Athabasca
MINERALS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED AUGUST 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 nine months ended August 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 October 27, 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 479,240 hectares (1,184,228 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.

On October 13, 2010 Mr. Don Hruba, MBA, CA, CMA, CPA was appointed as the Company's Chief Financial Officer (CFO). Mr. Hruba is a chartered accountant with more than 30 years experience and brings extensive management, accounting and financial leadership to the Corporation.

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 August 31, 2010, there are 87 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 30 months remaining as at August 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 is currently at the survey stage and will be completed in the fourth quarter and it is anticipated final approval will be secured by the end of 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 October 27, 2010 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 479,240 hectares (1,184,250 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:

	October 27 2010 (hectares)	August 31, 2010 (hectares)	May 31, 2010 (hectares)
Balance at beginning of period:	512,475	403,384	442,601
Mineral permits acquired during the period:	nil	109,091	95,936
Mineral permits relinquished during the period:	(33,235)	nil)	(135,153)
Balance at end of period:	479,240	512,475	403,384

Management has determined that the closing balance at end of May 31, 2010 should have been 403,384 instead of 307,448 as previously reported. Management has revised the related control system to ensure mineral permits acquired and relinquished are reflected in the applicable period.

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 in the Birch Mountain area 150 kilometers north of Fort McMurray. Grab samples indicated 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 have been performed by independent laboratories which yielded an average of 97.5% SiO2.

During the third quarter the Corporation identified another silica sand deposit situated 100 kilometers north of Fort McMurray. Analyses of grab samples from this deposit revealed average silica content of 94.6% SiO2. These samples were taken from alongside an already existing road which services the Corporation's customer base. Therefore the cost of new road construction could be avoided should development of this deposit be pursued. The company is awaiting drilling approval on the site where the samples are situated and expects approval to be received by the end of the current fiscal year. More sample drilling is planned for the immediate future with further testing expected to be completed during November 2010.

Financing these potential opportunities 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
	Aug 31/10	**May 31/10**	**Feb 28/10**	**Nov 30/09**
Revenue	$3,559,303	$1,763,173	$1,086,134	$3,988,032
Interest Income	$6,248	$6,846	$6,552	$6,678
Net Income (Loss) and Comprehensive Income (Loss)	$819,938	$(300,716)	$(147,269)	$820,854
Basic and Diluted Net Income (Loss) Per Share	$0.03	$(0.01)	$(0.01)	$0.03
Total Assets	$17,160,292	$16,702,511	$17,369,475	$18,467,100
Resource Properties	$3,340,398	$3,211,004	$3,140,072	$2,999,617

	Three Months Ended	Three Months Ended	Three Months Ended	Two Months Ended
	Aug 31/09	**May 31/09**	**Feb 28/09**	**Nov 30/08**
Revenue	$3,099,387	$1,605,768	$1,016,822	$446,388
Interest Income	$5,676	$10,631	$14,695	$3,177
Net Income (Loss) and Comprehensive Income (Loss)	$763,266	$18,491	$(269,288)	$418,130
Basic and Diluted Net Income (Loss) Per Share	$0.03	$0.00	$(0.01)	$0.02
Total Assets	$17,309,621	$16,652,669	$17,681,925	$20,897,281
Resource Properties	$2,835,725	$2,713,244	$2,604,390	$2,511,401

The Corporation derives a significant portion of its revenues from producing various types of aggregates in Northern Alberta. The ability to remove gravel from its gravel pits is hampered by cold and wet weather conditions. As a result, winter and spring are traditionally the slowest time for the Corporation.

