

MATERIAL CHANGE REPORT
Form 51-102F3

Item 1 **Name and Address of Company**

US Oil Sands Inc. (the “**Corporation**”)
Suite 1600, 521 – 3rd Avenue SW
Calgary, AB T2P 3T3

Item 2 **Date of Material Change**

The material change occurred on September 16, 2013.

Item 3 **News Release**

The Corporation issued a press release relating to the material change described herein on September 16, 2013, through Canada Newswire.

Item 4 **Summary of Material Change**

The Corporation has announced the signing of a letter of intent whereby the Corporation proposes to complete a non-brokered private placement of up to 533,333,333 common shares of the Corporation at a purchase price of \$0.15 per common share for total proceeds of \$80,000,000.

Item 5 **Full Description of Material Change**

5.1 **Full Description of Material Change**

The Corporation announced the signing of a letter of intent (the “**Letter of Intent**”) with Blue Pacific Investments Group Ltd., Anchorage Capital Group, L.L.C. and Spitfire Ventures, LLC (the “**Strategic Investors**”). Under the terms of the Letter of Intent, US Oil Sands will issue up to \$80 million of common shares of the Corporation at an issue price of \$0.15 per common share in a private placement financing (the “**Offering**”). The issue price represents a 49% premium to the 20 day volume weighted average trading price of the Corporation’s common shares. Collectively, the Strategic Investors would hold approximately 63% of the issued and outstanding common shares of the Corporation after giving effect to the Offering. The Offering is expected to close on or about October 15, 2013 and is subject to the parties entering into definitive agreements and customary closing conditions, including due diligence as well as shareholder and TSX Venture Exchange approval. The Strategic Investors have an exclusivity period of forty five days within which to enter into definitive agreements in respect of the Offering. Management and directors of the Corporation unanimously support the transaction.

Upon closing, the Corporation’s board of directors (the “**Board**”) shall be reconstituted to include Serafino Iacono, Ronald Pantin, Rod Lewis, Kevin Ulrich, and Frank Giustra. Verne Johnson, Cameron Todd and Ed Chwyl will remain in their roles as directors of the Corporation, with Verne Johnson remaining as Chairman of the Board. Departing from the Board will be Douglas Hunter, James Banister and Ken Stephenson.

The Corporation intends to use proceeds from the Offering to finalize the first phase of the commercial development of the PR Spring Project and to accelerate future production phases. The Corporation’s PR Spring Property spans 32,005 acres of land in Utah’s Uinta basin and, according to a resource report prepared by Sproule Unconventional Limited dated April 29, 2013 and effective as of February 28, 2013, contains an estimated 184.3 MMBbl of discovered petroleum (bitumen) initially-in-place. For additional information, please refer to the Corporation’s Form 51-101F1 – Statement of Resources Data and Other Oil and Gas Information available on SEDAR at www.sedar.com.

Together with funding the expenditures related to the closing of the Offering and general corporate purposes, proceeds raised in excess of those required to fund the PR Spring Project allow the Corporation to immediately initiate corporate development activities that may include the acquisition of or participation in other oil sands assets located outside the State of Utah. The Corporation intends to develop oil sand resources using its patented bio-solvent technology that achieves best-in-class environmental benchmarks and capital efficiencies.

After giving effect to the Offering, the Corporation will have up to 846,164,397 common shares issued and outstanding.

Canaccord Genuity Corp., EAS Advisors, LLC through Merriman Capital, Inc., and Fiore Management & Advisory Corp. acted as financial advisors to US Oil Sands in connection with the Offering.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

The name and business number of an executive officer of the Corporation who is knowledgeable about the material changes and this report is:

Glen Snarr
President and Chief Financial Officer
(403) 233.9366

Item 9 Date of Report

This report is dated September 17, 2013.

FORWARD LOOKING INFORMATION

The foregoing information contains forward-looking information relating to the future performance of the Corporation including information relating to the terms of the Offering and the timing of completion of the Offering, changes to the board of directors of the Corporation, the use of proceeds of the Offering, the development of the PR Spring Project, resource estimates, corporate development activities and international opportunities. 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, receiving regulatory and shareholder approval for the Offering, 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 Corporation's filings with the Canadian securities administrators (available at 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. In particular, the completion and timing of the Offering is based on a number of assumptions including definitive agreements being entered into by the parties and all necessary approvals being obtained from shareholders, the TSX Venture Exchange and third parties. 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. There is no assurance that the Offering will be completed in the manner contemplated herein or at all. The Corporation 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 Corporation lands prior to production. 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 Corporation's Statement of Resources Data and Other Oil and Gas Information for the year ended December 31, 2012 dated April 29, 2013 and available on SEDAR at www.sedar.com.