Athabasca MINERALS INC.

UNAUDITED FINANCIAL STATEMENTS

For the Nine Months Ended

August 31, 2011 and 2010

ATHABASCA MINERALS INC.

Notice of No Auditor Review of Interim Financial Statements
Nine months ended August 31, 2011

The accompanying unaudited interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management and have been approved by the Audit Committee and Board of Directors of the Corporation.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

October 27, 2011

"Udomdej Kriangkum"	"*Don Hruba*"
Udomdej Kriangkum	Don Hruba
Chief Executive Officer	Chief Financial Officer

ATHABASCA MINERALS INC.

Balance Sheets

	August 31, 2011 (unaudited)	November 30, 2010 (audited)
ASSETS		
CURRENT		
Cash	$ 484,264	$ 1,296,812
Accounts receivable	3,087,888	3,210,246
Prepaid expenses	263,193	502,546
Prepaid clearing and stripping expenses	298,286	-
Short-term investment (Note 5)	603,000	603,000
	4,736,631	5,612,604
LONG-TERM DEPOSITS (Note 6)	127,936	25,050
PROPERTY AND EQUIPMENT	767,576	858,911
RESOURCE PROPERTIES	5,031,226	3,445,276
INTANGIBLE ASSETS	5,498,264	6,201,442
GOODWILL	2,537,701	2,537,701
	$ 18,699,334	$ 18,680,984
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 797,967	$ 871,279
Income tax payable	91,627	700,910
Callable debt due within one year (Note 7)	1,840,250	1,840,250
	2,729,844	3,412,439
Callable debt (Note 7)	2,503,292	3,883,479
	5,233,136	7,295,918
ASSET RETIREMENT OBLIGATIONS (Note 11)	533,158	231,436
FUTURE INCOME TAX	2,552,376	2,357,456
	8,318,670	9,884,810
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
Common shares (Note 9 b)	6,594,612	6,585,761
CONTRIBUTED SURPLUS (Note 10)	813,698	736,643
RETAINED EARNINGS	2,972,354	1,473,770
	10,380,664	8,796,174
	$ 18,699,334	$ 18,680,984

Approved by the Board of Directors

"Douglas Stuve", Director — "Theodore Rousseau", Director

Douglas M. Stuve — Theodore Rousseau

The accompanying notes are part of these financial statements.

ATHABASCA MINERALS INC.

Statements of Net Income, Comprehensive Income and Retained Earnings (Deficit)

	Three Months Ended August 31, 2011	Three Months Ended August 31, 2010	Nine Months Ended August 31, 2011	Nine Months Ended August 31, 2010
	(Unaudited)		(Unaudited)	
AGGREGATE MANAGEMENT FEE REVENUE	$ 3,746,966	$ 3,559,303	$ 7,466,868	$ 6,408,611
ROYALTIES	1,133,587	1,065,421	2,165,791	1,870,627
	2,613,379	2,493,882	5,301,077	4,537,984
Clearing and stripping expenses	-	573,907	-	896,191
Other aggregate management operating expenses	292,436	369,505	863,749	847,817
AGGREGATE MANAGEMENT OPERATING EXPENSES	292,436	943,412	863,749	1,744,008
	2,320,943	1,550,470	4,437,328	2,793,976
EXPENSES				
Accretion	10,672	4,613	20,385	13,559
Amortization of property and equipment	35,928	41,429	107,292	125,542
Amortization of intangible assets	273,700	234,394	742,486	703,180
General and administrative	352,893	224,042	989,362	906,129
Interest on callable debt	57,147	71,514	186,982	215,573
Stock based compensation (Note 10)	14,106	20,736	103,893	100,435
	744,446	596,728	2,150,400	2,064,418
INCOME BEFORE OTHER ITEMS	1,576,497	953,742	2,286,928	729,558
OTHER INCOME (LOSS)				
Interest income	2,178	6,248	6,394	19,644
Work camp income (Note 11)	70,825	-	115,384	-
Miscellaneous	6,095	12,080	(13,093)	12,080
Write down of prepaid gravel royalties	(150,000)	-	(150,000)	-
Write down of resource properties and exploration costs	(2,500)	(4,697)	(3,750)	(70,050)
	(73,402)	13,631	(45,065)	(38,326)
INCOME BEFORE INCOME TAXES	1,503,095	967,373	2,241,863	691,232
INCOME TAXES				
Current income tax	394,073	318,963	542,016	375,736
Future income tax expense (benefit)	(24,740)	(171,528)	194,920	(56,457)
	369,333	147,435	736,936	319,279
NET INCOME AND COMPREHENSIVE INCOME	**1,133,762**	**819,938**	**1,504,927**	**371,953**
RETAINED EARNINGS (DEFICIT), BEGINNING OF PERIOD	1,838,593	(643,942)	1,473,770	(195,957)
PREMIUM ON REPURCHASED SHARES	-	-	(6,344)	-
RETAINED EARNINGS , END OF PERIOD	**$ 2,972,355**	**$ 175,996**	**$ 2,972,355**	**$ 175,996**
BASIC AND DILUTED INCOME PER COMMON SHARE (Note 9 e)	**$ .04**	**$ .03**	**$ .05**	**$ 0.01**
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING	**27,032,716**	**27,958,073**	**27,017,892**	**27,971,419**

