



ALBERTA
OILSANDS INC.

**ANNUAL INFORMATION FORM
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOVEMBER 30, 2010

TABLE OF CONTENTS

	Page
FORWARD-LOOKING INFORMATION.....	1
ABBREVIATIONS AND DEFINITIONS	4
THE CORPORATION	9
BUSINESS OF THE CORPORATION.....	11
OIL AND NATURAL GAS RESERVES AND RESOURCES.....	14
DIRECTORS AND OFFICERS.....	18
AUDIT COMMITTEE	20
PERSONNEL.....	21
DESCRIPTION OF CAPITAL STRUCTURE	21
DIVIDEND POLICY.....	22
MARKET FOR SECURITIES.....	23
INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS	23
TRANSFER AGENT AND REGISTRAR	23
RISK FACTORS	23
CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES.....	33
PERSONAL BANKRUPTCIES	33
PENALTIES OR SANCTIONS.....	33
CONFLICTS OF INTEREST	33
LEGAL PROCEEDINGS AND REGULATORY ACTIONS	34
MATERIAL CONTRACTS.....	34
INTERESTS OF EXPERTS	34
ADDITIONAL INFORMATION.....	35
SCHEDULE A – Reports on Reserves Data by Independent Qualified Reserves Evaluator or Auditor	
SCHEDULE B – Report of Management and Directors on Oil and Gas Disclosure	
SCHEDULE C – Report on Resources Estimates by Independent Qualified Resources Evaluator or Auditor	
SCHEDULE D – Report of Management and Directors on Oil and Gas Disclosure	
SCHEDULE E – Audit Committee Charter	

FORWARD-LOOKING INFORMATION

Certain information in this Annual Information Form is "forward-looking information". Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate" or other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information involves significant known and unknown risks and uncertainties. A number of factors, many of which are beyond the control of the Corporation could cause actual results to differ materially from the results discussed in the forward-looking information. Although the forward-looking information contained in this Annual Information Form is based upon assumptions which Management believes to be reasonable, the Corporation cannot assure investors that actual results will be consistent with this forward-looking information. The forward-looking information contained herein is made as of the date of this Annual Information Form, and the Corporation assumes no obligation to update or revise it to reflect new events or circumstances, except as required by law. Because of the risks, uncertainties and assumptions inherent in forward-looking information, prospective investors in the Corporation's securities should not place undue reliance on this forward-looking information.

In particular, this Annual Information Form contains forward-looking information pertaining to the following:

- the quantum of, and future net revenues from, the Corporation's crude oil, natural gas and bitumen reserves and resources;
- crude oil, natural gas and bitumen production levels;
- future values that may be attributable to the Corporation's oil and gas properties;
- expectations regarding the timing for development of the Corporation's undeveloped reserves;
- possible *in situ* development (including the timing of such development) on Alberta Oilsands' oil sands properties, including in respect of pilot projects and further development in respect of its Clearwater project area located in its Fort McMurray properties and the joint development of its Hangingstone East project area with its pooling partner in the area;
- expectations regarding future exploration and development costs and the ability to fund such costs;
- the ability of the current working capital levels of Alberta Oilsands to maintain future capital expenditures, including required flow-through expenditures;
- results from the Corporation's core drilling programs;
- the continued economic viability of the Corporation's projects;
- a regulatory regime that will be conducive to Alberta Oilsands completing its projects (including environmental regulation and royalty rates);
- the ability of the Corporation to meet its obligations (including future financial obligations) under the agreements that it has entered into in respect of its project areas;
- expectations respecting the results of amendments to agreements entered into by the Corporation;
- projections of market prices and the demand for the commodities Alberta Oilsands produces or intends to produce;
- projections of market prices and costs; and
- expectations regarding capital expenditures and exploration activities and the timing and funding in respect thereof.

With respect to forward-looking information contained in this Annual Information Form, the Corporation has made assumptions regarding, among other things:

- future prices for crude oil, natural gas, bitumen and refined products;
- future currency and interest rates;
- future economic conditions;
- the Corporation's ability to generate sufficient cash flow from operations and to obtain new credit facilities and capital markets to meet its future obligations;
- the legal and regulatory framework and local community environment representing royalties, taxes and environmental matters where the Corporation conducts its business; and
- the Corporation's ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet the Corporation's demand.

Some of the risks that could affect the Corporation's future results and could cause results to differ materially from those expressed in the Corporation's forward-looking statements include:

- the need to obtain required approvals and permits from regulatory authorities;
- risks relating to the early stages of development of the Corporation;
- risks associated with exploring for, developing, producing, processing, storing and transporting crude oil, bitumen and natural gas;
- compliance with and liabilities under environmental laws and regulations;
- the uncertainties of estimates by the Corporation's independent consultants with respect to the Corporation's reserves and resources;
- the volatility of crude oil, natural gas, bitumen and refined product prices;
- geological, technical, drilling and processing problems;
- the Corporation's ability to hire and retain staff;
- imprecision in estimating capital expenditures and operating expenses;
- imprecision in estimating the timing, costs and levels of production and drilling;
- imprecision in estimates of future production capacity;
- the impact of competition;
- potential delays or changes in plans with respect to exploration and development projects or capital expenditures;
- changes to regulations and legislation applicable to the Corporation and the interpretation thereof including tax and environmental legislation and regulations in the provinces of Canada in which the Corporation conducts its business;
- changes to royalty regimes and government regulations regarding royalty payments;

- general economic and business conditions;
- unavailability of required equipment and services; and
- the other factors discussed under "Risk Factors".

Statements relating to "reserves" and "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the described reserves and resources, as the case may be, exist in the quantities predicted or estimated, and can be profitably produced in the future. The assumptions relating to the reserves and resources of the Corporation are discussed under "Oil and Natural Gas Reserves and Resources" and "Risk Factors – Risks Relating to Reserves and Resources".

ABBREVIATIONS AND DEFINITIONS

In this Annual Information Form, the abbreviations set forth below have the following meanings:

"bbl"	barrel or barrels	"Mcf/d"	1,000 standard cubic feet per day
"bbl/d"	barrel or barrels per day	"Mcf"	1,000 cubic feet of natural gas equivalent
"boe"	barrels of oil equivalent ⁽¹⁾	"MMcf"	1,000,000 cubic feet
"boe/d"	barrel or barrels of oil equivalent per day ⁽¹⁾	"MMcf/d"	1,000,000 cubic feet per day
"Mbbbl"	1,000 barrels	"MMbtu"	1,000,000 British thermal units
"MMbbl"	1,000,000 barrels	"NGL"	natural gas liquids
"Mcf"	1,000 cubic feet		

Note:

(1) For the purposes of this document, 6 mcf of natural gas and 1 bbl of NGL each equal 1 bbl of oil. **Boes may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.**

"**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, together with any amendments thereto and all regulations promulgated thereunder;

"**Alberta Oilsands**", "**AOS**" or the "**Corporation**" means Alberta Oilsands Inc.;

"**Annual Information Form**" or means this annual information form of the Corporation for the year ended December 31, 2009 and dated November 30, 2010;

"**Board**" or "**Board of Directors**" means the board of directors of Alberta Oilsands;

"**COGE Handbook**" means the Canadian Oil and Gas Evaluation Handbook prepared by The Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society);

"**Common Shares**" means the common shares in the share capital of the Corporation;

"**Contingent Resources**" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters or a lack of markets. It is also appropriate to classify as Contingent Resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage;

"**Crude oil**" or "**Oil**" means a mixture that consists mainly of pentanes and heavier hydrocarbons, which may contain sulphur and other non-hydrocarbon compounds, that is recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated. It does not include solution gas or natural gas liquids;

"**Developed producing reserves**" reserves are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty;

"**Developed non-producing reserves**" reserves are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown;

"**Developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (e.g., when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing;

"Development costs" means costs incurred to obtain access to reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas from the reserves. More specifically, development costs, including applicable operating costs of support equipment and facilities and other costs of development activities, are costs incurred to:

- (a) gain access to and prepare well locations for drilling, including surveying well locations for the purpose of determining specific development drilling sites, clearing ground, draining, road building, and relocating public roads, gas lines and power lines, to the extent necessary in developing the reserves;
- (b) drill and equip development wells, development type stratigraphic test wells and service wells, including the costs of platforms and of well equipment such as casing, tubing, pumping equipment and the wellhead assembly;
- (c) acquire, construct and install production facilities such as flow lines, separators, treaters, heaters, manifolds, measuring devices and production storage tanks, natural gas cycling and processing plants, and central utility and waste disposal systems; and
- (d) provide improved recovery systems;

"Development well" means a well drilled inside the established limits of an oil or gas reservoir, or in close proximity to the edge of the reservoir, to the depth of a stratigraphic horizon known to be productive;

"ERCB" means the Energy Resources Conservation Board;

"Exploration costs" means costs incurred in identifying areas that may warrant examination and in examining specific areas that are considered to have prospects that may contain oil and gas reserves, including costs of drilling exploratory wells and exploratory type stratigraphic test wells. Exploration costs may be incurred both before acquiring the related property (sometimes referred to in part as "prospecting costs") and after acquiring the property. Exploration costs, which include applicable operating costs of support equipment and facilities and other costs of exploration activities, are:

- (a) costs of topographical, geochemical, geological and geophysical studies, rights of access to properties to conduct those studies, and salaries and other expenses of geologists, geophysical crews and others conducting those studies (collectively sometimes referred to as "geological and geophysical costs");
- (b) costs of carrying and retaining unproved properties, such as delay rentals, taxes (other than income and capital taxes) on properties, legal costs for title defense, and the maintenance of land and lease records;
- (c) dry hole contributions and bottom hole contributions;
- (d) costs of drilling and equipping exploratory wells; and
- (e) costs of drilling exploratory type stratigraphic test wells;

"Exploratory well" means a well that is not a development well, a service well or a stratigraphic test well;

"Future income tax expenses" means future income tax expenses estimated (generally, year-by-year):

- (a) making appropriate allocations of estimated unclaimed costs and losses carried forward for tax purposes, between oil and gas activities and other business activities;
- (b) without deducting estimated future costs (for example, Crown royalties) that are not deductible in computing taxable income;

- (c) taking into account estimated tax credits and allowances (for example, royalty tax credits); and
- (d) applying to the future pre-tax net cash flows relating to the reporting issuer's oil and gas activities the appropriate year-end statutory tax rates, taking into account future tax rates already legislated;

"Future net revenue" means the estimated net amount to be received with respect to the development and production of reserves (including synthetic oil, coal bed methane and other non-conventional reserves) estimated using forecast prices and costs;

"GLJ" means GLJ Petroleum Consultants Ltd., independent petroleum consultants of Calgary, Alberta;

"GLJ Report" means the independent resource estimate report on the total Contingent Resources on the Corporation's Hangingstone East property prepared by GLJ dated August 6, 2010 and effective June 30, 2010;

"Gross" means:

- (a) in relation to the Corporation's interest in production or reserves, its "Corporation gross reserves", which is its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Corporation;
- (b) in relation to wells, the total number of wells in which the Corporation has an interest, and
- (c) in relation to properties, the total area of properties in which the Corporation has an interest;

"Management" means management of the Corporation;

"Natural gas" means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain natural gas liquids. Natural gas can exist in a reservoir either dissolved in crude oil (solution gas) or in a gaseous phase (associated gas or non-associated gas). Non-hydrocarbon substances may include hydrogen sulphide, carbon dioxide and nitrogen;

"Natural gas liquids" means those hydrocarbon components that can be recovered from natural gas as liquids including, but not limited to, ethane, propane, butanes, pentanes plus, condensate and small quantities of non-hydrocarbons;

"Net" means:

- (a) in relation to the Corporation's interest in production or reserves its working interest (operating or non operating) share after deduction of royalty obligations, plus its royalty interests in production or reserves;
- (b) in relation to the Corporation's interest in wells, the number of wells obtained by aggregating the Corporation's working interest in each of its gross wells; and
- (c) in relation to the Corporation's interest in a property, the total area in which the Corporation has an interest multiplied by the working interest owned by the Corporation;

"NI 51-101" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

"Platform" means Platform Resources Inc., a company which was a wholly owned subsidiary of the Corporation until September 9, 2010;

"Possible reserves" means those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves;

"Preferred Shares" means the preferred shares in the share capital of the Corporation;

"Probable reserves" means those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves;

"Prospective Resources" means those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development;

"Proved property" means a property or part of a property to which reserves have been specifically attributed;

"Proved reserves" means those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves;

"Reserves" are estimated remaining quantities of oil and natural gas and related substances anticipated to be economically recoverable from discovered resources, from a given date forward, based on (a) analysis of drilling, geological, geophysical, and engineering data; (b) the use of established technology; and (c) specified economic conditions, which are generally accepted as being reasonable and shall be disclosed. Reserves are classified according to the degree of certainty associated with the estimates;

"Ryder Scott" means Ryder Scott Company-Canada, Petroleum Consultants, independent petroleum consultants of Calgary, Alberta;

"Ryder Scott Report" means the independent reserves assessment on the Corporation's Clearwater property prepared by Ryder Scott, dated May 10, 2010 and effective March 31, 2010;

"SAGD" means steam-assisted gravity drainage;

"Trimble" means Trimble Engineering Associates Ltd., independent petroleum engineering consultants of Calgary, Alberta;

"Trimble Report" means the independent engineering evaluation of the conventional crude oil and natural gas interests of the Corporation prepared by Trimble, dated March 9, 2010 and effective December 31, 2009;

"TSXV" means the TSX Venture Exchange Inc.;

"Undeveloped reserves" are defined as those reserves expected to be recovered from known accumulations where a significant expenditure (e.g., when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved, probable, possible) to which they are assigned. In multi-well pools, it may be appropriate to allocate total pool reserves between the developed and undeveloped categories or to subdivide the developed reserves for the pool between developed producing and developed non-producing. This allocation should be based on the estimator's assessment as to the reserves that will be recorded from specific wells, facilities and completion intervals in the pool and their respective development and production status;

"Undiscovered Petroleum Initially-In-Place" is defined as that quantity of petroleum that is estimated, on a given date, to be contained in accumulations yet to be discovered. The recoverable portion of undiscovered petroleum initially-in-place is referred to as "prospective resources", the remainder as "unrecoverable";

"Unproved property" means a property or part of a property to which no reserves have been specifically attributed;

"Well abandonment costs" means costs of abandoning a well and preparing the surface lease to commence reclamation;

"Well abandonment and reclamation costs" means costs of abandoning a well and surface lease reclamation. They do not include costs of abandoning the gathering system, suspended wells, batteries, plants, or processing facilities; and

"WTI" means West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade.

