



MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2015



Management's Discussion and Analysis

For the Three Months Ended June 30, 2015

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MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three and Six Months Ended June 30, 2015

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation"). The purpose of this document is also to help the reader understand the anticipated future performance of the Corporation.

This MD&A has been prepared as of August 14, 2015. It provides analysis of the Company's financial results for the three and six months ended June 30, 2015 and should be read in conjunction with the accompanying unaudited condensed consolidated financial statements for the three and six months ended June 30, 2015 and is compared with the results for the three and six months ended May 31, 2014. This MD&A should be read in conjunction of Corporation's audited annual consolidated financial statements for the thirteen months ended December 31, 2014 and the related notes to.

All amounts have been expressed in Canadian dollars (except where noted), and have been prepared in accordance with International Financial Reporting Standards ("IFRS") (except where noted). Additional information about Athabasca may be found at the Corporation's website at www.athabascaminerals.com or within the Corporation's SEDAR profile at www.sedar.com.

Management is responsible for the preparation and integrity of this MD&A, together with the financial statements referred to in this MD&A, and provides officers' disclosure certifications, which are also filed on SEDAR.

Readers are cautioned that this MD&A contains forward looking statements and that actual events may vary from management's expectations. The forward looking information should be read in conjunction with the risk factors described in "Financial Instruments", "Risks and Uncertainties" and "Forward Looking Information" at the end of this MD&A.

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, 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, 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" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", 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.

OVERVIEW OF THE BUSINESS

Athabasca Minerals Inc. ("Athabasca" or "the Corporation") is a resource company specializing in developing, producing, and exploring for aggregates and industrial minerals in Alberta. The business strategy of the Corporation includes both the continued management of existing aggregate operations (both public pits and corporate-owned pits) and the exploration and development (or acquisition of) other aggregate resources and industrial minerals.

Athabasca was incorporated in 2006. Since that time, the Corporation has become the largest operator of a government public pit in Canada and continues to increase its strategic land holding position to grow the business for corporate owned producing pits. With new leadership, management is 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.

The supply of aggregates will lie at the very foundation of Athabasca's future economic growth. With a focus on the strategic supply of aggregates and the goal to provide key industrial minerals in support of Alberta's development and growth, management believes the Corporation is well positioned now and into the future.

Q2 HIGHLIGHTS

- On June 19th 2015, Mr. Scott MacDougall, P. Eng., was appointed Interim President and CEO. With the change in management, the focus will continue on diversification, expanding core business and developing shareholder value. On August 07, 2015 the appointment became permanent.
- Coupled with the uncertainty in the region due to the drop in oil prices, oil sands customers had cut back on their major expansion projects in order to preserve capital, thereby affecting the demand for aggregates.
- Gross profit was 88% higher in Q2 ending June 30, 2015 compared to Q2 2014. The Corporation continued implementing cost controls while drawing down existing inventory levels.
- The net loss in the second quarter was \$763 thousand, a 42% increase from the net loss of \$539 thousand recorded in the second quarter of 2014. This is due to the high cost impact of the stock based compensation along with a severance payment during the quarter relating to the change in management. The stock based compensation will be completely expensed at the end of 2015. The impact of the severance payment is \$0.008 per share for the three and six months ended June 30, 2015.
- The Corporation completed the first phase of the due diligence of the agreement with Coal Valley Resources Inc. ("CVRI"), a subsidiary of Westmoreland Coal Company (Nasdaq GM: WLB) to purchase a private rail trans-loading facility ("Obed Facility") from CVRI.
- The Shareholder Rights Plan has been adopted by the Board of Directors and the shareholders to ensure the fair treatment of shareholders in connection with any take-over offer for Athabasca, and to provide the Board of Directors and shareholders with additional time to fully consider any unsolicited take-over bid.
- Completion of National Instrument 43-101 Technical Report for the Richardson Aggregate Project with an initial inferred crushed rock aggregate resource of 683,000,000 tonnes.

OPERATIONAL RESULTS:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
FINANCIAL HIGHLIGHTS:				
Aggregate Management Services - Revenue	\$2,681,947	\$2,156,114	\$3,965,082	\$2,935,004
Provincial Government Royalties	(1,174,500)	(629,556)	(1,503,909)	(853,879)
Corporate-owned Pits Sales Revenue	1,840,978	2,117,483	2,150,055	5,106,860
Revenue	3,348,425	3,644,041	4,611,228	7,187,985
Cost Of Sales	2,788,905	3,346,816	4,380,085	8,183,460
Gross profit (loss)	559,520	297,225	231,143	(995,475)
General and Administrative	1,085,967	759,049	1,948,519	1,380,822
Share-based Compensation	254,157	77,608	540,054	272,711
Amortization of Intangible Assets	216,667	216,666	433,334	433,333
Operating Loss	(997,271)	(756,098)	(2,690,764)	(3,082,341)
Net loss	(\$763,146)	(\$538,704)	(\$2,166,164)	(\$2,449,097)
Net loss per share	(\$0.023)	(\$0.017)	(\$0.065)	(\$0.078)
EBITDA (Non IFRS Measure)	(\$441,851)	\$53,076	(\$1,631,467)	(\$1,553,728)
OPERATION HIGHLIGHTS:				
Corporate-owned pits;				
Tonnage sold	52,490	69,319	60,318	149,313
Susan Lake Operations:				
Tonnage sold - gravel	1,316,276	1,348,713	2,066,103	1,847,256

REVIEW OF OPERATIONAL RESULTS:**Revenue**

Athabasca's revenue for the three months ended June 30, 2015 was 9% lower at \$3.35 million, compared with \$3.64 million for the three months ended May 31, 2014. The average selling price net of royalties and trucking from the corporate-owned pit was down 9% for the three months ended June 30 compared to the three months ended May 31, 2014 as supply and demand pressure from the market resulted in lower prices.

