

**CALGARY, ALBERTA May 14, 2014** – US Oil Sands Inc. ("US Oil Sands" or the "Company") (TSXV: USO), a company focused on oil sands exploration and production in Utah announced today that its Board of Directors has approved the Final Investment Decision to proceed with construction of its PR Spring Project in Utah. The Company also provided an operational update and filed its unaudited interim financial statements ("Interim Report") for the three month period ended March 31, 2014 ("Q1 2014") along with the management discussion and analysis ("MD&A") of the financial results of US Oil Sands for such period.

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 QUARTERLY HIGHLIGHTS**

- The Board of Directors approved the Final Investment Decision to proceed with construction of an enhanced Phase 1 Project at its PR Spring location in Utah. Phase 1 is designed to produce approximately 2,000 barrels per day of bitumen with attractive capital costs, operating expense, and environmental profile.
- With the approved enhancements, Phase 1 can now process a broader range of oil sand ores while improving solvent and water recovery. Design enhancements will substantially reduce solvent and water losses;
- Phase 1, expected to achieve commercial production in the second half of 2015, is estimated to have capital costs of US\$60 million;
- Kellogg Brown & Root LLC ("KBR") was selected to provide project and construction management services for the PR Spring Project. Working jointly with US Oil Sands, KBR will assist in bringing both the extraction facilities and mine development into commercial production;
- Initiated the procurement of long delivery equipment for PR Spring. The Company has purchased a rotary slurry mixer, one of the largest pieces of equipment in the project and will be placing orders for other major equipment over the next four months as the Company targets installation in early 2015; and
- The Company received approval of its U.S. patent application for its bitumen extraction process, complementing the issuance of the Canadian patent in 2012. The approval provides a key, strategic advantage for the Company, as



no commercial oil sands mining process has yet been implemented that can operate with the overall reduced environmental footprint that US Oil Sands' process provides.

“Our first quarter has been an exceptional period for our Company, as we transitioned the PR Spring Project from the design stage to the execution and build stage” said Cameron Todd, CEO of US Oil Sands. “Included in this transition was our Board of Directors’ approval of major project enhancements that will enable us to cut our water usage in half, increase our bio-solvent recovery by 50%, and recover increased amounts of oil from a broader range of oil sands ore. These improvements bolster our current credentials of possessing the best environmental performance in the industry while at the same time, leading in capital efficiency. This, in combination with our recent receipt of our U.S. patent approval will ensure US Oil Sands is uniquely positioned to expand its leading technology to other developments, greatly enhancing value for shareholders.”

## **OPERATIONAL HIGHLIGHTS**

During the first quarter of 2014 the Company continued to work with its engineering consultants and equipment suppliers to optimize engineering design on Phase 1 of the PR Spring Project. Project construction, management and consulting contracts have been awarded to KBR, FLSmidth USA Inc., and Norwest Corporation. Additionally, the Company continued to work on future mine planning activities with the assistance of its third party mine engineering consultants.

Subsequent to the end of quarter, and in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities, the Company released the independent resource evaluation report issued by Calgary-based Sproule Unconventional Limited ("Sproule") dated April 2, 2014. The evaluation results detail the bitumen resource assessment of the Company's PR Spring property in Utah as of February 28, 2014, and incorporate the results of the 184 wells drilled and cored on the Company's PR Spring Project Area in 2011 and 2012. Sproule's independent best estimate of discovered resource is 184.3 million barrels.

## **OUTLOOK**

The Company's Board of Directors approved the Final Investment Decision to proceed with construction of Phase 1 of its PR Spring Project in Utah. The added design enhancements will allow the Company to obtain high bitumen recovery from a broader range of oil sand ores demonstrating the suitability of the process for expansion across the Company's Utah leases and potentially to Canada and other deposits worldwide. These design improvements have the added benefits of

increasing solvent and water recovery, reducing overall operating costs.

The enhanced project has been approved by the Company's Board of Directors with estimated capital costs of US\$60 million.

For the remainder of 2014, the Company will continue to focus on the final engineering design and procurement of equipment, as it continues to progress site preparation and construction of the PR Spring Project Area. The Company anticipates that a significant portion of the fabrication of the process extraction plant will be completed in 2014, with the remaining fabrication and final field assembly to occur in 2015 followed by commercial start-up.

Management has also initiated preliminary mine planning and permitting activities intended for future production areas within the broader PR Spring Project Area. In addition, US Oil Sands will continue its long term strategic goal of acquiring the rights to additional resource lands by assessing relevant growth opportunities existing outside its immediate area of operation, including those in international jurisdictions such as Canada and elsewhere.

#### **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 the development and construction of the PR Spring Project, mine planning, commencement of commercial production, corporate development activities and resource estimates. 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, 2013 dated April 2, 2014 and available on SEDAR at [www.sedar.com](http://www.sedar.com).

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