MANAGEMENT'S DISCUSSION & ANALYSIS

Athabasca MINERALS INC.

FOR THE SIX MONTHS ENDED MAY 31, 2014

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GENERAL

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation") as of July 24, 2014 and is intended to supplement and complement the Corporation's unaudited condensed interim financial statements for the three and six months ended May 31, 2014 and May 31, 2013. Readers are cautioned that this MD&A contains forward looking statements and that actual events may vary from management's expectations. The forward looking information should be read in conjunction with the risk factors described in "Financial Instruments", "Risks and Uncertainties" and "Forward Looking Information" at the end of this MD&A.

All amounts have been expressed in Canadian dollars (except where noted), and have been prepared in accordance with International Financial Reporting Standards ("IFRS") (except where noted).

Management is responsible for the financial statements referred to in this MD&A and provides officers' disclosure certifications filed with securities commissions on SEDAR.

Additional information about Athabasca Minerals Inc. may be found at the Corporation's website at www.athabascaminerals.com or within the Corporation's SEDAR profile at www.sedar.com.

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A. OVERVIEW

During Q2 2014 Athabasca continued its transition to supplying sand and gravel from its corporate-owned aggregate operations, while maintaining management activities at the Susan Lake public pit. Corporate-owned pits in Q2 2014 accounted for 4.9% of our total tonnes sold while generating 56.2% of total revenue. Corporate-owned pits in Q2 YTD 2014 accounted for 7.5% of our total tonnes sold while generating 69.9% of total revenue.

During Q2 2014, Susan Lake sold 1,348,713 tonnes which was 850,170 tonnes, or a 170.5% increase from 498,543 tonnes sold in Q1 2014; however, Q2 2014 fell 38.7% short of the 2,200,426 tonnes sold in Q2 2013. Q2 YTD 2014 tonneage sales were 1,996,569 or 48.5% less than 3,874,002 tonnes sold in the comparative period. During Q2 2014 69,319 tonnes were sold from corporate-owned pit which was 55.9% decrease from Q2 2013. Q2 YTD 2014 sales of 149,313 were made from corporate pits, or 56.6% less than 344,146 tonnes sold in the comparative period.

During Q2 2014, Susan Lake revenue was $1,526,558, or $971,991 greater than $554,567 earned in Q1 2014; however, Q2 2014 revenue was 37.1% less than $2,427,022 sales in Q2 2013. Q2 YTD 2014 Susan Lake revenue was $2,081,125 or 46.9% less than $3,916,039 sales in the comparative period. During Q2 2014 corporate-owned pit sales were $1,959,760 or a 49.1% decrease from $3,851,656 in Q2 2013. Q2 YTD 2014 sales of $4,823,038 were made from corporate pits, off 46.7% from $9,046,035 sold in the comparative period.

Athabasca's operations are conducted primarily in northeastern Alberta and are susceptible to seasonal weather impacts. While demand for aggregates rose significantly during Q2 from Q1 2014, construction activity in the region remained slower than normal over the first half of the fiscal year. Excessively wet conditions continued to prevail through much of the second quarter, hampering construction activity and thus limiting the demand for aggregates.

The $2,792,360 decline in Q2 2014 revenue compared to Q2 2013 was the primary reason for the resulting net loss of $538,704, a decrease of $1,386,149 from the $847,445 net income in Q2 2013. Q2 YTD 2014 total revenue was $6,057,911 below that of the comparative period, and the primary factor for the resulting net loss of $2,449,097, a decrease of $2,921,960 from the $472,863 net income though Q2 YTD 2013.

B. OUTLOOK

AGGREGATES:

The Corporation has taken steps to realize targeted cost reductions throughout its aggregate operations. This includes new programs focused on reducing equipment repair and maintenance costs, work crew accommodation costs, labour cost minimization, and reduced hauling rates for aggregates delivery.

Management has undertaken a major review of operating parameters and operational performance. Key performance indicators have been benchmarked and implemented, including mandated cost control measures. Productivity and efficiency gains from these initiatives have begun to be realized in Q2 2014 and increasingly so during Q3 2014, with an observed reduction in input costs and a reduction in the cost per tonne for inventory being produced. This should be expected to provide improved profit margin on the future sale of current inventory production.

- Corporate-Owned Pits

Management has been strongly focused on opportunities to sell down its existing aggregate inventory to existing and new customers in the region.

Currently, processed and stockpiled inventory of approximately 426,000 tonnes of gravel and 437,000 tonnes of sand is located across five corporate pits and stockpile sites. In conjunction with its transition to corporate-owned aggregate operations, as at Q2 2014, Athabasca's gravel and sand in stockpiled inventory had a cost in excess of $10.3 million. These finished goods are available for immediate sale and require no further processing.

During Q3 Athabasca has already initiated a large sale gravel order to a Kearl pit customer sufficient to deplete the majority of Kearl's current on-hand gravel inventory. The Corporation has also begun to sell gravel products from its stockpile site near the Cowper pit. Under the same joint venture agreement with a First Nation's company that resulted in the Cowper pit during Q1 2014, the Corporation has opened a second new pit, the Kilometer 248 aggregate operation, during Q3 2014. Gravel processing at this pit is well underway, with finished inventory currently being produced at a record daily rate of production and at a reduced cost per tonne. The aggregates at this location have been found to be gravel rich with a relatively low sand content and sales are anticipated to begin during Q3 2014

Management anticipates that fiscal 2014 will result in strong overall sales from corporate-owned pits, with the significant majority of fiscal 2014 sales being made during Q3 and Q4 2014.

During fiscal 2014 Athabasca also specifically seeks to improve its Kearl cost efficiencies, through its improved dewatering method, and from other experience gained during its first year of operation within the pit, which should improve the overall rate of aggregate processing, resulting in a reduction in production cost per tonne.

- Susan Lake Public Pit

Q1 2014 was subject to frozen conditions and periods of extreme cold and snow resulting in very little construction activity requiring sand and gravel. Despite the soft first quarter in 2014, activity in the Susan Lake gravel pit increased substantially during Q2. Q3 demand to date has increased significantly over Q2, and demand is expected to further accelerate during the third and fourth fiscal quarters.

The Corporation has received sand and gravel orders from existing users for significant quantities to be fulfilled during fiscal 2014. Management also received substantial gravel requests from new customers who are bidding on works for a new oil sands project at the north end of the Susan Lake pit. Oil sands projects typically consume 5 to 8 million tonnes of aggregates for plant construction and another 0.5 to 1.0 million tonnes annually to maintain roads and other infrastructure. Management anticipates construction of the project will last between two to three years before being placed into production.

The Susan Lake management contract with the Province of Alberta relates to the management of the aggregate pit at Susan Lake, Alberta. As at May 31, 2014 the remaining term of the contract is 42 months. The Province of Alberta has the right to withdraw any portion of the lands from the contracts and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to decommissioning and restoration.

- Recently management was notified by the Alberta Environment and Sustainable Resources Development (ESRD) that the Surface Materials Lease ("SML") dimensions for the Susan Lake Aggregate Operation will be revised due to a change in the property boundary. If implemented, this will have the effect of reducing the size of the remaining area available to mine for aggregate resources;
- Management estimates that approximately 4,500 acres of the original 9,260 acres within the Susan Lake property boundary are to be affected by this realignment; however, management approximates that the estimated 4,500 acre portion only represents roughly 15% of the original total gravel tonneage within the entire Susan Lake pit;
- Management's understanding of the rationale supporting the proposed boundary change is to ensure that sufficient material is available for future reclamation of oilsands mining activities within Susan Lake;
- On July 29, 2014 management met with ESRD to further discuss the intended boundary revision, and management plans to continue to work with ESRD to maximize resource recovery in the Susan Lake pit;
- Management is assessing the impact of this proposed change, and at present an estimate of its financial impact cannot be made.

Management has been in active discussion with the Province of Alberta to characterize the remaining resource, quantify the remaining aggregate supply and quantify material suitability for final land use.

INDUSTRIAL METALLIC MINERALS PROJECTS:

- Firebag Project (Silica Sand)

The Firebag silica sand was tested and found to be suitable as frac sand for the oil and gas industry. In February 2014 the Corporation received notification from Alberta Environment and Sustainable Resources Development ("ESRD") that the department has completed its review of Athabasca's silica sand surface material lease application at the Firebag Project. The notice confirms that ESRD has, in principle, completed its review of the lease boundary that is approximately 80 acres in size, and forms a part of the larger Firebag Project. Athabasca previously submitted a technical memo documenting development and reclamation.

On April 23, 2014 Athabasca submitted a Conservation and Reclamation Business Plan ("CRBP") to ESRD for their review. The CRBP is a normal course requirement of the approval process. ESRD has responded with a few supplemental information requests ("SIRs"). The SIR's have been promptly responded to and the Corporation is awaiting final approval of the CRBP plan.

Additional testing was conducted on the Firebag sand at various depths to verify the consistency of the silica sand at various depths of the Firebag deposit, and to assist in the completion of the National Instrument 43-101 report. Athabasca sent samples to both Stim-Lab Inc. of Oklahoma and PropTester, Inc. for detailed analysis. The independent testing confirms a high quality product with crush strength meeting or exceeding API and ISO standards for frac sand.