The accompanying notes are part of these financial statements.

ATHABASCA MINERALS INC.

Statements of Cash Flows

	For the Three Months Ended August 31, 2011	For the Three Months Ended August 31, 2010	For the Nine Months Ended August 31, 2011	For the Nine Months Ended August 31, 2010
	(Unaudited)		(Unaudited)	
OPERATING ACTIVITIES				
Net income	$ 1,133,762	$ 819,938	$ 1,504,929	$ 371,953
Adjustments for non-cash items:				
Amortization and accretion	320,300	280,436	870,163	842,281
Future income tax expense (benefit)	(24,740)	(171,528)	194,920	(56,457)
Stock based compensation (Note 10)	14,106	20,736	103,893	100,435
Write down of resource properties and exploration costs	2,500	1,350	3,750	49,695
	1,445,928	950,932	2,677,655	1,307,907
Net changes in non-cash working capital balances				
Accounts payable and accrued liabilities	(275,038)	(58,358)	(73,312)	(572,297)
Accounts receivable	(1,042,231)	(870,216)	122,357	(594,346)
Income tax receivable	305,447	-	-	-
Income tax payable	91,627	302,693	(609,284)	152,936
Prepaid expenses	157,310	(68,283)	239,354	(177,361)
Prepaid clearing and stripping costs	(107,500)	573,907	(298,286)	64,881
	572,543	830,675	2,058,484	181,720
INVESTING ACTIVITIES				
Long-term deposits	(102,886)	-	(102,886)	(25,050)
Purchase of property and equipment	-	(7,148)	(15,957)	(10,904)
Resource properties	(129,974)	(130,744)	(1,347,670)	(390,476)
	(232,860)	(137,892)	(1,466,513)	(426,430)
FINANCING ACTIVITIES				
Repurchase of share capital	-	(24,269)	(58,498)	(24,269)
Issue of share capital	34,167	-	34,167	-
Repayment of callable debt	(460,063)	(452,313)	(1,380,188)	(1,356,937)
Repayment of long-term debt	-	-	-	(60,000)
	(425,896)	(476,582)	(1,404,519)	(1,441,206)
NET INCREASE (DECREASE) IN CASH	(83,213)	216,201	(812,548)	(1,685,916)
CASH, BEGINNING OF PERIOD	567,477	175,599	1,296,812	2,077,716
CASH, END OF PERIOD	$ 484,264	$ 391,800	$ 484,264	$ 391,800

Supplemental cash flow information (Note 13)

The accompanying notes are part of these financial statements.

