US Oil Sands Inc.

Management's Discussion and Analysis
For the three and nine months ended September 30, 2016
(Expressed in Canadian Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2016

This Management's Discussion and Analysis ("MD&A") for US Oil Sands Inc. ("US Oil Sands" or the "Company") is dated November 29, 2016 and should be read in conjunction with the Company's Unaudited Condensed Consolidated Financial Statements for the three and nine months ended September 30, 2016.

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, 2016 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, 2016.

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 2016.

After successful completion of the May 31, 2016 Rights Offering, the Company recommenced full construction activities which continued through Q3. Hiring of operating personnel continued as the Company successfully hired the remaining plant operators and quality control staff required for start-up.

Financially, the Company requires additional financing in order to commission and start up the PR Spring Project as well as to fund the working capital deficiency incurred during completion of construction. The Company has been actively pursuing various financing avenues in order to obtain sufficient capital to fund this requirement along with working capital needed for operations. Future operations are dependant on the completion of financing and the generation of positive cash flow from operations. Failure to secure additional financing may cast significant doubt about the Company's ability to continue as a going concern.

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 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.

As of the date hereof, construction of substantially all aspects of the PR Spring extraction plant have been completed and turned over to operations personnel for commissioning and start up.

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

After successful completion of the May 31, 2016 Rights Offering the company recommenced full construction activities at the PR Spring project site. During the third quarter the Company made substantial progress on all aspects of the extraction plant.

The Company's main focus during the third quarter was mechanical completion of the PR Springs extraction plant. Outside of construction of the Project, the Company did have some noteworthy accomplishments during the quarter, which included:

- Completed a 4-week mobilization and field training program of the Company's Wirtgen milling machine which will be used in the mine to mill the oil sand deposit. The program also produced a stockpile of ore for the Company to use during initial commissioning and start-up of the Plant;
- Finished hiring all required operations staff for the PR Spring site.

As of the date hereof, substantially all plant construction is complete and turned over to the operations personnel.

FINANCING ACTIVITIES

The Company secured additional financing in Q2 by completing a Rights Offering on May 31, 2016 by issuance of 853,142,395 common shares at a price of $0.015 per share for proceeds of $12.8 million. The rights offering included a standby commitment from ACMO S.à.r.l., the Company's largest shareholder, for which they received 160,725,000 warrants exercisable at $0.015 per share or US$0.012 per share and expiring November 30, 2016. The warrants will provide an additional $2.4 million in financing if all are exercised before the expiry date.

The Company paid $255,101 in legal fees and other share issuance costs in completion of the Rights Offering.

US Oil Sands has not completed any additional financing activities since the completion of the May 31, 2016 Rights Offering. The Company is actively seeking additional sources of financing to fund the current working capital deficiency along with the balance of commissioning and start up costs and to fund working capital needs for operations.

2016 FINANCIAL RESULTS AND ANALYSIS

Summary of selected financial results

	Three Months ended September 30		Nine Months ended September 30	
	2016	2015	2016	2015
Total assets	$ 114,143,319	$ 118,269,781	$ 114,143,319	$ 118,269,781
Cash used in operations	(1,374,728)	(1,440,216)	(3,245,879)	(4,753,930)
Net income (loss)	(1,502,134)	1,014,556	(5,801,590)	1,286,967
Total comprehensive income (loss)	(729,118)	4,771,554	(9,991,872)	7,771,511
Loss per share – basic and diluted	(0.00)	(0.00)	0.00	0.00

Analysis of Results

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

Expenditures associated with exploration and evaluation assets are initially capitalized. During Q3 2016, the Company capitalized $7.9 million (2015 - $25.5 million) in E&E, including all costs directly associated to the PR Spring Project. The following table summarizes the major components of the E&E:

Three months ended September 30		2016		2015
Leasehold land interest	$	8,970,170	$	8,319,960
Mine pit		10,973,763		9,267,002
Production facilities		81,366,881		52,853,755
Water facilities		5,038,550		4,841,766
Total exploration and evaluation assets	**$**	**106,349,364**	**$**	**75,282,483**

b) General and administrative expenses

General and administrative costs ("G&A"), which include salaries and benefits, rent, and other general administrative costs decreased by $269,991. The majority of the cost increase resulted from operations staff being hired in anticipation of the Project reaching commercialization. The following table summarizes the major components of the G&A expenses:

Three months ended September 30		2016		2015
Salaries and benefits	$	353,418	$	565,623
Rent and utilities		96,539		136,818
Other		299,469		319,929
Total general and administrative expenses	**$**	**749,426**	**$**	**1,022,370**

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 earned investment income & interest from its cash holdings of $10,324 (2015 – $80,329 loss). There was no operational revenue in Q3 2016 or Q3 2015.

