US Oil Sands Inc.

Unaudited Condensed Consolidated Financial Statements
For the Three Months ended March 31, 2016
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

US Oil Sands Inc.
Consolidated Statements of Financial Position
(Cdn$)

As at	Notes		March 31, 2016		December 31, 2015
Assets					
Current Assets					
Cash and cash equivalents	4	$	**7,579,572**	$	18,529,111
Accounts receivable			**285,498**		134,280
Prepaid expenses			**345,252**		1,481,451
Inventory			**45,211**		48,239
			8,255,533		20,193,081
Non-current assets					
Property, plant and equipment	5		**1,350,047**		1,337,594
Exploration and evaluation assets	6		**91,905,821**		86,737,570
Intangible assets	7		**1,665,162**		1,665,684
Reclamation funds on deposit			**575,687**		614,255
			95,496,717		90,355,103
Total assets		**$**	**103,752,250**	$	110,548,184
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	8	$	**6,282,195**	$	6,130,555
Current portion of bank debt	9		**307,881**		13,669
			6,590,076		6,144,224
Non-current liabilities					
Bank debt	9		**526,118**		33,229
Decommissioning liabilities	10		**1,007,882**		1,015,987
Total liabilities			**8,124,076**		7,193,440
Shareholders’ equity					
Shareholders’ capital	11		**113,634,766**		113,634,766
Contributed surplus			**13,709,646**		13,410,532
Deficit			**(37,392,457)**		(34,331,504)
Accumulated other comprehensive income			**5,676,219**		10,640,950
Total shareholders’ equity			**95,628,174**		103,354,744
Total liabilities and shareholders’ equity		**$**	**103,752,250**	$	110,548,184

Commitments (note 17)

US Oil Sands Inc.
Consolidated Statements of Comprehensive Loss
For the three months ended March 31
(Cdn$)

	Notes		**2016**		2015
Income					
Interest		**$**	**3,687**	$	62,139
Expenses					
Operation costs			**457,758**		11,143
Amortization	5,7		**62,164**		69,823
Accretion	10		**6,620**		3,068
Property evaluation			**-**		3,371
Technology development			**(65,869)**		68,419
General and administrative			**1,076,933**		1,298,274
Foreign exchange loss (gain)			**1,227,920**		(4,954,792)
Share-based payments	11		**299,114**		255,126
			3,064,640		(3,245,568)
Income (loss) before taxes			**(3,060,953)**		3,307,707
Income tax expense			**-**		124
Net income (loss)			**(3,060,953)**		3,307,583
Other comprehensive income			**(4,964,731)**		2,759,229
Total comprehensive income (loss)		**$**	**(8,025,684)**	$	6,066,812
Earnings (loss) per share – basic and diluted		**$**	**0.00**	$	0.00
Weighted average number of shares outstanding			**853,142,395**		853,142,395

US Oil Sands Inc.
Consolidated Statements of Changes in Equity
For the three months ended March 31
(Cdn$)

	Shareholders' Capital	Contributed Surplus	Warrants	Deficit	Accumulated other comprehensive income (loss)	**Total Shareholders' Equity**
January 1, 2015	$113,634,766	$ 12,075,635	$ -	$ (34,499,675)	$ 2,142,900	**$ 93,353,626**
Net Income	-	-	-	3,307,583	-	**3,307,583**
Other comprehensive income – currency translation adjustment	-	-	-	-	2,759,229	**2,759,229**
Share-based payments	-	255,126	-	-	-	**255,126**
March 31, 2015	**$ 113,634,766**	**$ 12,330,761**	**$ -**	**$ (31,192,092)**	**$ 4,902,129**	**$ 99,675,564**
April 1, 2015	$113,634,766	$ 12,330,761	$ -	$ (31,192,092)	$ 4,902,129	**$ 99,675,564**
Net loss	-	-	-	(3,139,412)	-	**(3,139,412)**
Other comprehensive income – currency translation adjustment	-	-	-	-	5,738,821	**5,738,821**
Share-based payments	-	1,079,771	-	-	-	**1,079,771**
December 31, 2015	**$ 113,634,766**	**$ 13,410,532**	**$ -**	**$ (34,331,504)**	**$ 10,640,950**	**$103,354,744**
January 1, 2016	$113,634,766	$ 13,410,532	$ -	$ (34,331,504)	$ 10,640,950	**$103,354,744**
Net loss	-	-	-	(3,060,953)	-	**(3,060,953)**
Other comprehensive loss – currency translation adjustment	-	-	-	-	(4,964,731)	**(4,964,731)**
Share-based payments	-	299,114	-	-	-	**299,114**
March 31, 2016	**$ 113,634,766**	**$ 13,709,646**	**$ -**	**$ (37,392,457)**	**$ 5,676,219**	**$ 95,628,174**

