MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2023

August 23, 2023

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 and six months ended June 30, 2023. The accompanying Unaudited Interim Condensed 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 August 23, 2023.

Additional information about Athabasca, including our 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", "forecasted", "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; 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; 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.

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 Silica** division (amisilica.com) has resource holdings and business interests in Alberta, North-East BC, and the United States with its 50% interest in AMI Silica LLC.
- **AMI Aggregates** division produces and sells aggregates from its corporate pits.
- **AMI RockChain** division (amirockchain.com) is a midstream, technology-enabled business using its proprietary RockChain™ digital platform, automated supply-chain and logistics solutions, quality-assurance & safety programs to deliver products across Canada.
- **Métis North Sand & Gravel** is a strategic partnership with the McKay Métis Group to deliver aggregates to the energy, infrastructure, and construction sectors in the Wood Buffalo region. In December 2022, the Corporation ceased its limited partner position in the partnership but continues to provide services to the partnership under an operating agreement.
- **TerraShift Engineering** (terrashift.ca) conducts resource exploration, regulatory, mining, environmental and reclamation engineering for a growing nation-wide customer base and is also the developer of the proprietary TerraMaps™ software. As of August 24, 2022, the Corporation began to phase out the operations of TerraShift as part of the Corporation's staged plan to create a sustainable and resilient business model. TerraMaps™ and other assets will be maintained to continue to be of benefit to other AMI divisions.

BUSINESS HIGHLIGHTS

Athabasca Minerals reports the following key financial highlights for Q2 2023, the three and six months ended June 30, 2023:

- Consolidated revenue, net of royalties for the three months ended June 30, 2023 was $14.1 million versus $7.3 million for 2022 driven by increased demand for industrial sand in AMI Silica LLC. The U.S. sand mine and facilities in Hixton, Wisconsin was acquired in February 2022 so revenue for Q2 2022 was lower as operations had just started in late Q1 2022. Consolidated revenue, net of royalties for the six months ended June 30, 2023 was $27.0 million versus $14.3 million for 2022 driven by increased demand for industrial sand in AMI Silica LLC offset by decreased revenue in RockChain, TerraShift and the Aggregates business.

- An operating loss of $2.0 million in Q2-2023 versus an operating loss of $5.5 million in Q2-2022. The loss in Q2-2022 included a significant severance expense and write-down of inventory, contract costs and resource properties. An operating loss of $3.3 million for the six months ended June 30, 2023 versus an operating loss of $5.3 million for the six months ended June 30, 2022. The operating loss was due to increased operating expenses and increased depreciation expense of $1.2 million resulting from the acquisition of the U.S. sand mine and facilities in Hixton, Wisconsin.

- For the three months ended June 30, 2023, the Corporation reported a net loss of $0.8 million versus a net loss of $5.4 million for the three months ended June 30, 2022. The net loss in 2022 was caused mainly by a $3.3 million write-down of inventory, contract costs and resource properties. For the six months ended June 30, 2023, the Corporation reported a net loss of $2.5 million versus net income of $17.2 million for the six months ended June 30, 2022. The net loss in 2023 is offset by a $1.2 gain on the disposition of non-core assets.

- For the three months ended June 30, 2023, the Corporation reported a total comprehensive loss of $0.6 million versus a total comprehensive loss of $4.8 million for the three months ended June 30, 2022. For the six months ended June 30, 2023, the Corporation reported a total comprehensive loss of $3.2 million versus total comprehensive income of $17.5 million for the six months ended June 30, 2022

- For the three months ended June 30, 2023, on a per share basis, total comprehensive loss was $0.008/share basic and diluted versus total comprehensive loss of $0.061/share basic and diluted for the three months ended June 30, 2022. For the six months ended June 30, 2023, on a per share basis, total comprehensive loss was $0.041/share basic and diluted versus total comprehensive income of $0.226/share basic and $0.223/share diluted for the six months ended June 30, 2022.

Key Operational Highlights

- On February 28, 2023, the Corporation announced a $2,000,000 bridge loan secured through JMAC Energy Services LLC, the proceeds being used to pay off the existing loan with Canadian Western Bank ("CWB") and for general working capital purposes. On June 30, 2023 the loan was amended to mature on October 31, 2023 and the interest rate increased.

- On March 28, 2023, the Corporation announced that its Board of Directors (the "Board"), together with the support of management, has initiated a process to evaluate potential strategic alternatives to maximize shareholder value. As part of the process, the Board is considering a full range of strategic alternatives, which may include financing alternatives, merger, amalgamation, plan of arrangement, reorganization, other business combinations, sale of assets, or other transactions. There can be no assurance that the evaluation of strategic alternatives will result in any strategic alternative, or any assurance as to its outcome or timing.

- On April 5, 2023, AMI Silica LLC ("AMIS") signed a multi-year transload agreement (the "Transload Agreement") for the delivery of its silica sand into the Grande Prairie, Alberta region. In addition, AMIS signed an eighteen-month Sand Supply Agreement (the "Sand Agreement”) with a total minimum commitment of 360,000 tons, subject to pricing adjustments.