Apex Geoscience Inc. was retained to complete a National Instrument 43-101 report on the entire 500 acre parcel which is expected to be completed and released during Q4 of fiscal 2014.

Athabasca also retained NorWest Corporation to complete a preliminary economic assessment on the Firebag Project. Modelling is well underway and the Corporation is expecting project completion during Q4 of fiscal 2014.

Athabasca has been in active discussions with a major railway company and the Regional Municipality of Wood Buffalo in developing a private switch and transloading facility in Fort McMurray. The initial spur line design has been completed and is under review.

- Richardson Project (Granite and Dolomite)

In anticipation of the eventual depletion of higher quality material from Susan Lake as well as overall aggregate supply within the area the Corporation has located a long term aggregates source to supply the Fort McMurray region. The potential quarry is located approximately 70 km north of the Susan Lake Gravel pit and contains high quality dolomite and granite. In March 2014 the Corporation announced the completion of its Richardson Project winter drilling program. All holes successfully cored the dolomite and all but one intersected the granite basement rocks.

Detailed core logging and sampling has recently been completed at Athabasca's Edmonton facility. Samples are next being sent to a major independent testing lab in Calgary in order to verify the materials are suitable as aggregate for use in concrete, asphalt and road base.

Athabasca has retained Apex Geoscience Inc. to complete a National Instrument 43-101 on the project. The 2014 drill holes coupled with additional drilling from the same area in 2013 will provide the remaining information necessary to complete the resource report. The Corporation is anticipating this report to be completed during Q4 2014. Following completion of the 43-101 the Corporation intends to apply for a mineral lease on a portion of the Richardson Project currently held by Athabasca under mineral permits; and subsequently, the submission of a development application to operate a hard rock quarry.

C. AGGREGATE SALES ANALYSIS: PUBLIC and CORPORATE-OWNED PITS (by TONNES and REVENUE)

FISCAL 2014 Q2 YTD

	Public Gravel Pits			Corporate-Owned Pits		
	FISCAL 2014	FISCAL 2013	% Change	FISCAL 2014	FISCAL 2013	% Change
Q1						
Tonnes Sold	498,543	1,329,430	(62.5)	79,994	186,794	(57.2)
Revenue	$554,567	$1,489,017	(62.8)	$2,863,278	$5,194,379	(44.9)
Q2						
Tonnes Sold	1,348,713	2,200,426	(38.7)	69,319	157,352	(55.9)
Revenue	$1,526,558	$2,427,022	(37.1)	$1,959,760	$3,851,656	(49.1)

Public and Corporate-Owned Pits	COMBINED Q2 YTD 2014	COMBINED Q2 YTD 2013	% Change
Tonnes Sold	1,996,569	3,874,002	(48.9)
Revenue	$6,904,163	$12,962,074	(46.7)

FISCAL 2013

	Public Gravel Pits			Corporate-Owned Pits		
	FISCAL 2013	FISCAL 2012	% Change	FISCAL 2013	FISCAL 2012	% Change
Q1						
Tonnes Sold	1,329,430	1,768,326	(24.8)	186,794	198,653	(6.0)
Revenue	$1,489,017	$2,022,509	(26.4)	$5,194,379	$1,607,110	223.2
Q2						
Tonnes Sold	2,200,426	2,475,056	(11.1)	157,352	54,847	186.9
Revenue	$2,427,022	$2,765,778	(12.2)	$3,851,656	$443,705	768.1
Q3						
Tonnes Sold	3,259,127	3,315,751	(1.7)	73,951	-	-
Revenue	$3,620,506	$3,582,344	1.1	$1,954,643	$ -	-
Q4						
Tonnes Sold	2,567,308	3,060,189	(16.1)	136,993	63,945	114.2
Revenue	$2,882,736	$3,311,716	(13.0)	$3,698,041	$989,513	273.7

Public and Corporate-Owned Pits	COMBINED Fiscal 2013	COMBINED Fiscal 2012	% Change
Tonnes Sold	9,911,381	10,936,767	(9.4)
Revenue	$25,118,000	$14,722,675	70.6

D. CORPORATE PROFILE

Athabasca is a management and exploration company specializing in developing, producing, and exploring for aggregates and industrial minerals in Alberta. The business strategies to grow the Corporation are two-fold: firstly to manage the aggregate operations on behalf of public or privately held interests, and secondly to develop 100% corporate-owned aggregate projects as follows:

- Ongoing management of aggregate resources
- Exploration and discovery, acquisition and development of other aggregate resources and companies
- Identification, exploration and development of various industrial minerals as needed to support the expanding oil sands mining and development sector.

Management of aggregate resources focuses primarily on supplying our aggregate management expertise to clients who either own or hold aggregate properties such as the Government of Alberta. 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 applicable 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 applicable pit is depleted. For these services, the Corporation receives a fee for each cubic yard / tonne of aggregate material removed from the pits for the duration of the contracts. Currently, the Corporation manages the Susan Lake pit north of Fort McMurray, Alberta for the Alberta Government.

The Corporation has employees, consultants and directors with many decades of combined experience in the aggregates industry and with identifying, exploring and developing aggregate resources. Our team members have been involved with numerous acquisitions of aggregate resources and operations in Alberta. To date, the Corporation has acquired two 160-acre properties near Grimshaw, Alberta, and has purchased Aggregates Management Inc., the company that managed the Susan Lake and Poplar Creek public pits north of Fort McMurray for the Alberta Government.

The Corporation has successfully completed a number of aggregate exploration programs on public land, and following review of the test programs, four aggregate mining applications have received approval from the Alberta Government. Athabasca's four corporate-owned aggregate pits are as follows:

- Logan pit- 10- year surface material lease ("SML") approval received 2010; sales from pit operations commenced during fiscal 2013;
- Kearl pit- 10- year SML approval received 2011; sales from pit operations commenced during fiscal 2012;
- House River pit- 10- year SML approval received 2011; sales from pit operations commenced during fiscal 2012;
- Pelican Hill pit- 10-year SML approval received 2011; tree clearance has recently commenced at the pit. Management is exploring opportunities for pit sales from Pelican Hill prior to full development of the site.

During January 2014 Athabasca initiated aggregate production from its Cowper aggregate operation, located 95 km southeast of Fort McMurray. Sales and delivery from this location commenced during Q1 fiscal 2014. The aggregate resources at this location have been mined and processed, and were depleted during Q2 2014.

During July 2014 Athabasca initiated aggregate production from its Kilometer 248 aggregate operation, located 85 km southwest of Fort McMurray. Sales and delivery from this location is expected to commence during Q3 fiscal 2014.

Presently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 322,840 hectares (797,754 acres) of land, largely located in the Fort McMurray region in northeast Alberta. A variety of important industrial minerals have been identified as essential in this region including silica sand, granite and salt. 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 surface sampling, outcrop sampling and drilling.

As well, the Corporation also presently holds fifteen Alberta Metallic and Industrial Minerals Leases covering 21,579.5 hectares (53,324 acres) of land, largely located in the Fort McMurray region within Alberta. These mineral leases contain silica sand, salt and conglomerate.

E. AGGREGATE MANAGEMENT

The Corporation has held two management contracts with the Alberta Government for the management of aggregate operations in the Fort McMurray area. The Corporation's mandate is to operate the aggregate resources for public use and generates its revenue from the management of the aggregate operation.

Canada's oil reserves primarily situated near the Fort McMurray area in Alberta, and anticipated at 170 billion barrels, represent 98% of Canada's total oil reserves. The additional construction necessary to develop these reserves requires an abundance of aggregates for new and existing oil sands projects and regional infrastructure. Much of the Corporation's aggregate supply and industrial minerals are strategically situated nearby the expected demand for these resources.

The supply and utilization of aggregates will lie at the very foundation of Athabasca's future economic growth. With our focus on the strategic supply of aggregates and its goal to provide key industrial minerals in support of oil sands development, management views the Corporation as being well positioned now and into the future.

Susan Lake Aggregate Operation

The Susan Lake aggregate operation is located approximately 85 km north of Fort McMurray. It is approximately 9,260 acres (3,750 hectares) in size. Approximately 1,392 hectares or 37.1% of the pit has been developed. Approximately 87.3 million tonnes of sand and gravel have been removed from this pit since 1998. The majority of its sales were to neighboring oil sands companies and also in supplying infrastructure aggregate to the expanding City of Fort McMurray. As at May 31, 2014, there are 42 months remaining on a ten year contract with the Alberta Government.

Recently management was notified by the Alberta Environment and Sustainable Resources Development (ESRD) that the Surface Materials Lease ("SML") dimensions for the Susan Lake Aggregate Operation will be revised due to a change in the property boundary. If implemented, this will have the effect of reducing the size of the remaining area available to mine for aggregate resources. On July 29, 2014 management met with ESRD to further discuss the intended boundary revision, and management plans to continue to work with ESRD to maximize resource recovery in the Susan Lake pit. At present management approximates that the estimated 4,500 acre portion only represents roughly 15% of the original total gravel tonneage within the entire Susan Lake pit.

Operations in the pit are active year round, however there is a seasonal nature to the operations, due largely to construction projects starting up in late spring through late summer seasons, with the majority of demand and associated revenue earned in the 3rd and 4th quarters.