Note 1 - Nature of Business

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

Note 2 - Seasonality of Operations

The Corporation derives a significant portion of its revenues from producing various types of aggregate 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.

Note 3 - Significant Accounting Policies

The accompanying unaudited interim financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles ("GAAP") on a basis consistent with that followed in the November 30, 2010 audited financial statements. These unaudited interim financial statements do not include all the information and note disclosures required by GAAP for annual financial statements and therefore should be read in conjunction with the said November 30, 2010 audited financial statements and the notes below.

In the opinion of management, the unaudited interim financial statements include all adjustments (consisting of normal recurring accruals) considered necessary by management to present a fair statement of the results of operations, financial position and cash flows.

Note 4 - Future Changes in Accounting Policies

International Financial Reporting Standards

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

Note 5 - Short-Term Investment

	August 31, 2011 (unaudited)	November 30, 2010 (audited)
Term deposit bearing interest at 1.25% per annum, maturing on November 22, 2011.	$ 603,000	$ 603,000

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

Note 6 - Long-Term Deposits

	August 31, 2011 (unaudited)	November 30, 2010 (audited)
Security deposits on gravel leases	$ 106,590	$ 25,050
Restricted cash for reclamation costs (note 11)	$ 21,346	$ -
	$ 127,936	$ 25,050

The Corporation provided a security deposit of $25,050 paid to the Province of Alberta having been approved to operate the Logan pit sand and gravel surface material lease (25.05 acres situated S ½ 16-73-12W4M). The security deposit is refundable February 9, 2020 at the expiry of the lease term.

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

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

The Corporation provided a security deposit of $27,430 paid to the Province of Alberta having been approved to operate the House River pit sand and gravel surface material lease (27.43 acres situated Sec 24-76-14-W4M). The security deposit is refundable August 3, 2021 at the expiry of the lease term.

Under its long-term agreement with a camp provider the Corporation has received and has placed funds on deposit totaling $21,346 to be first applied toward any costs for reclamation of the Poplar Creek site (note 11).

Note 7 - Callable Debt

	August 31, 2011 (unaudited)	November 30, 2010 (audited)
Bank loan, repayable in monthly instalments of $150,000 plus interest at the bank's prime lending rate plus 1.875%, due December 31, 2013.	$ 4,200,000	$ 5,550,000
Bank loan, repayable in monthly instalments of $771 plus interest at the bank's prime lending rate plus 2%, due June 30, 2013.	16,959	23,896
Bank loan, repayable in monthly instalments of $2,583 plus interest at the bank's prime lending rate plus 2%, due September 30, 2015.	126,583	149,833
	4,343,542	5,723,729
Less amount due within one year	1,840,250	1,840,250
	$ 2,503,292	$ 3,883,479

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

September 1, 2011 – August 31, 2012	$ 1,840,250
September 1, 2012 – August 31, 2013	$ 1,838,709
September 1, 2013 – August 31, 2014	$ 631,000
September 1, 2015 – August 31, 2015	$ 31,000
September 1, 2015 – August 31, 2016	$ 2,583
	$ 4,343,542

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

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

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

The Corporation has access to a letter of commercial credit, for which the maximum of $250,000 is available at a cost of 1.75% per annum relating to reclamation. As at August 31, 2011, a letter of commercial credit of $248,760 has been issued to the benefit of the Province of Alberta in relation to a miscellaneous lease for a storage yard located at the Poplar Creek site.

Note 7 - Callable Debt (continued)

The Corporation has access to a letter of commercial credit, for which the maximum of $500,000 is available at a cost of 1.75% per annum relating to reclamation. As at August 31, 2011, a letter of commercial credit of $500,000 has been issued to the benefit of the Province of Alberta for reclamation at the Poplar Creek pit.

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

The Corporation has access to an operating loan, for which the maximum of $250,000 is available at the bank's prime lending rate plus 1.5%. The facility has not been drawn on as at August 31, 2011. There is no lending margin associated with the facility.

