



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

November 8, 2018

The following discussion of Athabasca Minerals Inc.'s financial condition and results of operations should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2018. The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts referred to in this management's discussion and analysis ("MD&A") are Canadian dollars. Athabasca Minerals Inc. ("Athabasca", "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 ABM-V.

Athabasca's board of directors, on the recommendation of the audit committee, approved the content of this MD&A on November 8, 2018.

Additional information about Athabasca, including our management information circular and quarterly reports, is available at [athabascaminerals.com](http://athabascaminerals.com) and on the System for Electronic Document Analysis and Retrieval (SEDAR) at [sedar.com](http://sedar.com).

## FORWARD LOOKING INFORMATION

This document contains "forward looking statements" concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to, statements with respect to the future price of commodities, the estimation of aggregate and mineral reserves and resources, the realization of aggregate and mineral reserve estimates, disposition of assets, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, potential joint-venture relationships, potential acquisitions, geographic diversification, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

Specifically, such forward-looking statements are set forth under "Liquidity and Capital Resources", "Financial Instruments", "Risks and Uncertainties" and "Outlook". In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects", "addressing", "striving" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "increasing", "improving", "optimizing", "intends", "anticipates" or "does not anticipate", or "believes", "pursuing", "recommence", "replenish", "reactivation" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements in the section entitled "Risks and Uncertainties", there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward-looking statements are made as of the date of this document and, other than as required by applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

## OUR BUSINESS

Athabasca Minerals Inc., incorporated in 2006, is a Canadian resource Corporation that manages, acquires, explores, develops and produces minerals located in Alberta.

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

In addition to the Susan Lake management contract (“Susan Lake Contract”), the Corporation holds Alberta Metallic and Industrial Minerals Permits and Surface Material Leases producing aggregate for a variety of purposes. The Corporation also acquires, explores and develops mineral claims located in Alberta for producing aggregate, extracting silica sand and other non-metallic minerals.

The Corporation’s strategic business focus is on opportunities that increase both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and acquisition of other aggregate resources and industrial minerals. Management continues to be focused on the diversification of supplying aggregate products to all sectors in the Alberta market. This includes supplying aggregates to new and existing oil sands projects as well as infrastructure projects. Much of the Corporation’s aggregate supply and industrial minerals are strategically situated nearby current and future development projects.

## BUSINESS HIGHLIGHTS

- Susan Lake Closure Plan is under review with Alberta Environment and Parks (“AEP”). Milestones for progressively closing the Susan Lake gravel pit will continue into 2019. Susan Lake Closure will result in an estimated incremental liability of \$1.4M, with the majority of cost to be incurred from Quarter -2 to Quarter – 4 of 2019.
- Susan Lake gravel pit remains operational under Overholding Tenancy status. Athabasca continues to collect volume-based pit management fees (net of Provincial Government Royalties) for the three months and nine months ended September 30, 2018 of \$1.2 million and \$2.4 million respectively;
- Continued progress in enhancing the business enterprise and valuation of AMI Silica Inc. “AMI Silica”, a wholly-owned subsidiary, in providing premium domestic frac sand for the oil and gas sector in Western Canada;
- Equipment and site selection have been finalized for AMI Silica’s planned processing facility in Mayerthorpe, AB;
- AMI Silica submitted its Development Permit application in late July for review and approval by the Town of Mayerthorpe and is working on a long-term lease agreement with the property owner and actively having discussions with capital firms with respect to financing of the Firebag frac-sand project;
- Gross profit improved by 59% and by 133% for the three and nine months ended September 30, 2018 to \$1.2 million and \$1.3 million respectively (three and nine months ended September 30, 2017: \$0.8 million and \$0.6 million respectively);
- General and administrative expense decreased by 17% and 12% for the three and nine months ended September 30, 2018 to \$0.7 million and \$2.0 million respectively (three and nine months ended September 30, 2017: \$0.9 million and \$2.2 million respectively);
- Working capital of \$6.0 million; current lease obligation of \$0.05 million; non-current lease obligation \$nil;
- Debt to equity ratio of 0.4; total liabilities of \$5.8 million; total shareholders’ equity of \$14.2 million.

## SELECTED FINANCIAL INFORMATION

|  | Three months ended September 30, |                     |             | Nine months ended September 30, |                       |             |
|--|----------------------------------|---------------------|-------------|---------------------------------|-----------------------|-------------|
|  | 2018                             | 2017                | % Change    | 2018                            | 2017                  | % Change    |
| <b>FINANCIAL HIGHLIGHTS:</b>                           |                                  |                     |             |                                 |                       |             |
| Aggregate Sales Revenue                                | \$ 1,769,211                     | \$ 2,026,736        | -13%        | \$ 2,023,693                    | \$ 2,730,200          | -26%        |
| Aggregate Management Services - Revenue                | 1,414,211                        | 2,481,158           | -43%        | 3,269,754                       | 4,349,512             | -25%        |
| Less: Provincial Government Royalties                  | (227,993)                        | (1,028,872)         | -78%        | (852,027)                       | (1,846,710)           | -54%        |
| Aggregate Management Fees - Net                        | 1,186,218                        | 1,452,286           | -18%        | 2,417,727                       | 2,502,802             | -3%         |
| <b>Revenue</b>   | <b>2,955,429</b>                 | <b>3,479,022</b>    | <b>-15%</b> | <b>4,441,420</b>                | <b>5,233,002</b>      | <b>-15%</b> |
| Gross profit   | 1,272,802                        | 801,942             | 59%         | 1,322,824                       | 566,890               | 133%        |
| Gross profit percent                                   | 43%                              | 23%                 |             | 30%                             | 11%                   |             |
| Operating loss   | (1,145,398)                      | (754,454)           | 52%         | (2,619,771)                     | (3,054,400)           | -14%        |
| Other Non-Operating income                             | 94,372                           | 171,138             | -45%        | 481,570                         | 412,078               | 17%         |
| <b>Total loss and comprehensive loss</b>               | <b>\$ (782,148)</b>              | <b>\$ (431,203)</b> | <b>81%</b>  | <b>\$ (1,577,257)</b>           | <b>\$ (1,958,309)</b> | <b>-19%</b> |
| Loss per share, basic and fully diluted (\$ per share) | (0.023)                          | (0.013)             | 80%         | (0.047)                         | (0.059)               | -20%        |
| <b>CASH FLOW HIGHLIGHTS:</b>                           |                                  |                     |             |                                 |                       |             |
| Net cash used in operating activities                  | 1,037,169                        | 201,218             | 415%        | 957,124                         | 76,938                | 1144%       |
| Spending on property and equipment                     | (1,430)                          | (3,575)             | -60%        | (64,807)                        | (18,271)              | 255%        |
| Spending on resource properties                        | (8,161)                          | (3,297)             | 148%        | (22,148)                        | (158,565)             | -86%        |
| Weighted Average # of Shares Outstanding               | 33,303,650                       | 33,303,650          |             | 33,303,650                      | 33,303,650            |             |
| <b>OPERATIONAL HIGHLIGHTS:</b>                         |                                  |                     |             |                                 |                       |             |
| <b>Tonnes sold</b>                                     |                                  |                     |             |                                 |                       |             |
| Susan Lake operations                                  | 382,645                          | 1,165,150           | -67%        | 1,095,710                       | 2,042,761             | -46%        |
| <b>As at</b>   |                                  |                     |             |                                 |                       |             |
|  | September 30, 2018               | December 31, 2017   | % Change    |                                 |                       |             |
| <b>FINANCIAL POSITION:</b>                             |                                  |                     |             |                                 |                       |             |
| Working capital <sup>1</sup>                           | \$ 5,959,594                     | \$ 5,257,07         | 13%         |                                 |                       |             |
| Total assets   | 19,949,558                       | 19,324,388          | 3%          |                                 |                       |             |
| Total liabilities                                      | 5,757,811                        | 3,625,719           | 59%         |                                 |                       |             |
| Shareholder's Equity                                   | 14,191,747                       | 15,698,669          | -10%        |                                 |                       |             |

<sup>1</sup>Non-IFRS Measure - identified and defined under "Liquidity & Capital Resources"

## FINANCIAL AND OPERATIONAL REVIEW

### REVENUE

Athabasca's revenue for the three months ended September 30, 2018 ("Q3-2018") decreased by 15% to \$3.0 million from \$3.5 million in Q3-2017 and for the nine months ended September 30, 2018 ("YTD-2018") decreased by 15% to \$4.4 million from \$5.2 million YTD-2017.

The decrease in Q3-2018 of 15% is comprised of a 18% decrease in Susan Lake management net revenues (Q3-2018: \$1.2 million vs. Q3-2017: \$1.5 million) as well as a 13% decrease in corporate pit sales (Q3-2018: \$1.8 million vs. Q3-2017: \$2.0 million). The 15% year to date decline in revenue is comprised of a 26% reduction in corporate pit revenue (YTD-2018: \$2.0 million vs. YTD-2017: \$2.7 million) as well as a 3% decrease in Susan Lake management net revenue (YTD-2018: \$2.4 million vs. YTD-2017: \$2.5 million).

