Athabasca MINERALS INC.

FINANCIAL STATEMENTS

Years Ended November 30, 2011 and November 30, 2010

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements have been prepared by and are the responsibility of the management of the Corporation.

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada, using management's best estimates and judgements based on currently available information.

The Corporation maintains an appropriate system of internal controls to provide reasonable assurance that financial information is accurate and reliable and that the Corporation's assets are appropriately safeguarded.

The Board of Directors carries out its responsibility for the financial statements principally through its Audit Committee, comprised of independent directors. The Audit Committee reviews the Corporation's annual financial statements and recommends their approval to the Board of Directors. The Corporation's auditors have full access to the Audit Committee, with and without management being present.

The financial statements have been audited by Grant Thornton, Chartered Accountants. Their report outlines the scope of their examination and opinion on the financial statements.

"Udomdej Kriangkum"
Chief Executive Officer
Edmonton, Alberta
March 27, 2012

"Don Hruba"
Chief Financial Officer
Edmonton, Alberta
March 27, 2012

Grant Thornton

Independent Auditor's Report

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To the shareholders of
Athabasca Minerals Inc.

We have audited the accompanying financial statements of Athabasca Minerals Inc., which comprise the balance sheet as at November 30, 2011, the statements of net income, comprehensive income and retained earnings and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Athabasca Minerals Inc. as at November 30, 2011, and its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other matter

The financial statements of Athabasca Minerals Inc. for the year ended November 30, 2010 were audited by another auditor, Stout & Company LLP ("Stout"), who expressed an unmodified opinion on those statements on February 24, 2011. The partners and employees of Stout joined Grant Thornton LLP effective October 1, 2011.

Edmonton, Canada

Grant Thornton LLP

March 27, 2012

Chartered Accountants

ATHABASCA MINERALS INC.

Balance Sheets

As at November 30,		**2011**		**2010**
ASSETS				
CURRENT				
Cash	$	1,397,883	$	1,296,812
Accounts receivable		3,778,126		3,210,246
Prepaid expenses		327,510		502,546
Current portion of land use agreement receivable (Note 12)		213,057		-
Short-term investment (Note 3)		603,000		603,000
		6,319,576		5,612,604
LONG-TERM DEPOSITS (Note 4)		106,590		25,050
RESTRICTED CASH (Note 5)		25,522		-
PROPERTY AND EQUIPMENT (Note 6)		734,034		858,911
LAND USE AGREEMENT RECEIVABLE (Note 12)		603,876		-
RESOURCE PROPERTIES (Note 7)		4,729,270		3,445,276
INTANGIBLE ASSETS (Note 8)		5,175,926		6,201,442
GOODWILL (Note 9)		2,537,701		2,537,701
	$	20,232,495	$	18,680,984
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	$	1,476,071	$	871,279
Income tax payable		271,630		700,910
Callable debt (Note 10)		3,883,479		5,723,729
		5,631,180		7,295,918
ASSET RETIREMENT OBLIGATIONS (Note 13)		446,032		231,436
FUTURE INCOME TAX (Note 14)		2,341,057		2,357,456
		8,418,269		9,884,810
COMMITMENTS AND CONTINGENCIES (Notes 7,10,13 and 20)				
SHAREHOLDERS' EQUITY				
SHARE CAPITAL (Note 15 b)		6,655,116		6,585,761
CONTRIBUTED SURPLUS (Note 16)		795,996		736,643
RETAINED EARNINGS		4,363,114		1,473,770
		11,814,226		8,796,174
	$	20,232,495	$	18,680,984

Approved by the Board of Directors

"Douglas Stuve", Director

Douglas M. Stuve

"Theodore Rousseau", Director

Theodore Rousseau

The accompanying notes are part of these financial statements.

ATHABASCA MINERALS INC.

Statements of Net Income, Comprehensive Income and Retained Earnings

Year Ended November 30,	2011	2010
AGGREGATE MANAGEMENT FEE REVENUE	$ 12,179,997	$ 11,120,433
ROYALTIES	3,488,213	3,275,652
	8,691,784	7,844,781
Stripping and clearing expenses	336,730	1,170,912
Other aggregate management operating expenses	1,184,451	1,293,349
AGGREGATE MANAGEMENT OPERATING EXPENSES	1,521,181	2,464,261
	7,170,603	5,380,520
EXPENSES		
Accretion (Note 13)	22,493	18,267
Amortization of property and equipment	141,460	162,727
Amortization of intangible assets	937,571	937,571
General and administrative	1,731,697	1,362,289
Interest on callable debt	237,893	287,778
Stock based compensation (Note 16)	113,711	137,880
	3,184,825	2,906,512
INCOME BEFORE OTHER ITEMS	3,985,778	2,474,008
OTHER INCOME (LOSS)		
Interest income	8,742	25,504
Gain on land use agreement (Note 12)	732,180	-
Miscellaneous (expense) income	(6,496)	23,981
Write down of resource properties and exploration costs (Note 7)	(451,656)	(82,165)
Write down of prepaid gravel	(150,000)	-
Write down of intangible assets (Note 8)	(138,086)	-
Foreign exchange	377	-
Loss on disposal of property and equipment	-	(731)
	(4,939)	(33,411)
INCOME BEFORE INCOME TAXES	3,980,839	2,440,597
INCOME TAXES		
Current income tax (Note 14)	1,101,550	907,105
Future income tax benefit (Note 14)	(16,399)	(148,316)
	1,085,151	758,789
NET INCOME AND COMPREHENSIVE INCOME	**$ 2,895,688**	**$ 1,681,808**
RETAINED EARNINGS (DEFICIT), BEGINNING OF YEAR	1,473,770	(195,957)
PREMIUM ON REPURCHASED SHARES (Note 15 c)	(6,344)	(12,081)
RETAINED EARNINGS, END OF YEAR	**$ 4,363,114**	**$ 1,473,770**
BASIC AND DILUTED INCOME PER COMMON SHARE (Note 15 e)	**$ .11**	**$ .06**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**27,030,621**	**27,843,594**

The accompanying notes are part of these financial statements.

ATHABASCA MINERALS INC.

