Athabasca MINERALS INC.

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE NINE MONTHS ENDED AUGUST 31, 2011

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GENERAL

This Management's Discussion and Analysis ("MD&A") of the financial condition and the results of operations of Athabasca Minerals Inc. ("Athabasca" or the "Corporation") should be read in conjunction with the unaudited interim financial statements and the notes thereto for the nine months ended August 31, 2011, as well as the audited financial statements and the notes thereto for the year ended November 30, 2010, which have been prepared in accordance with Canadian generally accepted accounting principles. The following information was prepared by management as of October 27, 2011. All amounts have been expressed in Canadian dollars. Additional information relating to the Corporation can be found on SEDAR 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 aggregates resources
- Exploration, acquisition and development of other aggregate resources and companies
- Identification, exploration and development of various industrial minerals to support oil sands development

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.

Currently, the Corporation holds Alberta Metallic and Industrial Minerals Permits on 227,282 hectares (561,626 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, sediment stream and outcrop sampling and deep well drilling.

During Q3 2011 the Corporation was approved for Alberta Metallic and Industrial Minerals Silica Leases on 12,800 hectares (31,629 acres) located in the Fort McMurray region in northeast Alberta, and Alberta Metallic and Industrial Minerals Salt Leases on 5835.5 hectares (14,420 acres) located in the Boyle, Alberta region in northeast Alberta.

B. AGGREGATE MANAGEMENT

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

Susan Lake Aggregate Operation

The aggregate operation is located approximately 85 Km north of Fort McMurray. It is approximately 9,260 acres (3,750 hectares) in size. Approximately 935 hectares or 25% of the pit has been developed. Approximately 63.1 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, 2011 there are 75 months remaining on the ten year contract with the Alberta Government.

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

Poplar Creek Aggregate Operation

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

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

The Corporation has obtained a miscellaneous lease approval from the Alberta Government to operate the site as a lay-down yard. The term of this lease is consistent with the term of the Poplar Creek management contract which has 18 months remaining as at August 31, 2011.

On June 7, 2011 the Corporation announced it had finalized a long term land use agreement with a camp provider to transfer a 42 acre parcel of developed land out of the depleted portion of the Corporation's current miscellaneous lease at Poplar Creek to the camp provider. The camp provider has constructed a facility on the lease that can currently accommodate approximately 500 workers, primarily employed in the oil sands industry. Pursuant to the land use agreement, the camp provider pays monthly fees to the Corporation. The camp provider also agreed to make a contribution toward the estimated cost of reclamation, in aggregate not to exceed $300,000, which the Corporation will maintain in a restricted cash account to be first applied toward any costs for reclamation of the Poplar Creek site. During the period ended August 31, 2011 the Corporation received income of $115,384 under the agreement with the camp provider. Work camp operations began during March 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. Sales revenue from aggregates extracted will be determined by market demand rather than specified by a government agency.

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

Logan Pit

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

This pit contains very little vegetation, topsoil and overburden, and 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 is in discussions with prospective customers in the Conklin, Alberta area for aggregates delivery during January through March 2012. The Corporation began clearing and intends to begin stripping a portion of this area during the fourth quarter of 2011 to prepare the site for gravel extraction. This pit will be suitable for winter haul only.

Pelican Hill

Pelican Hill pit is located approximately 70 km southeast of the Hamlet of Wabasca, where heavy petroleum is produced. Final SML approval on this 79.7 acre mixed sand and gravel pit was received from Alberta Sustainable Resource Development on June 7, 2011. 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 industries, as well as for government infrastructure projects in the area. This pit will be available for year-round aggregates extraction and sales.

Kearl Pit

Kearl pit is located approximately 60 km east of the Susan Lake gravel pit. On March 8, 2011 the Corporation announced 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 aggregates extraction and sales. The Kearl aggregate operation is fully controlled by Athabasca Minerals, enabling the Corporation to benefit from the full market value on all sales of aggregates, including processing and delivery (in contrast to the per tonne fixed fee the Corporation currently receives for managing Susan Lake and Poplar Creek). The Corporation is currently engaged in marketing discussions with prospective customers. Proposed aggregates production and sales from the Kearl pit is scheduled to begin in the fourth quarter of 2011.

