THE GLOBAL SPIN-OFF REPORT

October 6, 2010

UTS Energy Corporation

Sale of Fort Hills

Pre-Sale: UTS Energy Corp.

Price:	CAD 3.62 per share	**Ticker:**	UTS CN
52-Week Range:	CAD 1.67 – 3.74	**Dividend:**	n/a
Shares Outstanding:	474.7 million	**Yield:**	n/a
Market Capitalization:	CAD 1,718 million		

Post-Sale: SilverBirch Energy Corporation (i.e., Equinox & Frontier)

Implied Price*:	CAD 5.40 per share	**Ticker:**	SBE CN
Est. Fair Value Price:	CAD 12.29 per share	**Dividend:**	n/a
52-Week Range:	n/a	**Yield:**	n/a
Shares Outstanding:	47.47 million		
Implied Mkt Cap*:	CAD 256 million		
Est. Fair Value Mkt Cap:	CAD 583 million		

**Based on current UTS Energy Corp. price of 3.62, cash offer for Fort Hills of 3.08, and 1:10 reverse split.*
Data As of October 5, 2010

Exclusive Marketers of
The Global Spin-Off Report

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Background[1]

On July 7, 2010, UTS Energy Corporation, a development-stage Canadian oil sands company, announced its intention to sell its primary asset at Fort Hills near Fort McMurray in northern Alberta.

On October 1, 2010, UTS successfully completed the proposed plan, whereby Total E&P Canada Ltd., a subsidiary of Total SA, acquired the company's 20 percent interest in the Fort Hills Project for cash consideration of approximately CAD 1.5 billion, or CAD 3.08 per share.

The company's remaining oil sands interests, specifically its Frontier and Equinox Project, are to be distributed to UTS shareholders via an interest in newly formed SilverBirch Energy Corporation on a one-for-one basis, with trading expected to begin on Thursday, October 7th.

Although a different corporate identity, SilverBirch will again resemble a development-stage oil sands company. It will own 50 percent working interests in both Frontier and Equinox, which are estimated to contain 891 million barrels (net to SilverBirch) of contingent bitumen resources, as well as 23,040 acres of undeveloped lands in the Athabasca oil sands region, and CAD 53.5 million of working capital.

Each of Fort Hills, Equinox, and Frontier is a development-stage asset that is not scheduled to provide commercial oil production for at least a few years—that is, until 2015-2016 in the case of the Fort Hills Project and until 2018-2019 in the case of the Frontier and Equinox Project. This being the case, neither UTS nor its successor company, SilverBirch, currently generates revenues, other than interest earned on cash investments and occasional proceeds from the sale of selected properties (e.g., Lease 421).

Despite this current lack of cash producing assets, the Fort Hills Project is of interest to Total for two reasons. Logically, it expands the company's asset base in the Athabasca oil sands region of Canada, an area of burgeoning strategic importance. And, second, the Fort Hills Project is operated and 60 percent-owned by Suncor, which has long been the dominant and most successful Canadian oil sands producer in the region.

This transaction more or less amounts to the monetization of the Fort Hills asset vis-à-vis the sale to Total. Many investors have contended that UTS has long been undervalued, which was not lost on the ears of company executives.

[1] More comprehensive background and historical information is included as part of a supplementary report found in Appendix C. If one wishes to acquire a working knowledge of the assets discussed in the Background and Valuation sections, it is suggested that the supplement be read first.

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Rather than attempting to create immediate value recognition through the sale of the entire company, perhaps at suboptimal oil prices, thereby further disenchanting shareholders, UTS appears to have reached a reasonable solution that provides near term satisfaction, as well as future appreciation potential through the residual SilverBirch entity.

While unfortunate in the sense that a severely undervalued asset has been taken off the market through the sale of Fort Hills, the implied valuation of SilverBirch suggests that investors will continue to have an opportunity to take advantage of the depressed valuations of Frontier and Equinox (i.e., SilverBirch). And, while for all intents and purposes the transaction described herein is simply an asset sale involving Fort Hills, the unrecognized value that appears to reside in the remaining assets—Frontier and Equinox—nevertheless justifies that this opportunity be brought to our readers' attention.

