ATHABASCA URANIUM INC.

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED FEBRUARY 28, 2011

The following discussion and analysis, prepared as of April 25, 2011 should be read together with the unaudited interim financial statements for the six months ended February 28, 2011 and the audited financial statements for the year ended August 31, 2010 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts, which address reserve potential, exploration drilling and related activities and events or developments that the Company expects are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include exploration successes, continued availability of capital and financing and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

DESCRIPTION OF BUSINESS AND OVERVIEW

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 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'.

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 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 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 Lake Property within one year in order to satisfy the final condition to exercise the Option. The McCarthy Lake 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.

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 totaling $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 payment 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.

SELECTED ANNUAL INFORMATION

		August 31, 2010		August 31, 2009		August 31, 2008
Revenue	$	Nil	$	Nil	$	Nil
Interest income		--		405		2,896
Net loss		(352,412)		(107,229)		(55,967)
Loss per share		(0.10)		(0.04)		(0.05)
Total assets		1,002,840		130,903		197,894
Total liabilities		10,000		6,245		13,842
Dividends		--		--		--

RESULTS OF OPERATIONS

Overall, the Company recorded a loss of $688,777 ($0.03 per common share) for the six months ended February 28, 2011 as compared to a loss of $33,697 ($0.01 per common share) for the six months ended February 28, 2010.

Operating Expenses:

The operating expenses were $693,277 for the six months ended February 28, 2011 as compared to $33,697 for the six months ended February 28, 2010. The Company experienced an increase in operating expenses of $659,580 which was primarily due to the increase in stock-based compensation of $202,702 for this period as compared to $nil for the same period ending February 28, 2010 and the increased activities related to identifying and completing the Qualifying Transaction, the acquisition of the other projects as described earlier, and to the increase in corporate activity related to the private placements. A summary of these increases is as follows:

		February 28, 2011		February 28, 2010		Net Change
Consulting fees	$	192,930	$	-	$	192,930
Investor relations		131,434		-		131,434
Rent		21,600		14,000		7,600
Management fees		70,000		-		70,000
Professional fees		29,383		8,347		21,036
Regulatory and filing fees		39,508		6,281		33,227

MINERAL PROPERTIES

During the six month period ending February 28, 2011, additions to mineral properties totaled $2,093,452 (2010 - $nil). The Company entered into three new option agreements for a total cash consideration of $150,000 (2010 - $nil), issued shares at fair value of $1,190,000 (2010 - $nil) and incurred exploration expenditures of $753,452 (2010 - $nil).

McCarthy Lake Project

During the six month period, the Company incurred other acquisition costs of $58,265 (2010 - $nil), consulting fees of $13,545 (2010 - $nil), and surveying costs of $114,364 (2010 - $nil).

McGregor Lake Project

During the six month period, the Company completed the first phase of exercising the McGregor Lake option by making the initial $60,000 cash payment and issuing the 1,500,000 common shares at a fair value of $390,000 for a total cost of $450,000 (2009 - $nil), fulfilling its first commitment under the option agreement. In addition, consulting fees of $11,000 (2010 - $nil) and surveying costs of $286,576 (2010 - $nil) were also incurred during the period.

Webb River Project

During the six month period, the Company completed the first phase of exercising the Webb River option by making the initial $50,000 cash payment and issuing the 1,500,000 common shares at a fair value of $420,000 for a total cost of $470,000 (2009 - $nil), fulfilling its first commitment under the option agreement. In addition, consulting fees of $6,000 (2010 - $nil) and surveying cost of $217,956 (2010 - $nil) were also incurred during the period.

East Key Lake Project

During the six month period, the Company completed the first phase of exercising the East Key Lake option by making the initial $40,000 cash payment and issuing the 1,000,000 common shares at a fair value of $380,000 for a total cost of $420,000 (2009 - $nil), fulfilling its first commitment under the option agreement. In addition, surveying costs of $45,746 (2010 - $nil) were also incurred during the period.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended February 28, 2011	Three Months Ended November 30, 2010	Three Months Ended August 31, 2010	Three Months Ended May 31, 2010
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Interest income (expense)	4,500	-	-	-
Net loss	(566,539)	(122,238)	(298,689)	(20,026)
Loss per share – basic and diluted	(0.02)	(0.01)	(0.07)	(0.01)
Total assets	5,213,500	1,714,959	1,002,840	71,980
Working capital	2,117,516	361,971	540,490	28,677

	Three Months Ended February 28, 2010	Three Months Ended November 30, 2009	Three Months Ended August 31, 2009	Three Months Ended May 31, 2009
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Interest income (expense)	-	-	-	-
Net loss	(19,999)	(13,698)	(55,488)	(17,586)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	95,591	119,736	130,903	142,690
Working capital	90,961	110,960	124,658	140,621

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2006, the Canadian Accounting Standards Board ("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 Canadian GAAP. This 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.

The Company completed a preliminary IFRS transition assessment which highlighted several key areas of difference between existing Canadian GAAP and IFRS, specifically, presentation of financial statements, the treatment of asset retirement obligations, impairment of assets and share-based payments.

