MANAGEMENT'S DISCUSSION & ANALYSIS

Athabasca MINERALS INC.

FOR THE NINE MONTHS ENDED AUGUST 31, 2012

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GENERAL

This Management's Discussion and Analysis ("MD&A") relates to the financial condition and results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation") as of October 29, 2012 and is intended to supplement and complement the Corporation's condensed interim financial statements for the nine months ended August 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" and "Risks and Uncertainties" at the end of this MD&A.

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

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

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

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A. COMPANY PROFILE

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

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

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

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

The Corporation has implemented a significant number of aggregate exploration programs on public land, and following review of the test programs, four aggregate mining applications have been submitted and have received approval from the Alberta Government. During Q1 2012 the Corporation initiated aggregates sales production from its corporate-owned House River pit. Over a quarter-million tonnes of House River pit asphalt aggregate was supplied to a major road builder in this initial sales production, of which 198,653 tonnes were supplied during the Q1 2012, with the remainder supplied during March 2012, and included in the financial results for Q2 2012. At its corporate-owned Kearl pit, during Q3 2012, the Corporation utilized the services of a crushing subcontractor and has produced finished, crushed aggregate inventory available for sale, all of which has since been sold during its fourth quarter. During Q4, a crushing spread and related equipment for the Kearl pit was purchased, a corporate-operated crushing team was assembled, and Kearl pit crushing operations are currently underway to produce crushed aggregate for sale during Q4 and beyond. At its corporate-owned Logan pit, approximately 60 acres of land has been cleared, with stripping activities being currently underway. It is anticipated that by mid-November, 2012 approximately 60 acres of land will have been stripped to prepare the site for gravel extraction.

Presently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 450,629 hectares (1,113,529 acres) largely located in the Fort McMurray region in northeast Alberta. The Alberta Government has identified a rich variety of industrial minerals in this region such as silica sand and salt. These minerals are key ingredients for many products used to support the oil sands industry and Alberta infrastructure projects. The Corporation continues to assess its permitted land holdings for development based on mineral exploration programs that employ such methods as airborne magnetic surveys, stream sediment and outcrop sampling and deep well drilling.

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

B. AGGREGATE MANAGEMENT

The Corporation holds management contracts with the Alberta Government for the management of the Susan Lake and Poplar Creek aggregate operations, located north of Fort McMurray. The Corporation's mandate is to operate the aggregate resources for public use and generates its revenue from the management of these two aggregate operations. The business of the Corporation is seasonal with the majority of revenue earned in the 3rd and 4th quarters. This is due largely to construction projects starting up in the spring and summer seasons. However, during Q1 2012 the Corporation reported its own record high sales volume for the first three months of a fiscal year, with unusually strong demand for aggregates during the first quarter. During Q2 2012, aggregate demand from the public pits surpassed Q2 2011 by 68.9%. Aggregate demand from the public pits during Q3 2012 surpassed Q3 2011 by 32.5%. Through Q3 2012 YTD, public pit tonneage demand on which aggregate management fees are earned exceeded Q3 2011 YTD by 56.0%.

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 1,151 hectares or 30.7% of the pit has been developed. Approximately 73.1 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 August 31, 2012 there are 63 months remaining on a ten year contract with the Alberta Government.

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

Poplar Creek Aggregate Operation

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

The Corporation has obtained a miscellaneous lease approval from the Alberta Government to operate as a lay-down storage yard, a 67 hectare (166 acre) area that is depleted of aggregate. The area was converted to a lay-down storage area where equipment, pipe, plant components and supplies used by oil sands and industrial companies can be stored and assembled. The term of this lease is consistent with the term of the Poplar Creek management contract which has 6 months remaining as at August 31, 2012.

During fiscal 2011 the Corporation entered into a long-term land use agreement with a camp provider to transfer a 42 acre parcel of developed land out of the depleted portion of the Corporation's current miscellaneous lease at Poplar Creek to the camp provider. 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.

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. In determining the carrying value of the land use agreement receivable, and the gain on land use agreement, an estimate of total future monthly and daily accommodation receipts under the land use agreement is required. An assumption used in valuing the land use agreement receivable was revised at August 31, 2012, and is further described as follows. At November 30, 2011, the prevailing historic monthly average occupancy rate was projected to remain constant throughout the agreement's current term ending October 19, 2015; however, the average occupancy rate has increased over time. Through further experience observing actual occupancy rates, management has determined the carrying value of the land use agreement was understated due to insufficiency in the original estimated average occupancy rate. Accordingly, a valuation adjustment increasing the carrying value of the land use agreement receivable was recorded at August 31, 2012.

During June 2012, the camp provider commenced operations of a second lodge, constructed on the same 42 acre property, with accommodation for approximately 500 further oil sands industry workers. This second lodge is also 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.

A valuation of the estimated future cash flow from the second lodge was made at August 31, 2012. The valuation was determined with reference to the monthly average accommodation rate experienced since inception at the first lodge, covering the period April 2011 through August 31, 2012. Management feels the occupancy experience from the adjacent first lodge is a reasonable basis for estimating future occupancy at the second lodge, and again assumes the historic accommodation rate to remain constant through October 19, 2015. However, the actual accommodation receipts from the second lodge during its first three months of operation for the period ended August 31, 2012 considerably exceeded occupancy expectation based on historic average occupancy at the first lodge.

The land use agreement receivable combined current and long-term carrying value of $1,291,761 at August 31, 2012 is the estimated future discounted receipts from both lodges subsequent to August 31, 2012.

Composition of the $812,311 Gain on Land Use Agreement reported at August 31, 2012 is provided below.

Components of August 31, 2012 Gain on Land Use Agreement- Nine months ended August 31, 2013:

Lodge 2: Valuation of estimated future discounted receipts	$556,694
Actual receipts over estimated receipts at lodge 2 through August 31, 2012	77,829
Lodge 1: Revaluation of estimated future discounted receipts	184,101
Increased future reclamation costs attributable to the land use agreement	(6,313)
Gain on Land Use Agreement	$ 812,311

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.

Depletion of aggregate within the 67 hectare area resulted in Poplar Creek pit operations becoming largely inactive during fiscal 2011. As the pit became inoperative during fiscal 2011, management wrote off the unamortized balance of the related Poplar Creek intangible assets at November 30, 2011.

C. OTHER AGGREGATE RESOURCES

Public Land

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

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

House River Pit

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 mine on the leased area, comprising 32.375 hectares of land for a term of ten years. During the six months ended May 31, 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. 198,653 tonnes, or 78.4% of the contract was fulfilled during Q1 2012 with the remainder completed during Q2 2012.

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 more years, 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.

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

During Q4 2012 the Corporation increased its House River pit long-term security deposit for land disturbance with the Government of Alberta by $52,550 ($1,000 per acre). The total security deposit on this pit is now $79,980, representing 100% of the pit's land surface. This facilitates the opportunity for the Corporation to accelerate mining operations at this pit.

