

ATHABASCA URANIUM INC.

INTERIM FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

NINE MONTH PERIOD ENDED
MAY 31, 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 nine month period ended May 31, 2011.

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

	May 31, 2011	August 31, 2010 (Audited)
ASSETS		
Current		
Cash	\$ 4,469,103	\$ 474,629
Receivables	103,050	20,486
Prepays	<u>16,250</u>	<u>55,375</u>
	4,588,403	550,490
Mineral properties (Note 3)	<u>2,885,842</u>	<u>452,350</u>
	<u>\$ 7,474,245</u>	<u>\$ 1,002,840</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	<u>\$ 3,411</u>	<u>\$ 10,000</u>
Shareholders' equity		
Capital stock (Note 4)	8,239,103	1,267,836
Contributed surplus (Note 4)	640,534	251,731
Deficit	<u>(1,408,803)</u>	<u>(526,727)</u>
	<u>7,470,834</u>	<u>992,840</u>
	<u>\$ 7,474,245</u>	<u>\$ 1,002,840</u>

Nature and continuance of operations (Note 1)

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 May 31, 2011	Three Months Ended May 31, 2010	Nine months Ended May 31, 2011	Nine months Ended May 31, 2010
GENERAL AND ADMINISTRATIVE EXPENSES				
Bank charges and interest	\$ 596	\$ 70	\$ 1,218	\$ 95
Consulting (Note 5)	65,440	-	258,370	-
Investor relations	33,800	-	165,234	-
Office and miscellaneous	10,511	458	13,377	3,278
Rent	7,500	7,500	29,100	21,500
Management fees (Note 5)	37,500	-	107,500	-
Professional fees	9,921	990	39,304	9,337
Regulatory and filing fees	19,122	9,224	58,630	15,505
Stock-based compensation (Note 4)	-	-	202,702	-
Travel and promotion	9,961	1,784	12,193	4,008
	<u>(194,351)</u>	<u>(20,026)</u>	<u>(887,628)</u>	<u>(53,723)</u>
OTHER ITEM				
Interest income	<u>1,052</u>	<u>-</u>	<u>5,552</u>	<u>-</u>
Loss for the period	(193,299)	(20,026)	(882,076)	(53,723)
Deficit, beginning of period	<u>(1,215,504)</u>	<u>(208,012)</u>	<u>(526,727)</u>	<u>(174,315)</u>
Deficit, end of period	\$ (1,408,803)	\$ (228,038)	\$ (1,408,803)	\$ (228,038)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.04)	\$ (0.03)
Weighted average number of common shares	41,378,303	2,000,000	21,838,525	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 May 31, 2011	Three Months Ended May 31, 2010	Nine Months Ended May 31, 2011	Nine Months Ended May 31, 2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (193,299)	\$ (20,026)	\$ (882,076)	\$ (53,723)
Item not effecting cash:				
Stock-based compensation	-	-	202,702	-
Changes in non-cash working capital items:				
Increase in receivables	(22,957)	(679)	(82,564)	(1,274)
Decrease (increase) in prepaids	(16,250)	(2,625)	39,125	2,021
Decrease in accounts payable and accrued liabilities	<u>(996,050)</u>	<u>(3,585)</u>	<u>(6,590)</u>	<u>(5,200)</u>
Net cash used in operating activities	<u>(1,228,556)</u>	<u>(26,915)</u>	<u>(729,403)</u>	<u>(58,176)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Mineral properties	<u>(383,419)</u>	<u>(42,258)</u>	<u>(982,491)</u>	<u>(42,258)</u>
Net cash used in investing activities	<u>(383,419)</u>	<u>(42,258)</u>	<u>(982,491)</u>	<u>(42,258)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from share issuance (net of issue costs)	<u>2,740,085</u>	<u>-</u>	<u>5,706,638</u>	<u>-</u>
Net cash provided by investing activities	-	-	5,706,638	-
Change in cash during the period	1,881,498	(69,173)	3,994,474	(100,434)
Cash, beginning of period	<u>2,587,605</u>	<u>94,468</u>	<u>474,629</u>	<u>125,729</u>
Cash, end of period	\$ 4,469,103	\$ 25,295	\$ 4,469,103	\$ 25,295
Cash and equivalents is comprised of:				
Cash			\$ 164,603	\$ 25,295
Cash equivalents			<u>4,304,500</u>	<u>-</u>
			\$ 4,469,103	\$ 25,295

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.