- On June 30, 2023, the Corporation closed a definitive sale agreement (the "Sale Agreement") with an independent, arm's length purchaser, to divest of certain non-core assets within the aggregates division (the "Disposition" and "Disposed Assets") for total cash consideration of C$3.2 million, before normal closing adjustments. The Sale Agreement had an effective date of June 27, 2023 and there are no finder's fees associated with the transaction. The Disposition includes the sale of five (5) surface mineral leases, including Coffey Lake, the Warrensville South and North properties, two inventory stockpiles, one metallic and industrial minerals lease, and equipment associated with select aggregate pits. The Disposed Assets represent less than 5% of the Corporation's total asset holdings and would require ongoing capital expenditures to support their current growth profiles.

SELECTED FINANCIAL INFORMATION UPDATE

	Three months ended June 30,2023		Six Months ended June 30,	
	2023	2022	2023	2022
FINANCIAL HIGHLIGHTS:				
Product sales revenue	**$ 13,039,192**	$ 5,967,509	**$ 25,375,438**	$ 11,873,269
Services revenue	**1,373,576**	1,489,189	**2,033,770**	2,628,036
Gross revenue, including royalties	**14,412,768**	7,456,698	**27,409,208**	14,501,305
Less: provincial royalties	**(310,788)**	(122,229)	**(388,487)**	(182,390)
Gross revenue, net of royalties	**14,101,980**	7,334,469	**27,020,721**	14,318,915
Gross profit (loss)	**(453,272)**	(401,098)	**(653,552)**	781,527
Write-down of contract costs and resource properties	**-**	**(3,322,795)**	**-**	**(3,322,735)**
Severance expense	**-**	(638,985)	**-**	(638,985)
Total Operating income (loss)	**(1,997,538)**	(5,489,541)	**(3,319,337)**	(5,260,817)
Gain on acquisition of Wisconsin assets	**-**	100,970	**-**	22,445,116
Other non-operating income	**1,190,698**	59,969	**1,207,150**	75,836
Total comprehensive income (loss)	**$ (606,145)**	$ (4,770,632)	**$ (3,236,041)**	$ 17,515,390
Comprehensive income (loss) per common share - basic	**(0.008)**	0.610	**(0.041)**	0.226
Comprehensive income (loss) per common share - diluted	**(0.008)**	0.610	**(0.041)**	0.223
Weighted Average # of Shares Outstanding	**78,582,686**	77,695,603	**78,582,686**	77,410,491

	As at	
	June 30,2023	December 31, 2022
FINANCIAL POSITION:		
Working capital[1]	**$ (7,044,332)**	$ (2,756,099)
Total assets	**$ 73,038,014**	$ 69,379,079
Total liabilities	**$ 46,835,935**	$ 39,998,759
Shareholder's Equity	**$ 26,202,078**	$ 29,380,320

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

FINANCIAL AND OPERATIONAL REVIEW

REVENUE

For the three months ended June 30, 2023, the Corporation's revenue net of royalties of $14.1 million increased by $6.8 million compared to $7.3 million in Q2-2022 with divisional revenue contributions as follows:

- $12.9 million revenue from AMI Silica (which includes its 50% ownership in AMI Silica LLC.);
- $1.2 million in AMI Aggregates related to sales from the Coffey Lake pit;
- $0.07 million in AMI RockChain;
- $0.001 million in TerraShift revenue; and
- $0.08 million in internal revenue, which is eliminated in consolidation, represents services provided by RockChain and TerraShift to other divisions.

For the six months ended June 30, 2023, the Corporation's revenue net of royalties of $27.0 million increased by $12.7 million compared to $14.3 million for the six months ended June 30, 2022 with divisional revenue contributions as follows:

- $25.2 million revenue from AMI Silica (which includes its 50% ownership in AMI Silica LLC.);
- $1.6 million in AMI Aggregates related to sales from the Coffey Lake pit;
- $0.26 million in AMI RockChain;
- $0.04 million in TerraShift revenue; and
- $0.16 million in internal revenue, which is eliminated in consolidation, represents services provided by RockChain and TerraShift to other divisions.

The revenue net of royalties by division includes internal revenue (see also Segmented Reporting).

GROSS PROFIT

Gross loss for the three months ended June 30, 2023 was $0.5 million compared to a gross loss of $0.4 million for the three months ended June 30, 2022. The gross profit in 2023 was lower than 2022 due mainly to $0.3 million of increased depreciation expense resulting from the Wisconsin assets acquired in February 2022. Without the increased depreciation expense, gross loss was $0.2 million.

Gross loss for the six months ended June 30, 2023 was $0.7 million compared to a gross profit of $0.8 million for the six months ended June 30, 2022. The gross profit in 2023 was lower than 2022 due mainly to increased depreciation expense of $1.5 million resulting from the Wisconsin assets acquired in February 2022. Without the increased depreciation expense in Q1-2023, gross profit was $0.8 million.