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

Stripping activity within the Kearl pit was performed during the second quarter ending May 31, 2012. Subcontracted services were utilized for gravel crushing within the Kearl pit during Q3 2012. Management anticipates the availability of processed and stockpiled aggregates at this strategic location will result in aggregates sales from the Kearl pit. The rationale supporting this expectation is the pit's close proximity to local potential customers who are currently sourcing aggregate from more remote locations. Since hauling costs can be a significant portion of the total landed cost of obtaining aggregate supply, customers may potentially be able to source aggregate from the Kearl pit at more favorable prices due to reduced hauling cost.

The Corporation had stockpiled a quantity of crushed inventory that was reported at Q3 2012. All inventory reported at August 31, 2012 has since been sold.

Management determined that it would be economically beneficial to the Corporation to own rather that subcontract its crushing operations at the Kearl pit. This is due to the anticipated year round customer demand for processed high quality aggregate from this pit. The Corporation took delivery of a new crushing spread and related machinery late in September 2012. The Corporation has since set up its crushing spread and is fine-tuning its operation while currently crushing additional aggregate available for sale during Q4 2012 and beyond.

During Q4 2012 the Corporation increased its Kearl pit long-term security deposit for land disturbance with the Government of Alberta by $41,690 ($1,000 per acre). The total security deposit on this pit is now $79,990, representing 100% of the pit's land surface. This facilitates the opportunity for the Corporation to accelerate mining operations at this pit.

Logan Pit

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

This pit contains very little vegetation, topsoil and overburden, and could be prepared for mining extraction within a few weeks upon receiving aggregate orders. Access to the Logan pit is provided via an existing county winter road that runs through the site. Aggregate from this pit will be supplied primarily to oil sands and government infrastructure projects in the area.

The Corporation has cleared approximately 40 acres of this property and approximately 20 further acres were effectively cleared by a forest fire during 2011. The Corporation began stripping a portion of this area during Q4 2012 in order to prepare the site for gravel extraction. It is expected that approximately 60 acres in total will be stripped by mid-November 2012. The Corporation intends to produce inventory to be stockpiled at a site situated near Conklin, Alberta. The Corporation is in discussions with prospective customers in the Conklin, Alberta area for potential aggregates delivery during January through March 2013.

During Q4 2012 the Corporation increased its Logan pit long-term security deposit for land disturbance with the Government of Alberta by $55,320 ($1,000 per acre). The total security deposit on this pit is now $80,370, representing 100% of the pit's land surface. This facilitates the opportunity for the Corporation to accelerate mining operations at this pit.

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 in June, 2011 on this 79.7 acre mixed sand and gravel pit. While the proposed development of this property has not been established to date, the Corporation expects to supply aggregate from this property primarily to the oil and gas industry, as well as for government infrastructure projects in the area. This pit will be available for year-round aggregates extraction and sales.

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 marketing of gravel in northwest Alberta.

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

The Corporation also purchased two 160-acre parcels of land near the previously leased Warrensville Pit property. These lands are located within and underlain by the "Grimshaw Gravels", a pre-glacial sand and gravel deposit. Pre-glacial deposits are known to contain high quality aggregates. The carrying value of the acquired land is $157,100. Management is of the opinion there has not been impairment to the carrying value of this property.

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 October 29, 2012 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 450,629 hectares (1,113,529 acres) and Alberta Metallic and Industrial Minerals Leases for 18,635.5 hectares (46,049 acres) of land in northern Alberta. Mineral permits are maintained in good standing by making allowable exploration assessment expenditures. Minerals Leases are maintained in good standing by paying land rental and royalties on annual minerals sales production to the Alberta Government. The Corporation continuously evaluates its mineral permit holdings, relinquishing and/or acquiring permits as dictated by exploration and strategic priorities, as well as financial considerations. The mineral permits are located largely in the Fort McMurray area.

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

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

	October 29, 2012 (hectares)	August 31, 2012 (hectares)	May 31, 2012 (hectares)
Balance at beginning of period:	378,373	376,832	296,313
Mineral permits acquired during the period:	72,256	39,046	80,519
Mineral permits relinquished during the period:	-	(37,505)	-
Balance at end of period:	450,629	378,373	376,832

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

	October 29, 2012 (hectares)	August 31, 2012 (hectares)	May 31, 2012 (hectares)
Balance at beginning of period:	18,635.5	18,635.5	18,635.5
Mineral leases acquired during the period:	-	-	-
Mineral leases relinquished during the period:	-	-	-
Balance at end of period:	18,635.5	18,635.5	18,635.5

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

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

Salt

The Corporation has mineral lease holdings on 5835.5 hectares (14,420 acres) of property overlying the Lotsberg salt formation in the area of Boyle, Alberta. The salt appears to be of a high quality and is attractively situated nearby roadway, rail, power and water resources. The Corporation is of the opinion that this salt would provide a suitable feedstock for a Chlor-Alkali chemical plant. Athabasca also has mineral permits totaling 6,257 hectares adjacent to and directly north and east of the Boyle Leases and north of the Athabasca River. The Corporation maintains a 100% interest in these salt leases and permits.

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

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

Silica Sand

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

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

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

E. SUMMARY OF QUARTERLY RESULTS

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

	Prepared using International Financial Reporting Standards ("IFRS")			
(unaudited)	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	August 31/12	**May 31/12**	**Feb 29/12**	**Nov 30/11**
Revenue	$3,582,344	$3,209,483	$3,629,619	$3,390,705
Aggregate operating expenses	$682,969	$1,155,809	$1,538,420	$657,432
Interest and Miscellaneous Income	$32,659	$12,030	$5,911	$8,945
Gain on land use agreement	$812,311	$0	$0	$646,517
Write down of prepaid gravel	$0	$0	$0	$0
Write down of intangible assets	$(20,006)	$0	$0	$(218,175)
Write down of resource properties and exploration costs	$0	$0	$0	$(447,906)
Net Income and Comprehensive Income	$2,044,148	$721,252	$784,408	$1,309,901
Basic net income per common share	$0.074	$0.026	$0.029	$0.048
Diluted net income per common share	$0.072	$0.026	$0.028	$0.048
Total Assets	$26,786,736	$21,938,045	$21,800,778	$20,197,714
Resource Properties	$5,724,550	$5,435,173	$5,042,386	$4,694,489

	Prepared using CGAAP (Beginning Feb 28/11 prepared using IFRS)			
(unaudited)	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	August 31/11	**May 31/11**	**Feb 28/11**	**Nov 30/10**
Revenue	$2,613,379	$1,696,004	$991,696	$3,306,797
Aggregate operating expenses	$292,436	$271,447	$299,868	$720,253
Interest and Miscellaneous Income (Expense)	$8,273	$664	$(15,636)	$17,759
Gain on land use agreement	$0	$58,450	$0	$0
Write down of prepaid gravel	$(150,000)	$0	$0	$0
Write down of intangible assets	$0	$0	$0	$0
Write down of resource properties and exploration costs	$(2,500)	$0	$(1,250)	$(12,114)
Net Income (Loss) and Comprehensive Income (Loss)	$1,108,065	$364,715	$(1,890)	$1,309,855
Basic net income (loss) per common share	$0.041	$0.014	$0.000	$0.047
Diluted net income (loss) per common share	$0.039	$0.013	$0.000	$0.047
Total Assets	$18,842,510	$17,867,911	$17,895,817	$18,680,984
Resource Properties	$5,304,669	$4,586,374	$3,486,185	$3,445,276

