to nearby Corporate pits. AMI's key staging hubs include:

- **Conklin** - The Conklin staging hub, located 13km East of the Town of Conklin, Alberta. The Conklin staging hub is accessible by Corporation's Logan Pit and has inventory on location.
- **Sunday Creek** - The Sunday Creek staging hub is located 26km North of the Town of Conklin, Alberta on roads accessible to nearby industry SAGD operations. The Sunday Creek hub has historically staged and delivered product from various aggregate sources in the area to service annual orders.
- **KM248** - Located at kilometer 248 of Highway 881, KM248 hub was historically an aggregate source (now depleted) and has been re-purposed as a staging hub for industrial customers near the town of Anzac, Alberta, south of Fort McMurray.
- **True North Staging Hub** - Strategically located 7 km from the Coffey Lake Public Pit at the Highway-63 junction, near Fort McMurray, Alberta. AMI received its disposition from Alberta Environment & Parks in Q1-2020. The Corporation will manage the True North Staging Hub to provide stockpiling and crushing access for aggregate producers in the area. The Corporation completed vegetation clearing activities in Q1-2020. The vegetation clearing activities gave rise to an ERO which was included in the Corporation's liabilities as at December 31, 2020.

AMI RockChain

AMI RockChain is 'a midstreamer of aggregates, enabled by technology'. The subsidiary is uniquely focused on enhanced price/delivery solutions in mapping customer orders to aggregates suppliers and transportation companies using technology for greater speed and efficiency. AMI RockChain purchases and takes custody of aggregates using its 'Solution Finder' algorithm in conjunction with its *RockChain*™ digital platform. This gives AMI RockChain distinctive advantages in the scope of its outreach, its ability to handle a large volume of bids, and in the response time for networking optimal solutions for customers requiring aggregates. AMI RockChain is additionally reinforced by an in-house Quality Control / Quality Assurance program to ensure customer requirements are met upon delivery.

Through the acquisition of TerraShift, AMI RockChain acquired proprietary technology that focuses on resource data, search intelligence, and geospatial software that will further strengthen the functionality and capabilities of AMI's *RockChain*™ digital platform. TerraShift also brings technical services with highly efficient methods and streamlined approaches for resource exploration and development, environmental and regulatory planning, resource management, compliance reporting, and reclamation that benefit a growing customer base across Western Canada and Ontario.

Duvernay Project

- As of December 31, 2020, the Corporation had a 49.6% ownership interest in the numbered Alberta corporation that owns the Duvernay Project (Privco2), recorded at a historical cost basis of $2.0 million. On February 5, 2021, the Corporation acquired the remaining 50.4% ownership interest for additional consideration of 8 million shares at $0.25 per share, for incremental consideration of $2.0 million, in addition to costs previously incurred.
- The Corporation's pre-acquisition cash investments in Privco2 were allocated towards funding the delineation program, a NI 43-101 compliant technical report (including validation of reserve or resource), securing land options, conducting facility design, and for the preparation of regulatory applications;
- In Q3-2019, Privco2 completed a NI 43-101 technical report (the "Duvernay Report") to validate the reserves and resources. The Duvernay Report was prepared by Stantec;
- The Privco2 resource encompasses 356 hectares (878 acres) of largely contiguous, and privately-owned, properties. The underlying sand deposit was delineated based on 49 drill holes, and the retrieval of over 200 stratum samples which were subject to a comprehensive lab testing program;
- The Duvernay Report establishes that the Duvernay Project contains a sand resource of:
    - fine-to-coarse grain sands with pay thickness from 0.4 meters to 21.6 meters; and
    - 24.7 million metric tonnes (MT) measured resource, with an additional 5.6 million MT indicated resource, and a further 4.9 million MT inferred resource;
- On February 3, 2020, AMI Silica Inc and Shell ratified a Master Purchase Contract to purchase Premium Domestic sand from AMI's Duvernay Basin Silica Project beginning on the later of mid-2021 or 30 days after the Duvernay facility has been commissioned. Under terms of the contract, there is a minimum sales volume at predetermined prices, with an optional maximum annual volume that books a significant portion of the Duvernay Project production capacity. The contract has a five-year term from the effective delivery date, and gives Shell the right to extend for an additional two 12-month terms thereafter, with the option to procure sand from AMI's future Montney In-Basin Project;
- The Corporation invested $1,000,735 in contract costs during 2020 (2019: $nil) in order to secure an offtake agreement with Shell for silica sand from the Duvernay site;
- In September 2020, the Corporation announced the advancement of a strategic JV initiative with an international industrial partner to pursue the Duvernay Project. The JV initiative aims to co-develop and operate one of the greenest sand facilities in North America. The JV initiative offers many unique synergies including industrial land for construction of the facility, as well as access to industrial utilities and transportation infrastructure, and;
- The development program is presently focused on revising the FEED in collaboration with the international industrial partner, obtaining permits, and thereafter, confirming FID to proceed to Execution.

