

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
OPERATIONS AND FINANCIAL CONDITION**

SEPTEMBER 30, 2007

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

The following management's discussion and analysis of financial condition and the results of operations (the "MD&A") dated November 28, 2007 of Alberta Oilsands Inc. ("Alberta Oilsands" or the "Company") incorporates all relevant information and considerations to that date, and should be read in conjunction with the unaudited consolidated financial statements for Alberta Oilsands Inc. as at and for the three and nine months ended September 30, 2007 and the audited consolidated financial statements for Alberta Oilsands Inc. for the years ended December 31, 2006 and 2005 together with the accompanying notes. The Company operated as Platform Resources Inc. prior to May 29, 2007 when shareholders approved the name change of the Company to Alberta Oilsands Inc.

Additional information relating to Alberta Oilsands and its vision, strategies and operations, is available on SEDAR at www.sedar.com and on the Company's website at www.aboilsands.ca

BOE Presentation – Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalent wellhead value for the individual products. Such disclosure of boes may be misleading, particularly if used in isolation.

Special Note Regarding Non-GAAP Measures – This MD&A includes references to financial measures commonly used in the oil and gas industry. The term "field net back" is defined as petroleum and natural gas sales less royalties net of Alberta Royalty Tax Credit, less production and transportation costs and "net back" as field net back less general and administrative costs. The term "funds from (used in) operations", defined as the net income (loss) for the period adjusted for non-cash items in the statement of operations, before the change in non-cash working capital, should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net income (loss) as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as an indicator of performance. The Company's determination of funds from operations may not be comparable to that reported by other companies. The reconciliation between net loss and funds from operations can be found in the Statements of Cash Flows included in the financial statements noted above.

Forward-looking Information and Statements – Certain information regarding Alberta Oilsands set forth in this report, including management's assessment of Alberta Oilsands' future plans, operations, properties, production and prospects contains forward looking information and statements that involve substantial known and unknown risks and uncertainties. Such forward-looking statements and information are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements and information. These factors include the inherent risks involved in the exploration and development of oil sands properties, the uncertainties involved in interpreting drilling results and other geological data, the possibility that royalties and other government levies could be increased, fluctuating oil prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands focused enterprise, the Company faces risks, including those associated with exploration, development, approvals and the ability to access sufficient capital from external sources. Anticipated exploration and development plans relating to the Company's properties are subject to change. Readers should be aware that historical results are not necessarily indicative of future performance. Alberta Oilsands' actual results, performance or achievements could differ materially from those expressed in, or implied by, such forward looking information and statements, and accordingly, no assurance can be given

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

that any events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits Alberta Oilsands can derive therefrom. In some cases, forward looking information and statements can be identified by terminology such as "may", "will", "should", "intends", "expects", "projects", "plans", "anticipates", "targets", "believes", "strives", "estimates", "continues", "designed", "objective", "maintain", "schedule" and similar expressions or statements that certain events or conditions "may" or "will" occur. The Company undertakes no obligation to update such forward-looking statements or information if circumstances or management's estimates or opinions should change, unless required by law.

Basis of Presentation

Alberta Oilsands Inc. (formerly Platform Resources Inc.) was incorporated under the Business Corporations Act (Alberta) on December 5, 2003 and is listed on the TSX Venture Exchange. On May 29, 2007, shareholders of Platform Resources Inc. approved a resolution to change the name of the Company to Alberta Oilsands Inc. The Company is involved in the production, exploration and development of resource properties.

These interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Property and equipment is recognized in these financial statements in accordance with the accounting policies outlined in note 2 of the Company's December 31, 2006 audited consolidated financial statements. Accordingly, their carrying values represent costs incurred to date, net of abandonments and write-downs, and do not necessarily reflect present or future values. The ability of the Company to continue as a going concern and the recoverability of amounts shown for the properties is dependent upon the existence of economically recoverable reserves. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing to continue the development of the Company's properties and generate funds there from and to meet current and future obligations. Should the going concern assumption not be appropriate, certain asset and liability amounts would require adjustment and reclassification.

Corporate Direction and Strategy

- In March 2007, the Company announced a change in focus from being a conventional oil and gas company to one that would pursue the exploitation and production of the bitumen reserves in the Athabasca oil sands area of Alberta. The Company also received shareholder approval for a name change to Alberta Oilsands Inc. at its Annual General Meeting in May 2007.
- The Company raised an aggregate of \$25 million during the second quarter of 2007. Specifically, the Company closed an over subscribed "non-brokered" private placement issuing 10 million flow-through shares for gross proceeds of \$5.0 million and a "bought deal" private placement financing issuing 8,888,900 common shares and 4,848,500 flow-through common shares for gross proceeds of \$20 million.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Oilsands Development

- In connection with the change in focus, the Company acquired a 100% working interest in 70 sections (40,800 acres) of oil sands rights and the Company received an independent resource assessment report from Ryder Scott Company, Petroleum Consultants on the 23 section parcel acquired in the first quarter of 2007 estimating an undiscovered resource of 1.15 billion barrels of initial bitumen in place. The Company also commenced the seismic and delineation programs on the initial 23 acres of oil sands leases acquired during the first quarter of 2007.

"Undiscovered resources" are defined as those quantities of oil and gas estimated on a given date to be contained in accumulations yet to be discovered (5.2.3. in Volume 1-Reserves Definitions and Evaluation Practices and Procedures Volume 1, Canadian Oil and Gas Evaluation handbook SPEE, Calgary Chapter). There is no certainty that any portion of the undiscovered resources will be discovered and that, if discovered, it may not be economically viable or technically feasible to produce.