As at August 31, 2011, the Corporation is in compliance with the lender's financial covenants.

Note 8 - Related Party Transactions

During the three months ended August 31, 2011 the Corporation incurred expenses of $116,524 (August 31, 2010 - $139,493) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation.

During the nine months ended August 31, 2011 the Corporation incurred expenses of $378,637 (August 31, 2010 - $472,500) 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:

	For the Three Months Ended August 31, 2011	For the Three Months Ended August 31, 2010	For the Nine Months Ended August 31, 2011	For the Nine Months Ended August 31, 2010
	(Unaudited)		(Unaudited)	
Directors and Officers:				
Directors fees and expenses	$ -	$ 20,000	$ 9,139	$ 27,273
Travel and miscellaneous	19,574	4,932	36,545	22,601
Exploration and development costs	37	876	294	1,211
	19,611	25,808	45,978	51,085
Companies controlled by directors and officers:				
Consulting fees for services rendered	76,937	90,313	268,637	342,445
Travel and miscellaneous	4,151	1,842	10,111	2,594
Exploration and development costs	825	6,530	8,911	18,747
Interest	-	-	-	296
Letter of credit Fees	-	-	-	13,333
Rent	15,000	15,000	45,000	44,000
	96,913	113,68	332,659	421,415
	$ 116,524	$ 139,49	$ 378,637	$ 472,500

Note 8 - Related Party Transactions (continued)

There is $29,712 related to these expenses recorded in accounts payable and accrued liabilities at August 31, 2011 (August 31, 2010 - $5,539).

During the nine months ended August 31, 2011 there was $nil promissory note (August 31, 2010 - $4,000) repayment to directors and officers and $nil promissory notes repayment (August 31, 2010 - $44,000) to companies controlled by directors and officers. As at August 31, 2011 the promissory notes have been fully repaid.

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

Note 9 - Share Capital

a) Authorized:

An unlimited number of

Common voting shares

Preferred shares, issuable in series

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

	Nine Months Ended August 31, 2011		Year Ended November 30, 2010	
	Number of Shares	**Amount**	**Number of Shares**	**Amount**
Balance at beginning of period	27,149,165	$ 6,585,761	27,978,165	$ 6,610,693
Warrants expired	-	-	-	176,164
Transfer from contributed surplus on exercise of stock options (Note 10)	-	26,838	-	-
Issued shares on exercise of of options (Note 9 d)	133,334	34,167	-	-
Repurchased shares (Note 9 c)	(215,000)	(52,154)	(829,000)	(201,096)
Balance at end of period	27,067,499	$ 6,594,612	27,149,165	$ 6,585,761

c) Repurchased common shares:

During the nine months ended August 31, 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 nine months ended August 31, 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 nine months ended August 31, 2011 the Corporation obtained regulatory approval to proceed with a normal course issuer bid (the "Bid"). In accordance with the terms of the Bid, the Corporation may purchase up to a total of 1,353,375 common shares representing approximately 5% of the common shares of the Corporation issued and outstanding as at August 1, 2011. The Bid commenced on August 12, 2011 and will terminate on August 12, 2012. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of TSX Venture Exchange Inc. (the “Exchange”) at the market price for the common shares at the time of the acquisition. The purchase and payment for the common shares will be made by the Corporation in accordance with the by-laws and rules of the Exchange.

Note 9 - Share Capital (continued)

c) Repurchased common shares (continued)

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 nine months ended August 31, 2011 no common shares had been repurchased pursuant to the Bid that commenced on August 12, 2011.

d) Stock options:

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

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

	Nine Months Ended August 31, 2011			Year Ended November 30, 2010		
	Number of Options		Weighted Average Exercise Price	Number of Options		Weighted Average Exercise Price
Options outstanding, beginning of period	2,645,767	$	0.32	2,537,435	$	0.35
Issued	-	$	-	890,000	$	0.28
Exercised	(133,334)	$	0.26	-		
Expired	-	$	-	(781,668)	$	0.37
Options outstanding, end of period	2,512,433	$	0.33	2,645,767	$	0.32

2,085,767 options were exercisable at August 31, 2011 at a weighted average exercise price of $0.34.