Montney In-Basin Project

- On December 14, 2018, the Corporation purchased a 49.2% ownership interest in the numbered Alberta corporation that owns the Montney In-Basin Project (Privco1) located in the vicinity of Dawson Creek and Fort St. John, British Columbia, recorded at a historical cost basis of $1.6 million. On February 5, 2021, the Corporation acquired the remaining 50.8% ownership interest for additional consideration of $1.00. The Corporation is also using AMI shares to make one final Annual Minimum Royalty ("AMR") payment relating to the Montney deposit, valued at $0.2 million, with three corresponding milestone installments.
- The Corporation's pre-acquisition cash investment in Privco1 was deployed for its resource delineation program and the subsequent funding of a National Instrument 43-101 technical report for the validation of reserve or resource status once a preferred development location is confirmed.
- The Corporation is taking a measured approach concerning expenditures in order to confirm the most suitable and cost-effective location for development within the 150,000 hectare (370,000 acre) mineral lease.

SEGMENTED REPORTING

The reportable segments discussed below represent segments that Management considers when reviewing the performance of the Corporation and deciding how to allocate resources. A summary of key financial information by reportable segment for the three months ended March 31, 2021 (along with comparative information for 2020) is as follows:

	AMI Aggregates		AMI RockChain		AMI Silica		Corporate		Consolidation eliminations		Consolidated	
For the three months ended March 31,	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue:												
Aggregate sales revenue	**$ -**	$ -	**$ 427,322**	$ 489,018	**$ -**	$ -	**$ -**	$ -	**$ -**	$ -	**$ 427,322**	$ 489,018
Management services revenue	**606,539**	270,572	**208,297**	-	**-**	-	**-**	-	**(145,501)**	-	**669,335**	270,572
Revenue	**606,539**	270,572	**635,619**	489,018	**-**	-	**-**	-	**(145,501)**	-	**1,096,657**	759,590
Total income (loss) and comprehensive income (loss)	**330,059**	(27,001)	**(191,912)**	(107,017)	**(465,307)**	(90,987)	**(267,804)**	(590,675)	**(6,948)**	-	**(601,912)**	(815,680)
Amortization, depreciation, and depletion	**(38,820)**	(59,437)	**(1,851)**	(1,083)	**-**	-	**(43,059)**	(40,325)	**(6,954)**	-	**(90,684)**	(100,845)
Finance costs	**(20,066)**	(2,680)	**(126)**	-	**(49)**	-	**-**	-	**-**	-	**(20,241)**	(2,680)
Interest income	**-**	-	**53**	-	**428**	-	**5,806**	7,272	**-**	-	**6,287**	7,272
Income tax recovery (expense)	**-**	-	**(106)**	-	**-**	-	**-**	-	**-**	-	**(106)**	-
As at	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Segment assets	**$ 9,804,136**	$ 9,869,939	**$ 535,228**	$ 910,367	**$ 7,952,305**	$ 5,666,381	**$ 8,149,117**	$ 7,974,580	**$ (6,428,611)**	$ (5,878,065)	**$ 20,012,175**	$ 18,543,202
Segment liabilities	**4,339,432**	4,237,133	**568,319**	534,685	**209,056**	188,833	**189,111**	397,717	**(118,333)**	-	**5,187,585**	5,358,368

