MANAGEMENT'S DISCUSSION & ANALYSIS

Athabasca
MINERALS INC.

FOR THE SIX MONTHS ENDED MAY 31, 2013

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GENERAL

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation") as of July 29, 2013 and is intended to supplement and complement the Corporation's unaudited condensed interim financial statements for the six months ended May 31, 2013 and May 31, 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", "Risks and Uncertainties" and "Forward Looking Information" at the end of this MD&A.

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

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

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

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A. COMPANY PROFILE

On February 15, 2013 the Corporation announced it has been included in the TSX Venture 50, a measure of strong performing companies listed on the TSX Venture Exchange ("TSX Venture"). The TSX Venture 50 was determined based on equal weighting of market capitalization growth, share price appreciation, trading volume and analyst coverage. Athabasca is one of ten companies in the mining subsector of the TSX Venture 50.

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

- 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 applicable pit, quantity assured supervision of clients' orders via weighing and / or surveying all aggregate extracted, and reclamation of the site in compliance with government standards after the applicable pit is depleted. For these services, the Corporation receives a fee for each cubic metre / tonne of aggregate material removed from the pits for the duration of the contracts. Currently, the Corporation manages the Susan Lake pit north of Fort McMurray, Alberta for the Alberta Government.

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

The Corporation has 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 fiscal 2012, the Corporation initiated aggregates sales production from its corporate-owned House River pit. Over a quarter-million tonnes of asphalt aggregate were supplied to a major road builder during the year from this pit. At its corporate-owned Kearl pit, a crushing spread and related equipment was purchased with crushing operations having commenced in Q3 2012. Aggregate sales from the Kearl pit commenced during fiscal Q4 2012, and through Q2 2013, a total of 293,442 tonnes of gravel and sand has been sold, including 140,945 tonnes sold during Q2 2013. During Q1 2013 the Corporation initiated sales from its corporate-owned Logan pit. The first 98,243 tonnes of a 375,000 tonne gravel contract was delivered during Q1 2013, with a further 16,407 tonnes delivered during Q2 2013. Inclement weather causing very poor hauling conditions have served to impede hauling progress on this contract. The customer has indicated they will no longer be purchasing the crushed gravel that was previously hauled to the interim stockpile in the approximate amount of 72,000 tonnes. It is therefore management's intention to market this inventory to other customers.

Presently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 511,073 hectares (1,262,889 acres) largely located in the Fort McMurray region in northeast Alberta. A rich variety of industrial minerals has been identified in this region including silica sand, granite and salt. These minerals are key ingredients for many products used to support the oil sands industry and Alberta infrastructure projects. The Corporation continues to assess its permitted land holdings for development based on mineral exploration programs that employ such methods as airborne magnetic surveys, stream sediment and outcrop sampling and deep well drilling.

Currently, the Corporation also holds Alberta Metallic and Industrial Minerals Leases on nine mineral leases covering 15,232 hectares (37,639 acres) containing silica sand, and Alberta Metallic and Industrial Minerals Leases on four mineral leases covering 5835.5 hectares (14,420 acres) containing salt. Included in the 15,232 hectares containing silica sand are two mineral leases the Corporation added during June 2013 covering 2,432 hectares (6,010 acres) on the property the Corporation refers to as Birch Mountain.

B. AGGREGATE MANAGEMENT

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

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 1,289 hectares or 34.4% of the pit has been developed. Approximately 79.7 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 May 31, 2013 there are 54 months remaining on a ten year contract with the Alberta Government.

Between 2003 and 2012 sales from Susan Lake averaged 6.64 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, 2011 and 2012 Susan Lake Pit sales increased to 7.13 million tonnes, 7.75 million tonnes and 10.60 million tonnes respectively. The aggregate was utilized by oil sands companies and for other infrastructure projects in the Fort McMurray area.

Operations in the pit are year round, however there is a seasonal nature to the operations, due largely to construction projects starting up in the spring and summer seasons, with the majority of revenue earned in the 3rd and 4th quarters. During Q1 2013, Susan Lake sales volume was 1,329,430 tonnes, a decrease of 438,896 tonnes or 24.8%, from Q1 2012, when record high Q1 aggregate demand was achieved. During Q2 2013, Susan Lake sales volume was 2,200,426 tonnes, a decrease of 274,630 tonnes or 11.1%, from Q2 2012. During Q2 2013 YTD, Susan Lake sales volume was 3,529,856 tonnes, a decrease of 713,526 tonnes or 16.8%, from Q2 2012 YTD. For further comparison, Q2 2013 YTD Susan Lake tonneage sales were 1,185,125 tonnes or 50.5% greater than Q2 2011 YTD sales of 2,344,731 tonnes. Midway through Q3 2013, Susan Lake tonneage volume continues to track below the comparable period in Q3 2012, although remaining higher than tonneage sales during the comparable period in Q3 2011.

For the year ending November 30, 2012 public pit sales on which aggregate management fees are earned were 10,619,322 tonnes, a 36.9% or 2,860,711 tonne increase over 7,758,612 tonnes sold during fiscal 2011. The Corporation has not forecast its fiscal 2013 Susan Lake tonneage sales.

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 Poplar Creek management contract expired February 28, 2013. The expiry is not viewed to negatively impact the operations of the Corporation as the pit's operation had effectively ceased during fiscal 2011 due to the depletion of aggregate. As a result of pit depletion management wrote off the unamortized balance of the related Poplar Creek intangible assets at November 30, 2011. The Corporation is currently awaiting approval of its submitted application to renew its 124 acre miscellaneous lease which expired February 28, 2013. The renewal is seeking approval to operate the land as a lay-down storage yard, and as a camp facility to accommodate our employees.

Poplar Creek Land Use Agreement

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

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

During April 2011, the camp provider commenced operations of a first lodge constructed on the lease that can accommodate approximately 500 oil sands industry workers. During June 2012, the camp provider commenced operations of a second lodge, constructed on the same 42 acre property, with accommodation for approximately 600 further oil sands industry workers. This second lodge is also governed pursuant to the land agreement entered in 2011 between the Corporation and the work camp provider. The Corporation will not receive an increased fixed monthly fee; however, the Corporation will receive proceeds for actual daily accommodation at the second lodge at the same daily rate received at the first 500 worker lodge. The work camp provider's contribution toward the estimated cost of decommissioning and restoration is unaffected by the addition of the second lodge, remaining in aggregate, not to exceed $300,000.

During Q1 2013 the Corporation reported the work camp provider's main tenant abandoned its involvement in an oil sands project, which resulted in reduced accommodation requirements for its workforce during Q1 2013. The work camp provider has since advised that at the conclusion of the Corporation's Q2 2013, the first lodge was dismantled and was to be transferred to a different operating location. Consequently, beginning the third quarter of fiscal 2013, the Corporation will continue to receive fixed monthly proceeds, and in addition, will receive proceeds for daily accommodation at lodge 2, the single remaining lodge at Poplar Creek. Lodge 2, the continuing lodge, has shown from its opening one year ago, a consistently higher average monthly occupancy rate than at the first lodge (the removed lodge). Lodge 2 is slightly newer, somewhat larger (600 compared to 500 worker occupancy), and has some preferred features when compared to the removed lodge.

At May 31, 2013 management revalued the portion of the land use agreement receivable attributable to the second lodge at $795,132. The revaluation was determined with reference to the average monthly accommodation rate experienced since inception of the second lodge, which covers the period June 2012 through May 2013. Total future cash flow in the amount of $834,669 from estimated receipts for daily occupancy at the second lodge was discounted at a rate of 3.00%, resulting in an increase of $229,409 in the carrying value of the land use agreement receivable, and was included in income at May 31, 2013.

