Athabasca MINERALS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE SIX MONTHS ENDED MAY 31, 2010

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GENERAL

This Management's Discussion and Analysis ("MD&A") of the financial condition and the results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation") should be read in conjunction with the unaudited interim financial statements and the notes thereto for the six months ended May 31, 2010, as well as the audited financial statements and the notes thereto for the year ended November 30, 2009 which have been prepared in accordance with Canadian generally accepted accounting principles. The following information was prepared by management as of July 23, 2010. All amounts have been expressed in Canadian dollars. Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

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A. COMPANY PROFILE

Athabasca is a management and exploration company specializing in developing and exploring for aggregates and industrial minerals in Alberta. The business strategies to grow the Corporation are:

- Management of aggregates resources in Alberta
- Exploration, acquisition and development of other aggregate resources and companies in Alberta
- Identification, exploration and development of various industrial minerals to support oil sands development and the Alberta economy
- Identify areas for laydown facilities, camps and associated infrastructure for oil sands activity

Management of aggregate resources focuses primarily on supplying our aggregate management expertise to clients who either own or hold aggregate properties. This service includes, but is not limited to, clearance of trees, removal and conservation of top soil and overburden, exploration for usable material, identification of the types and qualities of aggregate available to maximize the utilization of the resource, coordination of clients' orders for specific aggregate with available material, organization and direction of contractors in the pit, quantity assured supervision of clients' orders via weighing and / or surveying all aggregate extracted, and reclamation of the site in compliance with government standards after the pit is depleted. For these services, the Corporation receives a fee for each cubic metre / tonne of aggregate material removed from the pits for the duration of the contracts. Currently, the Corporation manages two pits north of Fort McMurray, Alberta for the Alberta Government.

The Corporation employs in-house experts with more than 200 years of combined experience in the aggregates industry to identify, explore and develop aggregate resources. Our team members have been involved with numerous acquisitions of aggregate resources and operations in Alberta. To date, the Corporation has signed an agreement with a Grimshaw, Alberta pit operation (northwest of Peace River) containing a total measured resource quantity of 10 million tonnes, acquired two 160-acre properties near this operation, and purchased Aggregates Management Inc., the company that manages the two public pits north of Fort McMurray for the Alberta Government.

The Corporation has implemented a significant number of aggregate exploration programs on public land, and following review of the test programs, four aggregate mining applications have been submitted for approval to the Alberta Government. So far, two aggregate mining leases have been approved (one is conditional on submission of a Conservation and Reclamation Plan).

Currently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 406,737 hectares (1,005,088 acres) largely located in the Fort McMurray region in northeast Alberta. The Alberta Government has identified a rich variety of industrial minerals in this region such as limestone, salt, gypsum, and silica sand. These minerals are key ingredients for many products used to support the oil sands industry and Alberta infrastructure projects. The Corporation continues to assess its permitted land holdings for development based on mineral exploration programs that employ such methods as airborne magnetic surveys, sediment stream and outcrop sampling and deep well drilling.

B. AGGREGATE MANAGEMENT

The Corporation holds management contracts with the Alberta Government for the management of the Susan Lake and Poplar Creek aggregate operations, located north of Fort McMurray. The Corporation's mandate is to operate the aggregate resources for public use and generates its revenue from the management of these two aggregate operations. The business of the Corporation is seasonal with the majority of revenue earned in the 3rd and 4th quarters. This is due largely to construction projects starting up in the spring and summer seasons. Although the Corporation generates the majority of its revenue during these periods, operations continue year round.

Susan Lake Aggregate Operation

The aggregate operation is located approximately 85 Km north of Fort McMurray. It is approximately 9,260 acres (3,750 hectares) in size. Only 23% or approximately 845 hectares of the pit has been developed. Approximately 54.1 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. As at May 31, 2010, there are 90 months remaining on the ten year contract with the Alberta Government.

Between 2003 and 2008 sales from Susan Lake averaged 5.76 million tonnes per annum. The Susan Lake Pit was named the top aggregate supplier in Canada for the amount of aggregate sold in 2009 totaling 6.59 million tonnes. The aggregates were utilized by oil sands companies and other infrastructure projects in the Fort McMurray area.