The Corporation has three reportable Operations segments, and a Corporate costs segment:

AMI Aggregates

The Corporation produces and sells aggregate out of its Corporate Owned Pits (see the Operations section of this MD&A); manages the Coffey Lake aggregate pit on behalf of the Government of Alberta for which aggregate management services revenue are earned, and manages other contract work for customers.

Total revenues of $0.6 million from AMI Aggregates for Q1-2021 improved from $0.3 million in Q1-2020, as Coffey Lake operated January through March in Q1-2021, as compared to commencing operations in March in Q1-2020.

The total income and comprehensive income for Q1-2021 was $0.3 million, compared to a loss and comprehensive loss of less than $0.1 million in Q1-2020. The improvement in segment profitability is due to the longer operating period of Coffey Lake in 2021 than in the comparable 2020 period.

This segment's assets as of March 31, 2021 were $9.8 million (December 31, 2020: $9.9 million) which consisted of resource properties and ERO assets carried at $5.1 million, contract costs of $1.4 million, restricted cash of $1.1 million, and inventory at $0.8 million. Other assets such as deposits and property and equipment amounted to $1.4 million.

Segment liabilities as of March 31, 2021 were $4.3 million (December 31, 2020: $4.2 million) are comprised of environmental rehabilitation obligations of $2.5 million, outstanding principal on the Coffey Lake loan of $1.2 million, and accounts payable of $0.6 million.

AMI RockChain

AMI RockChain purchases and takes custody of aggregates using its 'Solution Finder' algorithm in conjunction with its *RockChain*™ digital platform. Through the acquisition of TerraShift, AMI RockChain acquired proprietary technology that focuses on resource data, search intelligence and geospatial software that will further strengthen the functionality and capabilities of AMI's *RockChain*™ digital platform (see the Operations section of this MD&A).

Segmented revenues from aggregate sales for Q1-2021 decreased slightly to $0.4 million as compared to $0.5 million for the comparable period in 2020. AMI RockChain also earned $0.2 million in management services revenue via its TerraShift operations, as opposed to $nil for the comparable period in 2020 prior to the TerraShift acquisition.

AMI RockChain's total loss and comprehensive loss increased for Q1-2021 to $0.2 million compared to $0.1 million for the equivalent period in 2020, comprised of comprehensive income from TerraShift of $0.1 million offset by a comprehensive loss of $0.3 million from RockChain's operations. RockChain's loss in both years was the result of low activity, due to being impacted by the effects of COVID-19. Wages and benefits increased in RockChain due to the addition of TerraShift employees, partially offset by staffing and pay reductions. Segment assets decreased from $0.9 as at December 31, 2020 to $0.5 million as at March 31, 2021. The $0.4 million decrease was primarily due to a $0.3 million decrease in receivables as at March 31, 2021, in addition to depreciation of intangible assets and property and equipment. Liabilities at $0.6 million increased slightly from December 31, 2020, due to accruals for trailing payments and performance payouts related to the TerraShift acquisition.

AMI Silica

On February 5, 2021, the Corporation announced the acquisition of control of the private Alberta corporations that respectively own the Montney In-Basin Project and the Duvernay Project by securing 100% ownership of each company (see discussion under the "Investment in Associates" heading in the "Operations" section of this MD&A).

Revenues for Q1-2020 and Q1-2020 were $nil with total loss and comprehensive loss in Q1-2021 of $0.5 million compared to $0.1 million in the prior year. The increased losses were primarily due to FEED costs incurred on the Duvernay Project, as well as royalties incurred by the numbered Alberta companies that hold the Montney and Duvernay resource properties being fully included in operating costs in Q1-2021, whereas in Q1-2020 only a proportion was included based on ownership percentage. Revenue generation is expected to commence once the Duvernay and Montney In-Basin Projects proceed to commercialization in future years.