House River

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.. On August 4, 2011 the Corporation received SML approval from the Alberta Government, to develop an open pit mine on the leased area, comprised of 32.375 hectares of land for a term of ten years. As a result of road conditions, like the Logan Pit, the House River property will only be suitable for operations during the winter months.

Private Land

Warrensville Pit

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

Over the course of the lease agreement $150,000 had accumulated in the Corporation's accounts as a prepaid expense, entitling the Corporation to 300,000 cubic yards 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 saleability, the Corporation has written off the $150,000 as a charge against income at August 31, 2011.

The Corporation also purchased two 160-acre parcels of land near the previously leased property. These lands are located within and underlain by the "Grimshaw Gravels", a pre-glacial sand and gravel deposit. Pre-glacial deposits are known to contain high quality aggregates. 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 the operations' viability and that are conducive to the Corporation's growth strategy will be targeted.

D. MINERAL PROPERTIES

As at October 27, 2011 the Corporation holds Alberta Metallic and Industrial Minerals Permits for 227,282 hectares (561,626 acres) and Alberta Metallic and Industrial Minerals Leases for 18,635 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 annual 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.

Financing potential opportunities such as these 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 27, 2011 (hectares)	**August 31, 2011 (hectares)**	**May 31, 2011 (hectares)**
Balance at beginning of period:	289,929	325,917	494,072
Mineral permits acquired during the period:	6,257	9,216	16,560
Mineral permits relinquished during the period:	(68,904)	(45,204)	(184,715)
Balance at end of period:	227,282	289,929	325,917

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

	October 27, 2011 (hectares)	**August 31, 2011 (hectares)**	**May 31, 2011 (hectares)**
Balance at beginning of period:	18,636	-	-
Mineral leases acquired during the period:	-	18,636	-
Mineral leases relinquished during the period:	-	-	-
Balance at end of period:	18,636	18,636	-

During Q3 2011 the Corporation received approval for Alberta Metallic and Industrial Minerals Silica Leases on 12,800 hectares (31,629 acres) located in the Fort McMurray region in northeast Alberta, and Alberta Metallic and Industrial Minerals Salt Leases on 5835.5 hectares (14,420 acres) located in the Boyle, Alberta region in northeast Alberta.

Salt

The Corporation has mineral lease holdings on 5835.5 hectares (14,420 acres) of property situated in the Lotsberg formation in the Boyle, Alberta area. 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. In August 2011, Athabasca acquired 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. Studies have indicated that this salt would also provide a suitable feedstock for a Chlor-Alkali chemical plant to supply the oil sands industry.

Salt projects are being deferred as substantial working capital will be required to conduct further studies and testing to determine whether projects economic viability. The Corporation may seek industrial partners to further pursue salt project opportunities.

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.

Silica Sand

Extensive testing of the silica sand deposit on the Corporation's Firebag property in the Fort McMurray region of northeast Alberta was conducted early in 2011. The testing, for frac sand suitability, was done by Stim-Lab Inc of Oklahoma and the results are reported in detail in the Corporation's Management's Discussion and Analysis for the quarter ended May 31, 2011.

The results show that the 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.

During August 2011 the Corporation received approval for Alberta Metallic and Industrial Minerals Silica Leases on its Firebag property covering 12,800 hectares (31,629 acres).

Dolomite

The Corporation has suspended further consideration of dolomite exploration, choosing instead to focus on expediting development of aggregate production within its approved surface materials leases.

E. SUMMARY OF QUARTERLY RESULTS

	Three Months Ended	Three Months Ended	Three Months Ended	Three Months Ended
	Aug 31/11	**May 31/11**	**Feb 28/11**	**Nov 30/10**
Revenue	$3,746,966	$2,371,573	$1,348,330	$4,711,823
Interest and Miscellaneous Income (Expense)	$8,273	$664	$(21,782)	$17,759
Work camp income	$70,825	$44,559	$Nil	$Nil
Write down of prepaid gravel royalties	$(150,000)	$Nil	$Nil	$Nil
Net Income and Comprehensive Income	1,133,762	$350,761	$20,405	$1,309,855
Basic and Diluted Net Income Per Share	$0.04	$0.01	$0.00	$0.05
Total Assets	$18,699,334	$17,893,504	$17,932,606	$18,680,984
Resource Properties	$4,757,102	$4,863,715	$3,552,085	$3,445,276