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

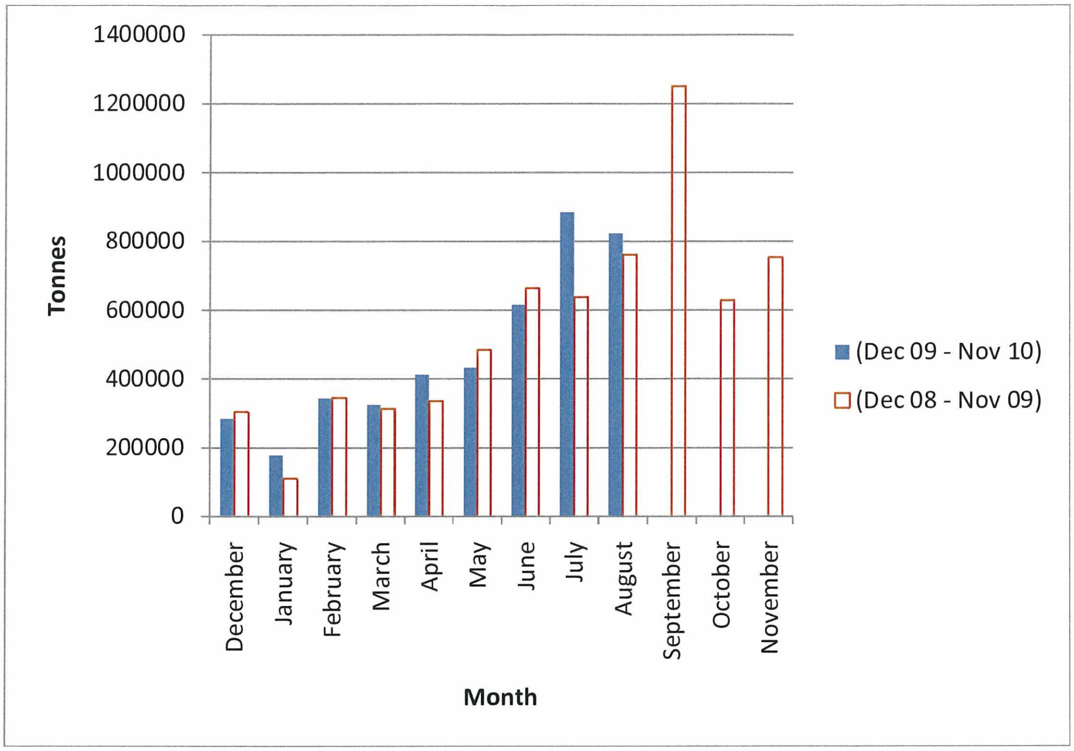
The volume of aggregate extracted from the two aggregate operations is subject to the demands of oil sands and construction companies in the Wood Buffalo and surrounding regions, which is dependent upon a number of factors. These factors include oil price, labour costs, government infrastructure spending, 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. On March 18, 2010 the Corporation announced a forecast demand for fiscal year 2010 of 6.5 million tonnes of aggregates. Management of the Corporation is of the opinion the forecast demand remains on schedule.

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.

In the third quarter of 2010, the Corporation sold 2,324,583 tonnes of aggregate, of which 2,277,641 tonnes were from Susan Lake and 46,941 tonnes from Poplar Creek.

The table below compares the aggregate sales between the first nine 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 fourth quarter 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 fourth 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 fourth 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 Geological Survey has determined that host rocks for metallic and industrial minerals exist in the Fort McMurray region of northeast Alberta. This area is virtually unexplored and is believed to contain significant economic mineral deposits including precious and base mental deposits, uranium, rare earths, and lithium. The Corporation is currently conducting a soil and rock sampling program to identify the minerals that may exist within its properties. This portion of the exploration program is planned for completion by the end of the third quarter of the 2010 fiscal year.

Currently, the Province of Alberta is drafting a regional land use plan for the Lower Athabasca area that will impact on mineral activities in the area. Known as the Lower Athabasca Regional Plan (LARP), this plan will identify and set resource and environmental management protocols with respect to air, land, water, and biodiversity, and will guide future resource decisions while considering social and economic impacts. The planning process will engage public feedback to develop the draft regional plan the Alberta Government, for further public review. Permit approval of area properties is not now expected before the review process has been completed. The Lower Athabasca area includes several Corporate properties that are proposed for or presently under active exploration. The government has indicated that it will consider extending the expiry date for permit holdings to allow for completion of assessment work where the work was delayed as a result of the review process.