General and Administrative Expenses

General and administrative expenses for the three months ended June 30, 2023 increased over $0.4 million compared to the same period in 2022. The increase is due mainly to the increased professional fees offset by reduced wages and benefits expenses in Canadian operations.

General and administrative expenses for the six months ended June 30, 2023 increased over $0.6 million compared to the same period in 2022. The increase is due mainly to the increased professional fees offset by reduced wages and benefits expenses in Canadian operations.

OPERATING INCOME (LOSS)

For Q2-2023, the Corporation had an operating loss of $2.0 million compared to an operating loss of $5.5 million in Q2- 2022. The loss in 2023 was driven by increased operating expenses and depreciation expense for the Wisconsin mine assets and increased general and administrative and severance expenses. The loss in 2022 was driven by severance expense of $0.6 million and a $3.3 million write down of inventory, contract costs and resource properties.

For the six months ended June 30, 2023, the Corporation had an operating loss of $3.3 million compared to an operating loss of $5.3 million for the six months ended June 30, 2022. The loss in 2023 was driven by increased operating expenses and depreciation expense for the Wisconsin mine assets and increased general and administrative expenses. The loss in 2022 was driven by severance expense of $0.6 million and a $3.3 million write down of inventory, contract costs and resource properties.

NET INCOME (LOSS) AND TOTAL COMPREHENSIVE INCOME (LOSS)

For the three months ended June 30, 2023 the Corporation had a net loss of $0.8 million as compared to a net loss of $5.4 million for the three months ended June 30, 2022. The net loss in Q2-2023 was offset by a $1.2 million gain on the disposition of non-core assets.

For the three months ended June 30, 2023 the Corporation had a net comprehensive loss of $0.6 million and a net comprehensive loss of $0.008 per share basic and diluted, as compared to a net comprehensive loss of $4.8 million and net comprehensive loss of $0.061 per share basic and diluted for the three months ended June 30, 2022.

For the six months ended June 30, 2023 the Corporation had a net loss of $2.5 million as compared to net income of $17.2 million for the six months ended June 30, 2022. The net loss in 2023 was offset by a $1.2 million gain on the disposition of non-core assets. Net income in 2022 includes a $22.4 million gain on the acquisition of the Wisconsin assets.

For the six months ended June 30, 2023 the Corporation had a net comprehensive loss of $3.2 million and a net comprehensive loss of $0.041 per share basic and diluted, as compared to net comprehensive income of $17.5 million and net comprehensive income of $0.226 per share basic and $0.223 per share diluted for the six months ended June 30, 2022.

SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from the Interim Condensed Consolidated Financial Statements of the Corporation.

	Q2 2023	Q1 2023	Q4 2022	Q3 2022
Product Sales Revenue	$ 13,039,192	$ 12,336,246	$ 6,473,887	$ 7,224,168
Services Revenue	1,373,576	660,194	2,082,961	4,297,412
Gross Revenue, including royalties	14,412,768	12,996,440	8,556,848	11,521,580
Less: provincial royalties	(310,788)	(77,699)	(138,368)	(33,600)
Revenue, net of royalties	14,101,980	12,918,741	8,418,479	11,487,979
Gross (Loss) Profit	(453,272)	(200,281)	43,657	(800,140)
Total Comprehensive Income (Loss)	(606,145)	(2,629,898)	(3,336,331)	(657,296)
Comprehensive income (loss) per share, basic	(0.008)	(0.033)	(0.008)	(0.008)
Comprehensive income (loss) per share, diluted	(0.008)	(0.033)	(0.008)	(0.008)
Total Assets	73,038,014	71,428,514	69,379,079	66,489,261
	Q2 2202	Q1 2021	Q2 2021	Q3 2021
Product Sales Revenue	$ 5,967,509	$ 5,905,760	$ 805,233	$ 981,985
Services Revenue	1,489,189	1,138,847	2,475,780	3,359,063
Gross Revenue, including royalties	7,456,698	7,044,607	3,281,013	4,341,048
Less: provincial royalties	(122,229)	(60,161)	(139,316)	(29,024)
Revenue, net of royalties	7,334,469	6,984,446	3,141,697	4,312,024
Gross (Loss) Profit	(401,098)	1,182,626	74,635	362,350
Total Comprehensive Loss	(4,770,632)	22,286,022	(643,621)	(361,829)
Comprehensive loss per share, basic	0.610	0.289	(0.009)	(0.005)
Comprehensive loss per share, diluted	0.610	0.284	(0.009)	(0.009)
Total Assets	61,024,198	65,237,872	20,936,866	20,548,032

Seasonality of Operations

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates across Alberta and industrial sand from the United States. Aggregate and industrial sand 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 regions.

