Athabasca MINERALS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2012

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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 May 27, 2012 and is intended to supplement and complement the Corporation's condensed interim financial statements for the three months ended February 29, 2012. 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" and "Risks and Uncertainties" at the end of this MD&A.

The condensed interim financial statements and MD&A are expressed in Canadian dollars (except where noted), and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 may be found at the Corporations website at www.athabascaminerals.com or within the Corporation's SEDAR profile at www.sedar.com.

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A. COMPANY PROFILE

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

- Management of aggregate resources
- Exploration, acquisition and development of other aggregate resources and companies
- Identification, exploration and development of various industrial minerals to support oil sands development

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

The Corporation has employees and consultants with more than 200 years of combined experience in the aggregates industry to identify, explore and develop aggregate resources. Our team members have been involved with numerous acquisitions of aggregate resources and operations in Alberta. To date, the Corporation has acquired two 160-acre properties near Grimshaw, Alberta, and has purchased Aggregates Management Inc., the company that managed the two public pits north of Fort McMurray for the Alberta Government.

The Corporation has implemented a significant number of aggregate exploration programs on public land, and following review of the test programs, four aggregate mining applications have been submitted and have received approval from the Alberta Government. During Q1 2012 the Corporation initiated aggregates sales production from its corporate-owned House River pit. Over a quarter-million tonnes of House River pit asphalt aggregate will be supplied to a major road builder in this initial sales production from a corporate owned aggregate pit, of which 198,653 tonnes were supplied during the Q1 2012, with the remainder supplied during March 2012, and will form part of the financial results for Q2 2012.

Currently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 376,832 hectares (931,172 acres) largely located in the Fort McMurray region in northeast Alberta. The Alberta Government has identified a rich variety of industrial minerals in this region such as silica sand 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 airborne magnetic surveys, stream sediment and outcrop sampling and deep well drilling.

Currently, the Corporation also holds Alberta Metallic and Industrial Minerals Leases on seven mineral leases covering 12,800 hectares (31,629 acres) containing silica sand reserves, and Alberta Metallic and Industrial Minerals Leases on four mineral leases covering 5835.5 hectares (14,420 acres) containing salt reserves.

B. AGGREGATE MANAGEMENT

The Corporation holds management contracts with the Alberta Government for the management of the Susan Lake and Poplar Creek aggregate operations, located north of Fort McMurray. The Corporation's mandate is to operate the aggregate resources for public use and generates its revenue from the management of these two aggregate operations. The business of the Corporation is seasonal with the majority of revenue earned in the 3rd and 4th quarters. This is due largely to construction projects starting up in the spring and summer seasons. However, during Q1 2012 The Corporation reported its own record high sales volume for the first three months of a fiscal year, with unusually strong demand for aggregates during the first quarter.

Susan Lake Aggregate Operation

The aggregate operation is located approximately 85 Km north of Fort McMurray. It is approximately 9,260 acres (3,750 hectares) in size. Approximately 1,044 hectares or 28% of the pit has been developed. Approximately 67.3 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. As at February 29, 2012 there are 69 months remaining on a ten year contract with the Alberta Government.

Between 2003 and 2011 sales from Susan Lake averaged 6.20 million tonnes per annum. In 2009 the Susan Lake Pit was named the top aggregate supplier in Canada for the amount of aggregate sold totaling 6.59 million tonnes. During 2010 and 2011 Susan Lake Pit sales increased to 7.13 million tonnes and 7.75 million tonnes, respectively. The aggregate was utilized by oil sands companies and other infrastructure projects in the Fort McMurray area.

Poplar Creek Aggregate Operation

The aggregate operation is located approximately 30 Km north of Fort McMurray. It is approximately 3,680 acres (1,490 hectares) in size. Approximately 1.5 million tonnes of aggregate has been removed from this pit since 2003.

The Corporation has obtained a miscellaneous lease approval from the Alberta Government to operate as a lay-down storage yard, a 67 hectare (166 acre) area that is depleted of aggregate. The area was converted to a lay-down storage area where equipment, pipe, plant components and supplies used by oil sands and industrial companies can be stored and assembled. The term of this lease is consistent with the term of the Poplar Creek management contract which has 12 months remaining as at February 29, 2012.

During fiscal 2011 the Corporation entered into a long-term land use agreement with a camp provider to transfer a 42 acre parcel of developed land out of the depleted portion of the Corporation's current miscellaneous lease at Poplar Creek to the camp provider. The camp provider has constructed a work camp facility on the lease that can currently accommodate approximately 500 workers, primarily employed in the oil sands industry. Pursuant to the land use agreement, the camp provider pays monthly 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. Work camp operations began during March 2011 with the current term of the land use agreement extending through to October 19, 2015.

As at February 29, 2012 total future proceeds of the land use agreement receivable is valued at $762,384. The average daily work camp occupancy rate used in the determination of the total future proceeds of the land use agreement receivable is an estimate therefore actual future proceeds under the land use agreement could vary significantly. The work camp was constructed primarily to serve the accommodation needs of the oil sands industry workers. As a result the actual occupancy rate is likely to be largely dependent on oil sands development activity in the Fort McMurray region of Alberta.

During Q1 2012, the actual occupancy rate was considerably higher than the estimated occupancy rate used at November 30, 2011 when the estimate of the total future proceeds under the land use agreement was originally determined. On that basis, there is no indication that total estimated future proceeds to be received under the land use agreement is overestimated, and that the current carrying value of the land use agreement receivable remains reasonable.

Depletion of aggregate within the 67 hectare area resulted in Poplar Creek pit operations becoming largely inactive during fiscal 2011. Management is of the opinion substantial sand deposits may exist on the remaining 3,514 acre surface materials lease area not yet mined. A testing program has commenced to determine the sand quantity and quality that may be marketed to nearby oil sands operations and the City of Fort McMurray. Testing was performed during the second quarter of fiscal 2012 and more testing is planned to be performed later in the fiscal year. As the pit became inoperative during fiscal 2011, management wrote off the unamortized balance of the related Poplar Creek intangible assets at November 30, 2011.

C. 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 Minerals, 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 Susan Lake and Poplar Creek).

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:

House River Pit

House River pit is located approximately 11 km east of highway 63 on the House River. In addition to supplying the oil sands market, this location is ideally situated to supply gravel for the highway 63 twinning project. During August, 2011 the Corporation received SML approval from the Alberta Government, to develop an open pit mine on the leased area, comprising 32.375 hectares of land for a term of ten years. On February 1, 2012 the Corporation announced the first sale of asphalt aggregate from the House River pit. Athabasca will supply 253,500 tonnes of asphalt aggregate to a major road building contractor in connection with the twinning of Highway 63, north of Wandering River, Alberta. 198,653 tonnes, or 78.4% of the contract was fulfilled during Q1 2012 and the remaining portion was completed during Q2 2012.

As a result of road conditions, the House River pit property is currently only suitable for operations during the winter months. However, the Corporation is studying the feasibility of upgrading winter road to an all-season road. In that event, the Corporation would be able to develop a supply of inventory at this location to service customers on a year-round basis, should demand warrant doing so.

Kearl Pit

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. The Corporation completed construction of an all-weather road linking the aggregate operation to a number of major oil sands operations surrounding the project area. Kearl pit is available for year-round aggregate extraction and sales. On February 21, 2012 the Corporation announced National Instrument 43-101 Resource Calculations for the Kearl aggregate deposit. The "indicated" aggregates include 3,770,330 tonnes of gravel and 7,636,390 tonnes of sand. Also reported is an "inferred" quantity of a further 434,000 tonnes of gravel. The quality of the aggregate materials has been determined suitable for road construction and maintenance.

