



**ATHABASCA**  
OIL SANDS CORP.



FIRST QUARTER REPORT 2009



LARGEST LAND OWNER  
VAST RESOURCES  
STRONG TECHNICAL TEAM  
EXPERIENCED MANAGEMENT

**GROSMONT  
JOINT VENTURE**

**BIRCH**

**DOVER  
WEST**

**DOVER**

**MACKAY**

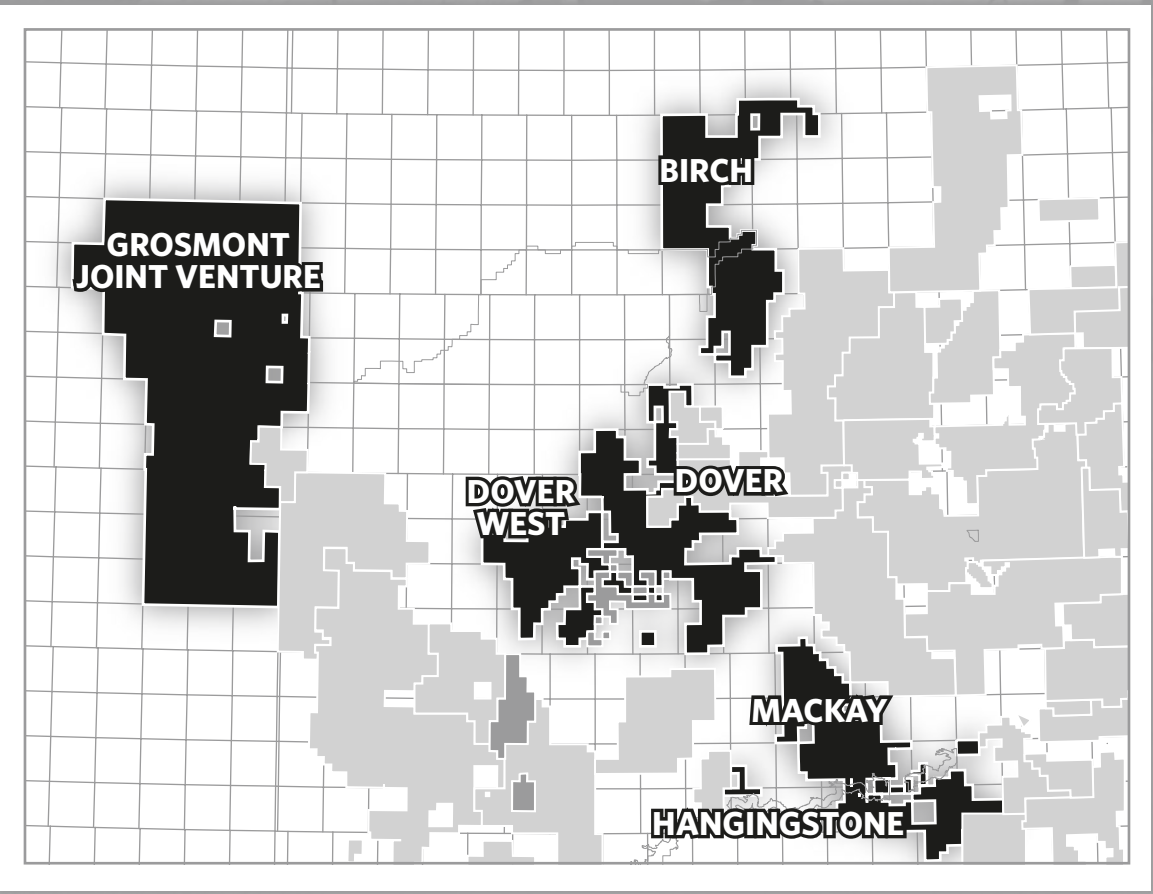
**HANGINGSTONE**

**BRITISH  
COLUMBIA**

**ALBERTA**

**SASKATCHEWAN**

**MANIT**





# MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Athabasca Oil Sands Corp. ("AOSC" or "the Company") is dated June 2, 2009 and should be read in conjunction with the audited consolidated financial statements at and for the years ended December 31, 2008 and 2007. The audited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

## OVERVIEW

AOSC was incorporated on August 23, 2006 under the laws governing the Province of Alberta and is in business to explore for, develop and produce oil sands-related assets in the Athabasca oil sands region of northern Alberta. AOSC is a privately held company.

The Company's activities in the first quarter of 2009 were highlighted by land acquisitions, delineation drilling, and evaluations in the main asset areas of Dover, MacKay River (previously known as Thickwood) and Hangingstone. The Company now owns more than 1.55 million net acres of oil sands leases. In addition to adding oil sands assets, the Company has been successful in continuing to enhance the experienced management and technical team as the focus shifts from resource acquisition and delineation to development of the assets.

Subsequent to Q1 2009, AOSC received an updated independent resource evaluation report from GLJ Petroleum Consultants (GLJ) for its core areas MacKay River, Dover and Dover West, where the company drilled 71 wells last winter. AOSC is very pleased with the results of the program resulting in an approximate 40% increase in recoverable "best estimate contingent resources" which now stand at 9.7 billion barrels. The core area evaluated by GLJ constitutes approximately 87% of AOSC's total best estimate contingent resources.

GLJ is still working on the resource update for AOSC's 780,000 acre joint venture area where the company holds operatorship and a 50% working interest. Five wells were drilled last winter. Any recoverable resources from that area will be in addition to the figures above.

All of AOSC's recoverable bitumen will be produced using thermal recovery methods. Thermal recovery methods produce bitumen from wells after applying heat to the reservoir. More than 80% of the bitumen resources in the entire Athabasca region are suitable for thermal recovery, while the remaining 20% of the bitumen resources may be developed using mining extraction methods. Thermal recovery projects typically have low environmental impact, are economically robust even at low oil prices and are seen as "the future" of oil sands development. AOSC has the largest lease holding in the Athabasca area with a net working interest of more than 1.55 million acres. The new resource update positions AOSC as the region's largest holder of best estimate contingent resources suitable for thermal recovery.

AOSC's strategic focus will be the development of the MacKay River and Dover areas. Applications for regulatory approval of two pilot projects located in the MacKay River and the Dover areas were filed with the ERCB during 2008. The first commercial project is planned to be a 150,000 bbl/d SAGD development in MacKay River. The first phase will have a capacity of 35,000 bbl/d with production starting in 2014. AOSC expects to file the regulatory application towards the end of 2009.