At May 31, 2013 the estimate for decommissioning and restoration costs attributable to the 42 acres related to the land use agreement increased by $585 and was recorded as an increase in the loss on land use agreement.

At May 31, 2013 management revalued the portion of the land use agreement receivable attributable to the dismantled lodge at $136,257 which represents the estimated fixed monthly proceeds receivable subsequent to May 31, 2013 through October 19, 2015. Total future cash flow from estimated future receipts was then discounted at a rate of 3.00%, resulting in a decrease of $333,651 in carrying value of the land use agreement receivable, and was charged against income at May 31, 2013.

Components of Loss on Land Use Agreement- Six months ended May 31, 2013:

Lodge 1: Revaluation of estimated future discounted receipts	$(370,577)
Actual receipts below estimated receipts at lodge 1 during first quarter of fiscal 2013	(36,604)
Decreased future reclamation costs attributable to the land use agreement (Note 12)	16,233
Lodge 2: Revaluation of estimated future discounted receipts	84,831
Actual receipts below estimated receipts at lodge 2 during first quarter of fiscal 2013	(82,984)
Loss on Land Use Agreement	$(389,101)

The land use agreement receivable combined current and long-term carrying value of $931,390 at May 31, 2013 is the estimated future discounted receipts from Lodge 2 and the fixed monthly proceeds on dismantled Lodge 1 subsequent to May 31, 2013.

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

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, enabling the Corporation to benefit from the full market value on all sales of aggregates, including when applicable, its processing and delivery (in contrast to a per tonne fixed fee the Corporation receives for managing the Susan Lake pit).

The 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

The 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 aggregate operation on the leased land for a term of ten years. During fiscal 2012 the Corporation reported sales of asphalt aggregate from the House River pit totaling 253,500 tonnes to a major road building contractor in connection with the twinning of Highway 63, north of Wandering River, Alberta.

The House River pit is currently a winter access only pit due to access limitations due to a seasonal road. The Corporation is considering a future upgrade of the winter road to an all-season road. The development of an all season road would enable the Corporation to operate the House River pit on a year-round basis, should demand warrant the activity.

On October 19, 2012 the Alberta transportation minister announced that the province will twin a 240-kilometre stretch of Highway 63, which is to be completed within four years, at an estimated cost of $778 million. Management anticipates its House River pit is well-situated to potentially provide further supply of aggregates, as done so successfully in the past, for the Highway 63 twinning project.

Kearl Pit

The Kearl pit is located approximately 60 km east of the Susan Lake gravel pit. During March 2011 the Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation on the leased land for a term of ten years. The Corporation completed construction of an all-weather road linking the aggregate operation to a number of major oil sands operations surrounding the pit. As a result the Kearl pit is able to undertake year-round aggregate extraction and sales. On February 21, 2012 the Corporation announced the receipt of a National Instrument 43-101 for the Kearl aggregate deposit. The "indicated" mineral resource aggregates include 3,770,330 tonnes of gravel and 7,636,390 tonnes of sand. Also reported is an "inferred" mineral resource quantity of a further 434,000 tonnes of gravel, and that the quality of the aggregate materials is suitable for road construction and maintenance.

Management anticipates the availability of processed and stockpiled aggregates at this strategic location may provide it with a logistical competitive advantage. The rationale supporting this expectation is the location of the pit and its close proximity to potential customers who may have previously sourced aggregate from more remote locations. Since hauling costs can be a significant portion of the total landed cost for aggregate supply, customers may be able to source aggregate from the Kearl pit at more

favorable prices as a result of reduced hauling distances.
In bringing this pit into operation, management determined that it would be economically beneficial to the Corporation to own rather that subcontract its crushing operations at the Kearl pit. By owning the crushing operations, compared to subcontracting the work, the Corporation could benefit from increased margins. The decision to own and operate our own crushing operation was primarily due to the anticipated year round customer demand for processed high quality aggregate from this pit. The Corporation took delivery of its crushing spread and related machinery in Q3 2012.

The Corporation initiated crushing operations using its own equipment and labor in Q4 2012 and successfully prepared in excess of 40,000 tonnes of stockpiled gravel and additional stockpiled sand during Q4 2012. Challenging work conditions at the Kearl pit during start up, primarily due to winter weather conditions, resulted in a slower start up than anticipated. As a result of a work stoppage lasting a few months no stockpiled gravel had been produced during Q1 2013. Crushing production at the Kearl pit resumed during March 2013 under very wet spring conditions resulting from winter thaw, followed by heavy rainfalls, resulting in a significant dewatering challenge at the pit, a situation that had largely prevailed until recently.

During Q2 2013 approximately 95,000 tonnes of gravel and a further substantial quantity of sand had been prepared, of which 90,925 tonnes of gravel and 50,021 tonnes of sand were sold during the quarter.

Although startup costs have exceeded initial estimates, the relative cost of aggregate operations at the pit is expected to be advantageous over sub-contracting the crushing as increased aggregate production and efficiency improvements are realized. We feel the experience gained during the early operations at the Kearl pit have allowed us to further develop plans for future operations at the pit.

Logan Pit

The Logan pit is located approximately 160 km south of Fort McMurray. The Logan pit is a winter access only pit due to access limitations with a seasonal road. The Corporation received SML approval from the Government of Alberta to develop an open pit aggregate operation on the leased land for a term of ten years in early 2010. On February 21, 2012 the Corporation announced the receipt of a National Instrument 43-101 for the Logan aggregate deposit. The "indicated" mineral resource aggregate included 1,357,000 tonnes of gravel. Also reported is an "inferred" mineral resource quantity of 662,600 tonnes of gravel, and that the quality of the aggregate materials is suitable for road construction and maintenance.

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

During January 2013, the Corporation announced its first sales contract for aggregate to be supplied from the Logan pit. A total of 375,000 tonnes of gravel has been contracted for, with the Corporation responsible for product, processing and delivery. Winter weather and poor road conditions delayed activity and made operations challenging once the project commenced. A total of 98,243 tonnes of gravel had been invoiced under this contract during Q1 2013, with a further 16,407 tonnes invoiced during Q2 2013. Approximately 72,000 additional tonnes of processed gravel were hauled from the Logan pit to an interim stockpile location prior to the Logan pit becoming inaccessible due to ground conditions resulting from winter thaw. A wet spring condition followed by extensive heavy rainfall has prevented the ground conditions at the interim stockpile to dry adequately in order to allow hauling from that site to commence. A further approximate 202,000 tonnes of gravel was unable to be removed from the Logan pit prior to the onset of the winter thaw which has rendered the Logan pit inaccessible for further hauling until the ground freezes. This aggregate, which has also already been crushed, should be available for delivery beginning in Q1 2014, once frozen ground conditions permit the resumption of hauling. The customer has indicated they will no longer be purchasing the crushed gravel that was previously hauled to the interim stockpile in the approximate amount of 72,000 tonnes. It is therefore management's intention to market this inventory to other customers.

Pelican Hill Pit

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

Private Land

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 the marketing of gravel in northwest Alberta.

Under the lease agreement the Corporation is entitled to 300,000 cubic yards (equal to 375,000 tonnes) of pit run aggregate. Since 2007, the Corporation has bid on several projects with the objective of utilizing aggregates sourced from this pit. To date the Corporation has been unsuccessful. During the third quarter of 2011 the lease expired. The Corporation remains entitled to obtain and sell its 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.