The overall decline in corporate pit sales is the result of a decline in volumes taken by the largest corporate pit customer of 41% YTD-2018 compared to YTD-2017.

Susan Lake management net revenue decreased by 18% and 3% in the three and nine months ended September 30, 2018 due to a decrease in tonnage sold by 67% and 46% respectively. This was offset by a new per tonne surcharge from May 1 to June 30, 2018 of \$3.50 per tonne. An increased surcharge of \$5.00 per tonne commenced July 31, 2018 and will continue as part of concurrent operations until pit closure in 2019.

### GROSS PROFIT

Gross profit can be used to analyze the operational efficiency during a reporting period and to track changes in efficiency over time. This gives Management a valuable tool to evaluate the effect of variables that could affect revenue or cost of sales.

Athabasca's gross profit increased 59% during Q3-2018 to \$1.3 million compared to \$0.8 million in Q3-2017. The increase in gross profit of \$0.5 million was due to a \$1.0 million decrease in cost of sales offset by a \$0.5 million decrease in revenue. The decrease in cost of sales is due to a 17% or \$0.3 million decrease in operating costs and an 91% or \$0.7 million decrease in amortization, depreciation, and depletion.

Gross profit increased 133% during YTD-2018 to \$1.3 million compared to \$0.6 million in YTD-2017. The increase in gross profit of \$0.7 million was due to a 33% or \$1.5 million decrease in cost of sales offset by a 15% decrease in revenue noted above. The decrease in cost of sales is due to a 20% or \$0.6 million decrease in operating costs and a 72% or \$0.9 million decrease in amortization, depreciation, and depletion.

- Amortization, depreciation, and depletion decreased by \$0.7 million in Q3-2018 and \$0.9 million YTD-2018 due to the decrease in the depreciable amounts of property and equipment as a result of the sale of property and equipment with a carrying amount of \$2.7 million;
- Operating costs include the production cost of inventory sold, stockpile losses, pit office costs, maintenance costs, pit supplies, and operational employment costs. Operating costs decreased by \$0.3 million in Q3-2018 and \$0.7 million YTD-2018 due to the following:
  - 1% or \$0.01 million (Q3-2018) and 24% or \$0.4 million (YTD-2018) decrease in the production cost of inventory sold as a result of reduced sales from corporate pits;
  - 19% or \$0.01 million (Q3-2018) and 79% or \$0.1 million (YTD-2018) decrease in stockpile losses;
  - 74% or \$0.01 million (Q3-2018) decrease and 100% or \$0.1 million (YTD-2018) increase in maintenance costs to restore equipment in the second quarter; and
  - 66% or \$0.2 million (Q3-2018) and 23% or \$0.2 million (YTD-2018) decrease in operational employment costs.

## OPERATING LOSS

Athabasca's operating loss increased by 52% to \$1.1 million (Q3-2018) from \$0.8 million (Q3-2017) and decreased 14% to \$2.6 million (YTD-2018) from \$3.1 million (YTD-2017). The year to date decrease in operating loss of \$0.4 million was due to a \$0.7 million improvement in gross profit noted above, a \$0.3 million decrease in general and administrative expenses, a \$0.6 million decrease in amortization of the intangible asset, and a \$1.2 million increase in other operating expenses, largely the result of the addition of the Susan Lake closure costs in Q3-2018. Amortization of the intangible asset decreased due to Susan Lake management contract being fully amortized November 30, 2017.

### General and Administrative Expenses

|                             | Three months ended September 30, |            |          | Nine months ended September 30, |              |          |
|-----------------------------|----------------------------------|------------|----------|---------------------------------|--------------|----------|
|                             | 2018                             | 2017       | % Change | 2018                            | 2017         | % Change |
| Wages & benefits            | \$ 351,609                       | \$ 299,231 | 18%      | \$ 938,398                      | \$ 791,530   | 19%      |
| Legal & professional fees   | 89,159                           | 81,145     | 10%      | 295,436                         | 348,253      | -15%     |
| Rent & office expenses      | 50,609                           | 45,465     | 11%      | 142,089                         | 145,962      | -3%      |
| Consulting                  | 98,779                           | 47,476     | 108%     | 189,252                         | 188,081      | 1%       |
| Insurance                   | 20,532                           | 21,453     | -4%      | 106,410                         | 90,507       | 18%      |
| Directors fees and expenses | 37,973                           | 23,875     | 59%      | 119,062                         | 131,204      | -9%      |
| Investor relations          | 23,333                           | 34,404     | -32%     | 73,048                          | 84,647       | -14%     |
| General office              | 23,414                           | 32,326     | -28%     | 60,807                          | 75,855       | -20%     |
| Travel                      | 6,677                            | 15,218     | -56%     | 19,783                          | 36,745       | -46%     |
| Exploration                 | 11,147                           | 12,503     | -11%     | 18,285                          | 84,260       | -78%     |
| Severance                   | -                                | 245,500    | -100%    | -                               | 257,729      | -100%    |
|                             | \$ 713,232                       | \$ 858,596 | -17%     | \$ 1,962,570                    | \$ 2,234,773 | -12%     |

General and administrative expenses decreased by 12% or \$0.3 million YTD-2018 from YTD-2017. Wages and benefits increased by 19% or \$0.1 million as a result of having a full-time Chief Executive Officer, and project management resources for Susan Lake closure and AMI Silica Inc. This increase was offset by a 100% or \$0.3 million decrease in restructuring costs.

Athabasca is committed to achieving a competitive cost structure and Management is engaged in ongoing cost effectiveness strategy and analysis.

### TOTAL LOSS AND COMPREHENSIVE LOSS

The Corporation incurred a total comprehensive loss of \$1.6 million (\$0.047 per share) for the YTD-2018 as compared to a total comprehensive loss of \$2.0 million (\$0.059 per share) for the YTD-2017 and a total comprehensive loss of \$0.8 million (\$0.023 per share) during Q3-2018 compared to a total comprehensive loss of \$0.4 million (\$0.013 per share) during Q3-2017.

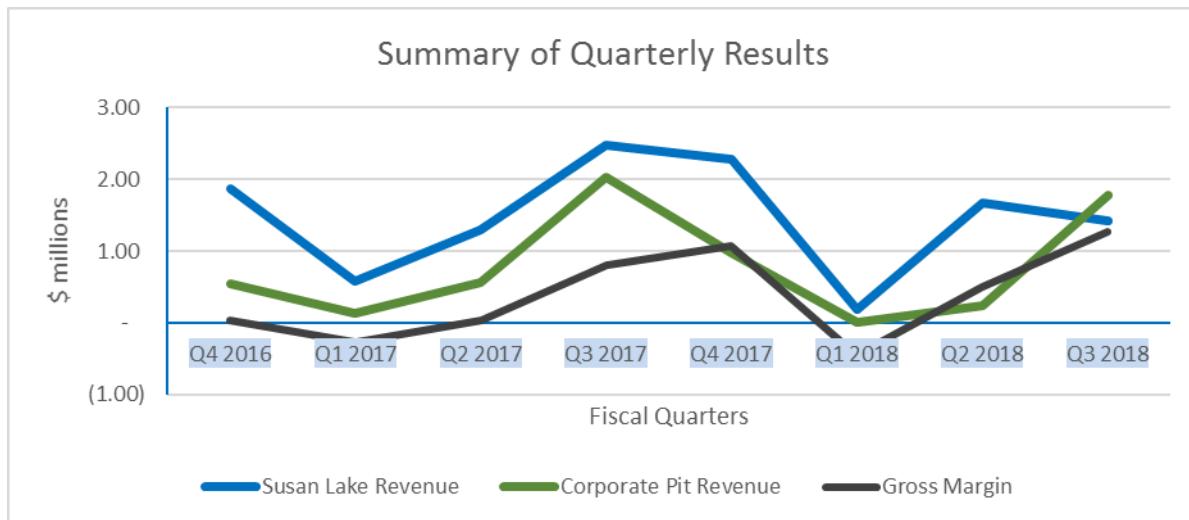
## SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from unaudited financial statements of the Corporation. The information has been prepared by Management in accordance with IFRS. Revenue refers to aggregate management fees and gross aggregate sales from pits which the Corporation owns the Alberta Metallic and Industrial Minerals Permits and the Surface Material Leases.