Should the development of the Frontier and Equinox Project evolve in a manner consist with the currently proposed timetable, in approximately three years the Frontier and Equinox assets would warrant a valuation consistent with that currently assigned to Fort Hills. If such an outcome were to transpire, an investor in the shares of SilverBirch Energy Corp. could reasonably expect to earn over 30 percent per annum for the next three years.

Ergo, the shares in SilverBirch Energy Corporation are recommended for purchase should they trade at the discounted value currently implied by the price of UTS Energy Corporation.

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Valuation

With 475 million shares outstanding and a total cash consideration of CAD 3.08 per share, the gross purchase price paid by Total for Fort Hills amounts to approximately CAD 1.5 billion. After taking into account the total effective cash acquired in the course of the transaction, the net purchase price amounts to approximately CAD 400 million, or with 678 million barrels of contingent resource, approximately CAD 0.59 per contingent barrel. Notably, this purchase price is consistent with that paid in the August 2009 Athabasca Oil Sands Corporation-PetroChina transaction, or CAD 0.63 per contingent barrel.

Total Cash Consideration Per Share	3.08
x Total UTS Energy Corp. Shares Out.	475
= Total SA Gross Purchase Price of Fort Hills	1,462
Total Pro Forma Balance Sheet Cash	355
+ Total Remaining Earn-In	704
= Total Effective Cash	1,059
Total SA Gross Purchase Price of Fort Hills	1,462
- Total Effective Cash	1,059
= Total SA Net Purchase Price of Fort Hills	403
÷ Fort Hills Contingent Resource (mmbbls)	678
= Purchase Price Per Contingent Barrel	0.59

Source: Company Reports

Importantly, however, the Fort Hills Project and the Equinox and Frontier Project are disparate assets in one sense: Fort Hills is more developed from a regulatory and design perspective. Specifically, Fort Hills is currently in the front end engineering design, or FEED, stage. Once the FEED stage is complete, the project can be sanctioned and the engineering procurement and construction process can begin. Sanctioning of Fort Hills is expected in 2011, with final commissioning and production start-up currently targeted for 2015 to 2016.

In contradistinction, SilverBirch is targeted to enter the FEED stage in 2013, have sanctioning approval by 2014, and is targeted to reach the commissioning and start-up stage between 2018 and 2019. In other words, it appears that from an asset development perspective, SilverBirch is approximately three years behind Fort Hills.

If it were to require three years for the Frontier and Equinox Project to reach the valuation currently assigned to Fort Hills, an investor would realize an exceedingly attractive return of 31.5 percent per annum. Even if certain elements of the development plan were delayed by a year, at four years, the potential rate of return would be 22.8 percent per annum.

Specifically, using the approximate net purchase price of CAD 0.59 per contingent barrel, with 891 million barrels of contingent resource, SilverBirch, through its interest in the Frontier and Equinox Project alone, has an estimated potential resource value of CAD 530

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million. With working capital of CAD 53.5 million and no debt, SilverBirch's total estimated net asset value amounts to CAD 583 million. On a per share basis, then, this is over CAD 12 per share, a significant premium to the CAD 5.40 implied value of SilverBirch.

