

**CALGARY, ALBERTA March 11, 2015** – 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 audited consolidated financial statements ("Financial Report") for the twelve month period ended December 31, 2014 along with the management discussion and analysis ("MD&A") of the financial results of US Oil Sands for such period and the filing of its 2014 independent resource evaluation report.

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 OPERATIONAL & FINANCIAL HIGHLIGHTS**

Some of the achievements in 2014 include:

- Issuance of the patent from the United States Patent and Trademark Office on the Company's bitumen extraction process;
- The appointment of Mr. Mark H. Brown, P.Eng. to its Board of Directors, effective April 15, 2014;
- The Company's Board of Directors approved the Final Investment Decision to proceed with construction of the PR Spring Project (the "Project");
- All major process extraction equipment components have been ordered. As at year end, the Company has commitments of US\$4.1 million for capital equipment and engineering, and in 2014, invested US\$12.2 million;
- Completion of plant site field construction to accept delivery of process extraction equipment modules in Q2/15 and Q3/15;
- Completed construction of a 4,800 square foot warehouse facility at the Project site;
- Opened a second office location in Utah to act as a base of operations for the Project;
- Expanded permanent staff to support PR Spring Project development including a Project Manager, an HSE & Regulatory Manager, a Supply Chain & Project Services Manager, and project and process engineers. To support the Company's expanded research and development initiatives, the Company has also added a Research and Development Manager who is an experienced PhD scientist with significant oil sands experience;
- Announced the addition of Mr. Ed Koshka, Vice President, Business Development & Marketing, to its executive management team effective September 2, 2014;
- Initiated a program, with the support of two Athabasca oil sands industry developers, to procure significant quantities of oil sands from Athabasca

resource deposits and to test the extraction efficacy of the Company's patented technology; and

- In a unanimous decision, the Utah Supreme Court dismissed the only outstanding regulatory challenge made against the Project.

“2014 was without a doubt the busiest ever for the Company” said Cameron Todd, CEO of US Oil Sands. “Following quickly on the heels of the late-2013 CDN\$81 million equity financing, our small project team was immediately tasked with bringing the PR Spring Commercial Demonstration Project from the drawing board to the field. In early 2014 we assembled a team with world-class expertise in project and construction management and we have continued to add to that team as the Project accelerates. Now that all major equipment has been ordered, our attention is now squarely focused on the modular fabrication and skidding of this equipment followed by shipment to the field in mid-2015. The Project remains on track and on budget to commence installation and commissioning in the second and third quarters of this year.”

## **OPERATIONAL HIGHLIGHTS**

With the Board of Directors' approval of the Final Investment Decision to proceed with construction of an enhanced Phase 1 Project at its PR Spring location in Utah, the Company assembled an experienced team to contribute all aspects of engineering, project management, construction management and field operations. To support the increased activity, the Company opened a second office location in Utah to act as a base of operations for the Project.

Field grading commenced in Q2/14 and continued into Q3/14 which saw the entire plant site graded, fenced and foundations prepared to accept the plant extraction modules anticipated to be delivered to the Project site during Q2/15 and Q3/15. Roadways and utility supply infrastructure were commenced during 2014 and will resume in early 2015 as weather allows.

Engineering and procurement was a major focus for the Project throughout 2014. Over 24,000 man-hours of engineering were invested to design all elements of the Project. During 2014, the Company utilized the engineering expertise of Kellogg Brown & Root LLC (“KBR”) and FLSmidth USA Inc. to fulfill much of this requirement. In late December 2014, KBR announced the impending closure of its Salt Lake City office. The Company transitioned the engineering contract and all key engineering personnel to Precision System Engineering, Inc., an experienced local Salt Lake City firm. Construction management will be performed by the Company and directly engaged personnel who have expertise in the oil sands industry.

## **ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

The Annual and Special Meeting of the common shareholders of US Oil Sands will be held at the Calgary Petroleum Club, 319 – 5<sup>th</sup> Avenue SW, Calgary, AB on Wednesday, May 27, 2015 at 9:30 AM MDT. The Company will mail the management information circular, form of proxy and notice on or before May 1, 2015.

A copy of the aforementioned documents will be available for viewing on the System for Electronic Document Analysis and Retrieval website at [www.sedar.com](http://www.sedar.com).

## **SUMMARY OF SELECTED 2014 FINANCIAL RESULTS**

The following financial data was selected from the Company's consolidated financial statements which have been prepared using the accounting policies under IFRS as issued by the International Accounting Standards Board.

| Year ended December 31                        | 2014        | 2013        |
|---|-------------|-------------|
| (all amounts in CDN dollars)                  |             |             |
| Total assets                                  | 98,084,333  | 95,204,711  |
| Cash used in operations                       | (5,890,390) | (4,980,923) |
| Net income (loss)                             | (4,913,417) | (7,747,681) |
| Total comprehensive income (loss)             | (3,592,249) | (6,849,989) |
| Earnings (loss) per share – basic and diluted | (0.01)      | (0.02)      |

As at December 31, 2014, the Company had cash and cash equivalents of CDN\$64,390,338, net working capital of CDN\$60,601,980 and commitments for capital expenditures US\$4,100,206, all related to the PR Spring Project. The Company intends to use its cash and cash equivalent balance to fulfill its current liabilities and fund its PR Spring Project.

