

US Oil Sands Receives Favourable Ruling from Utah Department of Environmental Quality

CALGARY, ALBERTA October 24, 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 the Utah Department of Environmental Quality's Water Quality Board voted by a 9-2 margin to support the Company's permit for its PR Spring Oil Sands Project. The decision will be published and effective once the order has been executed by the chairman of the Water Quality Board.

In its decision, the Water Quality Board confirmed the August 28, 2012 finding of Administrative Law Judge Sandra K. Allen ruling that the Department appropriately issued a water discharge permit by rule to US Oil Sands in 2008.

"The decision by the Water Quality Board further confirms Judge Allen's finding that substantial evidence indicates the absence of shallow ground water in the project area and that the company's proprietary process will have a de minimis, or "insignificant", impact on any potential ground water" said Cameron Todd, CEO of US Oil Sands. "The decision also highlights 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. Our process uses no tailings ponds and recycles 95% of its water. The PR Spring project remains on track for commercial startup late in 2013, and the decision ultimately illustrates the merits that our responsible approach to oil sands development has for the environment and local communities."

US Oil Sands has 100% interest in bitumen leases in Utah's Uinta Basin on which the company plans to develop an oil sands bitumen 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 which claimed the project would have a detrimental impact on groundwater in the area. A hearing to adjudicate this challenge was heard on May 15-16, 2012 by Sandra K. Allen, who ruled in favour of US Oil Sands and made her recommendation to the Water Quality Board.

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 and the commencement of commercial production. 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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For additional information please contact:

US Oil Sands Inc.
Cameron Todd, CEO or Glen Snarr,
President and CFO
Suite #1600, 521 - 3rd Avenue SW
Calgary Alberta
Canada T2P 3T3

Investor Relations
Jeremy Dietz
300 5th Ave. SW, 10th Floor
Calgary, Alberta T2P 3C4
Tel: +1 403 218 2833
jdietz@equicomgroup.com



Tel: +1 403 233 9366

Email: info@usoilsandsinc.com

Website: www.usoilsandsinc.com