Acquisition and/or Joint Venture

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

D. MINERAL PROPERTIES

As at July 29, 2013 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 511,073 hectares (1,262,889 acres) of land and Alberta Metallic and Industrial Minerals Leases for 21,067.5 hectares (52,059 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 its exploration and strategic priorities, as well as financial considerations. The mineral permits are located largely in the Fort McMurray area.

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

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

	July 29, 2013 (hectares)	**May 31, 2013 (hectares)**	**February 28, 2013 (hectares)**
Balance at beginning of period:	512,209	538,385	439,331
Mineral permits acquired during the period:	16,000	-	109,934
Mineral permits relinquished during the period:	(17,136)	(26,176)	(10,880)
Balance at end of period:	511,073	512,209	538,385

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

	July 29, 2013 (hectares)	**May 31, 2013 (hectares)**	**February 28, 2013 (hectares)**
Balance at beginning of period:	18,635.5	18,635.5	18,635.5
Mineral leases acquired during the period:	2,432	-	-
Mineral leases relinquished during the period:	-	-	-
Balance at end of period:	21,067.5	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, collectively referred to by the Corporation as the Firebag property, are situated in the Wood Buffalo region of Alberta, and contain silica sand, a portion of 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 its appropriateness in use as frac sand. The results are encouraging as the Corporation's frac sand was found to comply favorably with specifications and technical standards used in the fracking industry.

As of June 2013 the Corporation holds Alberta Metallic and Industrial Minerals Leases on two further mineral leases covering 2,432 hectares (6,010 acres). The leases, in addition to mineral permits in the area, are collectively referred to by the Corporation as the Birch Mountain property. They are situated in the Wood Buffalo region of Alberta, and contain silica sand, which the Corporation intends to further evaluate for suitability for the production of frac sand.

Athabasca also holds four mineral leases covering 5,835.5 hectares (14,420 acres) containing salt 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 5,835.5 hectares (14,420 acres) of property overlying the Lotsberg salt formation in the area of Boyle, Alberta. Management is of the opinion the salt is of a high quality and is attractively situated nearby roadway, rail, power and water resources. The Corporation is of the opinion that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant. Athabasca also has mineral permits totaling 13,481 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 holds mineral permits on 39,536 hectares in the Wood Buffalo region of Alberta in the Birch Mountain area approximately 150 kilometers north of Fort McMurray. On the property is a salt formation which the Corporation has identified and evaluated. The Corporation drilled a salt test well that terminated at a depth of 490 meters. Studies have indicated that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands. Management feels the property may be usable for housing industrial waste products or for storage of petroleum products, and is assessing its strategic options for this project.

Silica Sand

The Corporation holds a 100% interest in Alberta Metallic and Industrial Minerals Leases on its Firebag property covering 12,800 hectares (31,629 acres) in the Fort McMurray region of northeast Alberta which contain silica sand. The property is accessible via Highway 63 and is near water and power sources.

Extensive testing of the silica sand deposit on the Corporation's Firebag property 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.

Athabasca is currently evaluating strategies to bring its Firebag property to commercial production.

The Corporation is in discussions with the provincial government in order to obtain approvals for the development of a portion of this property for the production of frac sand. The Corporation made application in March 2013 to the Alberta Government for an 80 acre parcel of land contained on a portion of the Corporation's existing Firebag property, in conjunction with an earlier land package application near Fort McMurray adjacent to a regional rail line. With this application, the Corporation intends to develop this initial 80 acre parcel for mining of frac sand, and haul for processing at the land package currently under application.

The Corporation intends to later develop a larger area of an additional 500 acres which will require an EIA as frac sand depletes from the 80 acre parcel. In addition, the Corporation has commissioned a National Instrument 43-101 report covering a total of 500 acres at the Firebag property.

Athabasca anticipates receiving government approvals for the existing applications for the 80 acre SML and for the land package adjacent to the rail yard during fiscal 2013.

The Corporation holds two mineral leases covering 2,432 hectares (6,010 acres) on its Birch Mountain property, in the Fort McMurray region of northeast Alberta which contain silica sand.

Minerals Exploration Update

During fiscal 2012 the Corporation identified a granite outcrop located approximately 70 kilometers north of the Susan Lake pit. During Q1 2013 initial drilling in this area was performed and in-house testing of samples was conducted. The drilling program encountered granite and dolomite, confirming that granite extends beyond the granite outcrop. Initial observations indicate both the granite and dolomite appear to be of high quality for use as aggregate. These results are of keen interest to the Corporation. Additional testing and drilling is planned for this area during fiscal 2013, with an NI 43-101 report expected to be commissioned.

During June 2013 the Corporation added mineral leases covering 2,432 hectares (6,010 acres) on the property the Corporation refers to as Birch Mountain. Athabasca had previously held mineral permits on these leased lands, and in addition, has added mineral permits on property adjacent to the leased lands. The Corporation intends to further evaluate the silica sand found on this property for suitability for the production of frac sand.

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. Revenue refers to aggregate management fee revenue, and commencing with the period ending February 29, 2012, also includes revenue from private pit gravel sales.

	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	May 31/13	**Feb 28/13**	**Nov 30/12**	**Aug 31/12**
Revenue	6,278,678	$6,683,396	$4,301,229	$3,582,344
Aggregate operating expenses	3,761,468	$5,733,343	$1,328,540	$689,516
Gain (loss) on land use agreement	(104,827)	$(284,274)	$588,262	$812,311
Recovery (write down) of intangible assets	(7,016)	$41,371	$37,337	$(20,006)
Write down of resource properties and exploration costs	$-	$-	$(670,389)	$-
Net (loss) income and comprehensive (loss) income	847,445	$(374,582)	$1,160,601	$2,044,148
Basic (loss) net income per common share	0.030	$(0.013)	$0.042	$0.074
Diluted (loss) net income per common share	0.029	$(0.013)	$0.041	$0.074
Total assets	35,678,173	$36,851,458	$33,278,023	$26,786,736
Resource properties	6,229,445	$6,085,698	$5,895,745	$5,724,550

	Three Months Ended May 31/12	Three Months Ended Feb 29/12	Three Months Ended Nov 30/11	Three Months Ended Aug 31/11
Revenue	3,209,483	$3,629,619	$3,390,705	$2,613,379
Aggregate operating expenses	1,134,848	$1,566,723	$657,430	$292,436
Gain on land use agreement	$-	$-	$646,517	$-
Write down of intangible assets	$-	$-	$(218,176)	$-
Write down of resource properties and exploration costs	$-	$-	$(447,906)	$(2,500)
Net income and comprehensive income	$721,252	$784,408	$1,309,901	$1,108,065
Basic net income per common share	$0.026	$0.029	$0.048	$0.041
Diluted net income per common share	$0.026	$0.028	$0.047	$0.041
Total Assets	21,938,045	$21,800,778	$20,197,714	$18,842,510
Resource Properties	5,435,173	$5,042,386	$4,694,489	$5,304,669

The Corporation derives revenues from managing the supply of, and from the production of, 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, there is a seasonal nature to the operations, with winter and spring traditionally being the slowest time for the Corporation. This is due largely to construction projects starting up when ground conditions improve during the warmer and drier seasons. During Q1 2013, Susan Lake public pit sales volume was 1,329,430 tonnes, a decrease of 438,896 tonnes or 24.8%, from 1,768,326 tonnes during Q1 2012, when record high Q1 aggregate demand was achieved. During Q2 2013, Susan Lake public pit sales volume was 2,200,426 tonnes, a decrease of 274,630 tonnes or 11.1%, from 2,475,056 tonnes during Q2 2012. Q2 2013 YTD Susan Lake public pit sales volume was 3,529,856 tonnes, a decrease of 713,526 tonnes or 16.8%, from 4,243,382 tonnes during Q2 2012 YTD.

