ATHABASCA URANIUM INC.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE NINE MONTH PERIOD ENDED MAY 31, 2011

The following discussion and analysis, prepared as of July 13, 2011 should be read together with the unaudited interim financial statements for the nine months ended May 31, 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

Athabasca Uranium Inc. (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’.

The Company is a uranium exploration and development company exploring an aggregate of over 37,000 hectares strategically located in the uranium-rich Athabasca Basin region of northeast Saskatchewan. The Company’s stated vision is to explore the region using leading-edge technology to become a world-class uranium mining company.

The Company’s exploration and development projects in the Athabasca Basin region are described below. Additional information is available on the Company’s website at www.athabascauranium.com.

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 the mineral rights underlying the 7,584-hectare prospective uranium property known as the McCarthy Lake Property. 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 5,386-hectare prospective uranium property known as the Webb River Property. 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.

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 5,873-hectare 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 18,699-hectare prospective uranium property known as the McGregor Lake Property. 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 4,722-hectare 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 749-hectare prospective uranium property known as the East Key Lake Property. 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.

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 $882,076 ($0.04 per common share) for the nine months ended May 31, 2011 as compared to a loss of $53,723 ($0.03 per common share) for the nine months ended May 31, 2010.

Operating Expenses:

The operating expenses were $887,628 for the nine months ended May 31, 2011 as compared to $53,723 for the nine months ended May 31, 2010. The Company experienced an increase in operating expenses of $833,905 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 May 31, 2010 and the increased activities related to completing the Qualifying Transaction, the acquisition of the properties as described earlier, conducting exploration activities on those properties, and to the increase in corporate activity related to the private placements. A summary of these increases is as follows:

	May 31, 2011	May 31, 2010	Net Change
Consulting fees	$ 258,370	$ -	$ 258,370
Investor relations	165,234	-	165,234
Rent	29,100	21,500	7,600
Management fees	107,500	-	107,500
Professional fees	39,304	9,337	29,967
Regulatory and filing fees	58,630	15,505	43,125

MINERAL PROPERTIES

During the nine month period ending May 31, 2011, additions to mineral properties totaled $2,433,492 (2010 - $nil). The Company entered into five new option agreements on primary (Webb, McGregor Lake and East Key Lake) and neighboring properties (Hodges and Hamilton Lake options described earlier) for a total cash consideration of $200,000 (2010 - $nil), issued shares at a fair value of $1,451,000 (2010 - $nil) and incurred exploration expenditures of $782,492 (2010 - $nil).

McCarthy Lake Project

During the nine month period ended May 31, 2011, the Company incurred other acquisition costs of $58,265 (2010 - $nil), consulting fees of $20,295 (2010 - $nil) and surveying costs of $115,624 (2010 - $nil) were also incurred during the period.

Webb River Project

During the nine 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 (2010 - $nil), fulfilling its first commitment under the option agreement.

In addition, the Company closed on the first phase of its option to acquire the Hamilton Lake Property, a 5,873-hectare property located on the eastern margin of the uranium-rich Athabasca Basin region in northeast Saskatchewan (adjacent to the Webb River property). During the quarter, the Company made the initial cash payment of $25,000 and 600,000 common shares at a fair value of $135,000, fulfilling its first commitment under the Hodges Lake option agreement.

As a result of these acquisitions, the Company incurred consulting fees of $12,000 (2010 - $nil) and surveying costs of $219,217 (2010 - $nil).

McGregor Lake Project

During the nine 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 (2010 - $nil), fulfilling its first commitment under the McGregor Lake option agreement. In addition, the Company closed on the first phase of its option to acquire the adjacent Hodges Lake Property. During the quarter, the Company made the initial cash payment of $25,000 and 600,000 common shares at a fair value of $126,000, fulfilling its first commitment under the Hodges Lake option agreement.

As a result of these acquisitions, the Company incurred consulting fees of $17,250 (2010 - $nil) and surveying costs of $287,835 (2010 - $nil).

East Key Lake Project
During the nine 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 (2010 - $nil), fulfilling its first commitment under the option agreement. In addition, the Company incurred consulting fees of $5,000 (2010 - $nil) and surveying costs of $47,006 (2010 - $nil) during the period.

