



Interim Consolidated Financial Statements

March 31, 2009

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited interim consolidated financial statements have been prepared by management.

The company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

ATHABASCA POTASH INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

	March 31	December 31
	2009	2008
	(\$000)	(\$000)
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 28,173	\$ 31,578
GST receivable	112	240
Deposits and prepaid expenses	55	57
	<hr/>	<hr/>
	28,340	31,875
Deposits - long term assets (Note 4)	799	1,313
Capital assets (Note 5)	938	848
Mineral properties (Note 6)	31,636	28,244
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	\$ 61,713	\$ 62,280
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<u>LIABILITIES</u>		
Current Liabilities		
Accounts payable	\$ 2,025	\$ 1,507
Future income taxes	724	1,032
	<hr/>	<hr/>
	2,749	2,539
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<u>SHAREHOLDERS' EQUITY</u>		
Share capital (Note 7)	57,281	57,222
Contributed surplus (Note 7)	5,973	5,805
Deficit	(4,290)	(3,286)
	<hr/>	<hr/>
	58,964	59,741
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	\$ 61,713	\$ 62,280
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Approved by the Board

“John King Burns”

Lead Director

“Leo Bingleman”

Audit Committee Chairman

ATHABASCA POTASH INC.

CONSOLIDATED STATEMENT OF LOSS, COMPREHENSIVE LOSS AND DEFICIT
(unaudited)
FOR THE THREE MONTHS ENDED

	<u>2009</u>	<u>2008</u>
	(\$000)	(\$000)
Interest revenue	\$ 93	\$ 534
Expenses		
Depreciation and amortization	46	2
Business development and investor relations	105	56
Governance	194	59
Salaries and wages	135	220
Office and administration	149	34
Professional fees	510	40
Rent and occupancy	93	14
Stock based compensation	173	-
	<u>1,405</u>	<u>425</u>
(Loss) income before income taxes	(1,312)	109
Future income tax recovery	308	847
Net and comprehensive (loss) income	(1,004)	956
Deficit, beginning of period	<u>(3,286)</u>	<u>(4,016)</u>
Deficit, end of period	\$ (4,290)	\$ (3,060)
Basic (loss) earnings per share	\$ (0.03)	\$ 0.03
Fully diluted (loss) earnings per share	\$ (0.03)	\$ 0.03
Weighted average number of shares outstanding (000s)	<u>36,842</u>	<u>34,872</u>

ATHABASCA POTASH INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(unaudited)

FOR THE THREE MONTHS ENDED

	March 31	March 31
	2009	2008
	(\$000)	(\$000)
Cash flows from Operating Activities		
Net (loss) income	\$ (1,004)	\$ 956
Items not affecting cash		
Depreciation and amortization	46	2
Stock based compensation	173	-
Future income taxes (recovery)	(308)	(847)
Net changes in non-cash working capital items related to operations:	<u>531</u>	<u>(23)</u>
	<u>(562)</u>	<u>88</u>
Cash flows from Investing Activities		
Purchase of capital assets	(140)	(20)
GST receivable	129	302
Deposits - permits	514	305
Deposits - land and contractors	-	(160)
Mineral property expenditures	(3,387)	(2,918)
Accounts payable - mineral properties	<u>(11)</u>	<u>(1,502)</u>
	<u>(2,895)</u>	<u>(3,993)</u>
Cash flows from Financing Activities		
Proceeds from issuance of shares	52	6,902
Share issue costs	<u></u>	<u>(484)</u>
	<u>52</u>	<u>6,418</u>
Net (decrease) increase in cash during the period	(3,405)	2,513
Cash and cash equivalents, beginning of period	<u>31,578</u>	<u>44,264</u>
Cash and cash equivalents, end of period (Note 9)	<u>\$ 28,173</u>	<u>\$ 46,777</u>

ATHABASCA POTASH INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

MARCH 31, 2009

1. Nature of operations

Athabasca Potash Inc. (the "Company" or "API") was incorporated under the Business Corporations Act of Saskatchewan on April 10, 2006 and commenced operations on August 14, 2006. API's Articles of Incorporation were amended by way of a Certificate of Amendment. The Company has been formed to engage primarily in the exploration and development of potash in the province of Saskatchewan.

