



ATHABASCA

OIL SANDS CORP.

FOR IMMEDIATE RELEASE
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Athabasca Oil Sands Corp. Announces Filing of 2010 Second Quarter Financial Statements

CALGARY – Athabasca Oil Sands Corp. (TSX: ATH) (AOSC) announces it has filed its financial statements and management’s discussion and analysis (MD&A) for the three and six month periods ended June 30, 2010. These documents can be retrieved electronically from SEDAR (www.sedar.com) or from AOSC’s website (www.aosc.com).

AOSC Updates 2010 Activities

AOSC achieved several important milestones in the first half of 2010: it closed its joint venture with a wholly-owned subsidiary of PetroChina Company Limited, completed its initial public offering (IPO) and finished its winter drilling and coring program which resulted in a significant increase in its resource volumes.

According to Bill Gallacher, AOSC’s chair of the board, a highlight was the signing of the joint venture with a subsidiary of the world’s largest public energy company on February 10th. The companies agreed to develop two properties, the MacKay River and Dover oil sands projects west of Fort McMurray. Petro-China’s subsidiary holds a 60 per cent working interest (WI) and AOSC has the remaining 40 per cent WI in the joint venture.

An application has been filed with the Energy Resources Conservation Board (ERCB) for a 150,000 bbls/d SAGD (steam assisted gravity drainage) project at MacKay River. The joint venture partners intend to drill a series of horizontal wells from pads to produce the bitumen. Production from Phase I of the project is anticipated to commence in 2014 and is expected to reach 35,000 bbls/d.

“PetroChina has sophisticated SAGD operations at its Chinese heavy oil fields,” reports Sveinung Svarte, AOSC’s president and CEO. “They also have a very large R&D department working on ways to minimize environmental impacts while maximizing the amount of oil produced. We are privileged to have such a knowledgeable and experienced joint venture partner.”

On April 8th, AOSC completed its IPO and raised \$1.35 billion (gross) by issuing 75 million common shares. “I was impressed that employees and board members chose to invest \$30 million of their own money in shares,” adds Svarte. “We are fortunate such a dedicated group is working for us.”

On June 9th, AOSC announced it had net resource volumes of approximately 8.705 billion barrels, which is comprised of 8.591 billion barrels of contingent resource (best estimate) and 114 million barrels of probable reserves, based on resource evaluations conducted by GLJ Petroleum Consultants Ltd. and DeGolyer and MacNaughton Canada Limited. This represents a 20 per cent increase over the estimates conducted by these companies at December 31, 2009.

The increased resource estimate was based on results from a very successful winter drilling and coring program that included 12 wells in the Dover West area (AOSC 100 per cent WI), 52 wells in the Dover area (40 per cent WI) and four wells in the Grosmont area (50 per cent WI).

“AOSC is the second largest lease-holder of in-situ oil sands in Canada,” Svarte reports. “We have six very large fields, each of which can be developed independently. Our balance sheet is solid with almost \$2 billion in cash and cash equivalents and the put/call options with PetroChina’s subsidiary could potentially provide up to \$2 billion in additional cash prior to repayment of any outstanding loans made by PetroChina’s subsidiary.”

AOSC was incorporated in 2006 with a goal to produce bitumen. The company’s common shares are listed on the Toronto Stock Exchange under the trading symbol ATH.

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Reader Advisory

This News Release contains forward-looking information that involves various risks, uncertainties and other factors. All statements other than statements of historical fact are forward-looking statements. The use of any of the words “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “should”, “believe”, “predict”, “pursue” and “potential” and similar expressions are intended to identify forward-looking statements. The forward-looking information is not historical fact, but rather is based on AOSC’s current plans, objectives, goals, strategies, estimates, assumptions and