	Three Months Ended	Three Months Ended	Three Months Ended	Two Months Ended
	Aug 31/10	**May 31/10**	**Feb 28/10**	**Nov 30/09**
Revenue	$3,559,303	$1,763,173	$1,086,134	$3,988,031
Interest and Miscellaneous Income	18,328	$6,846	$6,552	$6,678
Work camp income	$Nil	$Nil	$Nil	$Nil
Write down of prepaid gravel royalties	$Nil	$Nil	$Nil	$Nil
Net Income (Loss) and Comprehensive Income (Loss)	$819,938	$(300,716)	$(147,269)	$820,854
Basic and Diluted Net Income (Loss) Per Share	$0.03	$(0.01)	$(0.01)	$0.03
Total Assets	$17,160,292	$16,702,511	$17,369,475	$18,467,100
Resource Properties	$3,340,398	$3,311,004	$3,140,072	$2,999,617

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

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

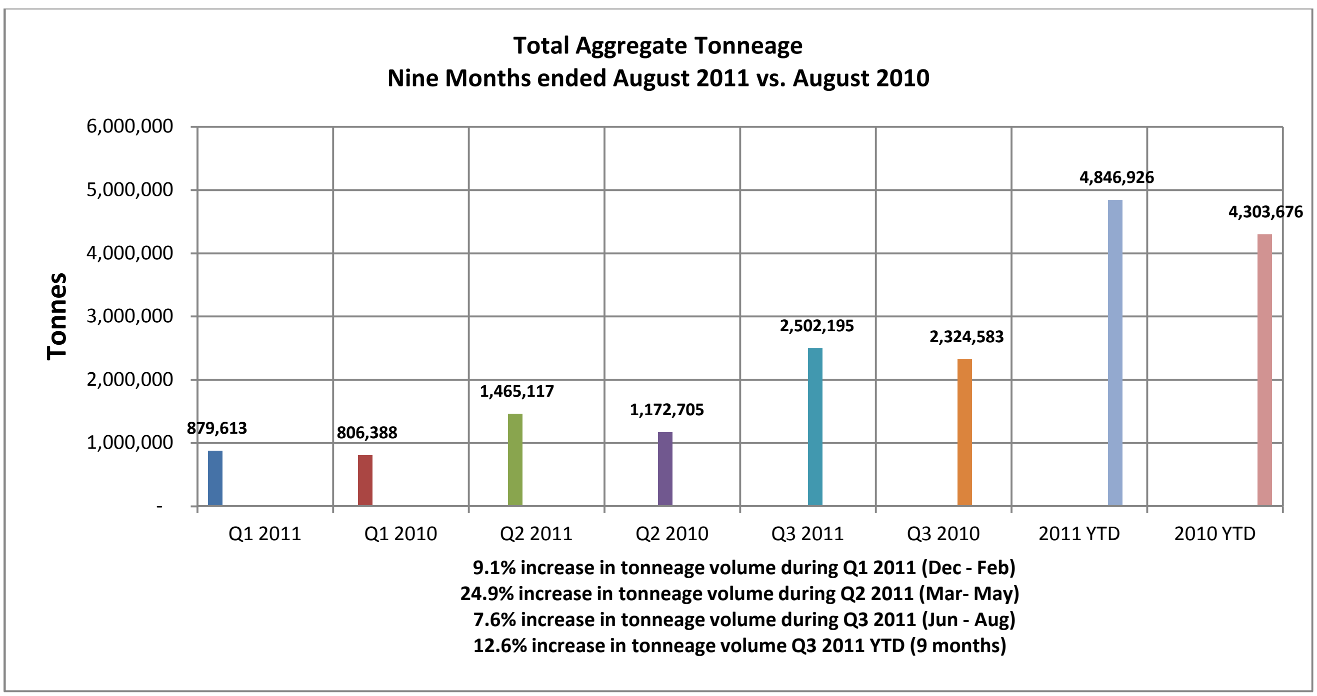
The Corporation determines demand for the year by discussing expected aggregate requirements with its major customers. On March 1, 2011, the Corporation announced a forecast demand for aggregates for fiscal year 2011 to be approximately 7.5 million tonnes. Management of the Corporation is of the opinion the forecast demand remains on schedule.

