ATHABASCA URANIUM INC.

INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED
FEBRUARY 28, 2011

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim financial statements for the six month period ended February 28, 2011.

ATHABASCA URANIUM INC.
INTERIM BALANCE SHEETS
(Unaudited – Prepared by Management)

	February 28, 2011	August 31, 2010 (Audited)
ASSETS		
Current		
Cash	$ 2,587,605	$ 474,629
Receivables	80,093	20,486
Prepaids	-	55,375
	2,667,698	550,490
Mineral properties (Note 3)	2,545,802	452,350
	$ 5,213,500	$ 1,002,840
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 550,182	$ 10,000
Shareholders' equity		
Capital stock (Note 4)	5,424,389	1,267,836
Contributed surplus (Note 4)	454,433	251,731
Deficit	(1,215,504)	(526,727)
	4,663,318	992,840
	$ 5,213,500	$ 1,002,840

Nature and continuance of operations (Note 1)
Subsequent events (Note 10)

On behalf of the Board:

"Gil Schneider" Director *"D. Barry Lee"* Director

The accompanying notes are an integral part of these interim financial statements.

ATHABASCA URANIUM INC.
STATEMENTS OF INTERIM OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Months Ended February 28, 2011	Three Months Ended February 28, 2010	Six Months Ended February 28, 2011	Six Months Ended February 28, 2010
GENERAL AND ADMINISTRATIVE EXPENSES				
Bank charges and interest	$ 412	$ -	$ 622	$ 25
Consulting	163,430	-	192,930	-
Investor relations	107,444	-	131,434	-
Office and miscellaneous	1,524	798	2,866	2,820
Rent	7,500	7,500	21,600	14,000
Management fees (Note 5)	40,000	-	70,000	-
Professional fees	17,050	7,677	29,383	8,347
Regulatory and filing fees	29,280	2,399	39,508	6,281
Stock-based compensation (Note 4)	202,702	-	202,702	-
Travel and promotion	1,697	1,625	2,232	2,224
	(571,039)	(19,999)	(693,277)	(33,697)
OTHER ITEM				
Interest income	4,500	-	4,500	-
Loss for the period	(566,539)	(19,999)	(688,777)	(33,697)
Deficit, beginning of period	(648,965)	(188,013)	(526,727)	(174,315)
Deficit, end of period	$ (1,215,504)	$ (208,012)	$ (1,215,504)	$ (208,012)
Basic and diluted loss per common share	$ (0.02)	$ (0.01)	$ (0.03)	$ (0.01)
Weighted average number of common shares	30,301,502	2,000,000	23,437,211	2,000,000

The accompanying notes are an integral part of these interim financial statements.

ATHABASCA URANIUM INC.
STATEMENTS OF INTERIM CASH FLOWS
(Unaudited – Prepared by Management)

	Three Months Ended February 28, 2011	Three Months Ended February 28, 2010	Six Months Ended February 28, 2011	Six Months Ended February 28, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (566,539)	$ (19,999)	$ (688,777)	$ (33,697)
Item not effecting cash:				
Stock-based compensation	202,702	-	202,702	-
Changes in non-cash working capital items:				
Increase in receivables	1,118	(504)	(59,607)	(595)
Decrease in prepaids	45,330	973	55,375	4,646
Increase in accounts payable and accrued liabilities	994,547	(4,146)	1,002,640	(1,615)
Net cash used in operating activities	677,158	(23,676)	512,333	(31,261)
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties	(1,293,365)	-	(1,365,910)	-
Net cash used in investing activities	(1,293,365)	-	(1,365,910)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issuance (net of issue costs)	2,950,289	-	2,966,553	-
Net cash provided by investing activities	2,950,289	-	2,966,553	-
Change in cash during the period	2,334,082	(23,676)	2,112,976	(31,261)
Cash, beginning of period	253,523	118,144	474,629	125,729
Cash, end of period	$ 2,587,605	$ 94,468	$ 2,587,605	$ 94,468
Cash and equivalents is comprised of:				
Cash			$ 283,105	$ 94,468
Cash equivalents			2,204,500	-
			$ 2,587,605	$ 94,468

Supplemental disclosure with respect to cash flows (Note 6)

The accompanying notes are an integral part of these interim financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

The financial statements contained herein include the accounts of Athabasca Uranium Inc. (the "Company").

The Company was incorporated under the Business Corporations Act (BC) on June 6, 2007 and was initially classified as a Capital Pool Company as defined in TSX Venture Exchange Policy 2.4. The Company completed a Qualifying Transaction on July 7, 2010 (see Note 3) and subsequently changed its name from BOE Capital Corp. to Athabasca Uranium Inc. and its trading symbol on the TSX Venture Exchange from 'BOC' to 'UAX'.