Most construction, infrastructure and industry projects, to which the Corporation supplies aggregate, 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 Revenue, net of royalties and Net Income (Loss) and Total Comprehensive Income (Loss) in the Summary of Quarterly Results above.

OPERATIONS

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

Resource Properties	Location	Land Size (hectares)	Resource Type	Status
Hixton	Hixton, Wisconsin, US	440	Sand	In production[1]
Hargwen	27 kms East of Hinton, AB, Canada	32	Sand and gravel	In production
Pelican Hill	70 kms Southeast of Wabasca, AB, Canada	32	Sand and gravel	In production
Emerson	27 kms Southeast of Hinton, AB, Canada	30	Sand and gravel	Production ready[2]
Firebag	97 kms North of Fort McMurray, AB, Canada	32	Sand	Production ready
Prosvita	County of Athabasca, AB, Canada	320	Sand	Development[3]
Montney In-basin	South of Fort St. John, BC, Canada	112,000	Sand	Exploration[4]

[1] In production – Currently providing product to customers.
[2] Production ready – All permits are in place for site and the site is ready to provide product to customers.
[3] Development – Resource has been identified and the site is developed into a production ready site.
[4] Exploration – Site is explored to find viable resource.

Hargwen – In Production

- Hargwen aggregates deposit is located on 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 of the leased land for a term of 10 years.
- Hargwen commenced production in July 2022.
- In the fourth quarter of 2022, management reassessed the recovery of pit development costs compared to saleable product and determined there was shortfall and wrote-down costs of $181,949.

Pelican Hill Pit – In Production

- 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. In early 2021, a winter-access road was converted into an all-season road by a regional 3rd party contract operator.
- Starting June 2022, the Pelican Hills pit is contract-operated by a 3rd party.
- In the fourth quarter of 2022, management reassessed the recovery of pit development costs compared to saleable product and determined there was shortfall and wrote-down costs of $250,238.

Emerson Pit – Production Ready

- 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.
- The pit is production ready but there have been no sales in the past six months.
- In the second quarter of 2022, management re-assessed the recovery of pit development costs compared to saleable product and determined there was shortfall and wrote-down costs of $490.

Firebag Sand Resource – Production Ready

- The Firebag Sand Resource, containing premium domestic sand, is located north of Fort McMurray, Alberta with an active SML covering 32 hectares (80 acres).
- The Firebag Sand Resource was opened and commenced production in February 2022 on a winter road. An all-season road has been approved but development of the all-season road has not commenced.
- In the fourth quarter of 2022, management reassessed the recovery of resource development costs compared to saleable product and determined there was shortfall and wrote-down costs of $1,141,355. The market for the product is geographically limited and a substitute product is now being used by a prior customer. Alternative commercial uses for silica sand are limited due to the nature of the mineral and location.

Prosvita Sand Project

- On February 3, 2020, AMI Silica Inc and Shell ratified a Master Purchase Contract to purchase Premium Domestic sand from AMI's Prosvita Sand Project beginning on the later of mid-2021 or 30 days after the Prosvita facility has been commissioned. The Corporation invested $1,000,735 in contract costs to secure this agreement. 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 Prosvita Sand 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. Due to lengthy regulatory approvals and increasing cost estimates for production facilities, it is unlikely silica sand will be produced from the Duvernay site before mid-2026, meaning the Corporation will not be able to meet the terms of this contract. Therefore, the contract costs of $1,000,735 were written off at June 30, 2022.
- On February 5, 2021, the Corporation acquired the full 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.
- On June 21, 2021, the Corporation announced that it has filed its regulatory application with Alberta Environment and Parks (AEP) allowing for the operation of a Class 1 Pit under the Code of Practice for Pits in Alberta. The application is currently under review with the Alberta Government
- On August 5, 2021, a NI 43-101 technical report for the associated Whitetail Sand Resource was completed, demonstrating measured and indicated resources of 40/140 mesh fraction which were calculated to be 11.9 million tonnes (MT) with an additional 0.9 MT of inferred resources further increasing the mineral resources for the project.

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 one dollar.
- The Corporation is taking a measured approach concerning expenditures to confirm the most suitable and cost-effective location for development. As a result of this approach the Corporation reduced its mineral lease holdings in Q4 2022 to 9,200 hectares, the properties removed were technically and economically unsuitable for development.

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. Specifically, an operating segment should have separate financial information available, with management review of financial information. The operating segment should engage in business activities where it earns revenue and incurs expenses. While a reporting segment should have revenue which is 10% or more of combined revenue; assets which are 10% or more of combined assets; and an absolute amount of reporting profit or loss that is 10% or more or reported profit of all operating segments.