These financial statements have been prepared on the basis of Canadian generally accepted accounting principles as applicable to a going concern, which contemplates the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain necessary financing to complete exploration and development, and future production or proceeds from the disposition thereof. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. The outcome of these matters cannot be predicted at this time

2. Significant accounting policies

These interim consolidated financial statements have been prepared by management using the same accounting policies and methods as were used for the consolidated financial statements for the year ended December 31, 2008, except for the recent accounting standards adopted that are described below. These consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements filed on SEDAR.

Goodwill and intangible assets

Effective January 1, 2009, the Company adopted the new Canadian standard, Handbook Section 3064, Goodwill and Intangible Assets, which replaced Handbook Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The standard introduces guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The standard also harmonizes Canadian standards with IFRS and applies to annual and interim financial statements for fiscal years beginning on or after October 2008. There was no material impact to previously reported financial statements as a result of the implementation of the new standard.

3. Future accounting pronouncements

International financial reporting standards

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Company's first financial statements presented in accordance with IFRS will therefore be the year ended December 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standards Board ("IASB") will, however, also continue to issue

ATHABASCA POTASH INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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MARCH 31, 2009

new accounting standards during the conversion period. As a result, the final result of IFRS on the Company's financial statements will only be measurable once all IFRS applicable at the conversion date are known.

As a result of this convergence, the Company has developed a plan to convert its financial statements to IFRS. Management has not yet completed its quantification of the effects of adopting IFRS. The financial performance and financial position as presented in the Company's Canadian GAAP financial statements may be significantly different when presented in accordance with IFRS.

4. Deposits – long-term assets (\$000)

Deposits for exploration permit applications are administrated under the Saskatchewan Subsurface Mineral Regulations. Deposits consist of the estimate of the rental costs of the land for the first year, \$100 for an application fee and \$2,000 for an exploration permit application. This secures the applicant's seniority on the applied land for exploration rights. During the process, the applicant is entitled to a refund for all deposits except for the application fee if it decides to withdraw the application.

Land deposits in the amount of \$40 (2008 - \$40), prepaid permits in the amount of \$433 (2008 - \$316) and deposits to contractors in the amount of \$326 (2008 - \$957) have been paid in advance to secure property and professional services for exploration on the Burr Project.

5. Capital Assets (\$000)

	2009		2008	
	Cost	Accumulated Amortization & Depreciation	Net Book Value	Net Book Value
Automobiles	\$27	\$13	\$14	\$15
Exploration equipment	\$34	\$4	\$30	\$28
Exploration Software	\$65	\$10	\$55	\$47
Furniture and equipment	\$124	\$12	\$112	\$78
LAN equipment	\$212	\$10	\$202	\$201
Leasehold improvements	\$575	\$54	\$521	\$475
Operations software	\$5	\$1	\$4	\$4
	<u>\$1,042</u>	<u>\$104</u>	<u>\$938</u>	<u>\$848</u>

ATHABASCA POTASH INC.

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6. Mineral Property (\$000)

Mineral properties are made up of the following:

	Balance at December 31, 2007	2008 Expenditures	Balance at December 31, 2008
Burr Property			
Acquisition Costs			
Surface lands	\$1,095	\$4,039	\$5,134
Freehold mineral rights	\$554	\$772	\$1,326
Permits	\$117	\$343	\$460
Exploration			
Drilling	\$3,703	\$4,847	\$8,550
Geophysics	\$1,972	\$275	\$2,247
Engineering and consulting fees	\$255	\$4,747	\$5,002
Amortization	-	\$13	\$13
Stock Based Compensation	\$1,264	\$1,800	\$3,064
	<u>\$8,960</u>	<u>\$16,836</u>	<u>\$25,796</u>
Other Properties			
Permits	\$418	\$859	\$1,277
Geophysics	-	\$1,079	\$1,079
Engineering and consulting fees	\$35	\$57	\$92
	<u>\$453</u>	<u>\$1,995</u>	<u>\$2,448</u>
	<u>\$9,413</u>	<u>\$18,831</u>	<u>\$28,244</u>
	Balance at December 31, 2008	2009 Expenditures	Balance at March 31, 2009
Burr Property			
Acquisition Costs			
Surface lands	\$5,134	-	\$5,134
Freehold mineral rights	\$1,326	\$1	\$1,327
Permits	\$460	-	\$460
Exploration			
Drilling	\$8,550	\$35	\$8,585
Geophysics	\$2,247	\$5	\$2,252
Engineering and consulting fees	\$5,002	\$3,360	\$8,362
Amortization	\$13	\$5	\$18
Stock Based Compensation	\$3,064	-	\$3,064
	<u>\$25,796</u>	<u>\$3,406</u>	<u>\$29,202</u>
Other Properties			
Permits	\$1,277	-	\$1,277
Geophysics	\$1,079	-	\$1,079
Engineering and consulting fees	\$92	(\$14)	\$78
	<u>\$2,448</u>	<u>(\$14)</u>	<u>\$2,434</u>
	<u>\$28,244</u>	<u>\$3,392</u>	<u>\$31,636</u>

ATHABASCA POTASH INC.

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7. Share Capital (\$000)

The authorized share capital of the Company consists of an unlimited number of common shares.

Common Shares Issued

	<u>Common Shares</u>	<u>Share Capital</u>
Balance, December 31, 2007	34,400,053	\$51,762
Exercise of over-allotment	1,521,000	\$6,464
Broker warrants exercised	939,530	\$885
Stock options exercised	57,500	\$71
Flow through renunciation	-	(\$1,402)
Share issue costs	-	(\$558)
	<hr/>	<hr/>
Balance, December 31, 2008	36,918,083	\$57,222
Broker warrants exercised	4,000	\$4
Stock options exercised	147,958	\$55
Balance, March 31, 2009	<u>37,070,041</u>	<u>\$57,281</u>

The over-allotment option granted to the underwriting syndicate in conjunction with the initial public offering of December 13, 2007 was exercised January 10, 2008, resulting in a purchase from treasury of 1,521,000 common shares of the Company at a price of \$4.25 per share, for gross proceeds of \$6,464.

In January 2008, the Company issued 358,463 common shares for aggregate proceeds of \$260 pursuant to the exercise of broker warrants, for an average exercise price of \$0.7263 per common share. In particular, 28,249 common shares were issued for the exercise price of \$0.45 per share for proceeds of \$13, and 330,214 common shares were issued for the exercise price of \$0.75 per share for proceeds of \$248.

In January 2008, the Company issued 190,039 common shares for aggregate proceeds of \$106 pursuant to the exercise of broker warrants, for an average exercise price of \$0.5574 per common share. In particular, 122,007 common shares were issued for the exercise price of \$0.45 per share for proceeds of \$55, and 68,032 common shares were issued for the exercise price of \$0.75 per share for proceeds of \$51.

In February 2008, the Company issued 103,476 common shares for aggregate proceeds of \$72 pursuant to the exercise of broker warrants, for an average exercise price of \$0.6981 per common share. In particular, 17,889 common shares were issued for the exercise price of \$0.45 per share for proceeds of \$8, and 85,587 common shares were issued for the exercise price of \$0.75 per share for proceeds of \$64.

In May 2008, the Company issued 5,000 common shares for aggregate proceeds of \$4 pursuant to the exercise of broker warrants, for an exercise price of \$0.75 per common share.

In June 2008, the Company issued 258,592 common shares for aggregate proceeds of \$194 pursuant to the exercise of broker warrants, for an exercise price of \$0.75 per common share.