Poplar Creek Aggregate Operation

The aggregate operation is located approximately 30 Km north of Fort McMurray. It is approximately 3,680 acres (1,490 hectares) in size. Approximately 1.5 million tonnes of aggregate has been removed from this pit since 2003. While most of the gravel has been extracted from the pit, it contains substantial sand deposits. A sand testing program has commenced to determine the quantity and quality that may be marketed to nearby oil sands operations and the City of Fort McMurray.
A 65-hectare area that is depleted of aggregate is being converted to a lay-down area where equipment, pipe, plant components and supplies used by oil sands and industrial companies can be stored and assembled. The Corporation has obtained a miscellaneous lease approval from the Alberta Government to operate the site as a lay-down yard.

The term of this lease is consistent with the term of the Poplar Creek management contract which has 33 months remaining as at May 31, 2010.

C. OTHER AGGREGATE RESOURCES

Public Land

The Corporation is working on the marketing of aggregates from the Logan River and the Pelican Hill Pits for which approval of Surface Material Lease's (SML) has been received. It is anticipated that approval will be received for an additional two SMLs later this year. These two SMLs are strategically located near existing major oil sands, oil and gas, government and municipal projects.

Logan River Pit

This pit is located approximately 160 km south of Fort McMurray. The Corporation received approval to develop this pit in early 2010. The 80-acre Logan River aggregate lease is believed to contain significant amounts of aggregate materials suitable for widespread use in construction and oil sands activities.

This pit contains very little vegetation, topsoil and overburden, and the pit can be prepared for mining extraction within a few weeks upon receiving aggregate orders. Access to the Logan River Pit is provided via an existing county road that runs through the site. Aggregate from this pit will be supplied primarily to oil sands and government infrastructure projects in the area.

Pelican Hill

This pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. The SML for this project has been approved by the Alberta Government, subject to submission of a Conservation and Reclamation (C&R Plan). The C&R Plan will be completed in fiscal year 2010 and it is anticipated final approval will be secured in the fourth quarter. We expect to supply aggregate primarily to the oil and gas industries, as well as for government infrastructure projects in the area.

Private Land

Warrensville Pit

In April 2007, Athabasca signed a gravel lease agreement with a private pit operator in the Grimshaw area (northwest of Peace River) to take over the pit operation (the Warrensville Pit) and marketing of gravel in northwest Alberta. In September 2007, Athabasca received a technical report from Don Peel, P. Geol, a qualified person under National Instrument 43-101 on this property. The following conclusions have been documented in the report:

- Based on published geological data and two drilling programs, the property has high potential for aggregate resource development
- Total measured resource quantity of the property exceeds 10 million tonnes
- Quality of the resource has been evaluated as "a good prospect for construction projects"

This region has potential for significant growth given the activities in the Peace River oil sands development, combined with conventional oil and gas activities, pipeline corridors, forestry and agriculture.

The Corporation also purchased two 160-acre parcels of land near the leased property. These lands are located within and underlain by the "Grimshaw Gravels", a pre-glacial sand and gravel deposit. Pre-glacial deposits are known to contain high quality aggregates.

Acquisition and/or Joint Venture

The Corporation continues to pursue existing aggregate operations that are owned or managed by other aggregate suppliers with a view to acquire them or enter into a joint venture agreement with them. Aggregate operations that satisfy due diligence reviews to determine the operations' viability and that are conducive to our corporate growth strategy will be targeted.

D. MINERAL PROPERTIES

As at July 23, 2010 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 406,737 hectares (1,005,088 acres) of land in northern Alberta. 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 exploration and strategic priorities, as well as financial considerations.