US Oil Sands Inc.
Unaudited Consolidated Statements of Cash Flows
For the three months ended March 31
(Cdn$)

	Notes		**2016**		2015
Operating activities					
Net income (loss)		**$**	**(3,060,953)**	$	3,307,583
Adjustments for:					
Interest income			**(3,687)**		(62,139)
Amortization	5,7		**62,164**		69,823
Accretion	10		**6,620**		3,068
Share-based payments	11		**299,114**		255,126
Unrealized loss (gain) on foreign exchange			**1,330,920**		(5,060,202)
Changes in non-cash working capital	12		**935,623**		(15,208)
			(430,199)		(1,501,949)
Investing activities					
Interest received			**3,687**		62,139
Purchase of property, plant and equipment	5		**(80,665)**		(55,460)
Expenditures on exploration and evaluation assets	6		**(11,160,921)**		(3,741,411)
Expenditures on intangible assets	7		**(9,926)**		(18,970)
Changes in non-cash working capital	12		**498,238**		486,814
			(10,749,587)		(3,266,888)
Financing activities					
Net bank loan inflows (outflows)			**(12,629)**		-
Effects of exchange rate changes on cash and cash equivalents			**242,876**		(4,955,636)
Net increase/(decrease)in cash and cash equivalents			**(10,949,539)**		186,799
Cash and cash equivalents, beginning of period		**$**	**18,529,111**	$	64,390,338
Cash and cash equivalents, end of period		**$**	**7,579,572**	$	64,577,137

1. NATURE OF BUSINESS

US Oil Sands Inc. (the "Company") 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. To date, the Company has not earned significant revenues as it is in the pre-production stage.

The Company's registered office is located at Suite 1600, 521 – 3rd Ave. SW., Calgary, Alberta, Canada T2P 3T3.

2. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated financial statements ("interim financial statements") were approved by the Board of Directors of the Company on May 18, 2016.

The interim financial statements have been prepared using the accounting policies under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with International Standards ("IAS") 34 "Interim Financial Reporting". These consolidated financial statements have been prepared on a going concern basis.

The interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Audited Consolidated Financial Statements for the year ended December 31, 2015. The Company has prepared these interim financial statements using the same significant accounting policies, critical judgments, accounting estimates and methods of computation applied in the 2015 audited financial statements, except as noted below.

b) Basis of measurement

The interim financial statements are presented on a historical cost basis and in Canadian dollars which is the Company's functional and presentation currency. The Company has a wholly owned subsidiary which uses the US dollar as its functional currency. The Company follows the foreign currency translation method prescribed in IAS 21.

3. FUTURE ACCOUNTING STANDARDS

On January 1, 2017, the Corporation will be required to adopt IFRS 15, "Revenue from Contracts with Customers". IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The extent of the impact of the adoption of IFRS 15 has not yet been determined

IFRS 9 Financial Instruments, finalized in July 2015 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. The standard is effective for annual periods beginning on or after January 1, 2018. The extent of the impact of the adoption of IFRS 9 amendments has not yet been determined

IFRS 16 Leases replaces IAS 17 Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less. This removes the classification of leases as either operating leases or finance leases. All leases will be treated as finance leases, effective January 1, 2019.