A summary of key financial information by reportable segment for the three and six months ended June 30, 2023 (along with comparative information for 2022) is as follows:

	AMI Aggregates		AMI RockChain		AMI Silica		TerraShift		Corporate & Eliminations		Consolidated	
For the three months ended June 30,2023	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2022**	**2021**	**2023**	**2022**	**2023**	**2022**
Revenue:												
Product sales revenue	**$ 8,611**	$ 444,525	**$ -**	$ 2,471	**$ 13,027,061**	$ 5,510,754	**$ 1,520**	$ -	**$ -**	$ 9,759	**$ 13,037,192**	$ 5,967,509
Services revenue	**1,383,014**	721,503	**65,287**	681,631	**-**	-	**3,200**	209,932	**(77,874)**	123,877	**1,373,576**	1,489,189
Gross revenue, including royalties	**1,391,625**	1,166,028	**65,287**	684,102	**13,027,061**	5,510,754	**4,720**	209,932	**(77,874)**	(114,118)	**14,410,768**	7,456,698
Revenue, net of royalties	**1,165,837**	1,043,799	**65,287**	684,102	**12,942,061**	5,510,754	**6,720**	209,932	**(77,945)**	114,118	**14,101,960**	7,334,469
Gross profit (loss)	**$ 404,844**	244,279	**$ (5,426)**	30,783	**$ (741,339)**	(905,486)	**$ 6,645**	232,797	**$ (117,995)**	(3,471)	**$ (453,272)**	(401,098)
For the six months ended June 30,2023	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Revenue:												
Product sales revenue	**$ 11,556**	$ 3,922,311	**$ -**	$ 1,976,934	**$ 25,336,782**	$ 8,573,217	**$ 27,100**	$ -	**$ -**	$ (2,599,193)	**$ 25,375,438**	$ 11,873,269
Services revenue	**1,924,989**	1,625,067	**256,776**	820,079	**-**	-	**15,651**	483,707	**(163,646)**	(310,817)	**2,033,770**	2,628,036
Gross revenue, including royalties	**1,936,545**	5,547,378	**256,776**	2,797,013	**25,336,782**	8,573,217	**42,751**	493,707	**(163,646)**	(2,910,010)	**27,409,208**	14,502,305
Revenue, net of royalties	**1,633,058**	5,364,988	**256,776**	2,797,013	**25,251,782**	8,573,217	**42,751**	493,707	**(163,646)**	(2,910,010)	**27,020,721**	14,318,915
Gross profit (loss)	**$ 426,229**	785,887	**$ 19,154**	102,634	**$ (936,933)**	517,252	**$ 41,644**	217,201	**$ (203,646)**	(6,943)	**$ (653,552)**	781,527
As at	**June 30,2023**	**December 31, 2022**	**June 30,2023**	**December 31, 2022**	**June 30,2023**	**December 31,2022**	**June 30,2023**	**December 31, 2022**	**June 30,2023**	**December 31, 2022**	**June 30,2023**	**December 31, 2022**
Segment assets	**$ 49,361,850**	$ 47,727,497	**$ (2,378,181)**	$ (717,354)	**$ 57,058,020**	$ 53,794,568	**$ 435,315**	$ 425,440	**$ (31,438,990)**	$ (31,851,072)	**$ 73,038,014**	**$ 69,379,079**
Segment liabilities	**$ 7,154,036**	$ 5,663,667	**$ 322,849**	$ 1,703,823	**$ 40,129,447**	$ 33,507,575	**$ 37,252**	$ 78,512	**$ (807,650)**	$ (954,818)	**$ 46,835,934**	**$ 39,998,759**

The Corporation has four reportable Operations segments (please note the US geographic segment is also represented by AMI Silica).

AMI Aggregates

The Corporation produces and sells aggregate out of its Corporate Owned Pits (see the Operations section of this MD&A); managed the Coffey Lake aggregate pit on behalf of the Government of Alberta for which aggregate management services revenue were earned until June 30, 2023 at which the Corporation sold the Coffey Lake contract as part of a disposition of non-core assets.

Total revenues net of royalties was $1.2 million from AMI Aggregates for Q2-2023 compared to $1.0 million in Q2-2022. The increase in revenue was due to increased volumes from Coffey Lake.

Total revenues net of royalties was $1.6 million from AMI Aggregates for the six months ended June 30, 2023 compared to $5.4 million for the six months ended June 30, 2022. The large decrease was reflective of several large supply contracts in 2022 that were no longer in place in 2023.

AMI RockChain

Revenues for the second quarter were $0.065 million as compared to $0.7 million for the comparable period in 2022. Revenues were reflective of a contract that is no longer ongoing in Q2-2023.

Revenues for the six months ended June 30, 2023 were $0.3 million as compared to $2.8 million for the comparable period in 2022. The large decrease was reflective of a large transportation contract in 2022 that was no longer in place in 2023.

AMI Silica

AMI Silica is reported as a segment representing the Corporations sand assets including 50% ownership in AMI Silica LLC., 100% ownership of the Prosvita Sand Project, and 100% ownership of the Montney In-Basin Project. The Prosvita project is in the development stage and the Montney project is in the exploration stage and therefore neither project is currently generating revenue.