Segment assets increased by $2.3 million to $8.0 million as at March 31, 2021, compared to $5.7 million as at December 31, 2020. The increase is primarily due to the acquisition of control of the Montney and Duvernay resource properties via issuance of $2.2 million in common shares. Other material assets include the investment of $1.1 million in the Firebag Project. The segment's liabilities were unchanged at $0.2 million as at March 31, 2021 and December 31, 2020.

Corporate

Corporate costs for the Q1-2021 were $0.3 million as compared to $0.6 million in Q1-2020. The Corporation implemented significant cost reductions in response to historical losses and the impact of COVID-19. Corporate costs consist predominantly of general and administrative expenses of $0.2 million and share-based compensation at $0.1 million. Explanations for these variances are provided above in the Finance and Operational Review section of this MD&A under the subheadings Operating Loss and Total Loss and Comprehensive Loss.

The Corporate segment's assets were $8.1 million as at March 31, 2021 (December 31, 2020: $8.0 million), with the increase driven by intercompany receivables that eliminate upon consolidation, offset by depreciation of property and equipment and right-of use-assets. Corporate segment assets that do not eliminate consist of $1.6 million in cash, $0.1 million in property and equipment, and $0.2 million in right-of-use assets. Corporate segment liabilities of $0.2 million as at March 31, 2021 (December 31, 2020: $0.4 million) consist of lease obligations, which decreased due to repayments in Q1-2021.

Consolidation/Elimination Entries

Total loss and comprehensive loss were negligibly impacted by consolidation and elimination entries in both Q1-2021 and Q1-2020.

Segment asset eliminations as at March 31, 2021 of $6.4 million (December 31, 2020: $5.9 million) reflect intercompany eliminations, which increased due to ongoing intercompany charges, as well as the reclassification of receivables due from the numbered Alberta companies that hold the Montney and Duvernay resource properties. Segment liabilities as at March 31, 2021 of $0.1 million (December 31, 2020: $nil) consist of accounts payable in the numbered Alberta companies that hold the Montney and Duvernay resource properties, which eliminate upon consolidation.

LIQUIDITY & CAPITAL RESOURCES

WORKING CAPITAL

Working capital is a non-IFRS measure calculated by subtracting current liabilities from current assets. There is no directly comparable IFRS measure for working capital. Management uses working capital as a measure for assessing overall liquidity. The Corporation had net working capital of $0.7 million as of March 31, 2021 (December 31, 2020: $0.9 million) which in management's opinion is sufficient to fund ongoing operations. The $0.2 million decrease in working capital was predominately due to a $0.4 million decrease in cash and a $0.1 million increase in accounts payable and accrued liabilities, partially offset by a $0.3 million increase in prepaids and deposits.

The Corporation's sources of liquidity as of March 31, 2021 were cash, accounts receivable, the Corporation's credit facility with CWB, funds secured through the Canadian Emergency Business Account program and Canadian Emergency Wage Subsidy program, and divestiture of non-core assets. Management believes it is able to generate sufficient cash to meet its commitments, support operations, finance capital expenditures, and support growth strategies. The Corporation's capital expenditures may be funded by working capital, cash flows from operations, and proceeds from debt and equity offerings.

The Corporation manages its capital structure and makes adjustments for market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, the Corporation may adjust capital spending, issue new shares, issue new debt, repay existing debt or enter into other credit arrangements.

The Corporation has undertaken several financial initiatives in response to the COVID-19 pandemic to preserve capital, e.g.:

- Secured a $60,000 CEBA loan for each of AMI Silica, AMI RockChain, and TerraShift. These loans are interest-free, require no principal payments until December 2022, and $20,000 of each loan is forgivable if repaid by December 2022;
- As of March 31, 2021, AMI had recorded CEWS program lifetime-to-date funding in the amount of $496,259; the program is currently in place until June 2021, and;
- In an effort to preserve the Corporation's cash position during the COVID-19 pandemic and economic downturn, effective January 1, 2021, AMI implemented 10% reductions of Management salaries and Board fees.

