Athabasca Minerals Inc.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED NOVEMBER 30, 2010

Athabasca MINERALS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended November 30, 2010

GENERAL

This Management's Discussion and Analysis ("MD&A") of the financial condition and the results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation") should be read in conjunction with the audited financial statements and the notes thereto for the years ended November 30, 2010 and November 30, 2009, which have been prepared in accordance with Canadian generally accepted accounting principles. The following information was prepared by management as of March 1, 2011. All amounts have been expressed in Canadian dollars. Additional information relating to the Corporation can be found on SEDAR at www.sedar.com.

TABLE OF CONTENTS

A. COMPANY PROFILE

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

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

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

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

The Corporation has implemented a significant number of aggregate exploration programs on public land, and following review of the test programs, four aggregate mining applications have been submitted for approval to the Alberta Government. So far, one aggregate mining lease has been approved, and another is pending ASRD final approval once a first nation's consultation has been completed.

Currently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 494,072 hectares (1,220,878 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 dolomite, salt, and silica sand. These minerals are key ingredients for many products used to support the oil sands industry and Alberta infrastructure projects. The Corporation continues to assess its permitted land holdings for development based on mineral exploration programs that employ such methods as airborne magnetic surveys, sediment stream and outcrop sampling and deep well drilling.

B. AGGREGATE MANAGEMENT

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

Susan Lake Aggregate Operation

The aggregate operation is located approximately 85 Km north of Fort McMurray. It is approximately 9,260 acres (3,750 hectares) in size. Only 23% or approximately 845 hectares of the pit has been developed. Approximately 57.8 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 November 30, 2010 there are 84 months remaining on the ten year contract with the Alberta Government.

Between 2003 and 2010 sales from Susan Lake averaged 6.00 million tonnes per annum. The Susan Lake Pit was named the top aggregate supplier in Canada for the amount of aggregate sold in 2009 totaling 6.59 million tonnes. The aggregates were utilized by oil sands companies and other infrastructure projects in the Fort McMurray area.

Poplar Creek Aggregate Operation

The aggregate operation is located approximately 30 Km north of Fort McMurray. It is approximately 3,680 acres (1,490 hectares) in size. Approximately 1.5 million tonnes of aggregate has been removed from this pit since 2003. While most of the gravel has been extracted from the pit, it contains substantial sand deposits. A sand testing program has commenced to determine the quantity and quality that may be marketed to nearby oil sands operations and the City of Fort McMurray.

A 65-hectare area that is depleted of aggregate was converted to a lay-down area where equipment, pipe, plant components and supplies used by oil sands and industrial companies can be stored and assembled.

The Corporation has obtained a miscellaneous lease approval from the Alberta Government to operate the site as a lay-down yard. The term of this lease is consistent with the term of the Poplar Creek management contract which has 27 months remaining as at November 30, 2010.

On July 28, 2010 the Corporation signed a letter of intent pursuant to which the Corporation agreed to transfer a 42 acre parcel of land within its miscellaneous lease at Poplar Creek to another company ("the other party"). The Corporation and the other party are preparing a formal and binding agreement pursuant to which in exchange for various services rendered by the Corporation, the other party will pay a fee at specified monthly rates over the term of the agreement. An incremental daily user fee per man day in aggregate not to exceed $300,000 shall also be paid to the Corporation, and maintained in a restricted cash account to be first applied toward any costs for reclamation of the Poplar Creek site.

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 selling sand and gravel extracted from these properties. Sales revenue from aggregates extracted from these properties will be determined based on market demand rather than being specified by a government agency.

SML's pursued are strategically 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:

Logan River Pit

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

This pit contains very little vegetation, topsoil and overburden, and the pit can be prepared for mining extraction within a few weeks upon receiving aggregate orders. Access to the Logan River Pit is provided via an existing county 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 is in discussions with prospective customers in the Conklin, Alberta area for aggregates delivery during January through March 2012. During the fourth quarter of 2011, the Corporation aims to clear area to prepare the site for gravel extraction. This pit will be suitable for winter haul only.

Pelican Hill

This pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. The SML for this project has been approved by the Alberta Government, which has already reviewed the Conservation and Reclamation (C&R Plan). The Corporation is awaiting final approval from ASRD, expected to be received in the second quarter of 2011, following completion of consultations with First Nations. We expect to supply aggregate primarily to the oil and gas industries, as well as for government infrastructure projects in the area. Pelican Hill pit will be available for year round aggregates extraction and sales. Extraction and sales activity is expected to commence during the summer of 2012.