In the first quarter of 2011, the Corporation sold 879,613 tonnes of aggregate, of which 879,236 tonnes were from Susan Lake and 377 tonnes from Poplar Creek.

In the second quarter of 2011, the Corporation sold 1,465,117 tonnes of aggregate, of which 1,458,400 tonnes were from Susan Lake and 6,717 tonnes from Poplar Creek.

In the third quarter of 2011, the Corporation sold 2,502,195 tonnes of aggregate, of which 2,501,076 tonnes were from Susan Lake and 1,119 tonnes from Poplar Creek.

The table below compares aggregate sales during the first nine months of fiscal years 2011 versus 2010. After nine months of activity, 2011 aggregate sales exceeded 2010 sales by 12.6%. During the first quarter of 2011, the combined demand for aggregates from the Susan Lake and the Poplar Creek aggregate operations increased by 9.1% over the first quarter of fiscal year 2010. During the second quarter of 2011, demand for aggregates from the Susan Lake and the Poplar Creek aggregate operations increased by 24.9% over the second quarter of 2010. During the third quarter of 2011, demand for aggregates from the Susan Lake and the Poplar Creek aggregate operations increased by 7.6% over the third quarter of 2010. With recent announcements from various oil sands companies to increase their production, it is anticipated that the demand for aggregates will remain strong.



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Other Aggregate Resources

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

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

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 of prepaid gravel from the Warrensville pit. Since there are other gravel pits in the area, competing for the same market, a concerted effort will be required to sell the aggregate on economic terms. At August 31, 2011, the Corporation wrote off the prepaid gravel carrying value of $150,000 as a charge against income.

Mineral Properties

The Corporation continually assesses its mineral exploration program.

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

The Corporation has conducted further exploration and independent testing of its silica sand properties during fiscal 2011. During the third quarter of 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 American Petroleum Institute (API). The Corporation will pursue development and marketing of opportunities with companies interested in utilizing its high quality silica sand resources.

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

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

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

G. OPERATING RESULTS

	Nine Months Ended August 31, 2011	Nine Months Ended August 31, 2010
Aggregate Management Fee Revenue	$7,466,868	$6,408,611
Royalties	$2,165,791	$1,870,627
Aggregate Management Fee Revenue, net of Royalties	$5,301,077	$4,537,984
Aggregate Management Operating Expenses		
Clearing and stripping expenses	$Nil	$896,191
Other Aggregate Management Operating Expenses	$863,749	$847,817
Expenses (Income)		
Amortization and accretion	$870,163	$842,281
General and administrative	$989,362	$906,129

Interest on callable debt	$186,982	$215,573
Work camp income	($115,384)	$Nil
Stock based compensation	$103,893	$100,435
Interest	$(6,394)	$(19,644)
Miscellaneous	$13,093	$(12,080)
Write down of prepaid gravel royalties	$150,000	-
Write down of resource properties and exploration costs	$3,750	$70,050

Revenues for the three months ended August 31, 2011 have increased by 5.3% to $3,746,966 from $3,559,303 for the three months ended August 31, 2010. The sale of aggregate increased by 7.6%, with 2,502,195 tonnes sold in the three months ended August 31, 2011 compared with 2,324,583 sold in the three months ended August 31, 2010.

Revenues for the nine months ended August 31, 2011 have increased by 16.5% to $7,466,868 from $6,408,611 for the nine months ended August 31, 2010. The sale of aggregate increased by 12.6%, with 4,846,926 tonnes sold in the nine months ended August 31, 2011 compared with 4,303,676 tonnes sold in the nine months ended August 31, 2010.

