

ALBERTA OILSANDS INC. ANNOUNCES THIRD QUARTER RESULTS

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CALGARY, Nov. 29 /CNW/ - Alberta Oilsands Inc. ("Alberta Oilsands", "the "Company", "we", "us", or "our") (TSXV: AOS) is pleased to announce that it has filed with Canadian securities authorities its interim unaudited financial statements and management's discussion and analysis for the interim period ended September 30, 2010. Copies of the filed documents may be obtained through www.sedar.com.

Q3 2010 highlights:

- 79.9 million net barrels of contingent resources of bitumen were assigned to the Company's Hangingstone East property in an independent report prepared by GLJ Petroleum Consultants Ltd and dated June 30, 2010.
- Sale of the Company's Kenya oil exploration blocks to Africa Oil Corp. ("Africa Oil"). Consideration for the sale comprised of 2.5 million common shares of Africa Oil and 1.5 million Africa Oil common share purchase warrants, each of which is exercisable into one common share at a price of \$1.50 per common share.
- Completed mini-fracture testing and preliminary analysis on two observation wells in the McMurray bitumen and the Clearwater cap rock at Clearwater West.
- Produced an average of 134 barrels of oil equivalent per day (boe/d) of conventional production during the three-month period ended September 30, 2010, resulting in oil and gas revenue of \$501,000.
- Continued discussions with potential joint venture partners.

Subsequent highlights:

- In October 2010, AOS 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 will consist of one flow-through common share and one half of a flow-through share purchase warrant of AOS issued on a flow-through basis. Each whole flow-through warrant will entitle the holder to acquire one Common Share at 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.
- On November 25, 2010, AOS acquired an additional 4 sections of oilsands leases at Clearwater. The purchase will join the previously separate Clearwater West and Clearwater East projects into one contiguous development area.
- The Company prepared the 2011 winter drilling program, which will consist primarily of continued development in the Clearwater area for the collection of technical data required to prepare an application for the second phase of the Clearwater West development. Preparations are also progressing for a winter 2011 exploration program at the Grand Rapids project area.

Review of Oilsands Operations Fort McMurray Clearwater West

Alberta Oilsands continues to take steps on the path to production at its first oil sands project at Clearwater West.

On January 15, 2010, Alberta Oilsands filed the project application with the Energy Resources Conservation Board (ERCB) and Alberta Environment. The Clearwater West LP-SAGD Pilot Application (Clearwater West Phase 1) is for a project that has a design production capacity of up to 4,500 bpd of bitumen through six horizontal SAGD well pairs. Subject to regulatory approval, Alberta Oilsands expects to begin construction of the well pad and pairs in early 2012. Production capacity is expected to increase to between 15,000 and 25,000 bpd of bitumen in the next phase.

The Clearwater West project is located one mile southeast of the Fort McMurray Regional Airport and is accessible via Highway 69. Alberta Oilsands has a 100% working interest in 28 contiguous sections of oil sands rights in the area. Two of the sections, sections 21 and 22 Twp088 R08W4M, where the Phase 1 project is located are subject to a 2% gross overriding royalty to the Fort McMurray Airport Authority.

The Company continues to move forward while awaiting approval of the Clearwater West application, including gathering technical data through observation wells and continuing stakeholder consultation with the local community.

Alberta Oilsands completed work on two observation wells at Clearwater West during the quarter, including 1) mini-fracture testing and analysis on the 5-22-88-08W4M observation well in the McMurray bitumen and the Clearwater cap rock and 2) the drilling, completion, data gathering and analysis of the AB/1-21-88-08W4M observation well.

The Company is committed to providing people who live or work in the area with the opportunity to learn about the Clearwater Phase 1 Project. As part of Alberta Oilsands' community engagement activities, the Company held an open house in Fort McMurray on June 9, 2010. The event provided the Alberta Oilsands' team with an opportunity to introduce the Clearwater Project to area residents and to answer questions related to air quality, sound, traffic, construction and community relationships. The Company is committed to forging business and community relationships built on trust and to conduct business in a safe, healthy and environmentally responsible manner. Those in attendance at the open house were advised that emissions from the project are anticipated to be well below Alberta's strict regulatory guidelines. Water required for the project is expected to be

purchased from the Regional Municipality of Wood Buffalo, providing a source of revenue for the local community. The produced and processed water would eventually be injected into approved disposal wells. The surface facility footprint of the Clearwater West project is expected to be a modest 10.2 hectares (26 acres) thanks to existing infrastructure in the area. The average sound level for project operations is expected to be five decibels (dBA) below the ERCB's night-time permissible sound level of 40 dBA. Finally, the total number of truck shipments is expected to be less than 22 loads per day with less than 150 metres of travel on gravel roads before reaching the paved Highway 69.