|  | Q3 2018       | Q2 2018       | Q1 2018       | Q4 2017       |
|--|---------------|---------------|---------------|---------------|
| Corporate Pit Revenue                        | 1,769,211     | \$ 247,720    | 6,762         | 976,894       |
| Susan Lake Management Fee Revenue            | \$ 1,414,211  | \$ 1,662,873  | \$ 192,670    | \$ 2,279,538  |
| Susan Lake Royalties                         | (227,993)     | (538,285)     | (85,749)      | (1,012,977)   |
|  | 1,186,218     | 1,124,588     | 106,921       | 1,266,561     |
| Revenue                                      | \$ 2,955,429  | \$ 1,372,308  | \$ 113,683    | \$ 2,243,455  |
| Gross Profit (Loss)                          | \$ 1,272,802  | \$ 494,320    | \$ (444,298)  | \$ 1,076,554  |
| Total Loss and Comprehensive Loss            | \$ (782,148)  | \$ (54,640)   | \$ (740,469)  | \$ (728,832)  |
| Loss per share, basic                        | \$ (0.023)    | \$ (0.002)    | \$ (0.022)    | \$ (0.022)    |
| Loss per share, diluted                      | \$ (0.023)    | \$ (0.002)    | \$ (0.022)    | \$ (0.022)    |
| Total Assets                                 | \$ 19,949,558 | \$ 18,885,242 | \$ 18,022,552 | \$ 19,324,388 |
| Total Resource Properties                    | \$ 6,240,437  | \$ 5,935,917  | \$ 5,891,420  | \$ 5,903,241  |
| Current portion of lease obligations         | \$ 51,011     | \$ 72,540     | \$ 182,398    | \$ 224,967    |
| Lease obligations on equipment held for sale | \$ -          | \$ -          | \$ 190,903    | \$ 230,811    |
| Total Debt (non-current)                     | \$ -          | \$ -          | \$ 7,355      | \$ 29,284     |
|  | Q3 2017       | Q2 2017       | Q1 2017       | Q4 2016       |
| Corporate Pit Revenue                        | 2,026,736     | 563,925       | 139,539       | 547,282       |
| Susan Lake Management Fee Revenue            | \$ 2,481,158  | \$ 1,285,959  | \$ 582,395    | \$ 1,864,466  |
| Susan Lake Royalties                         | (1,028,872)   | (572,274)     | (245,564)     | (826,737)     |
|  | 1,452,286     | 713,685       | 336,831       | 1,037,729     |
| Revenue                                      | \$ 3,479,022  | \$ 1,277,610  | \$ 476,370    | \$ 1,585,011  |
| Gross Profit (Loss)                          | \$ 801,942    | \$ 33,551     | \$ (268,603)  | \$ 26,029     |
| Total Loss and Comprehensive Loss            | \$ (431,203)  | \$ (672,550)  | \$ (854,556)  | \$ (915,343)  |
| Loss per share, basic                        | \$ (0.013)    | \$ (0.020)    | \$ (0.026)    | \$ (0.028)    |
| Loss per share, diluted                      | \$ (0.013)    | \$ (0.020)    | \$ (0.026)    | \$ (0.028)    |
| Total Assets                                 | \$ 20,932,668 | \$ 21,808,891 | \$ 22,587,523 | \$ 23,913,586 |
| Total Resource Properties                    | \$ 6,193,378  | \$ 6,810,618  | \$ 6,869,668  | \$ 6,889,219  |
| Current portion of lease obligations         | \$ 430,186    | \$ 581,378    | \$ 850,376    | \$ 1,094,647  |
| Lease obligations on equipment held for sale | \$ -          | \$ -          | \$ -          | \$ -          |
| Total Debt (non-current)                     | \$ 168,700    | \$ 275,206    | \$ 380,656    | \$ 485,062    |

### 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 often be affected by, among other things, weather conditions, timing of spring break-up, timing of projects, market demand and timing of growth capital investments in the region. Most construction, infrastructure and oil sands projects, to which the Corporation supplies aggregate, typically ramp up later in the summer and fall when ground conditions improve. These seasonal trends typically lead to quarterly fluctuations in operating results and as a result the financial results from one quarter are not necessarily indicative of financial results in other quarters. This can be seen in fluctuations in revenue and total comprehensive loss in the Summary of Quarterly Results.



## OUTLOOK

The Corporation is well situated with various pits in the heart of petroleum industry in Northern Alberta, particularly Oilsands and SAGD (steam-assisted gravity drainage) operations. With good access and proximity to Highway 63 and Highway 881 corridors, the Corporation supplies a broad client base relating to infrastructure, industry operations, development projects, and municipal construction. Inventory located at multiple pits, and at strategic staging locations enables the Corporation to bid and supply major orders as well as spot orders requiring immediate deliveries.

The 2018 operating plan currently focuses on revenue generation from Susan Lake (management contract), sales of production from Logan pit and KM248 pit, and sales of inventories from Conklin, and Sunday Creek staging areas.

Over the next 12 months, the Corporation is actively addressing and working on various strategic and operational initiatives relating to the following:

- Resolution of the Syncrude lawsuit;
- Conclude the Susan Lake Management Renewal Contract and execute the closure program of the Susan Lake Gravel Pit (still pending approval by AEP);
- Secure financing for AMI Silica's development project;
- Develop strategic trucking partnership to optimize logistics operating cost for AMI Silica;
- Conclude long-term lease agreements for land positioning in Mayerthorpe, AB for AMI Silica;
- Obtain pre-orders for year one of planned AMI Silica production;
- Sell existing stockpiled inventories of sand and gravel from Athabasca corporate pits;
- Selectively pursue conventional aggregate companies for potential acquisition;
- Replenish aggregate inventories at the Conklin hub to meet local construction annual demand; and
- Further develop the Aggregates Marketing arm to broker sales of 3<sup>rd</sup> party inventories to a larger market and expanded customer base in Western Canada.

The Corporation, through its wholly owned subsidiary, AMI Silica is actively developing a financing, operations and logistics strategy with an aim of having an operational frac-sand facility in Q4 2019. The mine location is fully permitted and ready to start mining once a final investment decision is reached.

## OPERATIONS

A conversion ratio of 2.471 acres to 1 hectare has been used throughout.

### SUSAN LAKE

The Corporation currently manages the Susan Lake Gravel Pit on behalf of the Government of Alberta pursuant to the Susan Lake Contract. The Corporation's services include exploration, identification of sand and gravel, clearing, topsoil stripping, site preparation, road maintenance, allocation of pit areas to specific users, scaling of material and general administration of the pit. For these services, the Corporation receives a management fee for each tonne of aggregate material removed from the pit for the duration of the Susan Lake Contract.

Susan Lake Gravel Pit remains operational under Overholding Tenancy status, since the Management Contract expiration on November 30, 2017. The Corporation has been actively working on closure related activities and managing the phased closure of the pit. A revised Closure Plan was formally submitted to AEP early May 2018 (with its most recent revision submitted October 2018) and is under review with final approval pending. Susan Lake Closure will result in an estimated incremental liability of \$1.4M, with the majority of cost to be incurred from Quarter -2 to Quarter – 4 of 2019.

The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray and is 5,880 acres (2,379.5 ha) in size. The majority of its sales are to neighbouring oil sands companies and supplying infrastructure aggregate to the Wood Buffalo Region. Between 1998 and 2017, aggregate sales from Susan Lake averaged 5.3 million tonnes per annum.

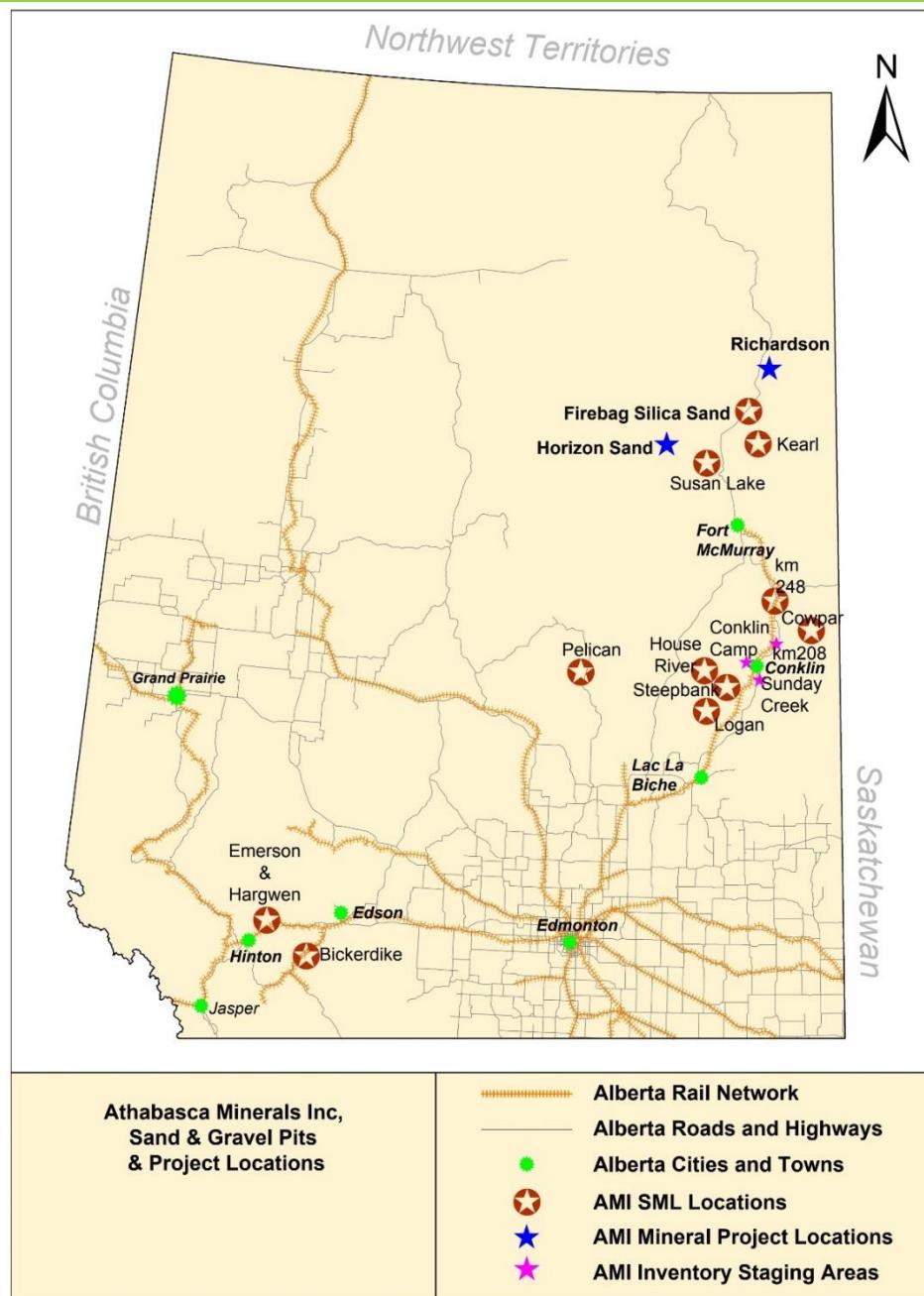
Although oil and gas related construction activities in the general Wood Buffalo area have declined, the Corporation continues to monitor product supply and demand in the region. Market indicators suggest an increase in the price of aggregates in the Ft. McMurray area given the closure of Susan Lake Pit, and delays in opening the Government of Alberta Coffey Lake Public Pit in 2019.

