US Oil Sands Inc.

Management's Discussion and Analysis
For the three and nine months ended September 30, 2015
(Expressed in Canadian Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED September 30, 2015

This Management's Discussion and Analysis ("MD&A") for US Oil Sands Inc. ("US Oil Sands" or the "Company") is dated November 27, 2015 and should be read in conjunction with the Company's Unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2015.

Unless otherwise noted, the amounts are expressed in Canadian dollars.

Additional information concerning US Oil Sands is available on SEDAR at www.sedar.com.

The September 30, 2015 condensed consolidated financial statements, including comparative figures, were prepared using the accounting policies under International Financial Reporting Standards ("IFRS"). The accounting policies applied in the consolidated financial statements are based on IFRS issued as of September 30, 2015.

EXECUTIVE SUMMARY

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. The Company is in the pre-production stage, anticipating the commencement of bitumen production and sales in Q1 2016.

The Company has continued to make substantial progress in all areas of the PR Spring Project moving towards mechanical completion. The third quarter saw the receipt of most of the key pieces of process equipment to site and either set in place or staged for installation early in the fourth quarter. Mine construction was substantially completed including construction of haul roads, over-burden removal to the top of the first oil sands bed and topsoil preservation and storage; an important element in the Company's unique concurrent reclamation plan.

A detailed schedule review and assessment of critical path items sees substantial mechanical completion of the PR Spring Project in late Q4 2015 followed by final mechanical completion now likely to occur early in the first quarter of 2016 followed immediately by the commissioning and start-up phase, also likely to be completed before the end of the first quarter. The Company did experience the delayed receipt of certain equipment as well as the delay in final engineering of piping, electrical and instrumentation. As a result, the Company elected to perform more field installation of these elements. While not prominent to date, winter weather conditions also are beginning to impact construction efficiency.

Importantly, the PR Spring Project remains on its US$60 million budget and a short delay in start-up is not expected to add any substantial cost or impact on Project primary success measures. As construction is occurring during winter conditions, the Company tempers construction expectations with the need to continue to focus on work safety of all personnel on site.

Other areas of the Company continue to make positive progress as well, with the Grande Prairie research and development facility receiving a second delivery of and commencing a testing program on oil sands from an operating Athabasca mine operator.

The Company also advises that it has reached agreement in principle for a US$10 million financing in consideration of granting a royalty on bitumen production. Parties are working towards definitive agreements and necessary approvals. Management expects to close the financing by year-end.

The project will continue with field assembly throughout Q4 2015 and into the first quarter of 2016, followed by commissioning and commercial start-up in Q1 2016.

NATURE OF THE BUSINESS

US Oil Sands is a pre-production oil sands company with a large land position totalling 32,005 acres of bitumen extraction rights on leases in the State of Utah. It is expected that a significant amount of the resource on the Company's property will be accessible using surface mining methods and the Company's proprietary oil sands extraction process.

The Company has two major oil sands project areas. The Company's primary development area is the PR Spring Project Area which consists of 5,930 contiguous acres and which has been in testing and development since 2005. Within a portion of this lease the Company has an approved surface mine development project which is expected to complete construction and commence production in Q1 2016. The Company also holds 26,075 acres of exploration land which is referred to as the Cedar Camp and NW Project Area.

The Company's proprietary extraction process is a unique highly efficient and low cost process which allows the recovery of bitumen without the need for tailings ponds. The process employs a very effective bio-solvent that is both renewable and biodegradable and through extensive pilot testing, the Company has established extraction efficiency in excess of 90%. Management believes that the commercial PR Spring Project will also demonstrate high extraction efficiency, achieve immediate recycle of 95% process water and further expects the extraction process to exhibit best-in-class environmental performance on the basis of greenhouse gas emissions, energy efficiency, surface footprint and reclamation.

OIL SANDS LEASE HOLDINGS

As of the date of this report, US Oil Sands owns a 100% working interest in its entire 32,005 acres of land holdings. All the Company's leases are within the PR Spring Special Tar Sands Area and are administered by the State of Utah School and Institutional Trust Lands Administration. Royalties paid on production from these lands are used to support the public school system in Utah.