The Corporation derives the majority of its revenues from managing the production of and producing various types of aggregates in Northern Alberta. The ability to remove gravel from its gravel pits is hampered by cold and wet weather conditions. As a result, winter and spring are traditionally the slowest time for the Corporation. However, the Corporation reported its record high sales volume for the first three months of a fiscal year, with unusually increased demand for aggregates experienced during the first quarter. During Q2 2012, aggregate demand from the public pits surpassed Q2 2011 by 68.9%. During Q3 2012, aggregate demand from the public pits surpassed Q3 2011 by 32.5%. After nine months, the Corporation's public pit tonneage sales exceeded the comparative period by 56.0%. Total aggregate tonneage sales including private pit sales after nine months ended August 31, 2012 totaled 7,812,633 tonnes, an increase of 61.2% over 4,846,926 tonnes sold during the prior year comparative period. After only nine months of operation in the current year, the Corporation has now exceeded the total 7,758,612 tonnes sold during entire fiscal 2011.

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, at 170 billion barrels, represent 97% of Canada's total oil reserves. The additional construction necessary to develop these reserves requires an abundance of aggregates for new and existing oil sands projects and regional infrastructure. Much of the Corporation's aggregate supply and industrial minerals are strategically situated nearby the expected demand for these resources. Oil sands projects typically consume 5 to 8 million tonnes of aggregates for plant construction and another 0.5 to 1.0 million tonnes annually to maintain roads and other infrastructure. Over the next 25 years OSDG estimates that oil sands investment will generate $1.7 trillion in economic activity in Canada. The supply and utilization of aggregates will lie at the very foundation of this future economic growth. With its focus on the strategic supply of aggregates and its goal to provide key industrial minerals in support of oil sands development, management views the Corporation as being well positioned now and into the future.

Aggregate Management

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

The Corporation determines demand for the year by discussing expected aggregate requirements with its major customers. On May 1, 2012, the Corporation announced that demand for aggregates for fiscal year ended November 30, 2012 is anticipated to exceed 7,758,612 tonnes, which was the volume of aggregate it had sold during fiscal year ended November 30, 2011. By end of Q3 2012, management's forecast demand for its entire fiscal 2012 had been exceeded, with 7,812,633 tonnes sold after only nine months.

As various oil sands companies have announced plans to increase their production, 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. Gravel resources become more competitive the closer they are to the end user. Aggregate sales from Susan Lake have been transported as far away as two hundred kilometers, which bodes well for the new gravel deposits the Corporation is developing. The Logan pit is much closer to a number of oil sand developments south of Fort McMurray. During Q4 2012, the Corporation began stripping a portion of the Logan pit to prepare the site for gravel extraction.
During the six months ended May 31, 2012 the House River pit initiated production and completed a 253,500 tonnes asphalt aggregates sale to a major road builder. Alberta 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 approximately 60 kilometers east of the Susan Lake aggregate operation and in the immediate vicinity of major oil sands operations surrounding the project area. During Q3 2012 crushed inventory had been produced from the Corporation's Kearl pit, all of which was sold during Q4 2012.

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 resources.

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 several of the Corporation's properties that are proposed for, or had been actively explored by, the Corporation. Although the LARP is now in place, its effects on the current mineral holdings and activities are still under review. However, the plan does not appear to have a significant impact on the Corporation's holdings in the region.

G. OPERATING RESULTS

	Nine Months Ended August 31, 2012	Nine Months Ended August 31, 2011
Aggregate management fees	$8,370,631	$5,301,079
Net aggregate sales	$2,050,815	$0
Total revenue	**$10,421,446**	**$5,301,079**
Stripping and clearing expenses	$1,836,684	$0
Depletion of resource properties	$22,299	$0
Other aggregate operating expenses	$1,518,215	$863,751
Aggregate operating expenses	$3,377,198	$863,751
Gross profit	**$7,044,248**	**$4,437,328**
Other expenses		
Amortization and depreciation	$913,944	$821,555
General and administrative	$1,362,563	$989,362
Finance costs	$162,065	$190,430
Share-based compensation	$194,331	$103,893
Income before other items	$4,411,345	$2,332,088
Other income (loss)		
Interest	$25,469	$6,394
Gain on land use agreement	$812,311	$58,450
Write down of prepaid gravel	$0	$(150,000)
Write down of resource properties and exploration costs	$0	$(3,750)
All other (loss)	$(14,872)	$(13,093)
Income before income taxes	**$5,234,253**	**$2,230,089**
Income taxes	$1,684,445	$759,199
Net income and comprehensive income	**$3,549,808**	**$1,470,890**
Basic income per common share	**$0.130**	**$0.054**

Total revenue for the three months ended August 31, 2012 was $3,582,344, comprised solely of aggregate management fees. This compared to total revenue for the three months ended August 31, 2011 of $2,613,379 comprised solely of aggregate management fees. During the three months ended August 31, 2012 total revenue and aggregate management fees increased by 37.1%. 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, contributing to the increase in aggregate management fees. In addition, additional fees are charged when the scales are operated beyond normal business hours. In the three months ended August 31, 2012 there was an increase in requests for over-time scale operations, which resulted in increased revenue.

Total tonneage sales of aggregate on which aggregate management fees are earned had increased by 32.5%, with 3,315,751 tonnes sold in the three months ended August 31, 2012 compared with 2,502,195 sold in the three months ended August 31, 2011.

Total revenue for the nine months ended August 31, 2012 was $10,421,446 comprised of $8,370,631 aggregate management fees and private pit net aggregate sales of $2,050,815. This compared to total revenue for the nine months ended August 31, 2011 of $5,301,079 comprised solely of aggregate management fees, as sales from private pit gravel operations had not yet commenced. During the nine months ended August 31, 2012 total revenue had increased by 96.6%, and aggregate management fees increased by 57.9%. The management contract with the Government of Alberta allows for an annual increase in the management fee based on the Alberta consumer price Index increase of the preceding year, contributing to the increase in aggregate management fees. In addition, additional fees are charged when the scales are operated beyond normal business hours. In the nine months ended August 31, 2012 there was an increase in requests for over-time scale operations, which resulted in increased revenue.

Total tonneage sales of aggregate had increased by 61.2%, with 7,812,633 tonnes sold in the nine months ended August 31, 2012 compared with 4,846,926 tonnes sold in the nine months ended August 31, 2011. Aggregate sales on which management fees are earned rose 56.0% on 7,559,133 tonnes sales during the nine months ended August 31, 2012 compared to 4,846,926 tonnes sales during the nine months ended August 31, 2011. The remaining 253,500 tonnes were sold from the House River pit, for which there were no sales made during the comparative period.