In this Annual Information Form, references to "**dollars**" and "**\$**" are to the currency of Canada, unless otherwise indicated.

THE CORPORATION

Incorporation and Organization

The Corporation was incorporated pursuant to the ABCA on December 5, 2003 under the name of "Platform Resources Inc.". The Corporation commenced trading on the TSXV on April 8, 2004 following completion of its initial public offering. On July 14, 2004, the Corporation reached an agreement to acquire certain oil and gas properties from Calver Resources Inc. which, following completion of the transaction on September 10, 2004, constituted the Corporation's qualifying transaction under the applicable rules of the TSXV. On November 1, 2004, the Corporation acquired all of the issued and outstanding shares of Mama Santos Holdings Ltd. ("**Mama Santos**"), an Edmonton-based oil and gas company. Immediately following the acquisition, the Corporation amalgamated with Mama Santos and continued as one corporation under the name of "Platform Resources Inc.". On June 13, 2007, following approval by the shareholders of the Corporation at the annual and special meeting of shareholders held May 29, 2007, the Corporation changed its name to "Alberta Oilsands Inc.". Shortly thereafter, the Corporation's wholly owned subsidiary changed its name to "Platform Resources Inc.". On June 21, 2010, following approval by the shareholders of the Corporation at the annual and special meeting of shareholders held June 17, 2010, the Corporation filed Articles of Amendment to create the Preferred Shares. On September 9, 2010, the Corporation amalgamated with its wholly-owned subsidiary Platform and continued as one corporation under the name "Alberta Oilsands Inc.". The Common Shares of the Corporation, which had commenced trading on the TSXV under the symbol "PFM", currently trade on the TSXV under the symbol "AOS".

The Corporation has its head and principal office at Suite 2800, 350 – 7th Avenue S.W., Calgary, Alberta, T2P 3N9 and its registered office at Suite 3500, 855 – 2nd Street S.W., Calgary, Alberta, T2P 4J8.

The Corporation currently has no subsidiaries.

General Development of the Corporation

Alberta Oilsands is primarily engaged in the exploration, development and production of bitumen, crude oil and natural gas. The following is a general description of the development of Alberta Oilsands over the past three years.

In March of 2007, the Corporation made a strategic shift and changed its focus from that of a conventional oil and gas exploration and production company to the pursuit of the bitumen reserves in the Athabasca oil sands area of Alberta. To facilitate this shift and change in focus, certain properties located in southeast Saskatchewan, including those properties in the Crystal Hills, Macoun and Hume areas were sold for aggregate gross proceeds of \$7.8 million which provided the necessary capital to begin the acquisition of identified oil sand leases.

By the end of the first quarter of 2007, the Corporation had completed its first acquisition of 23 sections of oil sands leases which now form the basis of the Corporation's Hangingstone East project. Following this acquisition, the Corporation completed a non-brokered private placement of 10,000,000 Common Shares issued on a flow-through basis for gross proceeds of \$5 million in May, 2007. By the end of June, 2007, the Corporation completed its second equity financing through the issuance of an aggregate of 13,737,400 Common Shares (of which, 4,848,500 Common Shares were issued on a flow-through basis) for gross proceeds of \$20 million. The proceeds realized from the financings were used to acquire an additional 102 sections of oil sands leases, which now form the basis of the Corporation's Clearwater, Algar Lake (Hangingstone West) and Grand Rapids projects.

In January of 2008, the Corporation completed an equity financing through the private placement of 8,709,677 Common Shares. The Common Shares were sold to certain accounts of a large Boston-based institutional money manager for total proceeds of approximately \$8.1 million, which were used to continue to fund the Corporation's drilling program and for general corporate purposes.

During the first quarter of 2008, the Corporation entered into a pooling agreement with Great Divide Oil Sands Partnership, an affiliate of Connacher Oil and Gas Ltd. ("**Connacher**") whereby the Corporation's 23 sections of land in Hangingstone East and Connacher's 15.5 sections in the adjacent Halfway Creek properties were pooled into a joint ownership agreement. See "Business of the Corporation – Principal Properties – Oil Sands".

In August of 2008, the Corporation completed a "bought deal" private placement financing with an underwriting syndicate led by Canaccord Capital Corporation. In connection with the private placement, the Corporation sold 4,878,300 Common Shares at a price of \$0.75 per Common Share and 12,440,300 flow-through common shares at a price of \$0.95 per flow-through common share for net proceeds of approximately \$14.3 million. The proceeds from the private placement financings were used to fund the Corporation's 2008/2009 capital expenditure program. Proceeds from the issuance of the flow-through common shares were used to incur Canadian exploration expenses on continued exploration of the Corporation's oil and natural gas properties in Western Canada, including its Athabasca oil sands lands, prior to December 31, 2009.

On September 17, 2008 Platform entered into two production sharing contracts with the Government of the Republic of Kenya (the "PSCs"). Under the terms of the PSCs, Platform was authorized to conduct exploration operations in two exploration blocks in Kenya, 13T and 12A, for three years after the effective date of December 17, 2009, extendible at Platform's option for two additional terms of two years each.

In the first quarter of 2009, the Corporation entered into a significant farm-in agreement on its conventional oil and natural gas assets in the Chinchaga/Ladyfern area of northwest Alberta and the McLeod area of west-central Alberta. On April 1, 2009, the Corporation's Ladyfern Slave Point discovery well (Hamburg 13-29-095-12W6M) came on stream. As a result, the Corporation experienced significant increases in revenue and cash flow as compared with the first quarter of 2009. This well produced an average of 1.4 MMcf/d net to the Corporation during the second quarter of 2009. The Corporation has earned a 50% working interest in the well and a total of 11 sections of land in the immediate area with the successful completion of the Slave Point discovery well. The discovery well was spudded in February 2009. The drilling costs to the Corporation of approximately \$2.3 million qualified as flow-through expenditures. The well was eligible for the Alberta Government's new well royalty incentive program, which provides for 5% royalty rate for gas production volume of up to 500 MMcf. The well reached this production volume in the fourth quarter of 2009, increasing the royalty rate to 29%. With the Ladyfern well on production, the Corporation's total production was approximately 164 boe/d as at September 30, 2010. See "Risk Factors – Risks Relating to Reserves and Resources". In January of 2010 the farm-in agreement was amended to revise the drill and complete working interest of Alberta Oilsands from 95% to 80% reducing AOS' share of exploration costs and increasing AOS' access to option lands and exploration prospects.

The Corporation's 2009 capital budget included \$6 million allocated towards the Corporation's oil sands assets mostly in the Clearwater area and \$5 million allocated to the exploration and development of conventional opportunities.

In the second quarter of 2009, the Corporation entered into a farm-in agreement with a privately held Canadian oil and gas producer. The farm-in lands are located in the Hines Creek area of the Peace River Arch region in northwest Alberta. The Hines Creek area is a multi-zone hydrocarbon prone area with mostly all-season access. The farm-in agreement provided the Corporation with an opportunity to earn a 50% working interest in 17 sections of land through the drilling of two test wells to a depth of 1,100 metres and an additional option on a current and future area of mutual interest lands. Both test wells spudded prior to December 31, 2009 and were subsequently abandoned.

In October of 2009, AOS entered into an agreement for a \$10,000,000 bridge term loan (the "Facility"). The Facility carried an initial 10% annualized coupon adjusted quarterly based on utilization and was secured by a floating debenture of \$15 million over the Corporation's properties. In connection with the Facility, AOS granted 650,000 common share purchase warrants to its lender. Each warrant entitles the holder to one Common Share at a price of \$0.50 per Common Share until April 15, 2011. No amounts were drawn under the Facility and it has since expired.

In November of 2009, the Corporation completed a "bought deal" prospectus offering of 11,500,000 units, each unit consisting of one Common Share and one common share purchase warrant, at a price of \$0.40 per unit and 12,778,000 flow-through common shares at a price of \$0.45 per flow-through common share. In addition, the Corporation sold an additional 1,281,750 units at a price of \$0.40 per unit pursuant to the exercise by the underwriters of an over-allotment option in respect of the offering, resulting in total gross proceeds to the Corporation of \$10,862,000. The \$5,750,100 proceeds must be incurred on qualifying expenditures by December 31, 2010 of which approximately \$872,000 remains unspent as at September 30, 2010.

In January of 2010, Alberta Oilsands submitted its initial Clearwater Low Pressure SAGD Pilot Project application to the ERCB and Alberta Environment. The application is currently under review by the regulatory agencies.

In September of 2010, Platform assigned its 100% interest in Blocks 12A and 13T in Kenya to Africa Oil Corp. ("**Africa Oil**"). Consideration for the assignment comprised 2,500,000 common shares of Africa Oil and 1,500,000 Africa Oil share purchase warrants, each of which is exercisable into one common share at a price of \$1.50 per common share for a period of two years. In connection with the assignment, AOS amalgamated with Platform by way of vertical short-form amalgamation which resulted in the cancellation of Platform's issued and outstanding shares without repayment of capital in respect thereof. The articles and stated capital of the amalgamated corporation are the same as the pre-amalgamation articles and stated capital of AOS. On November 30, 2010, the common shares of Africa Oil were trading at \$2.09 per share. The terms of the Africa Oil share purchase warrants contain an accelerated exercise clause, which is triggered if Africa Oil's common shares trade at over \$2 per share for 20 consecutive trading days. Upon exercise by Africa Oil of the acceleration clause, the warrants will expire on a date that is not less than 180 days from the date of written notice to Alberta Oilsands. Notice of accelerated expiry of the warrants was served by Africa Oil on November 22, 2010. Alberta Oilsands has 180 days from such date to exercise the warrants.

In October of 2010, Alberta Oilsands entered into an agreement to raise a minimum of \$5 million and a maximum of \$7.5 million through the sale of a minimum of 10,000,000 units at a price of \$0.50 per unit on a private placement basis. Each unit to consist of one flow-through common share and one half of a common share purchase warrant of AOS issued in a "flow-through" basis. Each whole flow-through warrant entitles the holder to acquire one Common Share a price of \$0.70 per Common Share within 18 months following the closing date of the private placement. Pursuant to this agreement, a \$5 million tranche of the private placement closed on November 19, 2010. The second and final tranche of \$1.25 million closed on November 30, 2010.

On November 25, 2010, Alberta Oilsands acquired an additional four sections of oilsands leases in the Fort McMurray (Clearwater) region of northeastern Alberta. This purchase has joined the Corporation's previously separate Clearwater West and Clearwater East projects into one contiguous development area, to be identified as "**Clearwater**".

BUSINESS OF THE CORPORATION

The Corporation's principal oilsands assets are located in the Athabasca region and in particular are centered around Fort McMurray in northeastern Alberta. The Corporation holds a 100% working interest in 106 sections (67,840 acres) of oil sands prospective leases primarily in the Fort McMurray (Clearwater), Algar Lake and Grand Rapids areas and a 50% working interest in an additional 38.5 sections (24,640 acres) in the Hangingstone East/Halfway Creek area.

Principal Properties

The following describes the Corporation's principal properties.

Oil Sands

Fort McMurray

Alberta Oilsands has a 100% working interest in 32 sections of Crown land at Clearwater, located just southeast of Fort McMurray. The parcel spans 24 kilometres from east to west and is close to the services and infrastructure required for a commercial steam-assisted oil sands project. The Clearwater project includes two phases. The Clearwater Low Pressure SAGD Pilot Project constitutes Phase 1 of the development of the area. Phase 2 is intended to expand the development with a possible plant size of 15,000 to 25,000 bbl of bitumen per day. The Clearwater project area is in the McMurray formation bitumen sand isopach (thickness) trend mapped by the Alberta Geological Survey, which indicates sand isopach thickness ranging from 30 to 50 metres.

