



**U.S.** OIL SANDS®

# Corporate Presentation

September 2014

TSXV: USO

# Forward Looking Statements

This presentation contains forward-looking statements and forward looking information within the meaning of applicable Canadian securities laws (collectively "forward-looking statements"). Forward-looking statements in this presentation include, but are not limited to, statements with respect to: business strategy and strengths, exploration and development activities, the anticipated time and costs required to develop the PR Spring Project and to construct the modular plant required to commence operations, the environmental impact of the extraction process, access to markets and the availability of refining capacity and estimates relating to resource quantities, production rates, capital and operating costs, commodity prices, government royalty rates, netbacks, cash flows and payout periods. Statements relating to "resources" involve the implied assessment, based on certain estimates and assumptions, that the resources described exist in the quantities predicted or estimated and can profitably be produced in the future.

With respect to forward-looking information contained in this presentation, the Company has made assumptions regarding, among other things: the expected costs to explore, delineate and develop its assets and the expected costs to construct the PR Spring Project; future crude oil, bitumen, natural gas and synthetic crude oil prices; the ability to obtain qualified staff and equipment in a timely and cost-efficient manner; the regulatory framework with respect to royalties, taxes, environmental matters and resource recovery in the State of Utah; the ability to market production of bitumen successfully to customers; the timing and progress of work relating to development activities; geological and engineering estimates; the geography of the areas in which the Company will be exploring; the impact of increasing competition; the ability to obtain financing on acceptable terms; and the sufficiency of budgeted capital expenditures in carrying out planned activities.

We caution readers not to place undue reliance on these forward-looking statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and estimates expressed in such forward-looking statements. These factors include, but are not limited to: changes in general economic, market and business conditions; the volatility of oil and gas prices; production and development costs and capital expenditures; the imprecision of estimates of recoverable quantities of bitumen; the loss of key personnel; the marketability of production, defaults by third parties; unforeseen complications with patent applications or patent protection on extraction process; fluctuations in foreign currency and exchange rates; inadequate insurance coverage; compliance with environmental laws and regulations; actions by government or regulatory agencies, including changes in tax laws; changes in laws or regulations; access to external sources of debt and equity capital; and the occurrence of unexpected events involved in the operation and development of oil sands properties. The risks outlined above should not be construed as exhaustive. Investors are cautioned not to place undue reliance on any forward-looking statements.

When relying on our forward-looking statements to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Furthermore, the forward-looking statements contained in this presentation are made as of the date of this presentation US Oil Sand Inc. does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this presentation are expressly qualified by this cautionary statement.

This presentation contains financial outlook information relating to the Company's prospective results of operations, cash flows, and components thereof, all of which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. The purpose of the financial outlook is to provide information regarding the Company's reasonable expectations as to the anticipated results of its proposed business activities for the periods indicated. Readers are cautioned that the financial outlook may not be appropriate for other purposes.

## Disclosure of Oil and Gas Resource Information

The Company has disclosed discovered resources in this document. Discovered resources is that quantity of bitumen that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered resources includes production, reserves, and contingent resources; the remainder is unrecoverable. Further review of the Corporation's resource evaluation procedures is required to assign the estimate of discovered resources to a more specific resource category. The resource estimate is a best estimate of the quantity that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability (P50) that the quantities actually recovered will equal or exceed the best estimate. The resource estimate has not been risked for chance of development (technical, economic, regulatory, market and facility, corporate commitment or political risks). 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. A significant factor relevant to the resource estimate is the regulatory permitting process. 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).

## Currency Used in Presentation Material:

All amounts herein expressed in USD unless otherwise stated.

# Overview

**LARGE RESOURCES & LAND**



**INNOVATION BREAKTHROUGH**



**ENVIRONMENTAL LEADERSHIP**



**CAPITAL EFFICIENCY**



Changing the Way  
**Oil Sands Bitumen**  
is Extracted

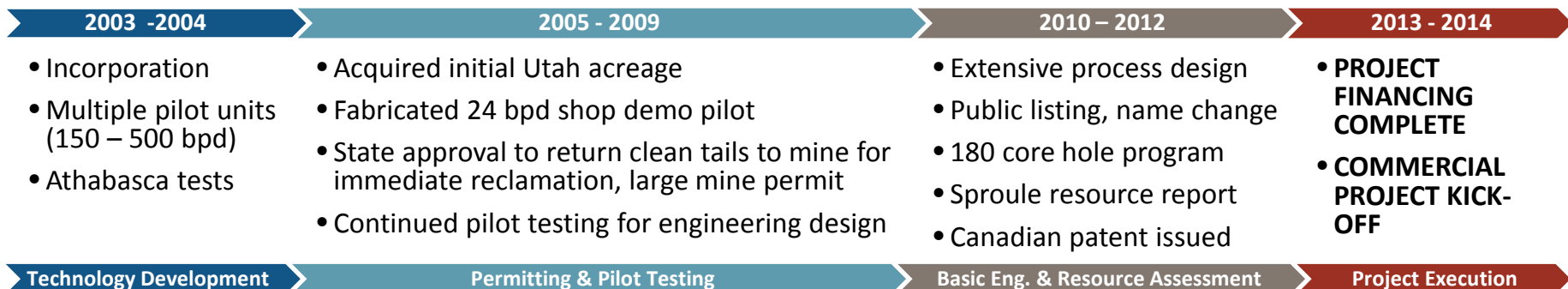
**(capital / environment / oil recovery)**

# Company Snapshot

- Proprietary extraction process
  - Small environmental footprint, no tailings ponds
  - ~\$20,000/bpd capital intensity, rapid payout
- Executing on 2,000 bpd project in Utah
  - Funded and permitted, first-oil in 2015
- Scale-up to 10,000 bpd in Utah
- Worldwide development potential

## Corporate Profile

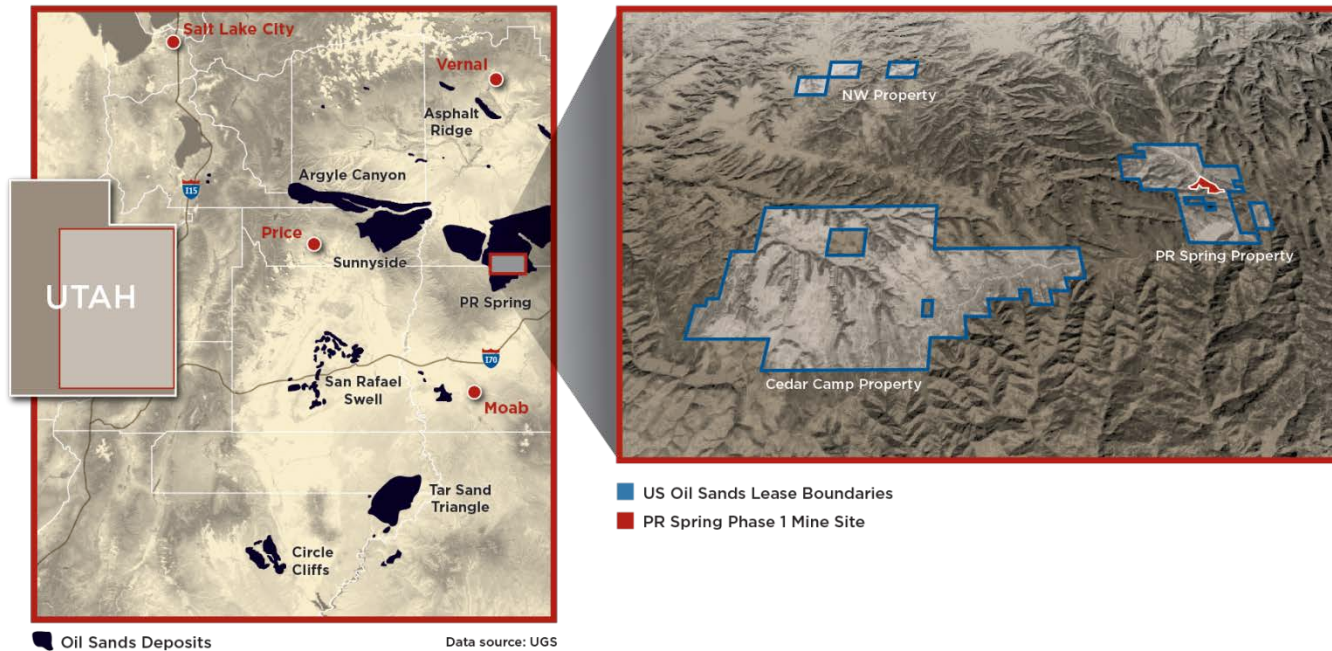
- Calgary-based oil sands mining company
- TSX Venture listed: “USO”
- Market cap: C\$102MM<sup>(1)</sup>
- C\$70MM in treasury – no debt<sup>(1)</sup>
- Significant technology and resource development