Aggregate operating expenses for the three months ended August 31, 2012 were $682,969 representing an increase of $390,533 or 133.5% from $292,436 for the three months ended August 31, 2011. Clearing and stripping expenses of $215,633 were incurred during Q3 2012 whereas there were no clearing and stripping expenses in the comparative period. All other aggregate operating expenses had risen by 59.8% during Q3 2012, up $174,900 to $467,336 compared to $292,436 during Q3 2011. Increased equipment fuel and equipment maintenance costs plus increased payroll costs, all largely resulting from increased sales volume and stripping activities, accounted for most of the increased costs.

Aggregate operating expenses for the nine months ended August 31, 2012 were $3,377,198 representing an increase of $2,513,447 or 291.0% from $863,751 for the nine months ended August 31, 2011. Clearing and stripping expenses of $1,836,684 were incurred during the nine months ended August 31, 2012 whereas there were no clearing and stripping expenses in the comparative period. Depletion of resource properties for the nine months ended August 31, 2012 were $22,299, for production occurring at the House River pit. There was no activity on which depletion is charged in the comparative period. All other aggregate operating expenses had risen by 75.8% during the nine months ended August 31, 2012, up $654,464 to $1,518,215 compared to $863,751 during the comparative period. Increased equipment fuel and equipment maintenance costs plus increased payroll costs, all largely resulting from increased sales volume and stripping activities, as well as substantial testing and drilling accounted for most of the increased costs.

Amortization and depreciation increased by $50,050 to $324,144 during the current quarter. Depreciation of property and equipment rose by $69,137 to $105,065 due to the substantial increase in property and equipment acquired by the Corporation during the year. A $19,087 reduction in amortization during the period was primarily due to there not being further amortization of the Poplar Creek management contract or reclamation cost asset, as these assets were written off during fiscal 2011 due to pit depletion.

Amortization and depreciation increased by $92,389 to $913,944 during Q3 2012 YTD. Of this increase, $46,778 was due to amortization of the House River pit reclamation cost asset. There was no related cost in the comparative period since the pit first came into production during 2012. Depreciation of property and equipment rose by $109,874 to $217,166 due to the substantial increase in property and equipment acquired by the Corporation during the period. Amortization expense had declined by $17,485 during the period and primarily due to there not being further amortization of the Poplar Creek management contract or reclamation asset, as these assets were written off during fiscal 2011 due to pit depletion.

General and administrative expenses for the three months ended August 31, 2012 increased by $65,187 or 18.5% to $418,080 up from $352,893 for the three months ended August 31, 2011. The increase is primarily due to $20,343 increased G&A payroll cost, $24,271 increase in consulting fees primarily associated with silica sand activities. Other increases include accounting fees primarily associated with IFRS transition, and rent resulting from opening the Corporation's Calgary office space.

General and administrative expenses for the nine months ended August 31, 2012 increased by $373,201 or 37.7% to $1,362,563 up from $989,362 for the nine months ended August 31, 2011. The increase is primarily due to $147,821 increased consulting fees, split roughly equally between silica activities for which there were no corresponding costs in the comparative period, and other costs of a non-repetitive nature. G&A payroll costs had increased by $91,808 over the comparative period. Increased accounting and legal fees during Q3 YTD 2012 represented $62,982 of the total increase. As well, there was a $44,440 increase in office supplies and expensed small furniture items, largely not typical or repetitive. Refurbishment of the Susan Lake field office and Calgary office space setup accounted for the majority of the increase. Office rent increased by $21,800 primarily resulting from the opening of the Corporation's Calgary office space.

Finance costs were $74,401 for the three months ended August 31, 2012, up $16,176 from $58,225 for the three months ended August 31, 2011. The increase is primarily due increased interest costs arising from lease loan advanced during Q3 2012, the proceeds which used to finance the purchase of property and equipment.

Finance costs were $162,065 for the nine months ended August 31, 2012, down $28,365 from $190,430 for the nine months ended August 31, 2011. The decrease is primarily due to a reduction in interest costs on callable debt resulting from lower loan balances through principal repayment. This was partially offset by term-debt and lease debt interest costs and amortization of long-term debt transaction costs arising from loans received during Q3 2012. Increased accretion expense during Q3 2012 YTD ($10,999 compared to $3,449) accounted for the remainder of change in finance costs.

Share-based compensation increased by $83,769 during the quarter, to $97,875 from $14,106 due to higher vesting during Q3 2012 than during the comparative quarter. This resulted from stock options granted during March 2012. This latest stock option grant reflects a significantly increased estimated average fair value per option than recent stock option grants, primarily due to the trend of increased market price of the Corporation's shares. This will result in comparatively higher non-cashflow share-based compensation over the 18-month vesting period covering the March 2012 stock option grant versus comparative periods.

Share-based compensation increased by $90,438 during Q3 2012 YTD, to $194,331 from $103,893 due to higher vesting than during the comparative period. This resulted from stock options granted during March and August 2012. This latest stock option grant reflects a significantly increased estimated average fair value per option than less recent stock option grants, primarily due to the trend of increased market price of the Corporation's shares. This will result in comparatively higher non-cashflow share-based compensation over the 18-month vesting period covering the March and August 2012 stock option grants versus comparative periods.

Interest income during Q3 2012 totalled $13,367 as compared to $2,178 for the comparative period, an increase of $11,189. The increase is due to interest income recognized on collections received that had been discounted when determining the carrying value of the land use agreement receivable; interest charges on overdue accounts receivable; and an increase in the interest rate earned on the short- term investment.

Interest income during Q3 2012 YTD totalled $25,469 as compared to $6,394 for comparative period, an increase of $19,075. The increase is due to interest income recognized on collections received on the land use agreement receivable; interest charges on overdue accounts receivable; and an increase in the interest rate earned on the short- term investment.

Gain on land use agreement during Q3 2012 was $812,311 as compared to $nil for the comparative period. The current period gain was the result of recognizing the estimated discounted future cashflow from the second lodge that was opened during Q3 2012, and from increasing the carrying value of the estimated discounted future cashflow from the first lodge due to the increase in the monthly average accommodation rate over time.

Gain on land use agreement during Q3 YTD 2012 was $812,311 as compared to $58,450 for the comparative period. The current period gain was the result of recognizing the estimated discounted future cashflow from the second lodge that was opened during Q3 2012, and from increasing the carrying value of the estimated discounted future cashflow from the first lodge due to the increase in the monthly average accommodation rate over time. During Q3 YTD 2011, $58,450 was the result of recognizing the estimated discounted future cashflow resulting from the fixed monthly fees over the current term of the agreement less $200,234 in related development costs that were charged against the gain. The estimated discounted future cashflow related to receipts from occupancy at the first lodge had not been initially recognized until Q4 2011, once sufficient historic information of accommodation rates was available to provide a reasonable basis for future occupancy estimation.

During the three months ended August 31, 2012, the Corporation earned net income and comprehensive income of $2,044,148 or $0.074 basic income per common share. This reflects an 84.5% increase in net income, up $936,083 from $1,108,065 net income and comprehensive income and $0.041 basic income per share earned during Q3 2011. Changes in the composition of net income primarily include an increase of $968,965 in aggregate management fees during the third quarter of 2012 and the $812,311 recognized gain on land use agreement. This was partially offset by $390,533 increased aggregate operating expenses during the period, including $215,633 increased stripping and clearing expenses. Pre-tax profitability increased by $1,337,271 during the quarter, at $2,814,669 up from $1,477,398, while income taxes increased by $401,188 during the period, to $770,521 up from $369,333. An offsetting net increase of $53,472 in combined other expenses and other income (loss) during the current quarter, as previously described, accounts for the remainder of the overall increase of $936,083 net income.