Kearl Pit

This pit is located approximately 60 km east of the Susan Lake gravel pit. SML approval is pending and final approval is expected in the second quarter of 2011. Once approval is obtained, the Corporation will shortly thereafter construct an all season road from the pit to a major roadway. Kearl Pit will be available for year round aggregates extraction and sales.

House River

This pit is located approximately 11 km east of highway 16 on the bank of 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. Like the Logan River Pit, this pit will be suitable for winter haul only. The Corporation expects to receive approval in the third quarter of 2011 with extraction commencing in the third quarter of 2012.

Private Land

Warrensville Pit

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

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

This region has potential for significant growth given the activities in the Peace River oil sands development, combined with conventional oil and gas activities, pipeline corridors, forestry and agriculture.
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. Future opportunities will continue to be pursued.

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

Acquisition and/or Joint Venture

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

D. MINERAL PROPERTIES

As at March1, 2011 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 494,072 hectares (1,220,878 acres) of land in northern Alberta. Mineral permits are maintained in good standing by making allowable exploration assessment expenditures. The Corporation continuously evaluates its mineral permit holdings, relinquishing and/or acquiring permits as dictated by exploration and strategic priorities, as well as financial considerations.

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

	March 1, 2011 (hectares)	**November 30, 2010 (hectares)**	**August 31, 2010 (hectares)**
Balance at beginning of period:	504,584	512,475	403,384
Mineral permits acquired during the period:	7,920	80,640	109,091
Mineral permits relinquished during the period:	(18,432)	(88,531)	nil)
Balance at end of period:	494,072	504,584	512,475

Salt

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

Silica Sand

The Corporation has identified a substantial deposit of silica sand in the Birch Mountain area 150 kilometers north of Fort McMurray. Analyses of the grab samples performed by independent laboratories yielded an average of 97.5% SiO_2 content in the raw unwashed state.

During the third quarter the Corporation identified another silica sand deposit situated 100 kilometers north of Fort McMurray. Analyses of grab samples from this deposit revealed average silica content of 94.6% SiO_2. These samples were taken from alongside an already existing road which services the Corporation's customer base. Therefore the cost of new road construction could be avoided should development of this deposit be pursued.

Further testing was conducted during the fourth quarter of 2010, when the Corporation's exploration team drilled 17 holes with an average depth of 15 metres. In each instance, the sand was found to exceed the depth of the hole drilled. Silica samples were sent to an independent lab for testing. Out of 70 samples tested, the average silica content was determined to be 92.0% SiO_2.

Wet sieve analysis of all the samples provided the following average results:

+20	4.30%
20 x 40	19.54%
40 x 70	44.22%
70 x 100	15.11%
-100	16.82%
	100.00%

The Corporation is of the opinion that with minimal processing (washing, screening) the silica percentages of the sand can be further increased. The mesh sizes found in our samples fall in line with silica sand sizes currently used in industry for the purpose of "fracing." Currently, the Corporation has an independent lab testing the Corporation's samples against the frac sand specifications as set by the American Petroleum Institute (API). Results are expected to be received during the second quarter of 2011.

Dolomite

The Corporation has identified a location that appears to contain a significant dolomite resource. Dolomite is used extensively as construction aggregate and is a source of magnesium. To date the Corporation has not completed studies to determine the size of the near surface dolomite and whether there is sufficient mineable quantity to support the needs of the oil sands industry and other infrastructure projects in the Fort McMurray region. More exploration for dolomite is planned for the third quarter of 2011.

Financing potential opportunities such as these may be done by way of internally generated working capital or by debt or equity.

E. SELECTED ANNUAL INFORMATION

	Year Ended	Year Ended	Fourteen Months Ended
	Nov 30/10	**Nov 30/09**	**Nov 30/08 (Restated)**
Revenue	$11,120,433	$9,710,008	$447,457
Interest and Miscellaneous Income	$49,485	$37,680	$11,481
Net Income (Loss) and Comprehensive Income (Loss)	$1,681,808	$1,333,323	$(1,264,605)
Earnings (Loss) Per Share	$0.06	$0.05	$(0.06)
Total Assets	$18,680,984	$18,467,100	$21,093,626
Resource Properties	$3,445,276	$2,999,617	$2,511,401
Callable debt	$5,723,729	$7,383,146	$9,000,000
Long-term debt	$0	$60,000	$600,000
Dividends declared	$nil	$nil	$nil