Management continues to work on the claim and counter-claim regarding Syncrude regarding the claim and counterclaim with external legal counsel.

### CORPORATE OWNED PITS

The Corporation holds the Surface Material Lease ("SML") for several aggregate pits in Northern Alberta for the purpose of extracting sand and gravel from these properties for a variety of purposes and customers. These aggregate operations are fully controlled by the Corporation, enabling the Corporation to benefit from the full market value on all sales of aggregates, including when applicable, the processing and delivery.

A SML grants the lease holder the right to extract sand and gravel from Crown land. The Corporation holds several SML's for gravel extraction in Northern Alberta and operates additional gravel SMLs held by other companies.



### KEARL PIT

The Kearn pit is located approximately 60 km east of the Susan Lake gravel pit. During March 2011, Athabasca received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years. The Corporation completed construction of an all-weather road linking the Kearn aggregate operation to several major oil sands operations for year round access.

The quality of the aggregate is suitable for road and infrastructure construction and ongoing maintenance. This pit is situated in close proximity to existing oil sands development and continues to be a major source of aggregate supply in the region.

There has been no production at the Kearl pit since 2015. With the impending closure of the Susan Lake pit by the Government of Alberta (see Susan Lake above), the Corporation is revisiting the reactivation of the Kearl pit for production. Approvals are in place for dewatering the site, and the Corporation received a license under the Water Act for the purpose of aggregate washing, equipment washing and dust control in the Kearl pit in September 2018. The Corporation is currently revisiting its geological assessment of remaining aggregate volumes to confirm production volumes and associated costs. Recent meetings held with local oil sands and SAGD clients in close proximity to the Kearl pit have taken place to address gravel supply from the Kearl pit, and market interest remains favourable.

#### **LOGAN PIT**

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is accessible with a seasonal winter road.

The Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation for a term of ten years in 2010. In February 2012, the Corporation announced the receipt of a NI 43-101 technical report for the Logan aggregate deposit. The initial indicated mineral resource aggregate included 1,357,000 tonnes of gravel and an initial inferred mineral resource quantity of 662,600 tonnes of gravel. The quality of the aggregate materials is suitable for road construction and maintenance. As part of the Corporation's operating plan for 2017 to rebuild its inventory in strategic locations close to the active markets, 87,000 tonnes of product was hauled from the Logan pit to the Conklin stockpile site during Q1 2017.

Preparation for mining and stockpiling of pit run material from the Logan pit resumed in late Q3 2017. Mining of pit run was completed in Q4 2017. The Corporation stockpiled approximately 108,000 tonnes of pit run for crushing to make gravel product and replenish Conklin inventories in Q4 2018 and Q1 2019. A revised permit to enable crushing at the Conklin staging and distribution hub was submitted early December 2017. AEP approval of the revised purpose to crush at Conklin staging was received in October 2018. A municipal permit is still outstanding to allow crushing at Conklin staging.

#### **HOUSE RIVER PIT**

The House River pit is located 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 the leased land for a term of ten years. The House River pit is currently accessible only by a winter season road. The Corporation is evaluating road improvements to allow for year-round delivery.

The Corporation has approval to establish a strategic staging area (DML) near the House River pit along Highway 63. Management is exploring the option to clear and prepare this DML in Q4 2018 to support a stock piling and crushing program of pit run inventories to be mined from the House River pit and transported to this hub.

#### **KM248 PIT**

On December 21, 2016, the Corporation purchased two gravel projects located in the Wood Buffalo region of Alberta, KM248 and Cowpar gravel properties for \$603,000. The Corporation has been the developer and operator of the KM248 and Cowpar gravel pits since July 2014, and paid a royalty to DeneCo Aggregates Ltd. ("DeneCo") based on aggregate deliveries from the two gravel pits. With the purchase of the gravel projects, the Corporation will not be subject to royalty payments to DeneCo, and will be responsible for the marketing and sale to customers in the region.

The KM248 pit is located adjacent to Hwy 881 which provides year-round access and has produced high quality aggregate product since inception. The pit has supplied a significant amount of gravel to SAGD operators and infrastructure upgrades in the Highway 881 corridor.

Production at the KM248 commenced in Q2 2017 and continued into Q3 2017. The Corporation used a contract crushing operator to produce multiple aggregate products.

Current indications suggest that KM248 pit has limited amounts of aggregate remaining that may not be economically recoverable. However, the location of the pit along Highway 881 makes it a useful staging and distribution hub that fits with the Corporation's marketing and distribution business plan.

### PELICAN HILL PIT

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca. The Corporation received SML approval (10-year term) in June 2011 on this 79.7 acre (32 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil and gas industry, as well as to the government or its partners for use in infrastructure projects in the area. Current indications for aggregate demand from this location appear to be encouraging and Management is reviewing market potential at this time. The Corporation has cleared trees and topsoil at this site in anticipation of potential demand with the recovery in the oil and gas industry.

The Corporation is re-assessing potential production plans for 2019.

### EMERSON PIT

The Emerson pit is located approximately 27 km southeast of the community of Hinton. The Corporation has the right to produce aggregate from the 75 acres (30 ha) mixed sand and gravel pit. The Corporation expects to supply aggregate from this property primarily to the oil and gas industry and its partners for use in infrastructure projects in the area. Current indications for aggregate demand from this location appear to be encouraging.

The Corporation has finalized a two year per tonne royalty agreement to monetize the resource.

### INVENTORY STAGING AREAS (Conklin, Sunday Creek, and KM208)

The Corporation has strategic inventory staging locations on accessible year-round roads at Conklin, Sunday Creek, and KM208 to support product supply and deliveries to local clients and industry on demand through the year. These staging areas accommodate seasonal production from Corporate pits, particularly from Logan Pit.

In 2018, the Corporation will continue to develop its existing strategic hubs for the staging and distribution of aggregate inventories, as well as selectively growing its portfolio. The functionality of Conklin and Poplar Creek hubs will be expanded, and KM248 pit is also planned for conversion to a staging hub. New staging hubs will be identified and pursued for the Corporation's House River pit and Firebag Silica Sand deposit to improve year-round accessibility to raw materials currently limited due to winter-road access constraints to these resource locations.

## Development & Exploration Projects

### AMI SILICA INC.

Athabasca Minerals transferred the Firebag frac sand mine to its wholly owned subsidiary AMI Silica. The transfer includes Corporation's right, title and interest, both legal and equitable, in the Firebag Assets to AMI in exchange for 33,302,650 Class A common shares of AMI at the fair market value of CDN \$30,375,000 based on an arms length valuation performed by Evans & Evans Inc.

AMI Silica is actively developing an operations and logistics strategy with an aim of having an operational frac-sand facility in Q4 2019. The mine location is fully permitted and ready to start mining once a final investment decision is reached. The Corporation has equipment and site selection for the wash/dry plant and screens. Selected suppliers have been notified with Letters of Intent conditional on the Corporation reaching a Final Investment Decision.

The Corporation is in discussions with the property owner in Mayerthorpe to translate the Letter of Intent previously signed into a long-term lease agreement. Site selection has been confirmed at Mayerthorpe, AB for our processing, storage and distribution hub. The Corporation is working on expanding its land-position to allow for a comprehensive hub to be established. A trucking trans-load facility will be incorporated into the Mayerthorpe hub, integral to the storage requirements for a wash/dry facility.

Discussions continue with a trucking company to establish a strategic partnership for low-cost trucking of frac-sand and a Letter of Intent was issued in Q3 2018.

