

FOR IMMEDIATE RELEASE

**Alberta Oilsands Inc. Announces Results of the Review
of Year End Clearwater Reserves**

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Calgary, Alberta – Alberta Oilsands Inc. (the “Company” or “AOS”) and its independent reserve evaluator, Ryder Scott Company Canada – Petroleum Consultants (“Ryder Scott”), have concluded the review and revision of the Clearwater reserves assignment, as set forth in the Estimated Future Reserves and Income Attributable to Certain Leasehold and Royalty Interest, Clearwater West Area, Fort McMurray report dated April 27, 2011 and effective December 31, 2010 (the “Report”), prepared by Ryder Scott and previously announced in the Company’s news release dated June 27, 2011.

In the revised report dated July 19, 2011 and effective December 31, 2010 (the “Revised Report”), Ryder Scott confirmed that the discounted net present values (“NPV₁₀”) of the probable and possible reserves as set forth in the Report were understated due to the application of a higher than specified escalation factor on the estimated operating costs. Applying the revised escalation factor of 2 percent resulted in an increase in NPV₁₀ of approximately \$18.2 million, as to probable reserves and approximately \$17.9 million, as to possible reserves. Thus, the total probable and possible reserves NPV₁₀ have been understated by approximately \$36.1 million. The NPV₁₀ of the probable and possible reserves, as set forth in the Revised Report, are approximately \$29.3 million and \$20.7 million, respectively and approximately \$49.9 million as to total probable and possible reserves. Furthermore, in the Revised Report, Ryder Scott has lowered the estimate of net probable reserves of bitumen from 10, 218 mbbl to 9,954 mbbl (representing a 2.5% decrease). There has been no change to the amount of gross probable reserves of bitumen. For more information with respect to the Revised Report, please refer to the material change report that has been filed concurrently with this news release available on SEDAR at www.sedar.ca.

Probable reserves are those additional reserves that are less certain to be recovered than proved reserves. There is a 50% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable reserves.

Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the sum of proved plus probable plus possible reserves.

It should not be assumed that the discounted NPV₁₀ of the probable and possible reserves as set forth in the Revised Report represent the fair market value of those reserves.

About AOS:

Alberta Oilsands Inc. is engaged in the exploration and development of bitumen in the Athabasca oil sands region of northeast Alberta. Its head office is located in Calgary, Alberta, Canada and Alberta Oilsands’ common shares are traded on the TSXV under the trading symbol AOS.

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Cautionary Note Regarding Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented herein constitutes "forward-looking statements". More particularly, this press release contains statements concerning the future values that may be attributable to the Company's oil and gas properties, the quantum of, and future net revenues from, the Company's crude oil, natural gas and bitumen reserves and resources. The forward-looking statements contained in this document are solely opinions and forecasts which are uncertain and subject to risks. Forward-looking statements include but are not limited to uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to a number of known and unknown risks and uncertainties, including, but not limited to: non-performance of agreements in accordance with their terms; the impact of competition; commodity prices; regulatory environment and inability to obtain required regulatory approvals; tax laws and treatment; the ability of the Company to raise sufficient capital to complete future projects and satisfy future commitments; labour and material shortages; and certain other risks detailed from time to time in the Company's public disclosure documents including, among other things, those detailed under the heading "Risk Factors" in the annual information form of the Company for the year ended December 31, 2010 dated May 31, 2011 which can be found at www.sedar.com. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers are cautioned that the assumption used in the preparation of the forward-looking statements, although considered reasonable at the time of preparation may prove to be imprecise and, as such undue reliance should not be placed on forward-looking statements.

The forward-looking statements contained in this press release are made as of the date of this press release. Except as required by law, the Company disclaim any intention and assume no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities law. Additionally, the Company undertakes no obligation to comment on the expectations of, or statements made, by third parties in respect of the matters discussed above.

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