F. SUMMARY OF QUARTERLY RESULTS

	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	Nov 30/10	**Aug 31/10**	**May 31/10**	**Feb 28/10**
Revenue	$4,711,823	$3,559,303	$1,763,173	$1,086,134
Interest and Miscellaneous Income	$17,759	$18,328	$6,846	$6,552
Net Income (Loss) and Comprehensive Income (Loss)	$1,309,855	$819,938	$(300,716)	$(147,269)
Basic and Diluted Net Income (Loss) Per Share	$0.05	$0.03	$(0.01)	$(0.01)
Total Assets	$18,680,984	$17,160,292	$16,702,511	$17,369,475
Resource Properties	$3,445,276	$3,340,398	$3,211,004	$3,140,072

	Three Months Ended	Three Months Ended	Three Months Ended	Two Months Ended
	Nov 30/09	**Aug 31/09**	**May 31/09**	**Feb 28/09**
Revenue	$3,988,031	$3,099,387	$1,605,768	$1,016,822
Interest and Miscellaneous Income	$6,678	$5,676	$10,631	$14,695
Net Income (Loss) and Comprehensive Income (Loss)	$820,854	$763,266	$18,491	$(269,288)
Basic and Diluted Net Income (Loss) Per Share	$0.03	$0.03	$0.00	$(0.01)
Total Assets	$18,467,100	$17,309,621	$16,652,669	$17,681,925
Resource Properties	$2,999,617	$2,835,725	$2,713,244	$2,604,390

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

G. OUTLOOK

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

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

Aggregate Management

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

The Corporation determines demand for the year by discussing expected aggregate requirements with its major customers. As a result, the Corporation anticipates demand for aggregates for fiscal year 2011 will be approximately 7.5 million tonnes.

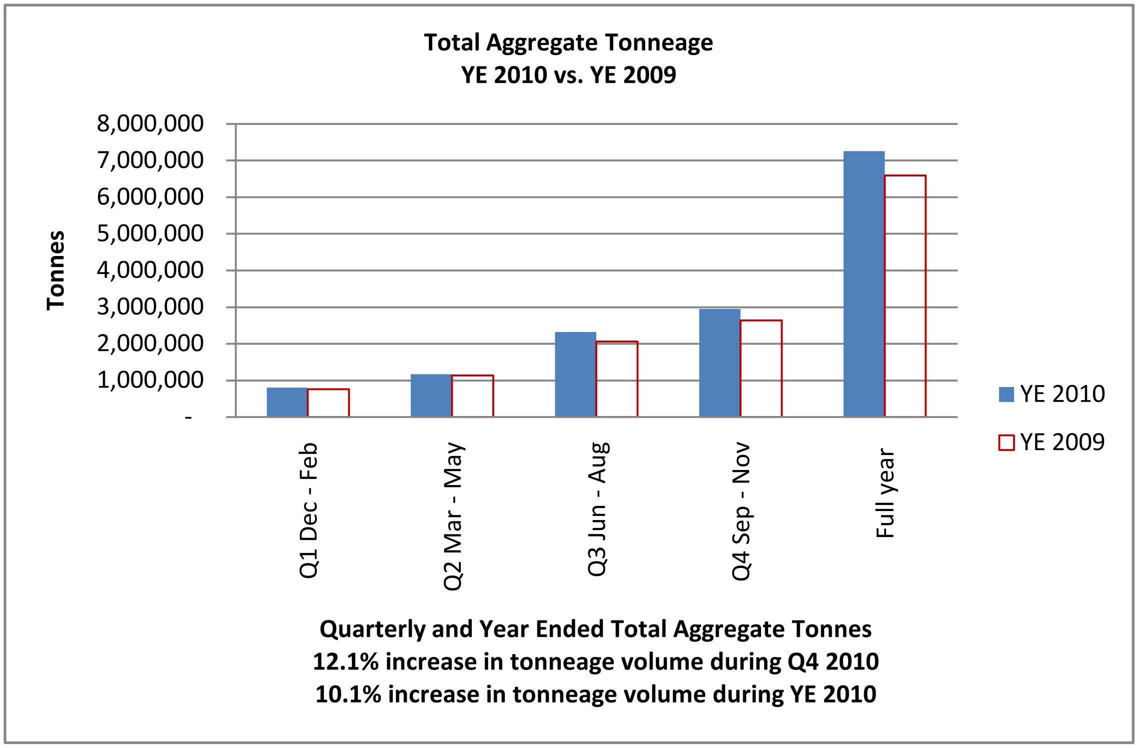
In the first quarter of 2010, the Corporation sold 806,388 tonnes of aggregate, of which 803,931 tonnes were from Susan Lake and 2,457 tonnes from Poplar Creek.