Athabasca's net revenue for the six months ended June 30, 2015 was 36% lower at \$4.61 million, compared with \$7.19 million for the six months ended May 31, 2014 due to a delay in planned deliveries as a result of the impact of the lower oil prices. Sales volumes at the corporate pits decreased 88,995 tonnes or 60% for the six months ended June 30, 2015 compared to the six months end May 31, 2014. Aggregate prices

remained relatively stable for the comparable periods. Average prices for the same period reflects a 5% price increase for the six months ended June 30, 2015 over the six months ended May 31, 2014.

Cost of Sales

Cost of sales for the three months ended June 30, 2015 decreased by 17% to \$2.78 million from \$3.35 million for the three months ended May 31, 2014. Cost of sales for the six months ended June 30, 2015 decreased by 47% to \$4.38 million from \$8.13 million for the six months ended May 31, 2014. This significant reduction was due to lower aggregate sales from the corporate-owned pits, reduction in manpower, the cost control efforts management implemented and the reduction of inventory.

Gross profit (loss)

For the three months ended June 30, 2015, the Corporation incurred a gross profit of \$0.56 million as compared to a gross profit of \$0.30 million for the three months ended May 31, 2014 and a . For the six months ended June 30, 2015, the Corporation incurred a gross loss of \$0.23 million as compared to a gross loss of \$1.30 million for the six months ended May 31, 2014. The increase in the gross profit was largely due to the improved efficiency of the operation and the focus on cost control.

Operating Loss

The Corporation incurred an operating loss of \$1.00 million in the three months ended June 30, 2015 and \$2.69 million for the six months ended June 30, 2015 as compared to an operating loss of \$0.76 million for the three months ended May 31, 2014 and 3.08 million for the six months ended May 31, 2014. This loss reflects the increased gross profits offset by an increase in general and administrative costs and higher stock based compensation. Management is continuing to evaluate cost saving opportunities for implementation in the remainder of 2015.

Net Loss

The Corporation incurred an operating loss of \$0.76 million (\$0.023 per share loss) in the second quarter ended June 30, 2015 and \$2.17 million (\$0.065 per share loss) for the six months ended June 30, 2015 as compared to an operating loss of \$0.54 million (\$0.017 per share loss) for the three months ended May 31, 2014 and \$2.45 million (\$0.078 loss per share) for the six months ended June 30, 2015. Significant drop in aggregate sales from the corporate-owned pits was due an to early spring breakup and the deferral of development projects as a result of a drop in the world oil prices.

Operational Results – Corporate Pits

Sales at the corporate pits were 52,490 tonnes for the three months ended June 30, 2015 compared to 69,319 tonnes during the three months ended May 31, 2014, a reduction of 24%. Tonnes produced for the three months ended June 30, 2015 was 49,310 compared to 92,268 for the three months end May 31, 2014 and 49,310 for the six months ended June 30, 2015 compared to 195,579 for the six months ended May 31, 2014. The main reduction can be attributed to a delay in planned deliveries as a result of the impact of the lower oil prices.

Sales volumes during the six months ended June 30, 2015 were 60,318 metric tonnes, a decrease of 88,895 or 60% compared to the six months ended May 31, 2014 of 149,313 metric tonnes. Athabasca deferred production during the six months ended June 30, 2015 as the aggregate inventory volumes available at the corporate pits were able to supply contractual commitments with the exception of any specialty products. Q3-Q4 production will be managed in conjunction with anticipated sales and inventory levels.

Operational Results – Susan Lake Public Pit

Susan Lake sales for the three months ended June 30, 2015 were 1,316,276 tonnes compared to 1,348,713 tonnes for the three months ended May 31, 2014. Susan Lake volumes were 2,066,103 for the six months ended June 30, 2015 compared to 1,847,256 for the six months ended May 31, 2014. The majority of the aggregate sold was used for general maintenance of existing infrastructure in the Wood Buffalo region and the developing work at the Fort Hills site. Management has observed an increase in daily hauls for delivery to close proximity oil sands users as well as an increase in paving and other aggregate required infrastructure projects. This increase is in line with cyclical demand cycles observed in prior years.

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 corporate - owned aggregate operations.