The Corporation has not completed its evaluation of the effect of adopting these standards on its financial statements

4. CASH AND CASH EQUIVALENTS

		March 31 2016		December 31 2015
Cash	**$**	**1,171,246**	$	4,846,468
Short-term investments		**6,408,326**		13,682,643
	$	**7,579,572**	$	18,529,111

5. PROPERTY, PLANT AND EQUIPMENT

		Processing Equipment		Shop and Laboratory Equipment		Automotive Equipment		Corporate and Other		Total
Cost										
As at January 1, 2015	$	1,445,326	$	793,210	$	119,529	$	348,699	$	2,706,764
Additions		-		218,871		-		23,365		242,236
Foreign exchange effect		-		375		20,174		15,608		36,157
As at December 31, 2015	$	1,445,326	$	1,012,456	$	139,703	$	387,672	$	2,985,157
Additions		-		32,019		47,980		666		80,665
Foreign exchange effect		-		(188)		(10,489)		(6,487)		(17,164)
As at March 31, 2016	$	1,445,326	$	1,044,287	$	177,194	$	381,851	$	3,048,658
Accumulated amortization										
As at January 1, 2015	$	713,254	$	554,925	$	31,898	$	120,770	$	1,420,847
Amortization		14,061		84,365		28,969		91,430		218,825
Foreign exchange effect		-		215		5,694		1,982		7,891
As at December 31, 2015	$	727,315	$	639,505	$	66,561	$	214,182	$	1,647,563
Amortization		2,461		28,440		7,242		18,226		56,369
Foreign exchange effect		-		(98)		(3,651)		(1,572)		(5,321)
As at March 31, 2016	$	729,776	$	667,847	$	70,152	$	230,836	$	1,698,611
Carrying value										
As at December 31, 2015	$	718,011	$	372,951	$	73,142	$	173,490	$	1,337,594
As at March 31, 2016	**$**	**715,550**	**$**	**376,440**	**$**	**107,042**	**$**	**151,015**	**$**	**1,350,047**

6. EXPLORATION AND EVALUATION ASSETS

Cost and carrying value		
As at January 1, 2015	$	29,610,658
Additions		47,099,117
Changes in decommissioning liabilities (note 10)		570,501
Foreign exchange effect		9,457,294
As at December 31, 2015	$	86,737,570
Additions		11,160,921
Changes in decommissioning liabilities (note 10)		(8,105)
Foreign exchange effect		(5,984,565)
As at March 31, 2016	**$**	**91,905,821**

Exploration and evaluation assets are not subject to depletion as the properties have not been fully developed and technical feasibility or commercial viability has not yet been determined.

No impairment on E&E has been identified as at March 31, 2016 and December 31, 2015.

7. INTANGIBLE ASSETS

	Technology and Patents	Computer Software	Corporate & Other	Total
Cost				
As at January 1, 2015	$ 1,571,206	$ 111,106	$ 81,695	$ 1,764,007
Additions	8,766	26,624	-	35,390
Foreign exchange effect	8,311	22,471	-	30,782
As at December 31, 2015	$ 1,588,283	$ 160,201	$ 81,695	$ 1,830,179
Additions	8,632	1,294	-	9,926
Foreign exchange effect	(305)	(9,618)	-	(9,923)
As at March 31, 2016	$ 1,596,610	$ 151,877	$ 81,695	$ 1,830,182
Accumulated amortization				
As at January 1, 2015	$ -	$ 48,227	$ 81,695	$ 129,922
Amortization	-	23,771	-	23,771
Foreign exchange effect	-	10,802	-	10,802
As at December 31, 2015	$ -	$ 82,800	$ 81,695	$ 164,495
Amortization	-	5,795	-	5,795
Foreign exchange effect	-	(5,270)	-	(5,270)
As at March 31, 2016	$ -	$ 83,325	$ 81,695	$ 165,020
Carrying value				
As at December 31, 2015	$ 1,588,283	$ 77,401	$ -	$ 1,665,684
As at March 31, 2016	$ 1,596,610	$ 68,552	$ -	$ 1,665,162

No impairment on intangible assets have been identified as at March 31, 2016 and December 31, 2015.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31 2016	December 31 2015
Accounts payables	**$ 5,917,213**	$ 5,035,422
Accrued liabilities	**364,982**	1,095,133
	$ 6,282,195	$ 6,130,555

9. BANK DEBT

	March 31 2016	December 31 2015
Current portion of bank debt	**$ 307,881**	$ 13,669
Non-current portion of bank debt	**526,118**	33,229
	$ 833,999	$ 46,898

The Company finalized a three-year loan at 3.70% APR for US$645,000 in January 2016 to partially fund the purchase of US$1.3 million of mining equipment, with the balance of the purchase price paid in cash. Also held is a US$42,000 loan at 6.47% APR for term of five years, ending November 2019. The equipment under each loan is held as collateral, and there are no specified covenants.