- The Company added 100% working interests in a total of 55 sections (39,200 acres) during the third quarter of 2007, thereby increasing the Company's aggregate oil sands lease holdings at the end of the third quarter to 125 sections (80,000 acres).
- During the fourth quarter of 2007, the Company commenced a 56 km 2D seismic acquisition program at Hangingstone East (23 section parcel). The seismic data is intended to assist in determination data calibration and core hole placement on the lands. The Company is also proceeding with an OSE application for a 30 core hole program for the 28 section land holding in the Fort McMurray area.
- The Fort McMurray asset comprises approximately 28 sections (17,918 acres or 7,167 hectares) of 100% working interest oil sands leases. The land is situated amid the main oil sands fairway at Township 88 Ranges 7 to 9 West of the 4 Meridian (Twp 88 R07W4M to R09W4M) in the Athabasca region of northeast Alberta, Canada.
- The Ryder Scott report issued in October 2007 confirmed 201 million barrels of contingent (recoverable) resource from 4 sections at Fort McMurray. "Contingent Resources" are those quantities of oil and gas estimated on a given date to potentially recoverable from known accumulations, but are not currently economic.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Results of Conventional Operations

	Three months ended September 30		
	2007	2006	2005
Statement of Operations and Deficit			
Petroleum and natural gas sales (\$)	507,374	1,557,261	664,900
Petroleum & natural gas sales per boe (\$)	74.92	68.82	70.88
Daily sales volumes (boe 6:1)	74	246	105
Net loss for the period (\$)	(1,688,739)	(273,508)	(54,825)
Net income (loss) per share – basic (\$)	(0.03)	(0.01)	(0.00)
Statement of Cash Flows			
Funds flow (used in) from operations (\$)	(231,667)	639,789	188,012
Net capital expenditures (\$)	7,658,343	1,005,688	1,874,609
Weighted average number of shares			
- basic	53,163,269	28,728,434	15,839,762

	Nine months ended September 30		
	2007	2006	2005
Statement of Operations and Deficit			
Petroleum and natural gas sales (\$)	2,505,385	4,170,425	1,425,911
Petroleum & natural gas sales per boe (\$)	65.78	65.81	64.14
Daily sales volumes (boe 6:1)	140	232	85
Net loss for the period (\$)	(1,751,857)	(466,631)	(219,774)
Net income (loss) per share – basic (\$)	(0.04)	(0.02)	(0.02)
Statement of Cash Flows			
Funds flow from operations (\$)	(330,152)	1,587,767	217,710
Net capital expenditures (\$)	15,540,349	3,768,565	1,861,057
Weighted average number of shares			
- basic	41,595,961	24,999,946	14,475,366

- During the third quarter of 2007, the Company's production decreased to 74 boe per day as compared to 80 boe per day in the second quarter of 2007 and 246 boe per day in the third quarter of 2006. Third quarter 2007 production reflects the Company's change in focus and the related sale of the Crystal Hills, Macoun and Hume properties in Saskatchewan during the first quarter of 2007. During the third quarter of 2007, certain non-producing Saskatchewan properties were also sold for gross proceeds to the Company of \$45,000.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

- Royalties for the third quarter of 2007 were 19% of revenues as compared to 8% in the third quarter of 2006. Although total royalty expenses decreased, royalties increased on both a percentage and a per boe basis in the third quarter ended September 30, 2007 as compared to the same quarter in 2006 due primarily to the higher royalty rates applicable to the current production profile of the Company.
- Operating costs for the third quarter of 2007 were \$220,119 or \$32.50 per boe as compared to \$324,345 or \$14.33 per boe for the same period in 2006. The increase on a per boe basis for the quarter was due primarily to the increased rate of operating costs applicable to the current production profile of the Company.

Production

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Oil and NGL (bbls/day)	66	230	132	215
Natural gas (mcf/day)	49	96	45	101
boe/day (6:1)	74	246	140	232

During the third quarter of 2007, Alberta Oilsands production decreased to 74 boe per day as compared to 80 boe per day in the second quarter of 2007 and 246 boe per day in the third quarter of 2006. Third quarter 2007 production reflects the sale of the Crystal Hills, Macoun and Hume properties in Saskatchewan during the first quarter of 2007. Production volumes and related revenue, royalties and operating costs were included up to the date of closing of the transaction.

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Commodity Prices				
Oil and NGL (\$/bbl)	76.82	71.54	66.73	68.13
Natural gas (\$/mcf)	5.96	4.94	6.75	6.02
\$/boe	74.92	68.82	65.78	65.81

Revenues

Oil and NGL (\$)	480,753	1,513,604	2,422,568	4,004,004
Natural gas (\$)	26,621	43,657	82,817	166,421
Total (\$)	507,374	1,557,261	2,505,385	4,170,425

Average commodity prices for the third quarter of 2007 of \$76.82 per barrel for oil and NGL's increased from the second quarter of 2007 price of \$61.05 per barrel, and was up from the third quarter 2006 price

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

of \$71.54 per barrel. Natural gas prices of \$5.96 per mcf for the third quarter of 2007 are down from \$7.92 per mcf in the second quarter of this year, and up from the third quarter 2006 price of \$4.94 per mcf. The decrease in the Company's 2007 revenues due to property disposals was partially offset in the third quarter by the increase in oil prices.

During 2006, the Company entered into a commodity contract for the sale of 100 barrels of oil per day from October 1, 2006 to December 31, 2007 at a ceiling strike price of U.S. \$77.20 per barrel and a floor strike price of U.S. \$60.00 per barrel. In March 2007, the Company had a partial termination of this contract whereby it reduced the quantity to 50 barrels of oil per day at the same ceiling and floor strike prices. As at September 30, 2007, the unfulfilled portion of the contract has been recorded at a contract commodity liability of \$47,352. Any gains or losses from the contract are included in petroleum and natural gas sales.

Royalties and Operating Expenses	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Royalties (\$)	94,137	130,127	395,898	435,225
% of revenues	19	8	16	10
\$/boe	13.90	5.75	10.39	6.87
Operating expenses (\$)	220,119	324,345	781,011	1,005,193
\$/boe	32.50	14.33	20.51	15.86

Royalties for the third quarter of 2007 were 19% of revenues as compared to 8% in the third quarter of 2006. Although total royalty expenses decreased, royalties increased on both a percentage and a per boe basis in the quarter ended September 30, 2007 as compared to the same quarter in 2006 due to an adjustment recognized in 2007 for 2006 Indian royalties at Glennevis.

Operating costs for the third quarter of 2007 were \$220,119 or \$32.50 per boe as compared to \$324,345 or \$14.33 per boe for the same period in 2006. The increase on a boe basis for the quarter was due primarily to decreased production volumes.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Netbacks (\$/boe)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Revenue	74.92	68.82	65.78	65.81
Royalties	13.90	5.75	10.39	6.87
Operating expenses	32.50	14.33	20.51	15.86
Field netbacks	28.52	48.74	34.88	43.08
General and administrative	68.34	11.38	41.92	12.48
Netbacks	(39.82)	37.36	(7.04)	30.60

General and administrative expense

General and administrative expenditures totalled \$462,797 (\$68.34 per boe) for the third quarter of 2007 as compared to \$257,541 (\$11.38 per boe) for the comparative 2006 period. The increase in the 2007 expenditures relates primarily to increased staff and related services associated with the change in direction of the Company.