ATHABASCA POTASH INC.

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MARCH 31, 2009

7. Share Capital (continued)

In July 2008, the Company issued 42,500 common shares for aggregate proceeds of \$32 pursuant to the exercise of stock options, for an exercise price of \$0.75 per common share.

In September 2008, the Company issued 23,960 common shares for aggregate proceeds \$11 pursuant to the exercise of broker warrants, for an exercise price of \$0.45 per share.

In November 2008, the Company issued 15,000 common shares for aggregate proceeds of \$11 pursuant to the exercise of stock options, for an exercise price of \$0.75 per common share.

In February 2009, the Company issued 4,000 common shares for aggregate proceeds \$3 pursuant to the exercise of broker warrants, for an exercise price of \$0.75 per share.

In March 2009, the Company issued 81,750 common shares for aggregate proceeds of \$20 pursuant to the exercise of stock options, for an exercise price of \$0.25 per common share.

In March 2009, the Company issued 66,208 common shares for aggregate proceeds of \$30 pursuant to the exercise of stock options, for an exercise price of \$0.45 per common share.

Stock options

The Company has established a stock option plan under which options may be granted to directors and officers of the Company. Options granted are non-transferable, depending on the terms of issuance options vest when issued or on a date two years after their issuance, and will expire the earlier of five years after issuance, the 90th day after holder ceases to be a director or officer of the Company, or one year after death of the holder. A summary of the status of the Company's stock option plan and changes during the period ended March 31, 2009 is presented below.

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Outstanding December 31, 2008</u>	<u>Issued</u>	<u>Exercised</u>	<u>Cancelled / Expired</u>	<u>Outstanding March 31, 2009</u>
August 31, 2011	\$0.25	190,750	-	(81,750)	-	109,000
December 31, 2011	\$0.45	441,389	-	(66,208)	-	375,181
July 9, 2012	\$0.75	1,063,817	-	-	-	1,063,817
August 2, 2012	\$0.75	120,000	-	-	-	120,000
December 10, 2012	\$4.25	1,310,000	-	-	-	1,310,000
February 15, 2013	\$6.29	75,000	-	-	-	75,000
April 14, 2013	\$6.45	125,000	-	-	-	125,000
August 28, 2013	\$5.31	75,000	-	-	-	75,000
December 16, 2013	\$1.69	100,000	-	-	-	100,000
January 29, 2014	\$1.63	-	65,000	-	-	65,000
March 27, 2014	\$2.94	-	35,000	-	-	<u>35,000</u>
		<u>3,500,956</u>	<u>100,000</u>	<u>(147,958)</u>	<u>-</u>	<u>3,452,998</u>

ATHABASCA POTASH INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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7. Share Capital (continued)

<u>Option Price Per Share</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Remaining Life</u>
\$0.25	109,000	2.36
\$0.45	375,181	2.75
\$0.75	1,183,817	3.28
\$4.25	1,310,000	3.70
\$6.29	75,000	3.88
\$6.45	125,000	4.04
\$5.31	75,000	4.41
\$1.69	100,000	4.72
\$1.63	65,000	4.84
\$2.94	35,000	4.99
	<u>3,452,998</u>	<u>3.90</u>

The fair value of stock options issued in the three month period was estimated using the Black-Scholes option-pricing model with the following assumptions: 5 year weighted average expected option life, no expected forfeiture rate, dividend yield of 0.0%, a volatility factor of 122.2% (2008 – 133%) and a risk free rate ranging from 0.53% to 1.03% (2008 – 3.23%). During the quarter ended March 31, 2009, the Company granted 100,000 (2008 – 75,000) options. The fair value in respect to share options granted was \$173 (2008 - \$421). Of this amount \$nil (2008 - \$421) was added to the cost of the mineral properties and \$176 (2008 - \$nil) was added to stock based compensation expense with a corresponding increase in contributed surplus.

