

Attention Business Editors:

AOS announces farm-in agreement, operations update, and option cancellation

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CALGARY, June 4 /CNW/ - Alberta Oilsands Inc. (the "Company" or "AOS") is pleased to announce that it has entered into a farm-in agreement with a privately held Canadian oil and gas producer. The farm-in lands are located in the Hines Creek area of the Peace River Arch region in northwest Alberta, approximately 100 kilometers southeast of AOS's recent Ladyfern/Chinchaga Slave Point discovery well. The Hines Creek area is a multi-zone hydrocarbon prone area with mostly all season access. The agreement provides AOS with a 50% working interest earning in 17 sections of land through the drilling of two test wells to a depth of 1,100 metres and an additional option on a current and future area of mutual interest lands. Both test wells are scheduled to spud prior to August 31, 2009. This farm-in is a continuation of AOS's interim strategy of investing in conventional exploration opportunities, which have short time to cash flow, during the current economic downturn. The Company's long-term strategy remains focused on the development of its oil sands properties.

As AOS has previously announced, at Ladyfern/Chinchaga area, the Hamburg 13-29-095-21W6M well was successfully brought on production on April 1, 2009. Initial production from this well was 5 million cubic feet per day. At the time, it was expected that the flow rates may require moderation to accommodate existing facilities. AOS has a 50% working interest in the well. The well is eligible for the Alberta Government's new well royalty incentive program, which provides for 5% royalty rate for gas production volume of up to 500 million cubic feet. On April 18, 2009, the well was shut-in for a 13 day pressure build-up test with downhole pressure recorders. Currently, with the Ladyfern well back on production the Company's total production is in excess of 400 boe/d.

The Company also announces that certain option holders have agreed to the cancellation of an aggregate of 1,560,000 options to acquire common shares in the capital of AOS. The options that were cancelled had been held by various directors and officers, pursuant to the Company's stock option plan, had exercise prices ranging from \$1.30 to \$2.21 per share and were set to expire between May 27 and August 30, 2012.

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About Alberta Oilsands Inc.

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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.

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Neither TSX Venture Exchange nor its Regulation Services Provider accepts responsibility for the adequacy or accuracy of this release.

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Forward-Looking Statements and Information: This news 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 with respect to: (i) the possible development (including the timing of such development) on the Company's oil sands properties; (ii) the results of such oil sands development and (iii) 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 risks and uncertainties discussed in the Company's annual financial statements and management discussion and analysis for the year ended December 31, 2008, both of which are available at www.sedar.com. Readers are urged to review such risks and uncertainties in their entirety. 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.

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/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.)

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