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

	July 23 2010 (hectares)	May 31, 2010 (hectares)	Feb. 28, 2010 (hectares)
Balance at beginning of period:	307,448	400,723	504,280
Mineral permits acquired during the period:	99,289	41,878	nil
Mineral permits relinquished during the period:	nil	(135,153)	(103,557)
Balance at end of period:	406,737	307,448	400,723

Salt

The Corporation has identified a salt formation in the Fort McMurray area. Studies have indicated that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands industry. This project is being deferred as substantial working capital will be required to conduct further studies and testing to determine whether this project is economically viable.

Silica Sand

The Corporation has identified a substantial deposit of silica sand north of Fort McMurray. Grab samples indicate high silica content exceeding 98% SiO_2. Additional grab samples were collected in the second quarter of the 2010 fiscal year. Analyses of the samples are being analyzed by independent laboratories. The Corporation expects to receive the results in the 2010 fiscal year. Financing may be by way of internally generated working capital or by debt or equity.

Gypsum

Gypsum deposits have been identified in the subsurface within our permitted areas. Recent mapping by the Corporation's geologists have diminished the economic viability of these deposits, and no further exploration is planned at the present time.

Limestone and Dolomite

Limestone deposits are prevalent within our permitted areas. Some of these may be suitable for construction aggregates. The Corporation has identified a location that may contain a significant dolomite resource. Dolomite is used extensively as construction aggregates and is a good source of magnesium. Dolomite is a calcium-magnesium carbonate rock, $CaMg(CO_3)2$ with a theoretical composition of 30.41% CaO, 21.86% MgO and 47.73% CO_2 Analyses of grab samples from rock outcrops returned MgO values ranging from a low of 18.98% MgO to a high of 19.76% MgO, with an average of 19.35% MgO. The Corporation will conduct further studies to evaluate the size of the near surface dolomite to determine if there is sufficient mineable quantity to support the oil sands industry and other infrastructure projects in the Fort McMurray region.

E. SUMMARY OF QUARTERLY RESULTS

	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	May 31/10	**Feb 28/10**	**Nov 30/09**	**Aug 31/09**
Revenue	$1,763,173	$1,086,134	$3,988,032	$3,099,387
Interest Income	$6,846	$6,552	$6,678	$5,676
Net Income (Loss) and Comprehensive Income (Loss)	$(300,716)	$(147,269)	$820,854	$763,266
Basic and Diluted Net Income (Loss) Per Share	$(0.01)	$(0.01)	$0.03	$0.03
Total Assets	$16,702,511	$17,369,475	$18,467,100	$17,309,621
Resource Properties	$3,211,004	$3,140,072	$2,999,617	$2,835,725

	Three Months Ended	Three Months Ended	Two Months Ended	Three Months Ended
	May 31/09	**Feb 28/09**	**Nov 30/08**	**Sep 30/08**
Revenue	$1,605,768	$1,016,822	$446,388	$1,069
Interest Income	$10,631	$14,695	$3,177	$Nil
Net Income (Loss) and Comprehensive Income (Loss)	$18,491	($269,288)	$418,130	($283,481)
Basic and Diluted Net Income (Loss) Per Share	$0.00	($0.01)	$0.02	($0.01)
Total Assets	$16,652,669	$17,681,925	$20,897,281	$2,619,024
Resource Properties	$2,713,244	$2,604,390	$2,511,401	$2,440,840

F. OUTLOOK

The Corporation views the recent focus on infrastructure in Northern Alberta as extremely positive in achieving its corporate goals. These spending programs will result in road construction and maintenance in addition to major projects such as public infrastructure facilities. In combination with the public sector spending, the global economy appears to be improving, which should result in additional major projects undertaken by private sector companies. A number of additional oil sands entities have commenced exploration and production in the Fort McMurray region, which further enhances the demand for aggregates required for construction and roads.

It is anticipated that existing oil sands activities of Suncor, Syncrude and Shell, and new oil sands development such as the Kearl Project of Imperial Oil and the entry of Sinopec of China into the oil sands industry, will continue to support the Fort McMurray region. Recent announcements from Canadian Natural Resources Ltd., Total, ConocoPhillips, and Husky Energy that they will increase spending to improve their oil sands production are expected to strengthen the existing Alberta economy and aggregate demand.