## **GRANT OF SECURITY BASED COMPENSATION**

The Company also announced that pursuant to the Company's restricted share unit and stock option plans, a total of 14,118,000 restricted share units and 8,300,000 stock options were granted to Directors, Officers, and Employees of the Company. Restricted share units will vest annually over a three year period. Stock options were issued with an exercise price of \$0.10 per share, the minimum in accordance with the Company's stock option plan, will vest annually over a three year period, and expire

on March 11, 2020.

## **RESOURCE EVALUATION REPORT**

The Company engaged Calgary-based Sproule Unconventional Limited ("Sproule") to complete an independent resource evaluation report dated December 31, 2014 (the "Sproule Report") in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. The Sproule Report details the bitumen resource assessment of the Company's PR Spring property in Utah, as of December 31, 2014, and incorporates the results of the 184 wells drilled and cored on the Company's PR Spring development block in 2011 and 2012. Sproule's independent best estimate of discovered resource is 184.3 million barrels and remains unchanged from the prior year.

US Oil Sands' PR Spring property lies within the State of Utah's PR Spring Special Tar Sand Area and consists of four leases that encompass 5,930 acres. The Company also holds leases on an additional 26,075 acres that have not been explored and therefore, not evaluated in the Sproule Report. US Oil Sands currently holds 100% working interest in its Utah-based assets.

Sproule's resource assessment of the evaluated areas is listed below:

### **DISCOVERED PETROLEUM (BITUMEN) INITIALLY-IN-PLACE<sup>(1)</sup>, P.R. SPRING LEASE, UTAH**

**AS OF DECEMBER 31, 2014**

| <b>Development Area</b>                                   | <b>Area (acres)</b> | <b>Best Estimate<sup>(2)</sup> (MMbbl)</b> |
|---|---------------------|--|
| <b>Permitted Mine Plan Area<sup>(3)</sup>:</b>            |                     |  |
| North Pit   | 61.8                | 4.5  |
| West Pit  | 30.5                | 2.3  |
| Sub-total   | 92.2                | 6.8  |
| <b>Mine Plan Area yet to be permitted<sup>(4)</sup>:</b>  |                     |  |
| South Pit   | 66.7                | 2.7  |
| Proposed and Permitted Mine Plan Area Sub-Total           | 159.0               | 9.5  |
| Area without formally submitted Mine Plans <sup>(5)</sup> | 5,771.0             | 174.8                                      |
| <b>TOTAL LEASE</b>  | <b>5,930.0</b>      | <b>184.3</b>                               |

Notes:

1. Discovered petroleum initially-in-place (equivalent to Discovered Bitumen Initially-in-Place (“BIIP”)) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations on Company lands prior to production. The petroleum type for this property is crude bitumen.
2. These are the gross best estimate total BIIP in place within the lease and/or proposed and permitted mine area on the Company-interest lands, without regard for working interests, royalties or other encumbrances.
3. The Company anticipates production will begin in 2015. The Company is currently optimizing the mine design pit sequencing to open the initial pit with the least overburden and most attractive TV:BIP ratio.
4. High-density (2.5-acre spacing) drilling has been completed for this area and detailed mine planning is currently being undertaken by Norwest Corporation; however, an application has not yet been approved for a revision to the Company's existing mining permit to include this area; as such, there is no certainty at this time that this area will be developed.
5. This area has been defined on an exploratory 40-acre spacing, with some ~10-acre infill coring in proposed future pit areas. The ~10-acre spacing used is adequate for initial pit delineation and estimation of recoverable ore volumes. High-density pre-production drilling and detailed mine plans have not yet been developed for this area; as such, there is no certainty at this time that this area will be developed; if developed, there is no certainty that it will be commercially viable to produce any portion of these resources. There is no certainty that any portion of the resources will be developed or, if developed, there is no certainty as to the timing of such development or whether it will be commercially viable to produce any portion of the resources.

## OUTLOOK

2015 will again be a very busy one for the Company. The Company will continue to focus on Phase 1 of the Project with off-site fabrication of the process extraction plant modules next in scope. Some major equipment has already arrived into our Utah fabricator's yards being readied for modular skidding. This will be an ongoing theme for the next four to five months. As modular skids are completed, they will be transported to the Project site in accordance with the Company's Construction Execution Plan, to be assembled throughout Q2/15 and Q3/15, followed by commissioning and commercial start-up.

Management continues to investigate and pursue business development opportunities for the Company's technology. The Company will continue to work with Athabasca oil sands developers to demonstrate the technology's favourable extraction outcomes and will look to broaden its working relationships with leaseholders and government agencies supporting development of Canadian oil

sands. The technology addresses and overcomes both the low oil price commodity markets and the continued environmental pressures facing the oil sands industry.

#### 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 2015.

The foregoing information contains forward-looking information relating to the future performance of the Company including information relating to resource estimates, the development and construction of the PR Spring Project, commencement of commercial production and corporate development activities. 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. Best estimate is considered to be the best estimate of the quantity that will actually be in-place. It is equally likely that the actual remaining quantities in-place will be greater or less than the best estimate. 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, 2014 dated February 26, 2015 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.

For additional information please contact:

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