Aggregate management operating expenses for the three months ended August 31, 2011 were $292,436 representing a decrease of 69.0% from $943,412 for the three months ended August 31, 2010. The decrease is primarily attributed to no clearing and stripping expenses during Q3 2011, whereas there had been $573,907 in clearing and stripping expenses during the three months ended August 31, 2010. Reduced payroll costs attributable to aggregate operations in the third quarter of 2011 accounted for much of the remaining variance.

Aggregate management operating expenses for the nine months ended August 31, 2011 were $863,749 representing a decrease of 50.5% from $1,744,009 for the nine months ended August 31, 2010. The decrease is primarily attributed to no clearing and stripping expenses through Q3 YTD 2011, whereas there had been $896,191 in clearing and stripping expenses during the nine months ended August 31, 2010. All other aggregate management operating expenses had risen by $15,931 during the nine months ended August 31, 2011 (to $863,749 from $847,818). The cost increase is primarily due to an increase in the cost of field and supply materials, and travel costs. These were partially offset by lower payroll costs attributable to aggregate operations during the nine months ended August 31, 2011 compared to the corresponding prior period. As a percentage of sales, Other Aggregate Management Operating Expenses decreased by 1.6% for nine months ended August 31, 2011, compared to the nine months ended August 31, 2010 (11.6% compared to 13.2%).

General and administrative expenses for the three months ended August 31, 2011 have increased 57.5% to $352,893 from $224,042 for the three months ended August 31, 2010. The increase is primarily due to increased repairs and maintenance, professional fees, and other dues and fees in the three months ended August 31, 2011.

General and administrative expenses for the nine months ended August 31, 2011 have increased 9.2% to $989,362 from $906,128 for the nine months ended August 31, 2010. The increase is primarily due to increased payroll costs and repairs and maintenance, while partially offset by reduced consulting fees, and professional fees in the nine months ended August 31, 2011.

Interest expense was $57,147 for the three months ended August 31, 2011 down from $71,514 for the three months ended August 31, 2010. The decrease is due to lower loan balances through principal repayment but is partially offset by increased interest rates during the second quarter of 2011 compared to 2010.

Interest expense was $186,982 for the nine months ended August 31, 2011 down from $215,573 for the nine months ended August 31, 2010. The decrease is due to lower loan balances through principal repayment but is partially offset by increased interest rates during the nine months ended August 31, 2011 compared to 2010.

Interest income from cash on deposit and short-term investment for the three months ended August 31, 2011 totalled $2,178 as compared to $6,248 for the three months ended August 31, 2010. The decrease in interest income results from a lower interest rate received on the short term investment and a reduced balance of cash on deposit.

Interest income from cash on deposit and short-term investment for the nine months ended August 31, 2011 totalled $6,394 as compared to $19,644 for the nine months ended August 31, 2010. The decrease in interest income results from a lower interest rate received on the short term investment and a reduced balance of cash on deposit.

Work camp income for the three months and nine months ended August 31, 2011 totalled $70,825 as compared to $Nil for the three months and nine months ended August 31, 2010. The work camp operation began during March 2011.

Work camp income for the nine months ended August 31, 2011 totalled $115,384 as compared to $Nil for the nine months ended August 31, 2010.

During the three months ended August 31, 2011, the Corporation wrote off mineral permits totalling $2,500 (three months ended August 31, 2010- $1,350) and wrote down exploration costs totalling $Nil (three months ended August 31, 2010- $3,347).

During the nine months ended August 31, 2011, the Corporation wrote off mineral permits totalling $3,750 (nine months ended August 31, 2010- $49,695) and wrote down exploration costs totalling $Nil (nine months ended August 31, 2010- $20,355).

The Corporation wrote off prepaid gravel royalties for the three and nine months ended August 31, 2011 totalled $150,000 as compared to $Nil for the three and nine months ended August 31, 2010.

During the three months ended August 31, 2011, the Corporation recorded a net income and comprehensive income of $1,133,762 and +$0.04 income per share (three months ended August 31, 2010- $819,938 and +$0.03 income per share). The increase in net income is primarily attributed to a net increase of $119,497 in aggregate sales net of royalties, a reduction in clearing and stripping expenses of $573,907, other aggregate management operating expenses of $77,069 and work camp income of $70,825. This was partially offset by a $128,851 increase in general and administrative expenses and increased income taxes of $221,898 compared to the three months ended August 31, 2010.