Between 2009 and 2013 aggregate sales from Susan Lake averaged 8.29 million tonnes per annum. Since 2009, the average annual sales tonneage at Susan Lake has trended upward as follows:

Fiscal Year	Aggregate Tonnes Sold	Cumulative Average Annual Sales
2009	6,589,828	6,589,828
2010	7,136,653	6,863,240
2011	7,749,617	7,158,699
2012	10,603,447	8,019,886
2013	9,356,291	8,287,167

Poplar Creek Aggregate Operation

The aggregate operation is located approximately 30 Km north of Fort McMurray. The Poplar Creek management contract expired February 28, 2013. The expiry is due to the natural progression of a pit due to the depletion of the aggregate resource since fiscal 2011 and is not viewed to negatively impact the operations of the Corporation but as the natural progression of an aggregate deposit. As a result of pit depletion management wrote off the unamortized balance of the related Poplar Creek intangible assets at November 30, 2011. The Corporation is currently awaiting approval of its submitted application to renew its 124 acre miscellaneous lease in order to create a camp and operations node at the location of the Poplar Creek pit. The renewal includes a lay-down storage yard, and a camp facility to accommodate our employees. ESRD has approved the camp in principle and we are currently working with the municipality on final approval. The Corporation has been able to maximize the previously mined area to include a carve-out to create the Poplar Creek work camp as explained in the following section that discusses the Land Use Agreement.

Poplar Creek Land Use Agreement

In 2011 the Corporation signed a long-term land use agreement with a work camp provider enabling that company to operate a work camp at Poplar Creek on leased property that was previously held by Athabasca. The agreement permitted the transfer of a 42 acre parcel of developed land from the depleted aggregate mine of the Corporation's miscellaneous lease at Poplar Creek to the camp provider. On this land a work camp was constructed primarily to serve the accommodation needs for the oil sands industry workers. Pursuant to the land use agreement, the camp provider pays monthly fees and daily accommodation fees to the Corporation. The camp provider also contributes toward the cost of future reclamation, in total not to exceed the non-refundable amount of $300,000, which the Corporation will maintain in a restricted cash account to be first applied toward any costs for reclamation of the Poplar Creek site. The land use agreement commenced on March 1, 2011 and expires on October 19, 2015. The agreement will automatically renew for an equivalent term period, under same terms and conditions, subject to amendments agreed to in writing by both parties, unless otherwise terminated earlier by written mutual agreement by both parties.

In determining the carrying value of the land use agreement receivable, and any gain or loss on land use agreement, an estimate of total future cash receipts under the land use agreement is required. The total estimated proceeds receivable by the Corporation under the agreement include both a fixed monthly component and estimated proceeds for daily work camp accommodation. When estimating future daily accommodation receipts, management takes into account the historic monthly average accommodation rates experienced since inception of the agreement, and other factors that are expected to influence future occupancy at the lodge.

During April 2011, the camp provider commenced operations of a first lodge constructed on the lease to accommodate approximately 500 oil sands industry workers. During June 2012, the camp provider commenced operations of a second lodge, constructed on the same 42 acre property, with accommodation for approximately 600 further oil sands industry workers. This second lodge is also governed pursuant to the land agreement entered in 2011 between the Corporation and the work camp provider.

Due to delayed project initiatives by local oil sands development operators, during fiscal 2013 the work camp provider's main tenant decreased accommodation requirements for its workforce. As a result the work camp provider dismantled the first lodge, leaving the second lodge in operation during Q3 and Q4 2013. Effective February 2014, the work camp provider temporarily closed operations at the second lodge for a period it estimates to be between three to six months due to low occupancy. During the period of closure the work camp provider will market the facility in an attempt to reopen the lodge at an acceptable level of occupancy, or may explore options to relocate the lodge. The Corporation will continue to receive fixed monthly proceeds during the period of closure.

At May 31, 2014 management valued the portion of the land use agreement receivable attributable to the first lodge at $79,797. The valuation was determined with reference to the monthly fees that are payable by the work camp provider, through October 19, 2015. Total future cash flow from estimated future receipts was then discounted at a rate of 3.10%. The actual monthly fees from the first lodge were $30,000 during the six months ended May 31, 2014.

At May 31 2014 management valued the portion of the land use agreement receivable attributable to the second lodge at $308,845. The valuation was determined with reference to the monthly average accommodation rate experienced since inception at the second lodge, covering the period June 2012 through November 2013. Management has estimated the lodge will remain temporarily closed for a period of five months and will reopen during July 2014. The work camp provider is currently in discussion with interested prospective tenants. The future accommodation rate is projected to remain constant through October 19, 2015 at 75% of the actual historic level. Total future cash flow in the amount of $320,358 from estimated receipts for daily occupancy at the second lodge was discounted at a rate of 3.10%.The actual accommodation receipts from the second lodge were $21,140 during the six months ended May 31, 2014.

The land use agreement receivable combined current and long-term carrying value of $388,642 at May 31, 2014 is the estimated future discounted receipts subsequent to May 31, 2014.

The actual occupancy rate is likely to be largely dependent on oil sands development activity in the Fort McMurray region of Alberta. The average daily work camp occupancy rate used in the determination of total future proceeds is an estimate; therefore actual future proceeds under the land use agreement could vary significantly. Future changes in the land use agreement receivable, if any, could have a material impact and would be reflected prospectively, as a change in accounting estimate.

F. OTHER AGGREGATE RESOURCES

Public Land

The Corporation already possesses or is actively pursuing approval of various Surface Materials Leases (SML's) on public lands for the purpose of extracting sand and gravel from these properties. These aggregate operations are to be fully controlled by Athabasca, enabling the Corporation to benefit from the full market value on all sales of aggregates, including when applicable, its processing and delivery (in contrast to a per tonne fixed fee the Corporation receives for managing the Susan Lake pit). The services and products provided by the Corporation, and therefore their pricing, may vary by customer contract. Sales invoicing follows aggregate delivery to the customer.

The SML's are strategically pursued and situated near existing major oil sands, oil and gas, government and municipal projects. The status of the Corporation's surface materials leases on public land is as follows:

Kearl Pit

The Kearl pit is located approximately 60 km east of the Susan Lake gravel pit. During March 2011 the Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation on the leased land for a term of ten years. The Corporation completed construction of an all-weather road linking the Kearl aggregate operation to a number of major oil sands operations. As a result the Kearl pit is able to undertake aggregate extraction and processing during much of the year, and sell its aggregates year-round. During February 2012 the Corporation announced the receipt of a National Instrument 43-101 for the Kearl aggregate deposit. The "indicated" mineral resource aggregates include 3,770,330 tonnes of gravel and 7,636,390 tonnes of sand. Also reported is an "inferred" mineral resource quantity of a further 434,000 tonnes of gravel, and that the quality of the aggregate materials is suitable for road construction and maintenance.

Management anticipates the availability of processed and stockpiled aggregates at this strategic location may provide Athabasca with a logistical competitive advantage. The rationale supporting this expectation is the location of the pit and its close proximity to potential customers who may have previously sourced aggregate from more remote locations. Since Kearl is located proximal to several oil sand development projects and since hauling costs for aggregate can be a significant portion of the total landed cost for aggregate supply, customers may be able to source aggregate from the nearby Kearl pit at more favorable prices due to decreased hauling distances.

As part of the Corporations' overall business strategy, it was determined that by bringing Kearl into operation, it would be economically beneficial to the Corporation to own rather that subcontract its crushing operations at the Kearl pit. By owning the crushing operations the Corporation could benefit from increased margins. The decision to own and operate our own crushing operation was primarily due to the anticipated year round customer local demand for processed high quality aggregate from this pit. The Corporation took delivery of its crushing spread and related machinery in Q3 2012 and completed full commissioning in Q4 2012.

In advance of this year's temporary winter closure of its Kearl pit crushing operation, a suitable quantity of processed gravel and sand had been stockpiled for future sale until aggregate processing at Kearl pit resumes in 2014. Temporary closure of crushing operations took effect during mid-December; crushing at Kearl pit is expected to resume in approximately August 2014 once spring wet conditions and dewatering activities are addressed, and once the crushing spread is transferred from the Kilometer 248 aggregate operation to the Kearl pit.

Over 196,000 tonnes of processed gravel and 387,000 tonnes of processed sand are available for immediate delivery at the Kearl pit. Management is focused on selling down its current inventory in advance of planned resumption of Kearl pit crushing operations during August 2014. A large order for existing processed gravel has been initiated during July 2014, and is expected to be completed during Q4 fiscal 2014. Management anticipates strong overall fiscal 2014 sales at Kearl pit.

Logan Pit

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is a winter access only pit due to access limitations with a seasonal winter road. Athabasca renewed our winter road use agreement with the two municipalities and had discussions on a collaborative future plan to upgrade the winter-only haul road to an all-season road in the case that Athabasca's plan includes all season hauling. The development of an all-season road would enable Athabasca to operate the Logan pit on a year-round basis, should demand justify the activity.

The Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation on the leased land for a term of ten years in 2010. During February 2012 the Corporation announced the receipt of a National Instrument 43-101 for the Logan aggregate deposit. The "indicated" mineral resource aggregate included 1,357,000 tonnes of gravel. Also reported is an "inferred" mineral resource quantity of 662,600 tonnes of gravel, and that the quality of the aggregate materials is suitable for road construction and maintenance.