By focusing its attention on Clearwater, Alberta Oilsands has been able to make significant progress on its path to production in the oil sands. By the end of January 2009, the Corporation commenced its arrangements for pilot water sourcing and water disposal. As a result of coring activity in the Corporation's 2008/2009 fall and winter

coring programs, Ryder Scott assigned 350.9 MMbbl of Contingent Resources to Alberta Oilsands' Clearwater parcel in resource reports dated June 24, 2008 and June 29, 2009. With an additional 16 core holes drilled during the fall of 2008 and the winter of 2009, the Clearwater project area was adequately delineated by the end of the first quarter of 2009 to provide the necessary data for AOS to prepare a preliminary pilot project application.

On April 30, 2009, the Corporation announced it had initiated the creation of a strategic economic relationship with the Fort McMurray Airport Authority ("**FMAA**"). The Corporation considers this relationship a significant step towards reducing the risks related to access and development at Clearwater. The Fort McMurray Airport is located northwest of the Clearwater project. Effective July 8, 2009, Alberta Oilsands entered into a Gross Overriding Royalty, Access and Cooperation Agreement (the "**FMAA Agreement**") with the FMAA. The FMAA Agreement documents the formal economic relationship created between Alberta Oilsands and the FMAA. In return for access to certain airport lands related to Alberta Oilsands' Clearwater *in situ* recovery project, Alberta Oilsands has granted to the FMAA: (a) a 2% gross overriding royalty on the oil sands rights held by Alberta Oilsands in 88-8-W4M: Sections 21 and 22; and (b) 4,000,000 warrants to purchase Alberta Oilsands shares at a weighted average price of \$0.75/share. Two tranches of 2,000,000 warrants were issued effective July 8, 2009, with exercise prices of \$0.50 and \$1.00 and expiry dates of one year and two years from date of issue. As at the date hereof, the first tranche of warrants has expired. The FMAA commitments include: (a) access to certain lands used for airport purposes contained in Plan 481 R.S. (the "**Airport Lands**"); so long as the Corporation's operations do not interfere with the safety or proper operation of the airport, and (b) FMAA's cooperation with the Corporation on planning and logistics of any access or operation on Airport Lands. In November of 2010, the Corporation agreed to issue an additional 2,000,000 warrants to the FMAA with an exercise price of \$0.50 and an expiry of November 8, 2012. These warrants were intended to replace the warrants previously issued to the FMAA, which expired in July of 2010.

In January of 2010, the Corporation submitted its initial Clearwater Low Pressure SAGD Pilot Project application to the ERCB and Alberta Environment thereby commencing the approval process for Phase 1 of the Clearwater project. The project at Clearwater has a design production capacity of up to 4,500 bbl/d of bitumen in Phase 1 through six horizontal SAGD well pairs. Subject to regulatory approval, AOS expects to begin construction of the well pad and pairs in 2012. The objective of the pilot project is to demonstrate the producibility and operating characteristics of the thick, bitumen saturated McMurray Formation in the project area. It is also to demonstrate feasibility and operational safety aspects of *in situ* bitumen recovery in the Clearwater area and in proximity to the Fort McMurray Regional Airport.

In the second quarter of 2010, AOS completed mini-fracture testing and analysis on the 5-22-88-08W4M observation well in the McMurray bitumen and the Clearwater cap rock and completed drilling, data gathering and analysis of the 1-21-88-08W4M observation well.

The Corporation has committed itself to maintaining open communication with Clearwater area residents and stakeholders. In June 2010, the Corporation held an open house in Fort McMurray to introduce the Clearwater project to area residents and respond to questions related to air quality, sound, traffic, construction and community investment. Follow up meetings have occurred and continuing communication with area residents is planned.

Also in the second quarter of 2010, Ryder Scott assigned AOS with its first probable and possible oil sands reserves in respect of the Clearwater property. The Ryder Scott Report assigned 67.6 million bbl of probable and possible (3P) bitumen gross lease reserves on approximately one section of AOS' 100% working interest lands at Clearwater. See "Oil and Natural Gas Reserves and Resources". Based on the estimates from Ryder Scott, Management believes the Clearwater project area has sufficient bitumen resources to support Phase 1 of the Clearwater development plan.

Current field information and detailed technical analysis indicate a safe maximum operating steam chamber pressure at 1,000 kPa for the shallow Clearwater bitumen accumulation. AOS expects to perform additional field measurements during the 2010-2011 winter season to further define the safe maximum operating pressure of future bitumen production and operations. The Clearwater Low Pressure SAGD Pilot Project constitutes Phase 1 of the development of the Clearwater area. To complete the Clearwater Phase 1 construction and commissioning, the Corporation expects that it will have to raise an incremental \$100 million in capital. Phase 2 will incorporate Phase 1 operational learnings and form an optimized continued development for the Clearwater area, with a possible plant size of 15,000 to 25,000 bbl of bitumen per day at a currently estimated cost to the Corporation of approximately \$480 million to \$840 million, respectively. The Phase 2 reservoir scoping stage is expected to conclude mid 2011

and will include a delineation effort during the 2010-2011 drilling season, subject to the Corporation having an appropriate level of funding.

Hangingstone East

In the first quarter of 2007, the Corporation purchased from Crown land sales an area consisting of 23 sections (14,720 acres) of 100% working interest oil sands leases. In the first quarter of 2008, Alberta Oilsands entered into a pooling agreement with the Great Divide Oil Sands Partnership, an affiliate of Connacher, whereby the Corporation's 23 sections in this area and Connacher's 15.5 sections in the adjacent Halfway Creek properties were pooled. This resulted in the Corporation owning a 50% working interest in a 38.5 section contiguous land block in the Hangingstone East/Halfway Creek area and gave the Corporation access to significant additional gross contiguous lands. The Corporation's share of capital expenditures for this project during 2008 was \$3.8 million and the Corporation received \$1.9 million proceeds from Connacher for its share of costs incurred to the end of 2007.

The Hangingstone East/Halfway Creek area is situated approximately 45 kilometres southwest of Fort McMurray along Highway 63, the major highway from Edmonton to Fort McMurray. The land adjacent and south is the Petro-Canada Meadow Creek Project, while to the southwest is the JACOS (Japanese consortium) project. Further south is Connacher's Great Divide and Algar Lake project. Both the JACOS Hangingstone and Connacher Great Divide projects are currently on production.

The Corporation and Connacher had agreed to work together on the pooled assets until 2010, after which Connacher would become the operator and Alberta Oilsands would continue to retain its 50% working interest. In the first quarter of 2010 an additional 13 core holes were drilled for a total of 32 core holes drilled since inception. In the second quarter of 2010, Connacher engaged GLJ to conduct a third-party resource analysis on the property. In the third quarter of 2010, GLJ assigned 79.9 MMbbl (net) of best estimate contingent bitumen resources to the Corporation's Hangingstone East property. See "Oil and Natural Gas Reserves and Resources".

Algar Lake, Grand Rapids and Other areas

During 2007, the Corporation purchased a total of 74 sections of oil sands leases in the Algar Lake, Grand Rapids and other areas. Specifically, Alberta Oilsands purchased 51 sections in Algar Lake (Hangingstone West), 18 sections in Grand Rapids and five sections in other areas. The Algar Lake prospect area, located 30 km northeast of EnCana's Pelican Lake development, has potential in the McMurray and Wabiskaw formations. Alberta Oilsands has a 100% working interest in both the Algar Lake and the Grand Rapids prospect areas.

Plans have been generated to explore AOS' Algar Lake and Grand Rapids oil sands leases over the next few drilling seasons. The objective of the Algar Lake/Grand Rapids exploration plan is to confirm available resource volumes and evaluate further AOS heavy oil/bitumen development potential. The current Algar Lake exploration plan calls for approximately 20 bitumen core holes and 30 contingent locations. Two historical core holes in the Grand Rapids area suggest significant potential for *in situ* bitumen volumes. The Grand Rapids area has been more active and recent core holes on neighbouring properties have been used to generate the Grand Rapids exploration plan. The current Grand Rapids exploration plan is intended to provide a first estimate of oil sands development potential on the 18 sections of oil sands properties and comprises approximately 10 core holes and 8 additional contingent locations. Execution of the Algar Lake and Grand Rapids exploration programs are subject to obtaining appropriate levels of capital funding.

Conventional

During the third quarter of 2010, average production from the Corporation's conventional properties in the Ladyfern, Leduc and other areas experienced a natural production decrease to 134 boe/d from 321 boe/d in the third quarter of 2009. Alberta Oilsands has not added any additional conventional production since the Ladyfern Slave Point discovery well in April 2009. Gross revenue, before royalties and operating expenses generated for this property, was approximately \$1 million in the nine months ended September 30, 2010. In the first quarter of 2010, Alberta Oilsands expanded its farm-in agreement with its partner in the Ladyfern area to increase AOS' access to option lands and exploration prospects in northwest Alberta and northeast British Columbia and reduces AOS' share of exploration costs, subject to certain conditions. See "Risk Factors – Risk Relating to Reserves and Resources".

In addition to Ladyfern, the Corporation has conventional prospects at Mahaska in Alberta and Wildmint in British Columbia. The Mahaska prospect consists of 18 sections (9 net) targeting the Blueridge (Nisku) formation. The Mahaska 16-29-57-12W5M well was drilled subsequent to June 30, 2009 which earned AOS a 50% working interest in the 18 sections. This test well was dry and subsequently abandoned. Two farm-in Hines Creek area locations were drilled in November and December of 2009. The Dixonville 09-13-086-02W6 location was abandoned as it did not encounter any hydrocarbon accumulations. The Jack 06-30-085-03W6 location was drilled to target depth and was cased. The open hole logs indicated likely hydrocarbon potential; however, upon completion, the zone produced only formation water. The wellbore was subsequently plugged and abandoned. AOS earned 50% in 17 sections of petroleum and natural gas rights in the area. In British Columbia, the Wildmint prospect consists of 4 sections of land overlying a large seismically defined structure. Drilling of the Wildmint, c-05-D 94-H-1 prospect was initiated in the fourth quarter of 2009 and drilled into the first quarter of 2010. The well was drilled to contract depth; however, the status of the wellbore is suspended pending further seismic data acquisition of the prospect.

OIL AND NATURAL GAS RESERVES AND RESOURCES

Reserves and Resources Data

The Corporation's conventional crude oil and natural gas reserves as at December 31, 2009, are contained in the Corporation's *Statement of Reserve Data and Other Oil and Gas Information*, prepared on April 26, 2010 and the related NI 51-101 F2 – *Report on Reserves Data by Independent Qualified Reserves Evaluator or Auditor* and NI 51-101 F3 – *Report of Management and Directors on Oil and Gas Disclosure*, all of which are incorporated by reference herein and copies of which are available on SEDAR at www.sedar.com. The information incorporated by reference herein and set forth below relating to the Corporation's reserves and resources constitute forward-looking information which is subject to certain risks and uncertainties. See "Forward-Looking Information" and "Risk Factors – Risk Relating to Reserves and Resources".

Clearwater

In the second quarter of 2010, AOS announced that it had received its first reserves assignment for its Clearwater Phase 1 Project area. The Ryder Scott Report assigned 16.3 MMbbl of Probable and 51.3 MMbbl of Possible bitumen reserves on approximately one section of Alberta Oilsands' 100% working interests lands southeast of the City of Fort McMurray.

The following table summarizes the total reserves assignment estimate, before income tax net present value (BFIT NPV₁₀) and net present value (NPV) per share at the Clearwater property. Readers are cautioned that estimates of reserves and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Summary Table of Estimated Reserves within the Clearwater Phase 1 Project Area

Reserve Category	100% W.I. Reserves ⁽³⁾ (MMbbl)	Realized Bitumen Price ⁽⁴⁾ (\$/bbl)	BFIT NPV ₁₀ ⁽⁵⁾⁽⁶⁾ (\$MM)	NPV ₁₀ ⁽⁷⁾ (\$ Per Share)
Probable Undeveloped ⁽¹⁾	16.3	54.65	70.7	0.67
Total Proved + Probable (2P) ⁽¹⁾	16.3	54.65	70.7	0.67
Possible Undeveloped ⁽²⁾	51.3	54.65	97.3	0.92
Total Proved + Probable + Possible (3P)	67.6	54.65	168.0	1.59

Notes:

- (1) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (2) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is only a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (3) Lease reserves are volumes before deductions for capital costs, operating costs, royalties and encumbrances.
- (4) Realized bitumen price is the representative price over the project life.
- (5) Future net revenues associated with reserves and resources do not necessarily represent fair market value.

- (6) The BFIT NPV₁₀ are before deduction for income taxes and include deductions for royalties and the 2% gross overriding royalty granted to the FMAA.
- (7) Based on 105.9 million Common Shares outstanding.

