

## **US Oil Sands Announces 2011 Year-End Results**

**CALGARY, ALBERTA February 27, 2012** – US Oil Sands Inc. ("US Oil Sands" or the "Company") (TSXV: USO), a company focused on oil sands exploration and production in Utah, today announced 2011 year-end results.

### **2011 HIGHLIGHTS:**

- Acquired an additional 24,170 acres of undeveloped leases in Utah's Uinta basin, making the Company the largest oil sands lease holder in the United States;
- Completed a 180 well coring program in the PR Spring, Cedar Camp and NW Project areas;
- Engaged a third party engineering firm to develop a detailed mine plan of the PR Spring Mine Development and independently verify resource data;
- Completed a private placement and issued 42,000,000 units for gross proceeds of \$12.6 million;
- Completed public listing on the TSX Venture Stock Exchange trading under the symbol USO.

"Last year we took the company to the next stage of its growth strategy by successfully transitioning into a publicly traded company. That transaction funded the leasing of an additional 24,170 acres of State lands within the PR Spring Special Tar Sands Area and our 2011 operational program, which included drilling and coring 180 test wells, expansion of the company's existing mine test pit, successful trials of our proposed mining equipment, and conclusion of a successful water exploration program " said Cameron Todd, CEO of US Oil Sands. "The Company is now well positioned to begin construction of our first commercial oil sands mine and processing plant from which we expect to bring on first bitumen production in 2013."

### **2011 OPERATIONAL HIGHLIGHTS**

In June 2011, the Company successfully closed the acquisition of an additional 23,850 acres of undeveloped leases located approximately six miles to the west of the PR Spring Project Area. An additional 320 acres were subsequently added to this acquisition. These acquisitions, together with the prior lease holdings of 1,905 acres, bring total exploration acreage to 26,075 acres. This newly acquired project area, referred to as the Cedar Camp and NW Project Area, also taps into the PR Spring Special Tar Sands Area as defined by the U.S. Geological Survey. The Cedar Camp and NW Project Area is in the early stages of exploration assessment.

Including 5,930 acres of development lands, US Oil Sands currently owns a 100%

working interest in its total 32,005 acres of land holdings. All of the Company's leases are within the PR Spring Special Tar Sands Area and are administered by the State of Utah School and Institutional Trust Lands Administration. Royalties paid on production from these lands are used to support the public school system in Utah.

The Company's leases are located within the Uinta Basin in Northeast Utah, which aside from extensive oil sands deposits, is also well known for its conventional oil and natural gas production. Consequently, oil field services are abundant and available to support the Company's coring program and subsequent bitumen development and production operations. The following table summarizes the lease holdings of the Company:

| Oil Sands Acreage Under Lease  | Acreage |
|--------------------------------|---------|
| PR Spring Project Area         | 5,930   |
| Cedar Camp and NW Project Area | 26,075  |
| Total                          | 32,005  |

## **2011 EXPLORATION AND DEVELOPMENT ACTIVITIES**

The 5,930 acre PR Spring Project Area is the primary area on which the Company has focused its exploration and development activities. The Company completed its planned 145 well core holes ahead of schedule and below budget and decided to drill an additional 35 wells to bring the total program to 180 wells. To date, all of the wells have been drilled, rigs released and the drill pads reclaimed.

Of the 147 wells that were drilled on the PR Spring Project Area, 55 were drilled to a 2.5 acre high-density spacing and 92 were drilled to a 40 acre spacing. Results from the 55 well high-density portion of the drilling program are being used for final design of the Company's 213 acre PR Spring Mine Development. Coring and assay information of all 147 wells has also been provided to the Company's independent reserves evaluator for completion of its annual resource assessment required under National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities ("NI 51-101").

The Company drilled 33 exploratory holes in the 26,075 acre Cedar Camp and NW Project Area. The log and assay results will be correlated to existing geological information such that the Company will be able to more clearly estimate the potential resource on this land.

In order to assess and finalize specifications for mining equipment to be used to mine and condition the oil sand ore, the Company also expanded its existing test pit and successfully tested the proposed full scale mining equipment proposed for the

project.

## 2011 FINANCIAL RESULTS AND ANALYSIS

### Summary of selected financial results

| December 31                    | 2011<br>(IFRS) | 2010<br>(IFRS) | 2009<br>(GAAP) |
|--------------------------------|----------------|----------------|----------------|
| Total assets                   | 14,074,958     | 3,673,863      | 3,763,048      |
| Net loss                       | (3,993,101)    | (1,580,752)    | (1,378,341)    |
| Capital expenditures           | 7,061,293      | 120,386        | 116,927        |
| Cash on hand                   | 3,575,004      | 226,869        | 395,992        |
| Shares outstanding at year end | 249,356,329    | 99,275,005     | 99,275,005     |

The Company's financial statements and MD&A are available on SEDAR.