Business development expenses

During the three and nine months ended September 30, 2007, the Company incurred \$79,090 and \$108,346 respectively (September 30, 2006 - \$161,734 and \$261,324) of business development expenses related to the pursuit of projects outside of Canadian oil and gas exploration and development. These expenses include consulting and related costs as well as costs associated with the on-going pursuit of additional financing to support any potential transactions.

Stock-based compensation

During the nine months ended September 30, 2007 the Company record stock based compensation expense totalling \$2.4 million of which \$0.4 million was capitalized to oil sands activities and \$2.0 million was expensed. The Company relies on stock based compensation awards in order to reduce cash compensation expenses while maintaining the ability to attract and retain employees, consultants and directors with the unique skills and attributes required to identify, acquire, finance and develop oil sand projects. This philosophy results in the issuance of significant stock option grants similar to other exploration and start up organizations. Given this and the high volatility assumptions which play an important factor in the determination of the accounting charge, stock based compensation accruals are a significant cost to the organization. Management believes that this practice is consistent with other organizations of a similar nature to Alberta Oilsands and greatly assists the Company in attracting the needed skills for this venture.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Interest Expense

Interest expense in the amount of \$36,867 and \$160,621, respectively, was incurred during the three and nine months ended September 30, 2007. The first quarter of 2007 included interest expense for both the bank and bridge facilities while second and third quarter 2007 interest expense was incurred on the unspent flow-through commitments. The interest on flow-through commitments accumulates on the unspent balance and must be paid at the end of February 2008. The comparative 2006 interest expense was \$37,755 and \$84,467, respectively, for the three and nine month periods.

Depletion, depreciation and accretion

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Depletion and depreciation (\$)	475,466	807,883	1,484,577	2,159,078
\$/boe	70.21	35.70	38.98	34.07
Accretion (\$)	15,379	17,420	45,263	49,686
\$/boe	2.27	0.77	1.19	0.78

The total depletion, depreciation and accretion charges for the three and nine months ended September 30, 2007 included \$211,900 as a result of an impairment from the ceiling test calculation in relation to the conventional oil and gas properties.

Capital Expenditures

During the three and nine months ended September 30, 2007, the Company spent \$7,658,343 and \$15,540,349, respectively, on its capital program.

Capital spending is summarized as follows:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Land and seismic	7,364,555	(50,032)	14,463,976	118,392
Drilling and completions	277,638	721,409	713,115	2,744,406
Tangible equipment	11,351	330,028	289,614	877,367
Office and other	4,799	4,283	73,644	28,400
Total	7,658,343	1,005,688	15,540,349	3,768,565

The focus for the Company has been in acquiring leases in the Athabasca oil sands area of Alberta. A total of \$14.0 million has been spent to September 30, 2007 on acquiring such leases.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

During March 2007, the Company closed the sale of certain conventional oil and gas properties in Saskatchewan. The properties included the Company's interests in Crystal Hill, Macoun, Hume and Viewfield areas. The gross sale proceeds, prior to adjustments and transaction costs, were \$8.0 million. After adjustments the Company received net proceeds of \$7.9 million. Since the disposition altered the rate of depletion by greater than 20%, the proceeds were applied against the net book value for the properties resulting in an estimated gain on disposition of \$2,244,439.

During the third quarter of 2007, the Company disposed of some additional non-core conventional land for proceeds of \$45,000.

Liquidity and Financial Position

Alberta Oilsands commenced the 2007 year with a working capital deficit of \$3,316,049 and exited the third quarter of 2007 with working capital of \$12,468,166. During the first nine months of 2007, the Company spent \$15.5 million on land, property and equipment and repaid \$3.1 million of the debt that was included in the opening working capital deficit. This was funded by \$7.9 million of net proceeds on the disposition of properties and \$23.7 million net proceeds from the issuance of shares.

In June 2006, pursuant to a private placement, the Company received \$2.0 million of proceeds from the issuance of flow-through shares. As at September 30, 2007 approximately \$900,000 of qualifying expenditures had been spent and the remaining \$1.1 million of qualifying expenditures must be incurred by December 31, 2007. The Company anticipates that the expenditures will all be incurred during the fourth quarter of 2007.

During the second quarter of 2007, a total of \$13.0 million of proceeds from the issuance of flow-through shares was received. These qualifying expenditures will be renounced effective December 31, 2007 and the Company has until December 31, 2008 to incur the expenditures.

In order to provide flexibility for future financings and to allow the Company to continue its exploration program, a bridge credit facility was established with a Canadian financial institution. The potential facility would provide the Company with \$5.0 million, however is currently restricted to \$2.5 million. The balance is dependent upon the results of an engineering review report. In addition, a private placement was made available for gross proceeds of approximately \$300,000. Of this amount, \$52,000 was received and included in the Company's working capital as at September 30, 2007. The balance of the funds and the issuance of the common shares, at a price of \$1.30 per share are anticipated to close by the end of November or early December 2007.

The Company invests its cash in term deposits with its banker at current rates. The Company's policy is to ensure that the investments are liquid and does and will not invest in asset backed paper products.

Share Capital

Common shares

The Company commenced 2007 with 28,817,144 shares outstanding. During the nine months ended September 30, 2007, a total of 638,968 options were exercised for the same number of shares and a total of 14,848,500 shares on a flow-through basis and 8,888,900 common shares were issued upon closing of

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

private placements. As of September 30, 2007 and the date of this MD&A the total number of shares outstanding was 53,193,512.

Stock Options

The Company commenced 2007 with a total of 2,604,000 stock options outstanding. During the first nine months of 2007, a total of 3,369,373 options were granted, 638,968 were exercised and 313,000 were forfeited resulting in 5,021,405 options outstanding at September 30, 2007 and at the date of this MD&A

Contractual Obligations and Commitments

Flow-through expenditures

At the end of June 2006, the Company raised \$2,001,300 of flow-through proceeds. In February 2007, the Company renounced the tax benefits of these proceeds to the investors effective December 31, 2006 and must incur eligible expenditures by the end of December 31, 2007. As at September 30, 2007, approximately \$1.1 million of qualifying expenditures must be incurred by December 31, 2007.