SilverBirch Contingent Resource (mmbbls)	891
x Fair Value Est. of Contingent Resource (C$/bbl)	0.59
= SilverBirch Est. Resource Value	530
+ SilverBirch Working Capital	53.5
= SilverBirch Est. Net Asset Value	583
÷ SilverBirch Total Shares Outstanding	47.5
= SilverBirch Est. Fair Value Per Share	12.29
Current UTS Energy Corp. Price	3.62
- Fort Hills Cash Value Per Share	3.08
Implied SilverBirch Value Per Share	0.54
x 10 (Accounting for 1:10 Split Post-Distribution)	10
= Implied SilverBirch Value Per Share	5.40
Premium/(Discount) to Est. Fair Value	-56.0%
Potential ROR - SilverBirch Energy Corp.	127.5%
Annualized Rates of Return	
2 Years	50.8%
3 Years	31.5%
4 Years	22.8%

Source: Company Reports

Since Fort Hills has yet to reach the engineering and construction phase of development, the incremental work needed to bring Frontier and Equinox to the level of Fort Hills is primarily related to regulatory considerations and overall project design. Moreover, like Fort Hills, the assets of SilverBirch are truly unique, in fixed supply, and have established contingent resource estimates. Therefore, it doesn't seem unreasonable to expect that a strategically motivated buyer would pay contingent barrel prices consistent with the Fort Hills purchase price prior to the point at which Frontier and Equinox reach the FEED stage of the development process.

Should this ultimately transpire, a much higher rate of return is possible; however, of greater importance, perhaps, is that at CAD 0.23 per contingent barrel, the sizeable discount at which SilverBirch trades appears to provide investors with a considerable margin of safety should development ultimately take longer than expected. Ergo, SilverBirch Energy Corp. is recommended for purchase primarily on the basis of its significant discount to fair value.

Implied SilverBirch Value Per Share	5.40
x SilverBirch Total Shares Outstanding	47.5
Implied SilverBirch Market Capitalization	256
- SilverBirch Working Capital	53.5
= SilverBirch Enterprise Value	203
÷ SilverBirch Contingent Resource (mmbbls)	891
= Implied Value Contingent Resource (C$/bbl)	0.23

Source: Company Reports

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Appendix A: Pro Forma Balance Sheet

SILVERBIRCH ENERGY CORPORATION
PRO FORMA BALANCE SHEET
As at June 30, 2010
(unaudited)

(stated in thousands of dollars)	SilverBirch Energy Corporation June 30, 2010	UTS Energy Corporation June 30, 2010	Proforma Adjustment	Note	Pro Forma SilverBirch Energy Corporation June 30, 2010
ASSETS					
Current Assets:					
Cash and cash equivalents	$-	$408,411	$(367,511)	2(a)	$ 40,900
Invested cash collateral	-	13,743	(13,743)	2(a)	-
Accounts receivable and accrued receivables	-	18,007	(5,407)	2(a)	12,600
Income taxes receivable	-	7,492	(7,492)	2(a)	-
	-	447,653			53,500
Property, Plant and Equipment	-	533,371	(325,021)	2(b)	208,350
Other Assets	-	2,080	(2,080)	2(c)	-
	$-	$983,104			$261,850
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities:					
Accounts payable and accrued liabilities	$-	$12,558	(12,558)	2(a)	$ -
Future Income Taxes	-	107,343	(107,343) 51,787	2(d) 2(d)	51,787
Asset Retirement Obligation	-	2,827	(2,827)	2(b)	-
	-	122,728			51,787
Shareholders' Equity:					
Share capital	-	586,627	(586,627) 210,063	2(e)	210,063
Contributed surplus	-	47,384	(47,384)	2(e)	-
Retained earnings	-	226,365	(226,365)	2(e)	-
		860,376			210,063
	$-	$983,104			$261,850

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Appendix B: Contingent Resource Report

Table S - 1
UTS Energy Corporation
Contingent Bitumen Resources[1,2]
Frontier and Equinox Oil Sands Mining Projects
As of June 30, 2010

Project	Project – 100% (MMbbl)			Company Gross (MMbbl)		
	Low Estimate	Best Estimate	High Estimate	Low Estimate	Best Estimate	High Estimate
Frontier	930	1,450	2,550	465	725	1,275
Equinox	230	330	380	114	166	189
Total[3]	1,160	1,780	2,930	579	891	1,464

Notes

1. Resource estimates were based on Norwest's mine design as of December 31, 2009, and are subject to change with an updated model from Norwest to incorporate the results of 68 wells drilled in the Frontier Project during the winter of 2010.
2. Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. There is no certainty that it will be commercially viable to produce any portion of the contingent bitumen resources.
3. Properties in summation have different contingencies.