AMI Silica's four key strategies are:

1. Become a midstream service provider and supplier of Silica-Sand
  - A. Sources include premium Firebag deposit
  - B. Additional sand deposits to be pursued near Montney and Duvernay areas
  - C. 3<sup>rd</sup> party sources of sand will be marketed to develop a comprehensive offering at strategic hub
2. Strategically locate all facilities, starting with the processing, storage and distribution hub located in the active Duvernay formation, with rail access
3. Vertical Integration across the value-chain
  - A. Trucking partnership being developed with existing sand-trucking company
  - B. Last-mile hauling options and well-site solutions to bring added value to clients
4. Market 100% of produced sand into either Frac-Sand or Industrial Sands markets (Zero-Waste)

AMI Silica has initiated discussions for pre-orders for the first year's production volume of its high-quality premium domestic sand with various potential customers and is in the process of providing samples for review by customers.

### RICHARDSON (CRUSHED STONE) PROJECT

This potential mega quarry is located approximately 70 km north of the Susan Lake Gravel pit and 130 km north of Fort McMurray. It contains high quality dolomite and granite. During fiscal 2012, the Corporation identified a granite outcrop at the Richardson Project that is accessible by winter road. During Q1 2013, initial drilling in this area was performed and in-house testing of samples was conducted. The drilling program encountered granite and dolomite confirming that granite extends beyond the granite outcrop.

With the impending closure of Susan Lake gravel pit, very limited options are available to the industry for aggregate supply in the Fort McMurray/Wood Buffalo region. The Corporation is preparing a front-end development scope associated with this project, including a preliminary budget for regulatory approvals. Regulatory sensitivities associated with Woodland Caribou remain a factor affecting the project. The Corporation met with AEP in Q4 2017 to discuss the project and to better understand development implications. AEP has advised that more will be conveyed about environmental constraints. An Environmental Impact Assessment (EIA) is an expected requirement. The Corporation is in discussions with a specialist consulting firm to develop a regulatory budget for development of the Richardson resource.

With the draft Caribou Range Plan published by the Government of Alberta, no immediate negative impact has been identified for development of the Richardson resource. The Corporation will take into account all requirements of the Caribou Range Plan and limit disturbance to the greatest extent possible to ensure the Richardson Project is in alignment with Government of Alberta's goals for restoring the caribou habitat. At this time, the impact to the Richardson Project as a result of Government of Alberta's decision to suspend portions of the draft Caribou Range Plan is unclear. The Corporation is continuing to consult with AEP.

In March 2014, the Corporation announced the completion of a winter drilling program at the Richardson Project. All holes successfully cored the dolomite and all but one intersected the granite basement rocks. Detailed core logging and sampling has been completed at Athabasca's Edmonton facility. Samples were then tested at a major independent testing lab in Calgary and were found suitable as aggregate for use in concrete, asphalt and road base.

The Richardson project consists of 8 mineral permits totaling 150,650 acres (60,966 ha). Apex Geoscience of Edmonton, Alberta has completed the National Instrument 43-101 technical resource report on the project. On June 9, 2015, Management released the results announcing an initial inferred crushed rock aggregate resource estimate of 683,000,000 tonnes with thickness ranging from 8.3m to 47.9m averaging 39.5m.

The granite is estimated at 165 million tonnes. The material meets requirements for aggregate designations as per the Alberta Transportation and Construction Builders Association guidelines.

## SAND, GRAVEL AND CRUSHED STONE EXPLORATION PROJECT SUMMARY

Management has 124 acres (50 ha) of sand and gravel exploration permits (SMEs) in application in the Fort McMurray and Conklin regions. On September 29, 2017 Management obtained approval from the provincial government to test 139 acres for clay resource. The SME was tested in Q1 of 2018 and samples sent for laboratory testing. Testing results received in Q2 indicated that resource did not prove favorable, therefore the Corporation will not pursue a SML application. The Corporation's intent is to test the SMEs, and where an economically recoverable resource is defined, convert the SMEs into surface material leases (SMLs).

In September 2015, Management received approvals in principle for the Steepbank and the Hinton (Hargwen) gravel SMLs totalling 150 acres. The Conservation and Reclamation Business Plan for Hargwen is currently in development and will be submitted to AEP for review in Q4 2018. Steepbank's SML boundary amendment has been submitted to AEP awaiting approval in principle. In March 2016, the Corporation applied for a 79 acre (32 ha) sand SML in the Edson area and is waiting on an approval in principle from the provincial government. The Edson sand has potential for use in construction.

# 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 has working capital of \$6.0 million as at September 30, 2018 which Management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. Working capital increased by \$0.7 million from December 31, 2017, when the working capital balance was \$5.3 million.

Current assets increased by 44% or \$2.9 million from December 31, 2017 (\$6.5 million) to \$9.4 million at September 30, 2018 which is largely due to the net proceeds received from the sale of equipment after repaying the HSBC Bank Canada and Komatsu Financial leases.

Current liabilities increased by 168% or \$2.2 million from \$1.3 million at December 31, 2017 to \$3.5 million at September 30, 2018. The increase is due to an increase of \$0.8 million in deposit liabilities from Susan Lake pit user prepayments collected to mitigate the risk to the Corporation of continuing to operate the Susan Lake pit beyond the initial term, a refundable fee collected from the pit users to reimburse the Corporation for costs to reclaim the road to the pit, an increase in accounts payable and accrued liabilities of \$0.3 million, and an increase in the current portion of environmental rehabilitation obligations of \$1.4 million as a result of booking the estimated Susan Lake closure costs. This is offset by a decrease in the current portion of lease obligations and lease obligations on equipment held for sale of \$0.4 million.

The Corporation is exposed to significant liquidity risk should Syncrude Canada Ltd. be successful in their counterclaim law suit, seeking damages in excess of \$68,000,000 as discussed below and in Note 22 of the Corporation's financial statements for the year ended December 31, 2017.

## AVAILABLE CREDIT FACILITIES

As of July 4, 2018, the Corporation has a credit facility with Canadian Western Bank which includes a letter of credit facility at a rate of 1.50% in the amounts of \$603,000, \$180,000, and \$500,000 in favour of the Government of Alberta and a credit card facility in the amount of \$20,000 which have been fully advanced as of September 30, 2018. Prior to June 30, 2018, the Corporation had a credit facility with HSBC Bank Canada which included a letter of guarantee facility at a rate of 3.50%, a credit card facility, and two leasing equipment facilities as of September 30, 2017.

The Corporation is not subject to any covenants as part of the current credit facility. As part of the credit facility in effect as of September 30, 2017, the Corporation was subject to three financial covenants. The funded debt to EBITDA (earnings before interest, taxes, stock-based compensation, depreciation and amortization and other one-time non-cash expenditures) ratio must be less than 2.75 to 1 for all reporting periods up to September 30, 2017. The debt service coverage ratio must be more than 1.25 to 1 for all reporting periods up to September 30, 2017. The Corporation must maintain a current ratio for all reporting periods up to September 30, 2017 in excess of 1.25 to 1.

As at September 30, 2017, the Corporation was not in compliance with certain financial covenants on their credit facility with HSBC Bank Canada, namely the funded debt to EBITDA ratio and the debt service coverage ratio. HSBC Bank Canada has granted the Corporation a forbearance for the three and nine months ended September 30, 2017 on the funded debt to EBITDA ratio and the debt service coverage ratio covenants. On May 3, 2018, the Corporation repaid the HSBC Bank Canada leases in full.

Under the current credit facility agreement the Corporation is not subject to any capital spending requirements. As part of the credit facility in effect as of September 30, 2017, the Corporation was subject to capital requirements by HSBC Bank Canada such that capital expenditures in any one year in excess of \$3,000,000 annually are restricted without prior written consent.

**Letter of Guarantee Facility**

The letters of commercial credit to the benefit of the Government of Alberta for decommissioning and restoration are as follows:

|                                 | As at               |                     |
|---------------------------------|---------------------|---------------------|
|                                 | September 30, 2018  | December 31, 2017   |
| Susan Lake Pit                  | \$ 603,000          | \$ 603,000          |
| Poplar Creek Site, storage yard | 180,000             | 248,760             |
| Poplar Creek pit                | 500,000             | 500,000             |
|                                 | <b>\$ 1,283,000</b> | <b>\$ 1,351,760</b> |

The Corporation has secured its letters of credit to the benefit of the Government of Alberta for decommissioning and restoration with guaranteed investment certificates to the benefit of Canadian Western Bank. Effective August 1, 2017, the Corporation secured its letters of credit with cash on deposit.

**Credit Card Facility**

The Corporation has access to a corporate credit card facility, up to a maximum of \$20,000 (December 31, 2017: \$50,000). Effective January 4, 2018, the Corporation has secured its corporate credit card facility with cash on deposit.

Security under the current Canadian Western Bank facility is as follows:

- 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 of September 30, 2017, the HSBC Bank Canada facility was as follows:

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

As of September 30, 2018, all HSBC Bank Canada credit facilities for the Corporation have been repaid and cancelled.

