

Athabasca Minerals Inc. Announces Strategic In-Basin Sand Supply Offtake Agreement with Shell Canada Energy and Launch of a Strategic Review

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CALGARY, Feb. 11, 2020 - [Athabasca Minerals Inc.](#) ("AMI" or the "Corporation") (TSX-V: AMI) is pleased to announce that AMI Silica Inc. ("AMI Silica"), a wholly-owned subsidiary of AMI, has secured an anchor offtake agreement (the "Agreement") with Shell Canada Energy ("Shell") for its Duvernay Frac Sand Project (the "Duvernay Project"). AMI believes that the Agreement will serve as a catalyst to AMI's growth program to supply local premium domestic in-basin sand to offset US imports. The Agreement is a milestone that demonstrates AMI's commitment to execute on delivering long-term value to its stakeholders from a strategic business unit within its portfolio.

Commercial Offtake Agreement

The Agreement with Shell provides for the procurement of frac sand from the Duvernay Project by a world-class investment-grade company. It is anticipated that the Agreement with Shell will serve to commercialize AMI Silica's in-basin strategy in the Duvernay and Montney plays. The Agreement is underpinned by a committed volume requirement that de-risks AMI's corporate and project financing options at an improved cost-of-capital. The commercial terms of the Agreement also provide Shell with optionality to procure sand from AMI Silica's future Montney Frac Sand Project (the "Montney Project").

The Agreement, which includes certain take-or-pay provisions, carries a five-year term with two mutually acceptable and separate one-year extensions beginning on the later of mid-2021 or 30 days after the Duvernay Project facility has been commissioned. The Agreement allows Shell to procure a minimum volume over five years or up to an annual maximum of frac sand that represents the majority of the Duvernay Project's stated capacity.

Robert Beekhuizen, Chief Executive Officer, states: "The AMI team has worked diligently to bring value to the market and for our shareholders with this Agreement. We are extremely pleased to have Shell as a primary customer, and will aim to provide them with a progressive Canadian solution that creates flexibility while providing risk mitigation and competitive advantage to imported sand serving the Western Canadian Sedimentary Basin. The Agreement is a significant accomplishment for AMI as we continue to develop, realize and deliver on our asset portfolio, and namely our premium in-basin frac sand to current and future customers in the Montney and Duvernay."

Value-Maximization & Strategic Alternatives for AMI Silica

AMI is progressing discussions with debt and strategic joint-venture parties to collaborate in the development of AMI Silica, including the Duvernay Project and Montney Project. AMI's Board of Directors (the "Board") support exploring alternate strategies for bringing AMI Silica to market to maximize value for its stakeholders.

Strategic alternatives to joint-venture partnership(s) may also include, but are not limited to, project investment(s), sale, merger, business combination, recapitalization, refinancing, or disposition of select, substantially all, or all of the assets of AMI Silica, or any combination of the foregoing.

The Board has hired Cormark Securities Inc. and Alcedio Capital Inc. as its co-financial advisors in

connection with this review and analysis of strategic alternatives.

AMI has not set a definitive timetable for the conclusion of its strategic process and there can be no assurance that the strategic process will result in any transaction or other strategic change or outcome. AMI does not intend to comment further unless and until the Board has approved a specific course of action or AMI has determined further disclosure is required by law.

Advisors

Cormark Securities Inc. and Alcedio Capital Inc. acted as the co-financial advisors to AMI in connection with the offtake Agreement.

AMI Secures Term Financing Arrangement and Coffey Lake Update

AMI has independently secured term financing in support of opening the Coffey Lake pit, which further bolsters its cash liquidity position to sustain the development schedule for this project, and others in its portfolio. Over the last month AMI has cleared the Coffey Lake pit and is in the final stages of stripping the land, which should be completed by mid February. The project is tracking to open for sales in Q2-2020.

About Athabasca Minerals Inc. (AMI)

[Athabasca Minerals Inc.](http://www.athabascaminerals.com) (www.athabascaminerals.com) is an integrated group of companies focused on the aggregates and industrial minerals sectors, including resource development, aggregates marketing and midstream supply-logistics solutions. Business activities include aggregate production, sales and royalties from corporate-owned pits, management services of third-party pits, acquisitions of sand and gravel operations, and new venture development. [Athabasca Minerals Inc.](http://www.athabascaminerals.com) is the parent company of AMI RockChain Inc. (formerly Aggregates Marketing Inc.) (www.amirockchain.com) – a midstream technology-based business using its proprietary *Rockchain*® digital platform, associated algorithm and QA/QC services to provide cost-effective integrated supply /delivery solutions of industrial minerals to industry, and the construction sector. It is also the parent company of AMI Silica Inc. (www.amisilica.com) – a subsidiary positioning to become a leading supplier of premium domestic in-basin sand with regional deposits in Alberta and NE British Columbia. It is the joint venture owner of the Montney In-Basin and Duvernay Basin Frac Sand Projects. Additionally, the Corporation has industrial mineral leases, such as those supporting AMI’s Richardson Quarry Project, that are strategically positioned for future development in industrial regions with historically and consistently high demand for aggregates.

For further information on AMI, please contact:

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

FORWARD LOOKING STATEMENTS AND INFORMATION

This news release contains certain “forward-looking statements” or “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Corporation. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”,

“aim”, “potential” and similar expressions, or are events or conditions that “will”, “would”, “may”, “could” or “should” occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: commercialization and/or commissioning of the Duvernay Project and Montney Project; AMI’s ability to offset US imports of frac sand; AMI’s future de-risked financing options and improved cost of capital; the completion of the expression of interests; and the possibility of a transaction, strategic change or outcome will result from or be implemented as a result of the strategic review or whether the strategic review will enhance shareholder value.

Although AMI believes that the material factors, expectations and assumptions informing such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results and such statements are not guarantees of future performance. AMI’s actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Corporation’s Annual Information Form (a copy of which can be found under AMI’s profile on SEDAR at www.sedar.com); stock market volatility and the inability to access sufficient capital from external and internal sources; general economic, market or business conditions; changes to AMI’s financial position and cash flow; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; and other unforeseen conditions which could impact the use of services supplied by the Corporation. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

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

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