

US Oil Sands Inc. Announces State Finding Supports PR Spring Permit

CALGARY, ALBERTA August 29, 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 Utah State Administrative Law Judge Sandra K. Allen issued her findings and recommended order on August 28, 2012 that supports the Company's permit-by-rule for its PR Spring Oil Sands Project.

In her finding Judge Allen determined that, "Substantial evidence in the record supports a finding that shallow groundwater has not been located and may be assumed absent in the project area." The judge further found that, "US Oil Sands proposed operation does not present a greater than de minimis risk of affecting the quality of ground water."

Judge Allen's recommended order denies the relief sought by the intervener in its Request for Agency Action and is now expected to be considered by the Utah Department of Environmental Quality's Water Quality Board, which is authorized to rule in the matter.

"Judge Allen's finding further substantiates the outstanding environmental attributes of US Oil Sands' extraction process which uses only a non-toxic bio-solvent derived from citrus to remove oil from the sands," said Cameron Todd, CEO of US Oil Sands. "We believe this process, which requires no tailings ponds, enables the PR Spring Project to possess one of the lowest environmental footprints in its class. This finding further advances our operational plan for the PR Spring Project and we continue to remain on-target for start-up in Q4, 2013."

US Oil Sands has 100% interest in bitumen leases in Utah's Uinta Basin on which the Company plans to develop an oil sands mining extraction project. In 2008 the Company received Utah state approval for a ground water discharge permit-by-rule, and in 2009, a large mine permit for the development of an oil sands mining project on the PR Spring Development lease. In 2011, subsequent to the Company's request for modification of the permitted project, a challenge to the modification and the original permit was filed by a Utah-based environmental organization. The intervener claimed that the project would have a detrimental impact on groundwater in the area. A hearing to adjudicate this challenge was heard on May 16-17, 2012 by Sandra K. Allen, an administrative law judge appointed through the Utah Department of Environmental Quality.

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

The foregoing information contains forward-looking information relating to the future performance of the Company including information relating to the development and environmental impact of the PR Spring Project and the commencement of commercial production from the PR Spring Project. 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). 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.

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