	Q2 2015	Q1 2015	Q4 2014	Q3 2014
Aggregate Management Services - Revenue	\$2,681,947	\$1,283,135	\$4,559,140	\$4,547,008
Provincial Government Royalties	(\$1,174,500)	(\$329,409)	(\$1,275,491)	(\$1,202,320)
Corporate-owned Pits Sales Revenue	\$1,840,978	\$309,077	\$6,396,454	\$6,119,581
Revenue	\$3,348,425	\$1,262,803	\$9,680,103	\$9,464,269
Gross profit (loss)	\$559,520	(\$328,377)	\$2,746,734	\$4,421,258
Net income (loss)	(\$763,146)	(\$1,403,018)	\$12,174	\$1,605,744
Net income (loss) per share – basic	\$ (0.023)	\$ (0.042)	\$ 0.001	\$0.049
Net income (loss) per share – diluted	\$ (0.023)	\$ (0.042)	\$ 0.001	\$0.047
Total Assets	\$37,904,383	\$35,925,554	\$39,876,680	\$41,260,053
Total Resource Properties	\$7,625,017	\$7,434,715	\$7,280,531	\$6,916,978

	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Aggregate Management Services - Revenue	\$2,156,114	\$778,890	\$4,038,049	\$5,083,204
Provincial Government Royalties	(\$629,556)	(\$224,323)	(\$1,155,313)	(\$1,462,698)
Corporate-owned Pits Sales Revenue	\$2,117,483	\$2,989,377	\$3,759,511	\$1,991,253
Revenue	\$3,644,041	\$3,543,944	\$6,642,247	\$5,611,759
Gross profit (loss)	\$272,510	(\$1,158,870)	\$2,545,992	\$2,477,294
Net income (loss)	(\$538,704)	(\$1,910,393)	\$389,315	\$1,059,462
Net income (loss) per share - basic	(\$0.017)	(\$0.063)	\$0.014	\$0.038
Net income (loss) per share - diluted	(\$0.017)	(\$0.063)	\$0.013	\$0.037
Total Assets	\$39,447,914	\$38,965,296	\$35,718,827	\$35,497,497
Total Resource Properties	\$6,679,961	\$6,415,505	\$5,821,161	\$6,328,154

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

The Corporation has actively been working on minimizing the effects of seasonality. Management continues to look at optimization opportunities. Labour was reduced, overtime control measures enacted, and product was forwarded out of winter access only locations to provide year round supply. The Corporation is situated well to support sales from existing inventory piles while minimizing corresponding cost impacts.

OUTLOOK:**Aggregate**

With the steady decline observed in oil prices management took efforts in late 2014 to reduce overall costs while focusing in on sales from existing inventory, securing contracts for both 2015 and 2016 and balancing new production with contracted orders. In 2009 when the oil price fell to near \$35 per barrel, aggregate sales from the Susan Lake Gravel pit were 6.5 million tonnes from a high of 12 million tonnes in the previous year. The Corporation has previously given guidance that the sales volume from the Susan Lake Gravel Pit would be approximately 6.5 million tonnes in 2015. With the downturn in the economy, management has taken steps to preserve margins and cash flows with anticipated lower tonnages. The Corporation has invested significant money in developing up areas for future crushing and processing of aggregate. With the majority of this work complete overall expenditure at the Susan Lake operation will focus on maintenance and scaling of product.

Sales guidance for 2015 at the corporate-owned pits was previously forecasted at 0.5 million tonnes. Sales YTD are below forecasted deliveries and it is now expected sales to be less than forecasted. However, management continues to work on securing additional contracts both relating to oil sands development, large facility maintenance and upcoming infrastructure projects. Strategic inventory was established in 2014 in core areas which will allow management to quickly react to any sudden demand changes as the economy improves.

Athabasca currently has two major contracts for gravel supply and deliveries to major oil projects in the Conklin area, south of Fort McMurray. The Corporation is managing production levels with contracted sales. Due to strategic inventory levels built up over the last two years, management is not anticipating any large expenditure on additional production and at the same time managing field overhead and labour levels accordingly. At the same time management is exploring additional diversification including long term crushing contracts for a variety of municipalities and counties to ensure a higher level of utilization of the Corporation's existing equipment. The Corporation is well positioned to draw down existing inventory while advancing the development of additional gravel pits for future sales.

Growth and diversification are at the top of the Corporations' priorities. The securement of additional pits and resources from both Surface Mining Exploration "SME" and Surface Mineral Leases "SML" application in combination with strategic Joint Ventures will assist the Corporation in growing to its targeted 1 million tonne/year aggregate sales volume.

With the downturn of the oil market the Corporation is heavily evaluating overall expenditure on all capital and exploration projects. The Obed acquisition continues to advance the overall Firebag project while providing a revenue opportunity from trans-loading fees and potential gravel sales while ultimately becoming the designated trans-load facility for the Corporation's frac sand,

Management will continue to work on permitting and engineering surrounding the overall plant and Lynton trans-loading. Capital additions for equipment of equipment under lease obligations and surface exploration for the six months ended June 30, 2015 is \$2.0 million, down \$3.0 million from the original budget of \$5.0 million. Management will concentrate their efforts on adding only high valued assets.