The Company is in the process of acquiring and exploring its mineral properties and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for mineral properties and related deferred exploration costs are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete the development of those mineral reserves and upon future profitable production.

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support from related parties, to complete public equity financing, or to generate profitable operations in the future.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

	February 28, 2011	August 31, 2010
Working capital	$ 2,117,516	$ 540,490
Deficit	(1,215,504)	(526,727)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These interim financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All amounts herein are expressed in Canadian dollars unless otherwise noted. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual financial statements. Certain information and footnote disclosure normally included in annual financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the Company's audited financial statements and the accompanying notes for the year ended August 31, 2010 except as discussed below. In the opinion of the Company, its unaudited interim financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Comparative figures

Certain comparative figures have been reclassified, where applicable, to conform to the presentation adopted for the current period.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future accounting changes

Business combinations (Section 1582)

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is to be in effect January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards. The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The Company does not expect the adoption of this section to have a significant effect on its financial statements.

Consolidated financial statements (Section 1601) and non-controlling interests (Section 1602)

The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company does not expect the adoption of this section to have a significant effect on its financial statements.

International financial reporting standards ("IFRS")

In 2006, the AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011.

In the period leading up to the changeover in 2011, the AcSB has ongoing projects and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management intends to continue to review new standards, as well as the impact of the existing accounting standards, between now and the conversion date to ensure all relevant changes are addressed. The Company is in the process of evaluating the potential effects of the requirements of these new standards.

3. MINERAL PROPERTIES

Title to mineral property interests involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral claims. The Company has investigated title to all of its mineral property interests and, to the best of its knowledge, title to all of its interests are in good standing. The mineral property interests in which the Company has committed to earn an interest are located in Canada.

The Company's mineral properties consist of:

	McCarthy Lake	McGregor Lake	Webb River	East Key Lake	Total
Balance, August 31, 2009	$ -	$ -	$ -	$ -	$ -
Interest in property	300,000	-	-	-	300,000
Other acquisition costs	60,975	-	-	-	29,309
Consulting	91,375	-	-	-	91,375
Total additions	452,350	-	-	-	452,350
Balance, August 31, 2010	452,350	-	-	-	452,350
Interest in property	-	450,000	470,000	420,000	1,340,000
Other acquisition costs	58,265				58,265
Consulting	13,545	11,000	6,000	-	76,291
Surveying	114,364	286,576	217,956	45,746	618,896
Total additions	186,174	747,576	693,956	465,746	2,093,452
Balance, February 28, 2011	**$ 638,524**	**$ 747,546**	**$ 693,956**	**$ 465,746**	**$ 2,545,802**

McCarthy Lake Project
As its Qualifying Transaction, the Company entered into a mineral property option agreement with Vorenus Metal Corp. ("Vorenus") dated June 4, 2010, pursuant to which the Company has an option (the "Option") to acquire a 50% interest in and to the prospective uranium property known as the McCarthy Lake Property located in the Athabasca basin region of northeast Saskatchewan (the "McCarthy Property").

The Company paid consideration of $300,000 to Vorenus, consisting of $100,000 cash and 2,000,000 common shares of the Company issued at a value of $200,000. The Company will incur a minimum of $200,000 in exploration expenditures on the McCarthy Property within one year in order to satisfy the final condition to exercise the Option. The Mccarthy Property is subject to a 2.5% net smelter return ("NSR") royalty. The Company has the option to purchase 80% of the NSR royalty at any time for $500,000.

McGregor Lake Project
The Company entered into an agreement whereby it has an option to acquire the McGregor Lake Property. The Company can earn 100% (subject to a 1% NSR) of the mineral rights to the McGregor Lake Property by paying an initial $10,000 and issuing 1,500,000 common shares to an arm's-length vendor. Additional payments totalling $800,000 within 42 months and filing $3,000,000 in exploration expenditures on the McGregor Lake Property are required within four years. The 1% NSR may be purchased from the vendor by the Company for $1,500,000.

The Company paid consideration of $450,000, consisting of $60,000 cash and 1,500,000 common shares at a fair value of $390,000, fulfilling its first commitment under the McGregor Lake Property option agreement.

3. MINERAL PROPERTIES (cont'd…)

Webb River Project
The Company entered into an agreement whereby it has an option to acquire the Webb River Property. The Company can earn 100% (subject to a 1% NSR) of the mineral rights to the Webb River Property by paying an initial $50,000 and issuing 1,500,000 common shares to an arm's-length vendor and making additional payments totalling $600,000 plus filing $2,500,000 in exploration expenditures on the Webb River Property within four years. The 1% NSR may be purchased by the Company for $1,500,000.