projections about AOSC's industry, business and future financial results. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. No assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this News Release should not be unduly relied upon. These statements speak only as of the date of this News Release. In particular, this News Release may contain forward-looking statements pertaining to the following: AOSC's capital expenditure programs; the estimated quantity of AOSC's Probable and Possible Reserves and Contingent Resources; AOSC's drilling plans; AOSC's plans for, and results of, exploration and development activities; AOSC's estimated future commitments; proposed experimental testing in the Dover West area and the results there from; business plans; and the timing for receipt of regulatory approvals. With respect to forward-looking statements and forward-looking information contained in this News Release, assumptions have been made regarding, among other things: AOSC's ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework governing royalties, taxes and environmental matters in the jurisdictions in which AOSC conducts and will conduct its business; the applicability of technologies for the recovery and production of AOSC's reserves and resources; future capital expenditures to be made by AOSC; future sources of funding for AOSC's capital programs; AOSC's future debt levels; geological and engineering estimates in respect of AOSC's reserves and resources; the geography of the areas in which AOSC is conducting exploration and development activities; the impact that AOSC's transaction with the PetroChina subsidiary (as described in the News Release) will have on AOSC, including on AOSC's financial condition and results of operations; and AOSC's ability to obtain financing on acceptable terms. Actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth above and under the headings "Notice to Investors -Forward-Looking Statements" and "Risk Factors" in the Company's prospectus dated March 30, 2010, which is available on the SEDAR website at www.sedar.com ("Prospectus"), including: fluctuations in market prices for crude oil and bitumen blend; general economic, market and business conditions; dependence on the PetroChina subsidiary as the joint venture participant in the MacKay River and Dover oil sands projects; variations in foreign exchange and interest rates; factors affecting potential profitability; the global financial crisis; uncertainties inherent in estimating quantities of reserves and resources; AOSC's status and stage of development; uncertainties inherent in Steam Assisted Gravity Drainage ("SAGD"), Cyclic Steam Stimulation ("CSS") and other bitumen recovery processes; the potential impact of the exercise of the Put/Call Options (as defined in the Prospectus) on AOSC; failure to meet the conditions precedent to the exercise by AOSC of the Put/Call Options, including failure to receive regulatory approval for the MacKay River oil sands project and/or the Dover oil sands project when anticipated or at all; failure to obtain necessary regulatory approvals for completion of the Put/Call Option transactions on the terms and conditions set forth in the Put/Call Option Agreement; failure to meet development schedules and potential cost overruns; increases in operating costs can make projects uneconomic; the effect of diluent and natural gas supply constraints and increases in the costs thereof; gas over bitumen issues affecting operational results; the potential for adverse consequences in the event that AOSC defaults under certain of the PetroChina Transaction Agreements (as defined in the Prospectus); environmental risks and hazards and the cost of compliance with environmental regulations, including greenhouse gas regulations and potential Canadian and U.S. climate change legislation; failure to obtain or retain key personnel; the substantial capital requirements of AOSC's projects; the need to obtain regulatory approvals and maintain compliance with regulatory requirements; extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations from time to time; changes to royalty regimes; political risks; failure to accurately estimate abandonment and reclamation costs; risks inherent in AOSC's operations, including those related to exploration, development and production of oil sands reserves and resources, including the production of oil sands reserves and resources using SAGD, CSS or other in-situ technologies; the potential for management estimates and assumptions to be inaccurate; long term reliance on third parties; reliance on third party infrastructure for project facilities; failure by counterparties (including without limitation on the PetroChina subsidiary) to make payments or perform their operational or other obligations to AOSC in compliance with the terms of contractual arrangements between AOSC and such counterparties and the possible consequences thereof; the potential lack of available drilling equipment and limitations on access to AOSC's assets; aboriginal claims; seasonality; hedging risks; risks associated with establishing and maintaining systems of internal controls; insurance risks; claims made in respect of AOSC's operations, properties or assets; the potential for adverse consequences as a result of the change of control provisions in the PetroChina Transaction Agreements; competition for, among other things, capital, the acquisition of reserves and resources, export pipeline capacity and skilled personnel; the failure of AOSC or the holder of certain licenses or leases to meet specific requirements of such licenses or leases; risks arising from future acquisition activities; risks relating to the reliance on financial information, including that financial information does not reflect the added costs that AOSC expects to incur as a public entity; volatility in the market price of the common shares; the effect that the issuance of additional securities by AOSC could have on the market price of the common shares; and risks relating to AOSC's dividend policy. In addition, information and statements in this News Release relating to "reserves" and "resources" are deemed to be forward-looking information and statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves and resources described exist in the quantities predicted or estimated, and that the reserves and resources described can be profitably produced in the future. The assumptions relating to AOSC's reserves and resources are contained in the reports of GLJ Petroleum Consultants Ltd. dated effective April 30, 2010 and DeGolyer and MacNaughton Canada Limited dated effective April 30, 2010. The risks and uncertainties referred to above are described in more detail in AOSC's prospectus dated March 30, 2010 and in AOSC's Statement of Oil and Gas Reserves Data and Other Oil and Gas Information for the Year Ended December 31, 2009, each of which is available on the SEDAR website at www.sedar.com. See also AOSC's press release issued on June 9, 2010. Readers are cautioned that the foregoing list of risk factors should not be construed as exhaustive. The forward-looking statements included in this News Release are expressly qualified by this cautionary statement. AOSC does not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable securities laws.