During the nine months ended August 31, 2012, the Corporation earned net income and comprehensive income of $3,549,808 or $0.130 basic income per common share. This reflects a 141.3% increase in net income, up $2,078,918 from $1,470,890 net income and comprehensive income and $0.054 basic income per share earned during Q3 2011 YTD. Changes in the composition of net income primarily include an increase of $3,069,552 in aggregate management fees Q3 2012 YTD, commencement of operations of the House River pit, which generated $2,050,815 in revenue, resulting in $5,120,367 increased revenue during Q3 2012 YTD. As well, the gain on land use agreement had increased by $753,861, to $812,311 up from $58,450. Increases in revenues and gains were partially offset by $2,513,447 increased aggregate operating expenses during the period, including $1,836,684 increased stripping and clearing expenses. Pre-tax profitability increased by $3,004,164 during the nine months ended, at $5,234,253 up from $2,230,089, while income taxes increased by $925,246 during the period, to $1,684,445 up from $759,199. An offsetting net increase of $356,617 in combined other expenses and other income (loss) after nine months ended, as previously described, accounts for the remainder of the overall increase of $2,078,918 net income.

H. OPERATING ACTIVITIES

Cash flow from operating activities for the nine months ended August 31 2012 was $3,435,064 as compared to $2,241,385 for the nine months ended August 31, 2011, an increase of $1,193,679. Various factors primarily accounted for the increase. Net income adjusted for non-cash items was $4,410,066 for the nine months ended August 31, 2012 compared to $2,562,269 for the nine months ended August 31, 2011, an increase of $1,847,797. Cash in the amount of $80,094 was provided through an increase in the balance owed in trade and other payables during Q3 YTD 2012, compared to a decrease of $73,311 in the comparative period, a rise of $153,405. During Q3 YTD 2012 cash in the amount of $364,287 was used through an increase in accounts receivable compared to cash provided though reduced accounts receivable of $122,357 during Q3 YTD 2011, a cash reduction of $486,644. Cash in the amount of $116,936 was used in Q3 YTD 2012 through a decrease in income tax payable compared to a decrease in income tax payable of $609,284 during Q3 YTD 2011, a decrease of $492,348 in cash used. A $39,043 increase in prepaid expenses during Q3 YTD 2012 compared to a decrease of $239,354 in prepaid expenses during Q3 YTD 2011 resulted in $278,397 more cash used for prepaid expenses. Cash in the amount of $534,830 was used during Q3 YTD 2012 to produce inventory compared to $nil during Q3 YTD 2011.

I. INVESTING ACTIVITIES

		Nine Months Ended August 31, 2012		Nine Months Ended August 31, 2011
Purchase of property and equipment	$	(3,146,419)	$	(15,957)
Restricted cash		(126,368)		(21,346)
Long-term deposits		$(745,635)		(81,540)
Development costs related to land use agreement		$0		(200,234)
Proceeds from land use agreement		351,197		115,384
Resource properties		(856,605)		(1,445,721)
Proceeds from sale and leaseback of property and equipment		1,946,454		0
Insurance proceeds from loss of property and equipment		4,250		0
Total	$	(2,573,126)	$	(1,649,414)

During Q3 YTD 2012, the Corporation invested $3,146,419 in the purchase of property and equipment, primarily for use a crushing spread and related equipment at its Kearl pit, and for stripping activities and large truck scale operations at Susan Lake pit. It is anticipated that these purchases will improve operations efficiency by reducing related future subcontractor costs. During Q3 YTD 2011, the Corporation invested $15,957 toward the purchase property and equipment.

During Q3 YTD, 2012, the Corporation invested $76,368 in a restricted cash account, pursuant to its land use agreement with a work camp provider. These funds are invested for the purpose of future funding of Poplar Creek pit reclamation costs. As well, the Corporation invested $50,000 in restricted cash to defray future reclamation costs for land disturbance to date at its House River pit. During Q3 YTD, 2011, the Corporation invested $21,346 in a restricted cash account, pursuant to its land use agreement with a work camp provider.

During Q3 YTD 2012 the Corporation received proceeds of $351,197 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 $115,384 had been received during the comparative period.

During Q3 YTD 2012 the Corporation received proceeds of $1,946,454 from sale and leaseback of property and equipment. There was no activity in the comparative period.

During Q3 YTD 2012 the Corporation invested $38,817 as deposit on the lease obligation, and a $706,818 deposit toward the purchase of property and equipment. During Q3 YTD 2011 the Corporation invested $81,540 in resource property security deposits.

During Q3 YTD 2012 the Corporation invested $764,194 in exploration, development and production costs with its mineral resource properties, funded mineral properties applications in the amount of $27,187, and mineral lease rent of $65,224. During Q3 YTD 2011, the Corporation invested $1,369,247 in exploration, development and production costs with its mineral resource properties, funded additional mineral properties applications in the amount of $4,375, and mineral lease rent of $72,099.

J. FINANCING ACTIVITIES

		Nine Months Ended August 31, 2012		Nine Months Ended August 31, 2011
Repayment of callable debt	$	(3,883,479)	$	(1,380,188)
Issue of share capital		152,866		34,167
Repurchase of share capital		0		(58,498)
Long-term debt proceeds		4,000,000		0
Long-term debt transaction costs		(41,250)		0
Repayment of long-term debt		(166,667)		0
Repayment of lease obligation		(102,332)		0
Total	$	(40,862)	$	(1,404,519)

During Q3 2012 YTD there had been no repurchase of share capital, whereas during Q3 YTD 2011 the Corporation expended $58,498 for the repurchase of its share capital pursuant to a normal course issuer bid that terminated on July 5, 2011.

During Q3 2012 YTD the Corporation received proceeds of $152,866 on the exercise of its share options, compared with proceeds of $34,167 for share options exercised in the comparative period.

During Q3 2012 YTD the Corporation received long-term debt proceeds of $4,000,000 with which it repaid all outstanding callable debt in the amount of $3,883,479 with the remainder available to fund term debt set up fees and working capital. There were no long-term debt proceeds in the comparative period.

K. LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2012 the Corporation reported working capital of $4,863,087 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 October 29, 2012 the Corporation holds mineral permits covering 450,629 hectares (1,113,529 acres). The Corporation has spending commitments totaling approximately $676,000 in fiscal 2012, 540,000 in fiscal 2013, and $2,548,000 in fiscal 2014 to retain these mineral permits held by the Corporation.

As at October 29, 2012 the Corporation holds mineral leases covering 18,635 hectares. In order to keep the land under mineral leases in good standing, the Corporation is required to pay annual rental of $3.50 per hectare on the mineral leases. In addition, applicable royalties will be payable to the Alberta Government once sales production on the mineral leases commences. Currently, the Corporation has an annual rental commitment of $65,223 over the 15 year life of the mineral leases which expire in 2026.