Statements of Cash Flows

Year Ended November 30,	2011	2010
OPERATING ACTIVITIES		
Net income	$ 2,895,688	$ 1,681,808
Adjustments for non-cash items:		
Amortization and accretion	1,101,524	1,118,565
Future income tax benefit	(16,399)	(148,316)
Stock based compensation	113,711	137,880
Gain on land use agreement	(732,180)	-
Write down of intangible assets	138,086	-
Write down of resource properties and exploration costs	451,656	82,165
Loss on disposal of property and equipment	-	731
	3,952,086	2,872,833
Net changes in non-cash working capital balances		
Accounts payable and accrued liabilities	604,792	(202,314)
Accounts receivable	(567,880)	(1,440,537)
Income tax payable	(429,280)	659,153
Prepaid expenses	175,036	(330,685)
Prepaid stripping costs	-	339,602
	3,734,754	1,898,052
INVESTING ACTIVITIES		
Long-term deposits	(81,540)	(25,050)
Purchase of property and equipment	(16,582)	(193,488)
Restricted cash	(25,522)	-
Development costs related to land use agreement	(214,653)	-
Resource properties	(1,630,312)	(527,824)
	(1,968,609)	(746,362)
FINANCING ACTIVITIES		
Repurchase of share capital	(58,498)	(213,177)
Proceeds from issue of share capital	67,151	-
Proceeds from land use agreement	166,523	-
Proceeds from callable debt	-	155,000
Repayment of callable debt	(1,840,250)	(1,814,417)
Repayment of long-term debt	-	(60,000)
	(1,665,074)	(1,932,594)
NET INCREASE (DECREASE) IN CASH	101,071	(780,904)
CASH, BEGINNING OF YEAR	1,296,812	2,077,716
CASH, END OF YEAR	$ 1,397,883	$ 1,296,812

Supplemental cash flow information (Note 19)

The accompanying notes are part of these financial statements.

Note 1 - Nature of Business

Athabasca Minerals Inc. (the "Corporation") manages two aggregate (sand and gravel) pits on behalf of the Province of Alberta for which management fees are earned. Significantly all of the Corporation's revenue is derived from one of these contracts. In addition to these management contracts, the Corporation explores and develops land for the purposes of establishing Company owned gravel pits producing aggregate for a variety of purposes. The Corporation also acquires, explores and develops mineral claims in the Fort McMurray area for the purpose of extracting salt, silica sand and other minerals.

Note 2 - Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and in management's opinion have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Use of Estimates and Measurement Uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be material.

Significant areas where management's judgement is applied include: estimated lives of property and equipment, future income tax balances and rates, estimated occupancy rate in land use agreement receivable, asset retirement obligation, collectability of accounts receivable, warrant valuation assumptions, stock based compensation valuation assumptions and asset impairments related to property and equipment, resource properties, intangible assets and goodwill.

Revenue Recognition

The Corporation derives the majority of its revenues through the management of aggregate pits where a management fee is earned based on the volume extracted from the pits. The Corporation recognizes revenue at the point that the aggregate material leaves the pit.

The Corporation recognizes interest income in the period in which it accrues.

Stripping and Clearing Costs

Stripping and clearing costs incurred during the development of a mine are capitalized in resource properties. Stripping and clearing costs incurred subsequent to commencement of commercial production are variable production costs that are included in the cost of inventory produced during the period in which they are incurred, unless the stripping and clearing activity can be shown to give rise to future benefits from the mineral property, in which case the stripping and clearing cost would be capitalized.

Future benefits arise when stripping and clearing activity increases the future output of the mine by providing access to an extension of an ore body or to a new ore body. Capitalized stripping and clearing costs are depleted based on the unit-of-production method using proven and probable mineral reserves as the depletion base.

Note 2 - Significant Accounting Policies (continued)

Long-lived Assets and Intangible Assets

Long-lived assets include long-term deposits, property and equipment, land use agreement receivable, resource properties and intangible assets with finite useful lives. The Corporation reviews and evaluates the recoverability of its long-lived assets on a periodic basis and when events and circumstances indicate that an impairment event may have occurred. An impairment loss is recognized when the carrying amount of the long-lived asset exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition, and is measured as the amount by which the long-lived asset's carrying amount exceeds its fair value.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. The Corporation provides for amortization on its property and equipment using the following methods and rates:

	Method	Rate
Onsite buildings and fences	Straight line	10 years
Office complex	Straight line	15 years
Scale and scale houses	Straight line	10 years
Equipment		
Mobile home	Straight line	10 years
Computer software	Straight line	1-3 years
Office equipment	Straight line	3 years
Computer hardware	Declining balance	30%
Large equipment	Declining balance	20%
Vehicles	Declining balance	30%

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements, which extend the useful life of an asset, are capitalized.

Goodwill

Goodwill represents the difference between the purchase price, including acquisition costs, of businesses acquired and the fair value of the identifiable net assets acquired. Goodwill is tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. If the carrying value of a reporting unit, including the allocated goodwill, exceeds its fair value, goodwill impairment is measured as the excess of the carrying amount of the reporting unit's allocated goodwill over the implied fair value of the goodwill, based on the fair value of the assets and liabilities of the reporting unit.

Income Per Common Share

Income per common share is calculated by dividing the net income for the year by the weighted average number of common shares outstanding during the year. Diluted income per common share is calculated using the treasury stock method which, for purposes of determining the weighted average number of shares outstanding, assumes that the proceeds to be received on the exercise of the stock options and warrants are applied to repurchase common shares at the average market price for the year.

Note 2 - Significant Accounting Policies (continued)

Asset retirement obligations

The Corporation recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of property and equipment, resource properties and management agreements. The Corporation records the fair value of any asset retirement obligations as a long-term liability in the period in which the related environmental disturbance occurs, based on the net present value of the estimated future costs. The liability is accreted over time through periodic charges to operations and it is reduced by actual costs of decommissioning and reclamation to the extent they have been accrued. The fair value of the liability is added to the carrying amount of the related asset. This capitalized amount is amortized over the estimated useful life of the related asset. The obligation is adjusted at the end of each fiscal period to reflect the passage of time and changes in the estimated future costs underlying the obligation.

Stock Based Compensation

The fair value of stock option grants to employees is recorded as an expense and credited to contributed surplus as the options vest and is subsequently transferred to share capital on exercise of the related option. Stock based compensation relating to options granted to non-employees is recorded as an expense and the credit recorded to contributed surplus at the earlier of completion of performance or upon vesting of the options granted, using a fair value based method. For options issued to agents in connection with share offerings, the stock based compensation is recorded as share issuance costs with a credit recorded to contributed surplus, using a fair value based method. The Corporation has not incorporated an estimated forfeiture rate in determining fair value but rather forfeitures are accounted for as they occur.