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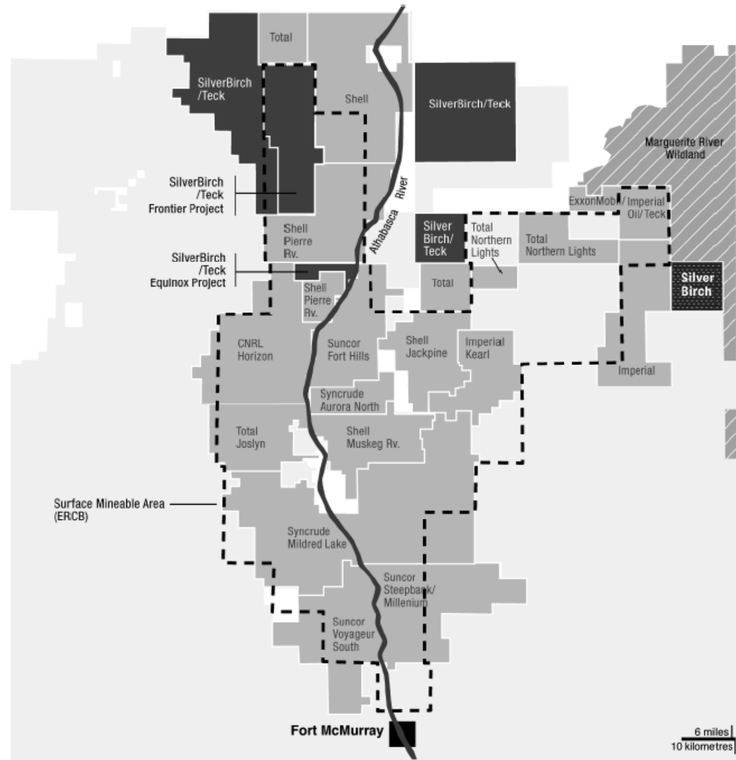
Appendix C: Supplementary Report

The following proprietary research report, dated December 31, 2009, is included herein as a means to providing readers with more comprehensive background and historical information.

More importantly, since the Frontier and Equinox assets (i.e., SilverBirch) are for all intents and purposes identical to Fort Hills—save for the fact that they are less well developed from a regulatory and design perspective—the history of UTS Energy Corporation and the recent sale of its Fort Hills Project may very well prove to be a strikingly accurate model for how the experience of SilverBirch and its Frontier and Equinox Project will evolve. In other words, this publication expects that the Frontier and Equinox Project will be acquired by a strategic buyer at some point in the not too distant future.

Finally, should SilverBirch ever reach the point where it is in need of raising development capital, it, like UTS, is in possession of assets apart from those in the Frontier and Equinox Project that could be disposed of in a manner similar to the sale of Lease 421, thereby minimizing the degree of shareholder dilution. A map of those assets is included below.[2]



[2] More information on these properties can be found in the UTS Energy Corporation Management Information Circular filed on September 1, 2010 on SEDAR.

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UTS Energy Corporation

Price **(12/31/09)**:	C$2.28	**Ticker:**	UTS CN
52-wk. Range:	C$0.80 – C$2.64	**Dividend:**	none
Shares Out.:	474 million		
Market Cap.:	C$1,082 million		