OPERATIONS:**AGGREGATE****"Public Pit" - Management of aggregate operations on behalf of the Government of Alberta or privately held interests**

The Corporation currently manages the Susan Lake Gravel Pit on behalf of the Government of Alberta. The Corporation's services include exploration and identification of minerals, clearing and topsoil stripping, site

preparation, dewatering and road maintenance, allocation of pit areas to specific user's, 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 contract.

Susan Lake

The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray. The Susan Lake property is 2,379.5 hectares in size of which 1,580 hectares or 66% of the pit has been developed. Approximately 95 million tonnes of sand and gravel have been removed from this pit since 1998. The majority of its sales were to neighboring oil sands companies and also in supplying infrastructure aggregate to the expanding City of Fort McMurray. Between 2009 and 2014, aggregate sales from Susan Lake averaged 8.29 million tonnes per annum.

The management contract with the Government of Alberta allows for an annual increase in the management fee based on the Alberta consumer price index increase for the preceding year. Additional fees are charged when the Susan Lake scales are operated beyond normal business hours.

“Corporate-Owned Pit” – Produce and sell aggregate product directly to customers

Athabasca leases or owns several gravel pits in Northern Alberta, which produce aggregate for a variety of purposes and customers. In these operations, Athabasca holds the SML for the purpose of extracting sand and gravel from these properties. These aggregate operations are fully controlled by Athabasca, enabling the Corporation to benefit from the full market value on all sales of aggregates, including when applicable, the processing and delivery functions. The services and products provided by the Corporation, and therefore their pricing, may vary by customer contract.

A SML grants the lease holder the right to extract sand and gravel from public land. The Corporation holds four SMLs (130 hectares) for gravel extraction and operates four additional gravel SMLs held by other companies (98 hectares), including a First Nations company.

Kearl Pit

The Kearl 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 Kearl aggregate operation to a number of major oil sands operations so the Corporation can sell product year-round.

In February 2012, the Corporation announced the receipt of a National Instrument 43-101 (“NI 43-101”) for the Kearl aggregate deposit. The indicated mineral resource aggregates include 3,770,330 tonnes of gravel and 7,636,390 tonnes of sand. Also reported is an inferred mineral resource quantity of an additional 434,000 tonnes of gravel. 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.

Cowper Pit

During January 2014, the Corporation initiated aggregate production from the Cowper aggregate operation located 95 km southeast of Fort McMurray, under an agreement between Athabasca and DeneCo Aggregates Ltd. (“DeneCo”), a First Nations company. Athabasca serves as the developer and operator for Cowper in return for a royalty paid to DeneCo.

The Cowper pit has now been depleted of gravel, and pit reclamation commenced during Q2 2014. Unsold gravel processed at Cowper has been hauled to a stockpile site near a major highway north of Conklin, where it is available for year round delivery. Stockpile sales commenced during Q3 2014 with more sales deliveries expected going forward.

KM248 Pit

During July 2014, Athabasca initiated production under an agreement with DeneCo for a second nearby aggregate location, Km248, located 85 km southwest of Fort McMurray. Athabasca serves as the developer and operator of this location under a similar arrangement. These agreements encourage and promote the participation of First Nations in employment and business opportunities.

The pit is located adjacent to Hwy 881 which provides year round access and has produced high quality aggregate product since inception. This pit currently holds crushed inventory of 177,537 metric tonnes.

Logan Pit

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is primarily a winter access only pit due to access limitations 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 for the Logan aggregate deposit. The indicated mineral resource aggregate included 1,357,000 tonnes of gravel. Also reported is an inferred mineral resource quantity of 662,600 tonnes of gravel. The quality of the aggregate materials is suitable for road construction and maintenance.

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 Alberta Government, to develop an open pit aggregate operation on the leased land for a term of ten years. During fiscal 2012 the Corporation reported sales of asphalt aggregate from the House River pit totaling 253,500 tonnes to a major road building contractor in connection with the twinning of Highway 63, north of Wandering River, Alberta. The House River pit is currently accessible only through a winter season road. The Corporation is evaluating road improvements to allow for year round delivery.

Exploration and Development Projects**Firebag Silica Sand Project:**

The Corporation's silica sand deposit, "Firebag Project" is located 139 km north of Fort McMurray and, is accessible via Highway 63. The planned operation is for the production of industrial proppants for use in the hydraulic fracturing of oil and gas wells. Independent testing by both Stim Lab and Protester confirm a high quality product with crush strength meeting or exceeding American Petroleum Institute and International Standards Organization standards for frac sand. A Preliminary Economic Assessment ("PEA") confirmed that the Corporation's Firebag Project has considerable potential for development as a frac sand resource, which includes the potential for a large, highly economical deposit with high margin, rapid payback and 25 years of open pit mining. The PEA was prepared by Norwest Corporation ("Norwest"), headquartered in Calgary, Alberta.