Future Income Taxes

Future income tax assets and liabilities are calculated using the liability method of accounting for all temporary differences between the carrying amounts of assets and liabilities and their corresponding tax bases. Future income tax assets attributable to temporary differences and unused tax losses are recognized only to the extent that it is more likely than not that the asset will be realized. Future income tax assets and liabilities are measured using the enacted and substantively enacted rates and laws that are expected to apply when these assets and liabilities will be either realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period in which they occur.

Cash and cash equivalents

Cash and cash equivalents are defined as cash on deposit with financial institutions and highly liquid short-term investments that have maturity of three months or less.

Financial Instruments

The Corporation has classified its financial assets and liabilities as follows:

Financial statement item	Classification	Measurement
Cash	Held for trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Land use agreement receivable	Loans and receivables	Amortized cost
Short-term investment	Held to maturity	Amortized cost
Long-term deposits	Loans and receivables	Amortized cost
Restricted cash	Held for trading	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Callable debt	Other financial liabilities	Amortized cost

Financial Instruments (continued)

Loans and receivables, held to maturity and other financial liabilities are accounted for on initial recognition at fair value and subsequent to initial recognition at amortized cost using the effective interest method. Transaction costs incurred to acquire financial instruments other than those classified as held for trading are added to the initial carrying amount. Normal course purchases and sales of financial assets are accounted for on the trade date.

Resource Properties and Related Expenditures

Direct mineral exploration, evaluation and development costs are capitalized until such time as a resource is defined or the project is abandoned. The estimated fair values of any related asset retirement obligations are capitalized on an individual project basis. Costs for properties that are abandoned are written off. The capitalized costs will be amortized on the basis of units produced in relation to the proven and probable reserves available on the related property following commencement of production.

The capitalized costs do not necessarily reflect the current or future values since the recoverability of the amounts capitalized for undeveloped mineral properties is dependent upon the determination of an economically recoverable resource, confirmation of the Corporation's interest in the underlying mineral properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyance history characteristic of many mineral properties. The Corporation has investigated title to all of its mineral properties and, to the best of its knowledge, all of its properties are in good standing.

Note 3 - Short-Term Investment

	2011	2010
Term deposit bearing interest at 1.75% per annum, maturing on November 22, 2012.	$ 603,000	$ 603,000

The Corporation has a letter of commercial credit outstanding of $603,000 to the benefit of the Province of Alberta for reclamation of the Susan Lake pit. The letter of commercial credit is secured by the term deposit in the amount of $603,000.

Note 4 - Long-Term Deposits

	2011	2010
Security deposits on gravel leases	$ 106,590	$ 25,050

The Corporation provided a security deposit of $25,050 paid to the Province of Alberta having been approved to operate the Logan pit sand and gravel surface material lease (25.05 acres situated S½ 16-73-12-W4M). The security deposit is refundable on February 9, 2020 at the expiry of the lease term.

The Corporation provided a security deposit of $38,300 paid to the Province of Alberta having been approved to operate the Kearl pit sand and gravel surface material lease (38.3 acres situated NE 35-96-8-W4M). The security deposit is refundable on March 2, 2021 at the expiry of the lease term.

Note 4 - Long-Term Deposits (continued)

The Corporation provided a security deposit of $15,810 paid to the Province of Alberta having been approved to operate the Pelican Hill pit sand and gravel surface material lease (15.81 acres situated SE 22-76-23-W4M). The security deposit is refundable on June 6, 2021 at the expiry of the lease term.

The Corporation provided a security deposit of $27,430 paid to the Province of Alberta having been approved to operate the House River pit sand and gravel material lease (27.42 acres situated Sec 24-76-14-W4M). The security deposit is refundable on August 3, 2021 at the expiry of the lease term.

Note 5 – Restricted Cash

	2011	2010
Restricted cash for reclamation costs (Notes 12, 13)	$ 25,522	$ -

Under its long-term land use agreement with a camp provider the Corporation has received and has placed funds on deposit totaling $25,522 to be first applied toward any costs for reclamation of the Poplar Creek site.

Note 6 – Property and Equipment

	Cost	Accumulated Amortization	2011 Net Book Value
Equipment	$ 715,309	$ 397,163	$ 318,146
Onsite buildings and fences	95,760	27,375	68,385
Office complex	170,051	12,502	157,549
Scales and scale houses	273,051	83,097	189,954
	$ 1,254,171	$ 520,137	$ 734,034

	Cost	Accumulated Amortization	2010 Net Book Value
Equipment	$ 703,762	$ 303,712	$ 400,050
Onsite buildings and fences	95,760	17,799	77,961
Office complex	165,016	1,375	163,641
Scales and scale houses	273,051	55,792	217,259
	$ 1,237,589	$ 378,678	$ 858,911

Amortization provided for in the current year totalled $141,460 (2010 - $162,727).

Note 7 – Resource Properties

	2011	2010
Land	$ 157,100	$ 157,100
Mineral permits	41,250	40,000
Mineral leases	31,802	-
Reclamation costs	105,338	-
Exploration costs	3,170,296	3,248,176
Development costs	1,223,484	-
	$ 4,729,270	$ 3,445,276

Note 7 – Resource Properties (continued)

The land is located near Peace River, Alberta and was purchased as a potential gravel resource property.

The mineral permits are located largely in the Fort McMurray and Canadian Shield areas. They have a term of 14 years covering seven assessment periods of two years each. The spending commitment to retain the existing permits is $5 per hectare for the first two year period, $10 per hectare for the second two year period, $10 per hectare for the third two year period, $15 per hectare for the fourth two year period, $15 per hectare for the fifth two year period, $15 per hectare for the sixth two year period and $15 per hectare for the seventh two year period.

The Corporation has seven mineral leases covering 12,800 hectares containing silica sand reserves in the Wood Buffalo region of Alberta, which the Corporation may develop for the production of frac sand. The Corporation has four mineral leases covering 5,835.5 hectares containing salt reserves in the area of Boyle, Alberta which the Corporation may develop for the production of salt. All leases are for a fifteen year period expiring May 11, 2026. An annual lease rental of $3.50 per hectare is required as payment to maintain a mineral lease in good standing.

During the year ended November 30, 2011 the Corporation recognized an obligation for future reclamation costs on its Kearl pit. A determination of the fair value of the Kearl pit liability assumes undiscounted estimated future cash flows needed to settle the liability as at November 30, 2011 of approximately $169,218 which is expected to be expended at the termination of the surface materials lease in 2021. These estimated future cash flows have been discounted at a credit-adjusted risk-free rate of 5.00%.