On May 1, 2012 the Corporation announced it is receiving price quotations from contractors for gravel crushing at the Kearl pit to begin early in the Corporation's third quarter. Stripping activity within the Kearl pit was underway during the second quarter ending May 31, 2012. Management anticipates the availability of processed and stockpiled aggregates at this strategic location will result in aggregates sales from the Kearl pit. The rationale supporting this expectation is the pit's close proximity to local potential customers who are currently sourcing aggregate from more remote locations. Since hauling costs can be a significant portion of the total landed cost of obtaining aggregate supply, customers may potentially be able to source aggregate from Kearl pit at more favorable prices due to reduced hauling cost. The Corporation is currently engaged in marketing discussions with prospective customers. Proposed aggregates production and sales from the Kearl pit is anticipated to commence during Q3 2012.

Logan Pit

Logan pit is located approximately 160 km south of Fort McMurray. As a result of road conditions, the Logan pit 80-acre property will only be suitable for operations during the winter months. The Corporation received approval to develop this pit in early 2010. On February 21, 2012 the Corporation announced National Instrument 43-101 Resource Calculations for the Logan aggregate deposit. The "indicated" aggregate include 1,357,000 tonnes of gravel and a further "inferred" quantity of 662,600 tonnes of gravel. The quality of the aggregate materials has been determined suitable for road construction and maintenance.

This pit contains very little vegetation, topsoil and overburden, and could be prepared for mining extraction within a few weeks upon receiving aggregate orders. 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.

The Corporation has cleared approximately 40 acres of this property, and intends to begin stripping a portion of this area during the third quarter of 2012 to prepare the site for gravel extraction. The Corporation intends to produce inventory to be stockpiled at a site situated near Conklin, Alberta. The Corporation is in discussions with prospective customers in the Conklin, Alberta area for potential aggregates delivery during January through March 2013.

Pelican Hill Pit

Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. The Corporation received SML approval 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 for government infrastructure projects in the area. This pit will be available for year-round aggregates extraction and sales.

<u>Private Land</u>

Warrensville Pit

In April 2007, Athabasca signed a gravel lease agreement with a private pit operator in the Grimshaw, Alberta area northwest of Peace River, Alberta to take over the pit operation (the Warrensville Pit) and marketing of gravel in northwest Alberta.

Over the course of the lease agreement $150,000 had been recorded as prepaid expense, entitling the Corporation to 300,000 cubic yards (equal to 375,000 tonnes) of pit run aggregate. Since 2007, with the objective of utilizing aggregates sourced from this pit, the Corporation has bid on several projects but to date has been unsuccessful. During the third quarter of 2011 the lease expired. The Corporation remains entitled to obtain and sell the prepaid aggregate; however, due to the uncertainty of its future salability, the Corporation wrote off the amount paid for the gravel as a charge against income during fiscal 2011.

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. The carrying value of the acquired land is $157,100. Management is of the opinion there has not been impairment to the carrying value of this property.

<u>Acquisition and/or Joint Venture</u>

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.

D. MINERAL PROPERTIES

As at May 27, 2012 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 376,832 hectares (931,172 acres) and Alberta Metallic and Industrial Minerals Leases for 18,635.5 hectares (46,049 acres) of land in northern Alberta. Mineral permits are maintained in good standing by making allowable exploration assessment expenditures. Minerals Leases are maintained in good standing by paying 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 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 or equity.

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

	May 27, 2012 (hectares)	February 29, 2012 (hectares)	November 30, 2011 (hectares)
Balance at beginning of period:	296,313	227,282	504,584
Mineral permits acquired during the period:	80,519	69,031	22,817
Mineral permits relinquished during the period:	-	-	(300,119)
Balance at end of period:	376,832	296,313	227,282

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

	May 27, 2012 (hectares)	February 29, 2012 (hectares)	November 30, 2011 (hectares)
Balance at beginning of period:	18,635.5	18,635.5	-
Mineral leases acquired during the period:	-	-	18,635.5
Mineral leases relinquished during the period:	-	-	-
Balance at end of period:	18,635.5	18,635.5	18,635.5

The Corporation holds Alberta Metallic and Industrial Minerals Leases on seven mineral leases covering 12,800 hectares (31,629 acres). The leases are situated in the Wood Buffalo region of Alberta, and contain silica sand resources which the Corporation plans to develop for the production of frac sand. Extensive independent laboratory testing has been performed to date on the silica sand, testing for appropriateness in use as frac sand. The results are encouraging as the Corporation's frac sand is found to comply favorably with specifications and technical standards used in the fracking industry.

Athabasca also holds four mineral leases covering 5835.5 hectares (14,420 acres) containing salt resources in the northeast area of Boyle, Alberta, which the Corporation is considering development for the production of salt.

Salt

The Corporation has mineral lease holdings on 5835.5 hectares (14,420 acres) of property overlying the Lotsberg salt formation in the area of Boyle, Alberta. The salt appears to be 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. Athabasca also has mineral permits totaling 6,257 hectares adjacent to and directly north and east of the Boyle Leases and north of the Athabasca River. The Corporation maintains a 100% interest in these salt leases and permits.

The Corporation has also identified and evaluated a salt formation in the Fort McMurray area, referred to by the Corporation as the Dover Project. The Corporation drilled a salt test well that terminated at a depth of 490 metres. Studies have indicated that this salt would also provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands industry. Once salt mining has been performed, the resulting salt caverns can provide for a further attractive commercial opportunity. The salt caverns can potentially be utilized for the purpose of housing industrial waste products or for storage of petroleum products. The Dover salt property is currently being considered for the purposes of deep waste disposal for current mine and steam assisted gravity drainage ("SAGD") operations in the area. Management is also of the opinion that commercial salt extraction for local consumption is also viable from this property.

At present, further investment in salt projects is being deferred as substantial working capital will be required to conduct further studies and testing to determine whether salt projects could be economically viable. The Corporation may seek industrial partners to further pursue salt project opportunities.

Silica Sand

Extensive testing of the silica sand deposit on the Corporation's Firebag property in the Fort McMurray region of northeast Alberta has been conducted. Testing for frac sand suitability was performed by Stim-Lab Inc of Oklahoma.

The results indicated the silica sand meets API/ISO Specifications for proppants used in Hydraulic Fracturing and Gravel Packing Operations, and are well within the ranges of frac sands currently used as industry standards.

The Corporation holds Alberta Metallic and Industrial Minerals Leases on its Firebag property covering 12,800 hectares (31,629 acres) which contain silica sand reserves.

E. SUMMARY OF QUARTERLY RESULTS

The following selected information is derived from unaudited financial statements of the Corporation. The information has been prepared by management in accordance with IFRS, with applicable prior period amounts restated under IFRS (for periods beginning December 1, 2010, the date of transition to IFRS). Those periods preceding December 1, 2010 continue to be reported under Canadian generally accepted accounting principles ("CGAAP"). Revenue refers to aggregate management fee revenue, and commencing with the period ending February 29, 2012, also includes revenue from private pit gravel sales.