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

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

In the fourth quarter of 2010, the Corporation sold 2,952,056 tonnes of aggregate, of which 2,907,311 tonnes were from Susan Lake and 44,745 tonnes from Poplar Creek.

The table below shows a comparison of the aggregate sales between fiscal years 2010 and 2009. Total 2010 aggregate sales exceeded 2009 sales by 10.1%. During the fourth quarter of 2010, the combined demand for aggregates from the Susan Lake and the Poplar Creek aggregate operations increased by 12.1% over the fourth quarter of fiscal year 2009. With recent announcements from various oil sands companies to increase their production, it is anticipated that the demand for aggregates will remain strong.



Other Aggregate Resources

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

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

Public Land

The Corporation intends to continue with aggregate exploration programs in 2011. If these sites prove to contain sufficient quantity and quality of aggregates, the Corporation will proceed with obtaining approval for the Surface Material Lease Applications.

Private Land

The Corporation will continue to look for a market and customers for the Warrensville Pit in 2011. Since there are other gravel pits in the area, competing for the same market, a concerted effort will be required to bring the Warrensville Pit into production.

Mineral Properties

The Corporation is currently assessing 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, well rounded, clean of other minerals and impurities, fine, medium to coarse grain and mineable. The Corporation further explored for silica sand on our properties during first quarter of the 2011 fiscal year, with more samples taken. Results to date have been very encouraging. Further momentum gain in the Corporation's silica sand program is anticipated once receiving the results from independent lab testing of samples comparing to the frac sand specifications as set by the American Petroleum Institute (API). Test results are expected during the second quarter of 2011.

Dolomite continues to be a mineral of interest to the Corporation for development within our permit areas, with more exploration planned for the third quarter of the 2011 fiscal year.

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 now expected before the review process has been completed.

The Lower Athabasca area includes several of the Corporation's properties that are proposed for or presently under active exploration. The government has indicated that it will consider extending the expiry date for permit holdings to allow for completion of assessment work where the work was delayed as a result of the review process.

The Corporation is suspending further mineral exploration in the area until the results of the LARP process are made public.

H. OPERATING RESULTS

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009
Aggregate Management Fee Revenue	$4,711,823	$3,988,032
Royalties	$1,405,025	$1,276,536
Aggregate Management Fee Revenue, net of Royalties	$3,306,798	$2,711,496
Aggregate Management Operating Expenses	$720,252	$697,759
	15.3% of revenue	17.5% of revenue
Expenses (Income)		
Amortization and accretion	$276,285	$335,477
General and administrative	$456,159	$387,458
Interest on long term debt	$ nil	$2,256
Interest on callable debt	$72,205	$75,522
Stock based compensation	$37,445	$63,439
Interest	$(5,857)	$(6,678)
Miscellaneous	$(11,902)	$nil

Revenues for the three months ended November 30, 2010 have increased by 18.1% to $4,711,823 from $3,988,032 for the three months ended November 30, 2009. The sale of aggregate increased by 12.1%, with 2,952,056 tonnes sold in the three months ended November 30, 2010 compared with 2,633,371 tonnes sold in the three months ended November 30, 2009.

Revenues for the year ended November 30, 2010 have increased by 14.5% to $11,120,433 from $9,710,008 for the year ended November 30, 2009. The sale of aggregate increased by 10.1%, to 7,255,732 tonnes sold in the year ended November 30, 2010 compared with 6,589,828 tonnes sold in the year ended November 30, 2009.

Aggregate management operating expenses for the three months ended November 30**,** 2010 were $720,252 representing an increase of 3.2% from $697,759 for the three months ended November 30, 2009. The increase is attributed to the increased volume of activity offset by reduced clearing and stripping expense in the three months ended November 30, 2010. As a percentage of sales, aggregate management operating expenses reduced by 2.2% for three months ended November 30, 2010 compared to the three months ended November 30, 2009 (15.3% compared to 17.5%).

Aggregate management operating expenses for the year ended November 30, 2010 were $2,464,261 representing an increase of $640,505 or 35.1% from $1,823,756 for the year ended November 30, 2009. This is almost completely attributable to greater stripping and clearing expensed activity during 2010, being $643,073 more than during 2009.