(1) As at June 30, 2014

# Extensive Land & Resource Base

- Largest oil sands land base in the U.S.
- PR Spring Project Area:
  - 100% working interest in 5,930 acres
  - Sproule assessment of 184 MMbbls Discovered Resource<sup>(1)</sup>
- Significant exploration lands
  - 100% W.I. in 26,075 acres

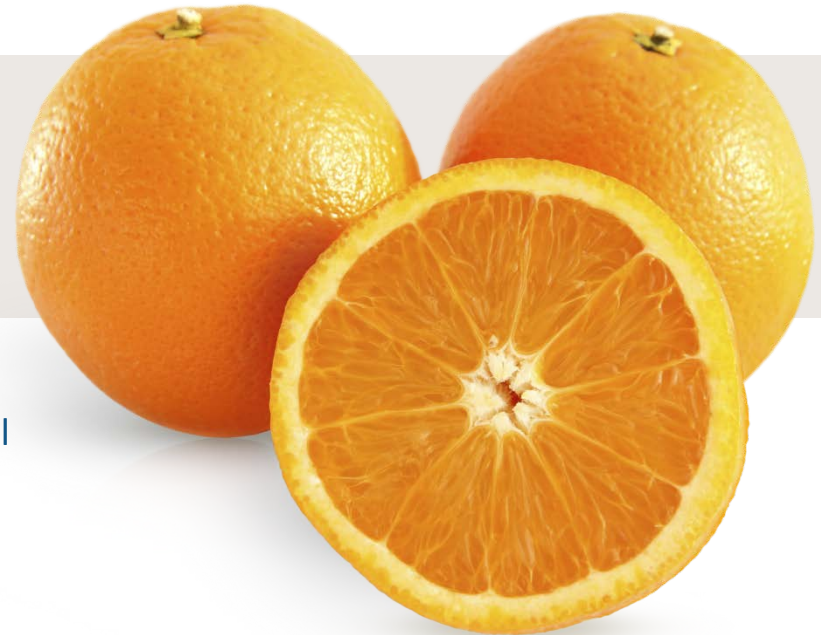


(1) Sproule Unconventional Limited report effective February 28, 2014

# Breakthrough Extraction Process

**Our process uses a biodegradable solvent extracted from citrus fruits**

US Oil Sands' patented extraction process is one of the most important breakthroughs in mineable oil sands extraction techniques in more than 45 years.



## **Process facts:**

- Uses low mechanical energy, no sludge
- Eliminates expensive water handling, bitumen froth treatment, middling sludge management and tailings storage recovery
- **Best-in-class energy efficiency**

**90-96%** Bitumen recovery

**0** Eliminates tailings ponds

**>75%** Reduction in capital intensity

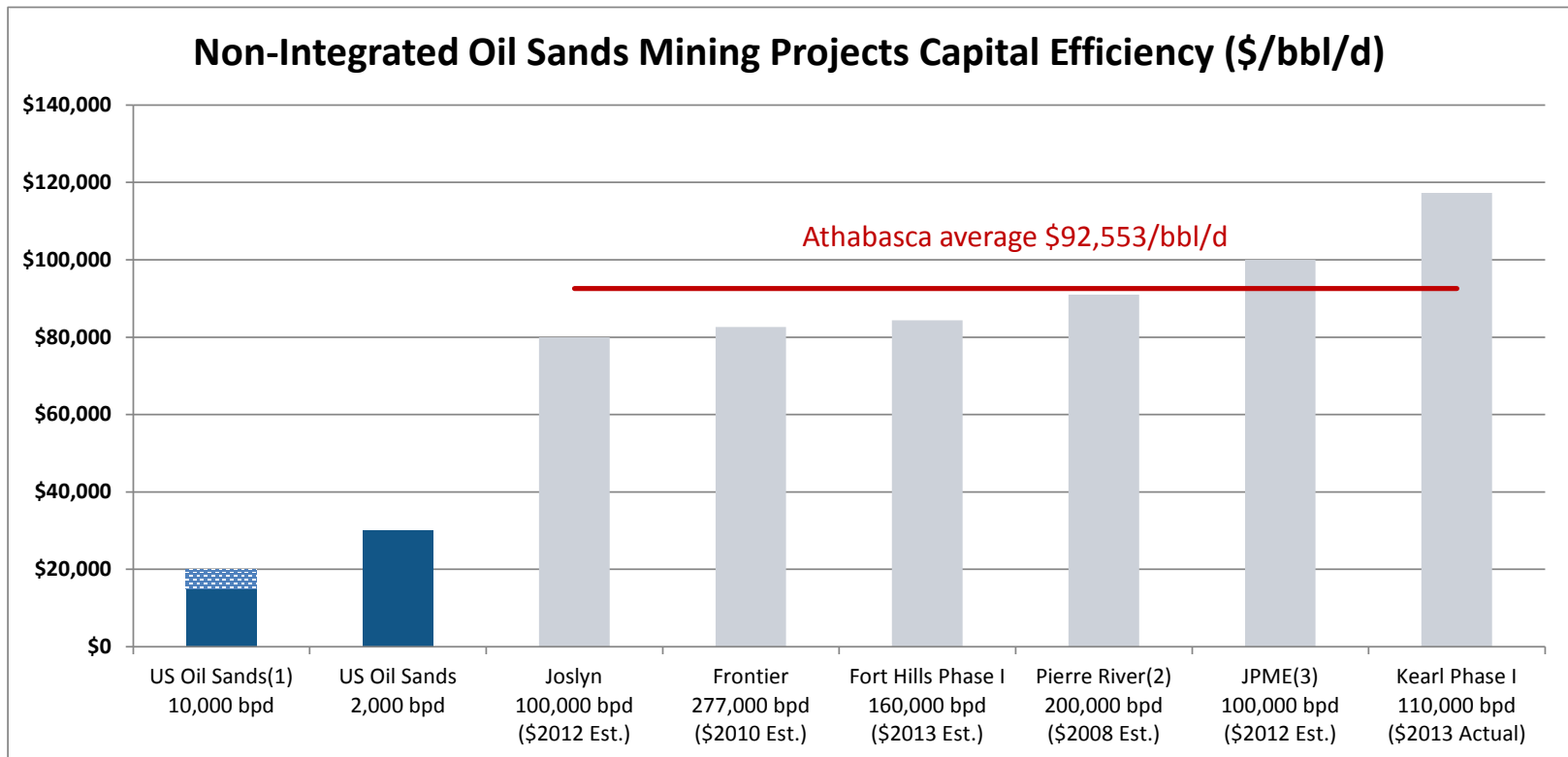
# Game-Changing Benefits

Economic Benefits	
<b>Low Up Front Capital</b>	<ul style="list-style-type: none"> <li>• Low threshold, payout in 2 years</li> <li>• Low cost; process eliminates pond water handling, bitumen froth treatment, middlings sludge and tailings recovery</li> </ul>
<b>Capital Efficiency</b>	<ul style="list-style-type: none"> <li>• ~\$20,000/bpd in Utah vs. up to \$100,000/bpd for current Athabasca oil sands mining projects</li> </ul>
<b>Low Full Cycle Opex</b>	<ul style="list-style-type: none"> <li>• Ability to recycle and re-use solvent lowers operating costs</li> </ul>
<b>Scalable</b>	<ul style="list-style-type: none"> <li>• 2,000 bpd minimum size can be scaled-up to match resource, increasing operating efficiency</li> </ul>
<b>Time Value of Money</b>	<ul style="list-style-type: none"> <li>• Modular processing facilities enable phased capital deployment and rapid construction</li> </ul>