During the nine months ended August 31, 2011 133,334 stock options were exercised at an average price of $0.26 resulting in $34,167 cash proceeds to the Corporation. Contributed surplus in the amount of $26,838 has been transferred to share capital representing the stock based compensation that had been recorded by the Corporation when the related stock options were issued.

The weighted average remaining contractual life of the options is 2.12 years.

The Corporation’s stock option plan provides that the Board of Directors may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation, or any subsidiary of the Corporation, the option to purchase common shares. The stock option plan provides for a floating maximum limit of 10% of the outstanding common shares, as permitted by the policies of the TSX Venture Exchange. Options may be exercisable for up to ten years from the date of grant, but the Board of Directors has the discretion to grant options that are exercisable for a shorter period. Options under the stock option plan are not transferable or assignable. Pursuant to the stock option plan, options must be exercised within a reasonable period following termination of employment or cessation of the optionee's position with the Corporation, or such other period established by the Board of Directors, provided that if the cessation of office, directorship, consulting arrangement or employment was by reason of death or disability, the option may be exercised within one year, subject to the expiry date.

Note 9 - Share Capital (continued)

d) Stock options (continued):

The following is a summary of the outstanding options:

Expiry Date	Exercise Price	Number of Options Outstanding August 31, 2011	Number of Options Outstanding November 30, 2010
January 8, 2012	$ .40	955,767	955,767
October 15, 2012	$ .26	150,000	150,000
May 13, 2013	$ .40	75,000	75,000
September 21, 2014	$ .25	575,000	625,000
October 15, 2014	$ .40	100,000	100,000
November 2, 2014	$ .40	100,000	100,000
October 15, 2015	$ .26	556,666	640,000
		2,512,433	2,645,767

As at August 31, 2011, the maximum limit of stock options eligible to be granted is 2,706,750 or 10% of the Corporation's outstanding common shares, as permitted by the policies of the TSX Venture Exchange.

e) Diluted income per common share

For the three months ended August 31, 2011, there are 1,133,762 stock options that are dilutive. After applying the treasury stock method, the dilutive effect of these securities is negligible and results in basic and diluted earnings per share being reportable as the same amount.

For the nine months ended August 31, 2011, there are 1,281,166 stock options that are dilutive. After applying the treasury stock method, the dilutive effect of these securities is negligible and results in basic and diluted earnings per share being reportable as the same amount.

Note 10 – Contributed Surplus

	Nine Months Ended August 31, 2011 (unaudited)	Year Ended November 30, 2010 (audited)
Balance, beginning of period	$ 736,643	$ 598,763
Stock based compensation	103,893	137,880
Transferred to share capital on exercise of stock options	(26,838)	-
Balance, end of period	$ 813,698	$ 736,643

Note 11 – Asset Retirement Obligations

	Nine Months Ended August 31, 2011 (unaudited)	Year Ended November 30, 2010 (audited)
Balance, beginning of period	$ 231,436	$ 213,169
Increase during the period	281,337	-
Accretion	20,385	18,267
Balance, end of period	$ 533,158	$ 231,436

Note 11 – Asset Retirement Obligations (continued)

The Corporation has recognized asset retirement obligations in connection with the Poplar Creek management agreement and related surface material lease and with the Kearl pit.

A determination of the fair value of the Poplar Creek liability assumes undiscounted estimated future cash flows needed to settle the liability incurred to August 31, 2011 of approximately $278,465 which is expected to be expended at the termination of the management agreement in 2013. These estimated future cash flows have been discounted at a credit-adjusted risk-free rate of 8.25%. The Corporation has provided a $500,000 letter of credit to the benefit of the Province of Alberta on behalf of the Corporation for reclamation in relation to the Poplar Creek management agreement and related surface material lease.