PEA Highlights:

- Pre-Tax base case economics indicate a Net Present Value ("NPV") of Cdn \$368 million at a 10% discount rate with an Internal Rate of Return ("IRR") of 68%, using the base case prices set forth below;
- Post-Tax base case economics indicate a NPV of Cdn \$268 million at a 10% discount rate with an IRR of 57%, using the base case prices set forth below;
- The Firebag project has a project life of 25 years with an in-situ inferred resource of 39.24 million tonnes;

- Year 1 production commissioning is scheduled at 300,848 tonnes with a peak production of 921,588 tonnes and an average production rate of 897,072 tonnes annually;
- Project sale of 22.73 million tonnes of frac sand product over a 25 year period;
- Initial Capital costs of Cdn \$87.8 million including 20% contingency;
- Frac sand prices -- FOB plant in the Edson Area:
 - 20/40 mesh -- Cdn \$195 per tonne;
 - 40/70 mesh -- Cdn \$170 per tonne;
 - 70/140 mesh -- Cdn \$155 per tonne;
- Gross Revenue of Cdn \$3.8 Billion and Operating Cash Flow Pre - Tax of Cdn \$1.3 Billion;
- Operating Cash Flow Post - Tax of Cdn \$1.0 Billion;
- Payback of 1.6 years before Income Tax and 1.9 years after Income Tax.

Resources have been allocated to advance the engineering surrounding the final plant design, complete permitting at both trans-loading sites and evaluate procurement opportunities on longer lead time items. The majority of capital spending in 2015 will be in relation to the Firebag Project. Advancements on the trans-loading sites and detailed engineering have continued during 2015. Athabasca has been in active discussions with a major railway company in developing a private switch and trans-loading facility in Fort McMurray, Alberta.

Management is actively looking at cost saving opportunities to reduce the initial capital estimates. The Corporation is looking at several options surrounding financing of the Firebag Project including JV's, take or pay contracts, a portion of debt and equity and alternative financing options. Management has been able to fund the development of this project life to date from its existing cash flow.

Richardson Project

This potential 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.

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 Alberta and Mineral permits totaling 60,966 Ha. (150,650 acres). Apex Geoscience of Edmonton, Alberta has completed the National Instrument 43-101 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 basement granite is 1.65 million tonnes. The material meets screening for most aggregate designations as per the Alberta Transportation and Construction Builders Association guidelines.

Pelican Hill Pit

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. The Corporation received SML approval (10 year term) in June, 2011 on this 79.7 acre mixed sand and gravel pit. While the proposed development of this property has not been established to date, 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. This pit will be available for year-round aggregates extraction and sales with the construction of an all-season road of less than two kilometers. Some recent tree clearing was initiated at the Pelican Hill pit to enable future production.

Management is exploring opportunities for pit sales from Pelican Hill prior to full development of the site. Current indications for aggregate demand from this location appear to be encouraging and management is reviewing market potential at this time.

Trans-Loading Facility

The Corporation has entered into an agreement with Coal Valley Resources Inc., a subsidiary of Westmoreland Coal Company to purchase a private rail trans-loading facility. The Corporation intends to use the facility for both aggregate processing and trans-loading as well as for the storage and distribution of frac sand. The facility includes 160,000 acres of land, a private load out structure, a 45,000 tonne capacity dome structure, 4.6 km of private rail that connects to the CN main line, water, power, and natural gas connections. The facility has direct access to Highway 16 making it an ideal location for year round delivery capabilities.

Sand and Gravel Properties

Athabasca also owns 130 hectares of private land in the Grimshaw, Alberta area which is known for its high quality pre-glacial gravel.

	June 30, 2015 (hectares)	December 31, 2014 (hectares)	November 30, 2013 (hectares)
Balance at beginning of period:	390	307	307
Sand and gravel leases or private land acquired during the period:	0	83	0
Balance at end of period:	390	390	307

During the six months ended June 30, 2015, management received approval to test 320 acres in the Conklin geographic region. In addition, management has applied for 1,184.25 acres of sand and gravel exploration permits in the Edson and Conklin geographic region.

MINERAL PROPERTIES

As at June 30, 2015, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 194,348 hectares of land and Alberta Metallic and Industrial Mineral Leases on 21,580 hectares of land, largely located in the Fort McMurray region in northeast Alberta. A variety of important industrial minerals have been identified as essential in this region including silica sand, granite, salt and conglomerate. These minerals are key Ingredients for many products used to support the oil sands industry and Alberta infrastructure projects.

Birch Mountain Project (Silica Sand)

The Corporation holds two mineral leases covering 2,432 hectares, situated in the Wood Buffalo region in northeast Alberta, which contain silica sand. Athabasca also holds mineral permits on 87,662 hectares on land adjacent to its two mineral leases. Based on testing performed to date, the Corporation is of the opinion that silica sand found on this property might be suitable for use as frac sand.

Boyle Project (Salt)

As at June 30, 2015 the Corporation has four mineral lease holdings covering 5,835.5 hectares of property overlying the Lotsberg salt formation in the area of Boyle, Alberta. Management is of the opinion the salt is of a high quality and is attractively situated nearby roadway, rail, power and water resources. The Corporation is of the opinion that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant. The Corporation maintains a 100% interest in these salt leases. During fiscal 2014, the Corporation has acquired three additional Industrial and Metallic Mineral permits adjacent to the Boyle leases (27,392 hectares).