G. OPERATING RESULTS

	Three Months Ended August 31, 2010	Three Months Ended August 31, 2009
Aggregate Management Fee Revenue	$3,559,303	$3,099,387
Royalties	$1,065,421	$994,076
Aggregate Management Fee Revenue, net of Royalties	$2,493,882	$2,105,311
Aggregate Management Operating Expenses	$723,122	$246,155
Expenses (Income)		
Amortization and accretion	$280,436	$270,605
General and administrative	$447,679	$411,073
Interest on long term debt	$ nil	$5,647
Interest on demand loans	$71,514	$76,799
Stock based compensation	$20,736	$3,853
Interest	$(6,248)	$(5,676)
Miscellaneous	$(12,080)	$NIL

Revenues for the three months ended August 31, 2010 have increased by 14.8% to $3,559,303 from $3,099,387 for the three months ended August 31, 2009. The sale of aggregate increased by 12.6%, with 2,324,583 tonnes sold in the three months ended August 31, 2010 compared with 2,065,004 tonnes sold in the three months ended August 31, 2009.

Revenues for the nine months ended August 31, 2010 have increased by 12.0% to $6,408,611 from $5,721,976 for the nine months ended August 31, 2009. The sale of aggregate increased by 8.8%, from 4,303,676 tonnes sold in the nine months ended August 31, 2010 compared with 3,956,457 tonnes sold in the nine months ended August 31, 2009.

Aggregate management operating expenses for the three months ended August 31, 2010 were $723,122 representing an increase of 193.8% from $246,155 for the three months ended August 31, 2009. The increase is attributed to an increase in stripping costs expensed in the three months ended August 31, 2010.

Aggregate management operating expenses for the nine months ended August 31, 2010 were $1,481,875 representing an increase of 108.7% from $709,911 for the nine months ended August 31, 2009.

During the three months ended August 31, 2010, the Corporation recorded a net income and comprehensive income of $819,938 (+$0.03 per share) compared to a net income and comprehensive income of $763,185 ($0.03 per share) for the three months ended August 31, 2009. This increase in net income is attributed to an increase in aggregate sales and a cost recovery of future income tax expense offset by current tax expense compared to the period ended August 31, 2009. The increased aggregate management operating expenses during the period is primarily due to the expensing of $573,907 stripping costs whereas no stripping costs had been expensed in the period ended August 31, 2009. This accounts for the slightly reduced operating margin for the three months ended August 31, 2010 despite the increased aggregate management fee revenue.

During the nine months ended August 31, 2010, the Corporation recorded a net income and comprehensive income of $371,953 (+$0.01 per share) compared to a net income and comprehensive income of $512,469 (+0.02 per share) for the nine months ended August 31, 2009. This decrease in net income is primarily attributed to an increase in stripping costs which were $894,041 in the current nine months ended compared to only $35,758 in the corresponding prior period.

As well, current income tax expense in the nine months ended August 31, 2010 was $375,736 compared to $41,675 for the prior period. The increase in current taxes is as a result of the Corporation's operating losses having been fully utilized for tax purposes within the fiscal year ended November 30, 2009.

General and administrative expenses for the three months ended August 31, 2010 have increased 8.9% to $447,679 from $411,073 for the three months ended August 31, 2009. The increase is primarily due to increased payroll costs expensed in the three months ended August 31, 2010.

General and administrative expenses for the nine months ended August 31, 2010 have decreased 7.8% to $1,188,619 from $1,289,171 for the nine months ended August 31, 2009. The decrease is primarily attributed to decreased administrative services expense, a reduction in automotive expenses and reduced accounting and audit fees in the nine months ended August 31, 2010.

Interest expense was $71,514 for the three months ended August 31, 2010 down from $82,446 for the three months ended August 31, 2009. The decrease is due to lower loan balances as principal payments are made but partially offset by increased interest rates during the quarter versus the three months ended August 31, 2009. For the nine months ended August 31, 2010 interest expense was $52,115 lower than at August 31, 2010 primarily due to lower loan balances.

Interest income from cash on deposit and the short-term investment for the three months ended August 31, 2010 totalled $6,248 as compared to $5,676 for the three months ended August 31, 2009. The increase in interest income from 2009 to 2010 is due to higher interest rates. For the nine months ended August 31, 2010 interest income totalled $19,646 compared to $31,002 during nine months ended August 31, 2009. The decrease in income is primarily due to reduced amounts on deposit and reduced interest rates during the earlier portion of the year.