During the nine months ended August 31, 2011, the Corporation recorded a net income and comprehensive income of $1,504,927 and +$0.05 income per share (nine months ended August 31, 2010- $371,953 and +$0.01 income per share). The increase in net income is primarily attributed to a net increase of $763,094 in aggregate sales net of royalties, a reduction in clearing and stripping expenses of $896,191, and work camp income of $115,384. This was partially offset by an $83,233 increase in general and administrative expenses, a write-down of prepaid gravel royalties of $150,000 and increased income taxes of $417,657 compared to the nine months ended August 31, 2010.

H. OPERATING ACTIVITIES

Cash flow from operating activities for the three months ended August 31, 2011 was $572,543 as compared to $830,675 for the three months ended August 31, 2010, a decrease of $258,132. Various factors accounted for the net decrease. Net income adjusted for non-cash items was $1,445,928 for the three months ended August 31, 2011 compared to $950,932 for the three months ended August 31, 2010, an increase of $494,996. Cash in the amount of $275,038 was used through a decrease in the balance owed in accounts payable and accrued liabilities in the three months ended August 31, 2011, whereas $58,358 was used for that purpose in the three months ended August 31, 2010. During the three months ended August 31, 2011 $1,042,231 of cash was used due an increase in accounts receivable whereas use of cash due to an increase in accounts receivable was $870,216 in the three months ended August 31, 2010. Cash in the amount of $397,074 was preserved in the three months ended August 31, 2011 through a reduction in income tax receivable of $305,447 and an increase income tax payable of 91,627. During the same period in the prior year the amount of cash saved had been $302,693 due to an increase in income tax payable. Cash was further preserved in the three months ended August 31, 2011 as there had been a $157,310 reduction in prepaid expense during the period, whereas there had been an expenditure of $68,283 during the same period in the prior year. Cash in the amount of $107,500 was used in the three months ended August 31, 2011 for expenditure on prepaid clearing and stripping costs during the period, whereas cash in the amount of $573,907 had been preserved during the same period in the prior year due to a decrease in prepaid clearing and stripping costs.

Cash flow from operating activities for the nine months ended August 31, 2011 was $2,058,484 as compared to $181,720 for the nine months ended August 31, 2010, an increase of $1,876,764. Various factors accounted for the net increase. Net income adjusted for non-cash items was $2,677,655 for the nine months ended August 31, 2011 compared to $1,307,907 for the nine months ended August 31, 2010, an increase of $1,369,748. Cash in the amount of $73,312 was used through a decrease in the balance owed in accounts payable and accrued liabilities in the nine months ended August 31, 2011, whereas $572,297 was used for that purpose in the nine months ended August 31, 2010. During the nine months ended August 31, 2011 cash was provided due to a decrease in accounts receivable of $122,357 whereas there was an increase in accounts receivable and a use of cash of $594,346 in the nine months ended August 31, 2010. Cash in the amount of $397,074 was used in the nine months ended August 31, 2011 through a reduction in income tax payable of $609,284. During the same period in the prior year the amount of cash saved had been $152,936 due to an increase in income tax payable. Cash was further preserved in the nine months ended August 31, 2011 as there had been a $239,354 reduction in prepaid expense during the period, whereas there had been an expenditure of $177,361 during the same period in the prior year. Cash in the amount of $298,286 was used in the nine months ended August 31, 2011 for expenditure on prepaid clearing and stripping costs during the period, whereas cash in the amount of $64,881 had been preserved during the same period in the prior year due to a decrease in prepaid clearing and stripping costs.

I. INVESTING ACTIVITIES

Investing activities for the three month periods ending August 31, 2011 and 2010 are as follows.

	Three Months Ended August 31, 2011	Three Months Ended August 31, 2010
Purchase of property and equipment	$Nil	$(7,148)
Long-term deposits	$(102,886)	$Nil
Resource properties	$(129,974)	$(130,744)
Total	$(232,860)	$(137,892)

During the three months ended August 31, 2011, the Corporation invested $81,540 as security deposits on three sand and gravel surface material leases. During the three months ended August 31, 2011, the Corporation invested $21,346 as restricted cash to be first applied toward any costs for reclamation of the Poplar creek site.

