

FOR IMMEDIATE RELEASE

Alberta Oilsands Inc. Assesses ASRD Holding Reservation Amendment

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Calgary, Alberta – Alberta Oilsands Inc. (the “Company” or “AOS”) advises that Alberta Sustainable Resources Development (“SRD”) has cancelled a number of pending surface disposition applications in the Fort McMurray area through the amendment of Holding Reservation (“HRS”) 050003 around the City of Fort McMurray. The cancellations became official on August 2, 2011, with the public announcement on the Government of Alberta (“Government”) website.

AOS is one of the many applicants that had its pending surface disposition lease application cancelled. The cancelled application for Miscellaneous Leases (“MLL”) 090001 was for the south half of section 22-088-08-W4M located due east of the proposed Clearwater Phase I project site, across the north-south Range Road 83. The MLL was intended for use as a lay-down and staging site for the construction of the Clearwater Phase I central processing facility and would have possibly been investigated for future project development use. AOS has identified a potential alternate site for the laydown and staging site.

According to SRD, the Holding Reservation was amended to facilitate a more orderly development and strategic approach to land allocation of various types of commercial development. SRD has released specific lands within the urban development reserves designed for commercial development in Southlands, Parsons Creek and Saline Creek areas in the Fort McMurray area.

AOS is proactively seeking clarity on the Urban Development Sub-Region (UDSR) Plan.

For further information, please contact:

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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.

Cautionary Note Regarding Forward-Looking Statements

Except for the statements of historical fact contained herein, certain information presented herein constitutes “forward-looking statements”. 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.

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