10. DECOMMISSIONING LIABILITIES

	March 31 2016	December 31 2015
Balance, beginning of period	$ **1,015,987**	$ 445,486
Changes in estimates	**52,335**	(60,401)
Liabilities added (note 6)	**-**	482,373
Accretion	**6,620**	25,685
Foreign exchange effect	**(67,060)**	122,844
Balance, end of period	$ **1,007,882**	$ 1,015,987

The Company is liable for its share of dismantling, decommissioning, and site disturbance remediation activities of its properties upon abandonment. The estimated amount required to settle the decommissioning liabilities have been discounted using risk-free rates between 2.37% and 3.24% and an inflation rate of 0.9%. The properties are estimated to require reclamation in 15.4 years as at March 31, 2016.

11. SHARE CAPITAL

a) Common shares

		March 31 2016		December 31 2015
	Number	**Amount**	Number	Amount
Balance, beginning of period	853,142,395	$ **113,634,766**	853,142,395	$113,634,766
Balance, end of period	853,142,395	$ **113,634,766**	853,142,395	$113,634,766

Weighted average common shares outstanding, basic and diluted	853,142,395		853,142,395	

b) Stock options

The following table summarizes the changes in stock options and the weighted average exercise prices:

		March 31 2016		December 31 2015
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	**51,858,000**	$ **0.186**	47,810,000	$ 0.197
Options granted	**-**	**-**	8,300,000	0.100
Options forfeited	**-**	**-**	(4,252,000)	0.143
Outstanding, end of period	**51,858,000**	$ **0.186**	51,858,000	$ 0.186
Exercisable, end of period	**44,752,667**	$ **0.199**	42,231,667	$ 0.205

The following table summarizes the changes in stock options and the weighted average exercise prices:

Issue Date	Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
December 23, 2009	0.1000	1,250,000	1,250,000	December 23, 2019
April 18, 2011	0.3600	6,900,000	6,900,000	April 18, 2021
May 28, 2012	0.1800	1,875,000	1,875,000	May 28, 2017
March 18, 2013	0.1150	3,775,000	3,775,000	March 18, 2018
May 15, 2013	0.1250	800,000	800,000	May 15, 2016
November 12, 2013	0.1900	26,600,000	26,600,000	November 12, 2018
March 12, 2015	0.1450	20,000	6,667	March 12, 2019
April 15, 2015	0.1250	1,500,000	500,000	April 15, 2019
April 21,2015	0.1400	100,000	33,333	April 21, 2019
May 14, 2015	0.1300	400,000	133,333	May 14, 2019
August 13, 2015	0.1200	575,000	191,667	August 13, 2019
November 18, 2015	0.1000	500,000	166,667	November 18, 2019
March 11, 2015	0.1000	7,563,000	2,521,000	November 18, 2019
		51,858,000	44,752,667	

As at March 31, 2016, the exercise prices of the options outstanding ranged from $0.10 to $0.36 per option with a weighted average remaining life of 3.06 years.

The fair value of stock options granted were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31 2016	December 31 2015
Risk-free interest rate	Nil	1.58%
Expected life (years)	Nil	5.00
Expected volatility	Nil	119%
Forfeiture rate	Nil	0.88%
Dividend per share	Nil	0.00%

The Company may grant stock options to directors, officers, employees, charities and consultants pursuant to individual stock option agreements. The exercise price, terms of vesting and expiry date of stock options are fixed by directors of the Company at the time of grant.

The Company adopted a “rolling” Stock Option Plan (the “Plan”) in compliance with the TSX Venture Exchange policy for granting shares. Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The exercise price of each option shall not be less than the market price of the Company’s stock at the date of grant with a minimum exercise price of $0.05. Options can be granted for a maximum term of ten years and will vest on issuance unless otherwise determined by the board of directors.

c) Restricted Share Units

The Company has a Restricted Share Unit Plan which authorizes the Board of Directors to granted restricted share units (“RSUs”) to directors, officers, employees and consultants of US Oil Sands Inc. and its subsidiary.