The Company's leases are located within the Uinta Basin in Northeast Utah, which aside from extensive oil sands deposits, is also well known for its conventional oil and natural gas production. Consequently, oil field services are abundant and available to support the pre-production field work program and subsequent bitumen development and production operations. The following table summarizes the lease holdings of the Company:

Oil Sands Acreage Under Lease	Acreage
PR Spring Project Area	5,930
Cedar Camp and NW Project Area	26,075
Total	**32,005**

OPERATIONAL ACTIVITIES

The Company commenced field construction at the PR Spring Project site in May 2015. A continuous and steady stream of equipment deliveries and installation has taken place as all aspects of the PR Spring project synchronize towards final mechanical completion and commercial start-up in the first quarter of 2016.

Supporting the Company's PR Spring Project, several noteworthy accomplishments occurred during the quarter:

- Received at site for erection and installation most of the remaining key pieces of process equipment that were fabricated off-site including the paddle dryer, disk stack centrifuge, modular electrical house, office and control room buildings, bulk storage tanks and the heat recovery steam generator;
- Completed main pipe rack construction;
- Commenced tank farm construction including excavation, lining and tank installation;
- Completed all civil work including foundations and pilings, trenching and underground utilities, water supply pipeline and main gas tie-in from commercial supply pipeline;
- Developed commissioning and start-up plan with the assistance of an experienced third party commissioning firm;
- Substantially completed all project engineering;
- Completed programming of the facility's automated electromechanical processes control system; and,
- Substantially completed work on the mine opening activities, including haul roads, over-burden removal and topsoil preservation.

Following quarter-end field construction activities continued including receipt of remaining power generation equipment, assembly of paddle dryer, commencement of electrical and instrumentation installation, and installation of pipe spools into pipe racks.

FINANCING ACTIVITIES

The Company has not engaged in any financing activities since the October 18, 2013 private placement, where the Company issued 540,036,331 common shares at a price of $0.15 per share for gross proceeds of $81,005,452.

Concurrent with the issuance of this financial report, the Company also announces that it has reached agreement in principle for a US$10 million financing in consideration of granting a royalty on bitumen production. Parties are working towards definitive agreements and necessary approvals. Management expects to close the financing by year-end.

2015 FINANCIAL RESULTS AND ANALYSIS

Summary of selected financial results

	Three Months ended September 30		Nine Months ended September 30	
	2015	**2014**	**2015**	**2014**
Total assets	118,269,781	95,192,713	118,269,781	95,192,713
Cash used in operations	(1,440,216)	(1,294,998)	(4,753,930)	(4,800,856)
Net income (loss)	1,014,556	1,226,921	1,286,967	(4,677,754)
Total comprehensive income (loss)	4,771,554	2,001,730	7,771,511	(3,902,602)
Loss per share – basic and diluted	0.00	0.00	0.00	(0.01)

Analysis of Results

a) Exploration and evaluation assets ("E&E")

Expenditures associated with exploration and evaluation assets are initially capitalized. During Q3 2015, the Company capitalized $25,205,326 (2014 - $6,342,575) in E&E, including all costs directly associated to the PR Spring Project. The following table summarizes the major components of the E&E:

	September 30 2015	**December 31 2014**
Leasehold land interest	8,319,960	6,943,192
Mine pit	9,267,002	6,269,621
Production facilities	52,853,755	12,726,287
Water facilities	4,841,766	3,671,558
Total exploration and evaluation assets	**75,282,483**	**29,610,658**

b) General and administrative expenses

General and administrative costs, which include salaries and benefits, rent, and other general administrative costs decreased by $153,999. A decrease in other costs of $51,782 was mainly attributed to lower legal costs and advisory costs. Salaries and benefits decreased by $100,467 as the Company delayed hiring new personnel or replacing vacant positions in response to current economic environment. The following table summarizes the major components of the general and administrative expenses:

Three months ended September 30	**2015**	**2014**
Salaries and benefits	704,816	805,283
Rent and utilities	136,818	138,568
Other	319,929	371,711
Total general and administrative expenses	**1,161,563**	**1,315,562**

c) Other expenses and income

Income

The Company is in its pre-operation stage and has not earned revenues from oil sands production. The Company experienced a loss on investment income and interest of $80,329 (2014 – $75,612 income) due in part to mark-to-market book loss on its investment-grade holdings due to a financial market downturn that occurred during the quarter. Overall, the Company's investments have earned $65,712 in the nine months ended September 30, 2015. There was no operational revenue in Q3 2015 or Q3 2014.