Revenue of $12.9 million in Q2-2023 was due entirely from industrial sand revenues from the 50% ownership in AMI Silica LLC, compared to $5.5 million in the same period in 2022.

Revenue of $25.2 million for the six months ended June 30, 2023 was due entirely from industrial sand revenues from the 50% ownership in AMI Silica LLC, compared to $8.6 million in the same period in 2022.

TerraShift

TerraShift earned $0.007 million in services revenue for Q2-2023 compared to $0.2 million in Q2-2022. TerraShift earned $0.04 million in services revenue for the six months ended June 30, 2023 compared to $0.5 million for the six months ended June 30, 2022. The significant decreases in 2023 are due to the winding down of operations in Q3-2022. As of August 24, 2022 the Corporation began to phase out the operations of TerraShift Engineering as part of the Corporation's staged plan to create a sustainable and resilient business model. Certain assets such as TerraMaps, will be maintained so they may continue to benefit other AMI divisions.

The "Corporate & Eliminations" segment represents services provided by RockChain and TerraShift to other segments and is disclosed for reconciliation purposes only.

Going Concern & Liquidity & Capital Resources

GOING CONCERN

The Corporation's interim condensed consolidated financial statements have been prepared on a going concern basis that contemplates the realization of assets and discharge of liabilities at their carrying values in the normal course of business for the foreseeable future. The Corporation's ability to continue as a going concern is dependent upon, but not limited to, its ability to raise the financing necessary to discharge its liabilities as they become due and generate positive cash flows from operations. During the six months ended June 30, 2023, the Corporation had a net loss of $2,484,281, including a gain of $1,207,150 (year ended December 31, 2022 – net income of $12,167,346 including a $24,057,403 gain on acquisition) and net cash from operations of $874,174 (year ended December 31, 2022 net cash used of $2,265,653). These aforementioned conditions have resulted in material uncertainties that may cast significant doubt about the Corporation's ability to continue as a going concern. The ability of the Corporation to continue as a going concern and to meet its obligations will be dependent upon generating positive cash flows from operations as well as obtaining debt or equity financing. However, there can be no assurance that the steps management is taking will be successful.

WORKING CAPITAL AND LIQUIDITY

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 negative working capital of ($7.0 million) as of June 30, 2023 (December 31, 2022: ($2.8 million)). As at June 30, 2023, the Corporation has insufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is exposed to significant liquidity risk (see also note 1 in the 2022 audited consolidated financial statements and note 1 in the unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2023).

The Corporation's sources of liquidity as of June 30, 2023 were cash, accounts receivable, shareholders' loans, the JMAC loan, the Corporation's letter of credit facility with Canadian Western Bank ("CWB") and AMI Silica LLC debt and accounts receivable financing.

BANK AND OTHER LOANS

JMAC Loan

On February 28, 2023, the Corporation obtained a secured bridge loan of $2,000,000 (the "**Loan**") from JMAC Energy Services LLC ("JMAC"). The Corporation used the proceeds of the Loan to repay its existing term loan with Canadian Western Bank ("CWB Loan") and for general working capital purposes.

The Loan will bear interest at a rate of 12% per annum, provided that the interest rate will increase to 18% per annum if there is an event of default. The Loan was structured to mature on June 30, 2023, but could be prepaid in full at any time following April 30, 2023. Additionally, the Loan will be secured by a first priority security interest over all of the assets of Athabasca and its Canadian subsidiaries following the discharge of the CWB Loan. JMAC is a related party to Athabasca, as JMAC is controlled by Jon McCreary who is a director of Athabasca, and, as such, the Loan is a "related party transaction" within the meaning of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**").

The Loan was obtained on reasonable commercial terms that are not less advantageous to Athabasca than if the Loan was obtained from a person dealing at arm's length with Athabasca and Athabasca's board of directors (other than Mr. McCreary) have approved the Loan. The Loan and interest are not convertible, or repayable, directly or indirectly, in equity or voting securities of Athabasca or any of its subsidiaries or otherwise participating in nature.

On June 30, 2023, the Corporation entered into an amended credit agreement ("First Amending Agreement") for the amendment of the Loan. The First Amending Agreement amends the Loan to bear interest at a rate of 14% per annum, provided that the interest rate increases to 20% per annum if there is an event of default. The Loan will mature on October 31, 2023, but may be prepaid in whole or in part at any time with not less than five (5) days prior notice. No bonus securities will be issued in connection with the First Amending Agreement.

CWB Bank Loan (CWB)

As at December 31, 2022 the Corporation had an outstanding balance owning of $193,735 and is not subject to any covenants as part of the credit facility. The loan is secured by a general security agreement on all Canadian assets and full liability guarantees from AMI RockChain Inc. and AMI Silica Inc.

On February 28, 2023, the Corporation repaid the outstanding balance owing at that time in the amount of $146,849 using proceeds from the JMAC loan which the Corporation obtained.