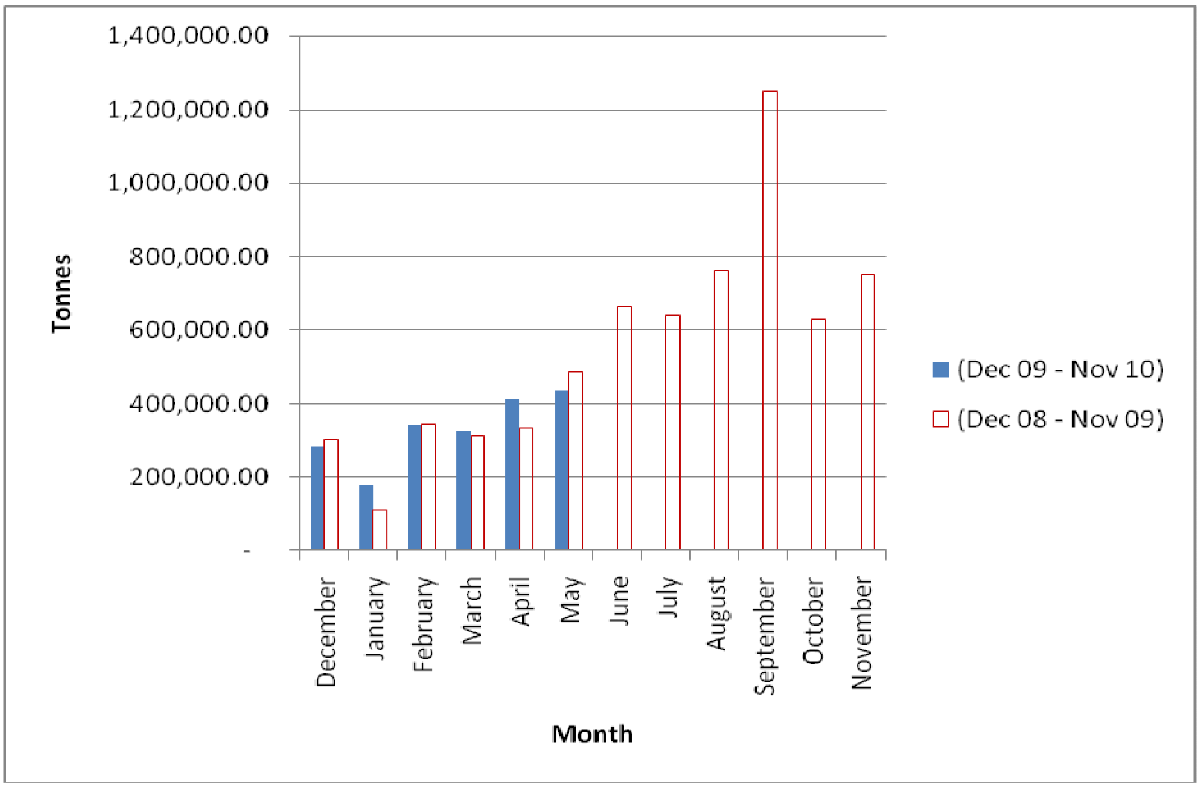
Aggregate Management

The volume of aggregate extracted from the two aggregate operations is subject to the demands of oil sands and construction companies in the Wood Buffalo and surrounding regions, which is dependent upon a number of factors. These factors include oil price, labour costs, government infrastructure spending, major (greater than $5 million) and minor construction project requirements, weather and road quality. It is a best practice for the Corporation to determine demands for the year by meeting and discussing expected aggregate demands with major customers. Based on these customer meetings, Athabasca anticipates demand of approximately 6.5 million tonnes of aggregate for fiscal year 2010. However, changes in demand will continue throughout the fiscal year.

In the first quarter of 2010, the Corporation sold 806,388 tonnes of aggregate, of which 803,931 tonnes were from Susan Lake and 2,457 tonnes from Poplar Creek.