AVAILABLE CREDIT FACILITIES

On July 4, 2018, the Corporation entered into a credit facility with Canadian Western Bank ("CWB") with a letter of credit facility for up to $1,351,760 and a credit card facility for up to $20,000. Each letter of credit costs the Corporation an annual fee of 1.50%. On December 9, 2019, the letter of credit facility was increased to a maximum available amount of $1,458,240.

Security under the CWB facility is 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.

As at March 31, 2021, the Corporation is not subject to any covenants as part of the current credit facility.

Letter of Guarantee Facility

The letters of credit, secured with guaranteed investment certificates, to the benefit of the Government of Alberta for decommissioning and restoration are as follows:

	As at			
	March 31, 2021		December 31, 2020	
Susan Lake pit	$	233,256	$	230,705
Poplar Creek Site, storage yard		180,000		180,000
Emerson pit		75,240		75,240
Coffey Lake reclamation		296,520		296,520
Coffey Lake industrial miscellaneous lease		74,949		74,130
Coffey Lake performance bond		100,000		100,000
	$	959,965	$	956,595

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates.

Coffey Lake Performance Bond

In the third quarter of 2020, the Corporation secured a $500,000 bonding facility through Trisura Guarantee Insurance Company ("Trisura") to be held with the Government of Alberta in place of the $500,000 that AMI held as restricted cash previously for the Coffey Lake Performance Bond. The $500,000 bond with Trisura carries a 2% annual interest rate. Security for the bond is based on the appraised value of private lands included in exploration costs and a $100,000 letter of credit to be held as security for Trisura.

CWB Bank Loan

On January 28, 2020, the Corporation entered into an arrangement with CWB whereby $1,500,000 was advanced to the Corporation by CWB for the development of the Coffey Lake Pit, repayable upon demand.

Provided full repayment of the bank loan is not demanded by CWB, the term of the loan is thirty-nine months with thirty-three monthly loan payments of $49,022 which started in August 2020, after nine months of interest only payments. The bank loan was originally for three years; however, CWB added three months of interest only payments from May 2020 to July 2020 and extended the term of the loan by three months due to the economic uncertainty in Alberta and around the world due to the COVID-19 pandemic. The interest rate on the bank loan is 5.4%.

Security for the bank loan is part of the general security agreement that was put in place when the credit facility with CWB was established in July 2018. The bank loan is also guaranteed by the Corporation's subsidiaries, AMI RockChain and AMI Silica. There are no new financial covenants added to the credit facility as a result of this new bank loan.

COMMITMENTS

The following table summarizes the expected contractual maturities of the Corporation's financial liabilities as at March 31, 2021:

	As at March 31, 2021							
	0 - 1 year		2 - 3 years		4 - 5 years		Total	
Accounts payable and accrued liabilities	$	1,116,605	$	-	$	-	$	1,116,605
Income taxes payable		30,648		-		-		30,648
Bank loans, including interest		588,262		817,084		-		1,405,346
Lease obligations, including interest		133,279		60,534		981		194,794
Total	**$**	**1,868,794**	**$**	**877,618**	**$**	**981**	**$**	**2,747,393**

SHARE CAPITAL

As of March 31, 2021, the authorized share capital of the Corporation consisted of an unlimited number of common voting shares with no par value, and preferred shares issuable in series. As of March 31, 2021, the Corporation had 67,910,157 common shares outstanding (December 31, 2020: 59,110,153). As of the date of filing this MD&A, the outstanding share capital is 67,910,157 common shares. The Corporation did not declare or pay dividends during the three months ended March 31, 2021 or for the year ended December 31, 2020.

RELATED PARTY TRANSACTIONS

All related party transactions during the three months ended March 31, 2021 were in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. Refer to Note 16 of the Unaudited Interim Condensed Consolidated Financial Statements for disclosure with respect to related party transactions.