	Prepared using International Financial Reporting Standards ("IFRS")			
(unaudited)	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	Feb 29/12	**Nov 30/11**	**Aug 31/11**	**May 31/11**
Total aggregate revenue	$4,452,337	$4,713,129	$3,746,966	$2,371,573
Aggregate operating expenses	$1,522,619	$657,432	$292,436	$271,447
Interest and Miscellaneous Income	$5,911	$6,597	$8,273	$664
Gain on land use agreement	$0	$646,517	$0	$58,450
Write down of prepaid gravel	$0	$0	$(150,000)	$0
Write down of intangible assets	$0	$(218,175)	$0	$0
Write down of resource properties and exploration costs	$0	$(447,906)	$(2,500)	$0
Net Income and Comprehensive Income	$784,408	$1,309,901	$1,108,065	$364,715
Basic net income per common share	$0.029	$0.048	$0.041	$0.014
Diluted net income per common share	$0.028	$0.048	$0.039	$0.013
Total Assets	$21,800,778	$20,197,714	$18,842,510	$17,562,465
Resource Properties	$5,042,386	$4,694,489	$5,006,373	$4,395,588

	Prepared using CGAAP (Feb 28/11 prepared using IFRS)			
(unaudited)	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	Feb 28/11	**Nov 30/10**	**Aug 31/10**	**May 31/10**
Total aggregate revenue	$1,348,330	$4,711,823	$3,559,303	$1,763,173
Aggregate operating expenses	$299,868	$720,253	$943,412	$592,905
Interest and Miscellaneous Income (Expense)	$(15,636)	$17,759	$18,328	$6,846
Gain on land use agreement	$	$0	$0	$0
Write down of prepaid gravel	$0	$0	$0	$0
Write down of intangible assets	$0	$0	$0	$0
Write down of resource properties and exploration costs	$(1,250)	$(12,114)	$(4,697)	$(52,925)
Net Income (Loss) and Comprehensive Income (Loss)	$(1,890)	$1,309,855	$819,938	$(300,716)
Basic net income (loss) per common share	$0.000	$0.047	$0.029	$(0.011)
Diluted net income (loss) per common share	$0.000	$0.047	$0.029	$(0.011)
Total Assets	$17,895,817	$18,680,984	$17,160,292	$16,702,511
Resource Properties	$3,486,185	$3,445,276	$3,340,398	$3,211,004

The Corporation derives the majority of its revenues from producing various types of aggregates in Northern Alberta. The ability to remove gravel from its gravel pits is hampered by cold and wet weather conditions. As a result, winter and spring are traditionally the slowest time for the Corporation. However, during Q1 2012 the Corporation reported its record high sales volume for the first three months of a fiscal year, with unusually increased demand for aggregates experienced during the first quarter. As various oil sands companies have announced plans to increase their production, strong continuing demand for aggregate is anticipated by management.

F. OUTLOOK

The Oil Sands Developers Group (OSDG) advises that Canada's oil reserves are the second largest in the world ranking only behind Saudi Arabia. Oil sands, primarily situated near the Fort McMurray area in Alberta, at 170 billion barrels, represent 97% 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. 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. Over the next 25 years OSDG estimates that oil sands investment will generate $1.7 trillion in economic activity in Canada. The supply and utilization of aggregates will lie at the very foundation of this future economic growth. With its 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.

Aggregate Management

The volume of aggregate extracted from the aggregate operations is subject to the demands of oil sands and construction companies in the Wood Buffalo and surrounding regions, which is dependent upon a number of factors. These factors include oil price, labour costs, government infrastructure spending, major (greater than $5 million) and minor construction project requirements, weather and road quality.

The Corporation determines demand for the year by discussing expected aggregate requirements with its major customers. On May 1, 2012, the Corporation announced that demand for aggregates for fiscal year ended November 30, 2012 is anticipated to exceed 7,758,612 tonnes, which was the volume of aggregate it had sold during fiscal year ended November 30, 2011. The rationale supporting management's expectation that fiscal 2012 aggregate sales will exceed 2011 sales is based on perceived positive market conditions and on the strength of Q1 2012 sales compared to sales in the comparative period. Q1 2012 resulted in record sales volume for the Corporation during the first quarter of a fiscal year. The first quarter of the year, traditionally the slowest of the year, started off with unusually increased sales. As various oil sands companies have announced plans to increase their production, strong continuing demand for aggregate is anticipated.

Total tonneage sales of aggregate had increased by 123.6%, with 1,966,979 tonnes sold in the three months ended February 29, 2012 compared with 879,613 sold in the three months ended February 28, 2011. Aggregate sales on which management fee revenue is earned rose 101.0% on sales tonnes of 1,768,326 during the three months ended February 29, 2012 compared to 879,613 tonnes during the three months ended February 28, 2011. The remaining 198,653 tonnes were sold from the House River pit, for which there were no sales made during the comparative period.

Other Aggregate Resources

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

The largest component in the price of aggregate is transportation. Gravel resources become more competitive the closer they are to the end user. Aggregate sales from Susan Lake have been transported as far away as two hundred kilometers, which bodes well for the new gravel deposits the Corporation is developing. The Logan pit is much closer to numerous oil sand developments south of Fort McMurray. The Kearl pit is located approximately 60 kilometers east of the Susan Lake aggregate operation and in the immediate vicinity of major oil sands operations surrounding the project area. During Q1 2012 the House River pit initiated production with a 253,500 tonnes asphalt aggregates sale to a major road builder.

Public Land

The Corporation continues with its aggregate exploration programs. If sites prove to contain sufficient quantity and quality of aggregates, the Corporation will proceed with obtaining approval for Surface Material Lease Applications on suitable properties.

Private Land

The Corporation will continue to look for a market and customers for its 300,000 cubic yards (375,000 tonnes) of purchased pit run from the Warrensville pit. Since there are other gravel pits in the area and competing for the same market, a concerted effort will be required to sell the aggregate on economic terms. During fiscal 2011 the Corporation wrote off the prepaid gravel carrying value as a charge against income.

Mineral Properties

The Corporation continually assesses its mineral exploration program.

Increased demand for oil and gas has driven producing companies to stimulate older wells to increase production. One of the methods is hydrofracing, where a combination of frac sand, a viscous gel and other chemicals are forced down the well to prop open fractures. The frac sand used must be high in silica content, with well-rounded grains, a suitable range of fine, medium and coarse grain sizes, clean of other minerals and impurities, and mineable.

The Corporation conducted further exploration and independent testing of its silica sand properties during fiscal 2011. During 2011, the Corporation announced highly reputable, independent laboratory test results were received. These results demonstrate the proppant quality of its Firebag property silica sand compares favorably to the frac sand specifications as set by the International Organization for Standardization (ISO) and American Petroleum Institute (API). The Corporation will pursue development and marketing of opportunities with companies interested in utilizing its high quality silica sand resources.

Currently, the Province of Alberta is reviewing regional land use for the Lower Athabasca area that will impact on mineral activities in the area. A plan has been drafted, known as the Lower Athabasca Regional Plan (LARP), which will identify and set resource and environmental management protocols with respect to air, land, water, and biodiversity, and will guide future resource decisions while considering social and economic impacts. Permit approval of area properties is not expected before the review process has been completed.

The Lower Athabasca area includes several of the Corporation's properties that are proposed for or had been actively explored by the Corporation. The government has indicated that it will consider extending the expiry date for permit holdings to allow for completion of assessment work where the work was delayed as a result of the review process. The Corporation is suspending further mineral exploration in the area until the results of the LARP process are made public.