The Company paid consideration of $470,000, consisting of $50,000 cash and 1,500,000 common shares at a fair value of $420,000, fulfilling its first commitment under the Webb River Property option agreement.

East Key Lake Project
The Company entered into an agreement whereby it has an option to acquire the East Key Lake Property. The Company can earn 100% (subject to a 1% NSR) of the mineral rights to the East Key Lake Property by paying an initial $40,000 and issuing 1,000,000 common shares to an arm's-length vendor and making additional payments totalling $750,000 over the next 42 months and by filing $3,000,000 in exploration expenditures on the East Key Lake Property within four years. A 1% net smelter return royalty has also been granted to the vendor, which may be purchased by the Company for $1,500,000.

The Company paid consideration of $420,000, consisting of $40,000 cash and 1,000,000 common shares at a fair value of $380,000, fulfilling its first commitment under the East Key Lake Property option agreement.

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS

	Number of Shares	Capital Stock	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Unlimited preferred shares without par value			
Issued:			
Balance as at August 31, 2009	4,000,000	$ 223,389	$ 75,584
Issuance on private placement	9,000,000	900,000	-
Issuance for McCarthy Lake Property option (Note 3)	2,000,000	200,000	-
Share issuance costs	-	(55,553)	-
Issuance costs for agents' warrants	-	-	8,253
Stock-based compensation	-	-	167,894
Balance as at August 31, 2010	15,000,000	$ 1,267,836	$ 251,731
Issuance for Webb River Property option (Note 3)	1,500,000	420,000	-
Issuance for McGregor Lake Property option (Note 3)	1,500,000	390,000	-
Issuance for East Key Lake Property option (Note 3)	1,000,000	380,000	-
Issuance on private placement	14,326,087	3,100,000	-
Share issuance costs	-	(232,447)	-
Issuance on warrant exercise	495,000	99,000	-
Stock-based compensation	-	-	202,702
Balance as at February 28, 2011	33,821,087	$ 5,424,389	$ 454,433

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Escrow shares

The Company had 4,000,000 common shares which are subject to escrow agreements, 10% of which were released from escrow upon completion of the Company's Qualifying Transaction. An additional 15% will be released from escrow every six months thereafter.

As at February 28, 2011, 3,000,000 (August 31, 2010 - 3,600,000) common shares are held in escrow.

Stock options

The Company has adopted a "rolling" stock option plan (the "Plan"), pursuant to which a maximum of 10% of the issued and outstanding common shares of the Company, less any outstanding stock options previously granted, will be reserved for issuance as options and will be granted at the discretion of the Board of Directors to eligible optionees under the Plan. While the Plan is in effect there can never be more than 10% of the Company's issued and outstanding common shares reserved for issuance. Stock options granted vest at the discretion of the Board of Directors. The options can be granted for a maximum term of 5 years.

The stock options outstanding and transactions are as follows:

	Number of Options	Weighted Average Exercise Price
Balance August 31, 2009	400,000	$ 0.10
Granted	900,000	0.25
Balance August 31, 2010	1,300,000	$ 0.20
Granted	1,475,000	0.26
Cancelled	(200,000)	0.25
Balance February 28, 2011	2,575,000	$ 0.23

The stock options outstanding at February 28, and April 25, 2011 (date of report) are as follows:

Number of Options	Exercise Price	Expiry Date
400,000	$ 0.10	January 25, 2013
700,000	0.25	August 4, 2015
1,475,000	0.26	January 16, 2020
2,575,000		

All options are currently exercisable.

4. CAPITAL STOCK AND CONTRIBUTED SURPLUS (cont'd…)

Stock-based compensation

The total stock-based compensation recognized and expensed during the six month period ended February 28, 2011, under the fair value method was $202,702 (2010 - $nil).