## SUMMARY OF FINANCIAL RESULTS

The following table summarizes selected consolidated financial information of the Company:

(CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)	AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2009	AT AND FOR THE TWELVE MONTHS ENDED DEC. 31, 2008
Total assets	\$ 799,043	\$ 768,376
Working capital	197,195	278,986
Shareholders' equity	350,643	362,266
Net loss	(12,977)	(24,647)
Net loss per share (basic and diluted)	\$ (0.07)	\$ (0.14)
Weighted average common shares outstanding (basic)	194,479,139	181,550,247

## CAPITAL EXPENDITURES

At March 31, 2009 the Company owned in excess of 1.55 million net acres of oil sands leases (mineral rights), including approximately 780 thousand gross acres in a 50/50 joint venture in the Athabasca region of northern Alberta. For the first quarter of 2009, capitalized costs associated with our mineral property expenditures totaled \$2.2 million.

Exploration and evaluation costs associated with the winter core hole programs incurred during first quarter of 2009 were \$55.0 million for drilling and \$6.5 million for geological exploration and evaluation. These expenditures included costs for the 2008/09 drilling program, primarily consisting of seismic, surveying, drilling, coring, and evaluation.

Engineering expenditures incurred during the first quarter of 2009 were \$1.6 million and preliminary work on the Company's pilot and commercial projects were \$2.1 million.

The following table summarizes the capital expenditures of the Company for the three months ended March 31, 2009 and the year ended December 31, 2008:

(CDN\$ THOUSANDS)	THREE MONTHS ENDED MARCH 31, 2009	TWELVE MONTHS ENDED DEC. 31, 2008
Mineral properties	\$ 2,171	\$ 66,209
Exploration and evaluation - delineation drilling	55,004	85,067
Exploration and evaluation - geological and geophysical	6,472	16,108
Engineering	1,620	10,793
Pilot project	2,124	1,105
Corporate assets	14	647
<b>Total capital expenditures</b>	<b>\$ 67,405</b>	<b>\$ 179,929</b>



## RESULTS OF OPERATIONS

During the first quarter of 2009, AOSC recorded a net loss of \$13.0 million (2008 - \$1.9 million).

The following table summarizes the Company's results of operations for the three months ended March 31:

(CDN\$ THOUSANDS)	2009	2008
<b>Revenue</b>		
Interest income	\$ 1,360	\$ 917
<b>Expenses</b>		
General and administrative	2,342	1,158
Stock-based compensation	615	3,012
Financing and interest	14,534	36
Depreciation and amortization	60	30
Research and development	453	233
Future income tax recovery	(3,667)	(1,691)
Net loss and comprehensive loss	\$ (12,977)	\$ (1,861)

For the first quarter of 2009, interest income increased from \$0.9 million to \$1.4 million compared to 2008. The increase results from interest earned on higher cash and cash equivalent and short-term investment balances during 2009, obtained from financing activities in July 2008.

During the first quarter of 2009, general and administrative expenses increased from \$1.2 million to \$2.3 million compared to 2008. General and administrative expenses include salaries, consulting fees, rent, and other office related costs. Increases in general and administrative expenses are primarily due to the addition of staff and office space.

For the first quarter of 2009, financing and interest costs increased from \$0.1 million to \$14.5 million compared to 2008 due to the issuance of \$400.0 million of senior secured debentures in July 2008. Depreciation and amortization expense increased compared to 2008 due to depreciation on corporate assets. Research and development expense increased from \$0.2 to \$0.5 million, compared to 2008 due to AOSC's involvement in a joint industry projects and internal AOSC employee work on research and development activities.

## LIQUIDITY AND FINANCIAL RESOURCES

### Working Capital

At March 31, 2009 the Company had working capital of \$197.2 million.

On July 30, 2008, the Company issued \$400.0 million of senior secured debentures with a term of three years, maturing July 30, 2011. The debentures bear an interest rate of 13% paid semi-annually in arrears on December 31 and June 30. An amendment to the Company's credit facility, reducing the available amount from \$50.0 million to \$25.0 million, was made in conjunction with this issuance and the entire outstanding credit facility balance was repaid with the proceeds.



In accordance with the Trust Indenture dated July 30, 2008, the Company set aside the first two interest payments related to the debentures, which is held in Trust. The first interest payment of \$22.1 million was made December 31, 2008, with the second interest payment of \$26.0 million to be made June 30, 2009, and is included in working capital.

The debenture proceeds were invested in short-term cash equivalent banker's acceptance and bank notes with terms currently ranging from 24 to 327 days, bearing interest rates from 0.5% to 3.50%.

AOSC believes the closing working capital surplus, coupled with the credit facility will be sufficient to finance the Company's 2009/10 capital expenditure program.

Recent developments in capital markets have restricted access to new debt and equity for many companies. AOSC is reviewing its 2009/10 capital spending requirements to ensure existing cash carries to our planned next stage of financing. The Company is also reviewing its options for financing its future capital programs in the context of the present financing environment, which may include sourcing additional debt facilities, equity markets or potentially joint ventures.

#### Estimated Future Minimum Commitments

\$	2009	2010	2011	2012	2013	THEREAFTER	TOTAL
Long-term debt repayment	-	-	400,000	-	-	-	<b>400,000</b>
Interest payments on long term-debt	52,000	52,000	29,918	-	-	-	<b>133,918</b>
Office leases	1,788	2,384	2,384	2,384	1,071	1,400	<b>11,411</b>
Engineering and construction	581	-	-	-	-	-	<b>581</b>
Other	167	200	200	200	200	-	<b>967</b>
<b>Total commitments</b>	<b>54,536</b>	<b>54,584</b>	<b>432,502</b>	<b>2,584</b>	<b>1,271</b>	<b>1,400</b>	<b>546,877</b>

#### Shareholders' Equity

During the first quarter of 2009, 130,000 purchase warrants were exercised for proceeds of \$0.2 million.

The Company reserved 3.7 million common shares to be issued provided the Company did not meet the liquidity event requirements by February 16, 2009 as outlined in the August 2007 and December 2007 share subscriptions. These common shares represent approximately 0.10 shares per right/warrant issued under the 2007 financings.

The Company did not meet the liquidity event requirements under the share subscription agreements and issued 3.7 million common shares upon automatic conversion of the outstanding liquidity rights/warrants.