G. OPERATING RESULTS

	Three Months Ended February 29, 2012	Three Months Ended February 28, 2011
Aggregate management fee revenue	$2,845,227	$1,348,330
Gravel sales	$1,607,110	$0
Total aggregate revenue	$4,452,337	$1,348,330
Royalties	$822,718	$356,634
Total aggregate revenue, net of Royalties	$3,629,619	$991,696
Clearing and stripping expenses	$1,040,415	$0
Other aggregate operating expenses	$482,204	$299,868
Aggregate operating expenses	$1,522,619	$299,868
	$2,107,000	$691,828
Other expenses		
Amortization, depreciation, and depletion	$299,381	$273,501
General and administrative	$439,475	$278,828
Finance costs	$46,125	$68,177
Share-based compensation	$21,277	$55,564
	$806,258	$676,070
Income before other items	$1,300,742	$15,758
Other income (loss)		
Interest	$3,623	$2,131
Write down of resource properties and exploration costs	$0	$(1,250)
All other (loss)	$(22,539)	$(17,767)
	$(18,916)	$(16,886)
Income (loss) before income taxes	$1,281,826	$(1,128)
Income taxes	$497,418	$762
Net income (loss) and comprehensive income (loss)	$784,408	$(1,890)
Basic income per common share	$0.029	$0.000

Total revenue for the three months ended February 29, 2012 was $4,452,337, comprised of $2,845,227 aggregate management fee revenue and private pit gravel sales of $1,607,110. This compared to total revenue for the three months ended February 28, 2011 of $1,348,330 comprised entirely of aggregate management fee revenue, as sales from private pit gravel operations had not yet commenced. During the three months ended February 29, 2012 total revenue had increased by 230.2%, and aggregate management fee revenue increased by 111.0%. 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, contributing to the increase in aggregate management fee revenue. In addition, additional fees are charged when the scales are operated beyond normal business hours. In the three months ended February 29, 2012 there was an increase in requests for over-time scale operations, which resulted in increased revenue.

Total tonneage sales of aggregate had increased by 123.6%, with 1,966,979 tonnes sold in the three months ended February 29, 2012 compared with 879,613 sold in the three months ended February 28, 2011. Aggregate sales on which management fee revenue is earned rose 101.0% on sales tonnes of 1,768,326 during the three months ended February 29, 2012 compared to 879,613 tonnes during the three months ended February 28, 2011. The remaining 198,653 tonnes were sold from the House River pit, for which there were no sales made during the comparative period.

Aggregate operating expenses for the three months ended February 29, 2012 were $1,522,619 representing an increase of $1,222,751 or 407.8% from $299,868 for the three months ended February 28, 2011. Clearing and stripping expenses of $1,040,415 were incurred during Q1 2012 whereas there were no clearing and stripping expenses in the comparative period. All other aggregate operating expenses had risen by 60.8% during Q1 2012, up $182,336 to $482,204 compared to $299,868 during Q1 2011. Increased payroll costs resulting largely from increased sales volume accounted for most of the increased costs.

Amortization, depreciation and depletion increased by $25,880 during the current quarter. Of this increase, $51,204 was due to amortization costs associated with the gravel pit operations of the House River pit, representing amortization of the related reclamation cost asset and depletion of the pit's gravel reserves. There was no related cost in the comparative period since the pit first came into production during Q1 2012. The offset reduction during the period was primarily due to there not being further amortization of the Poplar Creek management contract or reclamation cost asset, as these assets were written off during fiscal 2011 due to pit depletion. During the first quarter of fiscal 2011, $17,726 of amortization was charged on the Poplar Creek assets. The remainder of the reduction was due to decreased depreciation costs on depreciation of property and equipment.

General and administrative expenses for the three months ended February 29, 2012 increased by $160,647 or 57.6% to $439,475 up from $278,828 for the three months ended February 28, 2011. The increase is primarily due to increased consulting fees of $100,376 of which the majority of this cost increase is of a non-repetitive nature. Increased accounting and legal fees during Q1 2012 represented $24,550 of the total increase. As well, there was a $27,027 increase in office supplies and expensed small furniture items, which once again is not typical or repetitive. Office consumables related to the refurbished Susan Lake field office accounted for the majority of this increase. Administrative payroll costs had decreased by $6,963 during Q1 2012, principally due to an increase of $16,988 capitalized payroll costs to exploration and development through increased related activities during the first quarter of 2012.

Finance costs were $46,125 for the three months ended February 29, 2012, down $22,052 from $68,177 for the three months ended February 29, 2011. The decrease is primarily due to a $21,572 reduction in interest costs on callable debt resulting from lower loan balances through principal repayment. A $480 reduction in accretion expense during Q1 2012 ($686 down from $1,166) accounted for the further decline in finance costs.

Share-based compensation reduced by $34,287 during the quarter, to $21,277 from $55,564 due to lower vesting during Q1 2012 than during the comparative quarter.

Interest income from cash on deposit and short-term investment for Q1 2012 totalled $3,623 as compared to $2,131 for comparative period. The increase is primarily due to an increase in the interest rate earned on the short term investment.

During the three months ended February 29, 2012 there was no expense for the write-down of resource properties and exploration costs, whereas the Corporation wrote off $1,250 on abandoned mineral permits during the three months ended February 28, 2011.

During the three months ended February 29, 2012, the Corporation earned net income and comprehensive income of $784,408 or $0.029 basic income per common share. This reflects an increase in net income of $786,298 compared to a $1,890 net loss and comprehensive loss and $0.000 basic income per share during Q1 2011. Changes in the composition of net income primarily include the commencement of operations of the House River pit, which generated $1,607,110 in revenue, contributing to a $1,415,172 or 204.6% increase in margin from aggregate operations, at $2,107,000 compared to $691,828 in the comparative quarter. The rise in pre-tax profitability resulted in $496,656 increased income taxes during Q1 2012 at $497,418 up from $762 in Q1 2011. An offsetting net increase of $81,014 in all other expenses during the current quarter as previously described accounts for the remainder of the overall increase of $786,298 net income.

H. OPERATING ACTIVITIES

Cash flow from operating activities for the three months ended February 29, 2012 was $1,512,381 as compared to $1,378,448 for the three months ended February 28, 2011, an increase of $133,933. Various factors primarily accounted for the increase. Net income adjusted for non-cash items was $1,244,539 for the three months ended February 29, 2012 compared to $336,722 for the three months ended February 28, 2011, an increase of $907,817. Cash in the amount of $811,698 was provided through an increase in the balance owed in trade and other payables during Q1 2012, compared to a decrease of $263,941 in the comparative period, an increase of $1,075,639. During the three months ended February 29, 2012 cash in the amount of $714,134 was used due an increase in accounts receivable compared to a decrease of $1,462,494 during Q1 2011, an increase in cash used of $2,176,628. Cash in the amount of $158,458 was preserved in the three months ended February 29, 2012 through an increase in income tax payable compared to a decrease in income tax payable of $31,520 during Q1 2011, an increase in cash preserved of $189,978. A $11,820 decrease in prepaid expense during the three months ended February 29, 2012 compared to an increase of $125,307 in prepaid expense during Q1 2011 resulted in $137,127 less cash being used in Q1 2012 toward prepaid expenses.

I. INVESTING ACTIVITIES

		Three Months Ended February 29, 2012		Three Months Ended February 28, 2011
Purchase of property and equipment	$	(145,889)	$	(2,633)
Restricted cash		(17,060)		0
Proceeds from land use agreement		$54,549		0
Resource properties		(226,462)		(108,059)
Total	$	(334,862)	$	$(110,692)

During the three months ended February 29, 2012, the Corporation invested $145,889 in the purchase of property and equipment, primarily spent to acquire a large truck scale at its Susan Lake operation. It is anticipated that this purchase will improve operations efficiency and reduce related future costs. During Q1 2011, the Corporation invested $2,633 toward the purchase property and equipment.

Subsequent to the end of Q1 2012, as disclosed in the subsequent events note to the financial statements, the Corporation acquired with cash, the purchase of approximately $1,934,000 of various machinery and equipment, to be used primarily at the Susan Lake pit. These purchases are expected to contribute to increased operating and cost efficiency, with a reduction in future cost paid toward equipment rentals, principally used within stripping operations at the pit.

During the three months ended February 29, 2012, the Corporation invested $17,060 in a restricted cash account, pursuant to its land use agreement with a work camp provider. These funds are invested for the purpose of future funding of Poplar Creek pit reclamation costs. There was no investment in restricted cash during the comparative period.