As at December 31, 2011, the Company had cash and cash equivalents of \$3,575,004 and net working capital of \$3,428,501. The Company intends to use its cash and cash equivalent balance to fulfill its liabilities and commitments and fund its development project.

On April 18, 2011 pursuant to the terms of an amalgamation agreement dated March 14, 2011, US Oil Sands Inc. (formerly International LMM Ventures Corp.) acquired all of the issued and outstanding common shares of Earth Energy Resources Inc. ("Earth Energy"), by the issuance of 105,231,324 common shares of US Oil Sands Inc., such that Earth Energy became a wholly-owned subsidiary of US Oil Sands Inc. (the "Acquisition"). On May 9, 2011, Earth Energy and US Oil Sands Inc. amalgamated and continue to operate as US Oil Sands.

In conjunction with the Acquisition, US Oil Sands Inc. completed a private placement and issued 42,000,000 units at a price of \$0.30 per unit for gross proceeds of \$12,600,000. Each unit consists of one common share and one-half of one common share purchase warrant exercisable at a price of \$0.40 per share expiring April 18, 2013.

## 2012 OUTLOOK

During 2012, US Oil Sands intends to finalize design and equipment specifications, order all equipment, and initiate construction on its PR Spring Project. Modular

equipment skids are to be fabricated in preparation for field-mobilization in 2013, with the majority of field construction and equipment installation expected for midway through that year. Project start-up is expected in late 2013 and full production is anticipated for Q1 2014.

Detailed mine engineering and mine planning services for the PR Spring Project are to be provided by Norwest Corporation, a leading mine consulting firm with extensive experience in oil sands mining and engineering. US Oil Sands has also contracted FLSmidth and Co., a leading global mineral process engineering design and equipment supplier, to provide detailed process engineering design and equipment specifications for the Project.

When developing its asset base, US Oil Sands employs a unique approach that utilizes modular production facilities that vastly reduce the time associated with construction, production and mine reclamation. These reduced time frames allow the company to rapidly and continuously re-deploy its production facilities to other permitted production sites. This novel approach to oil sands development requires only a fraction of the capital required by the vast majority of current oil sands projects. This allows for a significant increase in the net present value of US Oil Sands by accelerating production.

Because of the speed at which the Company is able to develop its resource base, it plans to continuously assess the resources inherent to its development and exploration blocks, such that it has a ready inventory of production sites on which to install its modular production facilities.

In keeping with this, current coring and assay information has already been provided to the Company's independent reserves evaluator for completion of its annual resource assessment, as required under NI 51-101.

## **RETENTION OF LEADING INVESTOR RELATIONS FIRM**

US Oil Sands has retained The Equicom Group Inc. ("Equicom") to provide strategic investor relations and communications services.

Equicom provides strategic communications services to approximately 100 public companies across a diverse range of industries. Under the terms of the agreement, US Oil Sands will pay Equicom a monthly fee of \$6,500 for select strategic communication services. The initial contract term is 12 months and commences immediately.

Neither Equicom nor any of its principals have an ownership interest, directly or



indirectly, in US Oil Sands or its securities, nor has the Company granted Equicom or its principals any rights to acquire any such interests. Equicom is a wholly-owned subsidiary of TMX Group Inc.

## **ABOUT US OIL SANDS INC.**

US Oil Sands is engaged in the exploration and development of oil sands properties and, through its wholly owned United States subsidiary US Oil Sands (Utah) Inc., has a 100% interest in bitumen leases covering 32,005 acres of land in Utah's Uinta basin. The Company plans to develop its oil sands properties using its proprietary extraction process which uses a bio-solvent to extract bitumen from oil sands thereby eliminating the need for tailings ponds. The Company is in the pre-production stage and anticipates bitumen production and sales to commence in 2013.

The foregoing information may contain forward-looking information relating to the future performance of the Company. Forward looking information is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward looking statements. Such risks and other factors include, among others, the actual results of exploration activities, changes in world commodity markets or equity markets, the risks of the petroleum industry including, without limitation, those associated with the environment, delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities, title disputes, change in government and changes to regulations affecting the oil and gas industry, and other risks and uncertainties detailed from time to time in the Company's filings with the Canadian securities administrators (available at [www.SEDAR.com](http://www.SEDAR.com)). Forward-looking statements are made based on various assumptions and on management's beliefs, estimates and opinions on the date the statements are made. Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information contained herein. The Company undertakes no obligation to update forward-looking statements if these assumptions, beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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