During the three months ended November 30, 2010, the Corporation recorded net income and comprehensive income of $1,309,855 (+$0.05 per share) compared to net income and comprehensive income of $820,854 (+$0.03 per share) for the three months ended November 30, 2009. This increase in net income is primarily attributed to an increase in aggregate sales and a cost recovery of future income tax expense offset by increased current tax expense compared to the three months ended November 30, 2009.

During the year ended November 30, 2010, the Corporation recorded net income and comprehensive income of $1,681,808 (+$0.06 per share) compared to net income and comprehensive income of $1,333,323 (+$0.05 per share) for the year ended November 30, 2009. This increase in net income is primarily attributed to increased aggregate management fees offset by increased aggregate management operating expenses and increased current income tax expense.

Current income tax expense in year ended November 30, 2010 was $907,105 compared to $90,176 for the prior period. The increase in current taxes is as a result of the Corporation's improvement in income before income taxes in the amount of $490,511. As well, prior years' operating losses carried forward benefited the 2009 fiscal year and were fully utilized during 2009.

General and administrative expenses for the three months ended November 30, 2010 have increased 17.7% to $456,159 from $387,458 for the three months ended November 30, 2009. The increase is primarily due to increased payroll costs and higher consulting fees and bad debt expense in the three months ended November 30, 2010.

General and administrative expenses for the year ended November 30, 2010 have increased 8.1% to $1,362,289 from $1,260,543 for the year November 30, 2009. The increase is primarily attributed to increased payroll expense net of reduced administrative services expense, and a reduction in automotive expenses for the year ended November 30, 2010.

Interest expense was $72,205 for the three months ended November 30, 2010 down from $75,522 for the three months ended November 30, 2009. The decrease is due to lower loan balances through principal repayment but partially offset by increased interest rates during the quarter over the three months ended November 30, 2009. For the year ended November 30, 2010 interest expense was $55,433 lower than at November 30, 2009 primarily due to lower loan balances (2010: $287,778; 2009: $343,211).

Interest income from cash on deposit and short-term investment for the three months ended November 30, 2010 totalled $5,858 as compared to $6,678 for the three months ended November 30, 2009. The decrease in interest income from 2009 to 2010 is due to lower invested balances, partially offset by higher interest rates. For the year ended November 30, 2010 interest income totalled $25,504 compared to $37,680 during year ended November 30, 2009. The decrease in income is primarily due to reduced amounts on deposit partially offset by increased interest rates.

Miscellaneous income in the three months ended November 30, 2010 totalled $11,902 pertains to cost recoveries of expenses incurred in 2009. There was no reportable amount in the corresponding prior period.

Miscellaneous income in the year ended November 30, 2010 totalled $23,981 pertains to cost recoveries of expenses incurred in 2009. There was no reportable amount in the corresponding prior year.

I. OPERATING ACTIVITIES

Cash flow from operating activities for the three months ended November 30, 2010 was $1,695,978 as compared to $2,366,051 for the three months ended November 30, 2009, a decrease of $670,073. Contributing to the decreased cash from operations was the increased level of accounts receivable in the amount of $846,191 in the three months ended November 30, 2010, whereas there was a reduction in accounts receivable in the amount of $811,034 in the three months ended November 30, 2009. Cash had further been utilized in the three months ended November 30, 2010 due to an increase in prepaid expenses in the amount of $153,324 compared to only a $17,480 increase in prepaid expenses in the three months ended November 30, 2009. The increase in prepaid expenses during the three months ended November 30, 2010 resulted mostly from a higher level of investment in security deposits on surface materials exploration applications. Offsetting these increased cash utilizations in the three months ended November 30, 2010 was the reduction in prepaid stripping expense compared to the same period in the prior year.

During the three months ended November 30, 2010 the Corporation had reduced stripping costs by $274,721, whereas during the three months ended November 30, 2009 the Corporation had increased stripping costs by $339,602. Cash had been preserved in the three months ended November 30, 2010 as a result of increased current income taxes payable of $506,217 compared to only $41,757 in the three months ended November 30, 2009.