The following table summarizes the number of share capital instruments outstanding or contingently issuable (in the case of liquidity rights/warrants):

	AT MARCH 31, 2009	AT DECEMBER 31, 2008
Common shares	<b>196,396,094</b>	192,529,661
Purchase warrants	<b>104,151,250</b>	104,281,250
Series I performance warrants	<b>5,000,000</b>	5,000,000
Series II performance warrants	<b>5,000,000</b>	5,000,000
Stock options	<b>1,717,000</b>	1,657,000
Liquidity rights/warrants	-	3,736,433
<b>Total diluted share capital</b>	<b>312,264,344</b>	312,204,344



## Long-term Debt

On July 30, 2008, the Company issued \$400.0 million of senior secured debentures with a term of three years, maturing July 30, 2011. The debentures bear an interest rate of 13% paid semi-annually in arrears on December 31 and June 30. The debentures also include an early payout feature depending on various conditions, which would result in payout between 105% and 110% of face value. The debentures are secured by a fixed and floating demand debenture and a general assignment of debt over unconventional oil sands leases.

Proceeds from the financing were used to fund the winter 2008/09 core hole drilling program, business development, and company operations to the end of 2009.

## Income Taxes

At March 31, 2009, the Company had approximately \$529.6 million of tax pools available for deduction against future taxable income including non-capital losses of \$228.9 million which begin to expire in 2026.

## FINANCIAL REPORTING UPDATE

### Adoption of New Accounting Policies

During the first quarter of 2009, the Company incurred asset retirement obligations. The estimated fair value of the statutory, contractual or legal liability associated with the retirement and reclamation of tangible long-lived assets is recorded when incurred, with a corresponding increase to the carrying amount of the related assets, when a reasonable estimate of the fair value can be made. The increase to capitalized costs is amortized to net income on a basis consistent with DD&A of the underlying assets. On a periodic basis, management will review these estimates and changes, if any, in the estimated fair value of the ARO are capitalized and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the consolidated balance sheets at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included in DD&A. Actual expenditures incurred are charged against the accumulated obligation. Any difference between the recorded ARO and the actual retirement costs incurred is recorded as a gain or loss in the settlement period.

### Future Accounting Pronouncements

In January 2009, the CICA issued a new accounting standard, section 1582 "Business Combinations", which prospectively establishes principles and requirements of the acquisition method for business combinations and related disclosures that will be effective for AOSC's 2011 reporting.

In January 2009, the CICA issued a new accounting standard, section 1601 "Consolidated Financial Statements", which establishes standards for the preparation of consolidated financial statements that will be effective for AOSC's 2011 reporting. The adoption of these recommendations is not expected to have a material impact on AOSC.

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the use of International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises, beginning on January 1, 2011 with appropriate comparative data from the prior year. IFRS will replace the current CICA Handbook as Canadian GAAP for these entities. Under IFRS significantly increased disclosure is required, especially for interim reporting. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed. AOSC is evaluating the impact the adoption of IFRS will have on the Company's consolidated financial statements.



## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of financial statements, based on Canadian generally accepted accounting principles, requires the use of estimates and assumptions derived from management's professional judgment. By definition, estimates and assumptions are subject to a certain degree of uncertainty and the effects of changes in these estimates and assumptions on the Company's unaudited consolidated financial statements could be significant. Our critical accounting policies and estimates are consistent with our 2008 annual MD&A dated April 16, 2009, except as noted above under Financial Reporting Update.

## **RISK MANAGEMENT**

The financial performance of AOSC may be influenced by a variety of risks inherent to the oil and gas industry, many of which are outside the Company's control. At this stage, AOSC does not have material operations and the Company's primary assets consist of leases held for the purpose of oil sands exploration and development. AOSC's ongoing success depends on the Company's ability to execute the development projects currently planned.

Factors currently influencing the Company's ability to succeed include, but are not limited to, the following:

### **Resource Development and Production**

The success of AOSC will largely depend on its ability to continue drilling successful exploration/appraisal wells, prove up economic resources and develop economic projects. AOSC's first three drilling seasons were successful and management's geological model and understanding of the Company's acreage was solidified by the well results. AOSC is optimistic about the future potential, however, there is no guarantee that all lands are representative of the drilling results.

Resources have to be produced and important reservoir engineering and modeling has to be done before the true potential of the leases are known. Every well drilled contributes important data to the model which invariably reduces the Company's overall risk.

### **Increasing Cost Environment**

Competition and increased activity within the oil sands industry has contributed to an escalating cost environment for most, if not all, aspects of the business. The cost to acquire exploration leases and the price of the professional services and skilled labor necessary to evaluate and develop acquired lands has steadily increased. The recent market downturn has increased availability of certain services and there is already signs of a downward trend in associated costs. AOSC's success will be contingent on its ability to secure key services at costs that align when integrated into full project economics.

### **Capital Requirements**

The exploration, evaluation and development of oil sands assets requires the infusion of substantial capital on an ongoing basis due to the lack of internally generated cash flows in the early stages of corporate growth. These exploration, evaluation and development activities must therefore be financed by either equity, debt or some combination of equity and debt. Although the Company does its best to manage the timing of financial activities to coincide with favorable market conditions, there is no guarantee that such financing will be available based on terms and/or timing that would be acceptable to the Company.

Recent developments in capital markets have restricted access to new debt and equity for many companies. AOSC is reviewing its 2009/10 capital spending requirements to ensure existing cash carries to our planned next stage of financing. The Company is also reviewing its options for financing its future capital programs in the context of the present financing environment, which may include sourcing additional debt facilities, equity markets or potentially joint ventures.



## Commodity Price Risk

History has demonstrated that the price of hydrocarbon-based commodities fluctuates considerably in response to supply and demand economics at the regional, national and global level, combined with hedge fund speculation, all of which is outside the control of AOSC. The Company's future financial success is largely dependent on the equilibrium of bitumen supply and demand, resulting in prices that justify oil sands development, based on the expected project time horizon versus short-term fluctuations.

## Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has variable interest rates on its cash and cash equivalents, short term investments and demand credit facility, resulting in exposure to fluctuations in interest rates. The interest rate on the Company's long-term debt is fixed.