AMI Silica LLC Financing

On September 15, 2022, AMI Silica LLC. entered into a debt financing facility for US$2,700,000 with a US lender. Under the terms of this financing, the facility is secured by eligible equipment owned by AMI Silica LLC and is not subject to any covenants. A payment of principal amount in the amount of US$56,373 was paid at closing and thereafter 35 equal consecutive monthly installments, beginning on the 1st of October and continuing on the same day of each month with the final payment on August 1, 2025 ("maturity date"). All amounts outstanding, including all accrued and unpaid interest and other amounts payable, shall be due and payable on the maturity date. The loan interest rate is based on US prime rate as reported in the Wall Street Journal plus a Margin of 4.25%.

Letters of Credit

The issued and outstanding letters of credit are as follows:

	As at			
	June 30,2023		December 31, 2022	
Susan Lake pit	$	228,540	$	228,540
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		74,130		74,130
Coffey Lake perfomance bond		100,000		100,000
	$	954,430	$	954,430

These letters of credit are issued by CWB and secured guaranteed investment certificates and by Account Performance Service Guarantees. As part of the disposition of non-core assets, the letters of credit for Coffey Lake will be released as the terms of the sale agreement are completed.

Account Performance Service Guarantee

In July 2021 the Corporation entered into an Account Performance Service Guarantee (APSG) arrangement with Export Development Canada for a maximum aggregate liability of $1,000,000. The fee rate under the APSG is 0.2225% for financial types of obligations and 0.1692% for non-financial types of obligations.

Coffey Lake Performance Bond

The Corporation has a $500,000 bonding facility through Trisura Guarantee Insurance Company ("Trisura") for a $500,000 bond with the Government of Alberta for the Coffey Lake performance bond. The $500,000 performance bond with Trisura carries a 2% annual interest rate. Security for the performance 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 by Trisura. This $100,000 letter of credit is secured with a $100,000 guaranteed investment certificate.

As part of the disposition of non-core assets, the Coffey Lake performance bond will be released and the $100,000 restricted deposit will be returned and the $100,000 letter of credit will be cancelled.

Bonding Facility for Wisconsin Sand

As part of the acquisition of the operational U.S. sand mine and facilities in Hixton, Wisconsin, AMI Silica LLC. arranged a bonding facility through Trisura Guarantee Insurance Company ("Trisura") for various bonds required to close the transaction. The bonds are subject to an annual rate of 2.5% and are secured by a first security charge over all of the land, plant and equipment of the sand mine and facilities (with the exception of assets under the Northview loan). Bonds issued and outstanding under the facility total US$13,742,579 and are for reclamation, road use, railcar subleases and general performance.

Shareholders' Loans

On April 29, 2022, the Corporation borrowed $1,985,000 through shareholders loans from a director, officers, senior management, and two existing shareholders. The loans were for a period of twelve months, were unsecured with interest of 12% per annum, payable monthly. In June 2022, $85,000 in loans were repaid. On December 31, 2022 the shareholders' loan agreements were amended with annual interest now 14%, payable monthly and the principal repayment terms extended until May 1, 2024. The loans are still unsecured and the principal balance is due on May 1, 2024. In January 2023, an existing shareholder loaned the Corporation an additional $500,000 under the amended terms.

COMMITMENTS

The following table summarizes the expected contractual maturities of the Corporation's financial liabilities as at June 30, 2023:

	As at June 30,2023			
	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 15,951,527	$ -	$ -	$ 15,951,527
Income taxes payable	498,372	-	-	498,372
JMAC loan, bank and other loans, including interest	2,871,683	571,683	1,012,087	4,455,453
Shareholders' loans	2,400,000	331,000	-	2,731,000
Lease obligations, including interest	3,722,606	6,506,664	4,004,567	14,233,837
Total	**$ 25,444,188**	**$ 7,409,347**	**$ 5,016,654**	**$ 37,870,190**

SHARE CAPITAL

Common shares issued and outstanding, and other securities convertible into common shares are summarized in the following table:

	As at June 30, 2023	As at December 31, 2022
Common shares issued and outstanding	78,582,686	78,582,686
Options	2,946,400	3,721,600

As of June 30, 2023, 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.

The Corporation did not declare or pay dividends during the three and six months ended June 30, 2023 or the three and six months ended June 30, 2022 or for the year ended December 31, 2022.

As of August 23, 2023 there were 78,582,686 Common Shares issued and outstanding.

RELATED PARTY TRANSACTIONS

All related party transactions during the three and six months ended June 30, 2023 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 20 of the Unaudited Interim Condensed Consolidated Financial Statements for disclosure with respect to related party transactions.

The Corporation's related parties include three independent Directors, the Chief Executive Officer, the Chief Financial Officer, AMI RockChain Inc., AMI Silica Inc., AMI Silica LLC., TerraShift Engineering Ltd., the numbered Alberta corporation that owns the Montney In-Basin Project, and the numbered Alberta corporation that owns the Prosvita Sand Project.