	May 31, 2011	August 31, 2010
Working capital	\$ 4,584,992	\$ 540,490
Deficit	(1,408,803)	(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comparative figures

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

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.

ATHABASCA URANIUM INC.
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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	-	601,000	630,000	420,000	1,651,000
Other acquisition costs	58,265	-	-	-	58,265
Consulting	20,295	17,250	12,000	5,000	54,545
Surveying	115,624	287,835	219,217	47,006	669,682
Total additions	194,184	906,085	861,217	472,006	2,433,492
Balance, May 31, 2011	\$ 646,534	\$ 906,085	\$ 861,217	\$ 472,006	\$ 2,885,842

McCarthy Lake Project

As its Qualifying Transaction, the Company entered into a mineral property option agreement pursuant to which the Company has an option to acquire a 50% interest in and to the mineral rights underlying 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 an arm's length vendor, 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, 80% of which the Company has the option to purchase from the vendor at any time for \$500,000.

Webb River Project

On September 14, 2010, the Company entered into a mineral property option agreement pursuant to which the Company has an option to acquire a 100% interest (subject to a 1% NSR) in the mineral rights underlying the prospective uranium property known as the Webb River Property located in the Athabasca basin region of northeast Saskatchewan.

The Company paid consideration of \$470,000 to an arm's length vendor, consisting of \$50,000 cash and 1,500,000 common shares at a fair value of \$420,000, fulfilling the initial commitment under the Webb River Property option agreement. Additional commitments in order to exercise the Webb River option include the Company making cash payments totalling \$600,000 and filing \$2,500,000 in qualified exploration expenditures on the Webb River Property within four years. The 1% NSR may be purchased from the vendor by the Company for \$1,500,000.

3. MINERAL PROPERTIES (cont'd)

Webb River Project (cont'd)

As part of the Webb River Project, on May 13, 2011, the Company entered into a mineral property option agreement to acquire a 100% interest (subject to a 1% NSR) in the mineral rights underlying the prospective uranium property known as the Hamilton Lake Property, adjacent to the Webb River Property.

The Company paid consideration of \$151,000, consisting of \$25,000 cash and 600,000 common shares at a fair value of \$135,000, fulfilling the initial commitment under the Hamilton Lake Property option agreement. Additional commitments in order to exercise the Hamilton Lake option include the Company filing \$3,500,000 in qualified exploration expenditures within four years on any properties within the Webb River Project area. The 1% NSR may be purchased by the Company from the vendor for \$1,500,000.

McGregor Lake Project

On October 20, 2010, the Company entered into a mineral property option agreement pursuant to which the Company has an option to acquire a 100% interest (subject to a 1% NSR) in the mineral rights underlying the prospective uranium property known as the McGregor Lake Property located in the Athabasca basin region of northeast Saskatchewan.

The Company paid consideration of \$450,000 to an arm's length vendor, consisting of \$60,000 cash and 1,500,000 common shares at a fair value of \$390,000, fulfilling the initial commitment under the McGregor Lake Property option agreement. Additional commitments in order to exercise the McGregor Lake option include the Company making cash payments totalling \$800,000 within 42 months and filing \$3,000,000 in qualified exploration expenditures on the McGregor Lake Property within four years. The 1% NSR may be purchased by the Company from the vendor for \$1,500,000.

As part of the McGregor Lake Project, on April 7, 2011, the Company entered into a mineral property option agreement to acquire a 100% interest (subject to a 1% NSR) in the mineral rights underlying the prospective uranium property known as the Hodges Lake Property, adjacent to the McGregor Lake Property.

The Company paid consideration of \$151,000, consisting of \$25,000 cash and 600,000 common shares at a fair value of \$126,000, fulfilling the initial commitment under the Hodges Lake Property option agreement. Additional commitments in order to exercise the Hodges Lake option include the Company filing \$3,500,000 in qualified exploration expenditures within four years on any properties within the McGregor Lake Project area. The 1% NSR may be purchased by the Company from the vendor for \$1,500,000.

East Key Lake Project

On February 7, 2011, the Company entered into a mineral property option agreement pursuant to which the Company has an option to acquire a 100% interest (subject to a 1% NSR) in the mineral rights underlying the prospective uranium property known as the East Key Lake Property located in the Athabasca basin region of northeast Saskatchewan.

The Company paid consideration of \$420,000 to an arm's length vendor, consisting of \$40,000 cash and 1,000,000 common shares at a fair value of \$380,000, fulfilling the initial commitment under the East Key Lake Property option agreement. Additional commitments in order to exercise the East Key Lake option include the Company making cash payments totalling \$750,000 within 42 months and filing \$3,000,000 in qualified exploration expenditures on the East Key Lake Property within four years. The 1% NSR may be purchased from the vendor by the Company for \$1,500,000.