During the three months ended August 31, 2011, the Corporation invested $129,349 in exploration and development of its mineral resource properties and funded additional minerals properties applications in the amount of $625. During the three months ended August 31, 2010, the Corporation invested $130,744 in exploration of its mineral resource properties

J. FINANCING ACTIVITIES

	Three Months Ended August 31, 2011	Three Months Ended August 31, 2010
Repayment of callable debt	$(460,063)	$(452,313)

K. LIQUIDITY AND CAPITAL RESOURCES

As at August 31, 2011, the Corporation had a reported working capital deficit of $1,945,732. Despite the repayment terms extending over five years, the callable debt has been classified as a current liability due to the demand feature of the loans. As at August 31, 2011, the Corporation is in compliance with the lender's financial covenants. The lender removes the callable debt when calculating working capital for loan covenant purposes which results in working capital of $2,857,872 for that purpose.

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

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

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

As at October 27, 2011, the Corporation holds mineral permits covering 227,282 hectares. The Corporation has spending commitments totaling approximately $397,000 in fiscal 2011, $830,000 in fiscal 2012 and $540,000 in fiscal 2013 to retain the Corporation's mineral permits held at October 27, 2011.

As at October 27, 2011, 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, 2011, the Corporation's contractual obligations are as follows:

		Payments Due by Period			
	Total	Less than one year	2-3 years	4-5 years	After 5 Years
Callable debt	$4,343,542	$1,840,250	$2,469,709	$33,583	$nil

Athabasca MINERALS INC.

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 27, 2011:

Number of Common Shares Outstanding	27,067,499
Number of Stock Options Outstanding	2,512,433

The Corporation had 2,512,433 outstanding options with the following exercise prices and expiry dates:

Number	Exercise Price	Expiry Date
955,767	$0.40	January 8, 2012
150,000	$0.26	October 15, 2012
75,000	$0.40	May 13, 2013
575,000	$0.25	September 21, 2014
100,000	$0.40	October 15, 2014
100,000	$0.40	November 2, 2014
556,666	$0.26	October 15, 2015
2,512,433		

A total of 2,085,767 options were exercisable at a weighted average price of $0.34.

Normal Course Issuer Bid:

During the nine months ended August 31, 2011, the Corporation had in place a normal course issuer bid that commenced on July 5, 2010 and terminated on July 5, 2011. During the nine months ended August 31, 2011 the aggregate cost of the common shares purchased and cancelled was $58,498 of which $52,154 was recorded as a charge against share capital for the average carrying value of the common shares of approximately $0.24 per share with $6,344 charged to retained earnings.

During the nine months ended August 31, 2011 the Corporation obtained regulatory approval to proceed with a normal course issuer bid (the "Bid"). In accordance with the terms of the Bid, the Corporation may purchase up to a total of 1,353,375 common shares representing approximately 5% of the common shares of the Corporation issued and outstanding as at August 1, 2011. The Bid commenced on August 12, 2011 and will terminate on August 12, 2012. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of TSX Venture Exchange Inc. (the "Exchange") at the market price for the common shares at the time of the acquisition. The purchase and payment for the common shares will be made by the Corporation in accordance with the by-laws and rules of the Exchange. There are no persons acting jointly or in concert with the Corporation in respect of the Bid. The Corporation is making the Bid in order to stabilize the trading price and provide liquidity in the market for its common shares. During the nine months ended August 31, 2011, no shares had been repurchased pursuant to the Bid that commenced on August 12, 2011.

Purchases on behalf of the Corporation will be made by Mackie Research Capital, 428, 1851 Sirocco Drive S.W., Calgary, Alberta – T3H 4R5. Shareholders of the Corporation can obtain a copy of the Notice of Intention to Make a Normal Course Issuer Bid (Form 5G), which was submitted by the Corporation to the 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, 2011, the Corporation incurred expenses of $116,524 (August 31, 2010 - $139,493) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation.