## Regulatory Approval

Before proceeding with most major development projects, AOSC must obtain regulatory approvals and maintain in good standing for the duration of the particular project. The regulatory approval process involves stakeholder consultation, environmental impact assessments and public hearings, among other factors. Failure to obtain regulatory approvals, or failure to obtain them on a timely basis, could result in delays, abandonment, or restructuring of projects and increased costs, all of which could negatively impact future earnings and cash flow. Failure to maintain approvals, licenses, permits and authorizations in good standing could result in the imposition of fines, production limitations or suspension orders.

## Fiscal Environment

The Company's operations are subject to political and economic uncertainties. Specifically, governments may change royalties and taxes which could have a material adverse impact on the economics of the Company's oil sands activities.

## Environmental

AOSC looks to both Alberta provincial authorities and to Canada's federal authorities for direction regarding environmental and climate change legislation.

All phases of the oil sands business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal and provincial laws and regulations. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. There has been much public debate with respect to Canada's alternative strategies with respect to climate change and the control of greenhouse gases. Implementation of strategies for reducing greenhouse gases could have a material impact on the nature of oil sands operations. Given the evolving nature of the issues related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict either the nature of those requirements or the impact on the Company and its operations and financial condition.

AOSC believes that government regulators realize the importance of oil sands projects to both Alberta and Canada and that a competitive economic environment will be maintained. However, AOSC cannot guarantee this assumption and there can be no assurance that currently enacted or potential future environmental legislation will not have an adverse affect on the Company's financial condition.



## OUTLOOK

AOSC is pursuing business development activities that it believes will further increase shareholder value. The drilling program for winter 2009 consisted of 76 evaluation wells. These wells were located to further appraise new and existing AOSC leases and enable optimization of the development strategy. AOSC's strategic focus will be the development of the MacKay River and Dover areas.

During 2007, AOSC decided to proceed with a 2,000 barrel per day pilot application in the Dover area which was submitted June 2nd, 2008. Regulatory approval is expected mid-2009 and first steam is planned for the second half of 2010.

The MacKay River drilling results were so encouraging, AOSC decided to "fast track" a pilot application, which was submitted October 14th, 2008. It is anticipated the pilot will be between 1,000-1,500 barrels per day capacity with regulatory approval expected by the end of 2009 and first steam mid-2010. The area is ideally located just 35 km from Fort McMurray.

Commercial development planning is just starting but AOSC anticipates the areas identified have the potential for more than 500,000 barrels per day of production fully developed. AOSC's first commercial development is expected to be a 30,000 to 40,000 barrels-per-day project in the MacKay River area with submission of the regulatory application in 2009 and first steam in 2014.

All of AOSC's recoverable bitumen will be produced using thermal recovery methods. Thermal recovery methods produce bitumen from wells after applying heat to the reservoir. More than 80% of the bitumen resources in the entire Athabasca region are suitable for thermal recovery, while the remaining 20% of the bitumen resources may be developed using mining extraction methods. Thermal recovery projects typically have low environmental impact, are economically robust even at low oil prices and are seen as "the future" of oil sands development. AOSC has the largest lease holding in the Athabasca area with a net working interest of more than 1.55 million acres. The new resource update positions AOSC as the region's largest holder of "best estimate contingent resources" suitable for thermal recovery.

## QUARTERLY HISTORICAL REVIEW

(CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2009		2008			2007		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	1,360	2,686	1,652	196	917	1,233	652	-
Net loss	(12,977)	(9,857)	(9,702)	(3,227)	(1,861)	(4,017)	(3,358)	(3,123)
Net loss per share (basic and diluted)	(0.07)	(0.05)	(0.05)	(0.02)	(0.01)	(0.03)	(0.02)	(0.02)
Weighted average common shares outstanding (basic)	194,479,139	188,428,237	181,130,434	178,076,415	177,424,459	155,001,907	153,503,852	138,446,461



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS (NOTE 1)

(Unaudited)

(CDN\$ THOUSANDS)	AT MARCH 31, 2009	AT DECEMBER 31, 2008
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	\$ 59,009	\$ 117,705
Short-term investments (Note 4)	163,777	146,138
Cash held in trust (Note 8)	26,000	26,000
Accounts receivable	7,130	4,395
Prepaid expenses and other	234	387
	256,150	294,625
<b>Deferred charges</b>	67	70
<b>Property and equipment</b> (Notes 5, 7 and 8)	542,826	473,681
	\$ 799,043	\$ 768,376
<b>Liabilities and Shareholders' equity</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 57,232	\$ 15,639
Short-term credit facility (Note 7)	1,723	-
	58,955	15,639
Long-term debt (Note 8)	380,897	378,906
Asset retirement obligations (Note 9)	459	-
Future income tax liability	8,089	11,565
	448,400	406,110
<b>Shareholders' equity</b>		
Common shares (Note 13)	375,700	374,041
Warrants (Note 13)	-	1,495
Contributed surplus (Notes 13 and 14)	42,622	41,432
Accumulated deficit	(67,679)	(54,702)
	350,643	362,266
	\$ 799,043	\$ 768,376

Commitments (Notes 13 and 16)

See accompanying notes to the unaudited interim consolidated financial statements



## CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND ACCUMULATED DEFICIT

(Unaudited)

Three months ended March 31

(CDN\$ THOUSANDS, EXCEPT PER SHARE AMOUNTS)	2009	2008
<b>Revenue</b>		
Interest income	\$ 1,360	\$ 917
<b>Expenses</b>		
Stock-based compensation (Note 14)	615	3,012
General and administrative	2,342	1,158
Financing and interest (Notes 7 and 8)	14,534	36
Depreciation and amortization	60	30
Research and development	453	233
	18,004	4,469
Net loss before income taxes	(16,644)	(3,552)
Future income tax recovery	(3,667)	(1,691)
Net loss and comprehensive loss	\$ (12,977)	\$ (1,861)
Accumulated deficit, beginning of period	(54,702)	(30,055)
Accumulated deficit, end of period	\$ (67,679)	\$ (31,916)
Net loss per share, basic and diluted (Note 15)	\$ (0.07)	\$ (0.01)

See accompanying notes to the unaudited interim consolidated financial statements



## CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Three months ended March 31

(CDN\$ THOUSANDS)	2009	2008
<b>Operating activities</b>		
Net loss	\$ (12,977)	\$ (1,861)
Items not effecting cash		
Stock-based compensation (Note 14)	615	3,012
Future income tax recovery	(3,667)	(1,691)
Changes to long-term deferred charges	3	2
Deferred borrowing cost amortization (Note 8)	1,417	-
Depreciation and amortization	60	30
	(14,549)	(508)
Changes in non-cash working capital (Note 10)	12,350	(2,332)
	(2,199)	(2,840)
<b>Financing activities</b>		
Proceeds from share/warrant/right issuances	163	125
Share issuance costs	-	(35)
Short-term credit facility borrowings	1,723	-
Changes in non-cash working capital (Note 10)	(20)	(208)
	1,866	(118)
<b>Investing activities</b>		
Additions to property and equipment	(67,405)	(95,747)
Increase in short-term investments	(17,639)	-
Changes in non-cash working capital (Note 10)	26,681	42,715
	(58,363)	(53,032)
<b>Net decrease in cash and cash equivalents</b>	<b>(58,696)</b>	<b>(55,990)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>117,705</b>	<b>107,250</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 59,009</b>	<b>\$ 51,260</b>

See accompanying notes to the unaudited interim consolidated financial statements



# NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## **ATHABASCA OIL SANDS CORP.**

**At and for the three months ended March 31, 2009**

(Tabular amounts in CDN\$ thousands, except as otherwise noted)

### **1. NATURE OF OPERATIONS**

Athabasca Oil Sands Corp. (“AOSC” or the “Company”) was incorporated on August 23, 2006 under the laws governing the Province of Alberta. AOSC is in business to explore for, develop and produce oil sands-related assets in the Athabasca oil sands region of northern Alberta. To date, AOSC has not earned significant revenues and is considered to be a development stage company.

Due to the long lead times and high costs associated with implementing the technology and creating the infrastructure necessary to bring identified resources to market, the success of AOSC is heavily dependent upon its ability to raise additional capital to fund further exploration to maintain its interests in existing oil sands properties and to identify and develop commercially productive resources.

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP) assuming that AOSC will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. If the going concern assumption was not appropriate for these statements, adjustments would be required to the Company’s overall financial presentation.

### **2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS FOR PRESENTATION**

The unaudited interim consolidated financial statements of the Company have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). These interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the financial statements for the year ended December 31, 2008 except as disclosed in note 3. These interim consolidated financial statements do not include all disclosures required in the annual financial statements and should be read in conjunction with the Company’s audited consolidated annual financial statements and notes thereto for the year ended December 31, 2008.

### **3. ADOPTION OF NEW ACCOUNTING POLICIES**

#### **a) Asset Retirement Obligations**

The estimated fair value of the statutory, contractual or legal liability associated with the retirement and reclamation of tangible long-lived assets is recorded when incurred, with a corresponding increase to the carrying amount of the related assets, when a reasonable estimate of the fair value can be made. The increase to capitalized costs is amortized to net income on a basis consistent with DD&A of the underlying assets. On a periodic basis, management will review these estimates and changes, if any, in the estimated fair value of the ARO are capitalized to property and equipment and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the consolidated balance sheets at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included in DD&A. Actual expenditures incurred are charged against the accumulated obligation. Any difference between the recorded ARO and the actual retirement costs incurred is recorded as a gain or loss in the settlement period.



## b) Future Accounting Pronouncements

In January 2009, the CICA issued a new accounting standard, section 1582 "Business Combinations", which prospectively establishes principles and requirements of the acquisition method for business combinations and related disclosures that will be effective for AOSC's 2011 reporting.

In January 2009, the CICA issued a new accounting standard, section 1601 "Consolidated Financial Statements", which establishes standards for the preparation of consolidated financial statements that will be effective for AOSC's 2011 reporting. The adoption of these recommendations is not expected to have a material impact on AOSC.

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the use of International Financial Reporting Standards ("IFRS") for publicly accountable profit-oriented enterprises, beginning on January 1, 2011 with appropriate comparative data from the prior year. IFRS will replace the current CICA Handbook as Canadian GAAP for these entities. Under IFRS significantly increased disclosure is required, especially for interim reporting. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policies which must be addressed. AOSC is evaluating the impact the adoption of IFRS will have on the Company's consolidated financial statements.

## 4. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

AT MARCH 31, 2009	TERM IN DAYS	INTEREST RATE IN PERCENT	AMOUNT
Cash			\$ 35,017
Cash equivalents	24	0.50	23,992
			\$ 59,009
Short-term investments	103 - 327	0.97 - 3.50	163,777
<b>Total</b>			<b>\$ 222,786</b>

## 5. PROPERTY & EQUIPMENT

	COST	ACCUMULATED DD&A	NET BOOK VALUE
<b>March 31, 2009</b>			
<b>Oil Sands Assets</b>			
Mineral properties	\$ 318,907	\$ -	\$ 318,907
Exploration and evaluation	205,028	-	205,028
Engineering and development	17,942	-	17,942
	541,877	-	541,877
<b>Corporate assets</b>	1,234	(285)	949
	\$ 543,111	\$ (285)	\$ 542,826
<b>December 31, 2008</b>			
<b>Oil Sands Assets</b>			
Mineral properties	\$ 316,718	\$ -	\$ 316,718
Exploration and evaluation	140,068	-	140,068
Engineering and development	15,900	-	15,900
	472,686	-	472,686
<b>Corporate assets</b>	1,219	(224)	995
	\$ 473,905	\$ (224)	\$ 473,681



The cost of the oil sands assets is not being depleted or depreciated as the properties have not been fully developed and there is no commercial production associated with these assets. All other corporate assets are currently being depreciated.

For the three months ended March 31, 2009, the Company capitalized \$4.3 million (2008 - \$nil) of borrowing costs directly attributed to exploration and development activity.

For the three months ended March 31, 2009, the Company capitalized \$0.9 million (2008 - \$0.6 million) of employee salaries directly attributed to exploration and development activity.

For the three months ended March 31, 2009, the Company capitalized \$0.8 million (2008 - \$1.4 million) of stock-based compensation, including the future income tax effect, directly attributed to exploration and development activity.

## 6. ACCOUNTS PAYABLE & ACCRUED LIABILITIES

	MARCH 31, 2009	DECEMBER 31, 2008
Trade payables	\$ 1,806	\$ 4,856
Accrued trade payables	38,474	10,638
Accrued debenture interest	16,811	-
Other payables	141	145
<b>Total</b>	<b>\$ 57,232</b>	<b>\$ 15,639</b>

## 7. SHORT-TERM CREDIT FACILITY

At March 31, 2009, AOSC had a \$25.0 million revolving demand credit facility with a Canadian Chartered Bank. Interest on drawings against the facility is payable at prime, and there are no stand-by fees associated with undrawn amounts. The effective interest rate on amounts borrowed under the facility for the three months ended March 31, 2009 and 2008 is the bank prime rate. The credit facility is collateralized by a fixed and floating demand debenture and a general assignment of debt over oil sands leases. As at March 31, 2009 no amount was outstanding on the credit facility. The amount represented on the balance sheet included cheques issued and outstanding.