As a result of the flow-through financings that closed during the second quarter of 2007, the Company must incur an additional \$13.1 million of qualifying expenditures by December 31, 2008.

Commitment

The Company's lease for office premises expired in February 2007 and the Company is currently paying monthly office rental of \$11,000.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Other

During 2006, the Company entered into a commodity contract for the sale of 100 barrels of oil per day from October 1, 2006 to December 31, 2007 at a ceiling strike price of U.S. \$77.20 per barrel and a floor strike price of U.S. \$60.00 per barrel. In March 2007, the Company had a partial termination of this contract whereby it reduced the quantity to 50 barrels of oil per day at the same ceiling and floor strike prices. As at September 30, 2007, the unfulfilled portion of the contract has been recorded as a commodity contract liability in the amount of \$47,352. Any gains or losses from the contract are included in petroleum and natural gas sales.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Related Party Transactions

Except as disclosed elsewhere in the financial statements the Company had the following related party transactions for which the expenses are included in general and administrative expenses, business development expenses and share issue costs:

- a) During the three and nine months ended September 30, 2007, the Company was charged \$14,136 and \$211,818, respectively, (three and nine months ended September 30, 2006 – \$15,994 and \$39,991) in legal fees by legal firms in which directors and officers of the Company are partners. Included in accounts payable at September 30, 2007 is \$51,234 (December 31, 2006 – \$53,496) due to the legal firms.
- b) During the three and nine months ended September 30, 2007, the Company paid \$33,000 and \$383,400, respectively, (three and nine months ended September 30, 2006 - \$34,000) to an individual who is now an employee and officer of the Company. Included in accounts receivable at September 30, 2007 is \$9,061 due from this employee for which payment was received subsequent to September 30, 2007.
- c) During the three and nine months ended September the Company loaned an employee and officer a total of \$65,000 on a non-interest bearing note. Included in accounts receivable at September 30, 2007, is \$38,750 for which payment was received subsequent to September 30, 2007.

These transactions are in the normal course of operations and were recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Selected Historical Financial Information (\$)

	2007			2006
	3 RD QUARTER	2 ND QUARTER	1 ST QUARTER	4 TH QUARTER
Petroleum and natural gas revenue	507,374	487,642	1,519,356	1,596,319
Net income (loss)	(1,688,739)	(1,378,661)	1,315,540	(953,778)
Net income (loss) per share – basic and diluted	(0.03)	(0.02)	0.05	(0.03)
Funds from (used in) operations	(231,667)	(703,819)	605,332	85,904
Capital expenditures	7,658,343	4,112,925	3,769,082	765,833

	2006			2005
	3 RD QUARTER	2 ND QUARTER	1 ST QUARTER	4 TH QUARTER
Petroleum and natural gas revenue	1,557,261	1,637,241	975,923	1,005,223
Net income (loss)	(273,508)	94,319	(287,442)	(226,169)
Net income (loss) per share – basic and diluted	(0.01)	0.00	(0.01)	(0.02)
Funds from operations	639,789	758,549	189,429	221,121
Capital expenditures	1,005,688	977,665	1,785,212	4,700,951

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Outlook

The Company continues to execute on its new focus of pursuing the exploitation and production of bitumen reserves in the Athabasca oil sands area of Alberta. The implementation of the change in focus necessitated the disposal in March 2007 of certain properties in South East Saskatchewan, including those in Crystal Hill and Macoun, for net cash proceeds of approximately \$7.9 million. These funds were utilized to pay out both the bank and bridge financing facilities and to acquire undeveloped land in the oil sands areas of Alberta. In addition, certain undeveloped lands in Saskatchewan were sold in September 2007 for proceeds of \$45,000.

During the nine months ended September 30, 2007, as a result of successful purchases at Crown land sales, a 100% working interest in a total of 125 sections of oil sands rights (79,998 acres) was acquired by the Company for cash consideration of approximately \$14.0 million. The Company now has three separate and distinct prospective contiguous land areas, each of which the Company expects may be capable of containing sufficient reserves to support a SAGD (steam assisted gravity drainage) production project.

The Company's 2007/2008 winter drilling program will focus on the Fort McMurray and East Hangingstone areas.

In the third quarter, the Company acquired trade seismic on the 23 sections of oil sands leases in East Hangingstone. The interpretation of this data has revealed several prospective anomalies on the lands. The Company will also acquire additional 2D seismic in the late fourth quarter of 2007. These data will be utilized to select drilling locations for the 2007/2008 delineation program. The delineation program in East Hangingstone will encompass 20 core holes.

The 28 sections Fort McMurray area leases are located south east of the city of Fort McMurray. This asset has very attractive well penetrations on the land indicating 22 to 53 meters of pay. Therefore, the Company will intensify its drilling in this core asset. A certain portion of this asset also has year round accessibility. The Company plans to drill 20 core holes this coming winter and another 25 core holes in the third quarter of 2008.

The Company has 2 drilling rigs under contract for 165 drill days commencing late December 2007. In addition, the core analysis has also been contracted and results from the Winter drilling program are expected to be released in late April 2008. Ryder Scott will be commissioned to update the Company's resource report for an anticipated issue in June 2008.

Pursuant to private placements, a total of \$23.7 million equity was raised in the first nine months of 2007. Of this amount \$13 million was through the issuance of flow-through shares for which the qualifying expenditures must be incurred by December 31, 2008 and renounced on or prior to December 31, 2007. From flow-through private placements completed in 2006, a total of \$1.1 million of qualifying expenditures remain which are anticipated to be incurred by December 31, 2007.

The Company is dependent upon the ability to raise additional funds to satisfy all of its flow-through obligations, increase its land position and augment its overhead expenditures.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

Subsequent to the reporting period, the Government of Alberta announced revisions to the royalty program for oil sands production. The Government did not grandfather existing oil sands operations and introduced a price sensitive sliding scale royalty for bitumen production which, at all price levels for West Texas Intermediate ("WTI") above US\$55.00 per barrel, results in higher royalties for bitumen production than under the present regime, whether before or after payout. While we would have preferred to see the existing regime stay in place, given that this was the basis for our original capital investment decisions, the emergence of much higher prices for crude oil appears to be the driving force for the change. The Company does not expect the new policy to impair its decision to proceed with the continuing evaluation of its oil sands acreage.