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Executive Summary

Among Canadian oil sands companies, UTS Energy Corporation is unique in that one can purchase its 1.717 billion barrels of contingent resource for less than the company's working capital. Specifically, the C$1.082 billion stock market capitalization at its year-end 2009 share price of C$2.28 is exceeded by the sum of its balance sheet cash of C$458 million and C$695 million of development commitments, or earn-in, due from its two project partners. These commitments are contractually due to UTS as cash if its Fort Hills Project is not developed according to the terms of the partnership agreement. While the working capital of a development-stage company is bound to be depleted as the resource is developed, the asset value remaining in the company's 1.717 billion barrels of contingent resource, at recent undeveloped resource acquisition multiples of C$0.63 per barrel, equals the current market capitalization of C$1.082 billion. Moreover, such working capital is not actually depleted in the ordinary sense, in that most of it is expended to prepare the resource for active operation and, thereby, increases its value. It is an expenditure that would otherwise have to be made by an acquirer. This is a truly rare pricing phenomenon for a financially untroubled company. Importantly, at this point there is no debt and the company has been able to access additional liquidity through the selective monetization of portions of its sizeable portfolio of oil sands properties.

As to the proper value of the company's contingent resource, hydrocarbon reserves are a global commodity with known values, whether in the development or production stage. In the case of UTS, the value range could reasonably be between C$1.082 billion and C$3.983 billion, depending whether the company is priced as an undeveloped resource at C$0.63 per barrel of contingent resource or as an operating company at C$2.32 per barrel. Thus, the minimum asset value of the company, at least in its current state, should equal the sum of the balance sheet cash, earn-in and the price at which undeveloped resources of this type trade, or approximately C$2.235 billion. With approximately 474 million shares outstanding, this amounts to C$4.71 per share, which is a 107% premium to the current trading price. Meanwhile, demand for commercially significant oil sands properties is increasing, evidenced by continued consolidation and acquisitions in the industry. This past August, the leading development partner for the UTS Fort Hills Project, Petro-Canada, was acquired by Suncor, Canada's largest oil company, and in early 2009, UTS defended itself against an unwelcome takeover attempt by Total. Accordingly, the UTS valuation anomaly is unlikely to persist indefinitely.

As a result of the combined effects of the market dislocations of 2008 and the uncertainty introduced by a construction initiation delay by its major development partner, the UTS share price has declined to roughly 40% of the average trading range that persisted throughout the January 2006 to August 2008 period. Yet, the prevailing oil price today is little different than the average of that period. The management of UTS has thus become interested in orchestrating a share price recovery in order to avoid a takeover at such a significant discount to fair value. While the precise course of action management intends to take is still being explored, choices include, among others:

1) The pursuit of judicial intervention to force payment of the C$695 million of remaining earn-in as a result of Suncor's possible decision to delay the Fort Hills Project. While the pursuit of judicial intervention to force payment of the remaining earn-in is an extremely unlikely outcome, it is, nonetheless, a very useful point of leverage to force the continued and on-time development of the Fort Hills Project. The continued development of this project is management's preferred outcome.

2) The monetization of properties currently held in the company's sizeable portfolio of leases to other oil sands operators, larger exploration and production companies interested in growing their reserve base or to sovereign oil and gas consorts as a means to secure longer-term energy supplies. The acquisition of oil sands properties for these purposes has been an attractive option recently as a result of the discount at which oil sands companies trade relative to fair value and relative to more conventional resources. Similar to the strategy used during the Total bid for the company, the near-term monetization of oil sands leases would immediately highlight the discounted value at which UTS trades, thereby helping to thwart unreasonably low takeover offers. This course of action, however, is only a temporary stopgap as the portfolio of leases is limited; moreover, this strategy is detrimental to the potential value of the enterprise as a result of asset sales at discounts to longer-term value. For example, the recent PetroChina purchase of a 60% interest in Athabasca Oil Sands Corporation's MacKay River and Dover oil sands projects for C$1.9 billion valued an undeveloped contingent barrel at C$0.63, whereas the developed barrels of Suncor are currently valued at C$2.32.