The following table summarizes the before income tax net present value (BFIT NPV₁₀) estimate calculated by Ryder Scott for the Clearwater property for various production and bitumen pricing scenarios and capital cost estimates for commercial scale developments⁽¹⁾:

Production Capacity (bbl/d)	PIIP⁽²⁾ (MMbbl)	100% WI Gross Bitumen Volume (MMbbl)	Realized Bitumen Price (\$/bbl)	BFIT NPV(10) (\$MM)	BFIT NPV(10) (per share)
10,000	220	110	63.0	395	3.75
15,000	320	160	63.0	547	5.19
10,000	220	110	80.0	635	6.03
15,000	320	160	80.0	885	8.41

Notes:

- (1) Economic calculations performed by Ryder Scott for indicative *in situ* projects, effective February 1, 2010. Major assumptions: project start-up 2012, 50% recovery factor, realized prices of \$63.00/bbl and \$80.00/bbl are derived from an assumed US\$77.00/bbl WTI and US\$95.00/bbl WTI respectively, adjusted for foreign exchange, quality differentials, diluent and transportation costs assumptions. Gross Bitumen Volume is raw bitumen production for project life. Capital costs assumptions: \$125 million for the 10,000 bbl/d case and \$320 million for the 15,000 bbl/d case. Operating cost of \$30/bbl for all cases. Assumptions were provided by AOS which were considered reasonable and therefore accepted by Ryder Scott. NPV₁₀ included deduction for a 2% gross overriding royalty to the FMAA. The estimated NPV₁₀ presented may not represent fair market value.
- (2) Petroleum initially in place (PIIP) means that quantity of petroleum that is estimated to be contained in known accumulations prior to production. A recovery project cannot be defined for this volume of discovered petroleum initially in place at this time. There is no certainty that it will be viable to produce any portion of the resources.

Hangingstone East

In the third quarter of 2010, Alberta Oilsands announced that GLJ had completed a resource assessment update report on the total Contingent Resources on the Corporation's Hangingstone East property. The GLJ Report, dated August 6, 2010 and effective June 30, 2010, estimates that Alberta Oilsand's Hangingstone East property contains a total of 79.9 MMbbl (net) of "best estimate" contingent bitumen resources. The following table summarizes the Contingent Resources assignment estimate at the Hangingstone East property.

Summary Table of Hangingstone East Resource Assignment

Marketable Resources	Best Estimate Contingent⁽¹⁾ (Mbbbl)	High Estimate Contingent⁽¹⁾ (Mbbbl)	Low Estimate Contingent⁽¹⁾ (Mbbbl)	Best Estimate Prospective⁽²⁾ (Mbbbl)
Gross Lease Resources ⁽³⁾	159,817	236,551	65,397	30,440
Total Company Interest Resources	79,908	118,276	32,699	15,220
NPV10 BFIT (\$MM) ⁽⁴⁾	73	207	-27	17

Notes:

- (1) Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (2) Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (3) Gross Lease resources are volumes of resources before the deduction of operating costs and royalties. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (4) The Best Estimate Contingent NVP₁₀ before income tax (BFIT) case reflects a 50% working interest in a 25,000 bbl per day project with 52 initial well pairs, initial production in 2016, initial gross plant and well capital of \$970 million (2010 dollars), cumulative steam-to-oil ratio of 3.0, overall operating costs of \$22.68/bbl of bitumen, and a 6% gross overriding royalty. Future net revenues associated with reserves and resources do not necessarily represent fair market value. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".

These resource estimates are not classified as reserves at this time, pending further reservoir studies, delineation, drilling, facility design, preparation of firm development plans, regulatory applications and company approvals. There is no certainty that it will be commercially viable to produce any portion of the resources described above. For important information regarding the disclosure of resource estimates, see "Risk Factors – Risks Relating to Reserves and Resources - Uncertainty in Estimates of Reserves and Resources".

Summary of Reserves and Resources Assignments

The following table summarizes the reserves and resources assignment estimates to the Corporation's Clearwater and Hangingstone properties.

Summary Table of Reserves and Contingent Resources by Property

Property Name	Probable Reserves⁽³⁾ (MMbbl)	Possible Reserves⁽⁴⁾ (MMbbl)	Contingent Resources⁽⁵⁾ (MMbbl)
Clearwater ⁽¹⁾	16.3	51.3	272.9
Hangingstone East ⁽²⁾	0.0	0.0	79.9

Notes:

- (1) NI 51-101 compliant evaluations by Ryder Scott with an effective date of March 31, 2010 for Reserves and June 1, 2009 and 2008 for Contingent Resources.
- (2) NI 51-101 compliant evaluations by GLJ with an effective date of June 30, 2010.
- (3) Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (4) Possible reserves are those additional reserves that are less certain to be recovered than Probable Reserves. There is only a 10% probability that the quantities actually recovered will equal or exceed the sum of Proved plus Probable plus Possible reserves. Possible reserves were only estimated for bitumen. See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".
- (5) See "Oil and Natural Gas Reserves and Resources – Disclosure of Resources".

The table below is an indicative summary of the estimates of Undiscovered, Discovered and Contingent Resources previously evaluated on the Corporation's properties.

Summary of Net Resources (MMbbl)			
	Undiscovered⁽¹⁾	Discovered⁽²⁾	Contingent⁽³⁾
Clearwater	401 ⁽⁴⁾	2,019 ⁽⁴⁾	351 ⁽⁷⁾
Algar Lake	807 ⁽⁵⁾	-	-
Hangingstone East	575 ⁽⁶⁾	-	-
Grand Rapids	-	-	-
Total	1,783	2,019	351

Notes:

- (1) The Undiscovered volumes reported represents resource potential identified by three separate Ryder Scott reports prepared since December 2006 and there has been no updated assessment of these estimates (see Notes 4, 5 and 6 below). The volumes stated are an indication of bitumen-in-place only. There is no certainty that any portion of the resources will be discovered. A recovery project cannot be defined for this volume of undiscovered petroleum initially-in-place at the preparation of the report. If discovered, there is no certainty that it will be commercially viable.
- (2) Discovered resources are bitumen-in-place volumes associated with known accumulations. There has been no updated assessment of this category since the initial assessment in October 2007, effective October 1, 2007.
- (3) Contingent Resource volumes are the recoverable portion of Discovered resources. The volumes stated are the best estimate (P50) and assume a 50% recovery factor. These estimates are presented in two separate Ryder Scott reports dated June 24, 2008 and June 29, 2009. There is no certainty that it will be commercially viable to produce these resources. Subsequent to the 2008 and 2009 reports, a portion of the stated Contingent Resource volumes has been upgraded to probable and possible reserves.
- (4) Ryder Scott resources assessment in October 2007, effective October 1, 2007.
- (5) Ryder Scott resources assessment (Hangingstone West) in October 2007, effective October 1, 2007.
- (6) Ryder Scott resources assessment in May 2007, effective December 1, 2006. Estimate based on 50% working interest in AOS' 23 sections prior to pooling. No value assigned to the pre-pooled 15.5 sections contributed from the joint venture partner. A resource assessment update on the pooled property is scheduled for mid-year 2010.
- (7) Ryder Scott's estimate with the effective date of June 1, 2009 (Clearwater West) and June 1, 2008 (Clearwater East and North). A portion of the Contingent Resources from Clearwater West has been re-categorized into probable and possible reserves as noted above.

In the Hangingstone East project area, where AOS has a 50% interest in the 38.5 sections, thirteen (13) gross wells (6.5 net) were drilled during the 2010 winter program with its joint venture partner. The Hangingstone East property will require further delineation drilling (core holes) to assess and confirm the bitumen reservoir as part of continued planning for *in situ* development of the property.

AOS filed the initial part of its Clearwater Low Pressure SAGD Pilot Project application with the ERCB and Alberta Environment in January 2010. Subject to approvals and permits the Clearwater area may be on production as early as 2012. In support of continued development planning micro-injectivity tests ("mini-fracs") have been performed in the cased vertical 1AA/05-22-088-22W4M well to successfully measure the stress state of the bitumen reservoir and the cap rock. The 1AB/01-21-088-22W4M vertical observation well has been successfully completed with thirty-five temperature measurement points and five pressure measurement points in order to measure the initial conditions of the bitumen reservoir and the cap rock prior to bitumen production.

Disclosure of Resources

It should be noted that reserves, Contingent and Prospective Resources involve different risks associated with achieving commerciality. There is no certainty that it will be commercially viable to produce any portion of the resources described in this Annual Information Form. Further, there is no certainty that any portion of the Prospective Resources described in this Annual Information Form will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the Prospective Resources. The Prospective Resource estimates set forth herein have been risked for the chance of discovery but not for the chance of development and hence are considered partially risked estimates. If a discovery is made, there is no certainty that it will be developed or, if it is developed, there is no certainty as to the timing of such development. In addition, the estimated future net revenues and values contained in this Annual Information Form do not necessarily represent the market value of such reserves or resources. The high level of uncertainty associated with Alberta Oilsands' possible recovery of any of these reserves and resources is the result of various risks and uncertainties including: current uncertainties around the specific scope and timing of the development of the Corporation's oil sands properties; the ability of the Corporation to finance any potential oil sands projects; proposed reliance on technologies that have not yet been demonstrated to be commercially applicable in oil sands applications; lack of regulatory approvals; the uncertainty regarding marketing plans for production from the subject areas; and improved estimation of project costs. There are a number of inherent risks and contingencies associated with such development, including

commodity price fluctuations, project costs and those other risks and contingencies discussed in more detail in the sections entitled "Forward-Looking Information" and "Risk Factors".

Resources are not, and should not be confused with, reserves.

DIRECTORS AND OFFICERS

As of the date of this Annual Information Form the name, municipality of residence, positions held with the Corporation and principal occupation during the preceding five years of each of the directors and officers of the Corporation are as follows:

<u>Name and Municipality of Residence</u>	<u>Positions Held</u>	<u>Principal Occupation During the Preceding Five Years</u>	<u>Director Since</u>
Shabir R.K. Premji Calgary, Alberta	Executive Chairman	Mr. Premji is currently the Executive Chairman of the Corporation and until September of 2010 was also the President of its wholly owned subsidiary, Platform Resources Inc. From October 2002 to 2003, Mr. Premji provided financial consulting services through Platform Energy Inc. Clients served included ConocoPhillips and Precision Drilling. Mr. Premji has been in the oil and gas industry since 1990 and served as President of three private E&P companies, VP Finance of a pipeline valve manufacturing company as well as a gas marketing company. Prior, Mr. Premji was a senior manager with KPMG in the Calgary office.	December 2003
Michael L. Lee ⁽³⁾ Calgary, Alberta	President and Director	Mr. Lee is presently the President of the Corporation. Mr. Lee has 29 years of petroleum industry experience, mostly in Northern Alberta. Mr. Lee was a consulting exploitation engineer with Burlington Resources Canada Ltd. and Encana Corporation from 2001 to 2003. Mr. Lee was Peace River Arch exploitation engineering manager and operations engineer at Anderson Exploration, Stampede Exploration and Amoco Canada Petroleum Ltd. from 1982 to 2001. Mr. Lee is a graduate from the University of Alberta with a B.Sc., in Mechanical Engineering.	December 2003
John (Jack) R. Crawford ⁽¹⁾⁽²⁾ Calgary, Alberta	Director	Mr. Crawford is presently an independent businessman. From 2005 to 2009 he was director, President and Chief Executive Officer of Altex Energy Ltd. Prior thereto Mr. Crawford was Executive Vice President and Chief Operating Officer of Alliance Pipeline Ltd.	April 2010
William Matheson ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta	Director	Mr. Matheson is presently an independent businessman. From 2001 to 2009 he was Chairman, President and Chief Executive Officer of Result Energy Inc. Prior thereto Mr. Matheson was Executive Vice President, Corporate Development and Chief Financial Officer of Devlan Exploration Inc.	April 2010

Name and Municipality of Residence	Positions Held	Principal Occupation During the Preceding Five Years	Director Since
Adrian Goodisman ⁽¹⁾⁽³⁾ Houston, Texas	Director	Mr. Goodisman is presently Managing Director and Co-Head U.S. Scotia Waterous, the global oil and gas M&A arm of Scotia Capital. Prior thereto, Mr. Goodisman served as Managing Director of Waterous & Co. from August 2003 to June 2005. Prior to joining Waterous & Co, Mr. Goodisman was Senior Vice President with Ziff Energy Group from February 1997 to July 2003.	August 2007
Leonard J. Sokolow ⁽¹⁾⁽²⁾ Boca Raton, Florida	Director	Mr. Sokolow is the President and Vice Chairman of National Holdings Corporation. National is an over-the-counter traded holding company engaged in the financial services business. Prior thereto, Mr. Sokolow was Co-Founder, Chairman and Chief Executive Officer of vFinance Inc., an over-the-counter traded holding company engaged in the financial services business from 1998 to 2008, which merged into National Holdings Corporation.	April 2010
Andrew Constantinidis	Vice President, Finance and Business Development	Mr. Constantinidis has extensive experience in the energy, banking and technology sectors. His executive level experience includes international and domestic activities in the fields of finance, planning, project development and operations. Most recently, Mr. Constantinidis was Vice President and Chief Financial Officer of Eurogas Corporation, an oil and gas company. Prior thereto, he held positions with companies including Deutsche Bank, Citibank, ExxonMobil and IBM. Mr. Constantinidis has a Bachelor of Commerce (Accounting) and a Masters of Business Administration.	N/A
Dr. Claes Palmgren	Vice President, Engineering	Dr. Palmgren is Vice President, Engineering and has over 20 years experience with applied research and technology, pilot program development and both pilot and commercial scale field applications of <i>in situ</i> heavy oil and bitumen recovery technologies. Prior to joining AOS, Dr. Palmgren was Vice President of Reservoir Engineering at Oilsands Quest Inc. an oil sands development company and the Manager of Reservoir Process Technology at Statoil-Hydro Canada Ltd. (formerly North-American Oilsands Corporation). Dr. Palmgren is a graduate of Delft University of Technology in the Netherlands, Faculty of Mining and Petroleum Engineering and received his Masters of Science in 1987 and Doctorate in 1992.	N/A
Ian Walker	Vice President Exploration	Mr. Walker is Vice President of Exploration and has 24 years of experience in the petroleum industry. Mr. Walker has spent the last 19 years as a Petroleum Geologist in exploration and production and has drilled over 800 wells in the western Canadian sedimentary basin. Mr. Walker has acted as a consultant to a variety of junior E&P companies for the last six years, following senior exploration roles with Vermillion Resources and Renaissance Energy. Mr. Walker has a Bachelor of Science, Geology degree from the University of Alberta and a Petroleum Engineering Technology Diploma from N.A.I.T.	N/A

Name and Municipality of Residence	Positions Held	Principal Occupation During the Preceding Five Years	Director Since
Scott R. Cochlan Calgary, Alberta	Corporate Secretary	Mr. Cochlan is a partner of Blake, Cassels & Graydon LLP.	N/A

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Reserves Committee.