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

L. CONTRACTUAL OBLIGATIONS

As at August 31, 2012, the Corporation's contractual obligations are as follows:

		Principal Payments Due by Period			
	Total	Less than one year	2-3 years	4-5 years	After 5 Years
Long-term debt	$3,833,333	$1,350,000	$2,000,000	$483,333	$nil
Lease obligation	$2,006,284	$390,384	$758,813	$857,087	$nil

M. OUTSTANDING SHARE DATA

Athabasca is authorized to issue an unlimited number of common shares. The following details the common shares outstanding and securities that are convertible into common shares as at October 29, 2012:

Number of Common Shares Outstanding	27,819,166
Number of Stock Options Outstanding	1,998,333

The Corporation had 1,998,333 outstanding options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
25,000	$0.40	May 13, 2013
200,000	$0.25	September 21, 2014
340,000	$0.26	October 15, 2015
70,000	$0.35	October 6, 2016
1,158,333	$0.63	March 29, 2017
205,000	$1.04	August 24, 2017
1,998,333		

A total of 950,000 options were exercisable at a weighted average price of $0.41 per share.

Normal Course Issuer Bid:

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

During the nine months ended August 31, 2012 the Corporation had in place a normal course issuer bid that commenced on August 12, 2011 and terminated on August 12, 2012 (the "Bid"). During the year ended November 30, 2011 and during the nine months ended August 31, 2012 no common shares were repurchased pursuant to this Bid.

During the nine months ended August 31, 2012 the Corporation had in place the 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 Bid will be made through the facilities of TSX Venture Exchange Inc. (the "Exchange") at the market price for the common shares at the time of the acquisition. The purchase and payment for the common shares will be made by the Corporation in accordance with the by-laws and rules of the Exchange.

There are no persons acting jointly or in concert with the Corporation in respect of the Bid. The Corporation is making the Bid in order to stabilize the trading price and provide liquidity in the market for its common shares. During the nine months ended August 31, 2012 no common shares had been repurchased pursuant to the 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 the TSX Venture Exchange in order to obtain the necessary regulatory approval, without charge, by contacting the Chief Financial Officer of the Corporation at (780) 465-5696.

N. RELATED PARTY TRANSACTIONS

During the three months ended August 31, 2012 the Corporation incurred expenses of $441,010 (2011 - $116,525) 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 nine months ended August 31, 2012 the Corporation incurred expenses of $845,701 (2011 - $378,637) 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 August 31, 2012	For the Three Months Ended August 31, 2011	For the Nine Months Ended August 31, 2012	For the Nine Months Ended August 31, 2011
Directors and Officers:				
Directors fees and expenses	$ -	$	$ -	$ 9,139
Travel and miscellaneous	6,254	19,573	24,395	36,546
Exploration and development costs	-	38	-	293
	6,254	19,611	24,395	45,978
Companies controlled by directors and officers:				
Consulting fees for services rendered	45,899	76,938	215,160	268,636
Travel and miscellaneous	6,073	4,151	10,572	10,111
Exploration and development costs	365,784	825	548,574	8,912
Rent	17,000	15,000	47,000	45,000
	434,756	96,914	821,306	332,659
	$ 441,010	$ 116,525	$ 845,701	$ 378,637

During the nine months ended August 31, 2012, included in exploration and development costs, the Corporation paid $524,138 for stripping and crushing services performed at the Corporation's Kearl pit to a company controlled by a director and officer. Prior to awarding the contract for these services, the Corporation first obtained marketplace bids from competing suppliers.

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

O. COMPENSATION OF KEY MANAGEMENT

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 August 31, 2012	For the Three Months Ended August 31, 2011	For the Nine Months Ended August 31, 2012	For the Nine Months Ended August 31, 2011
Salaries and other benefits	$ 183,203	$ 138,004	$ 596,633	$ 503,020
Share-based benefits	44,151	18,031	132,267	68,999
	$ 227,354	$ 156,035	$ 728,900	$ 572,019

P. SIGNIFICANT JUDGEMENTS AND ACCOUNTING ESTIMATES

The preparation of the Corporation's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from these estimates.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

Revenue

Under its aggregate management contracts with the government, the Corporation invoices its customers for any royalties applicable on the sale of aggregates, and is responsible to collect and remit all invoiced royalties. An entity acts as a principal (not as an agent) when it has exposure to the significant risks and rewards associated with the sale of goods or the rendering of services. In a principal relationship, billed amounts are reported on a gross basis. In an agency relationship, billed amounts are reported on a net basis as the amounts collected on behalf of the principal are not considered revenue. Determining whether an entity is acting as a principal or agent requires judgment and consideration of all relevant facts and circumstances. Features that indicate that an entity is acting as a principal include:

- The entity has the primary responsibility for providing the goods or services to the customer or for fulfilling the order;
- The entity bears the customer's credit risk for the amount receivable from the customer;
- The entity has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
- The entity has inventory risk before or after the customer order, during shipping or on return.

It is the judgment of management that in the case of providing aggregate management services, the first two considerations above apply to the Corporation's situation, whereas the remaining two considerations apply less to the Corporation's situation It is therefore management's determination that the Corporation serves a role as principal rather than agent in the aggregate management services it performs.

Valuation of Resource Properties

Mineral properties are reviewed and evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Common indicators of impairment of a mineral property include, but are not limited to: (i) the right to explore in a specific area has expired, or will soon expire, and is not expected to be renewed; (ii) substantive expenditure on further exploration in a specific area is neither budgeted or planned; (iii) exploration in an area has not led to the discovery of commercially viable quantities of mineral resources, or the results are not compelling enough to warrant further exploration, and the Corporation has decided to discontinue activities in the area; or (iv) sufficient data exist to indicate that, although exploration or development in an area is likely to proceed, the carrying amount of the mineral property is unlikely to be recovered in full from successful development or by sale. As at August 31, 2012 the Corporation determined that there were no indicators of impairment in the carrying values of its mineral properties.

Useful Economic Life of Property and Equipment

The cost less the residual value of each item of property, plant and equipment is depreciated over its useful economic life. Depreciation is charged to exploration expense over the estimated life of the individual asset. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted if appropriate at each fiscal year end.

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

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

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

Impairment of Goodwill and Other Assets

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

Mineral Reserves

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

Calculation of Share-based Payments

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

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

Decommissioning and Restoration Provision

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

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

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

Inventories

Aggregate work-in-process and finished goods are valued at the lower of average production cost or net realizable value. Net realizable value is the estimated receipt from sale of the inventory in the normal course of business, less any anticipated costs to be incurred prior to its sale. The production cost of inventories is determined on a weighted average basis and includes direct labour, subcontractor production costs, overhead and depreciation, depletion and amortization of resource properties.

Commencement of Commercial Production

The Corporation assesses the stage of each resource property under development to determine when a property reaches the stage when it is substantially complete and ready for its intended use. Criteria used to assess when a property has commenced commercial production includes, among other considerations:

- Capital expenditures incurred relative to the expected costs to complete;
- The completion of a reasonable period of testing of mine plant and equipment;
- The ability to produce saleable aggregates;
- Achievement of production targets;
- Sufficiency of hauling access from the pit,
- The ability to sustain ongoing production.