Business Risks and Uncertainties

The Company and the securities of the Company should be considered a highly speculative investment. For an overview of the risks and uncertainties which may affect the Company and its business and operations, readers are referred to the Company's December 31, 2006 MD&A. The risks and uncertainties as contained in the Company's December 31, 2006 MD&A are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business and operations of the Company and cause the price of the securities of the Company to decline. If any of those risks actually occur, the Company's business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the shares could decline and shareholders may lose all or part of their investment. Prospective investors should review the risks and uncertainties with their legal and financial advisors.

An investment in the securities of the Company is suitable only for investors who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital.

Disclosure Controls and Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of September 30, 2007, that the Company's disclosure controls and procedures are designed and operating to provide reasonable assurance that material information related to the Company, is made known to them by others with the entity. It should be noted that while the Company's Chief Executive Officer and Chief Financial Officer believe that our disclosure controls and procedures provide a reasonable level of assurance and that they are effective, except as mentioned below they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Controls over Financial Reporting

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
**Management's Discussion and Analysis of Operations
and Financial Condition**
September 30, 2007

financial statements for external purposes in accordance with Canadian GAAP. The Chief Executive Officer and Chief Financial Officer have assessed the design of the Company's internal control over financial reporting as of September 30, 2007 and during this process have identified certain material weaknesses in internal controls over financial reporting which are follows:

- Due to the limited number of staff at the Company, it is not possible to achieve complete segregation of duties; and
- Due to the size of the Company and the limited number of staff, the Company does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise.

These weaknesses in the Company's internal controls over financial reporting result in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during preparation of the quarterly financial statements outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

Critical Accounting Estimates

The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles. A comprehensive discussion of the Company's significant accounting policies is contained in Note 2 to the audited consolidated financial statements for the year ended December 31, 2006. The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control. A detailed discussion of the critical accounting estimates is provided in the Company's December 31, 2006 MD&A.

Change in Accounting Policies

On January 1, 2007, the Company adopted the new or revised Canadian accounting standards for accounting changes, comprehensive income, financial instruments—recognition and measurement and financial instruments—presentation and disclosures. The impact of the adoption of the new standards is disclosed in note 2 to the September 30, 2007 unaudited interim consolidated financial statements. Additional disclosure requirements for financial instruments have been approved by the Canadian Institute of Chartered Accountants and will be required disclosure beginning January 1, 2008.

Alberta Oilsands Inc.

(formerly Platform Resources Inc.)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2007

Notice of no auditor review of interim consolidated 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 consolidated financial statements as at and for the three and nine months ended September 30, 2007 and 2006.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Interim Consolidated Balance Sheets
(unaudited)

Assets	September 30 2007	December 31 2006
Current		
Cash and cash equivalents (<i>note 3</i>)	\$ 12,126,639	\$ 4,868
Short-term investment (<i>note 4</i>)	1,009,599	–
Accounts receivable	289,497	796,327
Prepaid expenses	119,316	158,297
Subscription receivable (<i>note 10</i>)	50,000	–
Commodity contract (<i>note 5</i>)	–	48,030
Deferred financing fees (<i>note 8</i>)	–	19,643
	13,595,051	1,027,165
Property and equipment (<i>notes 6 and 12</i>)	20,157,970	11,396,512
	\$ 33,753,021	\$ 12,423,677
 Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 1,102,677	\$ 1,243,214
Commodity contract (<i>note 5</i>)	24,208	–
Bank debt (<i>note 7</i>)	–	2,100,000
Bridge facility (<i>note 8</i>)	–	1,000,000
	1,126,885	4,343,214
Asset retirement obligation (<i>note 9</i>)	819,495	967,497
Future income taxes (<i>note 13</i>)	693,316	281,297
	2,639,696	5,592,008
 Shareholders' Equity		
Share capital (<i>note 10</i>)	32,279,666	8,567,290
Contributed surplus (<i>note 11</i>)	2,716,978	395,841
Deficit	(3,883,319)	(2,131,462)
	31,113,325	6,831,669
	\$ 33,753,021	\$ 12,423,677
 Basis of presentation (<i>note 1</i>)		
Commitments (<i>note 10(a)</i>)		
Subsequent event (<i>note 16</i>)		

See accompanying notes to the interim consolidated financial statements.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Interim Consolidated Statements of Operations and Deficit
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Revenue				
Petroleum and natural gas sales	\$ 507,374	\$ 1,557,261	\$ 2,505,385	\$ 4,170,425
Commodity contract (note 5)	(56,339)	–	(47,352)	–
Royalties	(94,137)	(130,127)	(395,898)	(435,225)
	<u>356,898</u>	<u>1,427,134</u>	<u>2,062,135</u>	<u>3,735,200</u>
Interest income	177,113	–	181,875	367
	<u>534,011</u>	<u>1,427,134</u>	<u>2,244,010</u>	<u>3,735,567</u>
Expenses				
Production	189,327	255,651	576,579	819,167
Transportation	30,792	68,694	204,432	186,026
General and administrative	462,797	257,541	1,596,422	790,846
Business development	79,090	161,734	108,346	261,324
Stock-based compensation (note 10)	1,204,970	154,528	1,968,757	191,767
Interest	36,867	37,755	160,621	84,467
Accretion	15,379	17,420	45,263	49,686
Depletion and depreciation (note 6)	475,466	807,883	1,484,577	2,159,078
	<u>2,494,688</u>	<u>1,761,206</u>	<u>6,144,997</u>	<u>4,542,361</u>
Loss before the undernoted	(1,960,677)	(334,072)	(3,900,987)	(806,794)
Gain on disposal of property and equipment (note 12)	29,332	–	2,244,439	–
Loss before income taxes	(1,931,345)	(334,072)	(1,656,548)	(806,794)
Future income tax (reduction) (note 13)	(242,606)	(60,564)	95,309	(340,163)
Net loss for the period	(1,688,739)	(273,508)	(1,751,857)	(466,631)
Deficit, beginning of period	(2,194,580)	(904,176)	(2,131,462)	(711,053)
Deficit, end of period	\$ (3,883,319)	\$ (1,177,684)	\$ (3,883,319)	\$ (1,177,684)
Net loss per share				
Basic and diluted (note 10)	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.02)