On April 29, 2022, the Corporation entered into shareholder loan agreements for funds totaling $1,985,000 and an additional $500,000 in January 2023.

During the three and six months ended June 30, 2023, AMI provided management services to AMI Silica LLC for $57,705 and $143,427 respectively (three and six months ended June 30, 2022-$nil). During the three and six months ended June 30, 2023, JMAC provided accounting services to AMI Silica LLC for $57,705 and $143,427 respectively (three and six months ended June 30, 2022-$nil).

During the three and six months ended June 30, 2023, JMAC provided factoring services to AMI Silica LLC for working capital purposes. Interest and fees totaling USD $402,168 and USD $683,341 respectively were paid for these services (three and six months ended June 30, 2022-$nil).

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
Long-term deposits	Amortized cost
Restricted cash	Amortized cost
Accounts payable and accrued liabilities	Amortized cost
Shareholders' loans	Amortized cost
Bank and other loans	Amortized cost
Deferred share unit liability (included in Accounts payable and accrued liabilities)	Fair value through profit and loss

Fair Value

Due to the short-term nature of cash, trade and other receivables, as well as accounts payable and accrued liabilities and amounts due from related entities, the carrying value of these financial instruments approximate their fair value.

The fair value of restricted cash approximates the carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair values of the long-term deposits are not materially different from their carrying value.

The fair value of bank loans approximates their carrying value as they are at market rates of interest.

The deferred share unit liability is the only financial instrument measured at fair value on a recurring basis. The deferred share unit liability is a Level 2 fair value hierarchy measurement. There were no transfers between Level 1, 2, or 3 of the fair value hierarchy for the three and six months ended June 30, 2023 (year end December 31, 2022: none).

Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, trade and other receivables, and long-term deposits. The Corporation's maximum credit risk at June 30, 2023 is the carrying value of these financial assets.

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

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

	Current	30-60 days	60-90 days	> 90 days	Total
As at June 30,2023	**$ 11,935,427**	**$ (4,801)**	**$ (893,319)**	**$ (313,320)**	**$ 10,723,987**
As at December 31, 2022	**$ 4,774,045**	**$ 46,373**	**$ 150,364**	**$ 131,828**	**$ 5,102,610**

Three customers owing greater than 10% of the accounts receivable total balance accounted for 82% of the Corporation's accounts receivable as at June 30, 2023 (December 31, 2022: five customers accounted for 74%).

Liquidity Risk

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

As at June 30, 2023, the Corporation has insufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is exposed to significant liquidity risk (see also note 1 in the unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2023). The Corporation's financial liabilities include accounts payable and accrued liabilities, income taxes payable, the shareholders' loans, the JAMC loan and the bank and other loans and lease obligations, including interest.

For further information regarding the Corporation's financial instruments and how the Corporation manages the risk associated with the instruments refer to Note 22 in the Unaudited Interim Condensed Consolidated Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at June 30, 2023 or December 31, 2022.

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 a list of the Corporation's significant business risks.

- Exposure to fluctuations in foreign currency exchange, especially U.S. dollars in AMI Silica through AMI Silica LLC ;
- Economic cyclicality of the energy, civil and construction industries;
- Commodity risk;
- Environmental and regulatory;
- Conditions of equity markets;
- Access to capital;
- Risk of delays to projects and stakeholder management;
- Seasonality;
- Loss of key personnel;
- Shortage of equipment or other supplies;
- Sales and inventory turnover versus production;
- Profitability from production and operations;
- Reclamation and remediation obligations;
- Estimation of resource reserves;
- Health, safety and environment operations risks;
- Cyber security risk; and
- Litigation.

SIGNIFICANT MANAGEMENT ESTIMATES

The preparation of Audited 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 Audited 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 of changes in such estimates on the Audited Consolidated Financial Statements 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 Audited Consolidated Financial Statements for the year ended December 31, 2022.

SIGNIFICANT ACCOUNTING POLICIES

The Corporation's accounting policies are included in Note 3 of the Audited Consolidated Financial Statements for the Year Ended December 31, 2022. There were no changes to the Corporation's accounting policies during the three and six months ended June 30, 2023 and no new policies were adopted.

INTERNAL AND DISCLOSURE CONTROLS OVER FINANCIAL REPORTING

The Company is exempted from providing certifications regarding its disclosure controls and procedures as well as regarding its internal control over financial reporting as a "venture issuer". The Company is required to file basic certificates, which it has done for the year ended December 31, 2022. The Company makes no assessment relating to the establishment and maintenance of (i) disclosure controls and procedures or (ii) internal control over financial reporting (as such terms are defined under Multilateral Instrument 52-109) as at December 31, 2022.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related Unaudited Interim Condensed Consolidated Financial Statements for the three and six months ended June 30, 2023 at the Board of Directors meeting on August 23, 2023.

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 year ended December 31, 2022 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 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 June 30, 2023.

A copy of this MD&A, the Audited Consolidated 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.