SUMMARY OF QUARTERLY RESULTS

	Three Months Ended May 31, 2011	Three Months Ended February 28, 2011	Three Months Ended November 30, 2010	Three Months Ended August 31, 2010
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Interest income (expense)	1,052	4,500	-	-
Net loss	(193,299)	(566,539)	(122,238)	(298,689)
Loss per share – basic and diluted	(0.01)	(0.02)	(0.01)	(0.07)
Total assets	7,474,245	5,213,500	1,714,959	1,002,840
Working capital	4,584,992	2,117,516	361,971	540,490

	Three Months Ended May 31, 2010	Three Months Ended February 28, 2010	Three Months Ended November 30, 2009	Three Months Ended August 31, 2009
Revenue	$ Nil	$ Nil	$ Nil	$ Nil
Interest income (expense)	-	-	-	-
Net loss	(20,026)	(19,999)	(13,698)	(55,488)
Loss per share – basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	71,980	95,591	119,736	130,903
Working capital	28,677	90,961	110,960	124,658

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

In 2006, the 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. The date is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company’s adoption 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.

Management has developed a project plan for the conversion to IFRS based on the current nature of operations. The conversion plan is comprised of three phases:

1) Scoping phase which will assess the likely GAAP differences and overall effort required by the Company in order to transition to IFRS;
2) Planning phase which will include a detailed analysis of the conversion process and implementation plan required for disclosure for the Company’s first quarter; and,
3) Transition phase which will include the preparation of an IFRS compliant opening balance sheet as at September 1, 2010, any necessary conversion adjustments and reconciliations, preparation of a fully compliant pro forma financial statements including all note disclosures and disclosures required for the MD&A.

Management has completed phase one, including completing a preliminary assessment of the significant differences between Canadian GAAP and IFRS. Management is currently proceeding through phase two, which involves performing a detailed assessment of those IFRS standards relevant to the Company's financial statements.

The Company's IFRS conversion plan addresses matters including changes in accounting policies, IT and data systems, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the conversion is understood and managed reasonably, the Company has retained an IFRS conversion consultant. Through in-depth training and detailed analysis of IFRS standards, the Company's accounting personnel has obtained a thorough understanding of IFRS and possesses sufficient financial reporting expertise to support the Company's future needs. The Company has also reviewed its internal and disclosure control processes and believes they will not need significant modification as a result of the conversion to IFRS. Further, the Company has assessed the impact on IT and data systems and has concluded there will be no significant impact to applications arising from the transition to IFRS.

Set out below are the most significant areas that management has identified on a preliminary basis to date, where changes to IFRS accounting policies may have a significant impact on the Company's consolidated financial statements:

IFRS 2: -Share Based Payments
The Company has treated awards with graded vesting under Canadian GAAP as one composite award and recognized related stock based compensation expense for the overall award on straight line basis. IFRS 2, on the other hand, requires that each vesting tranche of a graded vesting award be accounted for as a separate award and amortized over their individual vesting term.

Under Canadian GAAP, the effect of forfeitures has been recognized as they occur. Under IFRS, estimate of forfeitures must be made when determining the number of equity instruments expected to vest.

Upon adoption of IFRS, the Company will change both the method of accounted for graded vesting awards and forfeitures.

Management has not yet determined the measurement adjustment arising from the application of IFRS 2 on transition to IFRS.

IFRS 6: -Exploration and Evaluation Assets
Under the Company's current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon are capitalized.

Upon adoption of IFRS, the Company could continue to apply this policy or change its policy to expense exploration and evaluation costs. The Company's current accounting policy of capitalizing costs incurred for exploration, and evaluation costs will likely be maintained through transition with no significant differences anticipated.

IAS 21: - Effects of changes in foreign exchange rates
Under Canadian GAAP, the functional currency (referred to as measurement currency) of the Company and all its subsidiaries is the Canadian dollar.

Management has preliminarily concluded that the functional currency of all Company entities is the Canadian dollar under IFRS. There will therefore be no measurement arising from the application of IAS 21 on transition to IFRS.

IAS 12: - Future Income Taxes
Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward traced to equity.

IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings.

Management has not yet determined the measurement adjustment arising from the application of IAS 12 on transition to IFRS.

IAS 1: - Presentation of Financial Statements
One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosures required. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required in its consolidated financial statements.