In the second quarter of 2010, the Corporation sold 1,172,705 tonnes of aggregate, of which 1,147,770 tonnes were from Susan Lake and 24,935 tonnes from Poplar Creek.

The table below compares the aggregate sales between the first six months of 2010 fiscal year and the sales in the 2009 fiscal year. It shows that for the same period, aggregate sales this year are slightly ahead of last year's sales. It is expected that demand for aggregates from the Susan Lake and the Poplar Creek aggregate operations will increase in the third and fourth quarters of fiscal year 2010 consistent with last year's demand in the same quarter as construction activities begin in the summer construction season. With recent announcements from various oil sands companies to increase their production, it is anticipated that the demand for aggregates will remain as strong.



Other Aggregate Resources

The retail price of aggregate is made up of a number of components including extraction and processing costs, haul distance, quality of aggregate, and order volume.

The largest component in the price of aggregate is transportation. Pits become more competitive the closer they are to the job. Aggregate sales from Susan Lake have been transported as far away as two hundred kilometres. This bodes well for the new area the Corporation is developing at Logan River as it is much closer to numerous oil sand developments south of Fort McMurray.

Public Land

The Corporation intends to continue with aggregate exploration programs in the third quarter. If these sites prove to contain sufficient quantity and quality of aggregates, we will proceed with obtaining approval for the Surface Material Lease Applications.

Private Land

The Corporation will continue to look for a market and customers for the Warrensville Pit in the third quarter. Since there are other gravel pits in the area, competing for the same market, a concerted effort will be required to bring our pit into production.

Mineral Properties

The Corporation is currently assessing its mineral exploration program. As stated above, current data has diminished the economic viability of the gypsum deposits. Further exploration for gypsum on our properties will be curtailed for the present. While dropping one mineral prospect in our program, another mineral (dolomite) has emerged as potentially viable for development within our permit areas. Our team of geologists and engineers are conducting further studies of new data and the review is expected to be completed in the 2010 fiscal year.

Increased demand for oil and gas has driven producing companies to stimulate older wells to increase production. One of the methods is hydrofracing, where a combination of frac sand, a viscous gel and other chemicals are forced down the well to prop open fractures. The frac sand used must be high in silica content, well rounded, clean of other minerals and impurities, fine, medium to coarse grain and mineable. The Corporation is currently developing an exploration program for silica sand on our properties targeting a completion date in the first quarter of the 2011 fiscal year.

The Alberta Government has identified that host rocks for precious and base metal deposits exist in the Fort McMurray region. This area is virtually unexplored for industrial minerals and may contain significant metallic mineral deposits. The Corporation is currently conducting a soil sampling program within our properties to identify the various types of minerals that may exist within the properties. We plan to complete this portion of the exploration program by the end of the third quarter of the 2010 fiscal year.

G. OPERATING RESULTS

	Three Months Ended May 31, 2010	Three Months Ended May 31, 2009
Aggregate Management Fee Revenue	$1,763,173	$1,605,768
Royalties	$537,391	$542,789
Aggregate Management Fee Revenue, net of Royalties	$1,225,782	$1,062,979
Aggregate Management Operating Expenses	$503,827	$289,474
Expenses		
Amortization and accretion	$280,688	$269,087
General and administrative	$398,914	$373,831
Interest on long term debt	$ nil	$9,074
Interest on demand loans	$70,453	$84,236
Stock based compensation	$21,562	$8,386
Interest income	$6,846	$10,631

Revenues for the three months ended May 31, 2010 have increased by 9.8% to $1,763,173 from $1,605,768 for the three months ended May 31, 2009. The sale of aggregate increased by 3.4%, with 1,172,705 tonnes sold in the three months ended May 31, 2010 compared with 1,134,059 tonnes sold in the three months ended May 31, 2009.

Revenues for the six months ended May 31, 2010 have increased by 8.6% to $2,849,307 from $2,622,590 for the six months ended May 31, 2009. The sale of aggregate increased by 4.6%, from 1,979,093 tonnes sold in the six months ended May 31, 2010 compared with 1,891,453 tonnes sold in the six months ended May 31, 2009.