Cash flow from operating activities for the year ended November 30, 2010 was $1,898,052, as compared to cash flow from operating activities of $3,836,672 for the year ended November 30, 2009, a reduction of $1,938,620. The reduction in cash flow from operating activities between the year ended November 30, 2010 and year ended November 30, 2009 amount is due to a combination of factors. Net income had increased by $348,485 during 2010 however future income taxes had reduced by $148,316 during 2010 whereas they had increased by $526,587 during 2009. Contributing to the decreased cash from operations was the increased level of accounts receivable in the amount of $1,440,537 in the year ended November 30, 2010, whereas there was a reduction in accounts receivable in the amount of $3,371,502 in the year ended November 30, 2009.

Cash in the amount of $202,314 was used to reduce the balance owed in accounts payable and accrued liabilities during 2010, whereas $2,200,247 was used for that purpose in the year ended November 30, 2009. Cash in the amount of $339,602 was used to increase the purchase of prepaid stripping costs in the year ended November 30, 2009 whereas the same amount had been added to cash flow during the year ended November 30, 2010. Year ended November 30, 2009 prepaid stripping costs had been entirely utilized during 2010. Cash in the amount of $280,685 was used to fund increased prepaid expenses in the year ended November 30, 2010 whereas only $48,935 had been used toward increased prepaid expense during the year ended November 30, 2009. The increase in prepaid expenses during 2010 resulted mostly from a greater level of funding for security deposits on surface materials exploration applications. Partially offsetting these increases in cash utilization were increases in current income tax payable, increasing $659,153 during the current year whereas the increase was only $41,757 during the year ended November 30, 2009.

J. INVESTING ACTIVITIES

Investing activity for the three month periods ending November 30, 2010 and 2009 are as follows.

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009
Purchase of property and equipment	$(182,587)	$(4,094)
Resource properties	$(116,993)	$(163,891)
Total	$(299,580)	$(167,985)

During the three months ended November 30, 2010 the Corporation incurred resource property and exploration expenditures of $116,993 as compared to $163,891 for the three months ended November 30, 2009. During the three months ended November 30, 2010, the Corporation increased exploration investment in its mineral properties by $110,126 and funded additional minerals properties applications in the amount of $6,867.

During the year ended November 30, 2010 the Corporation incurred resource property and exploration expenditures of $527,824 as compared to $488,216 for the year ended November 30, 2009. During the year ended November 30, 2010, the Corporation expended $490,836 toward its mineral properties and funded additional minerals properties applications in the amount of $36,988.

During the year ended November 30, 2010 the Corporation funded a long-term deposit of $25,050. This is a security deposit on its Logan River sand and gravel SML, which is refundable February 9, 2020 at the expiry of the lease. During the fourth quarter of November 30, 2010 the Corporation retroactively reclassified prepaid gravel from long-term deposits to prepaid expenses.

K. FINANCING ACTIVITIES

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009
Advances from related parties	$nil	$100,000
Repayment of advances from related parties	$nil	$(100,000)
Repayment of long-term debt	$nil	$(180,000)
Repurchase of share capital	$(188,907)	$nil
Proceeds from callable debt	155,000	$nil
Repayment of callable debt	$(457,479)	$(452,313)
Total	$(491,386)	$(632,313)

Proceeds from callable debt during the three months and year ended November 30, 2010 was $155,000, compared to $ nil and $37,000 for the corresponding periods in 2009. Repayment of callable debt during the three months and year ended November 30, 2010 was $457,479 and $1,814,417 respectively, compared to $452,313 and $1,653,854 for the corresponding periods in 2009.

During the year ended November 30, 2010 the Corporation retired the remaining $60,000 owed in long-term debt ($nil in the three months ended November 30, 2010). During the three months ended November 30, 2009 the Corporation retired $180,000 long-term debt and $540,000 during the year ended November 30, 2009.

During the fourth quarter of 2010 the Corporation had in place a normal course issuer bid. The issuer bid commenced on July 5, 2010 and will terminate on July 5, 2011. During the three months ended November 30, 2010, the aggregate cash cost of the common shares purchased and cancelled was $188,907 of which $176,232 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $12,675 charged to retained earnings. During the year ended November 30, 2010, the aggregate cash cost of the common shares purchased and cancelled was $213,177 of which $201,096 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $12,081 charged to retained earnings.

During the three months ended and year ended November 30, 2009, the Corporation received advances from related parties in the amount of $100,000 ($nil during 2010). During the three months ended and the year ended November 30, 2009 the Corporation repaid advances to related parties in the amount of $100,000 and $350,000 respectively.