The following provides the land area covered by the Corporation's mineral permits:

	2011	**2010**
	(hectares)	(hectares)
Balance at beginning of year	504,584	504,280
Mineral permits acquired during the year	22,817	327,545
Mineral permits relinquished during the year	(300,119)	(327,241)
Balance at end of year	227,282	504,584

Subsequent to November 30, 2011, the Corporation has not relinquished any mineral permits and acquired permits covering 149,550 hectares.

Note 7 – Resource Properties (continued)

The exploration and development costs were incurred primarily in the Fort McMurray area and are comprised of:

Exploration and Development Costs 2011

Exploration Costs	**Logan Pit**	**Kearl Pit**	**House River Pit**	**Pelican Hill Pit**	**Boyle Project**	**Firebag Project**	**Canadian Shield**	**Birch Mountain**	**All Other Projects**	**Total**
Balance at November 30, 2010	$ 134,508	68,855	26,277	18,473	47,453	35,760	118,988	1,490,682	1,307,180	$ 3,248,176
Year end November 30, 2011 activity										
Clearing costs	-	-	-	-	-	25,687	-	-	-	25,687
Consulting fees	375	1,375		3,865	1,575	96,393	8,425	-	69,176	181,184
Drilling and testing	-	-	-	-	-	104,872	-	1,180	13,067	119,119
Equipment and aircraft rental	-	-	-	2,000	-	1,818	-	-	14,190	18,008
Land and crop damages	-	-	-	33,977	-	-	-	-	-	33,977
Land leases	-	-	-	-	-	-	-	-	40,297	40,297
Salaries and employee benefits	7,729	5,950	439	804	1,000	10,499	-	-	107,304	133,725
Survey	-	-	7,200	9,800	-	-	-	-	-	17,000
Travel	-	-	-	71	-	7,292	-	-	21,187	28,550
Permits	-	-	-	-	-	-	-	-	7,500	7,500
Other	38	-	42	1,288	-	3,391	-	-	16,758	21,517
Abandoned projects	-	-	-	-	-	-	-	-	(451,656)	(451,656)
Total	8,142	7,325	7,681	51,805	2,575	249,952	8,425	1,180	(162,177)	174,908
Transferred to Development Costs	(142,650)	(76,180)	(33,958)	-	-	-	-	-	-	(252,788)
Exploration Costs- November 30, 2011	**$ -**	**-**	**-**	**70,278**	**50,028**	**285,712**	**127,413**	**1,491,862**	**1,145,003**	**$ 3,170,296**
Development Costs										
Balance at November 30, 2010	$ -	-	-	-	-	-	-	-	-	$ -
Tangible costs- Road building	-	512,494	-	-	-	-	-	-	-	512,494
Intangible costs- All other	236,082	437,482	37,426	-	-	-	-	-	-	710,990
Development Costs- November 30, 2011	**236,082**	**949,976**	**37,426**	**-**	**-**	**-**	**-**	**-**	**-**	**1,223,484**
Total Exploration and Development Costs- November 30, 2011	**$ 236,082**	**949,976**	**37,426**	**70,278**	**50,028**	**285,712**	**127,413**	**1,491,862**	**1,145,003**	**$ 4,393,780**

Note 7 – Resource Properties (continued)

Exploration Costs 2010

Exploration Costs	Logan Pit	Kearl Pit	House River Pit	Pelican Hill Pit	Boyle Project	Firebag Project	Canadian Shield	Birch Mountain	All Other Projects	Total
Balance at November 30, 2009	$ 82,593	44,735	8,361	2,982	39,240	-	-	1,487,972	1,107,059	$ 2,772,942
Year end November 30, 2010 activity										
Consulting fees	4,543	2,464	-	-	8,175	32,775	68,045	2,710	67,588	186,300
Drilling and testing	-	-	5,251	1,046	-	22	9,369	-	-	15,688
Equipment and aircraft rental	3,615	10,761	2,712	6,565	-	-	16,307	-	22,754	62,714
Salaries and employee benefits	13,575	7,159	8,195	6,907	38	690	7,297		87,532	131,393
Survey	7,914	-	-	-	-	-	-	-	844	8,758
Travel	-	3,516	1,139	947	-	2,022	17,357	-	13,031	38,012
Permits	-	-	-	-	-	-	-	-	66,563	66,563
Other	22,268	220	619	26	-	251	613	-	23,974	47,971
Abandoned Projects	-	-	-	-	-	-	-	-	(82,165)	(82,165)
Total	51,915	24,120	17,916	15,491	8,213	35,760	118,988	2,710	200,121	475,234
Transferred to Development Cost	-	-	-	-	-	-	-	-	-	-
Exploration Costs- November 30, 2010	**$ 134,508**	**68,855**	**26,277**	**18,473**	**47,453**	**35,760**	**118,988**	**1,490,682**	**1,307,180**	**$ 3,248,176**

Note 8 – Intangible Assets

	2011	2010
Management contracts	$ 7,905,000	$ 7,905,000
Reclamation costs	283,109	196,345
Total	8,188,109	8,101,345
Accumulated amortization	2,837,474	1,899,903
Impairment of intangible assets	174,709	-
	3,012,183	1,899,903
Net book value	$ 5,175,926	$ 6,201,442

Intangible assets consist of two management contracts with the Province of Alberta relating to the management of aggregate pits at Poplar Creek, Alberta and Susan Lake, Alberta. The management contracts are amortized on a straight-line basis over the lives of the respective contract. As at November 30, 2011 the remaining terms of the contracts are 15 and 72 months respectively.

Note 8 – Intangible Assets (continued)

During the year ended November 30, 2011 the unamortized balance of the Poplar Creek management contract and related reclamation costs were fully written off due to impairment of the Poplar Creek management contract. The stripped area of the Poplar Creek pit has been essentially depleted thus rendering pit operations as being currently inactive. As a result 124 acres of the Poplar Creek pit has been converted to a laydown storage yard.

During the year ended November 30, 2011, the estimate for future reclamation costs for the Poplar Creek pit increased by $86,764. Of the increase, $22,015 was attributable to the 42 acres related to the land use agreement (Note 12), and $64,749 was attributable to the 124 acre laydown storage yard. $22,015 was recorded as a reduction in the gain on the land use agreement, and $64,749 was charged to intangible assets and subsequently impaired and included in the write down of intangible assets. The net carrying value of the Poplar Creek reclamation costs in the amount of $57,749 had been written off due to impairment. $14,608 was attributable to the 42 acres related to the land use agreement, and $43,141 was attributable to the 124 acre laydown storage yard. $14,608 was recorded as a reduction in the gain on the land use agreement, and $43,141 was charged to intangible assets and subsequently impaired and included in the write down of intangible assets. During the year ended November 30, 2011, the net carrying value of the Poplar Creek management contract in the amount of $30,196 had been written off due to impairment, and was charged to write down of intangible assets.