Environmental Benefits	
<b>Smallest Footprint</b>	<ul style="list-style-type: none"> <li>• Smallest footprint of any oil sands mining process</li> <li>• Eliminates need for tailings ponds, enabling rapid reclamation</li> </ul>
<b>Best-in-Class Water Use &amp; Recycle</b>	<ul style="list-style-type: none"> <li>• Clean tailings, no ponds to seep</li> <li>• &gt;95% water recycle</li> <li>• 98% solvent recycle (renewable and biodegradable)</li> </ul>
<b>Reduced Energy Use</b>	<ul style="list-style-type: none"> <li>• Thermal efficiencies, single handling of tails, increased oil recovery</li> </ul>
<b>Best-in-Class GHG Emissions</b>	<ul style="list-style-type: none"> <li>• Lower energy use results in best-in-class GHG emissions, lower than many conventional projects</li> </ul>
<b>Best-in-Class Air Quality</b>	<ul style="list-style-type: none"> <li>• Low sulphur in Utah results in reduced emissions from subsequent upgrading processes</li> </ul>

# Superior Capital Efficiency

- Lowest capital intensity of any recent mining oil sands project – even at small scale



(1) USO 10,000 bpd project shown as a range between \$150MM and \$200MM capex estimates

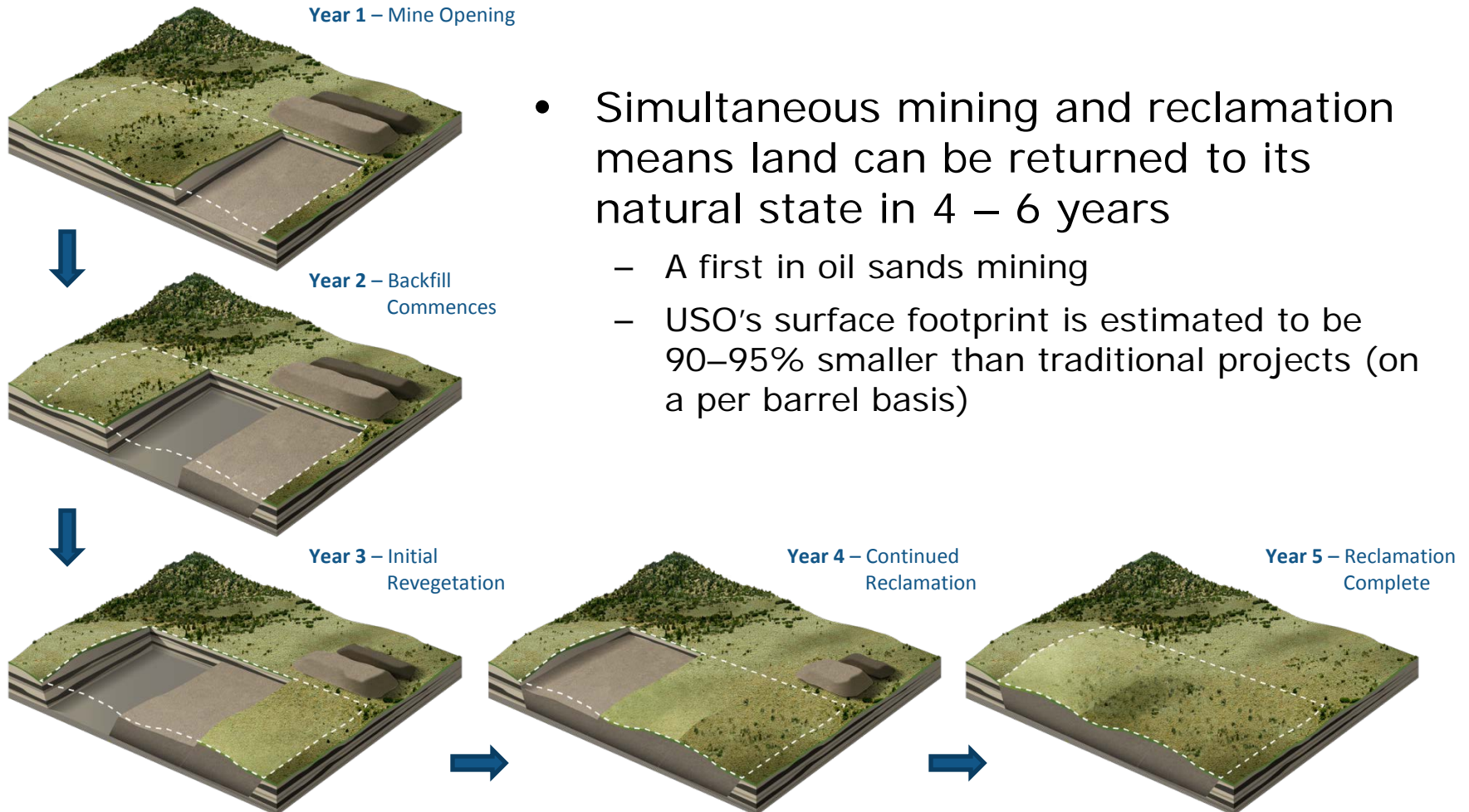
(2) Pierre River shown as an average of low (\$14.6B) and high (\$21.8B) capex estimates

(3) Jackpine Mine Expansion shown as an average of low (\$8B) and high (\$12B) capex estimates

Source: US Oil Sands, company websites, regulatory applications



# Concurrent Reclamation



- Simultaneous mining and reclamation means land can be returned to its natural state in 4 – 6 years
  - A first in oil sands mining
  - USO's surface footprint is estimated to be 90–95% smaller than traditional projects (on a per barrel basis)

# PR Spring Project

- Fully approved surface mine and development project
  - Uinta Basin in Northeast Utah
  - Initial 2,000 bpd phase
  - Off-the-shelf process equipment
  - Conventional mining approach
- Phase II to add 10,000 bpd module



## Attractive Oil Sands Development in Utah

- Large known resource
  - Estimated up to 30 Bbbls in place
- Development-oriented state
- Attractive royalties
- Proximity to markets
  - Low transportation costs
- Low cost operation
  - Access to infrastructure, services, mining expertise
- First mover advantage
- High quality bitumen
  - Low sulphur, lighter than Athabasca crude

# Commercial Demonstration Objectives

- Build 2,000 bpd demonstration project to prove the commerciality of the process

## Primary Success Measures

Prove it's Game-changing w/no Show-stoppers

- No tailings pond
- High oil recovery
- High solvent recovery & recycle
- Built within capital constraints
- Continuous safe operation

## Secondary Success Measures

Optimize Performance

- On time
- On budget
- High uptime
- Low op cost
- Highly profitable
- Reaches full capacity

- Use the success of Phase I to prove viability of 10,000 bpd Phase II and the potential for future developments in other areas
- Optimize design for Phase II