Share-based Payments

The Company recorded share-based payment expense of $155,656 during Q3 2016, compared to $318,203 for 2015. The fair value of the options and RSUs was calculated using the Black-Scholes option-pricing model.

Foreign exchange

An unrealized foreign exchange gain of $306,487 (2015 – $3.0 million) was recorded during the quarter driven by US denominated cash held on deposit. The USD exchange rate fluctuated significantly during Q3, 2016 with a high of 1.3248 USD/CAD, a low of 1.2775, and an average of 1.3050.

Other Expenses

Other expenses, consisting of amortization, accretion, technology development, and property evaluation was $897,431 (2015 - $247,317), representing an increase of $650,114. The increase in costs from the prior year occurred primarily as a result of US-based operations personnel being hired.

Other Comprehensive Income

Included in total comprehensive income was a gain of $773,016 (2015 – $3,756,998) 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. The USD strengthened slightly during the third quarter from 1.3009 USD/CAD to 1.3117, which gave rise to the modest gain in other comprehensive income.

SUMMARY OF QUARTERLY RESULTS

Quarter ended	Sep 30 2016	Jun 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015	Jun 30 2015	Mar 31 2015	Sep 30 2014
Revenue (net of royalties)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 126,905
Investment income & interest	10,324	33,765	3,687	51,939	(80,329)	83,921	62,139	75,612
Net income/(loss)	(1,502,134)	(1,243,715)	(3,000,872)	(236,456)	1,014,556	(3,000,872)	3,307,583	1,226,921
Earnings (loss) per share – basic and diluted	(0.00)	(0.00)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.00)

The Company reported $10,324 in investment income & interest in Q3 2016 which decreased by $23,441 from the previous quarter. The decrease in investment income & interest resulted from less cash being held in investment funds.

Net income decreased by $258,419 from the previous quarter primarily due a stronger US dollar, higher share-based payment expense, and higher operation costs.

LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2016, the Company had cash and cash equivalents of $3.3 million, working capital deficit of $2.1 million and no commitments for capital expenditures. The Company intends to use its capital resources to fund required corporate and project expenses while additional sources of financing are sought.

As at the date of this report, there are approximately US$5.0 million of current liabilities directly related to the Project. In addition, there are an estimated US$0.2 million in expenditures required to complete commissioning of the Project that have not yet been committed. Based on these estimates, the Company does not have sufficient capital resources to fund the current working capital deficiency, along with the remaining commissioning and start up costs.

Commissioning and start up of the PR Spring project, and continuing operations are dependant on the successful completion of a financing arrangement. The Company is actively seeking debt or equity financing in order to complete the Project and fund working capital needs during operations. Failure to complete a financing may cast serious doubt on the Company's ability to continue as a going concern.

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 and Grande Prairie, 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, 2018 with gross quarterly rental fees of $33,135.

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.

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:

		2016		2015
Short-term employee benefits	**$**	**184,908**	$	256,385
Share-based payments		**108,737**		233,065
	$	**293,645**	$	484,450

OUTSTANDING SHARE DATA

As of the date of this report there are 1,706,284,790 common shares outstanding, 160,725,000 warrants outstanding, 50,746,000 options outstanding, and 56,643,815 RSUs outstanding. US Oil Sands granted 44,036,241 RSUs on November 1, 2016 to employees, officers, directors, and consultants of the Company. There are 4,298,726 RSUs that have vested but shares have not been issued due to the Company being in blackout.

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. Had the interest rate on the investments been 100 basis points higher (or lower) throughout the three months ended September 30, 2016, earnings would have been affected by $16,066 (2015 – $505,324) 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:

		September 30 2016		December 31 2015
Cash and cash equivalents	**$**	**2,155,288**	$	18,529,111
Accounts payable		**3,676,276**		3,302,292
Accrued liabilities		**85,266**		592,339

As at September 30, 2016, the exchange rate was 1.3117 USD/CAD. A change of the value of the Canadian dollar relative to the US dollar of 1% will result in a $16,063 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 2016

The Company will continue the commissioning and start-up of Phase 1 of the PR Spring Project during Q4 2016 until planned commercial start-up in December 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 progresses through 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 continues to evaluate specific markets for sales of crude oil and other petroleum products, along with optimal product transportation logistics.

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.