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted during the six month period:

Risk-free interest rate	1.69%
Expected life of option	2 years
Annualized volatility	100%
Dividend rate	0.00%

Warrants

The warrants outstanding and transactions are as follows:

	Number of warrants	Weighted Average Exercise Price
Balance August 31, 2009	200,000	$ 0.10
Expired	(200,000)	0.10
Granted	4,925,000	0.20
Balance August 31, 2010	4,925,000	0.20
Granted	15,467,086	0.32
Exercised	(495,000)	0.20
Balance February 28, 2011	19,897,086	$ 0.30

Number of Warrants	Exercise Price	Expiry Date
4,430,000	$ 0.20	July 7, 2011
6,477,391	0.35	December 7, 2011
489,130	0.23	December 7, 2011
126,000	0.30	December 7, 2011
1,348,695	0.35	December 23, 2011
7,025,870	0.30	December 23, 2011
19,897,086		

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

a) The Company paid management fees of $40,000 (2009 - $nil) to a company controlled by an officer of the Company.

b) The Company paid management fees of $30,000 (2009 - $nil) to a company controlled by a director of the Company.

c) The Company paid consulting fees of $9,000 (2009 - $nil) to an officer of the Company.

d) The Company paid consulting fees of $6,000 (2009 - $nil) to a director of the Company.

e) The Company paid $6,600 (2009 - $nil) for rent to a company with common directors.

At February 28, 2011, the Company paid consulting fees of $105,375 (2010 - $88,375) to a company with common directors, of which $12,545 (August 31, 2010 - $88,375) was capitalized to exploration costs.

These 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.

6. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	Six Months Ended February 28, 2011	Six Months Ended February 28, 2010
Cash paid during the period for interest	$ -	$ -
Cash paid during the period for income taxes	$ -	$ -

The significant non-cash transactions during the six months ended February 28, 2011 were as follows:

1) Issued 3,000,000 shares with a fair value of $1,190,000 for the acquisition of an interest in mineral properties.
2) Included in accounts payable and accrued liabilities is $462,458 capitalized to mineral properties.

There were no significant non-cash transactions during the six months ended February 28, 2010.

7. SEGMENT INFORMATION

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. The Company conducts all of its operations in Canada, and the Company's property is located in Canada.

8. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. In the management of capital, the Company includes cash balances and components of shareholders' equity.

The Company does not have any externally or internally imposed capital requirements. The Company is currently dependent upon external financing to fund activities. In order to pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed.

Management regularly reviews its capital management approach and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the six month period ending February 28, 2011. The Company is not subject to externally imposed capital requirements.

9. FINANCIAL INSTRUMENTS

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk
Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company's receivables are owed from the Federal Government of Canada as a result of Harmonized Sales Tax (HST) refunds and a sundry receivable. The Company believes it has no significant credit risk.

Liquidity risk
The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2011, the Company had a cash balance of $2,587,605 (August 31, 2010 - $474,629) to settle current liabilities of $550,182 (August 31, 2010 - $10,000). All of the Company's financial liabilities have contracted maturities of less than 30 days and are subject to normal trade terms. The Company expects to fund these and future liabilities through use of the Company's cash balance and the issuance of capital stock.

Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of February 28, 2011, the Company has $2,300,000 in investment-grade short-term deposit certificates.

b) Foreign currency risk

Foreign currency risk is the risk that variation in exchange rates between the Canadian dollar and a foreign currency will affect the Company's operating and financial results. The Company does not have any balances or transactions denominated in a foreign currency.

9. FINANCIAL INSTRUMENTS (cont'd)

c) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

10. SUBSEQUENT EVENTS

Subsequent to the quarter:

a) On March 14, 2011, the Company announced that it had completed a private placement of units of the Company for gross proceeds of $2,878,629, oversubscribed above the original announced $2.5 million. The Company issued 2,041,714 non-flow through units (the "NFT Units") consisting of one common share (a "Share") and one share purchase warrant (the "NFT Warrant") at a price of $0.35 per NFT Unit and 5,694,814 flow through units (the "FT Units") consisting of one flow through common share and one share purchase warrant (the "FT Warrant") at a price of $0.38 per FT Unit for aggregate gross proceeds of $2,878,629. Each NFT Warrant issued entitles the holder thereof to purchase one Share at a price of $0.45 per Share until March 11, 2013. Each FT Warrant issued entitles the holder thereof to purchase one Share at a price of $0.50 per Share until March 11, 2012.

b) On April 14, 2011, the Company announced that it has received regulatory approval for, and subsequently closed on the first phase of its option to acquire the Hodges Lake Property, in northeast Saskatchewan. The Company has the option to earn a 100% interest, subject to a 1% net smelter return royalty ("NSR") in the Hodges Lake Property by paying an initial $25,000 and issuing 600,000 common shares to an arm's-length vendor and by filing a $3,500,000 in qualified exploration assessment credits within four years either on the Hodges Lake Property itself or on Athabasca's other properties under option within its McGregor Lake Project area. The 1% NSR may be purchased by the Company for $1,500,000. The Company has now made the initial payment of cash and shares, fulfilling its first commitment under the Hodges Lake option agreement.