3) Should the market continue to discount the value of 1.717 billion barrels of bitumen, as well as project commitments and development responsibilities from well-established oil sands operators like Suncor and a portfolio of oil sands leases contiguous to major oil sands operations in the Athabasca oil sands area, the company will undoubtedly be purchased by one of the many strategically motivated entities highlighted previously. Since Suncor's acquisition of Petro-Canada in the third quarter of 2009, Suncor has decided that it will provide a revised timeline for the Fort Hills Project in late 2010; however, until that announcement, UTS shares will likely continue to trade at a depressed price. Therefore, a management-led buyout of the company would be the preferred course should the share price continue to languish; however, as the company currently lacks a permanent source of cash flow, a debt funded buyout would be misguided. An alternative to this approach is to raise private capital to accumulate a majority, or blocking, position in the shares of the company, thereby preventing opportunistic bids for this unique asset.

Whichever action is chosen, if only Fort Hills were to reach its potential for 280,000 barrels per day by 2018, an earnings-based valuation similar to that of Canadian Oil Sands Trust and Suncor would result in annualized returns on the order 24.3%. With respect to the successful development of the Fort Hills Project, it must be emphasized that the

primary development partner is Suncor, which is both eminently capable of developing the project and unlikely to forego several hundred million dollars of earn-in as a result of abandoning the project. When taking into account the completion of projects Equinox and Frontier in 2017 and 2018, respectively, one could expect annualized returns upwards of 30% to 40% for as long as the next decade.

Irrespective of the pattern of value realization, 1.717 billion barrels of bitumen will ultimately be priced at some level above zero, and the current CEO, who has been quite successful at executing value enhancing transactions both in the realms of exploration and development activity and corporate partnership transactions, has in recent weeks become actively bent upon that outcome. From a risk and reward perspective, the visibility and strategic quality of the asset is high, the valuation risk difficult to consider meaningful and the return potential of high order. Perhaps the primary risk is the time frame, although given the high-order return potential, this too is difficult to consider meaningful. Combinations of asset quality and valuation anomaly such as this occur rarely; therefore, appropriate steps should be taken in order to capitalize on such a rare opportunity. The balance of this report will outline the valuation model for UTS, as well as the necessary background of the oil sands industry, UTS itself and its management.

The Canadian Oil Sands Industry

Strategic Importance

UTS Energy Corporation is a development-stage Canadian oil sands company dedicated to the production of bitumen from oil sands deposits located in northeastern Alberta, Canada near the town of Fort McMurray in the Athabasca oil sands area. Named after the river that cuts through the deposit, Athabasca and the smaller, less well-know areas of Peace River and Cold Lake comprise the second largest source of oil reserves in the world after Saudi Arabia. In 2008, Alberta's total oil reserves were 171.8 billion barrels, or about 13% of total global oil reserves and more the 95% of Canada's oil reserves. Of the 171.8 billion barrels, Alberta's oil sands account for 170.4 billion barrels. Together, the Athabasca, Cold Lake, and Peace River oil sands areas contain an estimated 1.7 trillion barrels (initial volume in place) of crude bitumen, with approximately 10% of this volume (170.4 billion barrels) recoverable using current technology. In 2008, Alberta's production of bitumen was 1.3 million barrels per day, representing approximately half of Canada's total crude oil production.

The strategic importance of this resource is difficult to overestimate. Before 2005, the World Petroleum Institute did not recognize bitumen as oil reserves. As a result, Canada accounted for less than 0.5% of worldwide reserves. The recent change in international reserves accounting places Canada second only to Saudi Arabia, with estimates suggesting that the ultimate recoverable oil sands reserves may eventually exceed Saudi Arabia's by over 20%.

BP Statistical Review of World Energy, 2008 Billion Barrels	
Alberta Oil Sands (Ultimate Potentially Recoverable)	320
Saudi Arabia	264
Alberta Oil Sands (Reserves)	173
Iran	138
Iraq	115
Kuwait	102
Russia	79
U.S.	29
Rest of Canada	7

For a sense of physical scale, the Athabasca bitumen deposit, which is the world's largest single oil deposit, is twice the size of Lake Ontario. Lake Ontario is 193 miles long and 53 miles wide, and has an average depth of 283 feet. Interestingly, as of March 31, 2009, of the 54,132 square miles of land in the Athabasca, Cold Lake, and Peace River areas, only 232 square miles have been disturbed by oil sands mining. The oil sands themselves are sand and clay deposits that are saturated with bitumen. Bitumen is not classified as crude oil within the oil industry, although it actually is crude oil. It is merely a tar-like form of crude that is so viscous that it cannot be recovered with infrastructure developed for the

conventional oil industry, which is designed for extracting fluids as opposed to semi-solids.