For further comparison, Q1 2013 Susan Lake sales volume of 1,329,430 tonnes was 449,816 tonnes or 51.1% greater than Q1 2011 volume of 879,614 tonnes. Q2 2013 Susan Lake sales volume of 2,200,426 tonnes was 735,309 tonnes or 50.2% greater than Q2 2011 volume of 1,465,117 tonnes. Q2 2013 YTD Susan Lake public pit sales volume of 3,529,856 tonnes was 1,185,125 tonnes, or 50.5% greater than 2,344,731 tonnes sold during Q2 2011 YTD.

Additionally, during Q1 2013, a total of 88,551 tonnes of gravel and sand sold from the Kearl pit, and 98,243 tonnes of gravel was delivered from the Logan pit, for a total of 186,794 tonnes sold from corporate-owned pits. During Q2 2013, a total of 140,945 tonnes of gravel and sand sold from the Kearl pit, and 16,407 tonnes of gravel was delivered from the Logan pit, for a total of 157,352 tonnes sold from corporate-owned pits. Combined corporate pit sales through Q2 2013 YTD were 344,146 tonnes, up 90,646 tonnes, or 35.8% over the comparative period.

Combined public and corporate-owned pits sales during Q2 2013 totaled 2,357,778 tonnes, a decrease of 172,125 tonnes or 6.8% from Q2 2012. Combined public and corporate-owned pits sales during Q2 2013 YTD totaled 3,874,002 tonnes, a decrease of 622,880 tonnes or 13.9% from Q2 2012 YTD.

For further comparison, combined public and corporate-owned pits sales during Q2 2013 of 2,357,778 tonnes were 892,661 tonnes or 60.9% greater than Q2 2011 sales of 1,465,117 tonnes. Combined public and corporate-owned pits sales during Q2 2013 YTD totaled 3,874,002 tonnes, an increase of 1,529,271 tonnes or 65.2% from Q2 2011 YTD.

As various oil sands companies have announced plans to increase their production, management anticipates strong continuing demand for aggregate.

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, anticipated 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. 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.

As of July 26, 2013, the pricing differential between West Texas Intermediate (WTI) crude and Western Canadian Select (diluted bitumen), reduced to approximately $21. This is roughly one-half of the pricing differential noted earlier in 2013. Although the Alberta oil sands industry environment is currently subject to different influences that create pricing volatility, the impact is not expected to result in significant changes to construction activity in the Canadian oil sands environment. This is supported by information provided by OSDG in April 2013, when compared to similar information released seven months earlier, as there is not an apparent decline in construction spending expected. In September 2012 OSDG advised in their project status reporting that oil sands and in-situ projects totaling 6,000,220 barrels per day capacity were in these categories:

- Projects with Regulatory approval
- Projects under Regulatory Review
- Projects Announced/ Disclosed

In April 2013 OSDG reports a total of 6,093,370 barrels per day comparative capacity, an increase of 1.5%.

During Q2 2013 YTD, Susan Lake volume was 16.8% lower than Q2 2012 YTD. However, the Q2 2013 YTD Susan Lake tonneage volume was 50.5% above the Q2 2011 YTD level. Midway through Q3 2013, Susan Lake tonneage volume continues to track below the comparable period in Q3 2012, although remaining higher than tonneage sales during the comparable period in Q3 2011.

For fiscal 2013 the Corporation has planned various activities and initiatives for its exploration and aggregates programs, which include:

- Perform additional drilling and testing on its permit property located north of Susan Lake. Q1 2013 initial drilling on this property confirms the presence of granite and dolomite. Commission a National Instrument 43-101 report to confirm in-house data and establish quantities;
- Continue to realize efficiency improvements with corporate-owned crushing activities at Athabasca's Kearl pit;
- Secure new sales orders from its corporate pits; and,
- Obtain government approvals for the Firebag project silica production, as well as to obtain a final National Instrument 43-101 report. Athabasca anticipates receiving government approvals for the existing applications for the 80 acre SML and for the land package adjacent to the rail yard during fiscal 2013.

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.

During Q2 2013, Susan Lake public pit sales volume was 2,200,426 tonnes, a decrease of 274,630 tonnes or 11.1%, from Q2 2012. Q2 2013 YTD Susan Lake public pit sales volume was 3,529,856 tonnes, a decrease of 713,526 tonnes or 16.8%, from Q2 2012 YTD.

However, the Q2 2013 Susan Lake tonneage volume was 50.2% above the Q2 2011 level, and through Q2 2013 YTD, the Susan Lake tonneage volume was 50.5% above the Q2 2011 YTD level.

Midway through Q3 2013, Susan Lake tonneage volume continues to track below the comparable period in Q3 2012, although remaining higher than tonneage sales during the comparable period in Q3 2011.

For the year ending November 30, 2012 public pit sales on which aggregate management fees are earned were 10,619,322 tonnes, a 36.9% or 2,860,711 tonne increase over 7,758,612 tonnes sold during fiscal 2011. The Corporation has not forecast its fiscal 2013 Susan Lake tonneage sales, which are currently tracking above fiscal 2011 and below fiscal 2012 sales volumes.

Despite significant volatility in 2013 oil prices, oil sands companies have announced continued plans to increase their production, and as a result strong continuing demand for aggregate is anticipated by management.

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. Pricing in respect of gravel resources becomes 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 should provide the corporate-owned pits the Corporation has placed into production during fiscal 2012 with a location competitive advantage in some instances compared to Susan Lake. The Logan pit is much closer to a number of oil sand developments south of Fort McMurray, and the Kearl pit, approximately 60 kilometers east of Susan Lake, is also located nearer to some aggregate end users. The House River pit is located approximately 11 kilometers from Alberta Highway 63.

During fiscal 2012, the House River pit initiated production and completed a 253,500 tonnes asphalt aggregates sale to a major road builder. Alberta's Department of Transportation intends to twin a 240-kilometre stretch of Highway 63, to be completed by fall 2016 at an estimated cost of $778 million. Management anticipates its House River pit is well-situated to potentially participate in further supply of aggregates for the Highway 63 twinning project as well as for other prospective demands.

The Kearl pit is located in the immediate vicinity of major oil sands operations surrounding the project area. Initial sales from the Kearl pit began during Q4 2012, and through Q2 2013, more than 293,000 tonnes of aggregate has been sold from the pit, including more than 140,000 tonnes sold during Q2 2013. There is current demand for all the gravel that is being produced, as well as demand for stockpiled sand. Although startup costs have exceeded initial estimates, the relative cost of aggregate operations at the pit is expected to be advantageous over sub-contracting the gravel crushing as increased aggregate production and efficiency improvements are realized. Management feels the experience gained during the early operations at the Kearl pit have allowed us to further develop plans for its future operations and increased efficiency.