During the three months ended February 29, 2012, the Corporation received proceeds of $54,549 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. The land use agreement has an effective date of March 1, 2011 therefore there were no proceeds under the land use agreement during the prior year.

During the three months ended February 29, 2012, the Corporation invested $220,837 in exploration and development of its mineral resource properties and funded additional mineral properties applications in the amount of $5,625. During Q1 2011, the Corporation invested $107,434 in exploration of its mineral resource properties and funded additional mineral properties applications in the amount of $625.

J. FINANCING ACTIVITIES

		Three Months Ended February 29, 2012		Three Months Ended February 28, 2011
Repayment of callable debt	$	(460,062)	$	(460,063)
Repurchase of share capital		$0		(58,498)
Total	$	(460,062)	$	(518,561)

During the three months ended February 29, 2012 there had been no repurchase of share capital, whereas during Q1 2011 the Corporation expended $58,498 for the repurchase of its share capital pursuant to a normal course issuer bid that terminated on July 5, 2011.

K. LIQUIDITY AND CAPITAL RESOURCES

As at February 29, 2012, the Corporation reported working capital of $1,600,889. Despite the repayment terms extending over four years, the callable debt has been classified as a current liability due to the demand feature of the loans. As at February 29, 2012, the Corporation is in compliance with the lender's financial covenants. The lender removes the callable debt when calculating working capital for loan covenant purposes which results in working capital of $5,024,306 for that purpose.

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

During March 2012, the Corporation signed leasing and lending commitment letters with a Canadian Chartered bank for a new credit facility in the amount of $10 million. Funding is expected to occur during the month of June 2012.

The new financing arrangement includes $4,000,000 of term debt that will be used to retire callable debt outstanding with the Corporation's current lender, being approximately $3,116,708 at May 27, 2012, and will provide approximately $883,292 in further working capital, before paying transaction costs. A lease financing component is available for the acquisition of $3,000,000 of capital expenditures. As well, a $3,000,000 margin-based operating line of credit is available. This will be utilized to replace $1,353,000 of existing letters of credit, and will also provide access to further operating line credit available to finance the Corporation's working capital requirements.

The $4,000,000 term debt bears interest at bank prime plus 1.75%; the $3,000,000 lease facility will bear a fixed rate of interest to be determined at time of funding, currently set at 4.15%; the operating loan bears interest at bank prime plus 1%; and the letters of credit issued from the operating loan bear interest at bank prime plus 2.5%.

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

The callable debt which is due on demand as at February 29, 2012 will be replaced by term debt which is to be repaid in monthly amounts over four years The Corporation's liquidity risk will therefore be reduced as a result of refinancing.

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 May 27, 2012 the Corporation holds mineral permits covering 376,832 hectares. The Corporation has spending commitments totaling approximately $863,000 in fiscal 2012 and $1,288,000 in fiscal 2013 to retain these mineral permits held by the Corporation.

As at May 27, 2012 the Corporation holds mineral leases covering 18,635 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 $65,223 over the 15 year life of the mineral leases which expire in 2026.

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

L. CONTRACTUAL OBLIGATIONS

As at February 29, 2012, the Corporation's contractual obligations are as follows:

		Payments Due by Period			
	Total	Less than one year	2-3 years	4-5 years	After 5 Years
Callable debt	$3,423,417	$1,840,250	$1,565,083	$18,084	$nil

M. OUTSTANDING SHARE DATA

Athabasca is authorized to issue an unlimited number of common shares. The following details the common shares outstanding and securities that are convertible into common shares as at May 27, 2012:

Number of Common Shares Outstanding	27,432,499
Number of Stock Options Outstanding	2,180,000

The Corporation had 2,180,000 outstanding options with the following exercise prices and expiry dates:

Number	**Exercise Price**	**Expiry Date**
50,000	$0.26	October 15, 2012
25,000	$0.40	May 13, 2013
450,000	$0.25	September 21, 2014
380,000	$0.26	October 15, 2015
70,000	$0.35	October 6, 2016
1,205,000	$0.63	March 29, 2017
2,180,000		

A total of 928,333 options were exercisable at a weighted average price of $0.26 per share.

Normal Course Issuer Bid:

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

During the three months ended February 29, 2012 the Corporation had in place a normal course issuer bid (the "Bid"). In accordance with the terms of the Bid, the Corporation may purchase up to a total of 1,353,375 common shares representing approximately 5% of the common shares of the Corporation issued and outstanding as at August 1, 2011. The Bid commenced on August 12, 2011 and will terminate on August 12, 2012. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of TSX Venture Exchange Inc. at the market price for the common shares at the time of the acquisition. The purchase and payment for the common shares will be made by the Corporation in accordance with the by-laws and rules of the Exchange.

There are no persons acting jointly or in concert with the Corporation in respect of the Bid. The Corporation is making the Bid in order to stabilize the trading price and provide liquidity in the market for its common shares. During the year ended November 30, 2011 and during the three months ended February 29, 2012 no common shares had been repurchased pursuant to the Bid that commenced on August 12, 2011.

Purchases on behalf of the Corporation will be made by Mackie Research Capital Corporation, 428, 1851 Sirocco Drive S.W., Calgary, Alberta – T3H 4R5. Shareholders of the Corporation can obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid (Form 5G), which was submitted by the Corporation to the TSX Venture Exchange in order to obtain the necessary regulatory approval, without charge, by contacting the Chief Financial Officer of the Corporation at (780) 465-5696.

N. RELATED PARTY TRANSACTIONS

During the three months ended February 29, 2012 the Corporation incurred expenses of $99,459 (2011 - $123,490) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation.

These fees are recorded in the financial statements as follows:

	Three Months Ended	
	February 29, 2012	February 28, 2011
Directors and officers:		
Directors fees and expenses	$ -	$ 2,250
Travel and miscellaneous	7,132	4,402
	7,132	6,652
Companies controlled by directors and officers:		
Consulting fees for services rendered	72,112	97,292
Travel and miscellaneous	2,250	3,051
Exploration costs	2,965	1,495
Rent	15,000	15,000
	92,327	116,838
	$ 99,459	$ 123,490

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.

O. COMPENSATION OF KEY MANAGEMENT

	Three Months Ended	
	February 29, 2012	February 28, 2011
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:		
Salaries and other benefits	$154,503	$166,550
Share based benefits	$ 18,032	$ 29,187
	$172,535	$195,737

P. SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates. The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Valuation of resource properties

Mineral properties are reviewed and evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Common indicators of impairment of a mineral property include, but are not limited to: (i) the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed; (ii) substantive expenditure on further exploration in a specific area is neither budgeted or planned; (iii) exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Corporation has decided to discontinue activities in the area; or (iv) sufficient data exist to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the mineral property is unlikely to be recovered in full from successful development or by sale. As at February 29, 2012, the Corporation determined that there were no indicators of impairment in the carrying values of its mineral properties.

Useful economic life of property and equipment

The cost less the residual value of each item of property, plant and equipment is depreciated over its useful economic life.

Depreciation is charged to exploration expense over the estimated life of the individual asset. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted if appropriate at each fiscal year end.

Certain property, plant, equipment and other tangible assets used directly in resource production activities are depreciated using the units-of-production ("UOP") method over a period not to exceed the estimated life of the ore body based on recoverable minerals to be mined from proven and probable mineral reserves.

The calculation of the UOP rate, and therefore the annual depreciation expense, could be materially affected by changes in the underlying estimates. Changes in estimates may result from difference between actual future production and current forecast of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of production and differences in mineral prices used in the estimation of mineral reserves.