As of the date hereof, the directors and executive officers of Alberta Oilsands, as a group, beneficially owned, directly or indirectly, or exercised control or direction over approximately 6.5 million Common Shares constituting approximately 6.2% of the issued and outstanding Common Shares.

No director, officer or shareholder holding a number of securities of the Corporation sufficient to materially affect the control of the Corporation, a personal holding company of any such person, or a company for which such person is or has acted as a director or executive officer that while such person was acting in that capacity, or within a year of the person ceasing to act in that capacity is or has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person, except as hereinafter set forth. See "Corporate Cease Trade Orders or Bankruptcies" and "Personal Bankruptcies".

AUDIT COMMITTEE

Composition and Qualifications

The Corporation's Audit Committee is comprised of Messrs. Crawford, Matheson, Sokolow and Goodisman all of whom are considered to be "independent" for the purposes of National Instrument 52-110 – *Audit Committees* ("**NI 52-110**"). The Board has determined that Messrs. Crawford, Matheson, Sokolow and Goodisman are "financially literate" as defined in NI 52-110. An individual is considered financially literate if he has the ability to read and understand a set of financial statements that present a breadth and complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the issuer's financial statements.

Mr. Crawford, a professional engineer with over 35 years of experience in the energy industry, is President of J.R. Crawford & Associates (a private consulting company). He has held a number of positions at the senior executive level, with the most recent being President and CEO of Altex Energy Ltd. (a private energy infrastructure company) from 2005 to 2009. Prior to that Mr. Crawford was the Executive Vice President and Chief Operating Officer of Alliance Pipeline Ltd. (the general partner of Alliance Pipeline Limited Partnership, a natural gas pipeline utility) where he worked from 1996 to 2004. Mr. Crawford holds Bachelor of Science in Mechanical Engineering and Master of Business Administration degrees from the University of Calgary. Mr. Crawford has served on various charitable and industry association boards including the Canadian Energy Pipeline Association, the Van Horne Institute and the Calgary Philharmonic Orchestra Society, where he held the chair in 2006 and 2007.

Mr. Matheson has over 20 years of experience in the energy industry covering a broad range of the downstream and upstream sectors. Most recently, Mr. Matheson was Chairman and CEO of a publicly traded junior exploration company. Mr. Matheson has acted as advisor to the Alberta Petroleum Marketing Commission and The Alberta Stock Exchange. He holds a Bachelor of Commerce degree from the University of Calgary and holds the ICD.D certification as granted by the Institute of Corporate Directors, the professional body representing the Director community in Canada.

Mr. Sokolow is President and Vice Chairman of National Holdings Corporation which is traded over the counter and is a holding company engaged in the financial services business which has a strategic focus on servicing the needs of high net-worth and institutional investors and high growth companies. Through its principal operating subsidiaries National Securities Corporation and vFinance Investments, Inc., both licensed broker-dealers, it provides investment banking, retail and institutional brokerage services in all 50 states and the District of Columbia, Latin America, Canada and Europe. Mr. Sokolow has been President of Genesis Partners, Inc., a private financial business-

consulting firm. From 1994 to 1998, Mr. Sokolow was the Chairman and Chief Executive Officer of the Americas Growth Fund, Inc., a public closed-end management investment company. He is also a director of Consolidated Water Co. Ltd. (NASDAQ: CWCO) and Chairman of its audit and nominations committees, positions he has held since 2006 and 2009 respectively. Mr. Sokolow received his B.A. degree in Economics from the University of Florida in 1977, a J.D. degree from the University of Florida, Levin College of Law in 1980 and an LL.M. degree in Taxation from the New York University Graduate School.

Mr. Goodisman is presently Managing Director and Co-Head U.S. of Scotia Waterous, the global oil and gas M&A arm of Scotia Capital. Prior thereto, Mr. Goodisman served as Managing Director of Waterous & Co. from August 2003 to June 2005. Prior to joining Waterous & Co., Mr. Goodisman was Senior Vice President with Ziff Energy Group from February 1997 to July 2003.

Responsibilities and Terms of Reference

The Audit Committee reviews with Management and the external auditors, and recommends to the Board of Directors for approval, the annual financial statements of the Corporation and the reports of the external auditors thereon, the interim financial statements of the Corporation and related financial reporting, including management's discussion and analysis and earnings press releases on the annual and interim financial statements of the Corporation. The Audit Committee reviews and establishes, in conjunction with the external auditors and Management, audit plans and procedures and meets with the auditors independently of Management when considered appropriate. The Audit Committee is responsible for reviewing auditor independence, approving all non-audit services, reviewing and making recommendations to the Board of Directors on internal control procedures and management information systems. In addition, the Audit Committee is responsible for assessing and reporting to the Board on financial risk management positions. Set out as Schedule E is the text of the Audit Committee's charter.

All permissible categories of non-audit services require pre-approval from the Audit Committee.

External Auditor Service Fees

The following summarizes the total fees billed by KPMG LLP, the external auditor of the Corporation, for the years ended December 31, 2009 and December 31, 2008:

	<u>2009</u>	<u>2008</u>
Audit fees	\$60,000	\$55,000
Audit-related fees	\$12,500	\$1,650
Tax fees	-	-
All other fees ⁽¹⁾	\$105,000	-
TOTAL	<u>\$177,500</u>	<u>\$56,650</u>

Note:

(1) Services related to prospectus financings.

KPMG LLP is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Alberta.

PERSONNEL

As at December 31, 2009, the Corporation had six employees at its head office in Calgary and one field employee. The Corporation utilizes operational, geological and engineering consultants on an as needed basis.

DESCRIPTION OF CAPITAL STRUCTURE

The Corporation is authorized to issue an unlimited number of Common Shares and an unlimited number of Preferred Shares. The following is a summary of the rights, privileges, restrictions and conditions attaching to the Common Shares and the Preferred Shares.

Common Shares

The holders of Common Shares are entitled to: dividends if, as and when declared by the Board of Directors; to one vote per share at meetings of the holders of Common Shares of the Corporation; and upon liquidation, dissolution or winding up of the Corporation to receive *pro rata* the remaining property and assets of the Corporation, subject to the rights of shares having priority over the Common Shares. As at the date of this Annual Information Form, there are 118,425,457 Common Shares issued and outstanding. All of the Common Shares currently outstanding are fully-paid and non-assessable.

Preferred Shares

The Preferred Shares are issuable in series and the Board has the right, from time to time, to fix the number of, and to determine the designation, rights, privileges, restrictions and conditions attaching to the Preferred Shares of each series. Subject to the provisions of the ABCA, the holders of Preferred Share are not generally entitled to receive notice of, to attend or to vote at any meetings of shareholders. As at the date of this Annual Information Form, there are no Preferred Shares issued and outstanding.

Shareholders' Rights Plan

On May 1, 2007, the Board of Directors of the Corporation adopted a shareholders' rights plan (the "**Shareholders' Rights Plan**"). The Shareholders' Rights Plan was amended and restated and re-adopted by the Board of Directors on May 14, 2010 and ratified and confirmed by the shareholders of Alberta Oilsands at the annual and special meeting of shareholders held on June 17, 2010 (the "**Amended Shareholders' Rights Plan**").

The Board of Directors adopted the Amended Shareholders' Rights Plan to ensure, to the extent possible, that all shareholders of the Corporation are treated equally and fairly in connection with any takeover bid or similar offer for all or a portion of the outstanding Common Shares of the Corporation. The Amended Shareholders' Rights Plan discourages discriminatory, coercive or unfair takeovers of the Corporation and gives the Board of Directors time, if in the circumstances, the Board of Directors determines it is appropriate to take such time, to pursue alternatives to maximize shareholder value in the event an unsolicited takeover bid is made for all or a portion of the outstanding Common Shares of the Corporation.

In connection with the initial adoption of the Shareholders Rights Plan by shareholders, the Corporation issued one right in respect of each Common Share outstanding at the close of business on May 1, 2007 (the "**Record Time**") and authorized the issuance of one right in respect of each additional Common Share issued after the Record Time. The Amended Shareholders' Rights Plan confirms the distribution of the rights on the Record Time and confirms the authorization of the issuance of the additional Common Shares. The rights trade with and are represented by the Corporation's Common Share certificates, including certificates issued prior to the Record Time. The Amended Shareholders' Rights Plan (unless earlier terminated) will remain in effect until termination of the annual meeting of shareholders of the Corporation in 2013 unless the term of the Amended Shareholder Rights Agreement is extended beyond such date by resolution of shareholders at such meeting.

The Amended Shareholders' Rights Plan has been implemented by way of an Amended and Restated Shareholder Rights Plan Agreement (amending and restating the Shareholder Rights Plan Agreement dated as of May 1, 2007) (the "**Amended Shareholder Rights Agreement**") dated effective June 17, 2010 between the Corporation and Valiant Trust Company, as rights agent. A complete copy of the Amended Shareholder Rights Agreement has been filed and is available on SEDAR at www.sedar.com.

DIVIDEND POLICY

The Corporation has not declared or paid any dividends on its Common Shares since incorporation. Any decision to pay dividends on the Common Shares will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions that the Board of Directors may consider appropriate in the circumstances.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSXV under the trading symbol "AOS". The following table sets out the high and low price for, and the average volume of trading in, the Common Shares on the TSXV on a monthly basis for the periods indicated.

	Volume	Monthly Price Range			Volume	Monthly Price Range	
		High	Low			High	Low
		\$	\$			\$	\$
2009				2010			
January	111,500	0.20	0.10	January	888,100	0.41	0.29
February	354,800	0.15	0.11	February	226,900	0.39	0.35
March	615,000	0.35	0.12	March	422,300	0.44	0.34
April	455,000	0.31	0.20	April	814,600	0.69	0.42
May	937,000	0.33	0.21	May	278,200	0.54	0.38
June	305,200	0.30	0.23	June	126,100	0.43	0.37
July	165,500	0.29	0.22	July	123,500	0.39	0.31
August	188,800	0.27	0.20	August	179,500	0.36	0.28
September	323,600	0.33	0.22	September	362,700	0.40	0.26
October	453,100	0.47	0.28	October	204,000	0.39	0.32
November	394,200	0.35	0.27	November	247,770	0.42	0.33
December	237,500	0.32	0.27				

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed herein, management is not aware of any material interest, direct or indirect, of any director or executive officer of the Corporation, any person or company beneficially owning or exercising control or direction over, directly or indirectly, more than 10% of the Corporation's voting securities, or any associate or affiliate of such person or company in any transaction since September 1, 2007 that has materially affected or will materially affect the Corporation or its subsidiaries, other than as described herein.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Valiant Trust Company at its principal office in Calgary, Alberta and BNY Trust Company of Canada at its principal office in Toronto, Ontario.

RISK FACTORS

The risks and uncertainties discussed below are not the only ones facing the Corporation. Additional risks and uncertainties not presently known to the Corporation or which the Corporation currently considers immaterial may also impair the business and operations of the Corporation and cause the value of the securities of the Corporation to decline. If any of the following risks actually occur, the Corporation's business may be harmed and the financial condition and results of operation of the Corporation may suffer significantly. In that event, the trading price of the Corporation's shares could decline and shareholders may lose all or part of their investment. Prospective investors should review the risks with their legal and financial advisors and should consider, in addition to the matters set forth elsewhere in this Annual Information Form, the following risks. An investment in the securities of the Corporation is suitable only for purchasers who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital.

Risks Relating to the Development and Activities of Alberta Oilsands

Early Stages of Development and High Risk Exploration and Development Activities

The business of the Corporation should be considered speculative due to its present stage of development. There can be no assurance that the Corporation will be able to sustain or increase its revenue or net income in the future.