Logan pit sales commenced during Q1 2013, when more than 98,000 tonnes of crushed gravel had been invoiced pursuant to a 375,000 tonne contract. Under the contract, the Corporation is responsible for providing product, processing and delivery. Sub-contractor gravel crushing for 390,000 tonnes was completed by end of Q1 2013. Approximately 202,000 tonnes of crushed gravel were unable to be removed from the Logan pit prior to the onset of the winter thaw. The Logan pit is now inaccessible for further hauling until the ground next freezes. Approximately 72,000 further tonnes of crushed gravel was hauled from Logan pit to an interim stockpile prior to the Logan pit becoming inaccessible. Once the interim stockpile's wet ground conditions improve, the crushed gravel will be available for hauling. It is anticipated that the crushed gravel remaining at the Logan pit will be available for hauling beginning Q1 2014, when frozen ground conditions should allow for resumption of hauling. Winter weather conditions and poor road conditions have impeded hauling on this contract. In order to avoid a similar circumstance in future years, the Corporation plans to adapt its approach to winter haul only roads such as the Logan pit. The Corporation can have available for its use both ice sanding and grading equipment to better maintain the winter hauling road to allow for improved truck transport during poor driving conditions. As well, to the extent possible, the Corporation will plan to accelerate its future activities within the pit as early as weather and ground conditions allow.

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.

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.

The Province of Alberta recently has completed a regional land use study of the Lower Athabasca area that impacts on mineral activities in the area. A plan has been enacted, known as the Lower Athabasca Regional Plan (the "LARP"), which identifies and sets resource and environmental management protocols with respect to air, land, and biodiversity, and will guide future resource management in the region.

The Lower Athabasca area includes some of the Corporation's properties that are proposed for, or had been actively explored by, the Corporation. Alberta has now served cancellation notices on all mineral agreement holders impacted by the Lower Athabasca Regional Plan. The LARP had a small impact on the Corporation's holdings, with only 6,726 hectares of over 180,000 hectares in northern Alberta to be cancelled due to the inclusion of the land in a provincial recreation area. The Corporation had conducted no exploration on the 6,726 hectares which are not yet cancelled.

G. OPERATING RESULTS

	Six Months Ended May 31, 2013	Six Months Ended May 31, 2012
Aggregate management fees	3,916,039	4,788,287
Net aggregate sales	9,046,035	2,050,815
Total revenue	**$12,962,074**	**$6,839,102**
Stripping, clearing and crushing expenses	$2,095,808	$1,621,052
Amortization, depreciation and depletion	$683,030	$66,665
Other aggregate operating expenses	$6,695,948	$1,002,350
Aggregate operating expenses	$9,474,786	$2,690,067
Gross profit	**$3,487,288**	**$4,149,035**
Other expenses		
Amortization and depreciation	$692,669	$545,433
General and administrative	$1,121,679	$993,012
Finance costs	$205,484	$87,665
Share-based compensation	$395,399	$96,455
Income before other items	$1,072,037	$2,426,470
Other income (loss)		
Interest	$18,196	$12,103
Loss on land use agreement	$(389,101)	$-
Recovery of intangible assets	$34,355	$-
All other (loss)	$37,866	$(18,989)
Income before income taxes	**$773,353**	**$2,419,584**
Income taxes	$(300,490)	$(913,924)
Net income and comprehensive income	**$472,863**	**$1,505,660**
Basic income per common share	**$0.017**	**$0.055**
Diluted income per common share	**$0.016**	**$0.054**

Total revenue for the three months ended May 31, 2013 was $6,278,678, comprised of aggregate management fees of $2,427,022 and net aggregate sales of $3,851,656. This compared to total revenue for the three months ended May 31, 2012 of $3,209,483 comprised of aggregate management fees of $2,765,778 and net aggregate sales of $443,705. During the three months ended May 31, 2013 revenue increased by $3,069,195 or 95.6%, including a reduction in aggregate management fees of $338,756 or 12.2% and an increase in net aggregate sales of $3,407,950 or 768.1%. The management contract with the Government of Alberta allows for an annual increase in the management fee based on the Alberta consumer price index increase of the preceding year. Additional fees are charged when the Susan Lake scales are operated beyond normal business hours. In the three months ended May 31, 2013, there was a reduction in requests for over-time scale operations versus the comparative period, which along with reduced tonneage volume, contributed to reduced aggregate management fees.

Total tonneage sales of aggregate on which aggregate management fees are earned by the Corporation had decreased by 11.1%, with 2,200,426 tonnes sold in the three months ended May 31, 2013 compared with 2,475,056 sold in the three months ended May 31, 2012. During the three months ended May 31, 2013 there were 157,352 tonnes sold from corporate-owned pits versus 54,857 in the comparative period.

Total revenue for the six months ended May 31, 2013 was $12,962,074, comprised of aggregate management fees of $3,916,039 and net aggregate sales of $9,046,035. This compared to total revenue for the six months ended May 31, 2012 of $ 6,839,102 comprised of aggregate management fees of $4,788,287 and net aggregate sales of $2,050,815. During the six months ended May 31, 2013 total revenue increased by $6,122,972 or 89.5%, including a reduction in aggregate management fees of $872,248 or 18.2% and an increase in net aggregate sales of $6,995,220 or 341.1%. The management contract with the Government of Alberta allows for an annual increase in the management fee based on the Alberta consumer price index increase of the preceding year. Additional fees are charged when the Susan Lake scales are operated beyond normal business hours. In the six months ended May 31, 2013, there was a reduction in requests for over-time scale operations versus the comparative period, which along with reduced tonneage volume, contributed to reduced aggregate management fees.

Total tonneage sales of aggregate on which aggregate management fees are earned by the Corporation had decreased by 16.8%, with 3,529,856 tonnes sold in the six months ended May 31, 2013 compared with 4,243,382 sold in the six months ended May 31,

2012. During the six months ended May 31, 2013 there were 344,146 tonnes sold from corporate-owned pits versus 253,500 in the comparative period.
Aggregate operating expenses for the three months ended May 31, 2013 were $3,761,468 representing an increase of $2,626,620 or 231.5% from $1,134,848 for the three months ended May 31, 2012. Stripping, clearing and crushing expenses of $524,897 were incurred during Q2 2013, which primarily consisted of payroll costs for crushing and stripping expenses at the Kearl pit. During Q2 2012 $570,351 was spent on stripping, clearing and crushing activities. Amortization, depreciation and depletion expense was $363,812 during Q2 2013 compared with $15,461 during Q2 2012. The increase was due to increased plant and equipment depreciation expense at corporate-owned pits, and increased corporate pit production, thus increasing depletion of corporate-owned pit setup costs and amortization of decommissioning and restoration costs. All other aggregate operating expenses increased by 423.2% during Q2 2013, up $2,323,723 to $2,872,759 compared to $549,036 during Q2 2012. Over $1.5 million of this increase was due to hauling costs on private pit aggregate sales. Q2 2013 cost increases in other aggregate operating expenses primarily involved increased diesel fuel costs ($414,477), increased aggregate operations payroll costs ($429,354), accommodation and meal costs for work crews ($279,946) and increased equipment repair and maintenance ($345,555). Q2 2013 increase in inventory remaining available for sale, up $1,908,520 to $4,470,644 is a cost offset to all other aggregate operating expenses. There was no inventory being carried at Q2 2012.