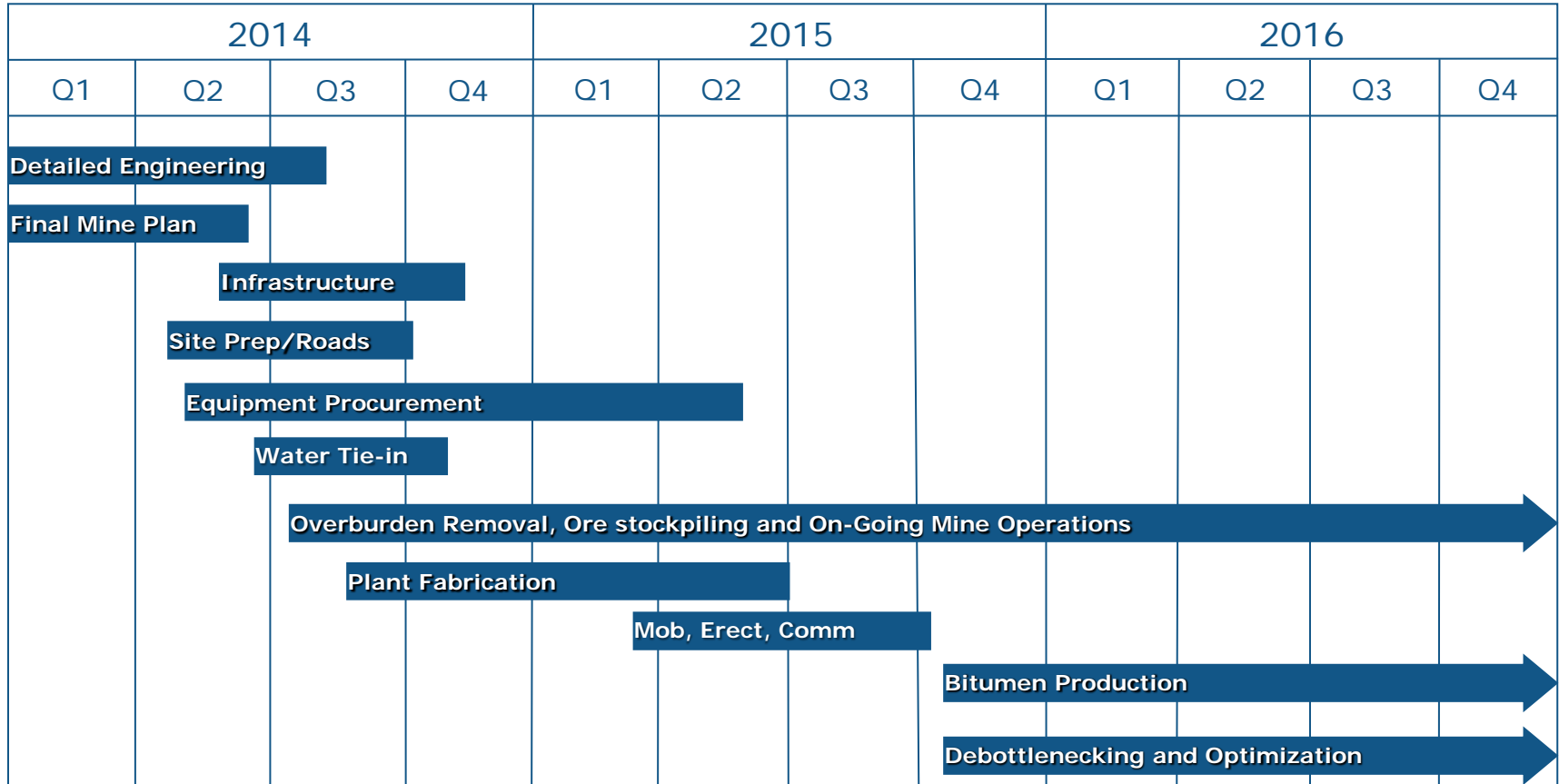
# Proven, Permitted, Financed & Under Development

- Extensive pilot testing of extraction process
  - Four prototypes ranging from 24 – 500 bpd, various ores tested
- Phase I approved by Utah Division of Oil, Gas and Mining
  - Only commercial bitumen extraction project permitted in the U.S.
- Phase I funded to first-oil
  - C\$81MM equity financing in October 2013
- Project work has commenced
  - Off-site fabrication of process plant partially complete in 2014
  - Final fabrication, field assembly and commercial start-up in 2015
  - Leveraging experienced team of consultants for project support



# Project Implementation Schedule

## PR Spring Project - Phase I



# Phased Production Growth

- Rapid build-up in phases
- Modular construction allows flexible development of various capacities
  - Can be stand-alone, sequential or scaled-up
- Low capital threshold, ~\$20,000/bpd of capacity

## 2,000 bpd Commercial Demo Unit

- First commercial demonstration of the technology
- \$60MM est. capital cost<sup>(1)</sup>
- \$30,000/bpd capital intensity
- ~12 months to construct
- First-oil expected Q4 2015

## 10,000 bpd Production Units

- Deploy 10,000 bpd modules as resources are acquired / developed
- \$150-\$200MM est. capital cost
- \$15-\$20,000/bpd capital intensity
- 9 – 12 months to construct
- First unit online in 3 – 4 years

(1) Commercial demonstration unit costs include commissioning and start-up and some Phase II pre-build costs

# Markets

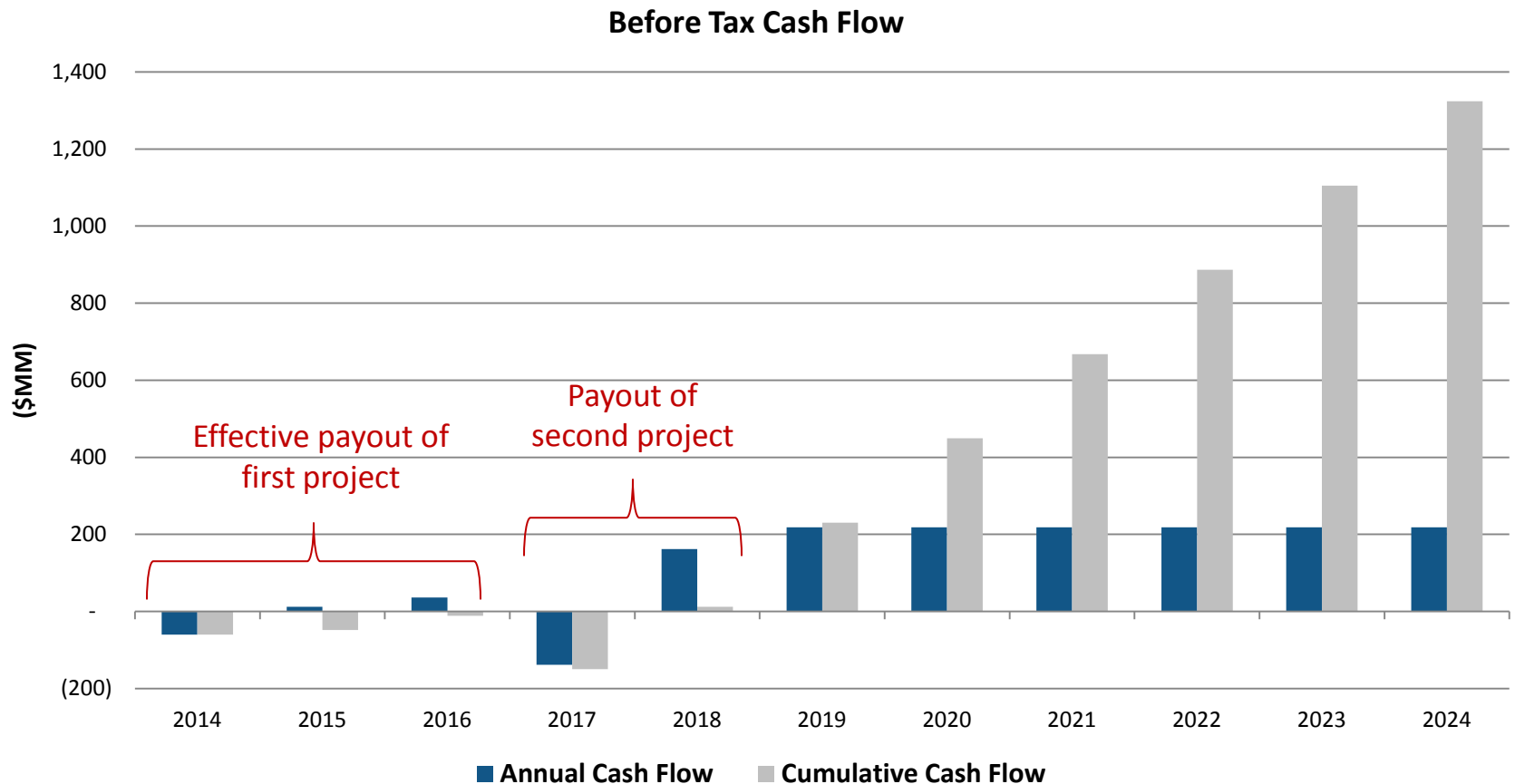
- Crude quality
  - 10-12° API, sweet, heavy crude
  - Highly suitable for heavy oil refineries
- Market options provide higher netbacks
  - 40 refineries in the region with over 3 million bpd capacity
  - Potential direct sales to asphalt and heavy fuel oil markets
- Transportation
  - By truck in insulated tankers
  - By truck & rail to access coastal markets

