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ATHABASCA URANIUM ACQUIRES VOLHOFFER LAKE PROPERTY OPTION

Athabasca Uranium Inc. (“Athabasca” or the “Company”) is pleased to announce that it has entered into an agreement with an arm’s-length vendor by which the Company has the option to earn a 100% interest in the Volhoffer Lake Project in northeast Saskatchewan.

The 8,530 hectare Volhoffer Lake Project is comprised of two contiguous claims on the eastern margin of the uranium-rich Athabasca Basin, the most productive uranium-producing region in the world. The Project is approximately 22 kilometers southeast of the McArthur River Mine, the world’s largest high-grade uranium mine with proven and probable reserves of 335.5 million pounds U₃O₈ and an average reserve grade of over 15%.

The Volhoffer Lake Project was most recently explored by International Uranium Corp., which in 2005 commissioned a GEOTEM Mag/EM survey. The survey was successful in defining several conductive targets existing within magnetic lows. The proposed exploration model is that the deposition of uranium mineralization exists within an alteration zone often marked by a graphitic horizon which can be highly conductive and therefore detectable by geophysical techniques. Magnetic lows in the survey may indicate possible faulting or breaks in the basement rock through which mineralized fluids may have penetrated and deposited uranium at the basement or within the overlying sandstone. Together, the existence of a conductor in association with a magnetic low can form a compelling exploration target. The Company’s next step is to fully evaluate the GEOTEM survey with other historical data to refine exploration targets. If warranted, targets would then be examined by ground geophysics, prospecting and diamond drilling.

The Company can earn a 100% interest in the Project by paying an initial \$55,000 and issuing 2,500,000 common shares to the Vendor on regulatory approval, by completing \$5,000,000 in qualified exploration work on the Project within five years, and by making an additional cash payment of \$1,200,000 on or before the fifth anniversary of the Agreement. A 2% net smelter return royalty has been granted to the Vendor, of which 1% may be purchased by the Company for \$1,200,000. The Agreement is subject to regulatory approval.

With this acquisition, the Company now controls over 60,800 hectares on the shallow eastern side of the Athabasca Basin. “Volhoffer Lake is a strategic acquisition with a host of viable exploration targets. Its location, proximal to both our Webb River and Keefe Lake Projects, should lower our exploration costs through economies of scale” commented Gil Schneider, Athabasca President & CEO.

About Athabasca Uranium

Athabasca Uranium Inc. is a uranium exploration and development company exploring an aggregate of over 60,800 hectares strategically located in the uranium-rich Athabasca Basin region of northeast Saskatchewan. The Company’s stated vision is to explore the region using leading-edge technology to become a world-class uranium mining company. Additional information on Athabasca Uranium, its properties and its vision is available on the Company’s website at www.athabascauranium.com.

ON BEHALF OF THE BOARD OF DIRECTORS

“Gil Schneider”

Gil Schneider, President & CEO

For information, please contact the Company Toll-Free at: (866) 869-8072 or by e-mail at info@athabascauranium.com.

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