IFRS 1 First-Time Adoption of International Financial Reporting Standards
Adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards*, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 gives entities adopting IFRS for the first time a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Company continues to review all IFRS 1 exemptions and will implement those determined to be most appropriate in its circumstances on transition to IFRS. One of the optional exemptions available under IFRS 1 that the Company currently intends to elect on transition is described below:

Share-Based Payments
IFRS 1 permits the application of IFRS 2 Share-Based Payments only to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS. The Company expects to elect this exemption and to apply IFRS 2 for equity instruments granted after November 7, 2002 that had not vested by September 1, 2010.

The discussion above on potential significant impacts on transition to IFRS is provided to allow readers to obtain a better understanding of the Company's IFRS changeover plan and the resulting potential effects on the Company's consolidated financial statements. Readers are cautioned, however, that it may not be appropriate to use such information for any other purpose. This discussion reflects the Company's most recent assumptions and expectations; circumstances may arise, such as changes in IFRS, regulations or economic conditions, which could change these assumptions or expectations. The Company is still in the process of completing the selection of IFRS accounting policies and the quantification of identified differences. Accordingly, the discussion above is subject to change.

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 National Instrument 43-101 resource stage, the project would likely have a significant impact on its operating requirements.

OFF-BALANCE SHEET ARRANGEMENTS

As at August 31, 2010 and May 31, 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.

	May 31, 2011	August 31, 2010
Working capital	$ 4,584,992	$ 540,490
Deficit	(1,408,803)	(526,727)

Net cash used in operating activities during the nine months ended May 31, 2011 was $729,403 (2010 – $58,176). 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 $50,029 (2010 - $4,453).

Net cash used in investing activities during the nine months ended May 31, 2011 was $982,492 (2010 - $42,258) which relates to costs for the acquisition and exploration of mineral properties.

Net cash from financing activities during the nine months ended May 31, 2011 was $5,706,369 (2010 – $nil) which was from share subscriptions received of $5,706,369 net of issuance costs of $647,112.

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 $62,500 (2010 - $nil) to a company controlled by a director of the Company.

b) The Company paid management fees of $45,000 (2010 - $nil) to a company controlled by a director of the Company.

c) The Company paid consulting fees of $12,000 (2010 - $nil) to an officer of the Company.

d) The Company paid consulting fees of $9,000 (2010 - $nil) to a director of the Company.

e) 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.

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. 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 $3,411 (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.

SHARE CAPITAL

	Number of Shares		Capital Stock		Contributed Surplus
Authorized: Unlimited common shares without par value Unlimited preferred shares without par value					
Balance as at August 31, 2010	15,000,000	$	1,267,836	$	251,731
Issuance for Webb River Property option	1,500,000		420,000		-
Issuance for McGregor Lake Property option	1,500,000		390,000		-
Issuance for East Key Lake Property option	1,000,000		380,000		-
Issuance for Hodges Lake Property option	600,000		126,000		-
Issuance for Hamilton Lake Property option	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		-
Agent's warrants	-		-		186,101
Stock-based compensation	-		-		202,702
Balance as at May 31, 2011 and July 13, 2011 (date of report)	43,206,366	$	8,239,103	$	640,534

Private placement

During the nine month period ended May 31, 2011:

i) 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.

ii) 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).

   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.

SHARE CAPITAL (cont'd)

Private placement (cont'd)

iii) 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.

Escrow shares

The Company has 2,400,000 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 July 13, 2011 (date of report), 2,400,000 common shares are held in escrow (May 31, 2011 – 3,000,000 and August 31, 2010 - 3,600,000).

Stock options

During the nine month period ending May 31, 2011, stock options of 1,475,000 were granted and 200,000 were cancelled.

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 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.

SHARE CAPITAL (cont'd)

Warrants

During the nine month period ending May 31, 2011, warrants of 22,062,615 were issued on private placement, 1,889,752 were issued to agents and, during the nine month period, 943,751 warrants at an exercise price of $0.20 were exercised.

At May 31, 2011, 27,933,615 warrants were outstanding and unexercised. Subsequently, on July 7, 2011, 3,981,249 warrants expired and on July 13, 2011 (date of report) the following warrants were outstanding and unexercised:

Number of Warrants	Exercise Price	Expiry Date
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
23,952,366		

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.