See accompanying notes to the interim consolidated financial statements.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Interim Consolidated Statements of Cash Flows
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Operating				
Net loss for the period	\$ (1,688,739)	\$ (273,508)	\$ (1,751,857)	\$ (466,631)
Commodity contract	33,195	–	72,238	–
Stock-based compensation	1,204,970	154,528	1,968,757	191,767
Accretion	15,379	17,420	45,263	49,686
Depletion and depreciation	475,466	807,883	1,484,577	2,159,078
Future income taxes	(242,606)	(60,564)	95,309	(340,163)
Abandonment expenditures	–	(5,970)	–	(5,970)
Gain on disposal of property and equipment	(29,332)	–	(2,244,439)	–
	<u>(231,667)</u>	<u>639,789</u>	<u>(330,152)</u>	<u>1,587,767</u>
Change in non-cash working capital (note 14)	<u>(230,581)</u>	<u>(250,412)</u>	<u>256,931</u>	<u>278,165</u>
	<u>(462,248)</u>	<u>389,377</u>	<u>(73,221)</u>	<u>1,865,932</u>
Financing				
Issuance of shares, net of costs	51,935	(21,242)	23,686,985	2,979,423
Proceeds for share to be issued	52,000	–	52,000	–
Bank debt proceeds (repayment)	–	859,924	(2,100,000)	1,982,557
Bridge facility repayment	–	–	(1,000,000)	–
Redemption of term deposits	17,695,063	–	(1,009,599)	–
Change in non-cash working capital (note 14)	(6,512)	–	111,588	–
	<u>17,792,486</u>	<u>838,682</u>	<u>19,740,974</u>	<u>4,961,980</u>
Investing				
Expenditures on property and equipment	(7,658,343)	(1,005,688)	(15,540,349)	(3,768,565)
Proceeds from disposal of property and equipment	74,331	–	7,937,969	–
Change in non-cash working capital (note 14)	299,083	(222,835)	56,398	(3,060,311)
	<u>(7,284,929)</u>	<u>(1,228,523)</u>	<u>(7,545,982)</u>	<u>(6,828,876)</u>
Increase (decrease) in cash	10,045,309	(464)	12,121,771	(964)
Cash, beginning of period	2,081,330	–	4,868	500
Cash, end of period	\$ 12,126,639	\$ (464)	\$ 12,126,639	\$ (464)
Supplemental cash flow information:				
Interest paid	\$ 15,226	\$ 38,171	\$ 95,369	\$ 80,775

See accompanying notes to the interim consolidated financial statements.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

1. Basis of presentation and future operations

Alberta Oilsands Inc. ("the Company") is incorporated under the Business Corporations Act (Alberta) and is listed on the TSX Venture Exchange. The Company is involved in the production, exploration and development of resource properties. The Company operated as Platform Resources Inc. prior to May 29, 2007, when shareholders approved a resolution to change the name of the Company to Alberta Oilsands Inc. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Platform Resources Inc.

These interim consolidated financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Property and equipment is recognized in these financial statements in accordance with the accounting policies outlined in note 2 of the Company's December 31, 2006 audited consolidated financial statements. Accordingly, their carrying values represent costs incurred to date, net of abandonments and write-downs, and do not necessarily reflect present or future values. The ability of the Company to continue as a going concern and the recoverability of amounts shown for the properties is dependent upon the existence of economically recoverable reserves. The Company's ability to continue as a going concern is dependent upon its ability to obtain additional financing to continue the development of the Company's properties and generate funds there from and to meet current and future obligations. Should the going concern assumption not be appropriate, certain asset and liability amounts would require adjustment and reclassification.

These interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and on a basis consistent with the audited December 31, 2006 consolidated financial statements except certain disclosures have been condensed or omitted. Accordingly, these interim consolidated financial statements should be read in conjunction with the notes contained in the Company's audited December 31, 2006 consolidated financial statements. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. Accordingly, actual results could differ from those estimates.

The operating results for the three and nine months ended September 30, 2007 may not be indicative of the results for the year ended December 31, 2007.

2. Changes in accounting policies

On January 1, 2007, the Company adopted the new or revised Canadian accounting standards for financial instruments – recognition and measurement, financial instruments – presentation and disclosures, comprehensive income and accounting changes. The adoption of these standards had no impact on these financial statements. Additional disclosure requirements for financial instruments have been approved by the Canadian Institute of Chartered Accountants and will be required disclosure beginning January 1, 2008.

a) Financial instruments—recognition and measurement

This new standard requires all financial instruments within its scope, including all derivatives, to be recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets and liabilities except those held-for-trading and available for sale are measured at amortized cost determined using the effective interest rate method. Held-for-trading financial assets are measured at fair value with changes in fair value recognized in earnings. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

2. Changes in accounting policies (continued)

b) Derivative instruments

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value. Changes in the fair values of derivative instruments are recognized in net loss with the exception of derivatives designated as cash flow hedges. The Company did not identify any derivatives which require separate recognition and measurement.

c) Comprehensive income

Comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources and includes unrealized gains and losses on financial assets classified as held available-for-sale.

d) Transaction costs

Transaction costs attributable to financial instruments classified as other than held-for-trading are expensed in the statement of operations as incurred. Prior to January 1, 2007, transaction costs were recorded as a deferred charge and recognized in the statement of operations on a straight-line basis over the life of the financial instrument.

e) Accounting changes

Voluntary changes in accounting policies are permitted only if they result in financial statements which provide more reliable and relevant information. Accounting policy changes are applied retrospectively unless it is impracticable to determine the period or cumulative impact of the change. Corrections of prior period errors are applied retrospectively and change in accounting estimates are applied prospectively by including the effect of the change in earnings.

3. Cash and cash equivalents

	September 30, 2007	December 31, 2006
Cash in bank	\$ 2,899,572	\$ 4,868
Term deposits	9,227,067	—
	<u>\$ 12,126,639</u>	<u>\$ 4,868</u>

The term deposit outstanding as at September 30, 2007 earned interest at a rate of 4.8% and matured in October 2007 at which time it was reinvested until January 2008 at a rate of 4.65%.

4. Short-term investments

As at September 30, 2007, the short-term investment of \$1,009,599 earned interest at 4.55% and matured in October 2007 and was not reinvested.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

5. Commodity contract

During 2006, the Company entered into a commodity collar for the sale of 100 barrels of oil per day from October 1, 2006 to December 31, 2007 at a ceiling strike price of U.S. \$77.20 per barrel and a floor strike price of U.S. \$60.00 per barrel. In March 2007, the Company had a partial termination of this contract whereby it amended the quantity to 50 barrels of oil per day at the same ceiling and floor strike prices. As at September 30, 2007, the unfulfilled portion of the contract has been recorded as a contract commodity liability of \$47,352. Any gains or losses realized from the contract are included in petroleum and natural gas sales.