The Corporation's exploration and development activities are primarily focused on undeveloped oil sands rights which are high risk ventures with uncertain prospects for success. To date, the Corporation's initial operations in the

Athabasca oil sands are exploratory only, which increases the degree of risk substantially as compared to properties in the development stage. The Corporation will have no earnings to support it should wells drilled or properties acquired prove not to be commercially viable.

The Corporation's exploration and development activities in its oil sands interests will depend in part on the evaluation of data obtained through geophysical testing and geological analysis. The results of such studies and tests are often subject to varying interpretations, and no assurance can be given that such activities will produce oil or natural gas in commercial quantities. Additional data required for proper evaluation of its oil sands interests will become available after drilling. The exploration and development activities that will be undertaken by the Corporation are subject to greater risks than those normally associated with the acquisition and ownership of producing properties. The drilling of development wells, although generally consisting of drilling in areas believed to be productive, may result in a failure to produce hydrocarbons in commercial quantities.

Oil sands exploration, development and production involves many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation depends on its ability to find, acquire, develop and commercially produce oil and gas reserves. Without the continual addition of new reserves, the Corporation's existing reserves and the production therefrom will decline over time as such existing reserves are exploited.

A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil or natural gas will be discovered or acquired by the Corporation.

Future oil sands exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

The Corporation is vulnerable to market prices and fixed costs, including costs associated with operations, leases, labour costs, and depreciation which account for a significant portion of the Corporation's costs and expenses. If actual operating expenses are higher than estimated, the Corporation's profit margin will be lower than expected and the Corporation's business and results of operations may be adversely affected.

The Corporation's conventional and oil sands exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or personal injury. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers appropriate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs that could have a material adverse effect upon its financial condition. Production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a material adverse effect on the Corporation.

Recovery of Bitumen and Uncertainty Relating to In situ Extraction

The recovery of bitumen from oil sands is subject to a number of risks and uncertainties, many of which are outside of the Corporation's control.

Recovering bitumen from oil sands involves particular risks and uncertainties. Severe weather conditions can cause reduced production and in some situations result in higher costs. SAGD bitumen recovery facilities and development and expansion of production can entail significant capital outlays. Equipment failures could result in damage to the Corporation's facilities or wells and liability to third parties against which the Corporation may not be able to fully insure or may elect not to insure because of high premium costs or for other reasons.

Current SAGD technologies for *in situ* recovery of heavy oil and bitumen are energy intensive, requiring significant consumption of natural gas or other fuels in the production of steam which is used in the recovery process. The amount of steam required in the production process can also vary and impact costs. The quality and performance of the reservoir can also impact the timing and levels of production using this technology. Commercial application of this technology for bitumen is relatively new, and accordingly in the absence of long-term operating history there can be no assurances with respect to the sustainability of SAGD operations.

Risks Relating to the Corporation's Oil Sands and Conventional Operations

Legislative and Regulatory Risks

The Corporation must obtain and maintain regulatory approvals and comply with stringent environmental laws and regulations. The failure to obtain such approvals and comply with any of these laws and regulations could, among other things, prevent or limit the Corporation's operations or subject the Corporation to substantial liability, which, in turn, could have a material adverse effect on the Corporation's business and financial condition.

The operation and decommissioning of the Corporation's projects and operations, as well as the construction of future phases of the Corporation's oil sands projects, the development of additional projects and reclamation of the lands used in the Corporation's operations, are conditional upon various environmental and regulatory approvals issued by governmental authorities. There is no assurance such approvals will be issued, or once issued, not appealed, or renewed, or that they will not contain terms and conditions which make the Corporation's projects and operations uneconomic or cause the Corporation to significantly alter its projects and operations. Further, the operation and decommissioning of the Corporation's projects and reclamation of the Corporation's lands are and will be subject to approvals, laws and regulations relating to environmental protection and operational safety. Risks of substantial costs and liabilities are inherent in both oil sands and conventional oil and natural gas production recovery and there can be no assurance that substantial costs and liabilities will not be incurred or that the Corporation's projects or conventional operations will be permitted to carry on operations. No assurance can be given that future environmental approvals, processes, laws or regulations will not adversely impact the Corporation's ability to operate or expand its operations or increase or maintain its production or will not increase the Corporation's unit costs of production for crude oil, natural gas and bitumen.

Environmental Risks

The oil and natural gas industry is subject to extensive environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines or issuance of clean up orders.

On January 30, 2010, the Government of Canada announced that it will accept a new national target of a 17% reduction from 2005 greenhouse gas emissions by 2020, consistent with the Copenhagen Accord. The Government of Canada has also announced that its specific strategy for achieving this target will be aligned with U.S. government strategies. At this time, there is no indication as to how the new target will be applied to existing oil sands operations or what impact it may have on future development of the oil sands nor its impact on the previously proposed regulatory framework. However, the Government of Canada has stated that it will not allow new greenhouse gas emission regulations to jeopardise the development of the oil sands.

At present, there is no assurance that any new federal government legislation related to reducing greenhouse gas emissions will be aligned or harmonised with Alberta's. In such case, the costs of meeting new federal government

requirements could be considerably higher than Alberta's current requirements, with material adverse impacts on Alberta Oilsands' planned operations. Furthermore, such required reductions may not be technically or economically feasible and the failure to meet such emission reduction requirements may materially and adversely affect Alberta Oilsands' business and result in fines, penalties and the suspension of operations.

As well, equipment from suppliers which can meet future emission standards may not be available on an economic basis and other compliance methods of reducing emission intensity to required levels in the future may significantly increase the Corporation's operating costs or reduce output of the project. The Corporation may not be able for technical or economic reasons to take advantage of the incentives to implement certain capture and storage. Emission reduction or off-set credits may not be available for acquisition by the project or may not be available on an economic basis. There is also the risk that the governments could impose additional emission or emission intensity reduction requirements, or that the federal and/or provincial governments could pass legislation which would tax such emissions.

No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect AOS' financial condition, results of operations or prospects. Future changes in other environmental legislation could occur and result in stricter standards and enforcement, larger fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on the financial condition of the Corporation or results of operations and prospects.

Stakeholder Consultations and Approvals

Development is subject to stakeholder consultations and approvals. Each singular development and each phase of development is subject to participant involvement (stakeholder consultation and notification) pursuant to a variety of laws and regulations in the areas in which the Corporation operates. The Corporation does not expect that participant involvement regulations will affect the operations of the Corporation in a manner materially different than they would affect other companies of similar size in the industry.

Stakeholder consultation and notification regulations impose, among other things, suggested and prescribed stakeholder consultation, notification and communication planning methodology, stakeholder audiences, minimum radii of personal contact and notification, communication quality and effectiveness, communication mediums, tools and content, contact timing, co-operation methodology and communication audit documentation.

Participant involvement compliance can require significant expenditures and may involve considerable effort that may impact the timing of the Corporation's exploration, production and development activities. However, failure to comply with participant involvement legislation may result in the Corporation's inability to obtain the necessary licenses and permits required to carry out the Corporation's exploration and development programs. At the same time, there can be no assurance that the Corporation will be able to obtain all of the necessary licenses and permits required for its exploration and development programs.

Loss of Key Personnel

The Corporation's business may suffer in the event of a loss of key personnel. The Corporation faces numerous risks due to the stage of its development, as well as certain other factors. The Corporation's success will depend in part on the ability, expertise, judgment, discretion and good faith of the Corporation's management and its ability to retain them. The Corporation does not maintain key-man life insurance with respect to any of its employees. The loss of any key personnel may have a material adverse effect on the Corporation's business, financial condition or results of operations.

Insurance Risks

The Corporation's oil and gas operations are subject to numerous operational hazards and other risks against which the Corporation may not be insured. The Corporation's conventional oil and gas properties will be subject to the customary hazards of recovering, transporting and processing hydrocarbons, such as fires, explosions, gaseous leaks, migration of harmful substances, blowouts and oil spills. A casualty occurrence might result in the loss of equipment or life, as well as injury or property damage. The Corporation will not carry insurance with respect to all

potential casualty occurrences and disruptions. It cannot be assured that the Corporation's insurance will be sufficient to cover any such casualty occurrences or disruptions. The Corporation's operations could be interrupted by natural disasters or other events beyond its control. Losses and liabilities arising from uninsured or under insured events could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Labour Force

The labour force is limited and the Corporation may not be able to hire all of the labour force required at the compensation levels budgeted for or at all. The labour force in Alberta is limited and the inability to access the necessary skilled labourers to develop and operate the Corporation's current projects, construct new projects and to operate the Corporation's conventional crude oil and natural gas properties could have an adverse effect on the Corporation's development plans. The Corporation has to compete for experienced employees and such competition may impact the availability of employees and/or may result in increases to compensation paid to such employees. In addition, an increase in personnel costs could result in increases in general and administrative expenses and labour costs which may adversely affect the Corporation's cash flow and earnings.

Risks Relating to Title

Title review will be done in accordance with industry standards but will not guarantee title to the Corporation's properties. The Corporation's oil sands properties were acquired from the Crown in Right of Alberta and although title reviews will be done according to industry standards prior to the purchase of most crude oil and natural gas producing properties (excluding properties acquired from the Crown in Right of Alberta) or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's claim which could result in a reduction of the revenue the Corporation receives. If such were the case, the Corporation's entitlement to the production and reserves associated with such leases could be jeopardized, which could have a material adverse effect on the Corporation's financial condition, results of operations and the Corporation's ability to execute its business plan in a timely manner or at all.

Risks Relating to Reserves and Resources

Alberta Royalty Rate Changes

The Government of Alberta receives royalties on production of natural resources from lands in which it owns the mineral rights. On October 25, 2007, the Government of Alberta unveiled a new royalty regime. The new regime introduced new royalties for conventional oil, natural gas and bitumen effective January 1, 2009 that are linked to price and production levels and will apply to both new and existing oil sands projects and conventional oil and gas activities.

Under the new regime, the Government of Alberta increased its royalty share from oil sands development by introducing price-sensitive formulas which are to be applied both before and after specified allowed costs have been recovered. The base royalty starts at 1% and increases for every dollar that world oil price, as reflected by the WTI crude oil price, is above \$55 per bbl, to a maximum of 9% when the WTI crude oil price is \$120 per bbl or higher. The net royalty on oil sands starts at 25% and increases for every dollar the WTI crude oil price is above \$55 per bbl to 40% when the WTI crude oil price is \$120 per bbl or higher. With respect to conventional oil, royalties are set on a single sliding rate formula containing separate elements that account for oil price and well production. Overall rates range up to 50% and rate caps have been raised to \$120 per bbl.

On March 3, 2009, the Alberta provincial government announced a short-term incentive program to encourage the drilling of new wells between April 1, 2009 and March 31, 2010. The program provides for a maximum 5% royalty rate for the first twelve months of production for a new oil or gas well and royalty credits of \$200 per meter drilled on a sliding scale based on a company's production levels from 2008. The royalty credit benefit is capped as a percentage of royalties that will be owed by a producer for the 2009/2010 fiscal year. On June 25, 2009, the Alberta provincial government extended the 5% royalty rate cap and the \$200-per-metre-drilled credit by one year to March 2011.

The changes to the Alberta royalty regime, as well as the potential for future corresponding changes in the royalty regimes applicable in other provinces, has created uncertainty surrounding the ability to accurately estimate future royalties, resulting in additional volatility and uncertainty in the oil and gas market. At the current time it is not possible to predict what the impact on the Corporation or the Common Shares will be.

Uncertainty in Estimates of Reserves and Resources

Undue reliance should not be placed on estimates of reserves and resources, since these estimates are subject to numerous uncertainties. The Corporation's actual reserves and resources could be lower than such estimates.

There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves and quantities of Contingent and Prospective Resources and future net revenues to be derived therefrom, including many factors beyond the Corporation's control. The reserve, resource and future net revenue information set forth herein, and in any documents incorporated by reference hereto, represents estimates only. The reserves, resources and estimated future net cash flow from the Corporation's properties have been independently evaluated by Trimble with an effective date of December 31, 2009, by Ryder Scott as at March 31, 2010 and by GLJ as of June 30, 2010. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves and resources, timing and amount of capital expenditures, marketability of production, future prices of blended bitumen, crude oil and natural gas, operating costs, abandonment and salvage values, royalties and other government levies that may be imposed over the producing life of the reserves and resources. These assumptions were based on prices in use at the date the relevant evaluations were prepared, and many of these assumptions are subject to change and are beyond the Corporation's control. Actual production and cash flow derived therefrom, if any, will vary from these evaluations, and such variations could be material.

Estimates with respect to reserves and resources that may be developed and produced in the future are often based upon volumetric calculations, probabilistic methods and upon analogy to similar types of reserves and resources, rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves and resources based upon production history will result in variations, which may be material, in the estimated reserves or resources.

Reserve and resource estimates may require revision based on actual production experience. Such figures have been determined based upon assumed commodity prices and operating costs. Market price fluctuations of crude oil and natural gas prices may render uneconomic the recovery of certain grades of bitumen. Moreover, short term factors relating to oil sands resources may impair the profitability of subsequent projects in any particular period.