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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 for Hodges Lake Property option (Note 3)	600,000	126,000	-
Issuance for Hamilton Lake Property option (Note 3)	600,000	135,000	-
Issuance on private placement	22,062,615	5,978,629	-
Share issuance costs	-	(647,112)	-
Issuance on warrant exercise	943,751	188,750	-
Issuance costs for agents' warrants	-	-	186,101
Stock-based compensation	-	-	202,702
Balance as at May 31, 2011	43,206,366	\$ 8,239,103	\$ 640,534

On December 7, 2010, the Company completed the first tranche of a \$3.1 Million private placement offering, issuing 6,477,391 flow through (FT) Units in the capital of the Company to subscribers to the offering for gross proceeds of \$1,489,800. Each FT Unit consists of one flow through common share and one common share purchase warrant (FT Warrant). 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.

On December 22, 2010, the Company completed the second and final tranche of its \$3.1 Million private placement offering, consisting of 1,348,695 FT Units consisting of one flow through common share and one common share purchase warrant (FT Warrant) and 6,500,000 non-flow through (NFT) Units consisting of one non-flow through common share and one common share purchase warrant (NFT Warrant) 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).

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

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.

On March 14, 2011, the Company issued 2,041,714 non-flow through Units consisting of one common share and one share purchase warrant (NFT 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 (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.

In connection with the placement, the Company issued finders' warrants to purchase 289,473 common shares at a price of \$0.38 per share expiring March 11, 2012 and 459,279 common shares at a price of \$0.35 per share expiring March 11, 2012.

During the nine month period ended May 31, 2011, the fair value of the finders' warrants, being \$186,101 was determined using the Black Scholes option pricing model weighted average assumptions with a volatility of 100%, average risk free interest rate of 1.71%, expected life of 1 year, and a dividend rate of 0%.

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% are released from escrow every six months thereafter.

As at May 31, 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	<u>900,000</u>	<u>0.25</u>
Balance August 31, 2010	1,300,000	\$ 0.20
Granted	1,475,000	0.26
Cancelled	<u>(200,000)</u>	<u>0.25</u>
Balance May 31, 2011	<u>2,575,000</u>	<u>\$ 0.23</u>

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

Stock options (cont'd)

The stock options outstanding at May 31, 2011 are as follows:

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

All options are currently exercisable.

Stock-based compensation

The total stock-based compensation recognized and expensed during the nine month period ended May 31, 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 nine month period ended May 31, 2011:

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	<u>4,925,000</u>	<u>0.20</u>
Balance August 31, 2010	4,925,000	0.20
Granted	23,952,366	0.38
Exercised	<u>(943,751)</u>	<u>0.20</u>
Balance May 31, 2011	<u>27,933,615</u>	<u>\$ 0.35</u>

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

Warrants (cont'd)

Number of Warrants	Exercise Price	Expiry Date
3,981,249	\$ 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
5,694,814	0.50	March 11, 2012
289,473	0.38	March 11, 2013
2,500,993	0.45	March 12, 2012
<u>27,933,615</u>		

5. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- The Company paid management fees of \$62,500 (2010 - \$nil) to a company controlled by a director of the Company.
- The Company paid management fees of \$45,000 (2010 - \$nil) to a company controlled by a director of the Company.
- The Company paid consulting fees of \$12,000 (2010 - \$nil) to an officer of the Company.
- The Company paid consulting fees of \$9,000 (2010 - \$nil) to a director of the Company.
- The Company paid \$6,600 (2010 - \$nil) for rent to a company with common directors.

At May 31, 2011, the Company paid consulting fees of \$105,375 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

	Nine months Ended May 31, 2011	Nine months Ended May 31, 2010
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -

During the nine months ended May 31, 2011, the significant non-cash transactions were as follows:

- 1) issued 5,200,000 shares with a fair value of \$1,451,000 for the acquisition of an interest in mineral properties.
- 2) granted 1,889,752 finders' warrants with a fair value of \$186,101 which was recorded as share issuance costs.

There were no significant non-cash transactions during the nine months ended May 31, 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 nine month period ending May 31, 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. 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 May 31, 2011, the Company had a cash balance of \$4,469,103 (August 31, 2010 - \$474,629) to settle current liabilities of \$3,410 (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 May 31, 2011, the Company has \$4,300,000 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.