Hangingsstone East

Alberta Oilsands Inc. engaged GLJ Petroleum Consultants Ltd. to conduct a third-party resource analysis on the Hangingsstone East property effective June 30, 2010. The results were released in August 2010 and the Company's 50% interest in the property was assigned best estimate contingent resources of 79.9 million (net) barrels of bitumen. Additionally, 13 core holes were drilled on this property in the first quarter of 2010 for a total of 32 core holes since inception. Alberta Oilsands has a 50% interest in 38.5 contiguous sections (9.856 hectares or 24,640 acres) of oilsands rights at Hangingsstone.

The above assessments of Alberta Oilsands' prospects constitute forward-looking statements. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to risks and uncertainties that could cause actual events or results to differ from those projected in the forward-looking statements. See "Forward-looking Statements and Information" in this news release.

Review of Conventional Operations

Alberta Oilsands produced an average of 134 boe/d in the third quarter of 2010, including 497 thousand cubic feet per day (mcf/d) of natural gas from the Ladyfern field and 37 boe/d from Leduc, Alberta. This compares to 161 boe/d in the second quarter of 2010 and 321 boe/d in the third quarter of 2009 as the Company's production experienced natural declines. The Company has not added any additional conventional production since the Ladyfern well in April 2009. Alberta Oilsands has rights in 97,283 acres of undeveloped land in Alberta, Saskatchewan and British Columbia to pursue conventional exploration.

Financial and Operating Summary

Three months ended September 30

	2010	2009	2008
Statement of Operations and Deficit			
Petroleum and natural gas sales (\$)	501,367	894,316	666,302
Petroleum & natural gas sales per boe (\$)	40.66	30.25	110.77
Daily sales volumes (boe 6:1)	134	321	65
Net income (loss) for the period (\$)	2,595,322	(486,157)	(799,495)
Net income (loss) per share - basic and diluted (\$)	0.02	(0.01)	(0.01)
Statement of Cash Flows			
Funds used in operations (\$) ⁽¹⁾	(1,271,701)	98,124	(282,302)
Cash flow used in operations (\$)	(1,200,459)	399,091	(270,430)
Capital expenditures (\$)	1,096,505	1,651,024	952,090
Weighted average number of shares			
- basic	105,727,719	79,651,375	65,728,136
- diluted	106,277,000	79,651,375	65,728,136

Nine months ended September 30

	2010	2009	2008
Statement of Operations and Deficit			
Petroleum and natural gas sales (\$)	1,939,010	2,153,857	1,665,971
Petroleum & natural gas sales per boe (\$)	43.40	33.35	103.29
Daily sales volumes (boe 6:1)	164	237	59
Net income (loss) (\$)	469,654	(2,624,539)	(2,749,176)

Net income (loss) per share - basic and diluted (\$) **0.00** (0.03) (0.04)

Statement of Cash Flows

Funds used in operations (\$) ⁽¹⁾	(2,399,273)	(1,046,434)	(1,180,891)
Cash flow used in operations (\$)	(2,444,611)	(1,048,824)	(860,338)
Capital expenditures (\$)	6,428,190	9,522,113	10,633,470
Total assets (\$)	61,984,121	50,216,792	55,043,725
Total liabilities (\$)	9,969,498	7,079,537	5,656,611
Shareholders' equity (\$)	52,014,623	43,137,255	49,387,114

Weighted average number of shares

- basic	105,477,784	79,651,375	65,009,300
- diluted	106,141,036	79,651,375	65,009,300

(1) Alberta Oilsands' method of calculating funds from operations may differ from that of other corporations and, accordingly, may not be comparable to measures used by other corporations. Alberta Oilsands calculates funds from operations by taking cash flow from operating activities as determined under GAAP before the change in non-cash working capital related to operating activities and abandonment expenditures incurred.