Significant judgment is involved in the determination of useful life and residual values for the computation of depreciation and no assurance can be given that the actual useful lives or residual values will not differ significantly from current assumptions.

Impairment of goodwill and other assets

Any goodwill is tested for impairment annually or more frequently if there is an indication of impairment. The carrying value of property and equipment and intangible assets is reviewed each reporting period to determine whether there is any indication of impairment. If the carrying amount of an asset exceeds its recoverable amount, the asset is impaired and an impairment loss is recognized in profit or loss. The assessment of fair values, including those of the cash-generating units for purposes of testing goodwill, require the use of estimates and assumptions for recoverable production, long-term commodity prices, discount rates, future capital requirements and operating performance. Changes in any of the assumptions or estimates used in determining the fair value of goodwill or other assets could impact the impairment analysis.

Mineral reserves

Proven and probable minerals reserves are the economically mineable parts of the Corporation's measured and indicated mineral resources demonstrated by at least a preliminary feasibility study. The Corporation estimates its proven and probable mineral reserves and measured and indicated and inferred mineral resources based on information compiled by appropriately qualified persons. Geological estimates of the size, depth and shape of the ore body requires complex judgements. The estimation of future cash flows related to proven and probable mineral reserves is based upon factors such as estimates of commodity prices, future capital requirements, mineral recovery factors and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the proven and probable mineral reserves or measured and indicated and inferred mineral resources estimates may impact the carrying value of mineral properties, property and equipment, decommissioning and restoration provisions, recognition of deferred tax amounts, amortization and depreciation.

Calculation of share-based payments

The amount expensed for share-based payments is based on the application of the Black-Scholes option pricing formula, which is highly dependent on the expected volatility of the Corporation's share price and the expected life of the options. The Corporation used an expected volatility rate for its shares based on historical stock trading data adjusted for future expectations; actual volatility may be significantly different.

While the estimate of share-based compensation can have a material impact on the operating results reported by the Corporation, it is a non-cash charge and as such has no impact on the Corporation's cash position or future cash flows.

Decommissioning and restoration provision

The Corporation assesses its provision for decommissioning and restoration on an annual basis or when new information or circumstances merit a re-assessment. Mining and exploration activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and the Corporation has made, and intends to make in the future, expenditures to comply with such laws and regulations. Accounting for decommissioning and restoration obligations required management to make estimates of the future costs the Corporation will incur to complete the decommissioning and restoration work required to comply with existing laws and regulations.

Actual costs incurred may differ from estimated costs. Also, future changes to environmental laws and regulations could increase the extent of decommissioning and restoration work to be performed by the Corporation. Increases in future costs could materially increase amounts expensed and amounts charged to profit or loss for decommissioning and restoration.

The provision, at each reporting date, for decommissioning and restoration provisions, represents management's best estimate of the present value of the future decommissioning and restoration obligations. Actual expenditures may differ from the recorded amount.

Income taxes

Income taxes in interim reporting periods are measured by applying estimated annual effective income tax rates that are expected to be in effect when the temporary differences that give rise to deferred tax assets and liabilities are expected to reverse or when losses are expected to be utilized. The estimated average annual effective income tax rates are re-estimated at each interim reporting date. Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Corporation's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Corporation's assessment is based upon existing tax laws, estimates of future taxable income, and the expected timing of taxable temporary difference reversals. If the assessment of the Corporation's ability to utilize the underlying future tax deductions changes, the Corporation would be required to recognize more or fewer of the tax deductions as assets, which may decrease or increase the income tax expense in the period in which this is determined.

Collectability of accounts receivable

In considering the collectability of accounts receivable, taken into account is the legal obligation for payment by the customer, as well as the financial capacity of the customer to fund its obligation to the Corporation.

Land use agreement receivable

The average daily work camp occupancy rate used in the determination of the total future proceeds of the land use agreement receivable is an estimate therefore actual future proceeds under the land use agreement could vary significantly. The work camp was constructed primarily to serve the accommodation needs of the oil sands industry workers. As a result the actual occupancy rate is likely to be largely dependent on oil sands development activity in the Fort McMurray region of Alberta.

Q. CHANGE IN ACOUNTING POLICIES INCLUDING EARLY ADOPTION

The Corporation has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Corporation has not early adopted any of these standards and is currently evaluating the impact, if any, that these standards might have on its financial statements.

New standards not yet adopted

i. Scope of the reporting entity

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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. These standards are effective for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of the new standards.

ii. 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. This standard is effective for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of this new standard.

iii. 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. This standard is effective for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of this standard.

iv. Employee benefits

IAS 19, "Employee Benefits", was amended to eliminate the options to defer, or recognize in full in profit or loss, actuarial gains and losses, to streamline the presentation of changes in assets and liabilities arising from defined benefit plans and to enhance the disclosure requirements for defined benefit plans. This amendment is effective for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of these amendments.

v. Financial instruments classification and measurement

IFRS 9, "Financial Instruments" was issued and will replace IAS 39, "Financial Instruments: Recognition and Measurement." The new standard has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value, and a debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows that represent principal and interest. The new standard is effective for annual periods beginning on or after January 1, 2015. The Corporation is currently evaluating the impact of this new standard.

R. TRANSITION TO IFRS

The Corporation has prepared its first unaudited condensed interim financial statements for part of the period covered by the Corporation's first International Financial Reporting Standards ("IFRS") annual financial statements. The Corporation's transition date to IFRS was December 1, 2010 (the "Transition Date") and the comparative balance sheet as at November 30, 2011, the opening balance sheet at December 1, 2010 and comparative statements of net income (loss) and comprehensive income (loss), changes in equity and cash flows for the three months ended February 28, 2011, have been restated to IFRS. Adoption of IFRS resulted in changes to the accounting policies as compared to the most recent annual financial statements prepared under Canadian generally accepted accounting principles ("Canadian GAAP"). A detailed reconciliation of the financial statements prepared under Canadian GAAP and the comparative 2011 IFRS financial information is presented in the following section.

The Corporation's IFRS accounting policies presented in Note 5 therein have been applied in preparing the financial statements for the period ended February 29, 2012, the comparative information and the opening balance sheet at the Transition Date.

The Corporation has applied IFRS 1, *First-time Adoption of International Financial Reporting Standards* in preparing these IFRS financial statements. The effects of the transition to IFRS on equity, net income (loss) and comprehensive income (loss) and reported cash flows are presented in this section and are further explained in the notes that accompany the tables below. There was no significant impact on the statements of cash flows as a result of adopting IFRS.

First time adoption and exceptions applied

Upon transition to IFRS, IFRS 1 mandates certain exceptions to IFRS and permits certain exemptions from full retrospective application. The Company has applied the mandatory exceptions and elected certain optional exemptions.

Mandatory exceptions to retrospective application

Estimates

Hindsight was not used to create or revise estimates. The Corporation's estimates in accordance with IFRS at the date of transition are consistent with estimates made for the same date in accordance with Canadian GAAP.

Elected exemptions from full retrospective application

Share-based payment transactions

The Corporation has elected under IFRS to not apply IFRS 2 *Share-based Payments* to stock options that have vested by December 1, 2010, the Transition Date.

Business Combinations

The Corporation has elected not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS.

Borrowing Costs

The Corporation has elected not to capitalize borrowing costs related to any qualifying asset that has started development as at the transition date. The capitalization of borrowing costs will commence following the transition date.