Share-based Payments

The Company recorded share-based payment expense of $318,203 during Q3 2015, compared to $456,748 for 2014. The fair value of the options and RSUs was calculated using the Black-Scholes option-pricing model.

During the quarter, 682,635 restricted share units **("**RSUs**")** were issued to employees of the Company at a fair market value of $0.095 per unit.

Foreign exchange

An unrealized foreign exchange gain of $3,022,056 (2014 – $3,081,415) was recorded during the quarter driven by US denominated cash held on deposit. The USD exchange rate increased from 1.2474 as at June 30, 2015 to 1.3394 as at September 30, 2015.

Other Expenses

Other expenses, consisting of operations costs, technology development amortization, accretion, and property evaluation was $247,317 (2014 - $151,745), representing an increase of $95,572. The company did not spend any funds on evaluating potential development properties in Q3 2015, as compared to $34,069 in Q3 2014 during which time a significant effort was made to evaluate properties in the Athabasca region in Alberta, Canada. The Company also reduced its technology development expenses in Q3 2015 through a cost-sharing agreement with an Alberta government organization and increasing the operational efficiency of the Research & Development department.

Other Comprehensive Income

Included in total comprehensive income was a gain of $3,756,998 (2014 – $774,809) from currency translation adjustment. The amount represents exchange differences on the net investments in the US subsidiary and the resulting differences upon translation of the US subsidiary, in accordance with IFRS.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Sep 30 2015	June 30 2015	Mar 31 2015	Dec 31 2014	Sep 30 2014	Jun 30 2014	Mar 31 2014	Dec 31 2013
Revenue (net of royalties)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,947
Investment income and interest	(80,329)	83,921	62,139	111,117	75,612	153,996	345,471	192,436
Net income/(loss)	1,014,556	(3,000,872)	3,307,583	(236,456)	1,226,921	(4,049,273)	(1,854,609)	(4,819,595)
Earnings (loss) per share – basic and diluted	0.00	0.00	0.00	(0.00)	0.00	(0.00)	(0.00)	(0.01)

The Company reported an $80,329 loss on investment income and interest in Q3 2015 which represented decrease in income of $164,250 from the previous quarter. The decrease in income resulted from the mark-to-market valuation decrease as a result of the financial market downturn which occurred during the quarter on floating rate investment-grade Canadian and US denominated funds.

Net income increased by $4,015,428 from the previous quarter primarily due to the strengthening of the US dollar in relation to the Canadian dollar, which resulted in an unrealized foreign exchange gain on US denominated working capital of $3,022,056.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2015, the Company had cash and cash equivalents of $38,292,439, net working capital of $23,563,361 and commitments for capital expenditures of $12,695,416 (US$9,478,435).

The Company intends to use its capital resources to fulfill its liabilities and commitments and to fund the remaining development of the PR Spring Project for which in addition to the above, there are an estimated US$6.3 million in expenditures required to complete the project that have not yet been accrued or committed. Based on these estimates, the Company anticipates having sufficient capital resources to complete construction of the PR Spring plant and mine, and support corporate general and administrative costs during that period.

Anticipating having limited working capital upon completion on the PR Spring Project and in light of the continued low oil price environment together with the potential for unexpected completion, start-up and operating costs, the Company initiated a pursuit to secure a working capital cushion as operations increase to the planned 2,000 barrel per day capacity.

As disclosed herein, the Company announces that it has reached agreement in principle for a US$10 million financing in consideration of granting a royalty on bitumen production. Parties are working towards definitive agreements and necessary approvals. Management expects to close the financing by year-end.

COMMITMENTS

The Company has three forms of future commitments; office leases and equipment, resources properties, and capital equipment dedicated to the PR Spring Project.