	Three months ended		Nine months ended	
	September 30		September 30	
Production	2010	2009	2010	2009
Oil and NGL (bbls/day)	46	71	52	71
Natural gas (mcf/day)	531	1,504	671	996
boe/day (6:1)	134	321	164	237

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Commodity Prices				
Oil and NGL (\$/bbl)	72.03	65.41	74.98	60.43
Natural gas (\$/mcf)	4.08	3.40	4.90	3.64
boe (\$/boe)	40.66	30.25	43.40	33.35
Revenues (\$)				
Oil and NGL	302,204	424,388	1,040,384	1,164,824
Natural gas	199,163	469,928	898,626	989,033
Total	501,367	894,316	1,939,010	2,153,857

	Three months ended		Nine months ended	
	September 30		September 30	
	2010	2009	2010	2009
Royalties and Operating Expenses				
Royalties (\$)	84,605	66,569	368,404	175,116
% of revenues	17	7	19	8
\$/boe	6.85	2.25	8.25	2.71
Operating and transportation expenses (\$)	245,791	266,121	1,105,996	1,150,718

\$/boe

19.91

9.00

24.75

17.82

Netbacks (\$/boe)	Three months ended September 30		Nine months ended September 30	
	2010	2009	2010	2009
Revenue	40.66	30.25	43.40	33.35
Royalties	6.85	2.25	8.25	2.71
Operating expenses	19.91	9.00	24.75	17.82
Field netbacks	13.90	19.00	10.40	12.82
General and administrative	88.16	15.40	53.12	25.93
Netbacks	(74.26)	3.60	(42.72)	(13.11)

Outlook

Alberta Oilsands' growth strategy is to develop large-scale oil sands assets supported by conventional oil and gas asset development, joint-venture and financial partnerships. The Company believes that this strategy will allow accelerated conversion of its bitumen resources to production and cash flow.

At Clearwater, the Company's improved understanding of the reservoir based on the technical work performed over the last few months will be provided to the ERCB in an update to the current Clearwater West Phase 1 pilot application in December 2010. The Company expects to receive regulatory approval in 2011. Over the next few months, the Company is expecting to commence detailed engineering for Clearwater Phase 1. Procurement of long lead surface and subsurface facility items will commence in 2011 to accommodate the planned commencement of construction of the Phase 1 facility in early 2012, subject to regulatory approval. To complete Clearwater West Phase 1 construction and commissioning, the Company will have to raise approximately \$100 million in capital. Alberta Oilsands anticipates financing its capital requirements through a combination of joint venture, debt, and/or equity arrangements and asset rationalizations.

AOS expects to perform additional field measurements and implement a 3D seismic program during the 2010-2011 winter season to confirm and further define the reservoir. Environmental work for Phase 2 of the Clearwater West Project will commence in the first quarter of 2011 and with the Phase 1 operational learnings, this will form an optimized continued development for the Clearwater West area with a possible plant size of 15,000 to 25,000 barrels of bitumen per day. The Phase 2 reservoir scoping stage is expected to conclude early in 2012 and is expected to include a significant delineation effort during the 2011-2012 drilling season.

AOS expects to continue prudent management of funds and guide oil sands exploration and development appropriately. Current ranking of oil sands opportunities considers maintaining focus on bringing Clearwater West Phase 1 to production followed by continued scoping and delineation for Clearwater West Phase 2 followed by confirmation of resource volumes and evaluation development potential at Grand Rapids and providing a first estimate of resource volumes at Algar Lake.

AOS expects to be in a position to add experienced personnel to its on-going oil sands exploration and development efforts over the next few quarters. Preliminary planning has commenced to explore AOS' Algar Lake and Grand Rapids oil sands leases. Algar Lake comprises 51 sections and the three 1950's vintage vertical wells drilled on the lease indicate significant *in-situ* bitumen volumes (potential for conventional heavy oil cold flow also exists). The objective of the Algar Lake exploration plan is to confirm available resource volumes and evaluate further AOS bitumen development potential. The initial Algar Lake exploration plan calls for approximately 20 to 30 bitumen core holes and 30 contingent locations. Two historical core holes in the Grand Rapids area indicate significant potential for significant *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 2010-2011 exploration season in Grand Rapids 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 15 contingent locations. Execution of the Algar Lake and Grand Rapids are subject to obtaining appropriate levels of capital funding.