Presentation differences

Some financial statement line items are described differently under IFRS than they were under Canadian GAAP. These line items (with Canadian GAAP descriptions in brackets) are:

- Deferred taxes (Future income taxes)
- Share-based compensation (stock-based compensation)
- The statement of net income (loss), comprehensive income (loss) and retained earnings has been replaced by two separate statements: statement of comprehensive income (loss) and statement of changes in equity
- Trade and other payables (accounts payable and accrued liabilities)
- Depreciation and amortization (Amortization)
- Decommissioning and restoration provision (asset retirement obligation)
- Finance costs (interest on callable debt and accretion)

Transition to IFRS (continued)

Reconciliation of balance sheets

	December 1, 2010			
	Note	**Canadian GAAP $**	**Effect of transition to IFRS $**	**IFRS $**
ASSETS				
CURRENT				
Cash		1,296,812	-	1,296,812
Accounts receivable		3,210,246	-	3,210,246
Prepaid expenses		502,546	-	502,546
Short-term investment		603,000	-	603,000
		5,612,604	-	5,612,604
LONG-TERM DEPOSITS		25,050	-	25,050
PROPERTY AND EQUIPMENT		858,911	-	858,911
RESOURCE PROPERTIES	i	3,445,276	(65,900)	3,379,376
INTANGIBLE ASSETS	ii	6,201,442	33,052	6,234,494
GOODWILL		2,537,701	-	2,537,701
		18,680,984	(32,848)	18,648,136
LIABILITIES				
CURRENT				
Trade and other payables		871,279	-	871,279
Income tax payable		700,910	-	700,910
Callable debt		5,723,729	-	5,723,729
		7,295,918	-	7,295,918
DECOMMISSIONING AND RESTORATION PROVISION	ii	231,436	36,345	267,781
DEFERRED INCOME TAX	i, ii, iii	2,357,456	(51,780)	2,305,676
		9,884,810	(15,435)	9,869,375
EQUITY				
SHARE CAPITAL		6,585,761	-	6,585,761
CONTRIBUTED SURPLUS		736,643	-	736,643
RETAINED EARNINGS		1,473,770	(17,413)	1,456,357
		8,796,174	(17,413)	8,778,761
		18,680,984	(32,848)	18,648,136

Transition to IFRS (continued)

Reconciliation of balance sheets

	February 28, 2011			
	Note	**Canadian GAAP $**	**Effect of transition to IFRS $**	**IFRS $**
ASSETS				
CURRENT				
Cash		2,046,007	-	2,046,007
Accounts receivable		1,747,752	-	1,747,752
Prepaid expenses		627,853	-	627,853
Short-term investment		603,000	-	603,000
		5,024,612	-	5,024,612
LONG-TERM DEPOSITS		25,050	-	25,050
PROPERTY AND EQUIPMENT		826,109	-	826,109
RESOURCE PROPERTIES	i	3,552,085	(65,900)	3,486,185
INTANGIBLE ASSETS	ii	5,967,049	29,111	5,996,160
GOODWILL		2,537,701	-	2,537,701
		17,932,606	(36,789)	17,895,817
LIABILITIES				
CURRENT				
Trade and other payables		607,338	-	607,338
Income tax payable		669,390	-	669,390
Callable debt		5,263,667	-	5,263,667
		6,540,395	-	6,540,395
DECOMMISSIONING AND RESTORATION PROVISION	ii	236,242	32,437	268,679
DEFERRED INCOME TAX	i, ii, iii	2,342,324	(29,518)	2,312,806
		9,118,961	2,919	9,121,880
EQUITY				
SHARE CAPITAL		6,533,607	-	6,533,607
CONTRIBUTED SURPLUS		792,207	-	792,207
RETAINED EARNINGS		1,487,831	(39,708)	1,448,123
		8,813,645	(39,708)	8,773,937
		17,932,606	(36,789)	17,895,817

Transition to IFRS (continued)

Reconciliation of balance sheets

	Note	November 30, 2011 Canadian GAAP $	Effect of transition to IFRS $	IFRS $
ASSETS				
CURRENT				
Cash		1,397,883	-	1,397,883
Accounts receivable		3,778,126	-	3,778,126
Prepaid expenses		327,510	-	327,510
Current portion of land use agreement receivable		213,057	-	213,057
Short-term investment		603,000	-	603,000
		6,319,576		6,319,576
LONG-TERM DEPOSITS		106,590	-	106,590
RESTRICTED CASH		25,522	-	25,522
PROPERTY AND EQUIPMENT		734,034	-	734,034
LAND USE AGREEMENT RECEIVABLE		603,876	-	603,876
RESOURCE PROPERTIES	i, ii	4,729,270	(34,781)	4,694,489
INTANGIBLE ASSETS	ii	5,175,926	-	5,175,926
GOODWILL		2,537,701	-	2,537,701
		20,232,495	(34,781)	20,197,714
LIABILITIES				
CURRENT				
Trade and other payables		1,476,071	-	1,476,071
Income tax payable		271,630	-	271,630
Callable debt		3,883,479	-	3,883,479
		5,631,180	-	5,631,180
DECOMMISSIONING AND RESTORATION PROVISION	ii	446,032	141,632	587,664
DEFERRED INCOME TAX	i, ii, iii	2,341,057	(44,103)	2,296,954
		8,418,269	97,529	8,515,798
COMMITMENTS AND CONTINGENCIES				
EQUITY				
SHARE CAPITAL		6,655,116	-	6,655,116
CONTRIBUTED SURPLUS		795,996	-	795,996
RETAINED EARNINGS		4,363,114	(132,310)	4,230,804
		11,814,226	(132,310)	11,681,916
		20,232,495	(34,781)	20,197,714

Transition to IFRS (continued)

Reconciliation of net income (loss) and comprehensive income (loss)

	Note	Three months ended February 28, 2011 Canadian GAAP $	 Effect of transition to IFRS $	 IFRS $
AGGREGATE MANAGEMENT FEE REVENUE		1,348,330	-	1,348,330
ROYALTIES		356,634	-	356,634
		991,696	-	991,696
Stripping and clearing expenses		-	-	-
Other aggregate management operating expenses		299,868	-	299,868
AGGREGATE MANAGEMENT OPERATING EXPENSES		299,868	-	299,868
		691,828	-	691,828
EXPENSES				
Depreciation of property and equipment		35,436	-	35,436
Amortization of intangible assets	ii	234,393	3,672	238,065
General and administrative		278,828	-	278,828
Finance costs	ii	71,817	(3,640)	68,177
Share-based compensation		55,564	-	55,564
		676,038	32	676,070
INCOME BEFORE OTHER ITEMS		15,790	(32)	15,758
OTHER INCOME (LOSS)				
Interest income		2,131	-	2,131
Miscellaneous (expense)		(17,767)	-	(17,767)
Write down of resource properties and exploration costs		(1,250)	-	(1,250)
		(16,886)	-	(16,886)
LOSS BEFORE INCOME TAXES		(1,096)	(32)	(1,128)
INCOME TAXES				
Current tax (recovery)		(6,369)	-	(6,369)
Deferred tax (benefit) expense	ii, iii	(15,132)	22,263	7,131
		(21,501)	(22,263)	762
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**20,405**	**(22,295)**	**(1,890)**

Transition to IFRS (continued)