During the nine months ended August 31, 2011, the Corporation incurred expenses of $378,637 (August 31, 2010 - $472,500) for services provided by certain directors and officers and certain companies controlled by certain directors and officers of the Corporation.

These fees are recorded in the financial statements as follows:

	For the Three Months Ended August 31, 2011	2010	For the Nine Months Ended August 31, 2011	2010
	(Unaudited)		(Unaudited)	
Directors and Officers:				
Directors fees and expenses	$ -	$ 20,000	$ 9,139	$ 27,273
Travel and miscellaneous	19,574	4,932	36,545	22,601
Exploration and development costs	37	876	294	1,211
	19,611	25,808	45,978	51,085
Companies controlled by directors and officers:				
Consulting fees for services rendered	76,937	90,313	268,637	342,445
Travel and miscellaneous	4,151	1,842	10,111	2,594
Exploration and development costs	825	6,530	8,911	18,747
Interest	-	-	-	296
Letter of credit Fees	-		-	13,333
Rent	15,000	15,000	45,000	44,000
	96,913	113,685	332,659	421,415
	$ 116,524	139,493	$ 378,637	472,500

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

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

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

O. FUTURE CHANGES IN ACCOUNTING POLICIES

International Financial Reporting Standards

The Canadian Accounting Standards Board (ACSB) announced in 2008 that for fiscal years commencing on or after January 1, 2011, all publicly accountable enterprises are required to report their financial results using IFRS as issued by the International Accounting Standards Board (IASB). IFRS uses a conceptual framework similar to Canadian Generally Accepting Accounting Principles (GAAP) but there are some differences in recognition, measurement and disclosures.
The first reporting period Athabasca Minerals Inc. will use IFRS will be for the year ended November 30, 2012, however, to be compliant with IFRS the Corporation will be required to prepare interim and annual financial statements with comparative numbers for the prior year. As a result, the Corporation will require the restatement for comparative purposes the amounts reported by Athabasca for each of the quarters in fiscal 2011 and for the year ended November 30, 2011. IFRS also requires the converted opening balance sheet as of December 1, 2010, the Corporation's date of transition to IFRS, be subject to audit. The conversion to IFRS from Canadian GAAP is a significant undertaking. The process will involve completion of successive phases, as follows: scoping and diagnostic, analysis and development, initial application, and implementation and reporting. The Corporation has commenced its conversion to IFRS, led by the Corporation's Chief Financial Officer, and supported by the Corporation's skilled IFRS service providers.

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

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

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

P. FINANCIAL INSTRUMENTS

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

a) Fair Value

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

b) Credit Risk

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

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

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

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

b) Liquidity Risk

The Corporation manages liquidity risk by ensuring sufficient funds are available to meet liabilities when they come due. Under its long-term credit facilities, the Corporation must maintain certain ratios. The Corporation has complied with all ratios as at August 31, 2011 however the credit facilities are due on demand. The demand feature of the credit facilities increases the Corporation's liquidity risk as the bank could demand repayment. Management has assessed this risk and believes that it has sufficient capital through internally generated cash flows or alternate sources of financing to mitigate this risk.

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

Year 1	$ 5,141,509

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

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

d) Foreign Currency Risk

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

e) Interest Rate Risk

The Corporation has an interest bearing term deposit and carries variable rate debt financing. Given the interest rate is fixed on the term deposit, the Corporation is not exposed to any interest rate risk on this financial instrument. However, the Corporation is exposed to interest rate risk on the variable rate callable loans. A 100 basis point increase in interest rate on the callable loans would decrease net income and comprehensive income by approximately $31,000. The Corporation's bank loans bear interest at 1.875% and 2% over the bank prime lending rate. As the bank prime lending rate fluctuates so will the cost of borrowing. While exposed to interest rate risk in the short-term, the Corporation has the ability to convert the variable rate financing to fixed rate financing on the demand loan bearing the bank's prime lending rate plus 1.875%, due December 31, 2013 thereby significantly reducing the exposure to interest rate risk. Given the ability to convert to a fixed rate bank loan, the Corporation is not exposed to significant interest rate risk.

Q. RISKS AND UNCERTAINTIES

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

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

R. FORWARD LOOKING INFORMATION

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

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