Dover Project (Salt)

The Corporation holds one mineral lease covering 256 hectares in the Wood Buffalo region of Alberta in the Birch Mountain area approximately 150 kilometers north of Fort McMurray. On the property is a salt formation which the Corporation has identified and evaluated. The Corporation drilled a salt test well that terminated at a depth of 490 meters. Studies have indicated that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands.

Management feels the property may be usable for housing industrial waste products or for storage of petroleum products, and is assessing its strategic options for this project. The Corporation holds a 100% interest in both the mineral lease and mineral permits with this project. As at December 31, 2014, the Corporation holds one Industrial and Metallic Mineral permit adjacent to the Dover lease (7,664 hectares).

Mineral Permits

Mineral permits are maintained in good standing by making allowable exploration assessment expenditures. The Corporation continuously evaluates its mineral permit holdings, relinquishing and/or acquiring permits as dictated by its exploration and strategic priorities, as well as financial considerations.

The following is the land area covered by the Corporation's mineral permits as at June 30, 2015, located largely in the Fort McMurray area:

	June 30, 2015 (hectares)	December 31, 2014 (hectares)	November 30, 2013 (hectares)
Balance at beginning of period:	242,862	488,952	439,331
Mineral permits acquired during the period:	71,662	35,056	125,934
Mineral permits relinquished during the period:	(120,176)	(281,146)	(76,313)
Balance at end of period:	194,348	242,862	488,952

Minerals leases are maintained in good standing by incurring land rental and royalties on annual minerals sales production to the Alberta Government.

Mineral Leases

The following is the land area covered by the Corporation's mineral leases as at June 30, 2015, located largely in the Fort McMurray area:

	June 30, 2015 (hectares)	December 31, 2014 (hectares)	November 30, 2013 (hectares)
Balance at beginning of period:	21,579.5	21,579.5	18,635.5
Mineral leases acquired during the period:	-	-	2,944.0
Balance at end of period:	21,579.5	21,579.5	21,579.5

The Corporation's fifteen Alberta Metallic and Industrial Minerals Leases are maintained in good standing by the payment of annual lease payments. Estimated costs associated with maintaining these mineral permits and leases appear in the Commitments discussion in the Liquidity and Capital Resources section below.

RISKS AND UNCERTAINTIES

The success of Athabasca is subject to 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 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 (see the Section on 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.

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 terms - The terms of the Susan Lake contract gives the Province of Alberta the right to terminate the contract without cause upon three months written notice. The Province of Alberta also has the right to withdraw any portion of the lands from the contract and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to decommissioning and restoration.

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.

Employee turnover – The reliance of the Corporation on key personnel and skilled workers can always impact operational results.

Project development – The Corporation has the risk that projects will not develop as anticipated or resources may not have the quality or quantity that management anticipates. Other minerals, like frac sand, may not have the anticipated demand from the mining and oil and gas industry once projects are fully developed.

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 and other supplies for smaller companies like Athabasca.

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.

Definition of resources – The Corporation has a risk that current estimates of reserves and resources may not be completely accurate as not all properties have estimates based on the standards required by National Instrument 43-101.

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 reputation in the market.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2015 the Corporation reported working capital of \$8.5 million which management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. This balance is down \$2.2 million from December 31, 2014, when the working capital balance was \$10.7 million. The working capital decreased primarily due to cash flow generated from operations, the impact of lower sales offset by lower payables, and the higher income tax recovery as a result of the loss in the period.

The following table summarizes the Corporation's cash flows:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Change (\$)	Six months ended June 30, 2015	Six months ended May 31, 2014	Change (\$)
\$ thousands of Canadian dollars, unless otherwise noted						
Cash from operating activities	\$ (196,963)	\$ 1,027,172	\$ (1,224,135)	\$ (1,158,571)	\$ (475,611)	\$ (682,960)
Change in non-cash working capital	647,227	(3,431,349)	4,078,576	2,522,423	(2,702,174)	5,224,597
Cash used in investing activities	(707,135)	(953,807)	246,672	(714,239)	(2,295,335)	1,581,096
Cash from (used in) financing activities	(623,948)	(528,614)	(95,334)	(1,210,762)	4,187,264	(5,398,026)
Increase (decrease) in cash	\$ (880,819)	\$ (3,886,598)	\$ 3,005,779	\$ (561,149)	\$ (1,285,856)	\$ 724,707

Available Credit Facilities

The Corporation is party to a credit facility agreement with HSBC. The facility includes an operating loan, a capital loan, two leasing equipment facilities, and a MasterCard facility.

The capital loan, with an outstanding balance of \$1.0 million as at June 30, 2015, has no unused capacity.

The two leasing equipment facilities are used to finance the acquisition of equipment. As at June 30, 2015, Athabasca has a lease obligations under these facilities of \$3.5 million.

The Corporation has access to a \$3.0 million demand operating loan with a sub-limit of \$2.0 million available for letters of commercial credit. No amount was outstanding on the operating loan. \$675,880 of the operating loan is committed, although not funded, in order to secure letters of credit totalling \$1,351,760.

Accordingly, the Corporation is not exposed to significant liquidity risk.