## 8. LONG-TERM DEBT

On July 30, 2008, the Company issued \$400.0 million of senior secured debentures with a term of three years, maturing July 30, 2011. The debentures bear an interest rate of 13% paid semi-annually in arrears on December 31 and June 30. The debentures also include early redemption and change of control features, which would result in payout between 105% and 110% of face value. The debentures are collateralized by a fixed and floating demand debenture and a general assignment of debt over unconventional oil sands leases.

	MARCH 31, 2009	DECEMBER 31, 2008
Debentures - face value	\$ 400,000	\$ 400,000
Deferred borrowing costs	(24,391)	(24,391)
Amortization of deferred borrowing costs	5,288	3,297
<b>Total</b>	<b>\$ 380,897</b>	<b>\$ 378,906</b>



In accordance with the Trust Indenture dated July 30, 2008, the Company set aside the first two interest payments related to the debentures which were held in trust. The first interest payment was made December 31, 2008, with the second interest payment of \$26.0 million to be made June 30, 2009.

## 9. ASSET RETIREMENT OBLIGATIONS

The total future asset retirement obligations were estimated by management based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon the wells, and the estimated timing of the costs to be incurred in future periods. The Company has calculated the net present value of its asset retirement obligations using an inflation rate of 2% and discounted using a credit-adjusted risk free rate of 14% per annum. The payments to settle these obligations are expected to occur over a period of up to 5 years and are expected to be funded from general resources of the Company at their respective settlement dates. The total undiscounted amount of estimated cash flows required to settle the obligations at March 31, 2009 is \$0.8 million (2008 - \$nil).

The following table reconciles the change in asset retirement obligations:

	THREE MONTHS ENDED MARCH 31, 2009	TWELVE MONTHS ENDED DECEMBER 31, 2008
ARO liability at January 1	\$ -	\$ -
Liabilities incurred	459	-
<b>Total</b>	<b>\$ 459</b>	<b>\$ -</b>

## 10. SUPPLEMENTAL CASH FLOW INFORMATION

### Changes in Non-cash Working Capital

THREE MONTHS ENDED MARCH 31	2009	2008
Accounts receivable	\$ (2,734)	\$ (8,770)
Prepaid expenses and other	153	252
Accounts payable and accrued liabilities	41,592	48,693
	<b>\$ 39,011</b>	<b>\$ 40,175</b>
<b>Related to:</b>		
Operating activities	12,350	(2,332)
Financing activities	(20)	(208)
Investing activities	26,681	42,715
<b>Net change in non-cash working capital</b>	<b>\$ 39,011</b>	<b>\$ 40,175</b>

## 11. FINANCIAL INSTRUMENTS

AOSC's financial instruments at March 31, 2009 include cash and cash equivalents, short-term investments, cash held in trust, accounts receivable, accounts payable and accrued liabilities, short-term credit facility, and long-term debt.

The Company is exposed to financial risks arising from its financial instruments. The financial risks include credit risk, liquidity risk, and market risk related to interest rates.



## Fair Value

The fair values of AOSC's financial instruments approximate their carrying value, with the exception of the senior secured debentures.

Because no observable market exists, the fair value for the senior secured debentures is estimated based on discounted cash flow analysis using an estimated discount rate, with consideration for changes in economic and market conditions since issuance. Changes in the discount rate will impact the fair value of the senior secured debentures. A 1% change in the discount rate will impact the fair value of the senior secured debentures by approximately \$8.2 million. At March 31, 2009 the fair value of the senior secured debentures was estimated at \$384.2 million (present value using an estimated discount rate of 14%).

## Credit Risk

The maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents, short-term investments, and accounts receivable on the balance sheet.

At March 31, 2009, 38% of the Company's consolidated accounts receivable are due from one counter party, compared to 27% at December 31, 2008. This counter party is considered to have high credit worthiness.

## Liquidity Risk

For the three months ended March 31, 2009, the Company met all obligations associated with its financial liabilities. The Company's outstanding financial liabilities mature within one year, with the exception of the Company's senior secured debentures, which mature July 30, 2011.

## Interest Rate Risk

For the three months ended March 31, 2009, the Company's exposure to interest charged on the average outstanding credit facility balance, from a 1% change in interest rates, would have an insignificant impact on the consolidated financial statements. The Company's exposure to interest rate fluctuations on interest earned on the average cash and cash equivalents and short-term investment balances, from a 1% change in interest rates, would be approximately \$2.7 million.

## 12. CAPITAL MANAGEMENT

AOSC manages the following capital:

- Common shares and warrants
- Demand credit facility
- Working capital (defined as current assets minus current liabilities, excluding the demand credit facility)
- Long-term debt

The following table summarizes AOSC's capital structure:

	MARCH 31, 2009	DECEMBER 31, 2008
Common shares and warrants (Note 13)	\$ 375,700	\$ 375,536
Short-term credit facility (Note 7)	(1,723)	-
Working capital surplus	(198,894)	(278,986)
Long-term debt (Note 8)	(380,897)	378,906
<b>Total capitalization</b>	<b>\$ 559,426</b>	<b>\$ 475,456</b>



### 13. SHARE CAPITAL

#### a) Authorized

Authorized share capital of AOSC consists of an unlimited number of common shares.

#### b) Issued and Outstanding Common Shares

The following table summarizes changes to the Company's common share capital:

	NUMBER OF COMMON SHARES	AMOUNT
Balance at December 31, 2007	177,372,811	\$ 383,872
Purchase warrants exercised (c)	6,156,850	7,696
Performance warrants exercised (e)	9,000,000	90
Share issue costs (net of tax benefit)	-	(52)
Tax effect of flow-through shares (i)	-	(17,565)
Balance at December 31, 2008	192,529,661	374,041
Liquidity rights/warrants converted to common shares (d)	3,736,433	1,495
Purchase warrants exercised (c)	130,000	164
<b>Balance at March 31, 2009</b>	<b>196,396,094</b>	<b>\$ 375,700</b>

- i. During the year ended December 31, 2008 the Company renounced \$70.3 million of qualifying exploration expenditures to flow-through common share subscribers under the look back rule, for flow-through financing proceeds from 2007. The effective date of the renouncement was December 31, 2007 based on actual core hole drilling program expenditures incurred in the first three months of 2008. The future tax effect of this renouncement at a future estimated tax rate of 25% is \$17.6 million and has been recorded as a reduction to share capital.