When management determines that a property has commenced commercial production, costs deferred during development are reclassified as production costs and amortized.

Income Taxes

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

Collectability of Accounts Receivable

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

Land Use Agreement Receivable

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

Q. CHANGE IN ACOUNTING POLICIES INCLUDING EARLY ADOPTION

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. Joint arrangements

IFRS 11, "Joint Arrangements" was issued and supersedes IAS 31, "Interests in Joint Ventures" and SIC 13, "Jointly Controlled Entities-Non-monetary Contributions by Venturers", to establish principles for financial reporting by parties to a joint arrangement. This standard is effective for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of this new standard.

iii. Fair value measurement

IFRS 13, "Fair Value Measurement" was issued to set out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. This standard is effective for annual periods beginning on or after January 1, 2013. The Corporation is currently evaluating the impact of this standard.

iv. Employee benefits

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

v. Financial instruments classification and measurement

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

R. TRANSITION TO IFRS

The Corporation's IFRS accounting policies presented in Note 5 have been applied in preparing the financial statements for the period ended August 31, 2012, the comparative information and the opening balance sheet at the Transition Date.

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

First time adoption and exceptions applied

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

Mandatory exceptions to retrospective application

Estimates

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

Elected exemptions from full retrospective application

Share-based payment transactions

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

Business Combinations

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

Borrowing Costs

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

Presentation differences

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

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

Note 27 – Transition to IFRS (continued)

Reconciliation of balance sheets

		As at December 1, 2010			As at August 31, 2011			As at November 30, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
	Note	$	$	$	$	$	$	$	$	$
					(Note 29)					
ASSETS										
CURRENT										
Cash		1,296,812	-	1,296,812	484,264	-	484,264	1,397,883	-	1,397,883
Accounts receivable		3,210,246	-	3,210,246	3,087,888	-	3,087,888	3,778,126	-	3,778,126
Prepaid expenses		502,546	-	502,546	263,193	-	263,193	327,510	-	327,510
Current portion of land use agreement receivable		-	-	-	58,318	-	58,318	213,057	-	213,057
Short-term investment		603,000	-	603,000	603,000	-	603,000	603,000	-	603,000
		5,612,604	-	5,612,604	4,496,663	-	4,496,663	6,319,576	-	6,319,576
LONG-TERM DEPOSITS		25,050	-	25,050	106,590	-	106,590	106,590	-	106,590
RESTRICTED CASH		-	-	-	21,346	-	21,346	25,522	-	25,522
PROPERTY AND EQUIPMENT		858,911	-	858,911	767,576	-	767,576	734,034	-	734,034
LAND USE AGREEMENT RECEIVABLE		-	-	-	84,982	-	84,982	603,876	-	603,876
RESOURCE PROPERTIES	i	3,445,276	(65,900)	3,379,376	5,161,371	143,288	5,304,659	4,729,270	(34,781)	4,694,489
INTANGIBLE ASSETS	ii	6,201,442	33,052	6,234,494	5,498,264	24,729	5,522,993	5,175,926	-	5,175,926
GOODWILL		2,537,701	-	2,537,701	2,537,701	-	2,537,701	2,537,701	-	2,537,701
		18,680,984	(32,848)	18,648,136	18,674,493	168,017	18,842,510	20,232,495	(34,781)	20,197,714
LIABILITIES										
CURRENT										
Trade and other payables		871,279	-	871,279	797,967	-	797,967	1,476,071	-	1,476,071
Income tax payable		700,910	-	700,910	91,627	-	91,627	271,630	-	271,630
Callable debt		5,723,729	-	5,723,729	4,343,542	-	4,343,542	3,883,479	-	3,883,479
		7,295,918	-	7,295,918	5,233,136	-	5,233,136	5,631,180	-	5,631,180
DECOMMISSIONING AND RESTORATION PROVISION	ii	231,436	36,345	267,781	533,158	224,146	757,304	446,032	141,632	587,664
DEFERRED TAX	i, ii, iii	2,357,456	(51,780)	2,305,676	2,552,376	(29,518)	2,522,858	2,341,057	(44,103)	2,296,954
		9,884,810	(15,435)	9,869,375	8,318,670	194,628	8,513,298	8,418,269	97,529	8,515,798
EQUITY										
SHARE CAPITAL		6,585,761	-	6,585,761	6,594,612	-	6,594,612	6,655,116	-	6,655,116
CONTRIBUTED SURPLUS		736,643	-	736,643	813,697	-	813,697	795,996	-	795,996
RETAINED EARNINGS		1,473,770	(17,413)	1,456,357	2,947,514	(26,611)	2,920,903	4,363,114	(132,310)	4,230,804
		8,796,174	(17,413)	8,778,761	10,355,823	(26,611)	10,329,212	11,814,226	(132,310)	11,681,916
		18,680,984	(32,848)	18,648,136	18,674,493	168,017	18,842,510	20,232,495	(34,781)	20,197,714

Athabasca MINERALS INC.

Note 27 – Transition to IFRS (continued)

Reconciliation of statement of net income and comprehensive income

		Three months ended August 31, 2011			Nine months ended August 31, 2011			Year ended November 30, 2011		
		Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
	Note	$	$	$	$	$	$	$	$	$
					(Note 29)					
AGGREGATE MANAGEMENT SERVICES		3,746,966	-	3,746,966	7,466,869	-	7,466,869	12,179,997	-	12,179,997
ROYALTIES		1,133,587	-	1,133,587	2,165,790	-	2,165,790	3,488,213	-	3,488,213
REVENUE		2,613,379	-	2,613,379	5,301,079	-	5,301,079	8,691,784	-	8,691,784
Stripping and clearing expenses		-	-	-	-	-	-	336,730	-	336,730
Other aggregate management operating expenses		292,436	-	292,436	863,751	-	863,751	1,184,451	-	1,184,451
AGGREGATE MANAGEMENT OPERATING EXPENSES		292,436	-	292,436	863,751	-	863,751	1,521,181	-	1,521,181
		2,320,943	-	2,320,943	4,437,328	-	4,437,328	7,170,603	-	7,170,603
EXPENSES										
Depreciation of property and equipment		35,928	-	35,928	107,292	-	107,292	141,460	-	141,460
Amortization of intangible assets	ii	241,606	(3,440)	238,166	710,392	3,871	714,263	937,571	15,206	952,777
General and administrative		352,893	-	352,893	989,362	-	989,362	1,731,697	-	1,731,697
Finance costs	ii	67,819	(9,594)	58,225	207,366	(16,936)	190,430	260,386	(15,289)	245,097
Share-based compensation		14,106	-	14,106	103,893	-	103,893	113,711	-	113,711
		712,352	(13,034)	699,318	2,118,305	(13,065)	2,105,240	3,184,825	(83)	3,184,742
INCOME BEFORE OTHER ITEMS		1,608,591	13,034	1,621,625	2,319,023	13,065	2,332,088	3,985,778	83	3,985,861
OTHER INCOME (LOSS)										
Interest income		2,178	-	2,178	6,394	-	6,394	8,742	-	8,742
Gain on land use agreement		-	-	-	58,450	-	58,450	732,180	(27,213)	704,967
Miscellaneous (expense)		6,095	-	6,095	(13,093)	-	(13,093)	(6,496)	-	(6,496)
Foreign exchange		-	-	-	-	-	-	377	-	377
Write down of prepaid gravel		(150,000)	-	(150,000)	(150,000)	-	(150,000)	(150,000)	-	(150,000)
Write down of intangible assets		-	-	-	-	-	-	(138,086)	(80,090)	(218,176)
Write down of resource properties and exploration costs		(2,500)	-	(2,500)	(3,750)	-	(3,750)	(451,656)	-	(451,656)
		(144,227)	-	(144,227)	(101,999)	-	(101,999)	(4,939)	(107,303)	(112,242)
INCOME BEFORE INCOME TAXES		1,464,364	13,034	1,477,398	2,217,024	13,065	2,230,089	3,980,839	(107,220)	3,873,619
INCOME TAXES										
Current tax (recovery)		394,073	-	394,073	542,016	-	542,016	1,101,550	-	1,101,550
Deferred tax (benefit) expense	ii, iii	(24,740)	-	(24,740)	194,920	22,263	217,183	(16,399)	(7,677)	(8,722)
		369,333	-	369,333	736,936	(22,263)	759,199	1,085,151	(7,677)	1,092,828
NET INCOME AND COMPREHENSIVE INCOME		**1,095,031**	**13,034**	**1,108,065**	**1,480,088**	**(9,198)**	**1,470,890**	**2,895,688**	**(114,897)**	**2,780,791**