Commitments

The Corporation has no formal commitments for capital expenditures.

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

First two year period	\$5.00 per hectare
Second two year period	\$10.00 per hectare
Third two year period	\$10.00 per hectare
Fourth two year period	\$15.00 per hectare
Fifth two year period	\$15.00 per hectare
Sixth two year period	\$15.00 per hectare
Seventh two year period	\$15.00 per hectare

As of June 30, 2015 the Corporation held mineral permits covering 194,348 hectares (480,244 acres). As a result, the Corporation has spending commitments totaling approximately \$0.2 million in 2015, and \$1.7 million in 2016 and \$0.4 million in 2017 to retain these mineral permits held by the Corporation. These expenditures will either be recorded on the balance sheet in resource properties, or expensed on the income statement as cost of sales or general and administrative expenses, depending on the future viability of the project as at the reporting period.

As of June 30, 2015, the Corporation held mineral leases covering 21,579.5 hectares. In order to keep the land under mineral leases in good standing, the Corporation is required to pay annual rental of \$3.50 per hectare on the mineral leases. Currently, the Corporation has an annual rental commitment of \$65,224 over the 15 year life of the mineral leases which expire in 2026, and an annual rental commitment of \$10,304 over the 15 year life of the mineral leases which expire in 2028. In addition, applicable royalties will be payable to the Government of Alberta once sales production on the mineral leases commences.

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 have a low potential of discovering mineral reserves. As permits are relinquished, the number of hectares 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 June 30, 2015, the Corporation had 33,303,650 common shares outstanding. An additional 3,491,264 options to acquire common shares are outstanding, with an average exercise price of \$1.48 per share. As at August 14, 2015, the Corporation has 33,303,650 common shares outstanding. An additional 3,431,264 options to acquire common shares are outstanding, with an average exercise price of \$1.47 per share.

As at June 30, 2015, the Corporation has 1,560,458 warrants outstanding at an average exercise price of \$1.75.

The Corporation has no dividends declared or paid in three and six months ended June 30, 2015.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation has no off balance sheet arrangements as at June 30, 2015.

RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2015, the Corporation incurred expenses of \$51,591 and 102,942 respectively compared to the three and six months ended May 31, 2014 of \$23,241 and \$45,657 respectively for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below. Beginning in 2015, director fees are accrued as earned compared to prior periods where director fees were recorded as a cash disbursement basis.

These costs are recorded in the financial statements as follows:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Directors and Officers:				
Directors fees and expenses	\$ 26,268	\$ -	\$ 56,619	\$ -
Travel and miscellaneous	4,323	2,241	4,323	3,657
	<u>\$ 30,591</u>	<u>\$ 2,241</u>	<u>\$ 60,942</u>	<u>\$ 3,657</u>
 Companies controlled by Directors and Officers:				
Rent	\$ 21,000	\$ 21,000	\$ 42,000	\$ 42,000
	<u>21,000</u>	<u>21,000</u>	<u>42,000</u>	<u>42,000</u>
	<u>\$ 51,591</u>	<u>\$ 23,241</u>	<u>\$ 102,942</u>	<u>\$ 45,657</u>

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.

Compensation of Key Management

Key management personnel include members of the Board of Directors and the senior leadership team. Compensation for key management personnel, including directors, was as follows:

	Three months ended June 30, 2015	Three months ended May 31, 2014	Six months ended June 30, 2015	Six months ended May 31, 2014
Salaries and other benefits	\$ 550,564	\$ 191,629	\$ 665,147	\$ 325,626
Share-based benefits	111,139	0	241,695	20,887
	<u>\$ 661,703</u>	<u>\$ 191,629</u>	<u>\$ 906,842</u>	<u>\$ 346,513</u>

CHANGE IN ACCOUNTING POLICIES**Accounting Changes**

Effective January 1, 2015, the Corporation adopted the following new standards and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC").

Property, plant and equipment and intangible assets

On May 12, 2014, the IASB issued amendments to IAS 16 "Property, Plant and Equipment" (IAS 16) and IAS 38 "Intangible Assets: (IAS 38). The amendments clarify that the use of revenue-based methods to calculate the depreciation of a tangible asset is not appropriate because revenue generated by an activity that includes the use of a tangible asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The presumption for an intangible asset, however, can be rebutted in certain limited circumstances. The adoption of the standard did not have a material impact on its financial statements.

Levies

IFRIC 21 "Levies" (IFRIC 21) provides guidance on accounting for levies in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Asset". The interpretation defines a levy as an outflow from an entity imposed by the government in accordance with legislation and confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs. The adoption of the standard did not have a material impact on its financial statements.

New standards not yet adopted**Financial Instruments classification and measurement**

IFRS 9 "Financial instruments" (IFRS 9) replaces the existing guidance found in IAS 39 "Financial instruments: recognition and measurement" (IAS 39). IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carried forward the guidance on recognition and de-recognition of financial instruments from IAS 39. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation will evaluate the impact of the changes to its financial statements based on the characteristics of its financial instruments at the time of adoption.