The Company leases office and office/development premises in Calgary, Grande Prairie, and Vernal respectively. The Calgary office has a head lease expiring March 31, 2018 with average gross quarterly rental fees of $103,788. The office and technology development facility lease in Grande Prairie has a 3-year term expiring March 31, 2016 with gross quarterly rental fees of $36,135. The Vernal, Utah office has a lease expiring August 31, 2016 with average gross quarterly rental fees of US$6,600.

The Company's resource properties are leased from the State of Utah. With 32,005 acres held under separate leases and each having differing expiry terms, the average quarterly payments are US$87,887.

The capital expenditure commitments incurred as at September 30, 2015 are US$9,478,435 and expected to be paid during Q4 2015 and Q1 2016. The committed costs pertain to detailed engineering, construction management and capital equipment.

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 September 30 are as follows:

		2015		2014
Short-term employee benefits	**$**	**256,385**	$	256,233
Share-based payments		**233,065**		330,972
	$	**484,450**	$	587,205

OUTSTANDING SHARE DATA

As of the date of this report there are 853,142,395 common shares outstanding, 51,858,000 options outstanding, and 13,331,858 RSUs outstanding.

FINANCIAL INSTRUMENTS

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 $36 million of cashable short-term investments. Had the interest rate on the investments been 100 basis points higher (or lower) throughout the nine months ended September 30, 2015, earnings would have been affected by $395,253 (2014 – $505,324) based on the average investment balance outstanding during the nine 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:

		September 30 2015 (US Dollars)		December 31 2014 (US Dollars)
Cash and cash equivalents	**$**	**26,134,068**	$	48,773,993
Accounts payable		**8,089,678**		795,007
Accrued liabilities		**2,950,580**		2,504,256

As at September 30, 2015, the exchange rate between Canadian dollars and US dollars was US$1 to CAD$1.339. A change of the value of the Canadian dollar relative to the US dollar of 1% will result in a $150,938 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.

OUTLOOK FOR 2015

The Company will continue to execute on Phase 1 of the PR Spring Project with on-site erection and installation of the process extraction plant modules in accordance with the Company's Construction Execution Plan. Field assembly will continue throughout Q4 2015 and into the first quarter of 2016, followed by commissioning and commercial start-up, which is also expected to be complete in Q1 2016.

The Company is focused on its primary success measures and ensuring these are met as the Company looks forward to first bitumen production. Proving the commercial viability of the Company's patented and unique technology is expected to open the opportunities for future developments in other oil sands areas outside of Utah, in addition to capacity expansion on the Company's Utah production. Key attributes that the Company defines as primary success measures include high oil recovery, elimination of tailings ponds, high solvent recovery and recycle rates, low capital intensity and continuous and safe operations. As the Company moves into commissioning, start-up and continuous production, additional diligence on meeting these objectives remains of more importance than experiencing minor time delays to first bitumen.

The Company is also evaluating and assessing specific markets for sales of crude oil and other petroleum products, along with optimal logistics for said products.

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

FORWARD-LOOKING INFORMATION ADVISORY

This MD&A contains forward-looking information and forward-looking statements within the meaning of applicable Canadian securities laws (collectively, "forward-looking information"). This forward-looking information is subject to certain risks and uncertainties that could cause actual results to differ materially from those included in such forward-looking information. The words "believe", "expect", "indicate", "intend", "estimate", "anticipate", "project", "scheduled" and similar expressions, as well as future or conditional verbs such as "will", "should", "would" "may" and "could" often identify forward-looking information. This information is only a prediction. Actual events or results may differ materially from the events and results expressed in the forward-looking statements and forward-looking information. In addition, this MD&A may contain forward-looking information attributed to third-party industry sources.

Undue reliance should not be placed on forward-looking information, as there can be no assurance that the plans, intentions or expectations upon which it is based will occur. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and other forward looking information will not occur.