FINANCIAL INSTRUMENTS

Classification

The Corporation's financial instruments consist of the following:

Financial statement item	Classification
Cash	Amortized cost
Trade and other receivables	Amortized cost
Amounts due from related entities	Amortized cost
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Bank loans	Amortized cost
Deferred share unit liability (included in Accounts payable and accrued liabilities)	Fair value through profit and loss

For further information regarding the Corporation's financial instruments and how the Corporation manages the risk associated with the instruments refer to Note 21 in the Unaudited Interim Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at March 31, 2021 or December 31, 2020.

RISKS & UNCERTAINTIES

The success of Athabasca depends on a number of factors, including but not limited to those risks normally encountered by junior resource exploration companies, such as exploration uncertainty, operating hazards, increasing environmental regulation, competition with companies having greater resources, fluctuations in the price and demand for aggregates and minerals.

The operations of the Corporation are speculative due to the high-risk nature of its business which includes the acquisition, financing, exploration, development, production and operation of mining and resource properties. These risk factors could materially affect the Corporation's future operations and could cause actual events to differ materially from those described in forward-looking statements.

Outlined below are some of the Corporation's significant business risks. See also the risks and risk factors set out in the Corporation's annual information form dated March 12, 2021 and filed on SEDAR at www.sedar.com.

COVID-19

In March 2020, the World Health Organization declared COVID-19 a global pandemic; prompting many countries around the world to close international borders and order the closure of institutions and businesses. This has resulted in a prolonged reduction in economic activity in Canada and internationally. COVID-19 has caused an unprecedented global health crisis, and has contributed to an economic crisis as well. The effect of volatile commodity prices in the energy sector has impacted and could continue to impact parts of Athabasca's customer base and associated revenues.

The extent to which COVID-19 continues to impact the Corporation's business, including its operations and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include: the duration, severity and scope of the outbreak and the actions to contain or remedy the pandemic. In particular, the continuation of the pandemic could materially and adversely impact the Corporation's business including without limitation: employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel, potential restrictions to its projects, resource development program and the timing thereof, which are beyond the Corporation's control, and which may have a material or adverse effect on its business, financial condition and operations. The Corporation will continue to monitor and take corrective action in accordance with government guidelines to mitigate the impact on AMI's staff and business operations.

Economic Cyclicality of the Energy Industry

The aggregates business is directly affected by fluctuations in the level of oil and natural gas exploration, development, production and decommissioning activities carried on by its customers in the energy industry, which in turn is dictated by numerous factors, including world energy prices and government policies. Additionally, the business risks also include but are not limited to: seasonality; availability of skilled workers; ability to retain key customers; and the environmental and safety risks inherent in the business.

The demand, pricing and terms for the Corporation's products and services largely depend upon the level of oil and natural gas exploration and development activity. Industry conditions are influenced by numerous factors that the Corporation has no control over, including but not limited to: oil and natural gas prices; expectations about future oil and natural gas prices; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining production; the discovery rates of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; certain regional weather conditions; global political, military, regulatory and economic conditions; and the ability of oil and natural gas producing companies to raise equity capital or debt financing.

The aggregates sector is highly reliant on the level of capital expenditures made by energy companies who base their capital expenditure decisions on several factors, including but not limited to oil and natural gas prices, production levels, availability of export capacity and access to capital. Commodity prices, and therefore, the level of drilling, production and exploration activity have been volatile. A prolonged, substantial reduction in commodity prices negatively affects the activity levels of energy companies and the demand for the Corporation's services. A significant, prolonged decline in commodity prices could have a material adverse effect on the aggregates sector, aggregates pricing, the Corporation's business, results of operations, cash flows and financial condition.

The price of labor, fuel, equipment and other input costs, insurance costs, interest rates, fluctuations in customers' business cycles and international, national and regional economic conditions are factors over which the Corporation has little or no control. A significant increase in fuel prices, equipment prices, employee wages and other input prices, interest rates, currency exchange rates or insurance costs could reduce profitability and could adversely affect the Corporation's cash flow and financial condition. The Corporation cannot predict the impact of future economic conditions and there is no assurance that the operations of the Corporation will be profitable in the future.