Miscellaneous income in the three months ended August 31, 2010 pertains to cost recoveries of expenses reported in 2009.

H. OPERATING ACTIVITIES

Cash flow from operating activities for the three months ended August 31, 2010 was $855,675 as compared to $561,059 for the three months ended August 31, 2009, an increase of $294,616. Contributing to the increased cash from operations was the utilization of $573,907 stripping costs that had been prepaid in earlier periods and expensed during the current quarter ended. 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 earlier during the current fiscal year. These new areas are segregated and separate from the previously existing extraction areas. The costs incurred on the advance stripping program were recorded as a prepaid stripping cost asset and then expensed during the three months ended August 31, 2010 once extraction from these new areas commenced.

An increase in current income tax expense of $318,963 was accrued but remained mostly unfunded, thus also contributing to operating cash flow. Offsetting was an increase in accounts receivable from sales that remained uncollected at August 31, 2010.

Cash flow from operating activities for the nine months ended August 31, 2010 was $231,720 as compared to cash flow from operating activities of $1,520,620 for the nine months ended August 31, 2009. The variation between the nine months ended August 31, 2010 and August 31, 2009 amount is principally due to a reduction in accounts payable and accrued liabilities of $572,297 and an increase in accounts receivable of $594,346 versus the reduction and increase from 2009.

I. INVESTING ACTIVITIES

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

	Three Months Ended August 31, 2010	Three Months Ended August 31, 2009
Purchase of property and equipment	$(7,148)	$(10,940)
Resource properties	$(130,744)	$(122,481)
Long-term investments	$(25,000)	$NIL
Total	$(162,892)	$(133,421)

During the three months ended August 31, 2010 the Corporation incurred resource property exploration expenditures of $130,744 as compared to $122,481 for the three months ended August 31, 2009. The increase was due to exploration work related to the Corporation's minerals properties.

During the three months ended August 31, 2010 the Corporation increased its investment in a gravel pit owned by a private land owner. The company has prepaid 166,667 cubic yards of gravel, of which a further 41,667 cubic yards had been purchased in the current quarter.

J. FINANCING ACTIVITIES

Financing activities for the three months and the nine months ended August 31, 2010 primarily relate to the repayment of demand loans of $452,313 and $1,356,937 respectively, compared to $601,541 and $1,201,541 for the corresponding periods in 2009. During the nine months ended August 31, 2010 the Corporation retired the entire $60,000 balance owed in long term debt.

During the third quarter of 2010 the Corporation had in place a normal course issuer bid. The issuer bid commenced on July 5, 2010 and will terminate on July 5, 2011. During the nine months ended August 31, 2010, the aggregate cash cost of the common shares purchased and cancelled was $24,269 of which $24,864 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $595 credited to contributed surplus.

K. LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2010, the Corporation had a reported working capital deficit of $2,839,400. Despite the repayment terms extending over four years, the demand loans have been classified as a current liability due to the demand feature of the loans. As at August 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 $3,186,809.

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

As at October 27, 2010 the Corporation holds mineral permits covering 479,240 hectares. The Corporation has spending commitments totaling $871,600 for fiscal 2010, $843,035 in fiscal 2011 and $1,234,525 in fiscal 2012 to retain the Corporation's mineral permits held at October 27, 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 August 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	$6,026,209	$1,809,250	$3,618,500	$598,459	$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 October 27, 2010:

Number of Common Shares Outstanding	27,385,165
Number of Stock Options Outstanding	2,712,435

The Corporation had 2,712,435 outstanding options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
1,022,435	$0.40	January 8, 2012
75,000	$0.40	May 13, 2013
625,000	$0.25	September 21, 2014
100,000	$0.40	November 30, 2014
790,000	$0.26	October 15,2015
100,000	$0.40	October 15,2015
2,712,435		

A total of 2,295,767 options were exercisable at a weighted average exercise price of $0.34

N. RELATED PARTY TRANSACTIONS

Note 6 - Related Party Transactions

During the three months ended August 31, 2010 the Corporation incurred expenses of $139,493 (August 31, 2009 - $186,203) in consulting fees in lieu of salaries, director fees and expenses, travel and miscellaneous, exploration costs, interest expense, letter of credit fees, and rental fees from certain directors and officers and certain companies controlled by certain officers and directors of the Corporation.