The primary oil producing areas in Canada are the Western Canada Sedimentary Basin (WCSB), located mostly in Alberta and parts of British Columbia, Saskatchewan, Manitoba and the Northwest Territories; the oil sands deposits of northern Alberta; and offshore fields in the Atlantic Ocean. As it holds the majority of oil sands deposits and the bulk of the WCSB, Alberta represented 68% of Canada's national oil production in 2008. The WCSB has been Canada's primary source of oil production for the last 50 years; however, its aging fields have, in recent years, experienced a steady decline in production. In 2008, conventional crude oil production represented approximately 39% of Canada's total crude oil production, down from 65% in 1999. The share of Canada's total production coming from oil sands is expected to increase in future years in order to offset the decline in conventional crude oil production. By 2018, it is estimated that bitumen production could more than double to 3 million barrels per day and reach 4.2 million barrels per day by 2030.

While the modern history of Alberta's oil sands dates back to the early 18th century when bituminous sands were discovered by European fur traders, the commercial history is of a more recent vintage. In 1967, Sun Oil Co. (now Suncor) completed construction of its Great Canadian Oil Sands Limited facility to extract oil from raw bitumen through the use of a new technology which relied on surface tension reducing wetting agents known as surfactants. Similar to the ability of a soapy solution to act as a detergent, these wetting agents allowed for the extraction of the bitumen from the mixture of sand and clay. Once extracted, producers added lighter hydrocarbons, such as naphtha, to the bitumen to allow it to flow through pipelines to upgraders where the bitumen was processed into synthetic crude oil (SCO), a relatively light, sweet form of crude oil that could be sold to traditional oil refineries. Some of the bitumen was also sold in raw form to specialized refineries with the appropriate conversion capacity. While recent technological improvements have allowed the extraction process to be implemented more cheaply and efficiently, the mechanics of it have remained relatively unchanged.

As a result of the improved bitumen extraction technology, Suncor's pioneering success was met with competition when Syncrude began construction of its first project in 1973; however, as a result of inflationary costs and the inability of oil producers to charge the world price for oil due to government imposed price ceilings, the Syncrude project did not become operational until 1978. The dramatic increase in oil prices in 1979 combined with a more accommodating input cost environment allowed both companies to achieve profitable operations by the end of the 1970s; however, as a result of the controversial National Energy Program, whereby the Canadian government sought to increase its control and ownership of the energy industry, many companies simply decided to leave the province. Consequently, the industry composition during the subsequent decades was characterized by the dominance of a few major companies, such as Suncor and Syncrude. The negative effects of increased government control were exacerbated by the precipitous

decline in oil prices during the latter half of the 1980s. Ultimately, as a result of relatively inefficient, high-cost extraction technology and persistently low oil prices over the subsequent two decades (1986-2004), oil sands companies struggled to convince investors that the exploitation of the oil sands resource would be an economically feasible and, ultimately, financially remunerative proposition—this despite the 21% average return on equity of Suncor for the nine years ending 2008.