### COMMITMENTS

As at September 30, 2018, Athabasca has two lease obligations under lease facilities totaling \$0.05 million (December 31, 2017: \$0.5 million).

| Finance Leases                                  | Interest Rate | Monthly Instalments | As at              |                   |
|---|---------------|---------------------|--------------------|-------------------|
|   |               |                     | September 30, 2018 | December 31, 2017 |
| HSBC Lease #4, due September 21, 2018           | 4.614%        | \$ 7,452            | \$ -               | \$ 65,890         |
| HSBC Lease #5, due October 12, 2018             | 4.593%        | 7,481               | -                  | 73,353            |
| Cat Financial Lease #2, due May 31, 2019        | 3.680%        | 3,450               | <b>23,856</b>      | 53,785            |
| Cat Financial Lease #3, due May 31, 2019        | 3.680%        | 3,927               | <b>27,155</b>      | 61,223            |
| Komatsu Financial Lease #1, due May 8, 2019     | 3.490%        | 13,935              | -                  | 230,811           |
|   |               |                     | <b>51,011</b>      | 485,062           |
| Current portion - principal due within one year |               |                     | (51,011)           | (224,967)         |
| Current portion - held for sale asset           |               |                     | -                  | (230,811)         |
|   |               |                     | <b>\$ -</b>        | <b>\$ 29,284</b>  |

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

|   |                  |
|---|------------------|
| October 1, 2018 to September 30, 2019           | \$ 51,639        |
| Less: interest included in payments above       | 628              |
| Lease principal outstanding, September 30, 2018 | <b>\$ 51,011</b> |

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

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

Total interest expense on the lease obligations for the three and nine months ended September 30, 2018 was \$602 and \$8,062 (year ended December 31, 2017: \$38,587).

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

|                                       |            |
|---------------------------------------|------------|
| October 1, 2018 to September 30, 2019 | \$ 112,073 |
| October 1, 2019 to September 30, 2020 | \$ 15,500  |

The Corporation has no formal commitments for capital expenditures.

The minimum exploration expenditures to retain the Corporation's existing mineral permits are as follows:

|                         | <b>\$ per hectare</b> |
|-------------------------|-----------------------|
| First two year period   | \$ 5.00               |
| Second two year period  | \$ 10.00              |
| Third two year period   | \$ 10.00              |
| Fourth two year period  | \$ 15.00              |
| Fifth two year period   | \$ 15.00              |
| Sixth two year period   | \$ 15.00              |
| Seventh two year period | \$ 15.00              |

These expenditures will either be recorded on the balance sheet in resource properties or expensed in the statement of loss and comprehensive loss as cost of sales or general and administrative expenses, depending on the future viability of the project as at the reporting period.

In managing the exploration permits, the Corporation adds mineral permits in areas of interest and relinquishes mineral permits in areas that the exploration activities indicate a low potential of discovering mineral reserves. As permits are relinquished, the number of acres is decreased thereby reducing the spending commitment. The Corporation is in the process of exploring aggregate and mineral properties and has not yet determined whether these properties contain deposits that are economically recoverable. The continuing operations of the Corporation to meet its commitments, including the development of the properties, securing and maintaining title and financing exploration and development of the properties is dependent upon the internal generation of cash flow and obtaining necessary financing through debt and public and private share offerings.

## CAPITAL RESOURCES

As of September 30, 2018, the Corporation had 33,303,650 (December 31, 2017: 33,303,650) common shares outstanding.

Of the 2,220,000 (December 31, 2017: 1,270,000) outstanding stock options, 945,000 (December 31, 2017: 460,000) options have vested and therefore, were exercisable at September 30, 2018 at a weighted average exercise price of \$0.52 per share (December 31, 2017: \$0.89 per share).

The weighted average remaining contractual life of the options is 3.86 years (December 31, 2017: 3.86 years).

No options were exercised during the three and nine months ended September 30, 2018 (December 31, 2017: nil).

During the three and nine months ended September 30, 2018, 145,000 options expired or were cancelled respectively (December 31, 2017: 1,210,000 expired and cancelled).

During the three and nine months ended September 30, 2018, 1,095,000 options were granted to Directors, Officer and employees of the Corporation (December 31, 2017: 1,210,000).

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

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

The following is a summary of the outstanding stock options as at September 30, 2018 and December 31, 2017:

| Expiry Date        | Exercise Price | As at              |                   |
|--------------------|----------------|--------------------|-------------------|
|                    |                | September 30, 2018 | December 31, 2017 |
| September 6, 2018  | \$ 1.02        | -                  | 25,000            |
| June 26, 2019      | 2.90           | 100,000            | 100,000           |
| December 14, 2020  | 0.30           | 245,000            | 245,000           |
| January 13, 2022   | 0.24           | 270,000            | 270,000           |
| July 7, 2022       | 0.18           | 430,000            | 430,000           |
| November 23, 2022  | 0.22           | 130,000            | 200,000           |
| April 30, 2023     | 0.17           | 220,000            | -                 |
| June 4, 2023       | 0.17           | 665,000            | -                 |
| September 13, 2023 | 0.30           | 160,000            | -                 |
|                    |                | <b>2,220,000</b>   | <b>1,270,000</b>  |

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes Option Pricing Model. The fair value of the options granted in the last two years were estimated using the following assumptions:

| Grant Date         | # of Options | Exercise Price | Dividend Yield | Expected Volatility | Risk free rate of return | Expected life | Weighted Average Fair Value |       | Forfeiture rate |
|--------------------|--------------|----------------|----------------|---------------------|--------------------------|---------------|-----------------------------|-------|-----------------|
|                    |              |                |                |                     |                          |               | Value                       | Rate  |                 |
| September 13, 2018 | 160,000      | \$ 0.30        | Nil            | 74.3%               | 2.24%                    | 5 years       | \$ 0.18                     | 16.6% |                 |
| June 4, 2018       | 665,000      | \$ 0.17        | Nil            | 74.4%               | 2.10%                    | 5 years       | \$ 0.10                     | 16.3% |                 |
| April 30, 2018     | 270,000      | \$ 0.17        | Nil            | 72.9%               | 2.10%                    | 5 years       | \$ 0.10                     | 16.5% |                 |
| November 23, 2017  | 200,000      | \$ 0.22        | Nil            | 73.4%               | 1.61%                    | 5 years       | \$ 0.13                     | 16.8% |                 |
| July 7, 2017       | 530,000      | \$ 0.18        | Nil            | 74.1%               | 1.46%                    | 5 years       | \$ 0.11                     | 15.3% |                 |
| January 13, 2017   | 480,000      | \$ 0.24        | Nil            | 74.3%               | 1.13%                    | 5 years       | \$ 0.14                     | 15.3% |                 |

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

The Corporation has not declared or paid dividends during the three and nine months ended September 30, 2018 or the year ended December 31, 2017.

## CONTINGENCY

### Syncrude Counterclaim

The Corporation has received the Statement of Defense and Counterclaim from Syncrude Canada Ltd. ("Syncrude") in respect to the Corporation's dispute with Syncrude regarding approximately \$620,000 in user fees and government royalties that the Corporation believes are owed by Syncrude to the Corporation in respect of gravel used by Syncrude from the Susan Lake Public Pit. In addition to denying all allegations in the Corporation's Statement of Claim, Syncrude has brought several counterclaims against the Corporation and is seeking damages in excess of \$68,000,000 (the "Counterclaim").

Athabasca Minerals believes the Counterclaim is without merit and will defend it rigorously. The outcome of the counterclaim is unknown at this time.

## RELATED PARTY TRANSACTIONS

The Corporation's related parties include four Directors, the Chief Executive Officer, Interim Chief Executive Officer, the Chief Financial Officer, the Chief Operations Officer, and a janitorial service provider who is a family member of a former Officer of the Corporation.

The remuneration earned by the Directors was as follows:

|   | Three months ended September 30, |                  | Nine months ended September 30, |                   |
|---|----------------------------------|------------------|---------------------------------|-------------------|
|   | 2018                             | 2017             | 2018                            | 2017              |
| <b>Directors:</b>                         |                                  |                  |                                 |                   |
| Directors fees                            | \$ 37,500                        | \$ 23,875        | \$ 117,667                      | \$ 129,438        |
| Travel and miscellaneous expenses         | 473                              | -                | 1,395                           | 1,766             |
| Share-based compensation                  | 9,292                            | 2,972            | 16,422                          | 29,063            |
|   | <b>\$ 47,265</b>                 | <b>\$ 26,847</b> | <b>\$ 135,484</b>               | <b>\$ 160,267</b> |
| <b>Accounts Payable - related parties</b> |                                  |                  |                                 |                   |
| Director fees                             | \$ -                             | \$ 1,184         | \$ -                            | \$ 1,184          |
| Officers expenses                         | 2,465                            | 621              | 2,465                           | 621               |
|   | <b>\$ 2,465</b>                  | <b>\$ 1,805</b>  | <b>\$ 2,465</b>                 | <b>\$ 1,805</b>   |

Amounts due to related parties for Director fees and expenses as at September 30, 2018 was \$nil (September 30, 2017: \$1,184). The Director's fees are paid on a quarterly basis. The unpaid amounts due to Directors are unsecured and bear no interest.

Equipment repairs and hauling services were paid to two Companies which are owned and managed by a Director of the Corporation and members of the Director's immediate family during the three and nine months ended September 30, 2018 of \$nil and \$161,200 respectively (three and nine months ended September 30, 2017: \$nil and \$nil). The balance owing with respect to these services at September 30, 2018 was \$nil (September 30, 2017: \$nil).

