



**Alberta Oilsands Inc. adds 80 million barrels of contingent resources
at Hangingstone**

/NOT FOR DISTRIBUTION IN THE U.S.A./

CALGARY – August 24, 2010 - Alberta Oilsands Inc. ("Alberta Oilsands", "AOS" or "The Company", TSX-V: AOS) is pleased to announce a contingent resource assignment of 79.9 million (net) barrels of bitumen to its Hangingstone East property by GLJ Petroleum Consultants Ltd. ("GLJ"). This assignment is the result of a recent independent evaluation of the Hangingstone East property, located southwest of Fort McMurray, Alberta. The Company, with its operating partner, drilled 13 core holes in the first quarter of 2010. AOS and its partner have drilled a total of 32 core holes on the property to date, where the Company holds a 50% working interest in 38.5 contiguous sections (9,856 hectares or 24,640 acres) of oil sands rights.

The National Instrument 51-101 ("NI 51-101") compliant resource estimates was prepared by GLJ using the Canadian Oil and Gas Evaluation Handbook (COGEH) guidelines, with an effective date of June 30, 2010. The table below is a summary of the resource assignment.

SUMMARY TABLE OF HANGINGSTONE EAST RESOURCE ASSIGNMENT BY GLJ

Marketable Resources	Best Estimate Contingent (A)	High Estimate Contingent (A)	Low Estimate Contingent (A)	Best Estimate Prospective (B)
	Thousands of Barrels (MBbl)	(MBbl)	(MBbl)	(MBbl)
Gross Lease Resources (C)	159,817	236,551	65,397	30,440
Total Company Interest Resources	79,908	118,276	32,699	15,220
NPV10 BFIT (\$MM) (D)	73	207	-27	17

- (A) 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 "Disclosure of Reserves and Resources" below.
- (B) 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 "Disclosure of Reserves and Resources" below.
- (C) Gross Lease resources are volumes of resources before the deduction of operating costs and royalties.

- (D) The Best Estimate Contingent NPV10 before income tax (BFIT) case reflects a 50% WI in a 25,000 bpd project with 52 initial well pairs, initial production in 2016; initial plant and well capital of \$970MM (2010 dollars), cumulative steam-to-oil ratio SOR of 3.0; overall operating cost of \$22.68/bbl of bitumen; and a 6% GORR. Future net revenues associated with reserves and resources do not necessarily represent fair market value See "Disclosure of Reserves and Resources" below.

The Company had also been assigned 67.8 million barrels (MMB) of company interest probable and possible bitumen reserves in the Clearwater West property, as indicated below.

SUMMARY TABLE OF RESERVES AND CONTINGENT RESOURCES BY PROPERTY

Property Name	Probable Reserves (MMB) (C)	Possible Reserves (MMB) (D)	Contingent Resources (MMB) (E)
Clearwater West (A)	16.6	51.1	104.4
Clearwater East (A)	0.0	0.0	131.7
Clearwater North (A)	0.0	0.0	36.8
Hangingstone East (B)	0.0	0.0	79.9

- (A) NI 51-101 compliant evaluations by Ryder Scott Company Canada - Petroleum Consultants with an effective date of March 31, 2010.
- (B) NI 51-101 compliant evaluations by GJL Petroleum Consultants Ltd. with an effective date of June 30, 2010.
- (C) 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 "Disclosure of Reserves and Resources" below.
- (D) Possible reserves are those additional reserves that are less certain to be recovered than probable reserves. There is only a 10 percent 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 "Disclosure of Reserves and Resources" below.
- (E) See "Disclosure of Reserves and Resources" below.

The Hangingstone East property will require further delineation drilling (core holes) to confirm and assess the bitumen reservoir as part of continued planning for in situ development of the property.

AOS filed the Clearwater West LP-SAGD Project application with the ERCB in January 2010. Subject to approvals and permits the Clearwater West 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. AOS held an open house at the Fort McMurray Vista Ridge Ski Hill on June 9, 2010 to maintain the dialogue with our neighbours and to ensure the Clearwater Project is done right the first time.

AOS has continued to achieve year over year increases in assigned resources additions and reserves assignments since 2007, when it started its effort to explore and plan the development of its in situ Athabasca oil sands holdings.

About Alberta Oilsands Inc.

Alberta Oilsands Inc. is a technically driven high growth energy company focused on the development and conversion of the Company's oil sands 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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Disclosure of Reserves and Resources

It should be noted that reserves, contingent resources 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 contingent resources described in this press releases. There is no certainty that any portion of the prospective resources described in this press release 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 in this press release 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.

"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.

"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.

"Undiscovered resources" are defined as that portion of undiscovered petroleum initially-in-place which is estimated, as of a given date, not to be recoverable by future development projects. A portion of these quantities may become recoverable in the future as commercial circumstances change or technological developments occur; the remaining portion may never be recovered due to the physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.

"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.

"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.

Resources are not, and should not be confused with, 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 reserves or resources is the result of various risks and uncertainties including: current uncertainties around the specific scope and timing of the development of the Company's oil sands properties; the ability of the Company 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 Statements and Information" in this news release.

Forward-Looking Statements and Information

This press release contains certain forward-looking statements and information ("forward-looking statements") within the meaning of such statements under applicable securities law including management's assessment of the Company's properties, production and prospects. Forward-looking statements are frequently characterized by words such as "plan", "expect", "project", "intend", "believe", "anticipate", "estimate", "schedule", "target", "may", "will", "potential", "design", "predict", "proposed" and other similar words, 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) the ability of the Company to receive the necessary regulatory approvals in respect of its oil sands projects in a timely manner, or at all; (ii) the ability of the Company to raise the necessary funds to proceed with the development of its oil sands projects; and (iii) the results and timing of development in respect of the Company's oil sands projects (including in respect of estimated design capacities and simulated production numbers). These statements are only predictions. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of oil sands and properties, the uncertainties involved in interpreting drilling results and other geological data, uncertainties relating to the ability of the Company to receive the necessary regulatory approvals in respect of its oil sands projects, uncertainties relating to the technologies associated with the Company's oil sands projects and whether the results of the Company's oil sands projects will meet designed capacities and simulated production numbers once operational, fluctuating oil and gas prices, the possibility of cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed to fund the Company's oil sands projects, the possibility that royalties and other government levies could be increased, and other factors including unforeseen delays. As an oil sands focused enterprise, the Company faces risks, including those associated with exploration, development, regulatory approvals, fluctuations in commodity demand

and commodity prices and the ability to access sufficient capital from external sources. Anticipated exploration and development plans relating to the Company's properties are subject to change.

In addition, 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 or resources exist in the quantities predicted or estimated, and can be profitably produced in the future. There is no certainty that it will be commercially viable to produce any portion of the reserves or resources described in this press release. Additional information regarding the disclosure of resources are discussed under "Disclosure of Reserves and Resources" above.

For a detailed description of the risks and uncertainties facing the Company and its business and affairs, readers should refer to the Company's annual financial statements and management discussion and analysis for the year ended December 31, 2009, which are available at www.sedar.com. 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.

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.