Broker warrants

On certain issues of common shares, the Company granted broker warrants as partial consideration to the agent for services associated to the share issuance. Each broker warrant entitles the agent to acquire one common share of the Company for a period of 24 months from closing.

The continuity of share broker warrants for the year ended March 31, 2009 is as follows:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Outstanding December 31, 2008</u>	<u>Issued</u>	<u>Exercised</u>	<u>Cancelled/ Expired</u>	<u>Outstanding March 31, 2009</u>
June 6, 2009	\$0.75	16,234	-	(4,000)	-	12,234
June 29, 2009	\$0.75	27,000	-	-	-	27,000
		<u>43,234</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>	<u>39,234</u>

ATHABASCA POTASH INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

MARCH 31, 2009

7. Share Capital (continued)

Contributed surplus (\$000)

The fair values of certain stock options and broker warrants have been valued using the Black-Scholes option-pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Balance, beginning of year	\$5,805	\$4,496
Fair value of stock options granted	\$173	\$1,575
Less: broker warrants exercised	(\$1)	(\$238)
Less: stock options exercised	(\$4)	(\$28)
Balance, end of year	<u>\$5,973</u>	<u>\$5,805</u>

Shareholders' Rights Plan

The directors of the Company approved a shareholder rights plan ("Rights Plan") on May 12, 2008. In the event a bid to acquire control of the Company is made, the Rights Plan is designed to give the directors of the Company time to consider alternatives to allow shareholders to receive full and fair value for their shares.

8. Related party transactions (\$000)

During the quarter ended March 31, 2009, the Company paid \$40 (2008 - \$14) in rent and occupancy costs for office space, equipment and furniture and has incurred \$76 (2008 - Nil) for leasehold improvement costs to the property owned by CSIT Consulting Inc., a company controlled by Dawn Zhou, a director and officer of the Company.

The Company paid remuneration to officers and directors in the first quarter of the year in the amount of \$326 (2008 Q1 - \$266). The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. Financial instruments

Fair value of financial instruments

The carrying amounts of cash, amounts receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of those instruments.

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. The Company has not entered into any hedging relationships and does not hold any other available-for-sale securities that would result in the recognition of other comprehensive income or loss. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

ATHABASCA POTASH INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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9. Financial instruments (continued)

Management of financial risk The Company's financial instruments are exposed to certain financial risks, including credit risk and liquidity risk. Credit risk is minimal because the Company's investment policy is to invest its cash in highly rated, liquid short-term interest-bearing investments with an initial term to maturity of twelve months or less.

10. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The Company considers the items included in shareholder's equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares, or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary. The annual budgets are approved by the Board of Directors.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to invest its cash in highly rated, liquid short-term interest-bearing investments, with an initial term to maturity of twelve months or less.

The Company is not subject to externally imposed capital requirements, except as disclosed.

11. Risk and uncertainty (\$000)

While the Company has performed its own due diligence with respect to title of its properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements of transfer or aboriginal land claims, and title may be affected by undetected defects. If the Company defaults with respect to making payments or completing assessment work as required in order to keep its mineral claims in good standing, the Company may lose its rights to the properties underlying such claims. Access to potash mineralization not owned by the Crown must be negotiated with Freehold Mineral Rights owners and private land owners and cannot be assured.

In order to keep their permits in good standing, the Company is required to pay annual rent of \$0.50 per acre on each permit held for a term of five years, and is committed to annual rental payments of \$833 under a total of twenty-three permits as of December 31, 2008.

For each permit, the Company is required to expend \$40 in each of the second and third years of the term, and \$80 in the fourth and fifth years of the term on work for the purpose of exploring for, developing or mining subsurface minerals. The total work commitment under the twenty-three permits held at March 31, 2009 is as follows: 2009 - \$960; 2010 - \$1,400; 2011 - \$1,760; 2012 - \$880.

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12. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current period's presentation.