The terms of the contracts give the Province of Alberta the right to terminate the contracts without cause upon three months written notice. The contracts provide that the Province of Alberta may at any time during the term of the agreement require the Corporation to operate the tender location in cooperation with oil sand lease development. The Province of Alberta also has the right to withdraw any portion of the lands from the contracts and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to reclamation. As at November 30, 2011 the contracts are in effect, and no portions of the lands have been withdrawn for oil sand lease development (Note 17c).

Amortization provided for in the current year totalled $937,571; (2010 - $937,571).

Note 9 - Goodwill

	2011	2010
Goodwill	$ 2,537,701	$ 2,537,701

The goodwill arose as a result of the acquisition of Aggregates Management Inc. that closed on November 20, 2008. The acquired company held the management contracts to operate, on behalf of the Province of Alberta, two aggregate pits in the Fort McMurray area of Alberta. No events have occurred or circumstances changed that would suggest there could be impairment. Impairment of goodwill was tested at November 30, 2011 with a conclusion reached that no impairment has occurred.

Note 10 – Callable Debt

	2011	2010
Bank loan, repayable in monthly instalments of $150,000 plus interest at the bank's prime lending rate plus 1.875%, due December 31, 2013.	$3,750,000	$5,550,000
Bank loan, repayable in monthly instalments of $771 plus interest at the bank's prime lending rate plus 2%, due June 30, 2013.	14,646	23,896
Bank loan, repayable in monthly instalments of $2,583 plus interest at the bank's prime lending rate plus 2%, due September 30, 2015.	118,833	149,833
	$ 3,883,479	$5,723,729

The bank loans have been classified as a current liability since the lender has the right to demand repayment at any time. The principal repayment requirements unless demanded for the subsequent four years are expected to be as follows:

2012	$ 1,840,250
2013	1,836,396
2014	181,000
2015	25,833
	$ 3,883,479

The following security is provided for the callable debt and the following additional credit facilities:

- general security agreement
- mortgage over half of a section of land located near Peace River, Alberta (Note 7)
- 36x60 triple wide modular office complex
- withhold of management compensation
- assignment of investment at a minimum of $600,000 (Note 3)

The Corporation has a letter of commercial credit for $603,000 to the benefit of the Province of Alberta for reclamation at the Susan Lake pit. A cost of 1.75% per annum is charged for the letter of commercial credit.

The Corporation has access to a letter of commercial credit, for which the maximum of $250,000 is available at a cost of 1.75% per annum relating to reclamation. As at November 30, 2011, a letter of commercial credit of $248,760 has been issued to the benefit of the Province of Alberta in relation to a miscellaneous lease for a storage yard located at the Poplar Creek site.

The Corporation has access to a letter of commercial credit, for which the maximum of $500,000 is available at a cost of 1.75% per annum relating to reclamation. As at November 30, 2011, a letter of commercial credit of $500,000 has been issued to the benefit of the Province of Alberta for reclamation at the Poplar Creek pit.

Note 10 - Callable Debt (continued)

The Corporation has access to a corporate credit card facility, up to a maximum of $50,000.

The Corporation has access to an operating loan, for which the maximum of $250,000 is available at the bank's prime lending rate plus 1.5%. The facility has not been drawn on as at November 30, 2011. There is no lending margin associated with the facility.

As at November 30, 2011, the Corporation is in compliance with the lender's financial covenants.

Subsequent to November 30, 2011 the Corporation negotiated refinancing terms with another Canadian Chartered bank (Note 22).

Note 11 - Related Party Transactions

During the year ended November 30, 2011 the Corporation incurred expenses of $513,587 (2010 - $603,148) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation.

These fees are recorded in the financial statements as follows:

	2011	2010
Directors and officers:		
Directors fees and expenses	$ 33,389	$ 42,272
Travel and miscellaneous	45,857	30,352
Exploration costs	839	2,812
	80,085	75,436
Companies controlled by directors and officers:		
Consulting fees for services rendered	346,399	406,633
Travel and miscellaneous	13,357	6,105
Exploration costs	13,746	37,345
Interest	-	296
Letter of credit fees	-	13,333
Rent	60,000	64,000
	433,502	527,712
	$ 513,587	$ 603,148

There is $39,492 related to these expenses recorded in accounts payable and accrued liabilities at November 30, 2011 (2010 - $54,411).

During the year ended November 30, 2011 there was a $Nil promissory note (2010- $4,000) repayment to directors and officers and $Nil promissory notes repayment (2010- $44,000) to companies controlled by directors and officers. All promissory notes were fully repaid during the year ended November 30, 2010.

The Corporation has entered into consulting agreements for services rendered with companies controlled by directors and officers and an employment agreement with a director and officer of the Corporation (Note 20).

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

Note 12 – Land Use Agreement Receivable

	2011	2010
Land use agreement receivable	$816,933	$ -
Less current portion of land use agreement receivable	213,057	-
	$603,876	$ -

The Corporation has recognized a land use agreement receivable in connection with a long-term land use agreement with a work camp provider, whereby the Corporation transferred a 42 acre parcel of developed land out of the depleted portion of the Corporation's miscellaneous lease at Poplar Creek to the work camp provider. The work camp provider has constructed a facility on the lease that can currently accommodate approximately 500 workers, primarily employed in the oil sands industry. Pursuant to the land use agreement, the work camp provider pays monthly fees to the Corporation. The work camp provider will also contribute toward the estimated cost of reclamation, in aggregate not to exceed the non-refundable amount of $300,000, which the Corporation will maintain in a restricted cash account to be first applied toward any costs for reclamation of the Poplar Creek site. The land use agreement commenced on March 1, 2011 and expires on October 19, 2015. The agreement will automatically renew for an equivalent term period, under same terms and conditions, subject to amendments agreed to in writing by both parties, unless otherwise terminated earlier by written mutual agreement by both parties.