Specific forward-looking information contained in this MD&A includes, among others, statements regarding: activities, events or developments that US Oil Sands expects or anticipates will or may occur in the future, including assessments of future plans and operations; financial information; business plans and plans for the exploration, delineation and development of the Company's assets; the completion of the construction of the surface mine development project in the PR Spring Project Area; the work programs for the PR Spring lands; the expected costs and expenditures associated with exploration, delineation and development of the Company's assets; industry information regarding bitumen estimates for Utah and the PR Spring Special Tar Sands Area; timing and sources of financing; further capital *requirements; estimated taxes; the timing of commencement of operations and the level of production anticipated; the operation of facilities, the ability to achieve field performance results similar to those achieved in process development piloting; production methods; estimated general financial performance in future periods; resource estimate relating to the PR Spring Project; expectations regarding the development and production potential of the Company's properties including through the use of evolving extraction technologies; the environmental performance of the Company's extraction technologies; the timing of receipt of required approvals and permits from regulatory authorities; assets, liabilities, financial resources, financial position and growth prospects; cash projections and the components thereof.*

Statements relating to 'resources' are forward-looking statements, as they involve the implied assessment, based on estimates and assumptions, that the resources described exist in the quantities predicted or estimated, and can be profitably produced in the future.

With respect to forward-looking information contained in this MD&A, the Company has made assumptions regarding, among other things: the expected costs to explore, delineate and develop US Oil Sands' assets and the expected costs to construct the PR Spring Projects; future crude oil, bitumen, natural gas and synthetic crude oil prices; US Oil Sands' ability to obtain qualified staff and equipment in a timely and cost-efficient manner to meet its demands; the regulatory framework with respect to royalties, taxes, environmental matters, resource recovery and securities matters in the jurisdiction in which US Oil Sands will conduct its business; US Oil Sands' ability to market production of bitumen successfully to customers; the timing and progress of work relating to assets; continuity of resource between core holes; future production levels; future capital expenditures; future sources of funding for the Company's capital program; future debt levels; future business plans; geological and engineering estimates; the geography of the areas in which US Oil Sands will be exploring; the impact of increasing competition; US Oil Sands' ability to obtain financing on acceptable terms; the risk around change to scope; and the sufficiency of budgeted capital expenditures in carrying out planned activities.

Forward-looking information is subject to known and unknown risks and uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied in such forward-looking information. Such risks, uncertainties and factors include, among others: the early stage of development of US Oil Sands' assets and the nature of the exploration and development activities on such assets; risks associated with contingent and discovered bitumen resources and mine pit estimates; difficulties attracting qualified personnel; the risk of termination or expiration of leases; difficulties encountered during the exploration for, delineation, development and production of bitumen; costs associated with exploration for, delineation, development and production and upgrading bitumen; the impact of competition; the need to obtain required approvals and permits from regulatory authorities; liabilities as a result of accidental damage to the environment; compliance with and liabilities under environmental laws and regulations; the volatility of crude oil and natural gas prices and of the differential between heavy and light crude oil prices; the risks associated with exploring for, developing and producing bitumen; changes in the foreign exchange rate amount between the Canadian dollar, the U.S. dollar and the euro; liquidity and capital market constraints on US Oil Sands; difficulties encountered in delivering bitumen to commercial markets; the risk that US Oil Sands is unable to sufficiently protect its proprietary technology or may be subject to technology infringement claims from third parties; general economic conditions in Canada, the United States, and global markets; failure to obtain industry partners and other third-party consents and approvals when required; royalties payable in respect of US Oil Sands' production; the impact of amendments to the Income Tax Act (Canada) on US Oil Sands; risks of third parties claiming or exercising pre-emptive rights; changes in or the introduction of new government regulations, and in particular related to carbon dioxide relating to US Oil Sands' business; uncertainty surrounding the ability to attract capital for both debt and equity when necessary; and circumstances may arise, including changes in IFRS, regulations or economic conditions, which could change the assumptions, estimates or expectations of the information provided in respect of US Oil Sands' transition to IFRS.

Management has included the above summary in order to provide readers with a more complete perspective. Actual results, performance or achievements could differ materially from those expressed in, or implied by, the forward-looking information and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking information will transpire or occur, or if any of them do so, the benefits that US Oil Sands will derive there from. All of the forward-looking information contained in this MD&A is qualified by these cautionary statements. US Oil Sands undertakes no obligation to publicly update or revise any forward-looking information to reflect new information, subsequent events or otherwise, unless so required by applicable securities laws.