Netbacks	Coastal
Crude Oil Price	\$105 / bbl <sup>(1)</sup>
Heavy Differential	\$10
Transportation	\$13
Operating Cost - Mining	\$12
Operating Cost - Extraction	\$15
Royalties	\$4
Field Netback	\$51 / bbl

(1) Coastal crude oil price based on current world (Brent) pricing

# Robust Economics, Stable Cash Flow

- Significant, recurring cash flow



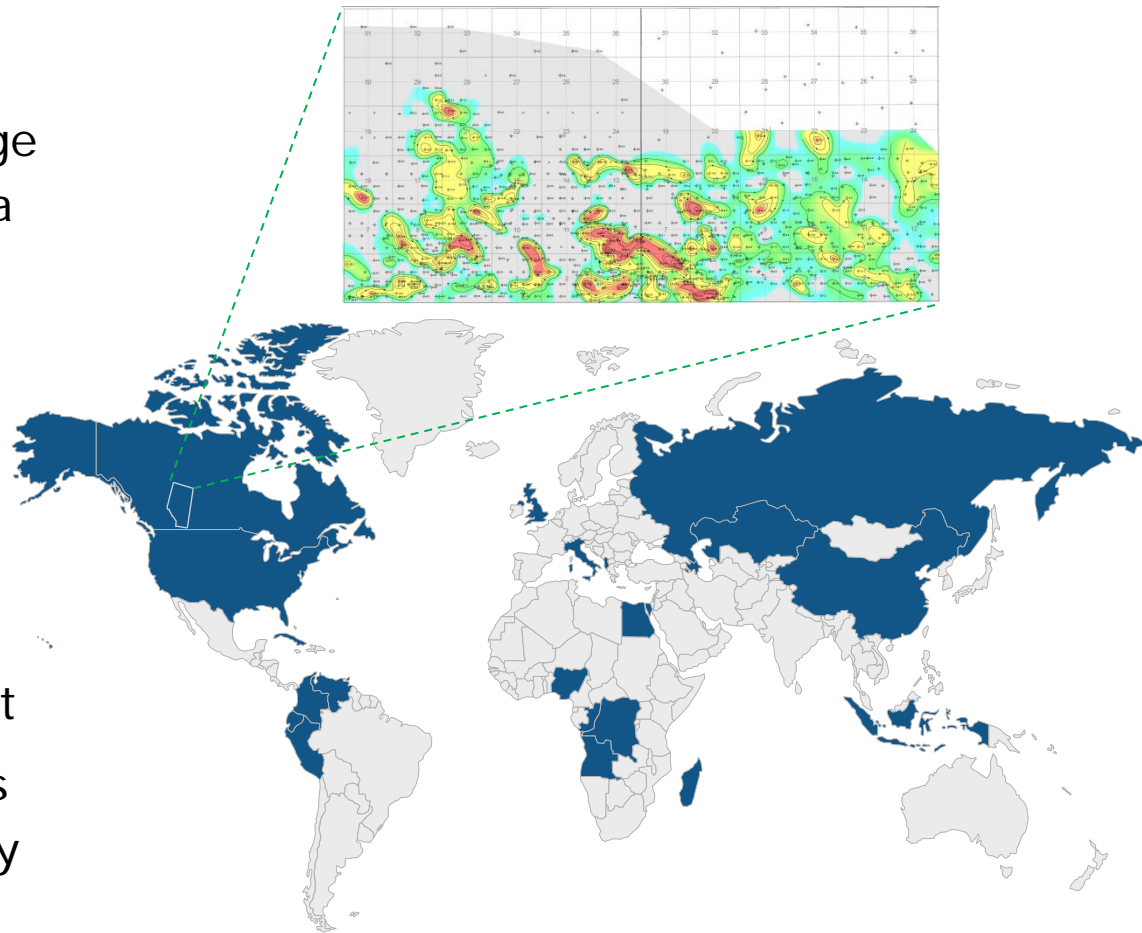
**Notes:** PR Spring Project, 2,000 bpd commercial demonstration unit (\$60MM capex) producing in 2015, 10,000 bpd module (\$175MM capex) producing in 2018, coastal pricing (\$105/bbl Brent)



# The Opportunity

- Hundreds of millions of barrels of mineable bitumen stranded in large pools too small for mega projects
  - Canada, U.S., global
- Well suited for modular 10,000 bpd developments
- The world is demanding responsible development
- USO is poised to take its breakthrough technology around the world

Example of stranded bitumen resources in Athabasca



Known global bitumen and extra-heavy oil resources: 2010 Survey of Energy Resources, World Energy Council

# Experienced Leadership

## Management Team



Cameron Todd  
*CEO*

- Experienced leader with over 30 years in oil, gas and oil sands development and operations, most recently as Senior VP Operations, Refining and Marketing with Connacher Oil and Gas
- 13 years as an executive in U.S., Canadian and international oil companies with extensive experience in engineering, production, refining, marketing and project development



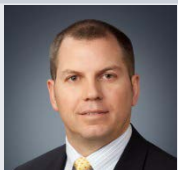
Glen Snarr  
*President & CFO*

- Senior financial executive with over 30 years of experience
- 13 years public practice M&A and special situations experience with Deloitte & Touche, 19 years oil & gas experience in senior management capacities
- Earned CA designation in 1987



Tim Wall  
*VP Engineering*

- Over 30 years experience in diverse project engineering and operating management roles
- Previously senior project manager responsible for front-end field investigations and infrastructure planning for \$10 billion Kearl Oil Sands project
- Professional Engineer with APEGA



Barclay Cuthbert  
*VP Operations*

- Over 20 years experience with oil and oilfield services in Canada, Russia and the Middle East
- Previously with LUKoil Overseas in international exploration and production, with heavy oil development focus in South America
- MBA and B.Sc in Chemistry



Ed Koshka  
*VP Bus. Development  
& Marketing*

- 28 years of business development and crude oil marketing experience, the last 10 of which have been focused principally on applying technology innovation to oil sands development
- Previously Principal Consultant at Purvin & Gertz, following 13 years at Petro-Canada
- Professional Engineer, B.Sc in Chemical Engineering, MBA

# Strong Governance

## Board of Directors



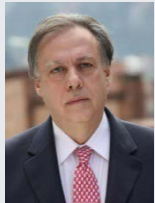
**Verne Johnson**, *Chairman*

- Chairman of Petromanas Energy Inc. and director of Gran Tierra Energy Inc.
- Former CEO of ELAN Energy Inc.