The area of the Logan pit contains very little vegetation, topsoil and overburden. Access to the Logan pit is provided via an existing county winter road that runs through the site. Aggregate from this pit will be supplied primarily to oil sands and government infrastructure projects in the area that otherwise brings aggregate from as far away as Susan Lake.

A total of 390,000 tonnes of gravel had been processed at Logan pit by the end of fiscal 2013. Of that amount, approximately 121,000 tonnes currently remains available for sale at the Logan pit. A further 68,000 is inventoried at Athabasca's Conklin stockpile site, where it is available for year round sales and delivery.

House River Pit

The House River pit is located approximately 11 km east of Highway 63 on the House River. During August, 2011 the Corporation received SML approval from the Alberta Government, to develop an open pit aggregate operation on the leased land for a term of ten years. During fiscal 2012 the Corporation reported sales of asphalt aggregate from the House River pit totaling 253,500 tonnes to a major road building contractor in connection with the twinning of Highway 63, north of Wandering River, Alberta.

The House River pit is currently accessible only through a winter season road. Should the Corporation upgrade the winter-only haul road to an all-season road, its development would enable the Corporation to operate the House River pit on a year-round basis, should demand justify the activity.

Pelican Hill Pit

The Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. The Corporation received SML approval (10 year term) in June, 2011 on this 79.7 acre mixed sand and gravel pit. While the proposed development of this property has not been established to date, the Corporation expects to supply aggregate from this property primarily to the oil and gas industry, as well as to the government or its partners for use in infrastructure projects in the area. This pit will be available for year-round aggregates extraction and sales if an all-season road of less than two kilometers is developed.

Some recent tree clearing was initiated at the Pelican Hill pit, to enable future production. Management is exploring opportunities for pit sales from Pelican Hill prior to full development of the site.

Private Land

Warrensville Pit

The Corporation holds a prepaid entitlement to 300,000 cubic yards (equal to 375,000 tonnes) of pit run aggregate, resulting from a previous lease agreement with a private pit operator in the Grimshaw, Alberta area northwest of Peace River, Alberta.

The Corporation also purchased two 160-acre parcels of land near the previously leased Warrensville pit 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 their viability and that support the Corporation's growth strategy are being targeted.

- **Kilometer 248 Aggregate Operation Opened, Second Under Agreement with First Nations Company.**

  During January 2014, the Corporation initiated aggregate production from the Cowper aggregate operation located 95 km southeast of Fort McMurray, under an agreement between Athabasca and DeneCo Aggregates Ltd. ("DeneCo"), a First Nations company. Athabasca serves as the developer and operator for Cowper in return for a royalty paid to DeneCo. The Cowper pit has now been depleted of gravel, and pit reclamation commenced during Q2 2014. The Cowper pit is Athabasca's only depleted corporate-owned pit. Sales to regional customers were initiated from the Cowper pit during Q1 with more sales made during Q2. Gravel processed at Cowper has been hauled to a stockpile site near a major highway north of Conklin, where it is available for year round delivery, and from which sales have commenced during Q3 2014.

  During July 2014, Athabasca has initiated production under a further agreement with DeneCo for a second nearby aggregate location, Kilometer 248, located 85km southwest of Fort McMurray. Athabasca serves as the developer and operator of this location under a similar arrangement. These agreements encourage and promote the participation of First Nations in employment and business opportunities. DeneCo will also assist Athabasca with the marketing of aggregates produced from

Cowper and Athabasca's other regional pits. Athabasca's crushing spread is being utilized to process aggregates at Kilometer 248, and once completed, will be moved to the Kearl operation, where crushing activity is expected to resume during August 2014. Inventory production at Kilometer 248 has been successfully initiated during Q3 2014. The aggregates being mined have shown to be gravel rich with a low sand component. Production is been efficiently performed and has benefitted from the operating key performance indicators and mandated cost controls recently implemented by the Corporation. Sales from this pit are expected to commence during Q3 2014.

- **Joint Venture Agreement with Wood Buffalo Métis Corporation**

Athabasca entered into a joint venture agreement with the Wood Buffalo Métis Corporation on January 31, 2014. for the purposes of exploring for and developing and marketing aggregates, including industrial minerals such as granite, dolomite, limestone and silica sand, and for extracting, processing and selling aggregates from within the boundaries of the Regional Municipality of Wood Buffalo. Athabasca has the exclusive support of Wood Buffalo to drill, explore, produce and market aggregates for a period of ten years, with an option to renew, upon mutual agreement of the parties, for an additional ten years.

G. MINERAL PROPERTIES

Mineral permits are maintained in good standing by making allowable exploration assessment expenditures. Minerals leases are maintained in good standing by incurring land rental and royalties on annual minerals sales production to the Alberta Government. The Corporation continuously evaluates its mineral permit holdings, relinquishing and/or acquiring permits as dictated by its exploration and strategic priorities, as well as financial considerations. The mineral permits are located largely in the Fort McMurray area.

Financing potential exploration and development opportunities may be done by way of internally generated working capital or by debt, equity, and strategic partnering.

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

	July 24, 2014 (hectares)	**May 31, 2014 (hectares)**	**February 28, 2014 (hectares)**
Balance at beginning of period:	331,577	505,801	488,952
Mineral permits acquired during the period:	-	-	35,056
Mineral permits relinquished during the period:	(8,737)	(174,224)	(18,207)
Balance at end of period:	322,840	331,577	505,801

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

	July 24, 2014 (hectares)	**May 31, 2014 (hectares)**	**February 28, 2014 (hectares)**
Balance at beginning of period:	21,579.5	21,579.5	21,575.5
Mineral leases acquired during the period:	-	-	-
Mineral leases relinquished during the period:	-	-	-
Balance at end of period:	21,579.5	21,579.5	21,579.5

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

Salt

- **Boyle Project**

The Corporation has four mineral lease holdings covering 5,835.5 hectares (14,420 acres) of property overlying the Lotsberg salt formation in the area of Boyle, Alberta. Management is of the opinion the salt is of a high quality and is attractively situated nearby roadway, rail, power and water resources. The Corporation is of the opinion that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant. The Corporation maintains a 100% interest in these salt leases. During fiscal 2014 the Corporation has acquired three additional Industrial and Metallic Mineral permits adjacent to the Boyle leases (27,392 hectares).

- **Dover Project**

The Corporation holds one mineral lease covering 256 hectares in the Wood Buffalo region of Alberta in the Birch Mountain area approximately 150 kilometers north of Fort McMurray. On the property is a salt formation which the Corporation has identified and evaluated. The Corporation drilled a salt test well that terminated at a depth of 490 meters. Studies have indicated that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands. Management feels the property may be usable for housing industrial waste products or for storage of petroleum products, and is assessing its strategic options for this project. Athabasca also holds mineral permits totalling 31,616 hectares on property adjacent to this mineral lease. The Corporation holds a 100% interest in both the mineral lease and mineral permits with this project. During fiscal 2014 the Corporation has acquired one additional Industrial and Metallic Mineral permit adjacent to the Dover lease (7,664 hectares).

Silica Sand

- **Firebag Project**

The Corporation has been evaluating its 100% owned silica sand Firebag Project (located 139 km north of Fort McMurray, and is accessible via Highway 63 and near water and power sources). The Corporation made application in March 2013 to the Alberta Government for a surface material lease application for an 80 acre SML for the development of a silica sand mining operation. The planned operation is for the production of industrial proppant for use in the fracking industry. Further application was made for a miscellaneous lease to support project infrastructure.

The Corporation's second phase of development includes planning to develop a larger adjacent 500 acre SML for which applications have been submitted. This development will require a voluntary EIA by the Corporation. Preliminary meetings with the government and various consultants have been made in order to identify the potential scope of such a study. During Q1 fiscal 2014, the Corporation reduced the 500 acre SML application to 420 acres, now making the entire planned project total 500 acres, including the 80 acre SML. Surrounding Athabasca's proposed silica sand development project on the two SML development applications, the Corporation holds 100% rights to seven Industrial and Metallic mineral leases covering 12,800 hectares (31,629 acres) in the Fort McMurray region of northeast Alberta.

Next steps include receiving anticipated final approval from Alberta Environment and Sustainable Resources Development ("ESRD") of the Firebag Project, completion of a National Instrument 43-101 resource report in respect of the Firebag Project, and having a preliminary economic assessment performed in order to confirm the economic potential of the Firebag deposit.

- **Birch Mountain Project**

The Corporation holds two mineral leases covering 2,432 hectares (6,010 acres) situated in the Wood Buffalo region, in northeast Alberta which contain silica sand. Athabasca also holds mineral permits on 16,000 hectares on land adjacent to its two mineral leases. Based on testing performed to date, the Corporation is of the opinion that silica sand found on this property would be suitable for use as frac sand.

Granite and Dolomite

- **Richardson Project**

During fiscal 2012 the Corporation identified a granite outcrop located approximately 70 kilometers north of the Susan Lake pit that is accessible by winter road. During Q1 2013 initial drilling in this area was performed and in-house testing of samples was conducted. The drilling program encountered granite and dolomite, confirming that granite extends beyond the granite outcrop. Initial observations indicate both the granite and dolomite appear to be of high quality for use as aggregate. The Richardson Project is of priority to the Corporation in order to secure a future supply of aggregate to the Fort McMurray market.