During the nine months ended August 31, 2010 the Corporation incurred expenses of $476,499 (August 31, 2009 - $537,842) in consulting fees in lieu of salaries, director fees and expenses, travel and miscellaneous, exploration costs, interest expense, letter of credit fees, and rental fees from certain directors and officers and certain companies controlled by certain officers and directors of the Corporation.

These fees are recorded in the financial statements as follows:

	For the Three Months Ended August 31,		For the Nine Months Ended August 31,	
	2010	2009	2010	2009
	(Unaudited)		(Unaudited)	
Directors and officers:				
Director fees and expenses	$ 20,000	$ 4,500	$ 27,273	$ 47,101
Travel and miscellaneous	4,932	2,888	22,601	16,595
Exploration costs	876	225	1,211	225
Interest	-	454	-	1,725
	25,808	8,067	51,085	65,646
Companies controlled by directors and officers:				
Consulting fees in lieu of salaries	$ 90,313	$ 117,332	$ 346,445	$ 345,935
Travel and miscellaneous	1,842	2,654	2,594	3,745
Exploration costs	6,530	22,151	18,746	35,140
Interest	-	4,099	296	31,376
Letter of credit fees	-	20,000	13,333	20,000
Rent	15,000	12,000	44,000	36,000
	113,685	178,136	425,414	472,196
	$ 139,493	$ 186,203	$ 476,499	$ 537,842

There is $5,539 related to these expenses recorded in accounts payable and accrued liabilities at August 31, 2010 (August 31, 2009 - $12,500).

During the three months ended August 31, 2010, there was a $nil promissory notes repayment to directors and officers (August 31, 2009- $112,000) and a $nil promissory notes repayment to companies controlled by directors and officers (August 31, 2009 - $12,000). During the nine ended August 31, 2010, there was a $4,000 promissory notes repayment to directors and officers (August 31, 2009 - $24,000) and a $44,000 promissory notes repayment to companies controlled by directors and officers (August 31, 2009- $264,000). As at August 31, 2010, $nil in promissory notes are due to directors and officers (August 31, 2009- $16,000 and $nil in promissory notes are due to companies controlled by directors and officers (August 31, 2009- $176,000).

During the three months ended August 31, 2010, the Corporation received $nil (August 31, 2009 - $nil) in advances and repaid $nil (August 31, 2009 - $nil) in advances from a company controlled by a director.

During the nine months ended August 31, 2010, the Corporation received $nil (August 31, 2009 - $250,000) in advances and repaid $nil (August 31, 2009 - $350,000) in advances from a company controlled by a director. The advances were unsecured, bearing interest at 7.5% and payable upon demand.

During the nine months ended August 31, 2010 companies controlled by the directors and officers of the Corporation have provided a $500,000 letter of credit to the benefit of the Province of Alberta for reclamation at the Poplar Creek pit. In exchange, the Corporation paid letter of credit fees to these related companies in the amount of 4% of the letter of credit amount. Interest charged to the Corporation during nine months ended August 31, 2010 had been $13,333 (August 31, 2009- $20,000). During the nine months ended August 31, 2010 the Corporation obtained a letter of credit for this purpose and no longer pays letter of credit fees to related companies.

The Corporation has entered into consulting agreements in lieu of salaries with companies controlled by directors and officers and an employment agreement with a director and officer of the Corporation.

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. FUTURE CHANGES IN 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.

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that 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 reasonably 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 is 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 August 31, 2010 is $2,364,055 representing the Corporation's accounts receivable. At August 31, 2010, 85% of the Corporation's accounts receivable were from four customers. The Corporation's aged accounts receivable are comprised of 57% current, 18% past due up to 60 days and 25% 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 August 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 August 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 accrued liabilities and demand loans.

In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities are as follows:

Year 1	$ 6,527,505

The Corporation expects the demand loans will be repaid in monthly payments, however, the balance of $6,026,209 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 $40,000.

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.