Aggregate management operating expenses for the three months ended May 31, 2010 were $503,827 representing an increase of 74% from $289,474 for the three months ended May 31, 2009. The increase is attributed to an increase in clearing costs, and stripping costs expensed in the three months ended May 31, 2010.

Aggregate management operating expenses for the six months ended May 31, 2010 were $758,754 representing an increase of 7.3% from $707,404 for the six months ended May 31, 2009.

During the three months ended May 31, 2010, the Corporation recorded a net loss and comprehensive loss of $300,716 (-$0.01per share) compared to a net income and comprehensive income of $18,491 ($0.00 per share) for the three months ended May 31, 2009. This decrease in net income is attributed to an increase in clearing costs and stripping costs, offset by an increase in revenue over the three months ended May 31, 2010. The business of Athabasca is cyclical with the majority of the revenues and related profit earned in the third and fourth quarters. The first and second quarters are historically the slowest.

During the six months ended May 31, 2010, the Corporation recorded a net loss and comprehensive loss of $447,985 (-$0.02 per share) compared to a net loss and comprehensive loss of $250,797 (-$0.01 per share) for the six months ended May 31, 2009. This increase in net loss is primarily attributed to an increase in future income tax expense in the six months ended May 31, 2010. The business of Athabasca is cyclical with the majority of the revenues and related profit earned in the third and fourth quarters. The first and second quarters are historically the slowest.

General and administrative expenses for the three month period ended May 31, 2010 have increased 6.7% to $398,914 from $373,831 for the three months ended May 31, 2009. The increase is attributed to increased accounting and audit fees and increased travel expenses in the three months ended May 31, 2010.

General and administrative expenses for the six months ended May 31, 2010 have increased 16.8% to $740,939 from $634,532 for the three months ended May 31, 2009. The increase is attributed to increased accounting and audit fees, increased bank charges and letter of credit fees and increased travel expenses in the six months ended May 31, 2010.

Interest expenses were $70,453 for the three months ended May 31, 2010 down from $84,236 for the three months ended May 31, 2009. The decrease is due to a lower prime lending rate and due to lower loan balances as principal payments are made.

Interest income from cash on deposit and the short-term investment for the three months ended May 31, 2010 totalled $6,846 as compared to $10,631 for the three months ended May 31, 2009. The decrease in interest income from 2009 to 2010 is due to reduced amounts on deposit and lower interest rates.

H. OPERATING ACTIVITIES

Cash flows used in operating activities for the three months ended May 31, 2010 were $825,142 as compared to $698,082 for the three months ended May 31, 2009. Cash flows used in operating activities for the six months ended May 31, 2010 were $623,955 as compared to cash flow from operating activities of $909,562 for the six months ended May 31, 2009. The variation between the six months ended May 31, 2010 and May 31, 2009 amounts are due to large receivables as a result of the AMI acquisition which was completed on November 20, 2008 and no advanced stripping costs in 2009.

Also reducing the operating cash flows for the three months ended May 31, 2010 was the advance stripping program undertaken by the Corporation. In preparation for anticipated sales in the third and fourth quarters of fiscal 2010, the Corporation stripped lands for new extraction areas within the Susan Lake pit. These new areas are segregated and separate from the current extraction areas. The costs incurred on the advance stripping program are recorded as a prepaid stripping cost asset and will be expensed once extraction from these new areas commences. During the three months ended May 31, 2010, the Corporation recorded $234,305 (three months ended May 31, 2009 - $Nil) in prepaid stripping costs.

I. INVESTING ACTIVITIES

Investing activity for the three month period ending May 31, 2010 and 2009 are as follows.

	Three Months Ended May 31, 2010	Three Months Ended May 31, 2009
Purchase of property and equipment	$nil	$(73,970)
Resource properties	$(119,278)	$(108,854)
Total	$(119,278)	$(182,824)

During the three months ended May 31, 2010 the Corporation incurred resource property exploration expenditures of $119,278 as compared to $108,854 for the three months ended May 31, 2009. The increase was due to exploration work related to the Corporation's minerals properties.