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

## FINANCIAL INSTRUMENTS

### Classification

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

| Financial statement item                 | Classification |
|--|----------------|
| Cash                                     | Amortized cost |
| Accounts receivable                      | Amortized cost |
| Long-term deposits                       | Amortized cost |
| Restricted cash                          | Amortized cost |
| Accounts payable and accrued liabilities | Amortized cost |

### Fair Value

Due to the short-term nature of cash, accounts receivable, accounts payable and accrued liabilities the carrying value of these financial instruments approximate their fair value. The fair value of restricted cash approximates the carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits are not materially different from their carrying value.

### Credit Risk

Financial instruments that potentially subject the Corporation to credit risk consist primarily of cash, restricted cash, accounts receivable, and long-term deposits. The Corporation's maximum credit risk at September 30, 2018 is the carrying value of these financial assets.

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

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.

## FINANCIAL INSTRUMENTS - CONTINUED

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

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

|                    | Days outstanding | Estimated loss rate | Accounts receivable - gross | Lifetime expected credit loss | Accounts receivable - net |
|--------------------|------------------|---------------------|-----------------------------|-------------------------------|---------------------------|
| New customers      | Current (0-60)   | 1.60%               | \$ 779,540                  | \$ (12,498)                   | \$ 767,042                |
|                    | 60-90            | 0.00%               | \$ -                        | \$ -                          | \$ -                      |
|                    | 90+              | 13.90%              | \$ 2,100                    | \$ (292)                      | \$ 1,808                  |
|                    |                  |                     | \$ 781,640                  | \$ (12,790)                   | \$ 768,850                |
| Previous customers | Current (0-60)   | 0.05%               | \$ 1,180,609                | \$ (623)                      | \$ 1,179,986              |
|                    | 60-90            | 0.15%               | \$ 96,815                   | \$ (148)                      | \$ 96,667                 |
|                    | 90+              | 0.31%               | \$ 113,530                  | \$ (347)                      | \$ 113,183                |
|                    |                  |                     | \$ 1,390,954                | \$ (1,118)                    | \$ 1,389,836              |
|                    |                  |                     | \$ 2,172,594                | \$ (13,908)                   | \$ 2,158,686              |

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

| As at September 30,<br>2018                          |           |
|--|-----------|
| Balance, as at January 1, 2018                       | \$ 3,054  |
| Adjustment to lifetime expected credit loss estimate | \$ 10,854 |
| Balance, as at September 30, 2018                    | \$ 13,908 |

The accounts receivable aging is as follows:

|                          | Current      | 60-90 days | > 90 days  | Total        |
|--------------------------|--------------|------------|------------|--------------|
| As at September 30, 2018 | \$ 1,947,028 | \$ 96,667  | \$ 114,991 | \$ 2,158,686 |
| As at December 31, 2017  | \$ 1,178,096 | \$ 206,361 | \$ 8,242   | \$ 1,392,699 |

Five customers each individually owing greater than 10% of the accounts receivable total balance accounted for 91% for the Corporation's accounts receivable as at September 30, 2018 (December 31, 2017: five customers accounted for 71%).

## FINANCIAL INSTRUMENTS - CONTINUED

### Liquidity Risk

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

As at September 30, 2018, the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation's financial liabilities include accounts payable, accrued liabilities and lease obligations, including interest.

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

|  | As at September 30, 2018 |             |                   |
|--|--------------------------|-------------|-------------------|
|  | 0 - 1 year               | 2 - 3 years | Total             |
| Accounts payable and accrued liabilities | \$ 841,484               | \$ -        | \$ 841,484        |
| Lease obligations, including interest    | 51,639                   | -           | 51,639            |
| <b>Total</b>                             | <b>\$ 893,123</b>        | <b>\$ -</b> | <b>\$ 893,123</b> |

|  | As at December 31, 2017 |                  |                     |
|--|-------------------------|------------------|---------------------|
|  | 0 - 1 year              | 2 - 3 years      | Total               |
| Accounts payable and accrued liabilities | \$ 510,669              | \$ -             | \$ 510,669          |
| Lease obligations, including interest    | 467,491                 | 29,509           | 497,000             |
| <b>Total</b>                             | <b>\$ 978,160</b>       | <b>\$ 29,509</b> | <b>\$ 1,007,669</b> |

## OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements as at September 30, 2018 or at December 31, 2017.

## 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 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 relating to the Corporation ("Forward Looking Information").

Outlined below are some of the Corporation's significant business risks.

### **Reliance on oil sands industry**

Demand for Athabasca's products can vary significantly depending on the strength of the oil sands industry in Alberta.

### **Seasonality**

Extreme weather conditions in Alberta can impact the mining industry during cold winter months and wet spring months.

### **Commodity risk**

Athabasca's aggregate products, as well as potential development project products, such as silica sand and salt, are commodities, and as such, there is always pricing risk in a competitive market.

### **Viability of the equity market**

The Corporation's on-going ability to finance exploration will depend on among other things the viability of the equity market.

### **Access to additional capital**

The Corporation's ability to access additional capital may be limited for future projects due to inherent risk in equity or debt markets.

### **Susan Lake Contract – Request for Extension and Contract Closure terms**

The Susan Lake Management Contract expired on 30<sup>th</sup> November 2017, however, all terms and conditions of the expired contract remain in full effect through AMI's Overholding Tenancy status. AMI continues to work with the Government of Alberta through AEP to develop the Susan Lake Closure Plan and be granted a new disposition that will cover all closure activities. There have been no lost management fees associated with the transport of stockpiled aggregate materials due to the contract expiration. A revised Closure Plan was formally submitted to AEP early May 2018 (with its most recent revision submitted October 2018) and is under review that will schedule closure activities throughout 2018 and expected into 2019; with an additional monitoring period of 2 years thereafter. Additionally, AEP has the authority to stipulate conditions associated with the Corporation's Susan Lake Closure Plan that could pose significant costs.

### **Loss of key personnel**

Athabasca relies on certain key employees whose skills and knowledge are critical to maintaining the Corporation's success. Athabasca always strives to identify and retain key employees and always strives to be competitive with compensation and working conditions.

### **Shortage of equipment or other supplies**

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

### **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 the relevant project. Athabasca's past and future decisions to acquire and develop resource properties and operate for production are based on estimates made as to the expected or anticipated project's 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.

Re-entering the corporation's Kearl gravel pit in 2018 to resume production does pose a certain degree of cost and production risk and uncertainty relating to the dewatering program and geology affecting the determination of remaining aggregates.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such estimates.

### **Sales and Inventory Turnover versus Production**

The conversion of annual aggregates production into annual sales within a given budget year is variable, where sales often range between 50% - 80% of production. 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.

### **Environmental and Regulatory**

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Corporation's operations may cause additional expenses and restrictions. If the restrictions adversely affect the scope of exploration and development on the resource properties, the potential for production on the property may be diminished or negated.

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 Corporation conducts its exploration, development, production, operations and reclamation activities in compliance with applicable environmental protection legislation. The Corporation is not aware of any existing environmental problems related to any of its current properties.

### **Reclamation obligations**

The estimates made by the Corporation for reclamation obligations could significantly change due to potential changes in regulatory requirements prior to completing reclamation work.

### **Estimation of resource reserves**

The Corporation has a risk that current estimates of reserves and resources may differ from actual.

### **Environmental, health and safety risk**

The Corporation has a strong safety and environmental record, but any major incident in the future can significantly impact operational results and employee productivity, as well as the Corporation's reputation in the market.

### **Cyber security risk**

The Corporation's operations may be disrupted or threatened by cyber-attacks or viruses. The business requires the continued operation of information technology systems and network infrastructure. Management believes it has implemented reasonable security measures to prevent disability or failure. However, if the Corporation's systems cannot be recovered in a timely manner, the Corporation may be unable to meet critical business functions, which could have a material adverse effect on the business, financial condition and results of operations.

### **Litigation**

The Corporation's ability to determine the legal costs in defending a lawsuit filed by Syncrude Canada Ltd. is not determinable and may be significant.

# NEW ACCOUNTING STANDARDS

## Changes to Significant Accounting Policies

The accounting policies applied in these unaudited interim condensed consolidated financial statements are the same as those applied in the December 31, 2017 audited financial statements, except as discussed below.

### IFRS 9 – Financial Instruments (“IFRS 9”)

IFRS 9 utilizes a single approach to determine whether a financial asset is measured at amortized cost or fair value and a new mixed measurement model for debt instruments having only two categories: amortized cost and fair value. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. It also introduced a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. The Corporation adopted this standard effective January 1, 2018.

The table below summarizes the classification and carrying amount changes upon transition from IAS 39 to IFRS 9 as of January 1, 2018:

| Financial statement item                 | Original under IAS 39       |                 | New under IFRS 9 |                 |
|--|-----------------------------|-----------------|------------------|-----------------|
|  | Classification              | Carrying amount | Classification   | Carrying amount |
| Cash                                     | Loans and receivables       | \$ 2,629,371    | Amortized cost   | \$ 2,629,371    |
| Accounts receivable (1)                  | Loans and receivables       | 1,392,699       | Amortized cost   | 1,389,645       |
| Long-term deposits                       | Loans and receivables       | 863,700         | Amortized cost   | 863,700         |
| Restricted cash                          | Loans and receivables       | 1,699,788       | Amortized cost   | 1,699,788       |
| Accounts payable and accrued liabilities | Other financial liabilities | 510,669         | Amortized cost   | 510,669         |

(1) Accounts receivable that were classified as loans and receivables under IAS 39 are now classified at amortized cost under IFRS 9. Impairment losses increased by \$3,054 as a result of the application of this new standard and was adjusted in opening retained earnings as of January 1, 2018.