The present value of estimated future net revenue referred to herein should not be construed as the fair market value of estimated crude oil and natural gas reserves and resources attributable to the Corporation's properties. The estimated discounted future revenue from reserves are based upon price and cost estimates which may vary from actual prices and costs and such variance could be material. Actual future net revenue will also be affected by factors such as the amount and timing of actual production, supply and demand for bitumen, crude oil and natural gas, curtailments or increases in consumption by purchasers and changes in governmental regulations or taxation.

References to "resources", "Contingent Resources" and "Prospective Resources" in this Annual Information Form do not constitute, and should be distinguished from, references to "reserves". Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable whereas Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies.

There is no certainty that it will be commercially viable for the Corporation to produce any portion of its resources currently classified as Contingent Resources. The primary contingencies which currently prevent the classification of the Corporation's disclosed Contingent Resources associated with its properties as reserves consist of current uncertainties around the specific scope and timing of the development of the Corporation's properties, proposed reliance on technologies that have not yet been demonstrated to be commercially applicable in oil sands applications, lack of regulatory approvals, the uncertainty regarding marketing plans for production from the subject

areas and improved estimation of project costs. There are a number of inherent risks and contingencies associated with such development, including commodity price fluctuations, project costs and those other risks discussed herein.

Cash Flow

The Corporation's cash flow and earnings are highly dependent upon the Corporation developing and increasing its current reserve and resource base and discovering or acquiring additional reserves and resources.

The Corporation's reserves, resources and production, and therefore the Corporation's cash flow and earnings, are highly dependent upon it developing and increasing its current reserve base and discovering or acquiring additional reserves. Without the addition of reserves through exploration, acquisition or development activities, the Corporation's reserves, resources and production will decline over time as reserves are depleted. To the extent that cash flow from operations is insufficient and external sources of capital become limited or unavailable, the Corporation's ability to make the necessary capital investments to maintain and expand its reserves will be impaired. There can be no assurance that the Corporation will be able to find and develop or acquire additional reserves to replace production at commercially feasible costs.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 and continued in 2009 and 2010, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Although economic conditions improved towards the latter portion of 2009 and the first half of 2010, these factors have negatively impacted company valuations and may impact the performance of the global economy going forward.

Risks Relating to Volatility of Oil and Gas Prices

Volatile oil and natural gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

The Corporation's revenues, cash flow, earnings, cost of capital, asset values, results of operations and financial condition are dependent upon the prevailing price of crude oil and natural gas. Crude oil prices have historically been extremely volatile and fluctuate significantly in response to regional, national and global supply and demand factors beyond the Corporation's control. Oil and natural gas prices have recently declined precipitously. Among the factors that can cause crude oil price and natural gas price fluctuations are:

- the level of consumer product demand;
- the domestic and foreign supply of crude oil and natural gas, including the decisions of the Organization of Petroleum Exporting Countries relating to export quotas and their compliance or non-compliance with such self-imposed quotas;
- weather conditions, including hurricanes, floods and other natural disasters;
- domestic and foreign governmental regulations;
- the effect of worldwide conservation of resources;

- new bitumen, crude oil and natural gas discoveries;
- the price and availability of alternative fuels, including liquefied natural gas;
- political conditions in crude oil and natural gas producing regions, including terrorist activities and other hostilities;
- the proximity of reserves to, and capacity of, transportation facilities;
- the price of foreign imports of crude oil and natural gas;
- overall global and domestic economic conditions; and
- concern over climate change or greenhouse gas emissions.

Any material decline in prices could result in a material reduction of the Corporation's operating and financial results, production revenue, reserves and overall value. In addition, any prolonged period of low oil prices could result in a decision by the Corporation to suspend or reduce production. Any such suspension or reduction of production would result in a corresponding substantial decrease in the Corporation's revenues and earnings and could materially impact the Corporation's ability to meet its obligations and could expose the Corporation to significant additional expense as a result of any future long-term contracts. If production was not suspended or reduced during such period, the sale of the petroleum products produced by the Corporation at such reduced prices would lower its revenues.

The Corporation conducts an assessment of the carrying value of its assets to the extent required by Canadian generally accepted accounting principles. If crude oil and/or natural gas prices decline, the carrying value of the Corporation's assets could be subject to downward revision and the Corporation's earnings could be adversely affected.

Risks Relating to Hedging Activities

Any substantial and extended decline in the price of oil and natural gas would have an adverse effect on the carrying value of AOS' proved and probable reserves, borrowing capacity, revenues, profitability and cash flows from operating activities. The Corporation may manage the risk associated with changes in commodity prices by entering into oil or natural gas price hedges. If the Corporation hedges its commodity price exposure, it may forego some of the benefits it would otherwise experience if commodity prices were to increase. In addition, commodity hedging activities could expose the Corporation to losses. To the extent the Corporation engages in risk management activities related to commodity prices, it will be subject to credit risks associated with counterparties with which it contracts.

The Corporation continually evaluates the use of, and often employs derivative structures to hedge commodity prices and may employ derivative structures to hedge interest rate and foreign exchange risk. Risks associated with such products, include but are not limited to counterparty risk, settlement risk, basis risk, liquidity risk and market risk which could impair or negate the hedging strategy with consequent negative impact on earnings and cash flow.

Risks Relating to Capital Markets

As a result of the weakened global economic situation, the Corporation along with all other oil and gas entities may have restricted access to capital and increased borrowing costs. Although the business and asset base of the Corporation have not changed, the lending capacity of financial institutions has diminished and risk premiums have increased. As future capital expenditures will be financed out of cash generated from operating activities, borrowings and possible future equity sales, AOS' ability to do so is dependent on, among other factors, the overall state of capital markets and investor appetite for investments in the energy industry and the Corporation's securities in particular.

To the extent that external sources of capital become limited or unavailable or available on onerous terms, the Corporation's ability to make capital investments and maintain existing assets and reserves may be impaired, and the Corporation's assets, liabilities, business, financial condition, results of operations and distributions may be materially and adversely affected as a result.

Risks Relating to Third Parties

Government Regulation

The Corporation is subject to extensive government regulation. The Corporation may have to expend substantial amounts for compliance with regulations or the Corporation may become liable for failure to comply with regulations

The oil and gas industry in Canada, including the oil sands industry, operates under Canadian federal, provincial and municipal legislation and regulation governing such matters as land tenure, prices, royalties, production rates, environmental protection controls, income, the exportation of crude oil, natural gas and other products, the use of sub-surface water in the Corporation's operations, as well as other matters. The industry is also subject to regulation by federal, provincial and municipal governments in such matters as the awarding or acquisition of exploration and production rights, oil sands or other interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields and mine sites (including restrictions on production) and possibly expropriation or cancellation of contract rights.

Government regulations may be changed from time to time in response to economic or political conditions. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the crude oil and natural gas industry could reduce demand for crude oil and natural gas, increase the Corporation's costs and have a material adverse impact on the Corporation.

Before proceeding, the Corporation must obtain all required regulatory approvals. The regulatory approval process can involve stakeholder consultation, environmental impact assessments, public hearings and appeals to tribunals and courts, among other things. In addition, regulatory approvals may be subject to conditions including security deposit obligations and other commitments. Failure to obtain regulatory approvals, or failure to obtain them on a timely basis, could result in delays or restructuring of the project and increased costs, all of which could have a material adverse effect on the Corporation. Ongoing exploration activity is also subject to periodic inspections by regulatory authorities to ensure the Corporation's compliance with the conditions of regulatory approvals. Negative inspection results may lead to the imposition of fines or penalties or the suspension or rescission of the project's regulatory approvals.

Third Party Supply of Infrastructure, Supplies and Services

The Corporation depends on certain infrastructure owned and operated or to be constructed by others and on services provided by third parties, including, without limitation, processing facilities, pipelines for the transportation of products to the market, natural gas, disposal pipelines and electrical grid transmission lines for the provision and/or sale of electricity to the Corporation. The failure of any or all of these third parties to supply utilities, services or necessary infrastructure, on a timely basis and on acceptable commercial terms will negatively impact the Corporation's operations and financial results. Generally, the Corporation also depends on third parties to provide numerous services to it in connection with its conventional crude oil and natural gas operations, including transportation services, drilling and well services and the failure of such third parties to provide such services will also negatively impact the Corporation's operations and financial results.

The supply of drilling, service and production equipment at competitive prices is critical to the ability of the Corporation in executing its exploration and development program in an economic and timely fashion. In periods of increased activity, such equipment can become difficult to obtain. The Corporation has attempted to mitigate this risk by developing strong long term relationships with suppliers and contractors, and maintaining appropriate inventories of such equipment, where appropriate.

Lease and License Risks

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's results of operations and business.

Seasonal Weather Patterns

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and natural gas producing areas including areas in which the Corporation has properties are inaccessible during certain non-winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity.

Tax Risks

Changes in tax laws may adversely affect the Corporation. Income tax laws or government incentive programs relating to the oil and gas industry and in particular the oil sands sector may in the future be changed or interpreted in a manner that adversely affects the Corporation, its operations and future expansion plans.

Competitive Nature of Industry

The Canadian and international petroleum industry is highly competitive in all aspects, including the exploration for, and the development of, new sources of supply, the acquisition of crude oil and natural gas interests and the distribution and marketing of petroleum products. The Corporation will compete with producers of bitumen, synthetic crude oil blends and other producers of conventional crude oil and natural gas. Some of the conventional producers have lower operating costs than the Corporation currently has and is anticipated to have, and many of them have greater resources than the Corporation has. Certain of the Corporation's competitors may have greater resources to source, attract, and retain the personnel, materials and services that the Corporation will require to conduct its operations. The petroleum industry also competes with other industries in supplying energy, fuel and related products to consumers.

A number of companies other than the Corporation have announced plans to enter the oil sands business and begin production of bitumen, or expand existing operations. Expansion of existing operations and development of new projects could materially increase the supply of bitumen or synthetic crude oil and other competing crude oil products in the marketplace. Depending on the levels of future demand, increased supplies could have a negative impact on prices of bitumen and, accordingly, the Corporation's results of operations and cash flow.

Risks Relating to Financing and the Corporation's Indebtedness

The Corporation has limited financial resources, a limited source of income and no assurance that sufficient funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. If the Corporation is unable to obtain sufficient funding the Corporation's ability to expand its operations may be impaired.

Depending on future exploration, development, acquisition and divestiture plans, including additional projects at the Corporation's oil sands properties, the Corporation will require additional financing, and in the case of further oil sands development, the amounts of such financing will be significant. The Corporation's ability to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the Corporation's business performance. There can be no assurance that the Corporation will be successful in its efforts to arrange additional financing on terms satisfactory to the Corporation or at all. If the Corporation obtains additional financing by the issuance of shares from treasury, control of the Corporation may change and shareholders may

suffer additional dilution. Failure to obtain additional financing could result in the delay or indefinite postponement of further development of its projects with the possible loss of such properties and the Corporation's ability to operate as a going concern.

From time to time the Corporation may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with equity or debt, which may increase Alberta Oilsands' capitalization and debt levels above industry standards.

CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, within 10 years before the date of this Annual Information Form, has been a director or executive officer of any company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (c) within a year of that person ceasing to act in such capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

PERSONAL BANKRUPTCIES

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has within 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

PENALTIES OR SANCTIONS

No director, officer or shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

Certain directors and officers of the Corporation and its subsidiaries are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. In accordance with corporate laws, directors who have a material interest or any person who is a party to a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation. From time to time, the Corporation may jointly participate in

exploration and development activities with one or more corporations with which a director or officer of the Corporation may be involved. Some of the Corporation's directors and officers are engaged and will continue to be engaged in the search of oil and gas interests on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Corporation. Some of the directors of the Corporation have either other employment or other business or time restrictions placed on them and accordingly, these directors of the Corporation will only be able to devote part of their time to the affairs of the Corporation. In particular, certain of the directors and officers are involved in managerial and/or director positions with other oil and gas companies whose operations may, from time to time, provide financing to, or make equity investments in, competitors of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no legal proceedings to which the Corporation is a party or of which any of its property is the subject and there are no such proceedings known to the Corporation to be contemplated. There are no penalties or sanctions imposed against the Corporation by a court relating to securities legislation or by a securities regulatory authority during legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated during the financial year ended December 31, 2009.

MATERIAL CONTRACTS

The only material contracts entered into by the Corporation within the most recently completed financial year, or before the most recently completed financial year but which are still in effect, other than contracts entered into in the ordinary course of business, are as follows:

1. Amended Shareholder Rights Plan Agreement dated as of June 17, 2010 between the Corporation and Valiant Trust Company, as Rights Agent.
2. Gross Overriding Royalty Agreement between the Corporation and Mr. Greg Hu dated September 1, 2007 in connection with the Hangingstone East project. Through this agreement, the Corporation granted a 2% gross overriding royalty on specific properties to Dr. Greg Hu, a former officer of the Corporation. The carrying amount of such properties is \$3.2 million. In addition, Dr. Hu was also been allocated an amount equal to 10% of all future stock options which became capable of being granted by the Corporation as a result of an increase in the number of issued and outstanding common shares resulting from future equity financings. As the Corporation was unable to grant such stock options to Mr. Hu, the gross overriding royalty has increased to 3%.
3. Amending Agreement to the Gross Overriding Royalty Agreement dated February 25, 2008. This amending agreement was entered into in connection with the pooling agreement that the Corporation entered into with the Great Divide Oil Sands Partnership. See "Business of the Corporation – Principal Properties – Oil Sands – Hangingstone East".