In March 2014 the Corporation announced the completion of a winter drilling program at the Richardson Project located 130 km north of Fort McMurray. All holes successfully cored the dolomite and all but one intersected the granite basement rocks. Detailed core logging and sampling has recently been completed at Athabasca's Edmonton facility. Samples are next being sent to a major independent testing lab in Calgary in order to verify the materials are suitable as aggregate for use in concrete, asphalt and road base.

These 2014 drill holes coupled with additional drilling from the same area in 2013 will provide the information necessary to complete a National Instrument 43-101 resource estimate for the Richardson granite and dolomite in fiscal 2014.

Following completion of the 43-101 the Corporation intends to apply for a mineral lease on a portion of the Richardson Project currently held by Athabasca under mineral permits; and subsequently, the submission of a development application to operate a hard rock quarry.

Minerals Exploration Update

As explained in greater detail within their sections above, recent minerals exploration activities have included:

- Firebag Project- Completion, in principle, by ESRD of its review of the lease boundary that is approximately 80 acres in size; also, planned project total now at 500 acres, previously discussed at 580 acres; April 2014 submission of a Conservation and Reclamation Business Plan ("CRBP") to ESRD for their review. Recent responses supplied to ESRD regarding their inquiries on the application. Engagement of corporations to respectively perform the NI 43-101 and preliminary economic assessment of the Firebag Project;

- Richardson Project- Following core logging and sampling recently completed at Athabasca's Edmonton facility, samples obtained from its winter drilling program are next being sent to a major testing lab in Calgary. This is necessary in order to independently verify the materials are suitable as aggregate for use in concrete, asphalt and road base.

H. SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from unaudited interim financial statements of the Corporation. The information has been prepared by management in accordance with IFRS. Revenue refers to aggregate management fees and net aggregate sales from corporate-owned aggregate operations.

	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Revenue	$3,486,318	$3,417,845	$6,580,777	$5,575,149
Aggregate operating expenses	$3,213,808	$4,571,739	$3,774,203	$3,190,078
(Loss) gain on land use agreement	$-	$-	$(258,810)	$49,454
Recovery (write down) of intangible assets	$-	$-	$117,930	$4,327
Write down of resource properties and exploration costs	$-	$-	$(352,750)	$-
Net (loss) income and comprehensive (loss) income	$(538,704)	$(1,910,393)	$389,315	$1,059,462
Basic income (loss) per common share	$(0.017)	$(0.063)	$0.014	$0.038
Diluted income (loss) per common share	$(0.017)	$(0.063)	$0.013	$0.037
Total assets	$39,447,914	$38,965,296	$35,718,827	$35,497,497
Resource properties	$6,679,961	$6,415,505	$5,821,161	$6,328,154

	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Revenue	$6,278,678	$6,683,396	$4,301,229	$3,582,344
Aggregate operating expenses	$3,831,299	$5,810,597	$1,429,184	$699,902
(Loss) gain on land use agreement	$(104,827)	$(284,274)	$588,262	$812,311
Recovery (write down) of intangible assets	$(7,016)	$41,371	$37,337	$(20,006)
Write down of resource properties and exploration costs	$-	$-	$(670,389)	$-
Net income (loss) and comprehensive income (loss)	847,445	$(374,582)	$1,160,601	$2,044,148
Basic income (loss) per common share	$0.030	$(0.013)	$0.042	$0.074
Diluted income (loss) per common share	0.029	$(0.013)	$0.041	$0.072
Total Assets	$35,678,173	$36,851,458	$33,278,023	$26,786,736
Resource Properties	$6,229,445	$6,085,698	$5,895,745	$5,724,550

The following selected information is derived from unaudited interim financial statements of the Corporation, and provides a non-IFRS presentation of the after-tax net income (loss) effect of the land use agreement, separate from the after-tax net income (loss) from aggregate operations, for each reported fiscal period:

	Q2 2014	Q1 2014	Q4 2013	Q3 2013
Net (loss) income from land use agreement	$-	$-	($143,127)	$35,904
Net (loss) income from aggregate operations	$(538,704)	$(1,910,393)	$532,442	$1,023,558
Net (loss) income and comprehensive (loss) income	$(538,704)	$(1,910,393)	$389,315	$1,059,462
Basic net income (loss) per common share attributed to:				
Land use agreement	$-	$-	$(0.005)	$0.001
Aggregate operations	$(0.017)	$(0.063)	$0.019	$0.037
Combined	$(0.017)	$(0.063)	$0.014	$0.038

	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Net (loss) income from land use agreement	$(71,627)	$(227,796)	$467,119	$550,899
Net income (loss) from aggregate operations	919,072	$(146,786)	$693,482	$1,493,249
Net income (loss) and comprehensive income (loss)	847,445	$(374,582)	$1,160,601	$2,044,148
Basic loss (income) per common share attributed to:				
Land use agreement	$(0.003)	$(0.008)	$0.017	$0.020
Aggregate operations	$0.033	$(0.005)	$0.025	$0.054
Combined	$0.030	$(0.013)	$0.042	$0.074

As described in I- Operating Results, current reporting reflects a retroactive reclassification of various expenses that were previously treated as general and administrative in nature. These reclassified costs are now included within other aggregate operating expenses. The reclassification of expenses was made retroactive to fiscal 2011.

A non-IFRS performance measure provided by the Corporation is the measure of cash flow generated per common share (net (loss) income adjusted for non-cash items per common share), calculated as follows:

	Q2 YTD 2014	Q2 YTD 2013
Net (loss) income adjusted for non-cash items (per Statements of Cash Flows)	$(475,611)	2,472,733
Weighted average number of common shares outstanding	31,349,073	28,124,808
Net (loss) income adjusted for non-cash items per common share	$(0.015)	$0.088

The Corporation derives revenues from managing the supply of, and from the production of, various types of aggregates in Northern Alberta. All operations are dependent on the ability to remove gravel from its gravel pits, which can often be hampered by the cold, by rain, or by melting weather conditions. Most construction projects and oil sands projects, to which the Corporation supplies aggregate, typically start up and focus on their busiest time of year later in the summer and fall when ground conditions improve and are typically drier. As a result, there is a seasonal nature to operations, with winter and spring traditionally being the slowest time for the Corporation.

I. OPERATING RESULTS

	Q2 Ended 31-May-14	Q2 Ended 31-May-13	% change	Q2 YTD 31-May-14	Q2 YTD 31-May-13	% change
Aggregate management fees	$ 1,526,558	$ 2,427,022	-37.1%	$ 2,081,125	$ 3,916,039	-46.9%
Net aggregate sales	$ 1,959,760	$ 3,851,656	-49.1%	$ 4,823,038	$ 9,046,035	-46.7%
Total revenue	**$ 3,486,318**	**$ 6,278,678**	-44.5%	**$ 6,904,163**	**$ 12,962,074**	-46.7%
Stripping, clearing and crushing expenses	$ 352,248	$ 524,897	-32.9%	$ 811,890	$ 2,095,808	-61.3%
Amortization, depreciation and depletion	$ 454,823	$ 363,812	25.0%	$ 797,958	$ 683,030	16.8%
Other aggregate operating expenses	$ 2,406,737	$ 2,943,839	-18.2%	$ 6,175,699	$ 6,864,307	-10.0%
Aggregate operating expenses	**$ 3,213,808**	**$ 3,832,548**	-16.1%	**$ 7,785,547**	**$ 9,643,145**	-19.3%
Gross profit (loss)	**$ 272,510**	**$ 2,446,130**	-88.9%	**$ (881,384)**	**$ 3,318,929**	-126.6%
Depreciation of property and equipment	$ 137,686	$ 120,081	14.7%	$ 297,323	$ 259,356	14.6%
Amortization of intangible assets	$ 216,666	$ 216,666	0.0%	$ 433,333	$ 433,333	0.0%
General and administrative	$ 609,029	$ 501,255	21.5%	$ 1,223,447	$ 953,320	28.3%
Finance costs	$ 84,326	$ 100,178	-15.8%	$ 170,656	$ 205,484	-16.9%
Share-based compensation	$ 77,608	$ 190,802	-59.3%	$ 272,711	$ 395,399	-31.0%
Other expenses	**$ 1,125,315**	**$ 1,128,982**	-0.3%	**$ 2,397,470**	**$ 2,246,892**	6.7%
Loss before other items	$ (852,805)	$ 1,317,148	-164.7%	$ (3,278,854)	$ 1,072,037	-405.9%
Interest	$ 5,286	$ 10,018	-47.2%	$ 8,446	$ 18,196	-53.6%
Loss on land use agreement	$ -	$ (104,827)	-100.0%	$ -	$ (389,101)	-100.0%
(Write down) recovery of intangible assets	$ -	$ (7,016)	-100.0%	$ -	$ 34,355	-100.0%
All other income	$ 53,231	$ 25,489	108.8%	$ 55,758	$ 37,866	47.3%
Other income (loss)	**$ 58,517**	**$ (76,336)**	-176.7%	**$ 64,204**	**$ (298,684)**	-121.5%
(Loss) income before income taxes	$ (794,288)	$ 1,240,812	-164.0%	$ (3,214,650)	$ 773,353	-515.7%
Income taxes benefit (expense)	$ 255,584	$ (393,367)	-165.0%	$ 765,553	$ (300,490)	-354.8%
Net (loss) income and comprehensive (loss) income	**$ (538,704)**	**$ 847,445**	-163.6%	**$ (2,449,097)**	**$ 472,863**	-617.9%
Basic (loss) income per common share	**$ (0.017)**	**$ 0.030**	-156.7%	**$ (0.078)**	**$ 0.017**	-558.8%
Diluted (loss) income per common share	**$ (0.017)**	**$ 0.029**	-158.6%	**$ (0.078)**	**$ 0.016**	-587.5%

Athabasca MINERALS INC.