A gain on land use agreement in the amount of $732,180 was reported in the year ended November 30, 2011. In determining both the November 30, 2011 land use agreement receivable carrying value and the gain on land use agreement, an estimate of total future proceeds to be received under the land use agreement is required. The total estimated proceeds receivable by the Corporation under the agreement include both a fixed monthly component and estimated proceeds for daily work camp accommodation. In arriving at the estimated daily work camp occupancy rate, management used the actual daily occupancy rate experienced since inception of the contract. Management has assumed the actual experienced occupancy rate will remain constant over the agreement through October 19, 2015. Total future cash flow from fixed monthly receipts plus estimated receipts for daily occupancy were combined then discounted at a rate of 4.58%. The Land use agreement receivable carrying value is the estimated future discounted proceeds less agreement proceeds received during the year ended November 30, 2011. The $732,180 gain on land use agreement is the difference between the estimated future discounted proceeds, net of the Corporation's costs of developing the land used for the work camp, and a related $36,623 intangible asset impairment (Note 8). The average daily work camp occupancy rate used in the determination of total future proceeds is an estimate, therefore actual future proceeds under the land use agreement could vary significantly. Future changes in land use agreement receivable, if any, could have a material impact and would be reflected prospectively, as a change in accounting estimate.

Note 13 - Asset Retirement Obligations

The Corporation has recognized an asset retirement obligation in connection with the Poplar Creek management agreement and related surface material lease acquired November 20, 2008, and with the Kearl pit surface material lease for land disturbance occurring during the year ended November 30, 2011.

	2011	2010
Balance at beginning of year	$ 231,436	$ 213,169
Liabilities incurred in the current year	105,339	-
Revisions in estimated cash flows	86,764	-
Accretion	22,493	18,267
Balance at end of year	$ 446,032	$ 231,436

Note 13 – Asset Retirement Obligations (continued)

A determination of the fair value of the Poplar Creek liability assumes undiscounted estimated future cash flows needed to settle the liability as at November 30, 2011 of approximately $554,808. This pertains to both the depleted 42 acre parcel of land transferred under a long-term land use agreement with a work camp provider (Note 12), and the depleted 124 acres on which the Corporation holds a miscellaneous lease to develop a storage yard within the Poplar Creek pit. The reclamation costs are expected to be expended at the expiry of the land use agreement in 2015 plus an expected five year renewal through 2020, and at the expiry of the miscellaneous lease term in 2013 plus an expected ten year renewal through 2023, with reclamation expected to commence in 2022.The estimated future reclamation cost associated with the Poplar Creek pit was increased during the year ended November 30, 2011 with the increase charged directly against the related asset.

These estimated future cash flows have been discounted at a weighted average credit-adjusted risk-free rate of 6.7%. The Corporation has provided a $500,000 letter of credit to the benefit of the Province of Alberta on behalf of the Corporation for reclamation in relation to the Poplar Creek management agreement and related surface material lease (Note 10). These estimated future cash flows include an assumed inflation rate of 3%.

During the year ended November 30, 2011 the Corporation incurred an asset retirement obligation on its Kearl pit. A determination of the fair value of the Kearl pit liability assumes undiscounted estimated future cash flows needed to settle the liability as at November 30, 2011 of approximately $169,218 which is expected to be expended at the termination of the surface materials lease in 2021. These estimated future cash flows have been discounted at a credit-adjusted risk-free blended rate of 5.00%. The Corporation has provided a $38,300 security deposit paid to the Province of Alberta on behalf of the Corporation for reclamation in relation to the Kearl pit surface materials lease (Note 4). These estimated future cash flows include an assumed inflation rate of 3%.

No asset retirement obligation has been provided for the Susan Lake management agreement as either third parties will assume the retirement costs or the specific area of the pit has not been environmentally disturbed. Included in the short-term investment is a $603,000 term deposit backing a letter of commercial credit in the same amount to the benefit of the Province of Alberta for reclamation in relation to the Susan Lake management agreement and related surface material lease (Note 10).

In view of uncertainties concerning asset retirement obligations, the ultimate costs could be materially different from the amounts estimated. The estimate of future asset retirement liabilities is subject to change based on amendments to applicable laws and legislation. Future changes in asset retirement liabilities, if any, could have a significant impact and would be reflected prospectively, as a change in accounting estimate.

Note 14 - Income Taxes

The estimation of the Corporation's future tax assets and liabilities involves significant judgment around a number of assumptions. Judgment must be used to determine the Corporation's future earning potential, and the expected timing of the reversal of future tax assets and liabilities. Further uncertainties are the result of interpretation of tax legislation which might differ from the ultimate assessment of the tax authorities. These differences may affect the final amount or the timing of the payment of taxes.

Future income taxes reflects the tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts recognized for income tax purposes.

Note 14 - Income Taxes (continued)

The tax effects of temporary differences that give rise to significant portions of the net future income tax liability are:

	2011	2010
Future income tax assets:		
Asset retirement obligation	$ 111,508	$ 31,873
Cumulative eligible capital	25,079	26,756
Prepaid gravel	37,500	-
Share issue costs	13,990	13,990
	188,077	72,619
Future income tax liabilities:		
Property and equipment	65,684	59,465
Resource properties	962,596	832,476
Land use agreement receivable	204,233	-
Intangible assets	1,296,621	1,538,134
	2,529,134	2,430,075
Future income tax liability	$ 2,341,057	$ 2,357,456

Income tax expense varies from the amount that would result from applying the combined federal and provincial income tax rates to income before income taxes. These variances are presented in the following table.

	2011	2010
Income before income taxes	$3,980,839	$ 2,440,597
Statutory Canadian combined corporate tax rate	26.5%	28%
Expected tax expense	1,054,922	683,367
Increase (reduction) in income taxes resulting from:		
Non-deductible expenses	35,364	42,155
Other	(5,702)	43,299
Change in income tax rates	567	(10,032)
	$ 1,085,151	$ 758,789

The provision (benefit) for income taxes is comprised of:

	2011	2010
Provision for current income taxes	$ 1,101,550	$ 907,105
Provision (benefit) for future income taxes	(16,399)	(148,316)
	$ 1,085,151	$ 758,789

Note 15 - Share Capital

a) Authorized:
An unlimited number of:
Common voting shares
Preferred shares, issuable in series

b) The Corporation has issued common voting shares of its share capital as follows:

	2011		2010	
	Number of Shares	Amount	Number of Shares	Amount
Balance at beginning of year	27,149,165	$ 6,585,761	27,978,165	$ 6,610,693
Warrants expired	-	-	-	176,164
Transfer from contributed surplus on exercise of stock options	-	54,358	-	-
Repurchased shares (Note 15 c)	(215,000)	(52,154)	(829,000)	(201,096)
Issued shares on exercise of stock options (Note 15 d)	265,001	67,151	-	-
Balance at end of year	27,199,166	$ 6,655,116	27,149,165	$ 6,585,761

c) Repurchased common shares:

During the year ended November 30, 2010 and 2011 the Corporation had in place a normal course issuer bid that commenced on July 5, 2010 and terminated on July 5, 2011. During the year ended November 30, 2011 the aggregate cost of the common shares purchased and cancelled was $58,498 of which $52,154 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $6,344 charged to retained earnings. During the year ended November 30, 2010 the aggregate cost of the common shares purchased and cancelled was $213,177 of which $201,096 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $12,081 charged to retained earnings.