During the nine months ended August 31, 2011 the Corporation incurred an asset retirement obligation on its Kearl pit. A determination of the fair value of the Kearl pit liability assumes undiscounted estimated future cash flows needed to settle the liability incurred to August 31, 2011 of approximately $281,337 which is expected to be expended at the termination of the surface material lease in 2021. These estimated future cash flows have been discounted at a credit-adjusted risk-free rate of 8.00%. The Corporation has provided a $38,300 security deposit paid to the Province of Alberta on behalf of the Corporation for reclamation in relation to the Kearl pit surface material lease.

On June 7, 2011 the Corporation announced it had finalized a long-term land use agreement with a large 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 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 agreed to make a contribution toward the estimated cost of reclamation, in aggregate not to exceed $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.

During the period ended August 31, 2011 the Corporation had received work camp income of $115,384. Work camp operations began during March 2011.

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

Note 12 - Financial Instruments

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

a) Fair Value

Due to the short-term nature of cash, accounts receivable, and accounts payable and accrued liabilities the carrying value of these financial instruments approximate their fair value. The fair value of callable debt, long-term debt and short-term investment approximates their carrying values as they are at the market rate of interest.

Note 12 - Financial Instruments (continued)

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, short-term investment, accounts receivable and long-term deposits. The Corporation's maximum credit risk at August 31, 2011 is the carrying value of these financial assets.

In the normal course of business the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At August 31, 2011, 77.6% of the Corporation's accounts receivable was receivable from four customers.

The Corporation's aged accounts receivable are comprised of 43.0% current, 45.4% past due up to 60 days and 11.6% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable.

Credit risk associated with cash and short-term investment is minimized substantially by ensuring that these financial assets are placed with major financial institutions that have been accorded a strong investment grade rating. Credit risk on refundable deposits is from the Province of Alberta, and management does not consider this risk to be significant.

b) 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 August 31, 2011 however the credit facilities are due on demand. The demand feature of the credit facilities increases the Corporation's liquidity risk as the bank could demand repayment. Management has assessed this risk and believes that it has sufficient capital through internally generated cash flows or alternate sources of financing to mitigate this risk.

As at August 31, 2011 the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation has identified its financial liabilities as accounts payable and accrued liabilities and callable loans. In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities are as follows:

Year 1	$ 5,141,509

The Corporation expects the callable loans will be repaid in monthly amounts, however, the balance of $4,343,542 has been reported above as the lender has the right to demand at any time.

The Corporation's existing credit facilities and cash flow from operating activities is expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities for 2011. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts.

Note 12 - Financial Instruments (continued)

d) Foreign Currency Risk

The Corporation has no exposure to foreign currencies as the Corporation's business is conducted in Canadian dollars.

e) Interest Rate Risk

The Corporation has an interest bearing term deposit and carries variable rate debt financing. Given the interest rate is fixed on the term deposit, the Corporation is not exposed to any interest rate risk on this financial instrument. However, the Corporation is exposed to interest rate risk on the variable rate callable loans. A 100 basis point increase in interest rate on the callable loans would decrease net income and comprehensive income by approximately $31,000.

The Corporation's bank loans bear interest at 1.875% and 2% over the bank prime lending rate. As the bank prime lending rate fluctuates so will the cost of borrowing. While exposed to interest rate risk in the short-term, the Corporation has the ability to convert the variable rate financing to fixed rate financing 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.

Note 13 - Supplemental Cash Flow Information

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

	Nine Months Ended August 31, 2011 (unaudited)	Nine Months Ended August 31, 2010 (unaudited)
Interest paid	$ 189,009	$ 217,090
Interest received	$ 736	$ 1,463
Income taxes paid	$ 1,151,300	$ 223,299

Note 14 - Comparative Figures

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