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

Total revenue for the three months ended May 31, 2014 was $3,486,318, comprised of aggregate management fees of $1,526,558 and net aggregate sales of $1,959,760. This compared to total revenue for the three months ended May 31, 2013 of $6,278,678 comprised of aggregate management fees of $2,427,022 and net aggregate sales of $3,851,656. During the three months ended May 31, 2014 revenue decreased by $2,792,360 or 44.5%, including a decrease in aggregate management fees of $900,464 or 37.1% and a decrease in net aggregate sales of $1,891,896 or 49.1%. In the three months ended May 31, 2014, there was a small increase in requests for over-time scale operations versus the comparative period, included in aggregate management fees.

Total tonneage sales of aggregate on which aggregate management fees are earned by the Corporation had decreased by 38.7%, with 1,348,713 tonnes sold in the three months ended May 31, 2014 compared with 2,200,426 sold in the three months ended May 31, 2013. During the three months ended May 31, 2014 there were 69,319 tonnes sold from corporate-owned pits, versus 157,352 in the comparative period, a decrease of 88,033 or 55.9%. During Q2 2014 sales of 46,333 tonnes were made from the Kearl pit and 22,985 tonnes were sold from the Cowper pit.

Total revenue for the six months ended May 31, 2014 was $6,904,163, comprised of aggregate management fees of $2,081,125 and net aggregate sales of $4,823,038. This compared to total revenue for the six months ended May 31, 2013 of $12,962,074 comprised of aggregate management fees of $3,916,039 and net aggregate sales of $9,046,035. During the six months ended May 31, 2014 revenue decreased by $6,057,911 or 46.7%, including a decrease in aggregate management fees of $1,834,914 or 46.9% and a decrease in net aggregate sales of $4,222,997 or 46.7%. In the six months ended May 31, 2014, there was a decrease in requests for over-time scale operations versus the comparative period, contributing to decreased aggregate management fees.

Total tonneage sales of aggregate on which aggregate management fees are earned by the Corporation had decreased by 47.7%, with 1,847,256 tonnes sold in the six months ended May 31, 2014 compared with 3,529,856 sold in the six months ended May 31, 2013. During the six months ended May 31, 2014 there were 149,313 tonnes sold from corporate-owned pits, versus 344,146 in the comparative period, a decrease of 194,833 or 56.6%. During Q2 YTD 2014 sales of 46,333 tonnes were made from the Kearl pit, 37,289 tonnes were sold from the Cowper pit, and 44,933 tonnes were sold from the Logan pit and 20,758 tonnes from the Conklin stockpile.

Current reporting reflects a retroactive reclassification of various expenses that were previously treated as general and administrative in nature. These reclassified costs are now included within other aggregate operating expenses, and represent equipment repair and maintenance, and utilities and related services associated with aggregate operations. Q2 2013 YTD as currently reported includes $138,358 in other aggregate operating expenses that were previously included in general and administrative expenses. Management has reclassified these expenses in order to more accurately reflect their nature.

Aggregate operating expenses for the three months ended May 31, 2014 were $3,213,808 representing a decrease of $618,740 or 16.1% from $3,832,548 for the three months ended May 31, 2013. Stripping, clearing and crushing expenses of $352,248 were incurred during Q2 2014, which primarily consisted of crushing and stripping related payroll costs at the Cowper pit and clearing and stripping expense at Susan Lake. During Q2 2013 $524,897 was spent on stripping, clearing and crushing expenses, which primarily consisted of crushing expense at the Kearl pit, along with some clearing and stripping expense at Susan Lake. Amortization, depreciation and depletion expense was $454,823 during Q2 2014 compared with $363,812 during Q2 2013. The increase was primarily due to depletion of aggregate reserves at the corporate-owned Cowper pit. All other aggregate operating expenses decreased by 18.2% during Q2 2014, down $537,102 to $2,406,737 compared to $2,943,839 during Q2 2013. The net reduction in costs involved:

All Other Aggregate Operating Expenses	Change in expense Q2 2014 vs. Q2 2013
Decreased hauling costs on reduced tonneage sales from corporate-owned pits	$(932,151)
Decreased cost of goods from inventory	(702,782)
Decreased workers accommodation	(260,963)
Decreased fuel costs	(128,557)
Increased aggregate payroll	166,508
Increased equipment repairs and rentals	279,959
Reduction in production costs added into inventory	790,901
All other expense- net increase	249,983
All other aggregate operating expenses- net decrease	**$(537,102)**

Aggregate operating expenses for the six months ended May 31, 2014 were $7,785,547 representing a decrease of $1,857,598 or 19.3% from $9,643,145 for the six months ended May 31, 2013. Stripping, clearing and crushing expenses of $811,890 were incurred during Q2 YTD 2014, which primarily consisted of clearing and stripping expense at Susan Lake, and to a lesser extent, crushing and stripping related payroll costs at the Cowper pit. During Q2 YTD 2013 $2,095,808 was spent on stripping, clearing and crushing expenses, which primarily consisted of sub-contractor crushing expense at the Logan pit, as well as crushing at the Kearl pit, and as well, some clearing and stripping expense at Susan Lake. Amortization, depreciation and depletion expense was $797,958 during Q2 YTD 2014 compared with $683,030 during Q1 YTD 2013. The increase was primarily due to greater depletion expense of aggregate reserves at corporate-owned pits. All other aggregate operating expenses decreased by 10.0% during Q2 YTD 2014, down $688,608 to $6,175,699 compared to $6,864,307 during Q2 YTD 2013. The net reduction in costs involved:

All Other Aggregate Operating Expenses	Change in expense Q2 YTD 2014 vs. Q2 YTD 2013
Decreased hauling costs on reduced tonneage sales from corporate-owned pits	$(2,708,536)
Decreased cost of goods from inventory	(1,102,206)
Decreased fuel costs	(67,097)
Increased aggregate payroll	154,302
Increased equipment repairs and rentals	647,745
Reduction in production costs added into inventory	2,079,336
All other expense- net increase	307,917
All other aggregate operating expenses- net decrease	**$(688,539)**

Depreciation of property and equipment increased by $17,605 to $137,686 during Q2 2014 due to an increase in carrying value in property and equipment located at Susan Lake versus the comparative period. Amortization of the Susan Lake management contract during Q2 2014 remained consistent with the comparative period at $216,666.

Depreciation of property and equipment increased by $37,967 to $297,323 during Q2 YTD 2014 due to an increase in carrying value in property and equipment located at Susan Lake versus the comparative period. Amortization of the Susan Lake management contract during Q2 YTD 2014 remained consistent with the comparative period at $433,333.

General and administrative expenses for the three months ended May 31, 2014 increased by $107,774 or 21.5% to $609,029 up from $501,255 in Q2 2013. This is primarily attributable to a $139,888 increase in G&A payroll costs resulting from creating a number of new positions during the past year, in support of the Corporation's growth initiatives.

General and administrative expenses for the six months ended May 31, 2014 increased by $270,127 or 28.3% to $1,223,447 up from $953,320 in Q2 YTD 2013. This is primarily attributable to a $273,677 increase in G&A payroll costs resulting from creating a number of new positions during the past year, in support of the Corporation's growth initiatives.

Finance costs were $84,326 for the three months ended May 31, 2014, down $15,852 from $100,178 for the three months ended May 31, 2013. The decrease primarily results from $12,525 in decreased interest expense on long-term debt due to a declining principal balance outstanding. Finance costs also include $2,569 accretion expense, down $1,114 from $3,683 for the three months ended May 31, 2013.

Share-based compensation decreased by $113,194 during the three months ended May 31, 2014, to $77,608 from $190,802 due to lower vesting expense during Q2 2014 than during the comparative quarter.

Share-based compensation decreased by $122,688 during the six months ended May 31, 2014, to $272,711 from $395,399 due to lower vesting expense during Q2 YTD 2014 than during the comparative period.

Loss on land use agreement during the three months ended May 31, 2014 was $Nil versus a $104,827 loss in the comparative period, a difference of $104,827. There was no gain or loss during Q2 2014 since the actual accommodation rate was equal to the level estimated at November 30, 2013.

Loss on land use agreement during the six months ended May 31, 2014 was $Nil versus a $389,101 loss in the comparative period, a difference of $389,101. There was no gain or loss during Q2 YTD 2014 since the actual accommodation rate was equal to the level estimated at November 30, 2013.