During the year ended November 30, 2011, the Corporation obtained regulatory approval to proceed with a normal course issuer bid (the "Bid"). In accordance with the terms of the Bid, the Corporation may purchase up to a total of 1,353,375 common shares representing approximately 5% of the common shares of the Corporation issued and outstanding as at August 1, 2011. The Bid commenced on August 12, 2011 and will terminate on August 12, 2012. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of TSX Venture Exchange Inc. (the “Exchange”) at the market price for the common shares at the time of the acquisition. The purchase and payment for the common shares will be made by the Corporation in accordance with the by-laws and rules of the Exchange.

There are no persons acting jointly or in concert with the Corporation in respect of the Bid. The Corporation is making the Bid in order to stabilize the trading price and provide liquidity in the market for its common shares. During the year ended November 30, 2011 no common shares had been repurchased pursuant to the Bid that commenced on August 12, 2011.

Notes to Financial Statements
Years Ended November 30, 2011 and November 30, 2010

Note 15 - Share Capital (continued)

d) Stock options:

The Corporation has issued options to directors, officers, employees and consultants of the Corporation as incentives.

The continuity of the Corporation's outstanding stock options is as follows:

	2011			2010		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of year	2,645,767	$	0.32	2,537,435	$	0.35
Issued	70,000	$	0.35	890,000	$	0.28
Expired or cancelled	(36,666)	$	0.26	(781,668)	$	0.37
Exercised	(265,001)	$	0.25	-	$	-
Options outstanding, end of year	2,414,100	$	0.33	2,645,767	$	0.32

2,147,433 options were exercisable at November 30, 2011 at a weighted average exercise price of $0.34. 1,609,934 options were exercisable at November 30, 2010 at a weighted average exercise price of $0.36.

During the year ended November 30, 2011, 265,001 stock options were exercised at an average price of $0.25 resulting in $67,151 cash proceeds to the Corporation. Contributed surplus in the amount of $54,358 has been transferred to share capital representing the fair value of the stock options that had been recorded by the Corporation when the related stock options were issued.

The weighted average remaining contractual life of the options is 1.87 years (2010- 2.95 years).

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. Options under the stock option plan are not transferable or assignable. Pursuant to the stock option plan, options must be exercised within a reasonable period following termination of employment or cessation of the optionee's position with the Corporation, or such other period established by the Board of Directors, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option may be exercised within one year, subject to the expiry date.

Note 15 - Share Capital (continued)

d) Stock options: (continued)

The following is a summary of the outstanding options:

Expiry Date	Exercise Price	Number of Options Outstanding 2011	Number of Options Outstanding 2010
January 8, 2012	$ .40	955,767	955,767
October 15, 2012	$ .26	150,000	150,000
May 13, 2013	$ .40	75,000	75,000
September 21, 2014	$ .25	450,000	625,000
October 15, 2014	$ .40	100,000	100,000
November 2, 2014	$ .40	100,000	100,000
October 15, 2015	$ .26	513,333	640,000
October 6, 2016	$ .35	70,000	-
		2,414,100	2,645,767

The fair value of the options granted was estimated on the dates of the grant using the Black-Scholes option-pricing model with the following assumptions:

	2011	2010
Dividend yield	Nil	Nil
Expected volatility	94%	101%
Risk free rate of return	1.49%	1.84%
Expected life	5 years	4.38 years

The weighted average grant date fair value of options issued during the year was $0.25 per option (2010- $0.18)

e) Diluted income per common share:

For the year ended November 30, 2011, there are 1,183,333 stock options that are dilutive. For the year ended November 30, 2010, there are 625,000 stock options that are dilutive. After applying the treasury stock method, the dilutive effect of these securities is negligible and results in basic and diluted earnings per share being reportable as the same amount as follows:

	2011	2010
Earnings per common share:		
Basic earnings per common share	$0.11	$0.06
Diluted earnings per common share	$0.11	$0.06

Note 15 - Share Capital (continued)

e) Diluted income per common share: (continued)

For the year ended November 30, 2011	Income (numerator)	Shares (denominator)	Per Share amount
Basic earnings per share			
Income available to common shareholders	$2,895,688	27,030,621	$0.10
Effect of dilutive securities			
stock options	-	407,425	
Diluted earnings per share			
Income available to common shareholders including assumed conversions	$2,895,688	27,438,046	$0.10

Options to purchase 1,230,767 common shares at $0.35 to $0.40 per share were outstanding during the year ending November 30, 2011 but were not included in the computation of diluted earnings per share because the options' exercise price were greater than the average market price of the common shares during the year.

f) Warrants:

A continuity of the Corporation's outstanding warrants is as follows:

	Weighted Average Exercise Price	Number of Warrants	Fair Value Amount
Balance, November 30, 2009	$ 0.60	1,185,000	$ 176,164
Expired		(1,185,000)	(176,164)
Balance, November 30, 2010 and 2011		-	$ -

Note 16 - Contributed Surplus

	2011	2010
Balance at beginning of year	$ 736,643	$ 598,763
Stock based compensation expense	113,711	137,880
Transferred to share capital on exercise of stock options	(54,358)	-
Balance at end of year	$ 795,996	$ 736,643

Note 17 - Financial Instruments

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

a) Fair Value

Due to the short-term nature of cash, accounts receivable, and accounts payable and accrued liabilities the carrying value of these financial instruments approximate their fair value. The fair value of callable debt, short-term investment and restricted cash approximates their carrying values as they are at the market rate of interest. Long-term deposits are refundable as discussed in Note 4. The fair value of long-term deposits is not materially different from carrying value. Land use agreement receivable is an estimate of discounted future cash flow with carrying value approximating fair value.

The fair value of cash of $1,397,883 (2010-$1,296,812) and restricted cash of $25,522 (2010- $nil) has been determined based on level 1 inputs.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, short-term investment, accounts receivable, long-term deposits and land use agreement receivable. The Corporation’s maximum credit risk at November 30, 2011 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 November 30, 2011, 79% of the Corporation's accounts receivable was due from four customers.