L. LIQUIDITY AND CAPITAL RESOURCES

As at November 30, 2010, the Corporation had a reported working capital deficit of $1,783,314. Despite the repayment terms extending over five years, the callable debt has been classified as a current liability due to the demand feature of the loans. As at November 30, 2010 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 $4,040,415 for that purpose.

Management expects to repay the callable debt over the scheduled repayment period. As the Corporation is in compliance with the lender's covenants, management is unaware of any condition that would indicate the lender will demand immediate repayment of the 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.

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 March 1, 2011 the Corporation holds mineral permits covering 479,240 hectares. The Corporation has spending commitments totaling $843,035 in fiscal 2011 and $1,945,965 in fiscal 2012 to retain the Corporation's mineral permits held at March 1, 2011.
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.

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 March 1, 2011:

Number of Common Shares Outstanding	26,944,165
Number of Stock Options Outstanding	2,645,767

During the period ended November 30, 2010, the Corporation had in place a normal course issuer bid. The issuer bid commenced on July 5, 2010 and will terminate on July 5, 2011. During the year ended November 30, 2010, the aggregate cost of the common shares purchased and cancelled was $213,177 of which $201,096 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $12,081 charged to retained earnings.

During the year ended December 31, 2010 the Corporation repurchased a total of 829,000 common shares. During the period December 1, 2010 to March 1, 2011 the Corporation repurchased 205,000 common shares. As at March 1, 2011 a total of 1,034,000 shares of the allotted 1,398,908 had been repurchased pursuant to the normal course issuer bid.

The Corporation had 2,645,767 outstanding options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
955,767	$0.40	January 8, 2012
150,000	$0.26	October 15, 2012
75,000	$0.40	May 13, 2013
625,000	$0.25	September 21, 2014
100,000	$0.40	October 15, 2014
100,000	$0.40	November 2, 2014
640,000	$0.26	October 15,2015
2,645,767		

N. RELATED PARTY TRANSACTIONS

During the three months ended November 30, 2010 the Corporation incurred expenses of $ $130,648 (November 30, 2009 - $ 188,277) in consulting fees (for services rendered by three officers of the corporation), director fees and expenses, travel and miscellaneous, exploration costs, interest expense, letter of credit fees, and rental fees from certain directors and officers and certain companies controlled by certain officers and directors of the Corporation.

During the year ended November 30, 2010 the Corporation incurred expenses of $603,148 (November 30, 2009 - $726,119) in consulting fees (for services rendered by three officers of the Corporation), director fees and expenses, travel and miscellaneous, exploration costs, interest expense, letter of credit fees, and rental fees from certain directors and officers and certain companies controlled by certain officers and directors of the Corporation.

These fees are recorded in the financial statements as follows:

	For the Three Months Ended November 30,		For the Year Ended November 30,	
	2010	2009	2010	2009
Directors and officers:				
Director fees and expenses	$ 15,000	$ 27,792	$ 42,272	$ 74,892
Travel and miscellaneous	7,751	465	30,352	17,060
Exploration costs	1,601	5,146	2,812	5,371
Interest	-	227	-	1,952
	24,352	33,630	75,436	99,275
Companies controlled by directors and officers:				
Consulting fees for services rendered	$ 64,188	$ 113,842	$ 406,633	$ 459,777
Travel and miscellaneous	3,510	5,454	6,105	9,199
Exploration costs	18,599	20,641	37,345	55,782
Interest	-	2,710	296	34,086
Letter of credit fees	-	-	13,333	20,000
Rent	20,000	12,000	64,000	48,000
	106,297	154,647	527,712	626,844
	$ 130,649	$ 188,277	$ 603,148	$ 726,119

There is $54,411 related to these expenses recorded in accounts payable and accrued liabilities at November 30, 2010 (November 30, 2009 - $48,289).

During the three months ended November 30, 2010, there was a $nil promissory notes repayment to directors and officers (November 30, 2009- $12,000) and a $nil promissory notes repayment to companies controlled by directors and officers (November 30, 2009 - $132,000). During the year ended November 30, 2010, there was a $4,000 promissory notes repayment to directors and officers (November 30, 2009 - $36,000) and a $44,000 promissory notes repayment to companies controlled by directors and officers (November 30, 2009- $396,000). As at November 30, 2010, $nil in promissory notes are due to directors and officers (November 30, 2009- $4,000) and $nil in promissory notes are due to companies controlled by directors and officers (November 30, 2009- $44,000).