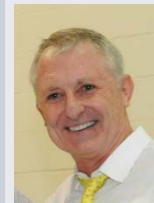
**Mark Brown**

- Co-founder, Seven Generations Energy Ltd.
- Previously Vice President, EPC of North American Oil Sands Corporation



**Ronald Pantin**

- CEO & Exec. Dir., Pacific Rubiales Energy
- High-profile positions in the Venezuelan state-owned energy company, PDVSA



**Alfred Holcomb**

- VP of A&D, Lewis Energy Group
- Previously partner of federal tax law firm Schoenbaum, Curphy & Scanlan



**Serafino Iacono**

- Co-Chairman & ED, Pacific Rubiales Energy
- Raised over \$4B for numerous natural resource projects internationally



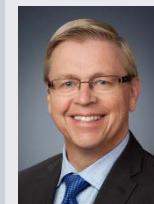
**Ed Chwyl**

- Director, Baytex Energy, Long Run Expl.
- Former CEO, Marathon Oil Canada Ltd. and Tarragon Oil and Gas Limited



**Stephen Lehner**

- Sector Head, Anchorage Capital Group, LLC
- Previously Managing Director, Mount Kellett Capital Mgmt., Morgan Stanley



**Cameron Todd**

- CEO, US Oil Sands Inc.
- Previously Sr. VP Operations, Refining and Marketing, Connacher Oil and Gas Limited

# Capitalization

Ticker	USO
Exchange	TSX Venture
Basic Shares Outstanding	853.1 million
Options	45.7 million (average exercise price of \$0.20)
Warrants	Nil
Fully Diluted	898.8 million
Current Share Price <sup>(1)</sup>	\$0.12
52 week high (Sept. 23, 2013)	\$0.24
52 week low (July 11, 2013)	\$0.09
Basic Market Capitalization <sup>(1)</sup>	\$102.4 million
Cash in Treasury <sup>(1)</sup>	\$70 million – no debt
Mgmt. & Insider Ownership <sup>(2)</sup>	56% (basic) / 57% (fully diluted)

(1) As at June 30, 2014

(2) Includes Blue Pacific Investments Group Ltd., Anchorage Capital Group, L.L.C., and Spitfire Ventures, LLC

# Conclusion

- USO's next generation solvent technology represents a paradigm shift in surface mineable oil sands economics and environmental impact
  - Best-in-class capital efficiency, environmental footprint, oil recovery
- Commercialization of the process provides significant opportunities for resource development
  - Initiates oil sands development in the U.S.
  - Unlocks economically and environmentally stranded resources in Canada
  - Global development potential

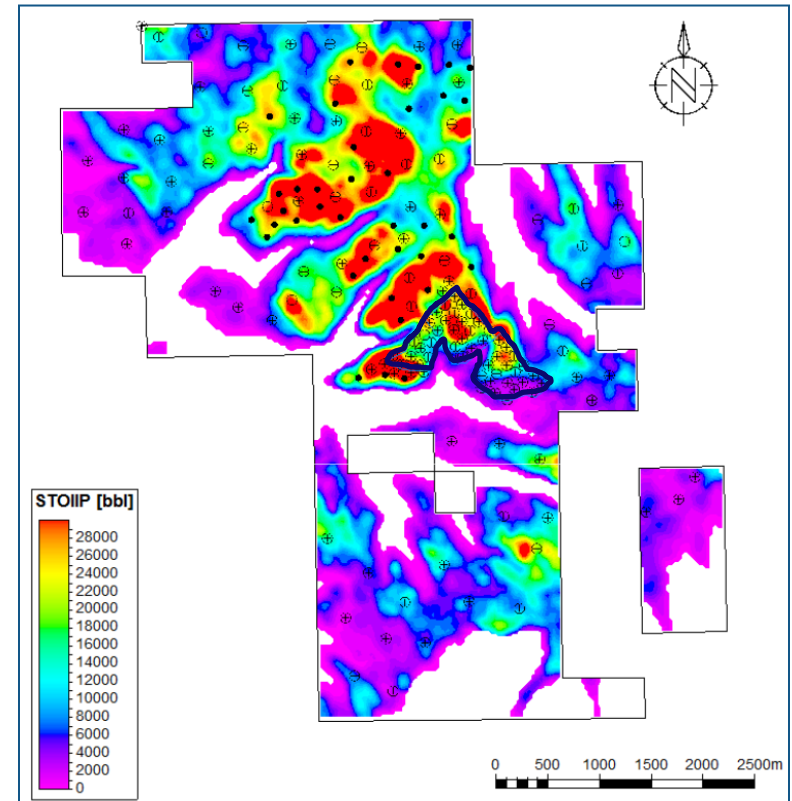
# Appendix



U.S. OIL SANDS®

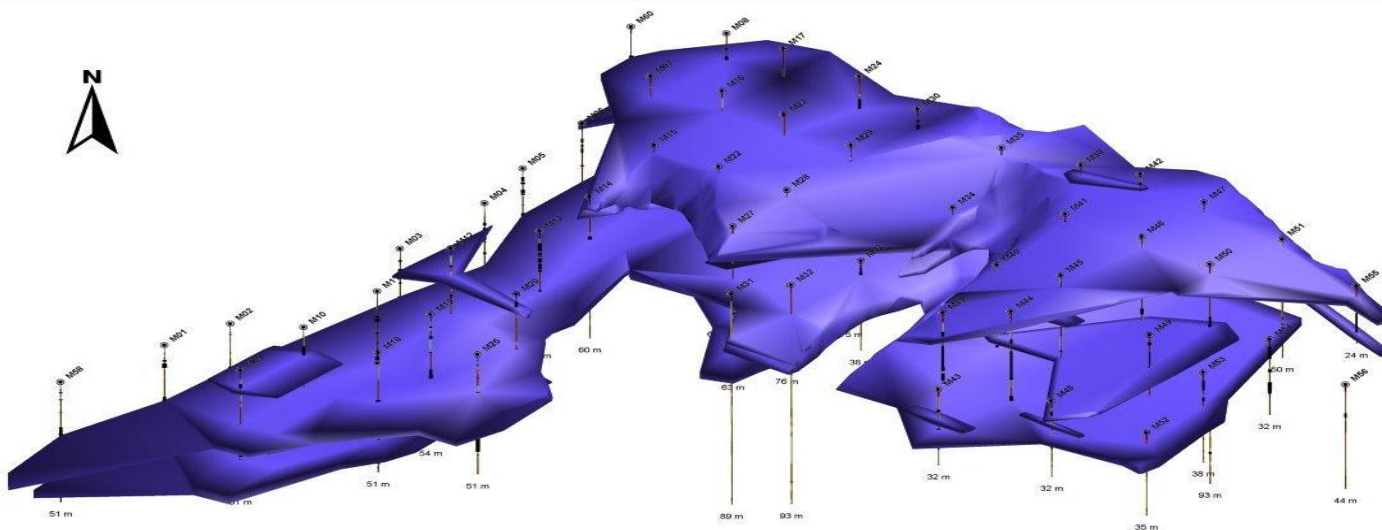
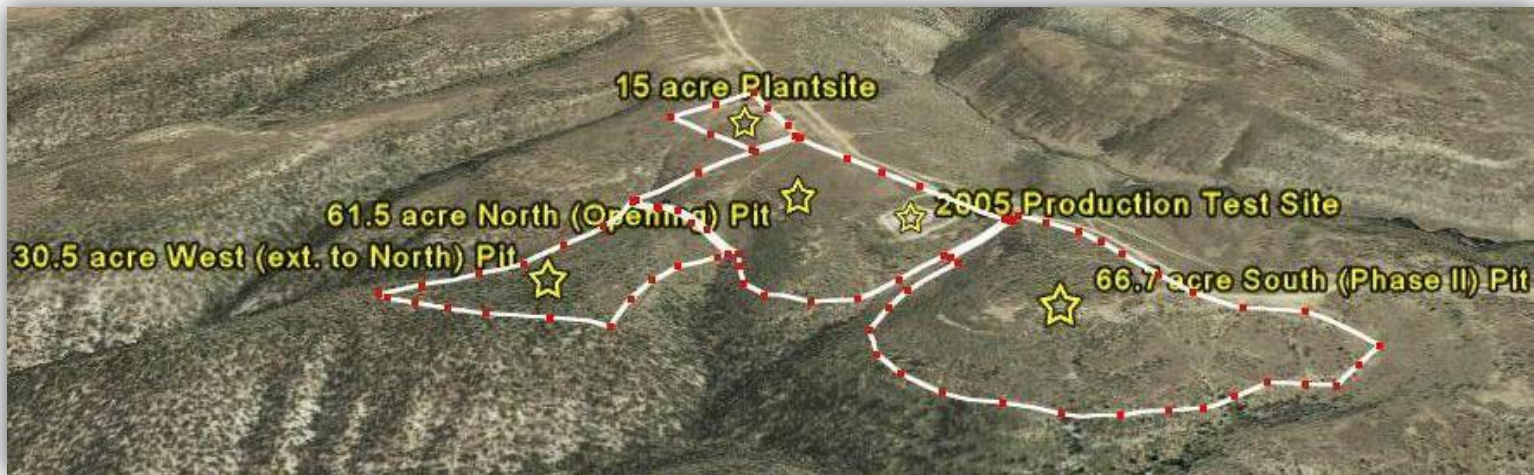
# Well-defined Resources