Cash received from the land use agreement was $51,140 during Q2 YTD 2014 compared to $283,392 during Q2 YTD 2013. At May 31, 2014, the land use agreement receivable was valued at $388,642 and represents estimated future discounted cashflow remaining to be received under the agreement through October 2015.

Recovery of intangible assets was $Nil during the three months ended May 31, 2014, compared to a write down of $7,016 during the comparative period, and is due to no change in the estimated decommissioning and restoration costs attributable to the land related to the Corporation's lay down storage yard at the Poplar Creek pit.

Recovery of intangible assets was $Nil during the six months ended May 31, 2014, compared to a recovery of $34,355 during the comparative period, and is due to no change in the estimated decommissioning and restoration costs attributable to the land related to the Corporation's lay down storage yard at the Poplar Creek pit.

During the three months ended May 31, 2014, the Corporation had a net loss and comprehensive loss of $538,704 or $(0.017) basic loss per common share. This reflects a $1,386,149 163.6% decrease in net income, down $1,386,149 from $847,445 net income and comprehensive income and $0.030 basic income per share during Q2 2013.

During the six months ended May 31, 2014, the Corporation had a net loss and comprehensive loss of $2,449,097 or $(0.078) basic loss per common share. This reflects a $2,921,960 or 617.9% decrease in net income from $472,863 net income and comprehensive income and $0.017 basic income per share during Q2 YTD 2013.

Composition of Changes in Net (Loss) Income and Comprehensive Net (Loss) Income	Change Q2 2014 vs. Q2 2013	Change Q2 YTD 2014 vs. Q2 YTD 2013
Decrease in revenue	$(2,792,360)	$(6,057,911)
Decrease in aggregate operating expenses	618,740	1,857,598
Decrease (increase) in other expenses	3,667	(150,578)
Increase in other income	134,853	362,888
Decrease in income taxes	648,951	1,066,043
	$(1,386,149)	**$(2,921,960)**

J. OPERATING ACTIVITIES

Cash flow from operating activities during Q2 YTD 2014 was $(3,177,785) as compared to $(259,305) for Q2 YTD 2013, a decrease of $2,918,480. Various factors accounted for the decreased cash flow from operating activities:

Composition of Changes in Cash Flow From Operating Activities	Change Q2 YTD 2014 vs. Q2 YTD 2013
Decrease in net earnings	$(2,921,960)
Decrease in adjustments for non-cash items	(26,384)
Trade and other payables change, increased use of cash	(2,002,448)
Accounts receivable change, increased source of cash	3,378,570
Inventory change, increased source of cash	76,019
Income tax recoverable change, increased use of cash	(905,261)
Income tax payable change, increased use of cash	(349,923)
Prepaid expenses and deposits change, increased use of cash	(167,093)
Cash flow from operating activities change, increased use of cash	**$(2,918,480**)

K. INVESTING ACTIVITIES

		Six Months Ended May 31, 2014		Six Months Ended May 31, 2013
Purchase of property and equipment	$	(868,585)	$	(905,604)
Restricted cash		(5,285)		(70,294)
Long-term deposits		(286,660)		-
Proceeds from land use agreement		51,140		283,392
Resource properties		(1,156,838)		(583,157)
Fund decommissioning and restoration provision		(29,107)		-
Insurance proceeds on write-off of property and equipment		-		27,950
Total	$	(2,295,335)	$	(1,247,713)

During the six months ended May 31, 2014 the Corporation obtained property and equipment in the amount of $868,585. The purchases primarily pertained to the acquisition of a 49-worker camp to be used at Athabasca's Conklin stockpile site. The site will serve as a hub for the Corporation's regional operations. The camp is intended to reduce reliance on third party accommodation for Athabasca's workers in order to reduce related costs. During the period, The Corporation also acquired a scale house and scale for use at corporate-owned pits, and other miscellaneous equipment.

During the six months ended May 31, 2014, the Corporation invested $5,285 in a restricted cash account, pursuant to its land use agreement with a work camp provider, compared to $70,294 in the comparative period. These funds are invested for the purpose of future funding of Poplar Creek pit reclamation costs.

During the six months ended May 31, 2014 the Corporation invested $286,660 as security deposits in support of required future reclamation of its surface material leases as follows: Cowper pit $56,340; KM 248 pit $70,350; House River West pit $80,000; the frac sand Firebag Project $79,970.

During the six months ended May 31, 2014 the Corporation received proceeds of $51,140 under its land use agreement with a work camp provider, consisting of receipts for monthly land access, work camp daily accommodation, and future reclamation funding. Proceeds of $283,392 had been received during the comparative period.

During the six months ended May 31, 2014 the Corporation invested $753,675 in exploration costs on its mineral resource properties. The current investment primarily involved the winter drilling program and follow-up at its Richardson Project containing granite and dolomite. $296,992 was invested during the period on the Corporation's production properties, principally toward set-up costs of the corporate-owned Cowper pit, which commenced production during the period. $33,610 was invested during the period on the Corporation's miscellaneous leases, of which $30,108 was in support of the lease that will provide infrastructure for the frac sand Firebag Project. $73,736 was spent during the period on annual rental on its mineral leases, and $1,175 in mineral permits was refunded.

L. FINANCING ACTIVITIES

		Six Months Ended May 31, 2014		Six Months Ended May 31, 2013
Issue of share capital	$	5,817,500	$	89,550
Share issuance costs		(483,437)		-
Repayment of long-term debt		(500,000)		(500,000)
Repayment of lease obligations		(646,799)		(550,880)
Total	$	4,187,264	$	(961,330)

During Q1 2014 the Corporation issued 3,965,517 units at $1.45 for gross proceeds of $5,750,000 under a private placement. Each unit consists of one common share and one-half of one common purchase warrant. Each whole purchase warrant entitles the holder to acquire one common share at a price of $1.75 per share for a period of two years from January 14, 2014. Net of $483,437 in share issuance costs, proceeds of $5,266,563 were received from the private placement. A further $67,500 was received from the issue of share capital on the exercise of stock options. During the comparative period, $89,550 had been received from the exercise of stock options.

M. LIQUIDITY AND CAPITAL RESOURCES

At May 31, 2014 the Corporation reported working capital of $7,222,794 which management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. The Corporation has access to a $3,000,000 demand operating loan with a sub-limit of $2,000,000 available for letters of commercial credit. $1,213,705 was outstanding on the operating loan. A further $675,880 of the operating loan is committed, although not funded, in order to secure letters of credit totalling $1,351,760. Accordingly, the Corporation is not exposed to significant liquidity risk.

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 July 24, 2014 the Corporation holds mineral permits covering 322,840 hectares (797,754 acres). The Corporation has spending commitments totaling approximately $1,548,000 in fiscal 2014, $209,000 in fiscal 2015, and $2,810,000 in fiscal 2016 to retain these mineral permits held by the Corporation.

As at July 24, 2014 the Corporation holds mineral leases covering 21,579.5 hectares. In order to keep the land under mineral leases in good standing, the Corporation is required to pay annual rental of $3.50 per hectare on the mineral leases. In addition, applicable royalties will be payable to the Alberta Government once sales production on the mineral leases commences. Currently, the Corporation has an annual rental commitment of $65,224 over the 15 year life of the mineral leases which expire in 2026, and an annual rental commitment of $10,304 over the 15 year life of the mineral leases which expire in 2028.

In managing the exploration permits, the Corporation adds mineral permits in areas of interest and relinquishes mineral permits in areas that the exploration activities indicate have a low potential of discovering mineral reserves. As permits are relinquished, the number of hectares is decreased thereby reducing the spending commitment. The Corporation is in the process of exploring aggregate and mineral properties and has not yet determined whether these properties contain deposits that are economically recoverable. The continuing operations of the Corporation to meet its commitments, including the development of the properties, securing and maintaining title and financing exploration and development of the properties is dependent upon the internal generation of cash flow and obtaining necessary financing through debt and public and private share offerings.

N. OUTSTANDING SHARE DATA

Private Placement Financing

On January 14, 2014 the Corporation issued 3,965,517 common shares in a private placement for cash consideration of $5,750,000. Legal and filing fees of $138,437 and commissions of $345,000 associated with the private placement were incurred for net proceeds of $5,266,563. Each common share issued in the private placement is accompanied by one common share purchase warrant entitling the holder to acquire one-half additional common share at a price of $1.75 for a period of two years from January 14, 2014. As at July 24, 2014 a total of 354,500 of the 1,982,758 warrants have been exercised at a price of $1.75.

The underwriter was paid a cash commission equal to 6% of the aggregate gross proceeds of the offering and was granted 237,931 options, with each such option entitling the holder to acquire one common share at a price of $1.45 per share for a period of two years from January 14, 2014. Pursuant to applicable securities laws, all securities issued pursuant to the offering will be subject to a statutory hold period which expires on May 15, 2014.

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 24 2014:

Number of Common Shares Outstanding	33,015,850
Number of Stock Options Outstanding	3,192,931
Number of Stock Warrants Outstanding	1,628,258

The Corporation had 3,192,931 outstanding stock options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
160,000	$0.26	October 15, 2015
768,333	$0.63	March 29, 2017
50,000	$1.04	August 24, 2017
360,000	$1.64	December 11, 2017
466,667	$1.02	September 6, 2018
150,000	$1.63	January 14, 2019
1,000,000	$2.90	June 26, 2019
237,931	$1.45	January 14, 2016
3,192,931		

A total of 1,734,595 stock options were exercisable at a weighted average price of $1.04 per share.