Aggregate operating expenses for the six months ended May 31, 2013 were $9,474,786 representing an increase of $6,784,719 or 252.2% from $2,690,067 for the six months ended May 31, 2012. Stripping, clearing and crushing expenses of $2,095,808 were incurred during Q2 2013 YTD, which primarily consisted of subcontractor crushing expenses at the Logan pit, and payroll costs at the Kearl pit. During Q2 2012 YTD $1,621,052 was spent on stripping and clearing activities. Amortization, depreciation and depletion expense was $683,030 during Q2 2013 YTD compared with $66,665 during Q2 2012 YTD. The increase was due to increased plant and equipment depreciation expense at corporate-owned pits, and increased corporate pit production, thus increasing depletion of corporate-owned pit setup costs and amortization of decommissioning and restoration costs. All other aggregate operating expenses increased by 568.0% during Q2 2013 YTD, up $5,693,598 to $6,695,948 compared to $1,002,350 during Q2 2012 YTD. Almost $4.9 million of this increase was due to hauling costs for private pit sales. Q2 2013 YTD cost increases in other aggregate operating expenses primarily involved increased diesel fuel costs ($546,753), increased aggregate operations payroll costs ($786,504), accommodation and meal costs for work crews ($270,571), and increased equipment repair and maintenance ($149,301). Q2 2013 YTD increase in inventory remaining available for sale, at $2,969,702 is a cost offset to all other aggregate operating expenses. There was no inventory being carried at Q2 2012 YTD.

Depreciation of property and equipment rose by $39,491 to $120,081 during Q2 2013 due to the increase in property and equipment acquired by the Corporation. Amortization of the Susan Lake management contract during Q2 2013 remained consistent with the comparative period at $216,666.

Depreciation of property and equipment rose by $147,256 to $259,356 during Q2 2013 YTD due to the increase in property and equipment acquired by the Corporation. Amortization of the Susan Lake management contract during Q2 2013 YTD remained consistent with the comparative period at $433,333.

General and administrative expenses for the three months ended May 31, 2013 increased by $37,502 or 7.0% to $572,335 up from $534,833 in Q2 2012. The increase is primarily due to $88,130 in increased G&A payroll and related costs, $27,905 in increased equipment repair and maintenance, $20,203 in increased truck leasing costs, and $10,379 increased office rent and occupancy costs. These increases were offset by decreased consulting fees of $93,680, and decreased bank charges of $15,106. Other cost increases and offsetting cost decreases account for the remaining $(329).

General and administrative expenses for the six months ended May 31, 2013 increased by $128,667 or 13.0% to $1,121,679 up from $993,012 in Q2 2012 YTD. The increase is primarily due to $161,669 in increased G&A payroll and related costs, $90,829 in increased equipment repair and maintenance, $40,925 in increased truck leasing costs, $31,058 increased office rent and occupancy costs, and $21,668 increased insurance expense. These increases were offset by decreased consulting fees of $231,530. Other cost increases and offsetting cost decreases account for the remaining $14,048.

Finance costs were $100,178 for the three months ended May 31, 2013, up $58,538 from $41,640 for the three months ended May 31, 2012. The increase primarily results from $55,148 in interest costs arising from equipment finance leases entered into during fiscal 2012, for which there was no expense in the comparative period. Finance costs also include $3,684 accretion expense, up $2,133 from $1,551 for the three months ended May 31, 2012. The increase is primarily as a result of accretion on decommissioning and restoration costs resulting from increased stripping activities at more corporate-owned pits than the comparative quarter.

Finance costs were $205,484 for the six months ended May 31, 2013, up $117,819 from $87,665 for the six months ended May 31, 2012. The increase primarily results from $113,242 in interest costs arising from equipment finance leases entered into during fiscal 2012. Finance costs also include $7,556 accretion expense, up $5,319 from $2,237 for the six months ended May 31, 2012. The increase is primarily as a result of accretion on decommissioning and restoration costs resulting from increased stripping activities at more corporate-owned pits than as at the comparative period.

Share-based compensation increased by $115,624 during the three months ended May 31, 2013, to $190,802 from $75,178 due to higher vesting expense during Q2 2013 than during the comparative quarter. This resulted from stock options that were granted during March 2012, August 2012 and December 2012. These latest stock option grants reflect significantly increased estimated average fair value per option than stock option grants issued in prior periods. This will result in comparatively higher non-cashflow share-based compensation over the 18-month vesting period covering the March 2012, August 2012, and December 2012 stock option grants than with vesting of stock option grants from earlier periods.

Share-based compensation increased by $298,944 during the six months ended May 31, 2013, to $395,399 from $96,455 due to higher vesting expense during Q2 2013 YTD than during the comparative period. This resulted from stock options that were granted during March 2012, August 2012 and December 2012. These latest stock option grants reflect significantly increased estimated average fair value per option than stock option grants issued in prior periods. This will result in comparatively higher non-cashflow share-based compensation over the 18-month vesting period covering the March 2012, August 2012, and December 2012 stock option grants than with vesting of stock option grants from earlier periods.

Interest income during the three months ended May 31, 2013 totalled $10,018 as compared to $8,480 for the comparative period, an increase of $1,538. The increase is primarily due to interest income recognized on collections received that had been discounted when determining the carrying value of the land use agreement receivable, and from interest charges on overdue accounts receivable.

Interest income during the six months ended May 31, 2013 totalled $18,196 as compared to $12,103 for the comparative period, an increase of $6,093. The increase is primarily due to interest income recognized on collections received that had been discounted when determining the carrying value of the land use agreement receivable, and from interest charges on overdue accounts receivable.

Loss on land use agreement during the three months ended May 31, 2013 was $104,827 (Q2 2012- $nil). The loss arose from an adjustment in the estimated future discounted cashflow expected to be received under the agreement beyond May 31, 2013 throughout its' initial term which expires October, 2015. The Q2 2013 loss on land use agreement was increased by $585 due to an estimated increase in decommissioning and restoration costs attributable to the land related to the land use agreement. The work camp provider's main tenant abandoned its involvement in an oil sands project, which resulted in reduced accommodation requirements for its workforce during Q2 2013. At the completion of the Corporation's Q2 2013, the work camp provider closed operation of the first lodge under the land use agreement. At May 31, 2013 the valuation of the land use agreement pertaining to the first lodge was decreased by $333,651 and was increased by $229,409 pertaining to the second lodge.

Loss on land use agreement during the six months ended May 31, 2013 was $389,101 (Q2 2012 YTD- $nil). The work camp provider's main tenant abandoned its involvement in an oil sands project, which resulted in reduced accommodation requirements for its workforce during Q2 2013. At the completion of the Corporation's Q2 2013, the work camp provider closed operation of the first lodge under the land use agreement. The loss arose from a $285,746 reduction in the estimated future discounted cashflow expected to be received under the agreement beyond May 31, 2013 throughout its' initial term which expires October, 2015, and from a $119,588 shortfall from expected rental occupancy during Q1 2013. The Q2 2013 loss on land use agreement was decreased by $16,233 due to an estimated decrease in decommissioning and restoration costs attributable to the land related to the land use agreement.

Cash received from the land use agreement was $283,392 during the six months ended May 31, 2013 compared to $109,098 during Q2 2012 YTD. At May 31, 2013, the land use agreement receivable was valued at $931,390 and represents estimated future discounted cashflow to be received for both lodges through October 2015.

Write down of intangible assets was $7,016 during the three months ended May 31, 2013 (Q2 2012- $nil), due to an increase in estimated future decommissioning and restoration costs attributable to the land related to the Corporation's lay down storage yard at the Poplar Creek pit.

Recovery of intangible assets was $34,355 during the six months ended May 31, 2013 (Q2 2012 YTD- $nil), due to a reduction in estimated decommissioning and restoration costs attributable to the land related to the Corporation's lay down storage yard at the Poplar Creek pit.