The Company developed an IFRS project plan assigning responsibilities and outlining the proposed timing of execution of key IFRS conversion projects. The Company's IFRS project plan stipulates several project phases. The first phase includes initial training and education for key finance staff. This phase is currently underway and is expected to be substantially completed by the end of the Company's fiscal quarter ending with key management attending external courses, as well as regular consultations with external consultants.

The next phase of the Company's IFRS project was the "impact assessment" phase, whereby the project team reviewed each of the significant areas of difference highlighted by the initial diagnostic. In this phase, the project team determined the potential qualitative differences between Canadian GAAP and IFRS and assessed the impact of these differences on the Company's accounting policies, information systems, internal controls over financial reporting and other business processes. To-date, the Company has identified the following key areas of potential difference with respect to the accounting for:

- Share-based payments – Canadian GAAP allows the preparer to choose from two options, namely a) treating all options granted at a particular date and with the same terms and conditions as one pool (pooling method) and b) treating options with different vesting dates as different grants (vesting method). The cost of such options is calculated according to Black-Scholes for both methods. For the pooling method, the total expense is amortized on a straight line basis over the longest vesting period of all of the options in the pool resulting in equal charges to income over the period. The vesting method looks at each vesting tranche and the expense associated with that particular vesting tranche and amortizes that in a straight line. This second method front end loads the expense so that although available, this method is rarely used under Canadian GAAP. Under IFRS, the vesting method is the only method that may be used.

- Impairment of assets – IAS 36, Impairment of Assets ("IAS 36"), uses a one-step approach for testing and measuring asset impairments with asset carrying values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset in its current state. In the absence of an active market, fair value less costs to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP where undiscounted future cash flows are used to compare against the asset's carrying value to determine if impairment exists. This may result in more frequent write-downs in the carrying value of assets under IFRS since asset carrying values that were previously supported under Canadian GAAP based on undiscounted cash flows may not be supported on a discounted cash flow basis under IFRS. However, under IAS 36, previous impairment losses may be reversed where circumstances change such that the impairment has been reduced. This also differs from Canadian GAAP, which prohibits the reversal of previously recognized impairment losses.

- Mineral property costs – The Company has evaluated its existing policy for exploration cost accounting and does not expect any of the differences between IFRS and Canadian GAAP to impact its accounting for exploration costs.

On changing to IFRS, the Company will be eligible to make elections under the standard for the transition to IFRS, namely IFRS 1 – First Time Adoption. In some cases, the changes that would otherwise have been retrospective are, with election, applicable from the date of transition and prospectively; in a number of other cases, there is a mandatory approach to deal with the effects of the changes. Where an election is available, the Company is currently reviewing the selection of a suitable option. Typically, IFRS requires significantly more disclosure than is the case under current Canadian GAAP, particularly with respect to the notes to the financial statements. The Company, as part of the Plan, will be reviewing its data collection and reporting systems to ensure that the requisite information will be available and reliable.

The Company has completed a preliminary review of the above areas of potential difference on its information systems and is planning a number of new software implementations as a result. The above changes are not expected to have a significant impact on the Company's information and data systems, business processes, internal controls over financial reporting, disclosure controls and business activities.

The Company has completed the majority of its impact assessment phase. The next project phase consists of developing new IFRS-compliant accounting policies, implementation of these policies, calculating the Company's opening balance sheet under IFRS as at September 1, 2010, related testing and additional training as required. The Company expects to have developed new IFRS-compliant accounting policies and calculated its opening balance sheet under IFRS by the end of its fiscal quarter ending May 31, 2011.

CHANGE IN ACCOUNTING POLICIES

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.

PROPOSED TRANSACTIONS

The Company is continuously evaluating new opportunities, and while various negotiations may be ongoing at any given time, these may or may not be successful. The Company is primarily focused on evaluating growth opportunities. The Company considers opportunities where exceptional value to the shareholders is evident. Should the Company be successful in advancing a property to NI43-101 resource stage, the project would likely have a significant impact on its operating requirements.

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 the Company'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.

OFF-BALANCE SHEET ARRANGEMENTS

As at August 31, 2010 and February 28, 2011, the Company does not have any off-balance sheet arrangements

LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to raise additional capital through equity offerings.

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

Net cash used in operating activities during the six months ended February 28, 2011 was $512,333 (2009 – $31,261). The cash used in operating activities for the current year consists primarily of general and administrative expenses and change in non-cash working capital of $998,408 (2010 - $2,436).

Net cash used in investing activities during the six months ended February 28, 2011 was $1,365,910 (2010 - $nil) which relates to costs for the acquisition and exploration of mineral properties.

Net cash from financing activities during the six months ended February 28, 2011 was $2,966,553 (2010 – $nil) which was from share subscriptions received of $3,199,000 net of issuance costs of $232,447.

Subsequent to the quarter, the Company was successful in raising $2,878,629 via the issuance of 5,694,814 flow-through and 2,041,714 non-flow through units which entitle the holder to one common share and one common share purchase warrant of the Company (as detailed in the Share Capital section below).