Athabasca MINERALS INC.

Note 27 – Transition to IFRS (continued)

Reconciliation of equity

	Share Capital $	Contributed surplus $	Retained Earnings $	Total $
December 1, 2010 – Canadian GAAP	6,585,761	736,643	1,473,770	8,796,174
Revaluation of carrying value of exploration costs	-	-	(65,900)	(65,900)
Revaluation of carrying value of resource property decommissioning and restoration assets	-	-	33,052	33,052
Revaluation of carrying value of decommissioning and restoration provision	-	-	(36,345)	(36,345)
Deferred tax impact of changes to carrying amounts	-	-	51,780	51,780
December 1, 2010 – IFRS	6,585,761	736,643	1,456,357	8,778,761
August 31, 2011 – Canadian GAAP	6,594,612	813,697	2,947,514	10,355,823
Revaluation of carrying value of exploration costs	-	-	(65,900)	(65,900)
Revaluation of carrying value of resource property decommissioning and restoration assets	-	-	233,917	233,917
Revaluation of carrying value of decommissioning and restoration provision	-	-	(224,146)	(224,146)
Deferred tax impact of changes to carrying amounts	-	-	29,518	29,518
August 31, 2011 – IFRS	6,594,612	813,697	2,920,903	10,329,212
November 30, 2011 – Canadian GAAP	6,655,116	795,996	4,363,114	11,814,226
Revaluation of carrying value of exploration costs	-	-	(65,900)	(65,900)
Revaluation of carrying value of resource property decommissioning and restoration assets	-	-	31,119	31,119
Revaluation of carrying value of decommissioning and restoration provision	-	--	(141,632)	(141,632)
Deferred tax impact of changes to carrying amounts	-	-	44,103	44,103
November 30, 2011 - IFRS	6,655,116	795,996	4,230,804	11,681,916

Notes to Reconciliation

i. Resource Properties

IFRS prohibits the capitalization of exploration costs in advance of holding permits on exploration properties. As a result, the Corporation wrote off $65,900 of capitalized exploration costs as of December 1, 2010, the date of transition, decreasing resource properties and retained earnings by that amount at December 1, 2010, at August 31, 2011 and at November 30, 2011.

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

ii. Decommissioning and Restoration Provision

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

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

For the quarter ended August 31, 2011 there was a $194,465 increase in decommissioning and restoration provision, a $207,499 increase in the related decommissioning and restoration assets, and a $13,034 increase in net income resulting from $3,440 reduced amortization expense on decommissioning and restoration assets and from $9,594 reduced accretion expense on the decommissioning and restoration provision.

For the nine months ended August 31, 2011 there was a $224,146 increase in decommissioning and restoration provision, a $233,917 increase in the related decommissioning and restoration assets, and a $13,065 increase in net income resulting from $3,871 increased amortization expense on decommissioning and restoration assets and from $16,936 reduced accretion expense on the decommissioning and restoration provision.

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

iii. Deferred taxes

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

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

For the nine months ended August 31, 2011 there was a $22,263 reduction in net income resulting from a corresponding increase in deferred tax expense, with no change during the quarter ended August 31, 2011.

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

S. FINANCIAL INSTRUMENTS

The Corporation'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 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 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. Land use agreement receivable is an estimate of discounted future cash flow with carrying value approximating fair value.

b) Credit Risk

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of cash, restricted cash, short-term investment, accounts receivable, long-term deposits and land use agreement receivable. The Corporation's maximum credit risk at August 31, 2012 is the carrying value of these financial assets.

In the normal course of business the Corporation evaluates the financial condition of its customers on a continuing basis and reviews the credit worthiness of all new customers. Management assesses the need for allowances for potential credit losses by considering the credit risk of specific customers, historical trends and other information. At August 31, 2012, 74.1% of the Corporation's accounts receivable was due from four customers.

The Corporation's aged accounts receivable are comprised of 47.6% current, 25.7% past due up to 60 days and 26.7% past due over 60 days. While certain amounts are past due, management considers there is no impairment of the accounts receivable.

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

Credit risk associated with cash, restricted cash and short-term investment is minimized substantially by ensuring that these financial assets are placed with major financial institutions that have been accorded strong investment grade rating. Long-term deposits are held with the 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 August 31, 2012.

As at August 31, 2012 the Corporation has sufficient working capital to fund ongoing operations and meet its liabilities when they come due. Accordingly, the Corporation is not exposed to significant liquidity risk. The Corporation has identified its financial liabilities as trade and other payables, term debt (excluding deferred transaction costs) and lease obligation. In aggregate the contractual maturities and amount due at maturity by fiscal year for these financial liabilities are as follows:

Year 1	$3,296,549
Year 2	$1,337,824
Year 3	$1,420,989
Year 4	$ 922,017
Year 5	$ 418,403

Year 1 above provides for a minimum cash sweep in the amount of $350,000 on the Corporation's term debt. The amount may be greater (see Note 15). The Corporation's existing credit facilities and cash flow from operating activities is expected to be greater than anticipated capital expenditures and the contractual maturities of the Corporation's financial liabilities for 2012. The expectation could be adversely affected by a material negative change in the demand for aggregate or the Corporation's management contracts.

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 August 31, 2012 the Corporation had USD cash on hand in the amount of $1,816 (CAD $1,799), and no USD denominated trade and other payables or receivables.

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 $60,000.

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.

T. RISKS AND UNCERTAINTIES

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

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

U. FORWARD LOOKING INFORMATION

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

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

V. APPROVAL

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