Commodity Risk

The Corporation's aggregates, including silica sand, are commodities, and as such there is commodity pricing risks in a competitive market.

Environmental & Regulatory

Environmental and Regulatory legislation is becoming increasingly stringent and time-consuming. Costs, expenses, and approval periods associated with regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's projects or operations could affect financial performance. Restrictions such as those relating to wildlife habitat can adversely affect the timing and scope of exploration and development activities or introduce production constraints.

Conditions of Equity Markets

The Corporation's ongoing ability to finance exploration and development can be affected by, among other things, conditions of the equity market.

Access to Capital

The Corporation's access to capital for planned and future projects, including debt and equity financing, is subject to risk related to the amount of capital required, market conditions, and timing.

Risk of Delays to Projects & Stakeholder Management

The development of resource projects may be subject to unexpected problems or delays due to a variety of stakeholder management factors, which in turn can delay or postpone the profitability expected from these ventures.

Seasonality

Extreme weather conditions across the geographies in which the Corporation operates can impact mining, logistics, and project activities at varying and unpredictable times throughout the year.

Loss of Key Personnel

The Corporation relies on certain key employees whose skills and knowledge are critical to maintaining its success. Loss of key personnel is an inherent risk. The Corporation strives to retain key employees with competitive compensation, including incentive-based programs.

Shortage of Equipment or Other Supplies

The mining and resource industry has a history of long periods of growth and significant capital development which can often impact the availability of equipment, labour, and other supplies.

Sales and Inventory Turnover Versus Production

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

Profitability from Production and Operations

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

Reclamation & Remediation Obligations

The Corporation is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The estimates made by the Corporation for reclamation obligations could vary significantly due to potential changes in regulatory requirements and/or contractor rates and services prior to the actual commencement of reclamation work.

Estimation of Resource Reserves

The Corporation has a risk that actual reserves in place on its properties can vary from geological estimates of such reserves and resources.

Health, Safety & Environment ("HSE") Operational risks

Any major HSE operational incident in the future could significantly impact production, productivity, corporate reputation, or cause disruption to operations.

Cyber Security Risk

The Corporation's business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable cyber security measures, including third-party surveillance, to safeguard against potential cyber-attacks. However, if a cyber security event occurred, and the Corporation's systems were detrimentally affected in a way that information systems cannot be recovered or reinstated in a timely manner, this could impact business operations, payment, or financial collection.

Litigation

The risk of unknown future claims against the Corporation in excess of the Corporation's commercial general liability coverage could materially affect the Corporation's future operations.

SIGNIFICANT MANAGEMENT ESTIMATES

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

The most significant accounting estimates and judgements used in the preparation of the Corporation's Unaudited Interim Condensed Consolidated Financial Statements are included in Note 2 of the Consolidated Financial Statements for the Year Ended December 31, 2020.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's accounting policies are included in Note 3 of the Consolidated Financial Statements for the Year Ended December 31, 2020.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related Unaudited Interim Condensed Consolidated Financial Statements for the three months ended March 31, 2021 at the Board of Directors meeting on May 18, 2021.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings, TSX Venture Exchange issuers like Athabasca are required to certify using the Venture Issuer Basic Certificate. This certificate states that the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of the Corporation each certify that the documents prepared for the three months ended March 31, 2021 have been reviewed, contain no misrepresentations, and provide a fair presentation of the financial condition, financial performance and cash flows of the Corporation, to the best of their knowledge. This Venture Issuer Basic Certificate does not include any representations relating to the establishment and maintenance of disclosure controls and procedures and/or internal controls over financial reporting. Please refer to the Form 52-109FV2 for additional details. The CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the three months ended March 31, 2021.

A copy of this MD&A, the financial statements, certification of annual filings, and previously published financial statements and MD&A, as well as other filed reporting is available on the SEDAR website at www.sedar.com.