

Attention Business Editors:

AOS announces test results on new discovery at Chinchaga/Ladyfern area

<<

/NOT FOR DISTRIBUTION TO THE U.S.A. NEWS WIRE SERVICES OR FOR
DISSEMINATION TO THE U.S.A./

>>

CALGARY, March 23 /CNW/ - Alberta Oilsands Inc. (the "Company" or "AOS") is pleased to announce that it has successfully completed a significant Slave Point exploration discovery well at the Hamburg 13-29-095-12W6M location, in the Chinchaga/Ladyfern area of northwest Alberta. This well is a part of the farm-in agreement AOS announced on January 28, 2009.

AOS has a 50% working interest in the well which was spudded on February 16th and was flow tested between March 18th and 19th at various flow rates for deliverability potential. The final flow rate at the end of the test was 539 10(3)m(3) or 19 MMcf/d gross (1583 boe/d net), at a flowing tubing pressure of 8592 kPag or 1246 psig. The operator limited the extent of the atmospheric test, however, further testing will be carried out in the pipeline starting April 1, 2009 where all produced gas will be conserved and sold. AOS expects this further testing will provide more definitive results as to the well's significant productive capability. The cumulative gas produced during the flow test was 154 10(3)m(3) or 5.4MMcf. The new production will be tied-in about one kilometer from the well site and will flow to the local gathering system to be processed at the Chinchaga area gas plant.

The well was drilled to a total depth of 2,649 meters and with the successful perforation and completion of the well, AOS earned a minimum 50% working interest in the well and in a total of 11 sections or 7,040 acres of land in the immediate area. There are at least two other locations with similar 3-D seismic character within the earned lands that can be drilled to expand this new discovery. The 13-29-095-12W6M well is the first well of a 4 to 6 well 2009 exploration program that is targeting drill ready, large liquids rich natural gas pools.

The recent Alberta new well royalty reduction announced by the Alberta Government on March 3, 2009 is expected to enhance the attractive economics of the well as the paid royalty on the well will be capped at 5% for the first 12 months of production, up to a maximum of 500 million cubic feet of natural gas. The recently announced drilling credit also announced by the Alberta Government is expected to improve risk adjusted returns on the 2009 exploration program.

The Chinchaga/Ladyfern field is located approximately 245 km northwest of the City of Grand Prairie, Alberta and is characterized as an area with high rate production, large reserves and low water production from the Slave Point formation. The 13-29 well is amidst other significant Slave point producers and is in proximity to the prolific Ladyfern Field that is located on the Alberta-British Columbia border.

Further flow and pressure build-up results will follow as the data is received.

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

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", "may", "will", "potential", "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: the development of and the ability to realize any additional future production from the Company's farm-in lands and other conventional oil and gas properties described in this news release, including the Company's ability to fund future developments. 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 and gas properties, the uncertainties involved in interpreting drilling results and other geological data, the possibility that royalties and other government levies could be increased, fluctuating oil prices, the possibility of project cost overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors including unforeseen delays. As an oil sands focused enterprise, the Company faces risks, including those associated with exploration, development, approvals 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. 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, management discussion and analysis and annual information form for the year ended December 31, 2007 as well as the Company's management discussion and analysis for the period ended September 30, 2008, all of 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. Barrels of oil equivalent ("boe") 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.

<<

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy and accuracy of this release.

>>

%SEDAR: 00020297E

/For further information: Alberta Oilsands Inc., Suite 2800, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9, Shabir Premji, Executive Chairman, T: (403) 232-3341, F: (403) 263-6702, [spremji\(at\)aboilsands.ca](mailto:spremji@aboilsands.ca); or Chad Dust, Executive Vice President Finance and Business Development, T: (403) 538-3191, F: (403) 263-6702, [cdust\(at\)aboilsands.ca](mailto:cdust@aboilsands.ca); Company website: www.aboilsands.ca/ (AOS.)

CO: Alberta Oilsands Inc.

CNW 09:57e 23-MAR-09