- 184 core holes provide strong well control
  - Up to 2.5-acre spacing, >4,400 assays
- Multiple beds; combined thickness up to 100'
- Average 25' overburden, 5–15 wt% ore grade, average 10 wt% in planned pits
- Significant resource beyond Phase I



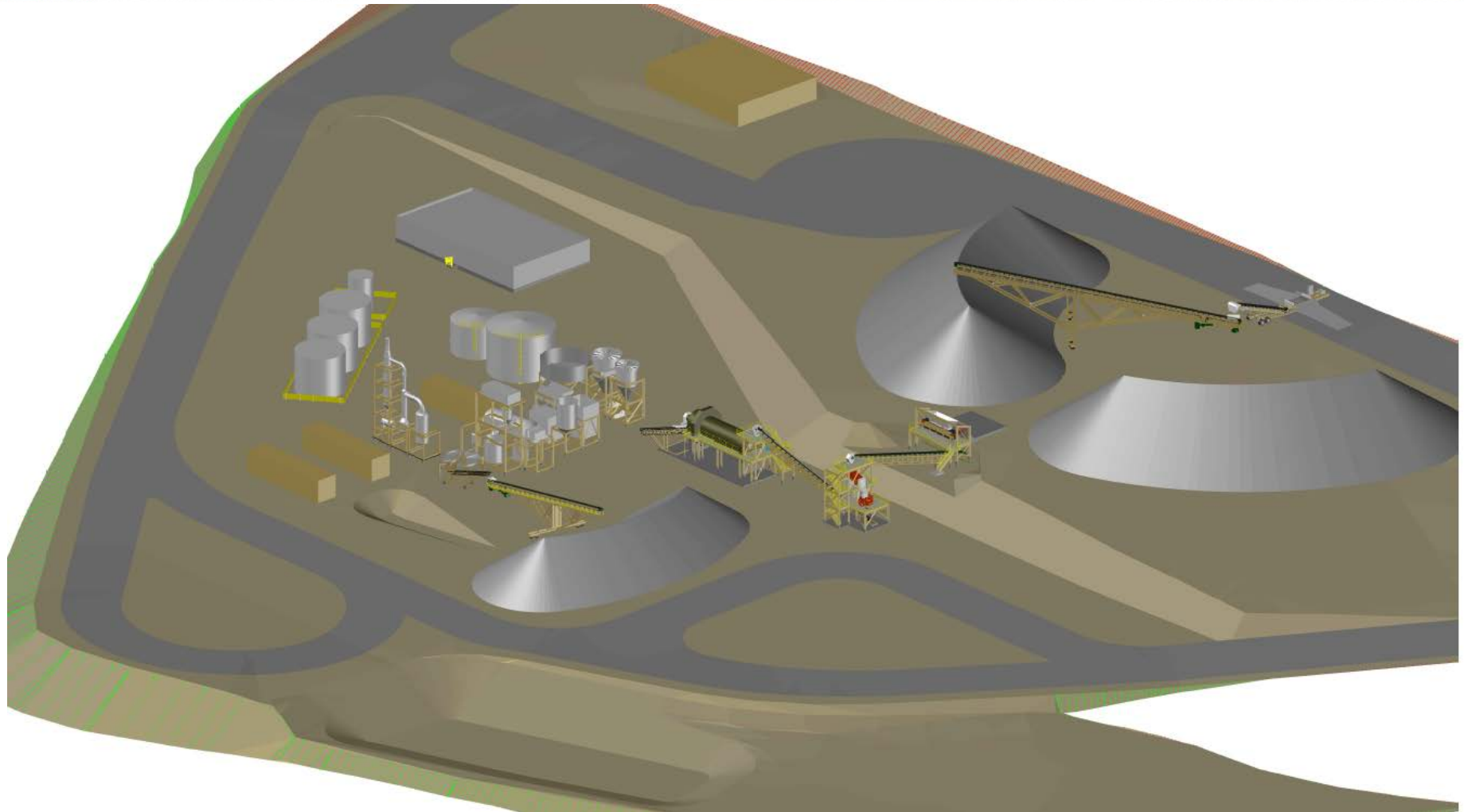
PR Spring Development Lease – Bitumen-in-Place (All Sands)

# Planned Development Area





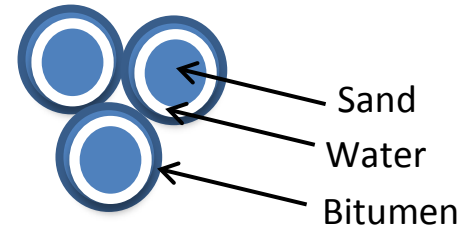
# Plant Site Layout



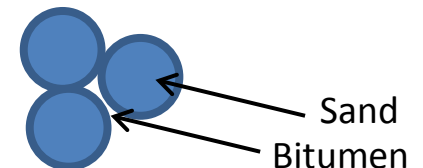
# Adaptation for Oil Wet Reservoirs Rock

- Athabasca oil sands are “water wet”
  - Sand grains enveloped by water, then by oil
  - Clark process uses hot water to remove the oil but hard to break oil-water-clay suspensions / emulsions created, results in tailings ponds
- Most global oil sands (incl. Utah) are “oil wet”
  - Sand grains directly encased with oil
  - Clark process is not effective, leftover bitumen remains on the sand
  - Low recoveries, creates oily sand waste
- USO uses a bio-solvent to release the oil
  - Leaves clean sand, resulting in high bitumen recovery on both water wet and oil wet sands