Reconciliation of statement of net income and comprehensive income

	Note	Canadian GAAP $	Effect of transition to IFRS $	IFRS $
		Year ended November 30, 2011		
AGGREGATE MANAGEMENT FEE REVENUE		12,179,997	-	12,179,997
ROYALTIES		3,488,213	-	3,488,213
		8,691,784	-	8,691,784
Stripping and clearing expenses		336,730	-	336,730
Other aggregate management operating expenses		1,184,451	-	1,184,451
AGGREGATE MANAGEMENT OPERATING EXPENSES		1,521,181	-	1,521,181
		7,170,603	-	7,170,603
EXPENSES				
Depreciation of property and equipment		141,460	-	141,460
Amortization of intangible assets	ii	937,571	15,206	952,777
General and administrative		1,731,697	-	1,731,697
Finance costs	ii	260,386	(15,289)	245,097
Share-based compensation		113,711	-	113,711
		3,184,825	(83)	3,184,742
INCOME BEFORE OTHER ITEMS		3,985,778	83	3,985,861
OTHER INCOME (LOSS)				
Interest income		8,742	-	8,742
Gain on land use agreement	ii	732,180	(27,213)	704,967
Miscellaneous income (expense)		(6,496)	-	(6,496)
Write down of resource properties and exploration costs		(451,656)	-	(451,656)
Write down of prepaid gravel		(150,000)	-	(150,000)
Write down of intangible assets	ii	(138,086)	(80,090)	(218,176)
Foreign exchange		377	-	377
		(4,939)	(107,303)	(112,242)
INCOME BEFORE INCOME TAXES		3,980,839	(107,220)	3,873,619
INCOME TAXES				
Current tax		1,101,550	-	1,101,550
Deferred tax benefit	ii, iii	(16,399)	(7,677)	(8,722)
		1,085,151	(7,677)	1,092,828
NET INCOME AND COMPREHENSIVE INCOME		**2,895,688**	**(114,897)**	**2,780,791**

Transition to IFRS (continued)

Reconciliation of equity

	Share Capital $	Contributed surplus $	Retained Earnings $	Total $
December 1, 2010 – Canadian GAAP	6,585,761	736,643	1,473,770	8,796,174
Revaluation of carrying value of exploration costs			(65,900)	(65,900)
Revaluation of carrying value of resource property reclamation assets			33,052	33,052
Revaluation of carrying value of decommissioning and restoration provision			(36,345)	(36,345)
Deferred tax impact of changes to carrying amounts			51,780	51,780
December 1, 2010 – IFRS	6,585,761	736,643	1,456,357	8,778,761
February 28, 2011 – Canadian GAAP	6,533,607	792,207	1,487,831	8,813,645
Revaluation of carrying value of exploration costs			(65,900)	(65,900)
Revaluation of carrying value of resource property reclamation assets			29,111	29,111
Revaluation of carrying value of decommissioning and restoration provision			(32,437)	(32,437)
Deferred tax impact of changes to carrying amounts			29,518	29,518
February 28, 2011 – IFRS	6,533,607	792,207	1,448,123	8,773,937
November 30, 2011 – Canadian GAAP	6,655,116	795,996	4,363,114	11,814,226
Revaluation of carrying value of exploration costs			(65,900)	(65,900)
Revaluation of carrying value of resource property reclamation assets			31,119	31,119
Revaluation of carrying value of decommissioning and restoration provision			(141,632)	(141,632)
Deferred tax impact of changes to carrying amounts			44,103	44,103
November 30, 2011 - IFRS	6,655,116	795,996	4,230,804	11,681,916

Notes to Reconciliation

i. Resource Properties

IFRS prohibits the capitalization of exploration costs in advance of holding permits on exploration properties. As a result, the Corporation wrote off $65,900 of capitalized exploration costs as of December 1, 2010, the date of transition, reducing resource properties and retained earnings by that amount at December 1, 2010, at February 28, 2011 and at November 30, 2011.

For the year ended November 30, 2011 there was a $34,781 decrease in resource properties, comprised of an increase in resource properties reclamation assets during the year less the $65,900 write off of resource properties as of December 1, 2010.

ii. Decommissioning and Restoration Provision

Under Canadian GAAP the discount rate used is the credit adjusted risk free rate which is set at the time the obligation is established. Under IFRS the discount rate reflects the risks specific to the provision and is updated if conditions change that would require a change in the rate. As well, the accretion expense is classified as a finance cost under IFRS.

The impact on the transition to IFRS was an increase in the decommissioning and restoration provision of $36,345, a $33,052 increase in related reclamation assets, and a $3,293 reduction in retained earnings resulting from $24,492 reduced accretion expense on the decommissioning and restoration provision and $27,785 increased amortization expense on reclamation assets.

For the quarter ended February 28, 2011 there was a $32,437 increase in decommissioning and restoration provision, a $29,111 increase in the related reclamation assets, and a $32 reduction in net income resulting from $3,672 increased amortization expense on reclamation assets and from $3,640 reduced accretion expense on the decommissioning and restoration provision.

For the year ended November 30, 2011 there was an increase in the decommissioning and restoration provision of $141,632, and a $107,220 reduction in income before income taxes. The reduction resulted from $15,289 reduced accretion expense on the decommissioning and restoration provision, $15,206 increased amortization expense on reclamation assets, and $107,303 increased impairment charges from write off of reclamation assets.

iii. Deferred taxes

The carrying values of resource properties, the decommissioning and restoration provision and related reclamation assets had changed from re-measurement under IFRS, resulting in changed deferred tax calculations.

The impact on the transition to IFRS was a $51,780 decrease in deferred tax liability and a corresponding increase in retained earnings.

For the quarter ended February 28, 2011 there was a $22,263 reduction in net income resulting from a corresponding increase in deferred tax expense.

For the year ended November 30, 2011 there was a $7,677 reduction in net income resulting from a corresponding decrease in deferred tax benefit.

S. FINANCIAL INSTRUMENTS

The Corporation has exposure to credit, liquidity and market risks from the use of financial instruments. The Corporation's financial instruments consist of cash, restricted cash, accounts receivable, land use agreement receivable, short-term investment, long-term deposits, trade and other payables, and callable debt. A description of the financial instruments and their associated risks follows.

a) Fair Value

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

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, short-term investment, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at February 29, 2012 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 February 29, 2012, 78.7% of the Corporation's accounts receivable was due from four customers.

The Corporation's aged accounts receivable are comprised of 69.7% current, 11.3% past due up to 60 days and 19.0% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable.

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

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

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. Under its long-term credit facilities, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at February 29, 2012 however the credit facilities are due on demand. The demand feature of the credit facilities increases the Corporation's liquidity risk as the bank could demand repayment. Management has assessed this risk and believes that it has sufficient capital through internally generated cash flows or alternate sources of financing to mitigate this risk.

As at February 29, 2012 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 trade and other payables and callable loans. In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities are as follows:

Year 1	$ 5,711,186

The Corporation expects the callable debt will be repaid in monthly amounts, however, the balance of $3,423,417 has been reported above as the lender has the right to demand full repayment at any time.

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

Subsequent to the period end the Corporation has refinanced its credit facilities. As a result, the credit facilities which are due on demand as at February 29, 2012 will be replaced by term debt which is to be repaid in monthly amounts over four years. The Corporation's liquidity risk will therefore be reduced as a result of refinancing.

d) Foreign Currency Risk

The Corporation maintains a USD currency bank account with a nominal balance for the infrequent need to fund supplier purchases denominated in USD currency. As at February 29, 2012 the Corporation had USD cash on hand in the amount of $19,716 (CAD $19,648), and no USD denominated trade and other payables.

e) Interest Rate Risk

The Corporation has an interest bearing term deposit and carries variable rate debt financing. Given the interest rate is fixed on the term deposit the Corporation is not exposed to any interest rate risk on this financial instrument. However, the Corporation is exposed to interest rate risk on the variable rate callable debt. A 100 basis point increase in the interest rate on the callable debt would decrease net income and comprehensive income by approximately $26,000.

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

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

T. 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 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.

U. 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 "Risk Factors", there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward looking statements. These forward looking statements are made as of the date of this document and, other than as required by applicable securities laws, the Corporation assumes no obligation to update or revise them to reflect new events or circumstances.

V. 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.