J. FINANCING ACTIVITIES

Financing activities for the three months and the six months ended May 31, 2010 relate to the repayment of demand loans of $452,313 and $904,625, respectively. As of May 31, 2010, the Corporation has fully repaid the long term debt.

K. LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2010, the Corporation had a reported working capital deficit of $3,603,170. Despite the repayment terms extending over five years, the demand loans have been classified as a current liability due to the demand feature of the loans. As at May 31, 2010 the Corporation is in compliance with the lender's financial covenants. The lender removes the demand loans when calculating working capital for loan covenant purposes which results in working capital of $2,875,351.

Management expects to repay the demand loans over the scheduled repayment period. As the Corporation is in compliance with the lender's covenants, management is unaware of any condition that would indicate the lender will demand immediate repayment of the loan. Working capital as calculated by the lender is sufficient for the Corporation to meet its obligations as they come due. Should the bank demand immediate repayment, the Corporation believes it has sufficient resources through internally generated cash flows or alternative sources of financing to satisfy the demand.

The Corporation has no formal commitments for capital expenditures, but is required to make certain expenditures to keep the various project lands in good standing, including minimum exploration expenditures. The minimum exploration expenditures to retain the 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

The Corporation holds mineral permits covering 406,737 hectares. The Corporation has spending commitments of $1,069,630 in fiscal 2010, $977,355 in fiscal 2011 and $705,835 in fiscal 2012 to retain the Corporation's mineral permits held at May 31, 2010. In managing the exploration permits, the Corporation 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 reduced 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.

L. CONTRACTUAL OBLIGATIONS

As at May 31, 2010, the Corporation's contractual obligations are as follows:

		Payments Due by Period			
	Total	Less than one year	2-3 years	4-5 years	After 5 Years
Demand loans	$6,478,521	$1,809,250	$3,618,500	$1,050,771	$nil

M. OUTSTANDING SHARE DATA

Athabasca is authorized to issue an unlimited number of common shares. The following details the common shares outstanding and securities that are convertible into common shares as at July 23, 2010.

Number of Common Shares Outstanding	27,978,165
Number of Stock Options Outstanding	2,220,768

The Corporation had 2,220,768 outstanding options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
1,022,435	$0.40	January 8, 2012
100,000	$0.43	April 4, 2013
75,000	$0.40	May 13, 2013
240,000	$0.40	July 28, 2013
683,333	$0.25	September 21, 2014
100,000	$0.40	November 30, 2014
2,220,768		

A total of 1,779,100 options were exercisable at a weighted average exercise price of $0.36.

N. RELATED PARTY TRANSACTIONS

During the six months ended May 31, 2010 the Corporation incurred expenses of $296,366 (six months ended May 31, 2009 - $259,940) in consulting, letter of credit fees, interest expense, and rental fees from certain directors and officers and certain companies controlled by certain officers and directors of the Corporation.

During the three months ended May 31, 2010 the Corporation incurred expenses of $138,811 (three months ended May 31, 2009 - $119,847) in consulting, letter of credit fees, interest expense, and rental fees from certain directors and officers and certain companies controlled by certain officers and directors of the Corporation.

There is $NIL related to these expenses recorded in accounts payable and accrued liabilities at May 31, 2010 (May 31, 2009 - $20,053).

During the six months ended May 31, 2010, the Corporation had exploration costs of $11,170 (six months ended May 31, 2009 - $ Nil) charged by companies controlled by directors and officers.

During the three months ended May 31, 2010, the Corporation had exploration costs of $5,000 (three months ended May 31, 2009 - $ Nil) charged by companies controlled by directors and officers.

During the six months ended May 31, 2010 there was a $4,000 (six months ended May 31, 2009 - $Nil) long term debt repayment to directors and officers and a $44,000 (six months ended May 31, 2009 - $ Nil) long term debt repayment to companies controlled by directors and officers. As at May 31, 2010, the long term debt has been fully repaid.