Also subsequent to the quarter, 298,751 warrants were exercised for $59,750.

The Company has sufficient working capital to complete its current operating and exploration and development program requirements for the coming year. The Company does not have any long-term debt. It will continue to focus on identifying, exploring and developing its mineral properties.

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. If adequate financing is not available when required, the Company may be unable to continue operating. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

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.

CRITICAL ACCOUNTING ESTIMATES

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and form the basis for the following discussion and analysis of critical accounting policies and estimates. The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities during the course of preparing these financial statements. On a regular basis, the Company evaluates estimates and assumptions including those related to the determination of impairment of assets and the recognition of stock-based compensation.

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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.

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.

SHARE CAPITAL

	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
Issuance for Hodges Lake Property option	600,000	126,000	-
Issuance on private placement	7,736,528	2,878,629	-
Share issuance costs	-	(173,236)	-
Issuance on warrant exercise	298,751	59,750	-
Balance as at April 25, 2011 (date of report)	42,456,366	$ 8,189,658	$ 454,433

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 and April 25, 2011 (date of report), 3,000,000 common shares are held in escrow (August 31, 2010 - 3,600,000).

Private placement

During the quarter:

i) On December 7, 2010, the Company completed the first tranche of its previously-announced $3.1 Million private placement offering, the Company issued 6,477,391 FT Units in the capital of the Company to subscribers to the offering for gross proceeds of $1,489,800. Each FT Warrant issued entitles the holder to purchase one common share at a price of $0.35 per share until December 7, 2011. The Company will renounce an amount equal to the gross proceeds derived from the sale of the FT Units to the purchasers thereof in accordance with the provisions of the Income Tax Act (Canada).

   Additionally, the Company paid various arm's-length parties cash in the aggregate amount of $76,536 and issued warrants to purchase an aggregate 489,130 common shares at $0.23 and 126,000 common shares at $0.30 as commissions for their parts in the placement of the first tranche of the Offering.

ii) On December 22, 2010, the Company completed the second and final tranche of its previously-announced $3.1 Million private placement offering, consisting of 1,348,695 FT Units and 6,500,000 NFT Units for aggregate gross proceeds of $1,610,200. Each FT Warrant issued entitles the holder to purchase one common share at a price of $0.35 per share until December 22, 2011 and each NFT Warrant entitles the holder to purchase one common share at a price of $0.30 per share until December 22, 2011. The Company will renounce an amount equal to the gross proceeds derived from the sale of the FT Units to the purchasers thereof in accordance with the provisions of the Income Tax Act (Canada).

In connection with the closing of the second tranche, the Company paid certain finders an aggregate cash commission of $89,954 and issued 525,870 finder's compensation warrants, each such warrant entitling the Finder to purchase a common share at an exercise price of $0.30 until December 22, 2011.

iii) Subsequent to the period ending February 28, 2011, the Company completed a private placement on March 11, 2011 for gross proceeds of $2,878,629. The Company issued 2,041,714 non-flow through units consisting of one common share and one share purchase warrant at a price of $0.35 per NFT Unit and 5,694,814 flow through units consisting of one flow through common share and one share purchase 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.

Additionally, the Company paid various arm's-length parties cash in the aggregate amount of $173,236 and issued warrants to purchase an aggregate 289,473 common shares at $0.38 and 459,279 common shares at $0.45 as commissions for their parts in the placement. All securities issued in the closing are subject to a hold period which expires July 11, 2012.

Stock options

During the six month period ending February 28, 2011, stock options of 1,475,000 were granted and 200,000 were cancelled.

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 fair value of the stock options issued during the period was determined using the Black Scholes option pricing model with a volatility of 100%, weighted average risk free interest rate of 1.69%, expected life of 2 years, and a dividend rate of 0%.

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.

Warrants

During the six month period ending February 28, 2011, warrants of 14,326,086 were issued on private placement, 1,141,000 were issued to agents and 495,000 were exercised. Subsequent to the quarter, 7,736,528 were issued on private placement, 748,752 were issued to agents and 298,751 were exercised.

At April 25, 2011 (date of report) the following warrants were outstanding and unexercised:

Number of warrants	Exercise Price	Expiry Date
4,131,249	$ 0.20	July 7, 2011
489,130	0.23	December 6, 2011
126,000	0.30	December 6, 2011
6,477,391	0.35	December 6, 2011
1,348,695	0.35	December 22, 2011
7,025,870	0.30	December 22, 2011
5,694,814	0.50	March 11, 2012
2,041,714	0.45	March 11, 2013
289,473	0.38	March 11, 2012
459,279	0.45	March 11, 2012
28,083,615		

OUTLOOK

The Company's primary focus for the foreseeable future will be on exploring and developing the current mineral properties and other properties as they are identified and acquired.

OTHER INFORMATION

Additional information relating to the Company can be found on the Company's website at www.athabascauranium.com or on SEDAR at www.sedar.com**.**