#### c) Outstanding Purchase Warrants

The Company reserved 112.0 million common shares for issuance upon exercise of certain issued and outstanding purchase warrants, each whole purchase warrant exercisable at a price of \$1.25 per share on or before five years from the date of issuance. The following table summarizes changes to the Company's purchase warrants:

	NUMBER OF PURCHASE WARRANTS OUTSTANDING
Balance at December 31, 2007	110,438,100
Exercised	(6,156,850)
Balance at December 31, 2008	104,281,250
Exercised	(130,000)
<b>Balance at March 31, 2009</b>	<b>104,151,250</b>

No value was assigned to these warrants at the time of issuance.



#### d) Outstanding Liquidity Rights/Warrants

The Company reserved 3.7 million common shares to be issued provided the Company did not meet the liquidity event requirements by February 16, 2009 as outlined in the August 2007 and December 2007 share subscriptions. These common shares represent approximately 0.10 shares per right/warrant issued under the 2007 financings.

Each flow-through share subscribed during the August 2007 or December 2007 offerings had a liquidity warrant attached which provided the security holder with a right to 0.10 additional common shares per warrant subscribed if the Company did not satisfy a liquidating event by February 16, 2009. Each common share subscribed during the August 2007 offering had a similar right to an additional 0.10 common shares for each share subscribed if the liquidating event did not take place before February 16, 2009.

A liquidity event, as it relates to the securities described above, means:

- I. an initial public offering whereby the common shares of the Company are listed and posted for trading on a recognized Canadian or U.S. stock exchange, or
- II. the completion of any transaction as a result of which all or substantially all of the outstanding common shares are exchanged for the securities of another issuer, and such securities will be listed on a recognized exchange.

The Company did not meet the liquidity event requirements under the share subscription agreements and issued 3.7 million common shares upon automatic conversion of the outstanding liquidity rights/warrants.

The following table summarizes changes to the Company's liquidity rights/warrants:

	NUMBER OF COMMON SHARES IF CONVERTED	ASSIGNED VALUE
Liquidity rights issued with 29,581,000 common shares	2,958,093	\$ 1,183
Liquidity warrants issued with 5,051,000 flow-through shares	505,095	202
Liquidity warrants issued with 2,732,450 flow-through shares	273,245	110
Balance at December 31, 2008 and 2007	3,736,433	1,495
Liquidity rights/warrants converted to common shares	(3,736,433)	(1,495)
<b>Balance at March 31, 2008</b>	-	\$ -

#### e) Outstanding Performance Warrants

Two series of performance warrants were initially issued totaling 19.0 million warrants. 9.5 million Series I performance warrants and 9.5 million Series II performance warrants were issued, which are exercisable for a period of nine years from the date of issuance and only if the net asset value per fully diluted common share is equal to or greater than \$1.50 and \$2.50 per share (for the Series I and II performance warrants respectively), and certain liquidity thresholds have been achieved. The exercise price is \$0.01 per performance warrant.

During 2007 all performance criteria associated with these performance warrants were achieved.



The following table summarizes changes to the aggregate Series I and Series II performance warrants of the Company:

	NUMBER OF PERFORMANCE WARRANTS OUTSTANDING	PROCEEDS WHEN EXERCISED
Balance at December 31, 2007	19,000,000	\$ 190
Exercised	(9,000,000)	(90)
<b>Balance at December 31, 2008 and March 31, 2009</b>	<b>10,000,000</b>	<b>\$ 100</b>

#### f) Contributed Surplus

The following table summarizes changes to the Company's contributed surplus:

	AMOUNT
Balance at December 31, 2007	\$ 28,758
Capitalized stock-based compensation	5,538
Expensed stock-based compensation	7,136
Balance at December 31, 2008	41,432
Capitalized stock-based compensation	575
Expensed stock-based compensation	615
<b>Balance at March 31, 2009</b>	<b>\$ 42,622</b>

## 14. STOCK-BASED COMPENSATION PLANS

The Company's stock-based compensation plans for employees, directors, and consultants consist of Founders' common share options to acquire common shares, performance warrants to acquire common shares, purchase warrants to acquire common shares, stock options and an incentive bonus plan payable to certain specified holders of stock options in the event of a specified change of control.

#### a) Founders' Common Shares, Performance Warrants, and Purchase Warrants

The Company issued 20.0 million Founders' common shares during 2006 at a price of \$0.001 per share of which 17.1 million were available for allocation to employees, directors, and consultants. The Founders' common shares distributed as part of the Company's stock-based compensation are drawn from the original Founders' common shares issued to Avenir Capital Corporation.



The Founders common shares are granted to employees, directors and consultants and held in trust by Avenir Capital Corporation until vesting conditions have been satisfied. Upon vesting, the shares are transferred from Avenir to the employee, director or consultant. The following table summarizes the grants during the period and the number of common shares vested during the period.

	MARCH 31, 2009	DECEMBER 31, 2008
	NUMBER OF COMMON SHARES	NUMBER OF COMMON SHARES
Available for grant at January 1	457,500	1,320,000
Granted	(42,000)	(862,500)
Available for grant at end of period	415,500	457,500
Held in trust subject to vesting criteria at January 1	5,745,418	6,698,332
Granted	42,000	862,500
Vested	(225,834)	(1,815,414)
Balance held in trust at end of period	5,561,584	5,745,418

The estimated fair value per Founders' common shares granted during the three months ended March 31, 2009 was \$8.25.

As at December 31, 2008 and March 31, 2009 there were 5.0 million Series 1 and 5.0 million Series 2 performance warrants issued to directors and officers of the Company which are fully vested and remain outstanding and exercisable.

As at December 31, 2008 and March 31, 2009 there were 10.0 million purchase warrants issued to directors and officers of the Company which are fully vested and remain outstanding and exercisable.

See note 13 for descriptions of these securities.

## b) Stock Options

The Company has a Stock Option Plan, approved in 2006 which allows options to be granted to employees, directors and consultants. The specific terms are determined by the Board of Directors when each specific tranche of options is approved. All options issued by the Company permit the holder to purchase one common share of the Company at the stated exercise price or to receive a cash payment equal to the appreciated value of the stock option at the sole discretion of the Company.