INTERESTS OF EXPERTS

Ryder Scott has prepared an evaluation as described herein. Ryder Scott held no interests in securities or other property of Alberta Oilsands when it prepared its respective report or valuation, has received any such interest since such time or will receive any such interest. No director, officer or employee of Ryder Scott is to be elected, appointed or employed by Alberta Oilsands.

Trimble has prepared a report or valuation as described herein. Trimble held no interests in securities or other property of Alberta Oilsands when it prepared its respective report or valuation, has received any such interest since such time or will receive any such interest. No director, officer or employee of Trimble is to be elected, appointed or employed by Alberta Oilsands.

GLJ has prepared a report or valuation as described herein. GLJ held no interests in securities or other property of Alberta Oilsands when it prepared its respective report or valuation, has received any such interest since such time or will receive any such interest. No director, officer or employee of GLJ is to be elected, appointed or employed by Alberta Oilsands.

ADDITIONAL INFORMATION

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Management Information Circular of the Corporation prepared in connection with the most recent annual meeting of shareholders of the Corporation that involved the election of directors. Additional financial and other information is provided in the Corporation's financial statements and management discussion and analysis for the year ended December 31, 2009 and any interim financial statements of the Corporation and the Corporation's Management Information Circular are available on SEDAR at www.sedar.com.

SCHEDULE A

REPORT ON RESERVES DATA BY RYDER SCOTT COMPANY-CANADA

To the board of directors of Alberta Oilsands Inc. (the "Company"):

1. We have evaluated the Company's reserves data as at March 31, 2010. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at March 31, 2010, estimated using forecast prices and costs.
2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the resources data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended March 31, 2010, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company's management:

Independent Qualified Reserve Evaluator	Description and Preparation Date of Evaluation Report	Location of Resources (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate)			
			Audited	Evaluated (M\$)	Reviewed	Total (M\$)
Ryder Scott Company	Estimate of Reserves and Future Income Report Prepared March 31, 2010	Canada	N/A	70,677	N/A	70,677

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above:

Ryder Scott Company - Canada, Calgary, Alberta, Canada, November 30, 2010.

"Howard C. Lam P. Eng."
Managing Senior Vice President

SCHEDULE B

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Alberta Oilsands Inc. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data as at March 31, 2010.

An independent qualified reserves evaluator has evaluated the Company's resource data. The report of the independent qualified reserves evaluator is presented in Schedule A and will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has

- (a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;
- (b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserves evaluator to report without reservation; and
- (c) reviewed the resources data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

- (a) the content and filing with securities regulatory authorities of resource data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves evaluator on the resources data; and
- (c) the content and filing of this report.

Because the resources data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that resources are categorized according to the probability of their recovery.

"*Shabir Premji*"
Executive Chairman [Officer]

"*William Matheson*"
Director

"*Michael Lee*"
President [Officer]

"*Adrian Goodisman*"
Director

SCHEDULE C

**REPORT ON RESOURCES ESTIMATES
BY INDEPENDENT QUALIFIED RESERVES EVALUATOR OR AUDITOR**

To the board of directors of Alberta Oilsands Inc. (the "**Company**"):

1. We have prepared evaluations of the Company's contingent and prospective bitumen resources located at the Company's Hangingstone East property dated effective June 30, 2010.
2. The resources data are the responsibility of the Company's management. Our responsibility is to express an opinion on the resources data based on our evaluation.

We carried out our evaluations in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "**COGE Handbook**") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the resources data are free of material misstatement. An evaluation also includes assessing whether the resources data are in accordance with principles and definitions in the COGE Handbook.
4. The following table sets forth the estimated discovered and undiscovered bitumen in place, the recovery factor associated with such bitumen in place resources and the contingent and prospective resources, evaluated by us for the period as indicated:

Independent Qualified Reserve Evaluator and Resource Category	Description and Preparation Date of Evaluation Report	Location of Resources (country or Foreign Geographic Area)	Initial Oil In Place (MMbbls)	Recovery Factor	Total Contingent Resources (MMbbls)
GLJ Petroleum Consultants Ltd. – Canada Contingent Resources	Hangingstone East Property June 30, 2010	Alberta, Canada	150.6	53%	79.9
GLJ Petroleum Consultants Ltd. – Canada Prospective Resources	Hangingstone East Property June 30, 2010	Alberta, Canada	30.4	50%	15.2

5. In our opinion, the resources data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the resource data that we reviewed but did not audit or evaluate.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the resources data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that resources are categorized according to the probability of their recovery.
8. Contingent resources evaluated in these reports were assigned in regions for which surface access has been granted and with core hole drilling and/or well control. These resource estimates are not classified as reserves at this time, pending further reservoir delineation, project application, facility and reservoir design work. Contingent resources entail commercial risk. There is no certainty that it will be commercially viable to produce any portion of the contingent resources.
9. Prospective resources were assigned in unexplored regions of the Company's acreage. Prospective resources entail commercial risk not applicable to reserves. There is no certainty that any portion of the prospective resources will be

discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the prospective resources. Prospective resources have been risked for chance of success, but not for chance of development, hence are considered partially risked resources.

EXECUTED as to our report referred to above:

GLJ Petroleum Consultants Ltd. – Canada, Calgary, Alberta, Canada, November 30, 2010

"Dana B. Laustsen, P. Eng."
Executive Vice President

SCHEDULE D

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

Management of Alberta Oilsands Inc. (the "**Company**") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes contingent and prospective bitumen resource data as at June 30, 2010.

An independent qualified reserves evaluator has evaluated the Company's resource data. The report of the independent qualified resources evaluator is presented in Schedule C and will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has

- (a) reviewed the Company's procedures for providing information to the independent qualified resources evaluator;
- (b) met with the independent qualified resources evaluator to determine whether any restrictions affected the ability of the independent qualified resources evaluator to report without reservation; and
- (c) reviewed the resources data with management and the independent qualified resources evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved

- (a) the content and filing with securities regulatory authorities of resource data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves evaluator on the resources data; and
- (c) the content and filing of this report.

Because the resources data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that resources are categorized according to the probability of their recovery.

"Shabir Premji"
Executive Chairman [Officer]

"William Matheson"
Director

"Michael Lee"
President [Officer]

"Adrian Goodisman"
Director

SCHEDULE E

AUDIT COMMITTEE CHARTER

A. PURPOSE

The overall purpose of the Audit Committee (the "**Committee**") is to ensure that the management of Alberta Oilsands Inc. (the "**Corporation**") has designed and implemented an effective system of internal financial controls (understanding that the extent of the Corporation's internal controls may be limited by the size of and the resources available to the Corporation), to review and report on the integrity of the consolidated financial statements of the Corporation and to review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of material facts. In particular, the Committee must ensure compliance with National Instrument 52-110 - *Audit Committees* ("**NI 52-110**").

B. COMPOSITION, PROCEDURES AND ORGANIZATION

1. Unless exempt from the requirements of Part 3 of NI 52-110, the Committee shall consist of at least three members of the Board of Directors (the "**Board**"), all of whom shall be "independent", as that term is defined in NI 52-110 ("venture issuers" are exempt from the requirements of Part 3 of NI 52-110).
2. Unless exempt from the requirements of Part 3 of NI 52-110, all members of the Committee shall be "financially literate", as that term is defined in NI 52-110 ("venture issuers" are exempt from the requirements of Part 3 of NI 52-110).
3. The Board shall appoint the members of the Committee annually. The Board may at any time remove or replace any member of the Committee and may fill any vacancy in the Committee.
4. Unless the Board shall have appointed a chair of the Committee, the members of the Committee shall elect a chair from among their number.
5. Unless exempt from the requirements of Part 3 of NI 52-110, the secretary of the Committee shall be selected by the Committee, and shall be "financially literate" unless otherwise determined by the Committee. (venture issuers are exempt from the requirements of Part 3 of NI 52-110.)
6. The quorum for meetings shall be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
7. The Committee shall have access to such officers and employees of the Corporation and to the Corporation's external auditors, and to such information respecting the Corporation, as it considers to be necessary or advisable in order to perform its duties and responsibilities.
8. The Committee shall be entitled to engage independent counsel and other advisors as it considers necessary to carry out its duties and to set and pay the compensation for any such advisors.
9. Meetings of the Committee shall be conducted as follows:
 - (a) the Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Committee. The external auditors or any member of the Committee may request a meeting of the Committee;
 - (b) the external auditors shall receive notice of and have the right to attend all meetings of the Committee;

- (c) the following management representatives shall be invited to attend all meetings, except executive sessions and private sessions with the external auditors:

- Executive Chairman (or the other applicable officer of the Corporation who may, from time to time, perform the duties typically performed by a chief financial officer);

- (d) other management representatives shall be invited to attend as necessary.

- 10. The external auditors shall have a direct line of communication to the Committee through its chair and may bypass management if deemed necessary. The Committee, through its chair, may contact directly any employee in the Corporation as it deems necessary, and any employee may bring before the Committee any matter involving questionable, illegal or improper financial practices or transactions.

C. DUTIES AND RESPONSIBILITIES

- 11. The overall duties and responsibilities of the Committee shall be as follows:

- (a) to assist the Board in the discharge of its responsibilities relating to the Corporation's accounting principles, reporting practices, internal controls (understanding that the extent of the Corporation's internal controls may be limited by the size of and the resources available to the Corporation) and its approval of the Corporation's annual and quarterly consolidated financial statements;
- (b) to establish and maintain a direct line of communication with the Corporation's external auditors and assess their performance;
- (c) to ensure that the management of the Corporation has designed, implemented and is maintaining an effective system of internal financial controls (understanding that the extent of the Corporation's internal controls may be limited by the size of and the resources available to the Corporation); and
- (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.

- 12. The duties and responsibilities of the Committee as they relate to the external auditors shall be as follows:

- (a) to recommend to the Board a firm of external auditors to be nominated for the purpose of preparing or issuing an auditors report or performing other audit, review or attest services for the Corporation and to verify the independence of such external auditors;
- (b) to review and recommend to the Board the scope and timing of the audit and other related services rendered by the external auditors and the compensation therefor;
- (c) review the audit plan of the external auditors prior to the commencement of the audit;
- (d) to directly oversee the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting;
- (e) to review with the external auditors, upon completion of their audit:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Corporation's financial personnel;
 - (iv) co-operation received from the Corporation's personnel during the audit;

- (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Corporation;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls (understanding that the extent of the Corporation's internal controls may be limited by the size of and the resources available to the Corporation), accounting principles or management systems; and
 - (viii) the non-audit services provided by the external auditors;
- (f) to discuss with the external auditors the quality and not just the acceptability of the Corporation's accounting principles;
 - (g) to pre-approve all non-audit services to be provided to the Corporation by the external auditors unless otherwise provided for in NI 52-110;
 - (h) to ensure that the Committee meets the external auditors in the absence of management in respect of any audits by the external auditors;
 - (i) to review the Corporation's financial statements, MD&A and press releases announcing annual and interim earnings before the Corporation publicly discloses the information;
 - (j) to ensure that procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection (i) above, and periodically assess the adequacy of the procedures;
 - (k) to implement procedures for:
 - (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;
 - (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;
 - (iii) to review and approve the Corporation's hiring policies regarding partners, employees or former partners and employees of the present and former external auditors of the Corporation.
13. The duties and responsibilities of the Committee as they relate to the internal control procedures of the Corporation (understanding that the extent of the Corporation's internal controls may be limited by the size of and the resources available to the Corporation) are to:
- (a) review the appropriateness and effectiveness of the Corporation's policies and business practices which impact on the financial integrity of the Corporation, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Corporation; and
 - (c) periodically review the Corporation's financial and auditing procedures and the extent to which any recommendations made by the external auditors have been implemented.

14. The Committee is also charged with the responsibility to review the Corporation's quarterly statements of earnings, including the impact of unusual items and changes in accounting principles and estimates and report to the Board with respect thereto and to:
- (a) review and approve the financial sections of:
 - (i) any annual reports to shareholders;
 - (ii) annual information forms;
 - (iii) prospectuses; and
 - (iv) other public reports requiring approval by the Board, and report to the Board with respect thereto;
 - (b) review regulatory filings and decisions as they relate to the Corporation's consolidated financial statements;
 - (c) review the appropriateness of the policies and procedures used in the preparation of the Corporation's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (d) review and report on the integrity of the Corporation's consolidated financial statements;
 - (e) review the minutes of any audit committee meeting of subsidiary companies, if applicable;
 - (f) review with management, the external auditors and, if necessary, with legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Corporation and the manner in which such matters have been disclosed in the consolidated financial statements; and
 - (g) review the Corporation's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of material facts.