The RSUs vest one-third on the first, second, and third anniversary dates of the grant. On the vesting dates, the Corporation has the option of settling the award value in cash or common shares of the Corporation.

For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. An estimated forfeiture rate of 1% was used to value all awards granted for the period ended March 31, 2016.

The number of restricted share units outstanding are as follows:

	March 31 2016	December 31 2015
Balance, beginning of period	**13,262,383**	-
Granted	**-**	15,766,191
Forfeited	**-**	(2,503,808)
Balance, end of period	**13,262,383**	13,262,383

d) Share-based Payments

A reconciliation of the share-based payments expense is provided below:

For the three months ended March 31	2016	2015
Share-based payments on stock options	**77,017**	217,757
Share-based payments on RSUs	**222,097**	37,369
Total share-based payment expense	**299,114**	225,126

12. SUPPLEMENTAL CASH FLOW INFORMATION

For the three months ended March 31		2016		2015
Accounts receivable	**$**	**(151,218)**	$	(16,780)
Prepaid expenses		**1,136,199**		63,222
Inventory		**3,028**		(3,772)
Accounts payable and accrued liabilities		**445,852**		428,936
Changes in non-cash working capital	**$**	**1,433,861**	$	471,606
Changes in non-cash working capital – operating	**$**	**935,623**	$	(15,208)
Changes in non-cash working capital – investing		**498,238**		486,814
	$	**1,433,861**	$	471,606

13. SEGMENT INFORMATION

Management has segmented the Company's business based on nature of products and services. The Company conducts its oil sands development predominately through its wholly-owned subsidiary, US Oil Sands (Utah) Inc. The accounting policy for each segment is the same as the Company and information regarding the results of each segment is included as below:

a) Non-current segment assets

As at March 31, 2016		Corporate		Utah Oil Sand Development		Consolidated
Property, plant and equipment	$	1,168,934	$	181,113	$	1,350,047
Exploration and evaluation assets		260,000		91,645,821		91,905,821
Intangible assets		1,596,193		68,969		1,665,162
Reclamation funds on deposits		-		575,687		575,687
Segment non-current assets	$	3,025,127	$	92,471,590	$	95,496,717

As at December 31, 2015		Corporate		Utah Oil Sand Development		Consolidated
Property, plant and equipment	$	1,181,614	$	155,980	$	1,337,594
Exploration and evaluation assets		260,000		86,477,570		86,737,570
Intangible assets		1,587,896		77,788		1,665,684
Reclamation funds on deposits		-		614,255		614,255
Segment non-current assets	$	3,029,510	$	87,325,593	$	90,355,103

b) Reported segment income (loss)

For the three months ended March 31	Corporate 2016	Corporate 2015	Utah Oil Sand Development 2016	Utah Oil Sand Development 2015	Consolidated 2016	Consolidated 2015
Income						
Interest income	**3,687**	61,236	**-**	903	**3,687**	62,139
Less: Expenses						
Operation costs	**-**	-	**457,757**	11,143	**457,757**	11,143
Amortization	**45,034**	54,450	**17,130**	15,373	**62,164**	69,823
Accretion	**-**	-	**6,620**	3,068	**6,620**	3,068
Property evaluation	**-**	558	**-**	2,813	**-**	3,371
Technology development	**(65,869)**	68,419	**-**	-	**(65,869)**	68,419
General and administrative	**778,043**	1,104,503	**298,891**	193,771	**1,076,934**	1,298,274
Foreign exchange	**1,227,920**	(4,954,792)	**-**	-	**1,227,920**	(4,954,792)
Share-based payments	**299,114**	255,126	**-**	-	**299,114**	255,126
	2,284,242	(3,471,736)	**780,398**	226,168	**3,064,640**	(3,245,568)
Income (loss) before taxes	**(2,280,555)**	3,532,972	**(780,398)**	(225,265)	**(3,060,953)**	3,307,707
Income tax expense	**-**	-	**-**	124	**-**	124
Segment net income (loss)	**$ (2,280,555)**	$ 3,532,972	**$ (780,398)**	$ (225,389)	**$ (3,060,953)**	$ 3,307,583
Capital Expenditures	**$ 40,651**	$ 67,011	**$ 11,268,349**	$ 3,913,493	**$ 11,309,000**	$ 3,980,504