During the year ended November 30, 2010, the Corporation received $nil (November 30, 2009 - $250,000) in advances and repaid $nil (November 30, 2009 - $350,000) in advances from a company controlled by a director. The advances were unsecured, bearing interest at 7.5% and payable upon demand.

During the years ended November 30, 2010 and 2009, companies controlled by the directors and officers of the Corporation have provided a $500,000 letter of credit to the benefit of the Province of Alberta for reclamation at the Poplar Creek pit. In exchange, the Corporation paid letter of credit fees to these related companies in the amount of 4% of the letter of credit amount. Interest charged to the Corporation during year ended November 30, 2010 had been $13,333 (November 30, 2009- $20,000). During the year ended November 30, 2010 the Corporation obtained a letter of credit for this purpose and no longer pays letter of credit fees to related companies.

The Corporation has entered into consulting agreements with companies controlled by two directors and officers for services rendered by such officers, as well as an employment agreement with one director and officer of the Corporation.

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

O. FUTURE CHANGES IN ACCOUNTING POLICIES

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

International Financial Reporting Standards

The Canadian Accounting Standards Board (ACSB) announced in 2008 that for fiscal years commencing on or after January 1, 2011, all publicly accountable enterprises are required to report their financial results using IFRS as issued by the International Accounting Standards Board (IASB). IFRS uses a conceptual framework similar to Canadian Generally Accepting Accounting Principles (GAAP) but there are some differences in recognition, measurement and disclosures.

The first reporting period Athabasca Minerals Inc. will use IFRS will be for the year ended November 30, 2012, however, to be compliant with IFRS the Corporation will be required to prepare interim and annual financial statements with comparative numbers for the prior year. As a result, the Corporation will require the restatement for comparative purposes the amounts reported by Athabasca for each of the quarters in fiscal 2011 and for the year ended November 30, 2011. IFRS also requires the converted opening balance sheet as of December 1, 2010, the Corporation's date of transition to IFRS, be subject to audit. The conversion to IFRS from Canadian GAAP is a significant undertaking. The process will involve completion of successive phases, as follows: scoping and diagnostic, analysis and development, initial application, and implementation and reporting. The Corporation has commenced its conversion to IFRS, led by the Corporation's Chief Financial Officer, and supported by the Corporation's skilled IFRS service providers.

A high level review of key accounting policy differences between Canadian GAAP and IFRS indicates to the Corporation that areas most affected by the transition to IFRS are likely to be:

- First time adoption of International Financial Reporting Standards
- Impairment of assets
- Stock based compensation
- Income taxes
- Asset retirement obligations
- Stripping costs
- Property and equipment
- Related party disclosures

The Corporation recognizes there will be a significant increase in disclosure resulting from the adoption of IFRS and compliance with the new reporting standards will impact the Corporation's financial reporting. The Corporation's business processes, internal controls and information systems will be evaluated for potential related impact and modification. The compulsory use of IFRS could materially impact future reported earnings and recognized values of assets and liabilities. It is anticipated the Corporation's incremental costs of compliance with IFRS reporting standards may be significant.

Business Combinations, Consolidated Financial Statements and Non-controlling Interests

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

P. FINANCIAL INSTRUMENTS

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

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash and accounts receivable. The Corporation's maximum credit risk at November 30, 2010 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 November 30, 2010, 85% of the Corporation's accounts receivable was receivable from four customers.

The Corporation's aged accounts receivable is comprised of 60.3% current, 22.1% past due up to 60 days and 17.6% 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 strong investment grade rating.

.

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. Under its callable debt credit facilities, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at November 30, 2010 however the callable debt is due on demand. The demand feature of the callable debt 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 November 30, 2010 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 debt. In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities are as follows:

2011	$ 6,595,008

The Corporation expects the callable debt will be repaid in monthly amounts, however, the balance of $6,595,008 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.

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 fixed and variable rate debt financing. Given the interest rate is fixed on the term deposit and the long-term debt, the Corporation is not exposed to any interest rate risk on these financial instruments. However, the Corporation is exposed to interest rate risk on the variable rate callable debt. A 100 basis point increase in interest rate on the callable debt would decrease net income and comprehensive income by approximately $41,000.

The Corporation's callable debt bears 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 callable debt 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.

Q. RISKS AND UNCERTAINTIES

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

The operations of the Corporation are speculative due to the high risk nature of its business which includes the acquisition, financing, exploration, development and operation of mining properties. These risk factors could materially affect the Corporation's future operations and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation.

R. 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.