

## **US Oil Sands Inc. Announces Second Quarter Results and Provides Operational Update**

**CALGARY, ALBERTA August 9, 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 that it has filed its unaudited interim financial statements ("Interim Report") for the six month period ended June 30, 2012 ("Q2 2012") along with the management discussion and analysis ("MD&A") of the financial results of US Oil Sands for such period.

A copy of the aforementioned documents may be found for viewing on the System for Electronic Document Analysis and Retrieval website at [www.sedar.com](http://www.sedar.com) as well as US Oil Sands' website at [www.usoilsandsinc.com](http://www.usoilsandsinc.com).

### **SELECTED SECOND QUARTER OPERATIONAL & FINANCIAL HIGHLIGHTS:**

- Closed \$11 million private placement brokered financing for net proceeds of \$10.2 million;
- Initiated 2012 field work program including:
  - Mobilization of remote man-camp and related facilities
  - Mine equipment testing program
  - Water supply testing program
  - Core hole drilling program
  - Initial site preparation for PR Spring Commercial Project;
- Contracted global mining equipment supplier FLSmidth as EPC contractor to complete integrated engineering design for construction of PR Spring Commercial Project; and
- Engaged Dundee Securities Ltd. to initiate the process of marketing a Joint Venture financing.

"Our second quarter was characterized by the steady operational progression of our PR Spring Project field work program," said Cameron Todd, CEO of US Oil Sands. "We continue to remain on track with regard to achieving commercial production startup in late 2013. Over the balance of the year we intend to finalize detailed engineering design of the PR Spring Project, order long-delivery equipment and initiate construction of modular process skid packages. During this quarter, we have also begun the process of sourcing a joint venture partner, so as to ensure that we have the funding necessary to further develop our high-quality, Utah asset base."

### **SECOND QUARTER HIGHLIGHTS**

Operational highlights during the second quarter revolved around the Company's

2012 PR Spring Project field work program. This included performing the geological and geophysical assessments needed to source optimal water well locations for the Project's future processing facilities; finalizing commercial process engineering plans and design with engineering consultants and equipment suppliers; and gathering and evaluating geological data in anticipation of a Q3 coring program that is intended to better assess the broader PR Spring Area and fulfill requirements needed to pursue future mine permitting areas.

From a financial standpoint, the Company completed a private placement and issued 61,224,735 units at a price of \$0.18 per unit for gross proceeds of \$11,020,452. Each unit consists of one Share and one Warrant exercisable at a price of \$0.26 per share expiring May 23, 2014. The principal purpose of the net proceeds was to fund the development of the Utah-based PR Spring Commercial Project and for working capital purposes.

Additionally, as announced on August 29, 2011 and having just recently received required approvals from the TSX Venture Exchange (the "TSXV"), the Company has issued the third tranche of 500,000 warrants to EAS Advisors LLC ("EAS"). The warrants were issued with respect to services provided by EAS for the period of January 1, 2012 to March 31, 2012. Each warrant entitles the holder thereof to acquire a common share of US Oil Sands at a price of \$0.50 per common share with an expiry date of June 30, 2013. On August 8, 2012, the Company received the required TSXV approval to issue the fourth and final tranche of warrants to EAS for their services provided to the Company from April 1, 2012 to June 30, 2012. These warrants will be issued immediately and will entitle the holder thereof to acquire a common share of US Oil Sands at a price of \$0.50 per common share with an expiry date of June 30, 2013.

## **OUTLOOK**

For the remainder of 2012, US Oil Sands intends to complete its second full field work program. This program includes core hole drilling, logging and assaying on future mine areas, development of process water supplies, site preparation for the PR Spring Commercial Project (Phase 1) and performing additional tests on surface mining equipment. Initial construction of the Company's PR Spring Project began in Q2 2012, and long lead time major equipment is expected to be ordered in Q3 2012. The majority of the project's construction will take place in early 2013 and the project remains on schedule for commercial production start-up of the initial 2,000 bpd phase in late 2013.

With the information gained from the 2011 field work program, where the Company drilled a 147 core-hole program on its PR Spring Development Area, the Company's

Independent Reserve Auditor (Sproule US Limited) confirmed, as of February 29, 2012, the presence of 189.8 million barrels of discovered bitumen resource on the PR Spring block. Management is preparing plans for the development of these resources through a multi-phased expansion of the first 2,000 bpd project, raising capacity on the block to 20,000 bpd by the end of 2017.

Management intends to pursue additional opportunities both through exploration and acquisition of additional resource lands in order to achieve the Company's strategic target of 50,000 bpd capacity by 2020. Management intends to accomplish this by continuously assessing growth opportunities and furthering regulatory application efforts on existing properties, so as to ensure a ready inventory of future mineable assets for the Company.

#### **ABOUT US OIL SANDS LTD.**

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 without the need for tailings ponds. The Company is in the pre-production stage, anticipating the commencement of bitumen production and sales in 2013.

The foregoing information contains forward-looking information relating to the future performance of the Company including information relating to the development and construction of the PR Spring Project, commencement of commercial production, resource estimates, target production levels and joint venture financing arrangements. 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.

Discovered bitumen resources or discovered bitumen initially-in-place is that quantity of bitumen that is estimated, as of a given date, to be contained in known accumulations on Company lands prior to production. There is no certainty that it will be commercially viable to produce any portion of the resources. Additional information relating to resource estimates is contained in the Company's Statement of Resources Data and Other Oil and Gas Information for the year ended December 31, 2011 dated March 27, 2012 and available on SEDAR at [www.sedar.com](http://www.sedar.com).

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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