The stock option plan is a rolling plan and currently limits the number of common shares that may be issued on exercise of options awarded under the plan to an aggregate of 10% of the common shares outstanding from time to time.

In 2007, the Company reserved the first tranche of 2,000,000 common shares in connection with this plan for use in attracting and rewarding employees. Stock options expire after 10 years from the date of grant.



	MARCH 31, 2009		DECEMBER 31, 2008	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at January 1	1,657,000	\$ 8.09	470,000	\$ 7.35
Granted	60,000	8.30	1,187,000	8.30
Outstanding at end of period	1,717,000	8.04	1,657,000	8.09
Exercisable at end of period	394,002	\$ 8.11	355,670	\$ 8.12

The estimated fair value per stock option granted during the three months ended March 31, 2009 was \$1.65.

The exercise prices of the Company's outstanding stock options are as follows:

EXERCISE PRICE	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE
	NUMBER OF OPTIONS	WEIGHTED AVERAGE YEARS TO EXPIRY	NUMBER OF OPTIONS
\$ 7.00 - \$8.30	1,717,000	9.04	394,002
<b>Balance at March 31, 2009</b>	<b>1,717,000</b>	<b>9.04</b>	<b>394,002</b>

Subsequent to March 31, 2009, the Board of Directors authorized an additional 1.5 million stock options under the Company's 2006 stock option plan which can be granted to employees, directors and consultants.

### c) Stock-based Compensation

Because no observable market exists for AOSC's shares, the fair value of the instruments included in stock-based compensation during the year have been estimated based on the price per share obtained from the private equity issuance that immediately preceded the grant. Between private equity issuances, a smoothing effect (straight-line basis) of the price appreciation or depreciation is utilized. If a significant period of time passes between equity issuances, management will estimate a share price to use for the fair value calculations of new instruments included in stock-based compensation based on changes in observable market conditions since the previous private equity issuance. For stock-based compensation grants during the three months ended March 31, 2009, the estimated share price used in fair value calculations was \$8.26.

The Company has not incorporated an expected volatility or expected dividend into its fair value estimate of the stock based compensation grants because AOSC is a private company and does not expect to pay dividends to shareholders. The fair value calculations for grants during the three months ended March 31, 2009 assume risk free interest rates of 2.30% based on the date of grant. Vesting conditions range from immediate vesting to 6 years, depending on the specific grant.

A compensation expense is recognized with an offsetting increase to contributed surplus as common shares are distributed in the form of employee-related compensation.

For the three months ended March 31, 2009 the Company expensed \$0.6 million (2008 - \$3.0 million), and capitalized \$0.6 million (2008 - \$1.1 million) of stock based compensation. See note 13(f).



#### d) Incentive Bonus Plan

A cash incentive bonus plan was approved by the Board in 2008. The plan provides for a cash payment of \$4.50 per outstanding option to specified holders of stock options in the event of a specified change of control. At March 31, 2009, the potential liability associated with these incentive rights is \$6.7 million. The likelihood of a specified change in control is not determinable and no amount is recorded in the consolidated financial statements related to the potential liability.

### 15. PER SHARE COMPUTATIONS

The weighted average number of common shares outstanding for the three months ended March 31, 2009 was 194,479,139 (2008 - 177,424,459). Per share amounts are calculated without the inclusion of dilutive securities during periods in which there is a loss. At March 31, 2009 there were 115,868,250 outstanding potentially dilutive securities available for future periods.

### 16. COMMITMENTS

#### Estimated Future Minimum Commitments

\$	2009	2010	2011	2012	2013	THEREAFTER	TOTAL
Long-term debt repayment	-	-	400,000	-	-	-	400,000
Interest payments on long term-debt	52,000	52,000	29,918	-	-	-	133,918
Office leases	1,788	2,384	2,384	2,384	1,071	1,400	11,411
Engineering and construction	581	-	-	-	-	-	581
Other	167	200	200	200	200	-	967
<b>Total commitments</b>	<b>54,536</b>	<b>54,584</b>	<b>432,502</b>	<b>2,584</b>	<b>1,271</b>	<b>1,400</b>	<b>546,877</b>

### 17. RELATED PARTY TRANSACTIONS

During prior periods, the Company has reimbursed Avenir Capital Corporation for certain expenses incurred related to employee business travel and financing costs. Avenir Capital Corporation is the Company's founding shareholder and trustee of the Company's employee stock-based compensation plan. The expenses of \$nil (2008 - \$0.1 million) were all recorded at the exchange amount.

### 18. SUBSEQUENT TRANSACTIONS

Subsequent to March 31, 2009, the Board of Directors authorized an additional 1.5 million stock options under the Company's 2006 stock option plan which can be granted to employees, directors and consultants.

# CORPORATE INFORMATION

## MANAGEMENT

**Sveinung Svarte, MBA, MSc.**  
President & CEO

**Rob Harding, CMA, MBA**  
Vice President, Finance & CFO

**Ian Atkinson, MSc, P.Eng.**  
Vice President, Geoscience, Technology & Reservoir

**Don Verdonck, P.Eng.**  
Vice President, Development & Operations

**Bob Bruce**  
Vice President, Corporate Development

**Anne Schenkenberger, LLB**  
Corporate Secretary

## DIRECTORS

**William Gallacher, P.Eng.** <sup>(2), (3), (4)</sup>  
Chairman

**Gary H. Dundas, CMA, MBA** <sup>(1), (4)</sup>

**Thomas W. Buchanan, C.A.** <sup>(1), (4)</sup>

**J.G. (Jeff) Lawson, LLB** <sup>(1), (2), (3)</sup>

**Sveinung Svarte, MBA, MSc.** <sup>(2), (3)</sup>  
President & CEO

Member of:

- <sup>(1)</sup> Audit Committee
- <sup>(2)</sup> Reserves Committee
- <sup>(3)</sup> Health, Safety & Environmental Committee
- <sup>(4)</sup> Compensation Committee

## CORPORATE OFFICE

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## BANK

Bank of Montreal

## AUDITORS

Ernst & Young LLP

## LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

## INDEPENDENT EVALUATORS

GLJ Petroleum Consultants

DeGolyer and MacNaughton Canada Limited



**ATHABASCA**  

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**OIL SANDS CORP.**