During the three months ended May 31, 2013, the Corporation earned net income and comprehensive income of $847,445 or $0.030 basic income per common share. This reflects a 17.5% increase in net income, up $126,193 from $721,252 net income and comprehensive income and $0.026 basic income per share earned during Q2 2012. Changes in the composition of net income include an increase in revenue of $3,069,195, consisting of a $338,756 reduction in aggregate management fees and an increase in net aggregate sales of $3,407,951 over Q2 2012. Increased revenue was partially offset by $2,626,620 increased aggregate operating expenses during Q2 2013, with a resulting gross profit of $2,517,210, up $442,575 from $2,074,635. Other expenses increased by $251,155 to $1,200,062 from $948,907, due to increased share-based compensation, increased depreciation on property and equipment, increased G&A expense, and increased finance costs. Pre-tax income of $1,240,812 was earned during Q2 2013 compared to pre-tax income of $1,137,758 in Q2 2012, an increase of $103,054. Income tax expense of $393,367 was charged during Q2 2013 compared to Q2 2012 income tax expense of $416,506, a reduction of $23,139. An increase of $88,366 in other loss, primarily the loss on land use agreement, accounts for the remainder of the $126,193 increase in net income.

During the six months ended May 31, 2013, the Corporation earned net income and comprehensive income of $472,863 or $0.017 basic income per common share. This reflects a 68.6% decrease in net income, down $1,032,797 from $1,505,660 net income and comprehensive income and $0.055 basic income per share earned during Q2 2012 YTD. Changes in the composition of net income include an increase in revenue of $6,122,972, consisting of an $872,248 reduction in aggregate management fees and an increase in net aggregate sales of $6,995,220. Increased revenue was offset by $6,784,719 increased aggregate operating expenses, with a resulting gross profit of $3,487,288, down $661,747 from $4,149,035. Other expenses increased by $692,686 to $2,415,251 from $1,722,565, due to increased share-based compensation, increased depreciation on property and equipment, increased G&A expense, and increased finance costs. Pre-tax income of $773,353 was earned during Q2 2013 YTD compared to pre-tax income of $2,419,584 in Q2 2012 YTD, a decrease of $1,646,231. Income tax expense of $300,490 was charged during Q2 2013 YTD compared to Q2 2012 YTD income tax expense of $913,924, a reduction of $613,434. An increase of $291,798 in other loss, primarily loss on land use agreement, accounts for the remainder of the $1,032,797 decrease in net income.

H. OPERATING ACTIVITIES

Cash flow from operating activities for the six months ended May 31, 2013 was $(259,305) as compared to $3,524,466 for the six month comparative period, a decrease of $3,783,771. Various factors accounted for the decreased cash flow from operating activities. Net income adjusted for non-cash items was $2,472,733 for the six months ended May 31, 2013 versus $2,397,490 for the comparative period, a cash increase of $75,243. Cash in the amount of $2,321,757 was provided through an increase in trade and other payables during the six months ended May 31, 2013, versus an increase of $162,338 during the comparative period, an increase in cash provided of $2,159,419. During the six months ended May 31, 2013 cash in the amount of $2,503,726 was used through an increase in accounts receivable versus a decrease in accounts receivable of $463,293 during the comparative period, an increase of $2,967,019 in cash used. $349,923 cash was provided in the six months ended May 31, 2013 through an increase in income tax payable compared to an increase in income tax payable of $487,713 during the comparative period, a decrease of $137,790 in cash provided. A decrease of $69,710 in prepaid expenses and deposits during the six months ended May 31, 2013 versus a decrease of $13,632 in prepaid expenses and deposits during the comparative period, provided a cash increase of $56,078 due to decreased prepaid expenses and deposits. Cash in the amount of $2,969,702 was used during the six months ended May 31, 2013 to increase the balance of ending inventory versus $nil in the comparative period.

I. INVESTING ACTIVITIES

		Six Months Ended May 31, 2013		Six Months Ended May 31, 2012
Purchase of property and equipment	$	(905,604)	$	(2,124,800)
Restricted cash		(70,294)		(84,278)
Short-term restricted cash		-		(748,760)
Proceeds from land use agreement		283,392		109,098
Insurance proceeds on write off of plant and equipment		27,950		-
Resource properties		(583,157)		(618,175)
Total	$	(1,247,713)	$	(3,466,915)

During the six months ended May 31, 2013, the Corporation invested $70,294 in a restricted cash account, pursuant to its land use agreement with a work camp provider, versus $84,278 in the comparative period. These funds are invested for the purpose of future funding of Poplar Creek pit reclamation costs.

During the six months ended May 31, 2013 the Corporation received proceeds of $283,392 under its land use agreement with a work camp provider, consisting of receipts for monthly land access, work camp daily accommodation, and future reclamation funding. Proceeds of $109,098 had been received during the comparative period.

During the six months ended May 31, 2013 the Corporation invested $514,183 in exploration costs on its mineral resource properties, and funded mineral lease rent of $68,974. During the comparative period, the Corporation invested $547,326 in exploration and development costs on its mineral resource properties, and funded additional mineral properties applications in the amount of $5,625, and mineral lease rent of $65,224.

During the six months ended May 31, 2013 the Corporation invested $nil in short-term restricted cash. During the comparative period, the Corporation invested $748,760 in short-term restricted cash to serve temporarily as further lender security on two existing commercial letters of credit of equivalent amount.

J. FINANCING ACTIVITIES

		Six Months Ended May 31, 2013		Six Months Ended May 31, 2012
Repayment of callable debt	$	-	$	(920,125)
Issue of share capital		89,550		60,666
Repayment of long-term debt		(500,000)		-
Repayment of lease obligations		(550,880)		-
Total	$	(961,330)	$	(859,459)

During fiscal 2012 the Corporation received long-term debt proceeds of $4,000,000 with which it repaid all outstanding callable debt with the remainder available to fund long-term debt set up fees and working capital. During six months ended May 31, 2013, $500,000 of the $4,000,000 long-term debt had been repaid ($nil repayment in the comparative period).

During the six months ended May 31, 2013 the Corporation received proceeds of $89,550 on the exercise of its stock options compared to $60,666 in the comparative period.

Principal repayments of lease obligations totalled $550,880 during the six months ended May 31, 2013 ($nil repayment in the comparative period, as no lease obligations were outstanding).

K. LIQUIDITY AND CAPITAL RESOURCES

As at May 31, 2013 the Corporation reported working capital of $4,371,689 which management feels is sufficient to fund ongoing operations and to meet its liabilities when they come due. The Corporation has access to a $3,000,000 demand operating loan with a sub-limit of $2,000,000 available for letters of commercial credit. No balance was outstanding on the operating loan, apart from letters of credit totalling $1,351,760. Accordingly, the Corporation is not exposed to significant liquidity risk.

The Corporation has no formal commitments for capital expenditures, but is required to make certain expenditures to keep the various project lands in good standing, including minimum exploration expenditures. The minimum exploration expenditures to retain the mineral permits are as follows:

First two year period	$ 5.00 per hectare
Second two year period	$10.00 per hectare
Third two year period	$10.00 per hectare
Fourth two year period	$15.00 per hectare
Fifth two year period	$15.00 per hectare
Sixth two year period	$15.00 per hectare
Seventh two year period	$15.00 per hectare

As at July 29, 2013 the Corporation holds mineral permits covering 511,073 hectares (1,262,889 acres). The Corporation has spending commitments totaling approximately $331,000 in fiscal 2013, $2,704,000 in fiscal 2014, and $589,000 in fiscal 2015 to retain these mineral permits held by the Corporation.