Revenue recognition

IFRS 15 "Revenue from contracts with customers" (IFRS 15) will replace IAS 18 "Revenue", IAS 11 "Construction contracts", and some revenue-related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The Corporation does not expect the standard to have a material impact on its financial statements.

FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, land use agreement receivable, long-term deposits, accounts payable and accrued liabilities, lease obligation, and long-term debt.

a) 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 and long-term debt approximates their carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits is not materially different from carrying value. The lease obligation is at a fixed rate of interest. The fair value of the lease obligation is not materially different from carrying value as they are at the market rate of interest. Land use agreement receivable is an estimate of discounted future cash flow with carrying value approximating fair value.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at June 30, 2015 is the carrying value of these

financial assets.

In the normal course of business the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At June 30, 2015, 83.2% (May 31, 2014 – 85.1%) of the Corporation's accounts receivable was due from five customers.

The Corporation's aged accounts receivable are comprised of 78.6% current, 10.8% past due up to 60 days and 10.6% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable.

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

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. As part of Athabasca's credit facility, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at June 30, 2015.

As at June 30, 2015 the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation has identified its financial liabilities as accounts payable and accrued liabilities, long-term debt, including interest but excluding deferred financing costs, and lease obligations, including interest.

	0 - 1 year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	\$ 3,457,468	\$ -	\$ -	\$ 3,457,468
Long-term debt, including interest	1,031,146	-	-	1,031,146
Lease obligations, including interest	1,811,332	2,438,060	323,345	4,572,737
Total	<u>\$ 6,299,946</u>	<u>\$ 2,438,060</u>	<u>\$ 323,345</u>	<u>\$ 9,061,351</u>

The Corporation's projected cash flow from operating activities and existing availability from credit facilities are expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities as at June 30, 2015. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts.

d) Foreign Currency Risk

The Corporation maintains a USD currency bank account with a nominal balance for the infrequent need to fund supplier purchases denominated in USD currency. As at June 30, 2015, the Corporation had minimal amounts of USD cash, accounts receivable and accounts payable. As the amounts involved are insignificant, management feels the foreign currency risk for the Corporation is minimal.

e) Interest Rate Risk

The Corporation is exposed to interest rate risk on the variable rate capital loan. The Corporation's capital loan bears interest at 1.75% over the bank's prime lending rate. The Corporation's operating loan bears interest at 1.00% over the bank's prime lending rate. As the bank's prime lending rate

fluctuates so will the cost of borrowing.

A 100 basis point increase in the interest rate on outstanding debt with variable interest rates would have negatively impacted earnings by approximately \$6,875 in 2015.

NON-IFRS MEASURES

Management uses earnings before interest, taxes, depreciation and amortization (EBITDA) to monitor the financial performance of the Corporation and believes this measure enables investors and analysts to compare the Corporation's financial performance with its competitors and evaluate the results of its underlying business. EBITDA does not have a standard measurement under IFRS and should not be considered as a substitute for measures of performance that are prepared in accordance with IFRS. As EBITDA does not have a standardized meaning, the definition used by Athabasca may not be comparable to similar measures used by other companies.

The Corporation defines EBITDA as Operating Earnings adjusted for depreciation, amortization and depletion expense on property and equipment, resource properties, and intangible assets.

The following table reconciles EBITDA to net (loss) income as per the financial statements of the Corporation (in thousands of Canadian dollars):

\$ thousands of Canadian dollars	Three months ended June 30, 2015	Three months ended May 31,2014	Six months ended June 30, 2015	Six months ended May 31,2014
Net loss, per financial statements	\$ (763,146)	\$ (538,704)	\$ (2,166,164)	\$ (2,449,097)
Add back:				
Income tax expense	(270,387)	(255,584)	(627,307)	(765,553)
Finance costs	71,333	96,707	146,270	196,513
Other expenses	(32,487)	(53,231)	(37,816)	(55,758)
Amortization of intangible assets	216,667	216,666	433,334	433,333
Amortization and depreciation expense	338,753	592,508	625,963	1,095,280
Less:				
Interest income	(2,584)	(5,286)	(5,747)	(8,446)
EBITDA	\$ (441,851)	\$ 53,076	\$ (1,631,467)	\$ (1,553,728)

Legal Update surrounding Syncrude Litigation

The Corporation has recently received the Statement of Defence and Counterclaim of Syncrude Canada Ltd. ("Syncrude") in respect of the Corporation's dispute with Syncrude regarding approximately \$620,000 in user fees and government royalties 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"). The Corporation is uncertain of the outcome of the claim at this time.

Management believes the counterclaim is without merit and will defend it rigorously.

The Corporation recently has met with Syncrude, Government of Alberta Environmental & Parks, as well as the Assistant Deputy Minister in regards to the counter claim. The Corporation will continue to meet with all parties to work towards a resolution.

APPROVAL

The Board of Directors has approved the disclosure in this MD&A, and related financial statements for the three and six months ended June 30, 2015 at the Board meeting on August 14, 2015.

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 six months ended June 30, 2015 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 52-109FV1 for additional details. The CEO and CFO of Athabasca have each certified using the Venture Issuer Basic Certificate for the three and six months ended June 30, 2015.

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.