During the six months ended May 31, 2010, the Corporation repaid $ Nil (six months ended May 31, 2009 - $250,000) in advances from a company controlled by a director. The advances were unsecured, bearing interest at 7.5% and payable upon demand.

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.

O. ACCOUNTING POLICIES

Future Accounting Policies

The Corporation has not yet adopted the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") and is currently reviewing these standards to determine the potential impact on its financial statements.

IFRS

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan the outlined the convergence of Canadian GAAP with the International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that publicly-listed companies will be required to follow IFRS starting for fiscal years beginning on or after January 1, 2011. The transition to IFRS will be applied retroactively and, accordingly, will require the restatement of the amounts reported by the Company for the year ended November 30, 2011. While the Company has begun a preliminary assessment of the effect of the adoption of IFRS on the financial statements, the financial reporting impact of the transition to IFRS cannot be reasonable estimated at this time.

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued three new accounting standards: Section 1582, Business Combinations, Section 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests with the objective of harmonizing Canadian accounting for business combinations with US and International standards. These standards need to be implemented concurrently and become effective for the corporation on December 1, 2011. In the event of a business combination, the Corporation will assess whether to early adopt the new accounting standards in order to minimize the amount of retroactive application when the Corporation adopts IFRS.

P. CRITICAL ACCOUNTING ESTIMATES

Critical accounting estimates used in the preparation of the financial statements include the Corporation's estimate of recoverable value of its aggregate and mineral properties and related deferred exploration expenditures as well as the value of stock-based compensation and the value of warrants issued. Other areas where estimates are used include lives of property and equipment, future income tax balances and rates, collectability of accounts receivable and asset impairments related to property and equipment, intangible assets and goodwill. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Corporation's control.

The factors affecting stock-based compensation include estimates of when stock options and warrants might be exercised and stock price volatility. The timing for exercise of options and warrants are out of the Corporation's control and will depend on a variety of factors, including the market value of the Corporation's shares and financial objectives of the stock-based instrument holders. The Corporation determined volatility in accordance with the Black-Scholes option pricing model. However, the future volatility is uncertain and the model has its limitations.

The Corporation's recoverability of the recorded value of its aggregate and mineral properties and associated deferred exploration expenses is based on current market conditions for aggregates and minerals, underlying aggregate and mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. As the Corporation is in the process of exploring aggregate and mineral properties, it has not been determined whether the Corporation's properties contain deposits that are economically recoverable. The Corporation operates in an industry that is dependent on a number of factors including the existence of economically recoverable reserves, the ability of the Corporation to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

Q. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, accounts receivable, short term investment, long term deposits, accounts payable and accrued liabilities and demand loans.

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 demand loans and short term investment approximates their carrying values as they are at the market rate of interest.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of accounts receivable. 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. The maximum credit risk exposure at May 31, 2010 is $1,493,839 representing the Corporation's accounts receivable. At May 31, 2010, 83% of the Corporation's accounts receivable was receivable from four customers.

The Corporation's aged accounts receivable are comprised of 48% current, 31% past due up to 60 days and 21% past due over 60 days. While certain amounts are past due, there is no impairment of the accounts receivable.

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 financial covenants as at May 31, 2010 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 at any time. 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.

As at May 31, 2010 the Corporation had 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 liabilities and demand loans. In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities should no early demand occur are as follows:

Year 1	$7,038,175

The Corporation expects the demand loans will be repaid in monthly payments, however, the balance of $6,450,000 has been reported in year 1 above as the lender has the right to demand 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 2010. 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 has no exposure to foreign currencies as the Corporation's business is conducted in Canadian dollars.

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 demand loans. A 100 basis point increase in interest rate on the demand loans would decrease net income and comprehensive income by approximately $47,000.

The Corporation's bank loans bear interest at 1.875% and 2% over the bank prime lending rate. As the bank 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 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.

R. 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, and lack of operating cash flow. The Corporation's on-going ability to finance exploration will depend on, among other things, the viability of the equity market.

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.

S. 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", "Critical Accounting Estimates", "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 "Risk Factors", 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.