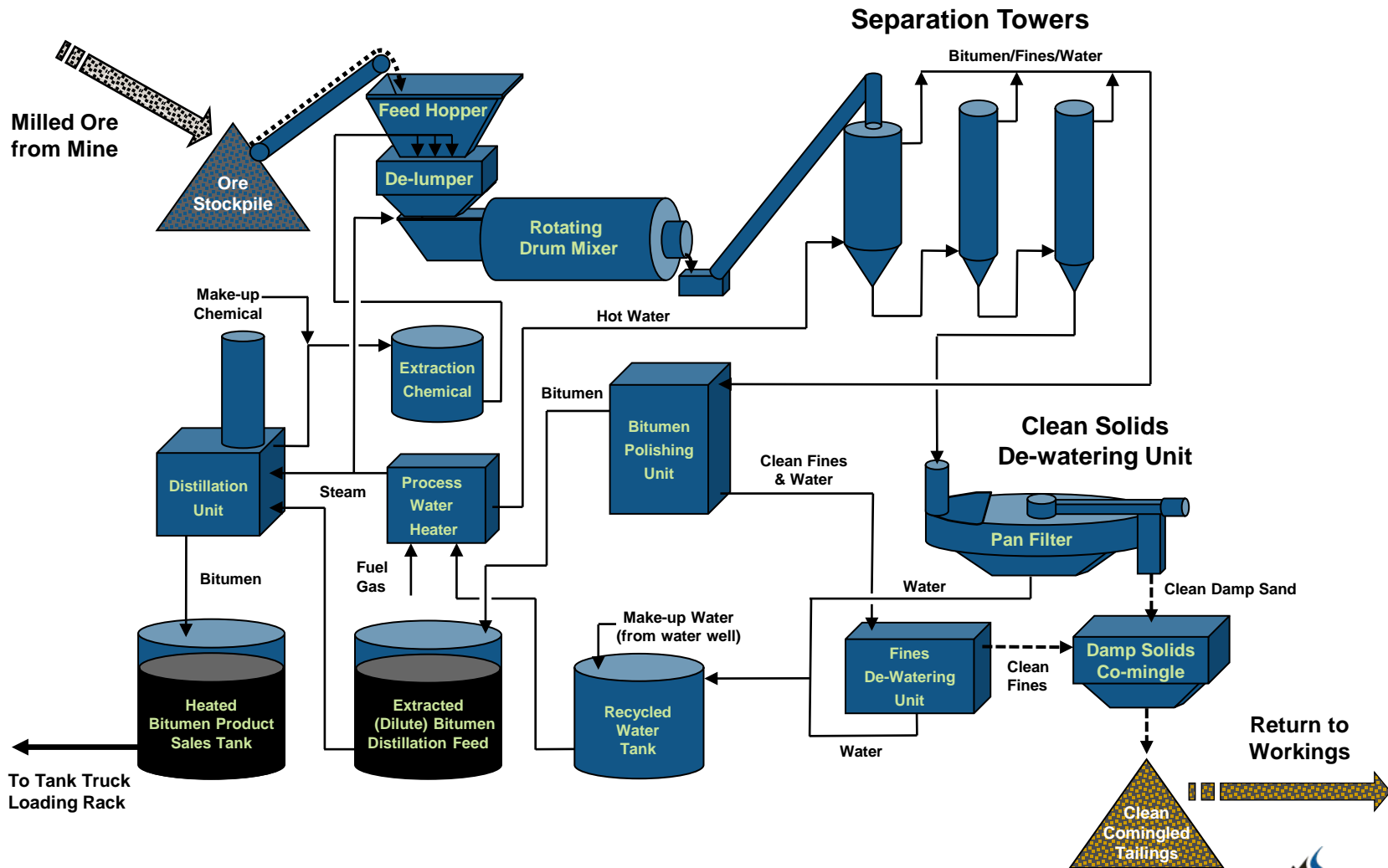
## Water Wet Oil Sands



## Oil Wet Oil Sands

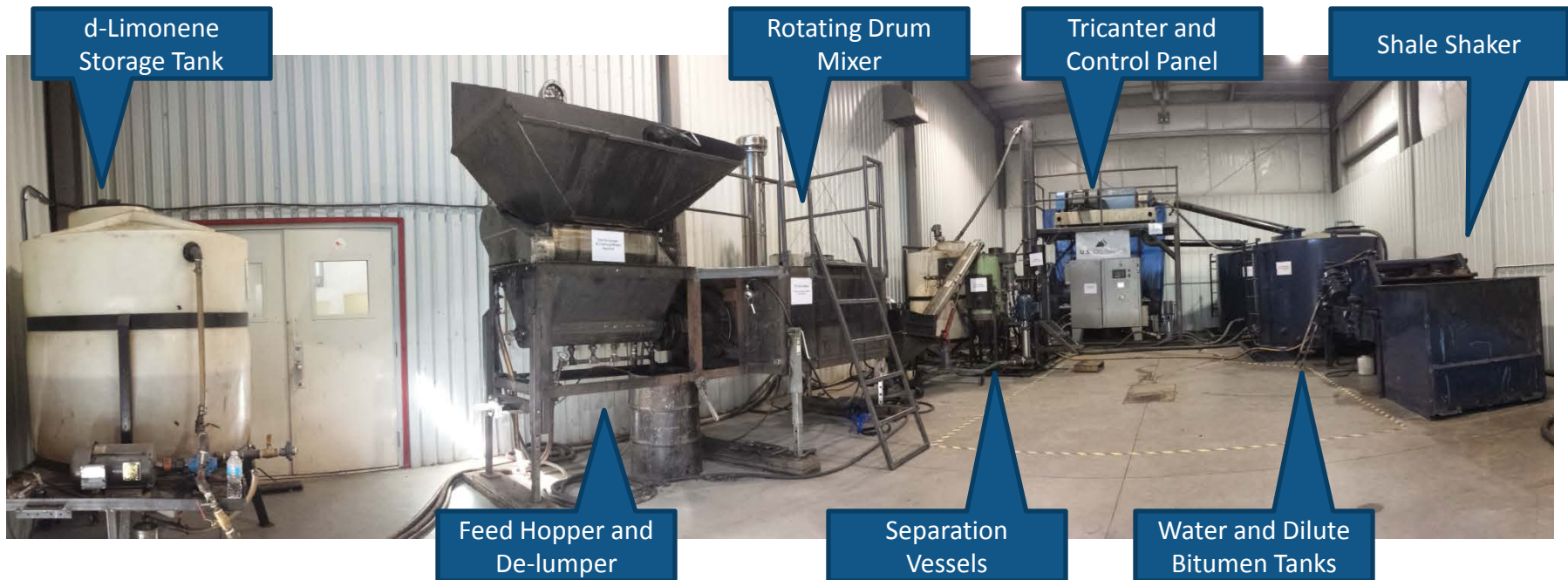


# Extraction Process Flow Chart



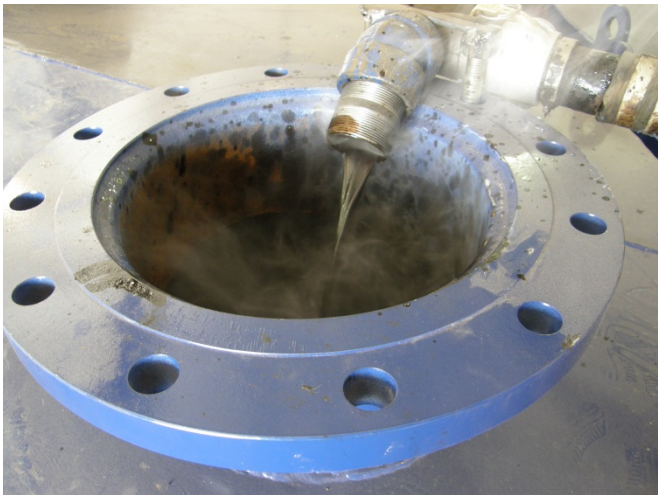
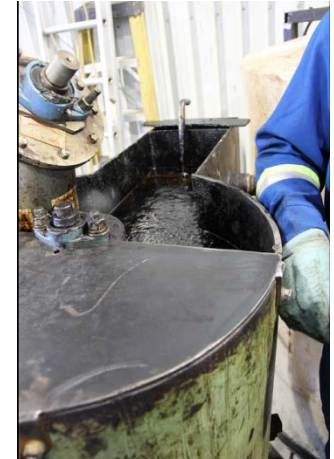
# Pilot Facilities

- 24 bpd shop demonstration unit in Grande Prairie, Alberta



USO continues to lead in technology development and application

# Shop Demonstration Unit Run





# U.S. OIL SANDS®

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