As the standard permits on transition to IFRS 9, the Corporation has not restated prior periods with respect to the new amortized cost measurement for financial assets and impairment requirements. The difference in the carrying amount of trade receivables has been recorded as an adjustment through opening retained earnings as of January 1, 2018.

### Initial recognition and measurement

The Corporation initially recognizes a financial instrument when it has become party to the contractual provisions of the financial instrument. Financial instruments are initially measured at fair value plus or minus directly attributable transaction costs to acquire or issue the instrument.

### Classification and subsequent measurement

#### Financial assets:

The Corporation classifies its financial assets as either measured at 1) amortized cost using the effective interest method 2) fair value through other comprehensive income or 3) fair value through profit or loss. Classification is based on the Corporation’s business model for managing financial assets, which is to hold the financial asset to collect contractual cash flows, and the contractual cash flows of the asset, which are solely payments of principal and interest.

#### Financial liabilities:

The Corporation classifies and measures its financial liabilities at amortized cost.

### Derecognition

Financial assets are derecognized when the contractual rights to the cash flows expire or the financial asset is transferred to another entity and the Corporation is no longer entitled to the contractual cash flows or has an obligation to pay the cash flows to another party.

The Corporation writes-off a financial asset when the party to the financial asset has defaulted on their obligations to the Corporation. Default is when there is no longer a reasonable expectation of recovering the asset, which is subject to Management judgement, but is typically when either one or a combination of the following events have occurred:

- The party to the financial asset is continuously unresponsive to Management's collection efforts,
- The Corporation has placed a lien on the customer's project, and/or
- The Corporation has commenced legal action against the customer.

Financial liabilities are derecognized when the liability is discharged, cancels, or expires.

### Impairment

At the end of each reporting date, the Corporation measures loss allowances for financial assets at the 12-month expected credit loss, unless the credit risk of the financial asset has significantly increased since initial recognition, in which case the loss allowance is measured using the lifetime expected credit loss approach. The credit risk of a financial asset has increased significantly since initial recognition when, for example, one or more of the following have occurred:

- The Corporation receives information that the party to the financial asset's economic position has deteriorated,
- Contractual payments are more than 60 days past due, which is typical for the industry in which the Corporation operates, and/or
- The party to the financial asset is continuously unresponsive to Management's collection efforts.

As is typical in the industry, the Corporation's customers typically pay after 60 days past due. As such, the Corporation rebuts the presumption in IFRS 9 that there is a significant increase in credit risk once a financial asset is 30 days past due.

### Impairment for trade receivables

The loss allowance for trade receivables, contract assets and lease receivables, without a significant financing component classified at amortized cost, are measured using the lifetime expected credit loss approach. Under the lifetime expected credit loss approach, expected credit losses are measured using a present value and probability-weighted model that considers all reasonable and supportable information available without undue cost or effort along with the information available concerning past defaults, current conditions and forecasts at the reporting date. Impairment losses are presented as a decrease in accounts receivable and an expense through the statement of loss and comprehensive loss as impairment loss on trade receivables. If in a subsequent period, the estimated credit loss decreases, the previously recognized impairment loss will be reversed through the statement of loss and comprehensive loss.

The table below summarizes the changes to the statement of financial position as a result of the impairment allowances previously recognized under IAS 39 and the new impairment allowances under IFRS 9 as of January 1, 2018:

| Financial statement item                 | Original under IAS 39 | Change on transition to IFRS 9: | New under IFRS 9 |
|--|-----------------------|---------------------------------|------------------|
| Accounts receivable impairment allowance | \$ -                  | \$ 3,054                        | \$ 3,054         |
| Deferred tax liability                   | \$ 524,788            | \$ (825) \$ 2,229               | \$ 523,963       |

## **IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”)**

IFRS 15 replaced IAS 18, “Revenue”. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Corporation adopted this standard effective January 1, 2018 and applied retrospectively using the cumulative effect method.

Under IAS 18, the previous standard, the amount of revenue was equal to the fair value of the consideration received or receivable, which was the price negotiated with the customer. Under IFRS 15, the transaction price is equal to the amount of consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, which will continue to be the price negotiated with the customer. As such, there was no change in the amount of revenue recognized in the financial statements under the new standard based on the Corporation’s current operations.

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

### **Revenue Recognition**

Prior to revenue being recognized in the statement of loss and comprehensive loss, the Corporation must have an enforceable sales contract, in accordance with customary business practices that clearly outline each party’s rights regarding the goods to be transferred, payment terms, etc.; the contract must have economic substance; and it must be probable that the Corporation will ultimately receive payment.

The Corporation determines the transaction price, which is the contract price net of discounts plus variable consideration, and allocates the transaction price to the performance obligations stated in the contract. Typically, the only performance obligation stated in the Corporation’s contracts is to transfer control of aggregate to the customer.

Revenue is recognized at the point in time where the Corporation has transferred control of the aggregate to the customer, as follows:

### **Corporate Pits**

The Corporation sells aggregates from pits which it owns the Alberta Metallic and Industrial Minerals Permits and Surface Material Leases. The Corporation transfers control to the customer and recognizes revenue at the point in time where the aggregate material leaves the pit.

### **Susan Lake Aggregate Pit**

The Corporation manages the Susan Lake aggregate pit where a management fee is earned based on the volume extracted from the pit. The Corporation transfers control to the customer and recognizes revenue at the point in time where the aggregate material leaves the pit.

### **Contract costs**

Any incremental costs of obtaining a contract, such as sales commissions, are capitalized as a contract cost on the statement of financial position, as long as the Corporation expects to recover those costs. Any costs to obtain a contract that would have been incurred whether or not the contract was obtained, are expensed through the statement of loss and comprehensive loss. Any contract costs capitalized are amortized over the contract term. An impairment loss is recognized when the carrying amount of the contract costs exceeds the remaining amount of consideration that the Corporation expects to receive under the contract less the direct costs associated with transferring control of the aggregate to the customer. These impairment losses are recognized through the statement of loss and comprehensive loss, along with any reversals of previous impairment losses.

### **Contract assets/liabilities**

Depending on the relationship between customer payments and work performed, a contract asset or liability will be presented on the statement of financial position. If the Corporation transfers control of aggregate to the customer prior to payment coming due, a contract asset is shown on the statement of financial position. Similarly, if the Corporation receives payment in advance of transferring control of aggregate to the customer, then a contract liability is shown on the statement of financial position.

### **Practical expedients**

The Corporation will apply the following practical expedient upon transition to IFRS 15:

- As the Corporation used the cumulative effect method upon initial adoption of IFRS 15, the Corporation will only apply IFRS 15 retrospectively to contracts that are not completed contracts as of January 1, 2018.

The Corporation will apply the following practical expedients on an ongoing basis:

- The Corporation's contracts are usually for a term less than one year. As such, the disclosures involving the transaction price allocated to remaining performance obligations is not required. Further, the capitalization of incremental costs of obtaining a contract is not required, as the amortization period of the asset would be the contract term, which is less than one year; and
- The Corporation typically receives payment within the year that the control of the aggregate is transferred to the customer. As such, the amount of considering will not adjusted for the effects of a significant financing component at contract inception.

### **Standards Issued But Not Yet Effective**

#### **IFRS 16 – Leases (“IFRS 16”)**

In January 2016, the IASB issued a new standard on leases, IFRS 16, “Leases”. IFRS 16 will require lessees to recognize assets and liabilities for most leases under a single accounting model for which all leases will be accounted for, with certain exemptions. For lessors, IFRS 16 is expected to have little change from existing accounting standards (IAS 17 – Leases). IFRS 16 will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Corporation is evaluating any potential impact of adopting this standard on its annual financial statements.

#### **IFRIC 23 - Uncertainty Over Income Tax Treatments (“IFRIC 23”)**

This interpretation clarifies the recognition and measurement requirements in IAS 12 Income Taxes for taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates, when there are uncertainties over tax treatments. IFRIC 23 will be effective for annual periods beginning on or after January 1, 2019. Early application is permitted.

This interpretation provides guidance on:

- Whether to consider multiple uncertainties together or separately;
- Assessing how uncertainties affect taxable profit (loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- Assessing the likelihood that a taxation authority will accept an uncertain tax treatment and reflecting the most likely amount that the entity will have to pay.

The Corporation is evaluating any potential impact of adopting this standard on its annual financial statements.

## APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the three and nine months ended September 30, 2018 at the Board of Directors meeting on November 8, 2018.

Under National Instrument 52-109F2 Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), TSX Venture 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 and nine months ended September 30, 2018 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 and nine months ended September 30, 2018.

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](http://www.sedar.com).