As at July 29, 2013 the Corporation holds mineral leases covering 21,067.5 hectares. In order to keep the land under mineral leases in good standing, the Corporation is required to pay annual rental of $3.50 per hectare on the mineral leases. In addition, applicable royalties will be payable to the Alberta Government once sales production on the mineral leases commences. Currently, the Corporation has an annual rental commitment of $65,223 over the 15 year life of the mineral leases which expire in 2026, and an annual rental commitment of $8,512 over the 15 year life of the mineral leases which expire in 2028.

In managing the exploration permits, the Corporation adds mineral permits in areas of interest and relinquishes mineral permits in areas that the exploration activities indicate have a low potential of discovering mineral reserves. As permits are relinquished, the number of hectares is 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. 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 July 29, 2013:

Number of Common Shares Outstanding	28,197,500
Number of Stock Options Outstanding	1,811,666

The Corporation had 1,866,666 outstanding stock options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
75,000	$0.25	September 21, 2014
220,000	$0.26	October 15, 2015
70,000	$0.35	October 6, 2016
936,666	$0.63	March 29, 2017
150,000	$1.04	August 24, 2017
360,000	$1.64	December 11, 2017
1,811,666		

A total of 1,068,333 stock options were exercisable at a weighted average price of $0.64 per share.

Normal Course Issuer Bid

During the years ended November 30, 2011 and November 30, 2012 the Corporation had in place a normal course issuer bid that commenced on August 12, 2011 and terminated on August 12, 2012 (the "2011 Bid"). During the years ended November 30, 2011 and November 30, 2012 no common shares were repurchased pursuant to the 2011 Bid.

During the six months ended May 31, 2013 the Corporation had in place a normal course issuer bid (the "2012 Bid"). In accordance with the terms of the Bid, the Corporation may purchase up to a total of 1,388,625 common shares representing approximately 5% of the common shares of the Corporation issued and outstanding as at August 9, 2012. The Bid commenced on August 14, 2012 and will terminate on August 14, 2013. All acquisitions of common shares by the Corporation pursuant to the 2012 Bid will be made through the facilities of TSX Venture 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 TSX

Venture Exchange.

There are no persons acting jointly or in concert with the Corporation in respect of the 2012 Bid. The Corporation is making the 2012 Bid in order to stabilize the trading price and provide liquidity in the market for its common shares. During the three months ended February 28, 2013 and the year ended November 30, 2012 no common shares had been repurchased pursuant to the 2012 Bid.

Purchases on behalf of the Corporation will be made by Wolverton Securities (Alberta) Ltd., 2100-335 8 Avenue 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 TSX Venture in order to obtain the necessary regulatory approval, without charge, by contacting the Chief Financial Officer of the Corporation at (780) 465-5696.

M. RELATED PARTY TRANSACTIONS

During the three months ended May 31, 2013, the Corporation incurred expenses of $30,567 (2012 - $305,232) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below.

During the six months ended May 31, 2013, the Corporation incurred expenses of $53,129 (2012 - $404,690) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation as further described below.

These fees are recorded in the financial statements as follows:

	For the three months ended May 31,		For the six months ended May 31,	
	2013	**2012**	**2013**	**2012**
Directors and Officers:				
Directors fees and expenses	$ 567	$ -	$ 1,379	$ -
Travel and miscellaneous	-	11,008	-	18,140
	567	11,008	1,379	18,140
Companies controlled by directors and officers:				
Consulting fees for services rendered	-	97,149	-	169,260
Travel and miscellaneous	-	2,250	750	4,500
Exploration costs	-	179,825	-	182,790
Property and equipment	9,000	-	9,000	-
Rent	21,000	15,000	42,000	30,000
	30,000	294,224	51,750	386,550
	$ 30,567	$ 305,232	$ 53,129	$ 404,690

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.

N. COMPENSATION OF KEY MANAGEMENT

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

	For the three months ended May 31,		For the six months ended May 31,	
	2013	**2012**	**2013**	**2012**
Salaries and other benefits	$ 249,431	$ 258,927	$ 385,506	$ 413,430
Share-based benefits	183,848	70,084	354,713	88,116
	$ 433,279	$ 329,011	$ 740,219	$ 501,546

O. CHANGE IN ACOUNTING POLICIES INCLUDING EARLY ADOPTION

New standards not yet adopted

i. Scope of the reporting entity

IFRS 10, "Consolidated Financial Statements" and IFRS 12, "Disclosure of Interests in Other Entities", were issued and replace IAS 27, "Consolidated and Separate Financial Statements" and Standing Interpretations Committee ("SIC") 12, "Consolidation - Special Purpose Entities" for guidance on the consolidation model which identifies the elements of control and provides a comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. 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. Stripping costs in the production phase of a surface mine

IFRIC 20, "Stripping Costs in the Production Phase of a Surface Mine" considers when and how to account separately for benefits arising from stripping activity, as well as how to measure these benefits both initially and subsequently. In surface mining operations, entities may find it necessary to remove mine waste materials (overburden) to gain access to mineral ore deposits. This waste removal activity is known as 'stripping.' IFRIC 20 only deals with waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). 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. 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.

iv. 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.

v. 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.

vi. 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.

P. 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, lease obligation, and long-term debt.

a) Fair Value

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

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at May 31, 2013 is the carrying value of these financial assets.

In the normal course of business the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information.

At May 31, 2013, 72.5% of the Corporation's accounts receivable was due from four customers.

The Corporation's aged accounts receivable are comprised of 49.5% current, 38.3% past due up to 60 days and 12.2% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable except as provided in the following paragraph.

Included in accounts receivable past due over 60 days is $627,904 owed to the Corporation which is under dispute. The Corporation has provided $119,207 as allowance for doubtful accounts, which was expensed to bad debts during fiscal 2012. Management expects to collect the unimpaired balance of the receivable through legal settlement during the year ending November 30, 2013.

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

c) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. Under its long-term credit facilities, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at May 31, 2013.

As at May 31, 2013 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, term debt, including interest (excluding deferred transaction costs) and lease obligation, including interest.

The following are the timings of the undiscounted cash outflows relating to financial liabilities:

	0-1 year	2-3 years	4-5 years	Total
	$	$	$	$
Trade and other payables	5,370,406	-	-	5,370,406
Long-term debt, including interest	1,124,687	2,077,187	363,350	3,565,224
Lease obligation, including interest	1,328,355	2,656,710	1,544,294	5,529,359
Total	7,823,448	4,733,897	1,907,644	14,464,989

The Corporation's existing credit facilities and cash flow from operating activities is expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities as at May 31, 2013. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contract.

d) Foreign Currency Risk

The Corporation maintains a USD currency bank account with a nominal balance for the infrequent need to fund supplier purchases denominated in USD currency. As at May 31, 2013 the Corporation had USD cash on deposit in the amount of $1,068 (CAD $1,104), and no USD denominated trade and other payables or receivables. As the amounts involved are not substantial management feels risk is minimal.

e) Interest Rate Risk

The Corporation has an interest bearing term deposit and carries variable rate debt financing. Given the interest rate is fixed on the term deposit the Corporation is not exposed to any interest rate risk on this financial instrument. However, the Corporation is exposed to interest rate risk on the variable rate term loan and letters of credit facility. A 100 basis point increase in the interest rate on the term loan and letters of credit facility would decrease net income and comprehensive income by approximately $33,000.

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

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. 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 (see U. Forward Looking Information).

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

S. 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.