FOR IMMEDIATE RELEASE
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# Athabasca Exercises its Option to Sell its Interest in the MacKay River Oil Sands Project

CALGARY – Athabasca Oil Sands Corp. (TSX: ATH) announces that it has exercised its option to divest its 40% interest in the MacKay River oil sands project to Cretaceous Oilsands Holdings Limited, a wholly owned subsidiary of PetroChina International Investment Limited, for cash consideration of $680 million (Cdn.), subject to closing adjustments including Athabasca's repayment of two loans provided by Cretaceous.

The February 10, 2010 Put/Call Option Agreement between Cretaceous and Athabasca granted this option to trigger the sale of Athabasca's 40% interest in the MacKay River project. As a result of the sale of its MacKay River interest, Athabasca's 2012 capital budget will be reduced by approximately $190 million.

The Board of Directors of Athabasca decided to proceed with this divestiture because it believes the long-term prospects of the company are enhanced by deploying its capital and resources into its other development projects.

Sveinung Svarte, president and CEO says, "Since creating the joint venture with Cretaceous in February, 2010 and until our exercise of the put option, Athabasca has grown and diversified. We added approximately three billion barrels of contingent resource (best estimate) through successful drilling and acquisitions, reaching approximately 10 billion barrels of contingent resources (best estimate)."

Svarte adds, "We grew the resource base of the Hangingstone asset area, which the company estimates now has the potential to produce more than 80,000 barrels of bitumen per day. As a result, we accelerated the timing of development for this project and first production is expected in 2014.

"We have also acquired more than 1.7 million acres of promising light oil and liquids-rich natural gas properties. The company is very pleased with the results of our 2011 light oil drilling and completions program and we are targeting a production rate of 8,000 - 10,000 barrels of oil equivalent per day by the end of 2012," Svarte states.

Bill Gallacher, chair of the Board says, "Our strategy is to ultimately achieve approximately 50% of our production from the company's oil sands division and the balance from the light oil division. We will use the proceeds from the option exercise to implement this strategy."

Athabasca is a dynamic, Canadian company focused on development of oil resource plays in Alberta, Canada. It has accumulated a large, high quality resource base suitable for extraction of extra heavy crude oil (bitumen) and light oil. The company is well financed and with its excellent assets and talented people, Athabasca is poised to become a major Canadian oil producer. It is traded on the TSX under the symbol ATH.

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**Reader Advisory**

This news release contains certain forward–looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the forgoing, this news release contains statements concerning the closing of the divestiture, the potential use of the net proceeds from the divestiture to other development projects, the company's anticipated capital budget for 2012, the potential production capabilities of the company's Hangingstone properties, anticipated timelines for production from the company's Hangingstone properties, anticipated exit fiscal 2012 production rates and the company's estimations with regards to its future production profile between conventional oil and gas and oil sands production. The forward-looking information is based on certain key expectations and assumptions made by the company's management, including expectations and assumptions concerning the current terms of prevailing commodity prices, exchange rates, interest rates, applicable royalty rates and tax laws; future production rates and estimates of operating costs; performance of existing and future wells; reserve and resource volumes; anticipated timing and results of capital expenditures; the success obtained in drilling new wells; the sufficiency of budgeted capital expenditures in carrying out planned activities; the timing, location and extent of future drilling operations; the state of the economy and the exploration and production business; results of operations; performance; business prospects and opportunities; the availability and cost of financing, labor and services; the impact of increasing competition; ability to market oil and natural gas successfully, the company's ability to access capital, obtaining the necessary regulatory approval and satisfaction of the other conditions to closing the put transaction. In addition, information and statements 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.

Although the company believes that the expectations and assumptions on which such forward-looking information is based are reasonable, undue reliance should not be placed on the forward-looking information because the company can give no assurance that they will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature they involve inherent risks and uncertainties. The put transaction may not be completed on the anticipated time frames or at all or may be renegotiated and the company's actual results, including production results, performance or achievement could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, what benefits that the company will derive there from. Management has included the above summary of assumptions and risks related to forward-looking information provided in this news release in order to provide readers with a more complete perspective on the company's future operations and such information may not be appropriate for other purposes.

Readers are cautioned that the foregoing lists of factors are not exhaustive. The assumptions relating to AOSC's reserves and resources are contained in the reports of GLJ Petroleum Consultants Ltd. dated effective April 30, 2011 and DeGolyer and MacNaughton Canada Limited dated effective April 30, 2011. The risks and uncertainties referred to above are described in more detail in AOSC's Annual Information Form dated March 28, 2011, which is available on the SEDAR website at www.sedar.com. See also AOSC's financial statements and Management's Discussion and Analysis for the year ended December 31, 2010 and for the current interim financial period, which are also available on SEDAR. These forward-looking statements are made as of the date of this press release and AOSC disclaims any intent or obligation to update publicly any forward-looking information, whether as a result of new information, future events or results or otherwise, other than as required by applicable securities laws.

**Oil and Gas Disclosure**

"Contingent Resources" are defined in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") as 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. Contingent Resources are further classified in accordance with the level of certainty associated with the estimates and may be sub classified based on project maturity and/or characterized by their economic status. The volumes of contingent bitumen resources in the above table were calculated at the outlet of the proposed extraction plant and are the Company's working interest (operating or non-operating) share before deduction of royalty obligations. There is no certainty that it will be commercially viable to produce any portion of the resources.

Barrel of oil equivalents or BOEs 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.