6. Property and equipment

	September 30, 2007		
	Cost	Accumulated depletion and depreciation	Net
Petroleum and natural gas properties	\$ 26,033,861	\$ 5,985,700	\$ 20,048,161
Office equipment	167,364	57,555	109,809
	<u>\$ 26,201,225</u>	<u>\$ 6,043,255</u>	<u>\$ 20,157,970</u>

The Company did not capitalize any general and administrative costs during 2007 and 2006. In 2007, the Company capitalized \$447,257 of stock based compensation and \$145,224 of related future incomes taxes for options granted to a consultant. As at September 30, 2007, petroleum and natural gas properties include the cost of undeveloped land in the amount of \$14,178,394 (December 31, 2006 – \$489,800), which has been excluded from the depletion calculation. Future development capital of \$213,000 (December 31, 2006 – \$213,000) has been included, and salvage values of \$255,185 (December 31, 2006 – \$364,800) have been excluded from the depletion calculation.

The Company applied the ceiling test to its capitalized assets at September 30, 2007 and determined that there was an impairment in the amount of \$211,900 which has been included in depletion expense for the three and nine months ended September 30, 2007.

For the purposes of the September 30, 2007 impairment test, the following benchmark prices were used:

	Oil Reference Price (\$)	Gas Reference Price (\$)
2007 - remaining	74.45	6.91
2008	72.62	7.44
2009	70.81	7.69
2010	68.85	7.95
2011	66.86	8.21
2012	68.89	8.41

Average % change thereafter does not exceed 2%

7. Bank debt

Upon the disposition of certain properties in March 2007 (note 12), the Company repaid the bank debt in full and the credit facility was cancelled.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

8. Bridge facility

Upon the disposition of certain properties in March 2007 (note 12), the Company repaid the bridge facility in full and expensed the remaining unamortized portion of deferred financing fees of \$19,643. The bridge facility was then cancelled.

9. Asset retirement obligation

The following table presents the reconciliation of the carrying amount of the obligation associated with the retirement of the property and equipment:

Balance, December 31, 2006	\$	967,497
Liabilities disposed		(193,265)
Accretion		45,263
Balance, September 30, 2007	\$	<u>819,495</u>

The following significant assumptions were used to estimate the asset retirement obligation:

Undiscounted abandonment costs	\$	1,159,226
Credit adjusted risk-free rate adjusted for inflation rate of 2%		8%
Weighted average expected timing of cash flows		4.8 years

10. Share capital

a) Common shares

Issued and outstanding	<u>Number of Shares</u>	<u>Amount</u>
Balance, December 31, 2006	28,817,144	\$ 8,567,290
Issue of flow-through common shares (i) and (ii)	14,848,500	13,000,025
Issue of common shares (ii)	8,888,900	12,000,015
Exercise of options (iii)	638,968	304,985
Tax effect of flow-through shares (iv)	-	(649,822)
Share issue costs (net of tax effect of \$478,336)	-	(994,827)
Balance, September 30, 2007	53,193,512	\$ 32,227,666
To be issued (v)	40,000	52,000
	<u>53,233,512</u>	<u>\$ 32,279,666</u>

- (i) In May 2007, a private placement was completed for 10,000,000 flow-through shares at \$0.50 per share for gross proceeds of \$5,000,000. In conjunction with the private placement the Company paid \$50,000 of commissions. The Company is required to spend \$5,000,000 in qualifying expenditures by December 31, 2008, none of which had been incurred at September 30, 2007.
- (ii) In June 2007, a private placement financing was completed for the issuance of 8,888,900 common shares at a price of \$1.35 per share and 4,848,500 flow-through common shares at a price of \$1.65 per share for total gross proceeds of \$20,000,040. As at September 30, 2007, \$50,000 of the share issuance proceeds had not yet been received. In connection with the private placement, the Company paid a commission to the underwriters of approximately \$1.2 million. The common shares and the flow-through common shares are subject to a four month statutory hold. The Company is required to spend \$8,000,025 in qualifying expenditures by December 31, 2008, none of which had been incurred at September 30, 2007.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

10. Share capital (continued)

a) Common shares (continued)

- (iii) During the nine months ended September 30, 2007, a total of 638,968 stock options were exercised at exercise prices ranging from \$0.29 to \$0.38 per common share, for total cash proceeds of \$210,108. In addition to the cash proceeds, a pro-rata allocation of the options' fair value in the amount of \$94,877 has been reclassified from contributed surplus to share capital.
- (iv) The \$649,822 tax effect of the \$2,001,300 flow-through proceeds raised in June 2006 was recorded in February 2007 when the renouncement documents were filed with the tax authorities. As at September 30, 2007, approximately \$900,099 of qualifying expenditures had been incurred and the remaining \$1,101,201 must be spent by December 31, 2007.
- (v) In August 2007, the Company received \$52,000 of subscription proceeds in respect of a private placement for which final closing is expected to occur in November 2007. The total gross proceeds expected are \$300,000, inclusive of the \$52,000 and the issuance of a total of 230,769 common shares of the Company at a price of \$1.30 per common share.

b) Stock options

During the nine months ended September 30, 2007, the Company granted the following options which have a five year term to expiry and vest one-third on the date of grant and one-third on the first and second anniversaries of the grant date:

Date granted	Number of options	Exercise price per share
March 2007	225,000	\$ 0.29
April 2007	225,000	0.67
May 2007	100,000	0.50
May 2007	1,029,000	1.91
June 2007	137,373	1.47
July 2007	1,228,000	2.21
August 2007	425,000	1.30
	3,369,373	\$ 1.69

The following is a continuity of stock options as at September 30, 2007:

	Number of options	Weighted average exercise price
Balance, December 31, 2006	2,604,000	\$ 0.34
Granted	3,369,373	1.69
Exercised	(638,968)	(0.33)
Forfeited	(313,000)	(0.34)
Balance, September 30, 2007	5,021,405	\$ 1.25

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

10. Share capital (continued)

b) Stock options (continued)

The following summarizes information about stock options outstanding as at September 30, 2007:

Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Number exercisable	Weighted average exercise price
\$ 0.29 – 0.30	742,000	2.63	642,000	\$ 0.30
0.37 – 0.40	1,129,032	3.96	678,667	0.37
0.45 – 0.67	331,000	4.58	112,333	0.62
1.30 – 2.21	2,819,373	4.77	939,791	1.93
	<u>5,021,405</u>	<u>4.26</u>	<u>2,372,791</u>	<u>\$ 1.25</u>

The Company recognized stock based compensation expense in the nine months ended September 30, 2007 based on the estimated fair value of options using a forfeiture rate of 0%, a weighted average life of five years and a dividend yield of nil:

Year of option grant	Risk-free interest rate	Expected volatility	Weighted average value per share	Nine months ended September 30, 2007	Remaining stock-based compensation expense
2005	4.2%	82%	\$0.31	\$ 7,425	\$ 5,621
2006	4.0%	122%	\$0.47	173,152	123,094
2007	4.4%	150%	\$1.54	2,235,437	2,916,868
				<u>2,416,014</u>	<u>3,045,583</u>
				<u>(447,257)</u>	<u>–</u>
Capitalized to property and equipment (note 5)					
Expense				<u>\$ 1,968,757</u>	<u>\$ 3,045,583</u>

c) Per share amounts

Basic per share amounts are calculated using the weighted average number of shares outstanding of 53,163,269 and 39,223,170, respectively, for the three and nine months ended September 30, 2007 (three and nine months ended September 30, 2006 – 24,948,074 and 28,648,434). In computing diluted per share amounts for the three and nine months ended September 30, 2007, all of the Company's outstanding options were excluded (three and nine months ended September 30, 2006 – 1,218,000) as they were considered to be anti-dilutive.

11. Contributed surplus

Balance, December 31, 2006	\$ 395,841
Stock-based compensation (note 10 (b))	1,968,757
Capitalized stock-based compensation (note 10 (b))	447,257
Options exercised (note 10 (a))	<u>(94,877)</u>
Balance, September 30, 2007	<u>\$ 2,716,978</u>

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

12. Gain on disposal of certain property and equipment

The Company disposed of certain properties in March 2007. Subject to final adjustments, the gain recorded for the transaction has been estimated as follows:

Gross sale proceeds	\$	8,050,000
Adjustments		(15,158)
Costs of transaction		(198,565)
Net cash proceeds		<u>7,836,277</u>
Estimated net book value		<u>(5,591,838)</u>
Gain on disposition	\$	<u><u>2,244,439</u></u>

13. Income taxes

The Company's computation of income taxes is as follows:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Expected income tax recovery at 33.13% (2006 – 34.06%)	\$ (637,054)	\$ (114,673)	\$ (546,014)	\$ (275,682)
Crown payments	–	38,401	–	22,598
Resource allowance	–	(53,140)	–	(53,140)
Stock-based compensation	401,367	53,317	658,613	66,510
Flow-through shares	–	–	–	(127,512)
Changes in enacted tax rates and other	<u>(6,919)</u>	<u>15,531</u>	<u>(17,290)</u>	<u>27,063</u>
Future income provision (reduction)	<u>\$ (242,606)</u>	<u>\$ (60,564)</u>	<u>\$ 95,309</u>	<u>\$ (340,163)</u>

The components of the net future income tax asset (liability) at September 30, 2007 are as follows:

Non-capital loss carryforwards	\$	331,707
Asset retirement obligations		266,090
Share issue costs		508,083
Property and equipment		<u>(1,799,196)</u>
Future income tax liability	\$	<u><u>(693,316)</u></u>

As at September 30, 2007 the Company has approximately \$15.5 million in tax pools and \$1.0 million in non-capital losses available for deduction against future taxable income. Non-capital losses expire between 2008 and 2014.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

14. Change in non-cash working capital

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Accounts receivable	\$ (24,025)	\$ 222,942	\$ 506,830	\$ 432,034
Prepaid expenses	(17,061)	(59,248)	38,981	(106,847)
Deferred financing fees	–	–	19,643	–
Accounts payable and accrued liabilities	103,076	(636,941)	(140,537)	(3,107,333)
	<u>\$ 61,990</u>	<u>\$ (473,247)</u>	<u>\$ 424,917</u>	<u>\$ (2,782,146)</u>

The change in non-cash working capital has been allocated to the following activities:

	Three months ended September 30		Nine months ended September 30	
	2007	2006	2007	2006
Operating	\$ (230,581)	\$ (250,412)	\$ 256,931	\$ 278,165
Financing	(6,512)	–	111,588	–
Investing	299,083	(222,835)	56,398	(3,060,311)
	<u>\$ 61,990</u>	<u>\$ (473,247)</u>	<u>\$ 424,917</u>	<u>\$ (2,782,146)</u>

15. Related parties

Except as disclosed elsewhere in the financial statements the Company had the following related party transactions for which the expenses are included in general and administrative expenses, business development expenses and share issue costs:

- During the three and nine months ended September 30, 2007, the Company was charged \$14,136 and \$211,818, respectively, (three and nine months ended September 30, 2006 – \$15,994 and \$39,991) in legal fees by legal firms in which directors and officers of the Company are partners. Included in accounts payable at September 30, 2007 is \$51,234 (December 31, 2006 – \$53,496) due to the legal firms.
- During the three and nine months ended September 30, 2007, the Company paid \$33,000 and \$383,400, respectively, (three and nine months ended September 30, 2006 - \$34,000) to an individual who is now an employee and officer of the Company. Included in accounts receivable at September 30, 2007 is \$9,061 due from this employee for which payment was received subsequent to September 30, 2007.
- During the three and nine months ended September the Company loaned an employee and officer a total of \$65,000 on a non-interest bearing note. Included in accounts receivable at September 30, 2007, is \$38,750 for which payment was received subsequent to September 30, 2007.

These transactions are in the normal course of operations and were recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Alberta Oilsands Inc.
(formerly Platform Resources Inc.)
Notes to Interim Consolidated Financial Statements
September 30, 2007
(unaudited)

16. Subsequent event

The Company entered into an arrangement to obtain a \$5.0 million bridge credit facility with a Canadian financial institution. The facility bears interest at 9.0% per annum and matures June 30, 2008. Initial availability is restricted to \$2,500,000, with additional availability subject to the results of an engineering review of the Company's properties. Fees of \$150,000 will be settled with 116,279 common shares of the Company, subject to regulatory approval, priced at \$1.29 per share, work fee of \$25,000 and a deferred fee in the amount of 4% on any amounts repaid under this facility.