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, reclamation funds on deposit, accounts payable, accrued liabilities, and bank debt. All financial instruments must be classified into one of the following five categories: loans and receivables, held-to-maturity, fair value through profit or loss, available-for-sale financial assets or financial liabilities measured at amortized cost. The Company classified all of the financial instruments as loans and receivables with accounts payable, accrued liabilities and bank debt as other financial liabilities measured at amortized cost.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, reclamation funds, accounts payable, accrued liabilities and bank debt is approximated by their fair value due to their short-term nature. The Company classifies fair value measurements using a fair value hierarchy with the following levels:

- Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

All of the financial instruments held by the Company are recorded at amortized cost; therefore, the fair value hierarchy is not applicable and the Company does not have financial instruments of which fair values were based on Level 1, 2 or Level 3 measurement.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has not entered into any mitigating interest rate hedges or swaps, however the Company has $64 million of cashable short-term investments. Had the interest rate on the investments been 100 basis points higher (or lower) throughout the three months ended March 31, 2016, earnings would have been affected by $25,045 (2015 – $157,093) based on the average investment balance outstanding during the three month period.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company enters into transactions denominated in United States currency for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. The following items are denominated in United States currency:

		March 31 2016 (US Dollars)		December 31 2015 (US Dollars)
Cash and cash equivalents	**$**	**5,571,513**	$	12,090,699
Accounts payable		**4,312,982**		3,302,292
Accrued liabilities		**94,125**		592,339

As at March 31, 2016, the exchange rate between Canadian dollars and US dollars was US$1 to CAD$1.2971. A change of the value of the Canadian dollar relative to the US dollar of 1% will result in an $11,644 increase in the gain or loss of foreign exchange, respectively.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum risk to credit exposure is equal to the Accounts Receivable and Cash and Cash Equivalents balances. The majority of Accounts Receivable consists of receivables due from the Government of Canada. The Company holds cash and cash equivalents with large and reputable North American banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company enters into transactions for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cash flows for the possibility of a negative net cash flow. All financial instruments are short-term in nature and are settled within 90 days. For the quarter ended March 31, 2016, the Company had a positive working capital of $1,665,457 (2014 - $60,316,105) and an accumulated deficit of $37,392,457 (2014 - $31,192,092). The Company does not carry any long-term debt for operations.

15. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility to meet financial obligations; to facilitate growth; and to optimize the use of capital sources to provide an appropriate investment return to its shareholders. The Company is not subject to any externally imposed capital requirements.

The Company strives to properly exploit its current asset base. Currently, the Company's capital structure is comprised of equity as follows:

		March 31 2016		December 31 2015
Shareholders' capital	**$**	**113,634,766**	$	113,634,766
Contributed surplus		**13,709,646**		13,410,532
Deficit		**(37,392,457)**		(34,331,504)

16. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are comprised of members of the US Oil Sands Board of Directors and executives of the Company. Directors only receive share-based payment compensation and no cash compensation. The remuneration of key management personnel during the three months ended March 31 are as follows:

		2016		2015
Short-term employee benefits	**$**	**252,518**	$	248,615
Share-based payments		**116,940**		193,069
	$	**369,458**	$	441,684

There were no other related party transactions during the three months ended March 31, 2016.

17. COMMITMENTS

	Office and equipment	Resource properties (US dollars)	Exploration and evaluation (US dollars)
2016	$ 479,946	$ 313,434	$ 184,269
2017	616,093	357,049	-
2018	169,688	336,094	-
2019	1,896	336,094	-
2020	-	318,934	-
Thereafter	-	217,580	-
	$ 1,267,623	**$ 1,879,185**	**$ 184,269**

The Company leases equipment and office premises in Canada and USA. The resource properties are leased from the State of Utah. With 32,005 acres held under separate leases and each having differing expiry terms.

As at March 31, 2016, the capital expenditure commitments for the PR Spring Project are US$184,269 and expected to be paid during 2016. The committed costs pertain to detailed engineering, construction management and capital equipment.