A total of 1,628,258 stock warrants with a January 14, 2016 expiry date were outstanding and exercisable at a weighted average price of $1.75.

O. RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2014, the Corporation incurred expenses of $24,582 (2013 - $30,567) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below.

During the six months ended May 31, 2014, the Corporation incurred expenses of $46,998 (2013 - $53,129) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below.

These fees are recorded in the financial statements as follows:

	For the three months ended May 31,		For the six months ended May 31,	
	2014	2013	2014	2013
Directors and Officers:				
Directors fees and expenses	$ 1,303	$ 567	$ 1,603	$ 1,379
Travel and miscellaneous	2,279	-	3,395	-
	3,582	567	4,998	1,379
Companies controlled by directors and officers:				
Travel and miscellaneous	-	-	-	750
Property and equipment	-	9,000	-	9,000
Rent	21,000	21,000	42,000	42,000
	21,000	30,000	42,000	51,750
	$ 24,582	$ 30,567	$ 46,998	$ 53,129

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There is $2,274 related to these expenses recorded in accounts payable and accrued liabilities at May 31, 2014 (2013 - $Nil).

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

P. COMPENSATION OF KEY MANAGEMENT

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

	For the three months ended May 31,		For the six months ended May 31,	
	2014	2013	2014	2013
Salaries and other benefits	$ 247,238	$ 249,431	$ 439,591	$ 385,506
Share-based benefits	48,359	183,848	153,790	354,713
	$ 295,597	$ 433,279	$ 593,381	$ 740,219

Q. CHANGE IN ACCOUNTING POLICIES INCLUDING EARLY ADOPTION

Accounting Changes

Effective December 1, 2013 the Corporation adopted the following new standards and interpretations issued by the IASB or International Financial Reporting Interpretation Committee ("IFRIC").

Scope of the reporting entity

IFRS 10, "Consolidated Financial Statements" and IFRS 12, "Disclosure of Interests in Other Entities", were issued and replace IAS 27, "Consolidated and Separate Financial Statements" and Standing Interpretations Committee ("SIC") 12, "Consolidation - Special Purpose Entities" for guidance on the consolidation model which identifies the elements of control and provides a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. As no equity interests are currently held in, or joint arrangements held with other entities, adoption of this standard had no current impact on the Corporation's interim financial statements.

Stripping costs in the production phase of a surface mine

IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine" considers when and how to account separately for benefits arising from stripping activity, as well as how to measure these benefits both initially and subsequently. In surface mining operations, entities may find it necessary to remove mine waste materials (overburden) to gain access to mineral ore deposits. This waste removal activity is known as 'stripping.' IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Adoption of this standard had no current impact on the Corporation's interim financial statements.

Joint arrangements

IFRS 11, "Joint Arrangements" was issued and supersedes IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly Controlled Entities-Non-monetary Contributions by Venturers", to establish principles for financial reporting by parties to a joint arrangement. As no joint venture interests are currently held in or between other entities, adoption of this standard had no current impact on the Corporation's interim financial statements.

Fair value measurement

IFRS 13, "Fair Value Measurement" was issued to set out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. Adoption of this standard had no current impact on the Corporation's interim financial statements.

New standards not yet adopted

i. Financial instruments classification and measurement

In October 2010, the IASB issued IFRS 9 "Financial Instruments" ("IFRS 9") which proposes to replace IAS 39 "Financial Instruments: recognition and measurement". The replacement standard has the following significant components: establishes two primary measurement categories for financial assets- amortized cost and fair value; establishes criteria for classification of financial assets within the measurement category based on business model and cash flow characteristics; and eliminates existing held to maturity, available-for-sale, and loans and receivable categories.

In November 2013, the IASB issued an amendment to IFRS 9 which includes a new hedge model that aligns accounting more closely with risk management, as well as enhancements to the disclosures about hedge accounting and risk management. Additionally as the impairment guidance in IFRS 9, as well as certain limited amendments to the classification and measurement requirements of IFRS 9 are not yet complete, the previously mandated effective date of IFRS 9 of January 1, 2015, has been removed. Entities may apply IFRS 9 before the IASB completes the amendments, but are not required to. The Corporation will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

ii. Levies

IAS 37 "Provisions for contingent liabilities and contingent assets" is effective for annual periods beginning on or after January 1, 2014. IAS sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. Management is assessing the impact of adopting the standard and its impact on the Corporation's financial statements.

R. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, land use agreement receivable, long-term deposits, trade and other payables, bank advances, lease obligation, and long-term debt.

a) Fair Value

Due to the short-term nature of cash, accounts receivable, bank advances, trade and other payables the carrying value of these financial instruments approximate their fair value. The fair value of restricted cash and long-term debt approximates their carrying values as they are at the market rate of interest. Long-term deposits are refundable. The fair value of long-term deposits is not materially different from carrying value. The lease obligation is at a fixed rate of interest. The fair value of the lease obligation is not materially different from carrying value as they are at the market rate of interest. Land use agreement receivable is an estimate of discounted future cash flow with carrying value approximating fair value.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at May 31, 2014 is the carrying value of these financial assets.

In the normal course of business the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At May 31, 2014, 72.7% of the Corporation's accounts receivable was due from four customers.

The Corporation's aged accounts receivable are comprised of 61.1% current, 32.0% past due up to 60 days and 6.9% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable except as provided in the following paragraph.

Included in accounts receivable past due over 60 days is $628,716 owed to the Corporation which is under dispute. The Corporation has provided $378,716 as an allowance for doubtful accounts, of which $259,509 was expensed to bad debts during fiscal 2013 and $119,207 during fiscal 2012.

Management expects to collect the unimpaired balance of the receivable during the year ending November 30, 2014.

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

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. Under its long-term credit facilities, the Corporation must maintain certain ratios. Prior to May 31, 2014 the Corporation received approval from its lender to temporarily revise two of its debt covenant ratios, by reducing the minimum debt service coverage, and by increasing the maximum funded debt to EBITDA ratio, for the periods covering the second and third fiscal quarters of 2014. The Corporation has complied with all ratios as at May 31, 2014.

As at May 31, 2014 the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation has identified its financial liabilities as bank advances, trade and other payables, term debt, including interest (excluding deferred transaction costs) and lease obligation, including interest.

	0 -1 year	2- 3 years	4 - 5 years	Total
	$	$	$	$
Bank advances	1,213,705	-	-	1,213,705
Trade and other payables	5,293,154	-	-	5,293,154
Long-term debt, including interest	1,073,229	1,109,062	-	2,182,292
Lease obligation, including interest	1,507,544	3,015,087	462,538	4,985,168
Total	9,087,632	4,124,149	462,538	13,674,319

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 as at May 31, 2014. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts.

d) Foreign Currency Risk

The Corporation maintains a USD currency bank account with a nominal balance for the infrequent need to fund supplier purchases denominated in USD currency. As at May 31, 2014 the Corporation had USD cash on hand in the amount of $343 (CAD $380), and no USD denominated trade and other payables or receivables. As the amounts involved are unsubstantial management feels risk is minimal.

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 term loan and letters of credit facility. A 100 basis point increase in the interest rate on the term loan and letters of credit facility would decrease net income and comprehensive income by approximately $26,000.

The Corporation's term debt bears interest at 1.75% over the bank's prime lending rate. The Corporation's letters of credit facility bears interest at 2.5% over the bank's prime lending rate. As the bank's prime lending rate fluctuates so will the cost of borrowing.

S. RISKS AND UNCERTAINTIES

The success of Athabasca is subject to a number of factors, including but not limited to those risks normally encountered by junior resource exploration companies, such as exploration uncertainty, operating hazards, increasing environmental regulation, competition with companies having greater resources, fluctuations in the price and demand for aggregates and minerals. The Corporation's on-going ability to finance exploration will depend on, among other things, the viability of the equity market.

The terms of the Susan Lake contract gives the Province of Alberta the right to terminate the contract without cause upon three months written notice. The contract provides that the Province of Alberta may at any time during the term of the agreement require the Corporation to operate the tender location in cooperation with oil sand lease development. The Province of Alberta also has the right to withdraw any portion of the lands from the contract and those lands withdrawn shall cease to be the responsibility of the Corporation with respect to decommissioning and restoration.

The operations of the Corporation are speculative due to the high risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Corporation's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation (see T. Forward Looking Information).

T. FORWARD LOOKING INFORMATION

This document contains "forward looking statements" concerning anticipated developments and events that may occur in the future. Forward looking statements include, but are not limited to, statements with respect to the future price of commodities, the estimation of aggregate and mineral reserves and resources, the realization of aggregate and mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. Specifically, such forward-looking statements are set forth under "Liquidity and Capital Resources", "Financial Instruments", "Risks and Uncertainties" and "Outlook". In certain cases, forward looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward looking statements in the section entitled "Risks and Uncertainties", there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date of this document and, other than as required by applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

U. APPROVAL

The Board of Directors has approved the disclosure in this MD&A.

A copy of this MD&A, the financial statements, and previously published financial statements and MD&A, as well as other filed reporting is available on the SEDAR website at www.sedar.com.