The Corporation’s aged accounts receivable are comprised of 49.6% current, 20.9% past due up to 60 days and 29.5% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable.

Included in accounts receivable past due over 60 days is $800,035 owed to the Corporation from a customer who is an oil sands industry participant. This amount has been disputed by the customer however management expects to collect the receivable during the year ending November 30, 2012.

Credit risk associated with cash, restricted cash and short-term investment 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 Province of Alberta thus 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. Under its long-term credit facilities, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at November 30, 2011 however the credit facilities are due on demand. The demand feature of the credit facilities increases the Corporation’s liquidity risk as the bank could demand repayment. Management has assessed this risk and believes that it has sufficient capital through internally generated cash flows or alternate sources of financing to mitigate this risk.

Note 17 - Financial Instruments (continued)

c) Liquidity Risk (continued)

As at November 30, 2011 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 and callable loans. In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities are as follows:

Year	
2012	$ 5,359,550

The Corporation expects the callable debt will be repaid in monthly amounts, however, the balance of $3,883,479 has been reported above as the lender has the right to demand full repayment at any time.

The Corporation's existing credit facilities and cash flow from operating activities is expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities for 2012. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts (Note 8).

As discussed in Note 22, subsequent to the year end, the Corporation has refinanced its credit facilities. As a result, the credit facilities which are due on demand as at November 30, 2011 have been replaced by term debt which is to be repaid in monthly amounts over four years. The Corporation's liquidity risk has therefore been reduced as a result of refinancing.

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 November 30, 2011 the Corporation had USD cash on hand in the amount of $19,734 (CAD $20,111), and no USD denominated accounts payable and accrued liabilities.

e) Interest Rate Risk

The Corporation has an interest bearing term deposit and carries variable rate debt financing. Given the interest rate is fixed on the term deposit the Corporation is not exposed to any interest rate risk on this financial instrument. However, the Corporation is exposed to interest rate risk on the variable rate callable debt. A 100 basis point increase in the interest rate on the callable debt would decrease net income and comprehensive income by approximately $28,000.

The Corporation's bank loans bear interest at 1.875% and 2% over the bank's prime lending rate. As the bank's prime lending rate fluctuates so will the cost of borrowing. While exposed to interest rate risk in the short term, the Corporation has the ability to convert the variable rate financing to fixed rate financing on the demand loan bearing the bank's prime lending rate plus 1.875%, due December 31, 2013 thereby significantly reducing the exposure to interest rate risk. Given the ability to convert to a fixed rate bank loan, the Corporation is not exposed to significant interest rate risk.

As discussed in Note 22, subsequent to the year end, the Corporation has refinanced its credit facilities. Upon refinancing, the Corporation's term debt will bear interest at bank prime plus 1.75% and the operating loan will bear interest at bank prime plus 1%, except for the letters of credit issued from the operating loan that will bear interest at 2.5% over the bank's prime lending rate. The lease facility will bear a fixed rate of interest to be determined at time of funding, currently set at 4.15%.

Note 18 - Capital Disclosures

The Corporation defines capital as shareholders' equity. The Corporation's objective when managing capital is to provide sufficient capital to cover normal operating and capital expenditures. In order to maintain or adjust the capital structure, the Corporation may issue debt, purchase shares for cancellation pursuant to normal course issuer bids or issue new shares. The Corporation is subject to externally imposed capital requirements as discussed below.

The Corporation is subject to externally imposed capital requirements represented by various bank covenants related to its callable debt. These covenants include restrictions on capital expenditures, minimum debt service coverage, maximum funded debt, minimum working capital ratio and a minimum shareholders' equity. The covenants will result in restrictions on the use of capital. As at November 30, 2011 the Corporation is in compliance with these covenants.

There were no changes to the Corporation's capital management during the years ended November 30, 2011 and 2010.

Note 19 - Supplemental Cash Flow Information

The Corporation paid or received cash during the year for the following:

	2011	2010
Interest paid	$ 240,144	$ 289,005
Interest received	$ 1,219	$ 25,995
Income taxes paid	$ 1,525,446	$ 247,947

Note 20 - Commitments and Contingencies

The Corporation has entered into consulting agreements with two companies controlled by directors and officers of the Corporation that provide for a consulting fee of $10,000 per month to each of the related companies. Should the Corporation terminate these agreements without just cause, the agreements provide for a termination fee of $60,000 to each of the related companies or $120,000 in aggregate.

The Corporation has entered into an employment agreement with a director and officer of the Corporation that provides for a base annual salary per annum plus bonus and benefits. Should the Corporation terminate this agreement without just cause, the employee is entitled to be paid a termination fee based on the last three year average of this employee's salary, bonus and benefit package at the time of termination. As at November 30, 2011 the potential termination fee is approximately $332,000.

Note 21 - Segmented Disclosure

The Corporation operates as a single segment being mining. All Company revenues are derived from external Canadian customers. The Corporation's capital assets and goodwill are domiciled in Canada. During the year ended November 30, 2011, the Corporation had three customers that each accounted for 10% or more of the Corporation's revenues. In aggregate, the revenue from these three customers represented 75% of the Corporation's revenue in fiscal 2011.

Note 22 - Subsequent Event

Bank Refinancing

On January 26, 2012 the Corporation announced that it has signed a non-binding term sheet with a Canadian Chartered bank for a new credit facility in the amount of $10 million dollars. A leasing commitment letter was executed on March 19, 2012, and a lending commitment letter was executed on March 21, 2012. Funding is expected to occur during the month of March 2012.

Note 22 - Subsequent Event (continued)

Bank Refinancing (continued)

The new financing arrangement includes $4,000,000 of term debt that will be used to retire callable debt outstanding with the Corporation's current lender, being approximately $3,423,417 at February 29, 2012, and will provide approximately $576,583 in further working capital, before paying transaction costs. A lease financing component is available for the acquisition of $3,000,000 of capital expenditures. As well, a $3,000,000 margin-based, revolving operating line of credit is available. This will be utilized to replace $1,353,000 of existing letters of credit, and will also provide access to further operating line credit available to finance the Corporation's working capital requirements.

Upon refinancing, the Corporation's term debt will bear interest at bank prime plus 1.75% and the operating loan will bear interest at bank prime plus 1%, except for the letters of credit issued from the operating loan that will bear interest at 2.5%, over the bank's prime lending rate. The lease facility will bear a fixed rate of interest to be determined at time of funding, currently set at 4.15%.

The term debt and the lease loan will be repaid over a four and five year period respectively. A maturity date does not apply to the operating line of credit.

Note 23 - Comparative Figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.