Management's focus over the next few months will be on shepherding of the Clearwater West Phase 1 Pilot Project application through the regulatory process to successful approval. Concurrently, the funding for the Phase 1 project will be sought through a variety of sources.

Interim Filings

The Company will file its MD&A and interim financial statements and notes thereto as at and for the three and nine months ended September 30, 2010 in accordance with National Instrument 51-102 - Continuous Disclosure Obligations adopted by the Canadian securities regulatory authorities. Additional information about the Company, including the audited consolidated financial statements and notes thereto and MD&A as at and for the year ended December 31, 2009, are available on the Company's

BOE Presentation - Production information is commonly reported in units of barrel of oil equivalent ("boe"). For purposes of computing such units, natural gas is converted to equivalent barrels of oil using a conversion factor of six thousand cubic feet to one barrel of oil. This conversion ratio of 6:1 is based on an energy equivalent wellhead value for the individual products. Such disclosure of boes may be misleading, particularly if used in isolation. Readers should be aware that historical results are not necessarily indicative of future performance.

Disclosure of Reserves and Resources - "Resources" are quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, including the quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered.

"Contingent resources" are defined as those quantities of petroleum estimated, on 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 project stage.

"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.

"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.

"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.

There is no certainty that it will be commercially viable for the Company to produce any portion of the bitumen resources or reserves detailed in this news release. The estimated future net revenues and values contained in this news release do not necessarily represent the market value of such reserves or resources. The high level of uncertainty associated with the Company's possible recovery of any of these resources and reserves is the result of various risks and uncertainties including: current uncertainties around the specific scope and timing of the development of the Company's Fort-McMurray properties; the ability of the Company to finance any potential oil sands projects at its Fort-McMurray 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 and contingencies discussed in more detail in the sections entitled "Forward-looking Statements and Information" in this news release.

Resources, undiscovered resources and contingent resources do not constitute, and should not be confused with, reserves.

Forward-looking Statements and Information - Certain information regarding Alberta Oilsands set forth in this news release, including management's assessment of Alberta Oilsands' future plans, operations, properties, production and prospects contains forward looking information and statements that involve substantial known and unknown risks and uncertainties. In some cases, forward looking information and statements can be identified by terminology such as "may", "will", "should", "intends", "expects", "projects", "plans", "anticipates", "targets", "believes", "strives", "estimates", "continues", "designed", "objective", "maintain", "schedule" and similar expressions or statements that certain events or conditions "may" or "will" occur. In particular, this news release contains forward-looking statements and information with respect to: (i) possible in-situ development (including the timing of such development) on the Company's oil sands properties, including in respect of pilot projects and further development in respect of its Clearwater East and Clearwater West project areas located in its Fort McMurray properties and the joint development of its Hangingstone East project area with its pooling partner in the area; (ii) expectations regarding future developments costs and the ability to fund such costs; (iii) future values that may be attributable to the Company's oil and gas properties; (iv) the ability of the current working capital levels of the Company to maintain future capital expenditures, including required flow-through expenditures; (v) the Company's projected capital budget; (vi) successful results from the Company's core drilling programs; (vii) crude oil, natural gas and bitumen production levels; (viii) the continued economic viability of the Company's projects; (ix) a regulatory regime and local community environment that will be conducive to the Company completing its projects (including environmental regulation and royalty rates); * the ability of the Company to meet its obligations (including future financial obligations) under the pooling agreement that it has entered into in respect of its Hangingstone East project area; and (xi) projections of market prices and the demand for the commodities the Company produces or intends to produce. Such forward-looking statements and information are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements and information. Certain of these assumptions and risks are discussed in greater detail below and through-out this news release. The Company undertakes no obligation to update such forward-looking statements or information if circumstances or management's estimates or opinions should change, unless required by law.

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 exist in the quantities predicted or estimated, and can be profitably produced in the future. See "Disclosure of Reserves and Resources" in this news release.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Not for dissemination in the United States of America. This news release shall not constitute an offer to sell or the solicitation of any offer to buy securities of the Company in any jurisdiction, including the United States. The common shares of the Company have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and have not been and will not be offered or sold in the United States or to any U.S. person except in certain transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

Alberta Oilsands is a technically driven high growth energy company focused on the development and conversion of the Company's oilsands resources to reserves and the creation of long term sustainable value by increasing production and cash flow on relevant conventional oil and natural gas assets.

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