Crude Oil Prices: 1970 - 2008

Year	Nominal USD	2008 USD	Year	Nominal USD	2008 USD
1970	1.80	10.02	1990	23.73	39.26
1971	2.24	11.97	1991	20.00	31.73
1972	2.48	12.83	1992	19.32	29.74
1973	3.29	16.01	1993	16.97	25.45
1974	11.58	50.78	1994	15.82	23.23
1975	11.53	46.34	1995	17.02	24.29
1976	12.80	48.62	1996	20.67	28.59
1977	13.92	49.65	1997	19.09	25.91
1978	14.02	46.47	1998	12.72	17.32
1979	31.61	94.13	1999	17.97	23.60
1980	36.83	96.62	2000	28.50	36.24
1981	35.93	85.38	2001	24.44	30.14
1982	32.97	73.78	2002	25.02	30.16
1983	29.55	64.08	2003	28.83	33.75
1984	28.78	58.27	2004	38.27	43.61
1985	27.56	55.23	2005	54.52	60.10
1986	14.43	28.25	2006	65.14	69.58
1987	18.44	34.92	2007	72.39	75.14
1988	14.92	27.24	2008	97.26	97.26
1989	18.23	31.63			

Source: BP Statistical Review of World Energy

Within the last several years, however, advancements in processing technology have led to lower processing costs, which, when considered in light of escalating global energy demand, has led to a renaissance in investor interest in oil sands companies. Today, Syncrude is the world's largest producer of synthetic crude oil from oil sands and the largest single source producer in Canada. With approximately 5 billion barrels of proven and probable reserves, it has a production capacity of 350,000 barrels per day and a targeted capacity of 500,000 barrels per day. Now that oil sands resource development is an economically compelling endeavor, those companies with rights to substantial deposits are engaged in multi-decade plans to mine and process this resource. As a result of waning conventional oil production, oil sands operators with established operational projects are highly profitable.

The allure of oil sands as an investment, however, is not merely predicated on the simple proposition that many projects are now economical as a result of escalating global demand and moderating development costs. There is a strategic importance to Canada's oil sands as well. Since the early 1970s, on average, the U.S. has imported the largest share of its

crude oil and petroleum products from Canada. In 2008, for example, Canada exported 2.49 million barrels per day of crude oil and petroleum products to the United States, supplying 19.3% of total U.S. imports. In contrast, Saudi Arabia exported 1.53 million barrels per day, or 11.84% of total U.S. imports.

Global Oil Reserves (2008 Billion Barrels)	
Saudi Arabia	264.2
Alberta	171.8
Iran	136.2
Iraq	115.0
Kuwait	101.5
Venezuela	99.4
Abu Dhabi	92.2
Russia	60.0
Libya	43.7
Nigeria	36.2
Source: Government of Alberta	

U.S. Crude Oil & Product Imports (2008 Million Barrels Per Day)	
Canada	2.49
Saudi Arabia	1.53
Mexico	1.30
Venezuela	1.19
Nigeria	0.99
Iraq	0.63
Algeria	0.55
Angola	0.51
Russia	0.47
Other	3.26
Total U.S. Imports	12.92
Source: Energy Information Administration	

Acquisition Activity

The significance of the U.S. dependency on Canadian oil production is not expected to wane in the coming years; in fact, if claims that Saudi Arabia's oil fields are maturing faster than reported and are on the verge of production declines hold any truth, one would expect oil sands to play an increasingly important role. While the health of Saudi Arabia's oil fields is a topic of contentious debate, it is generally agreed that many conventional, non-OPEC oil fields, such as Mexico's Cantarell Complex and the oil fields of Canada's WCSB, are maturing or in decline. In order to prepare for the continued production declines of conventional oil fields, developing countries have begun to engage in preliminary business relationships with producers of oil sands in both Canada and Venezuela, thereby securing longer-term supplies.

For example:

- In 2005, China's Sinopec purchased a 40 percent stake in Northern Lights, an oil sands project currently under development by Total. In 2009, Sinopec purchased an additional 10 percent stake in the project.

- In July 2006, state-run Korea National Oil Corporation, or KNOC, purchased the BlackGold bitumen deposit from Newmont for US$250 million. BlackGold contains an estimated 250 million barrels of crude oil, and KNOC plans to bring 35,000 barrels per day of production on-stream at the site by 2010.

❖ Horizon Investment Opportunities ❖

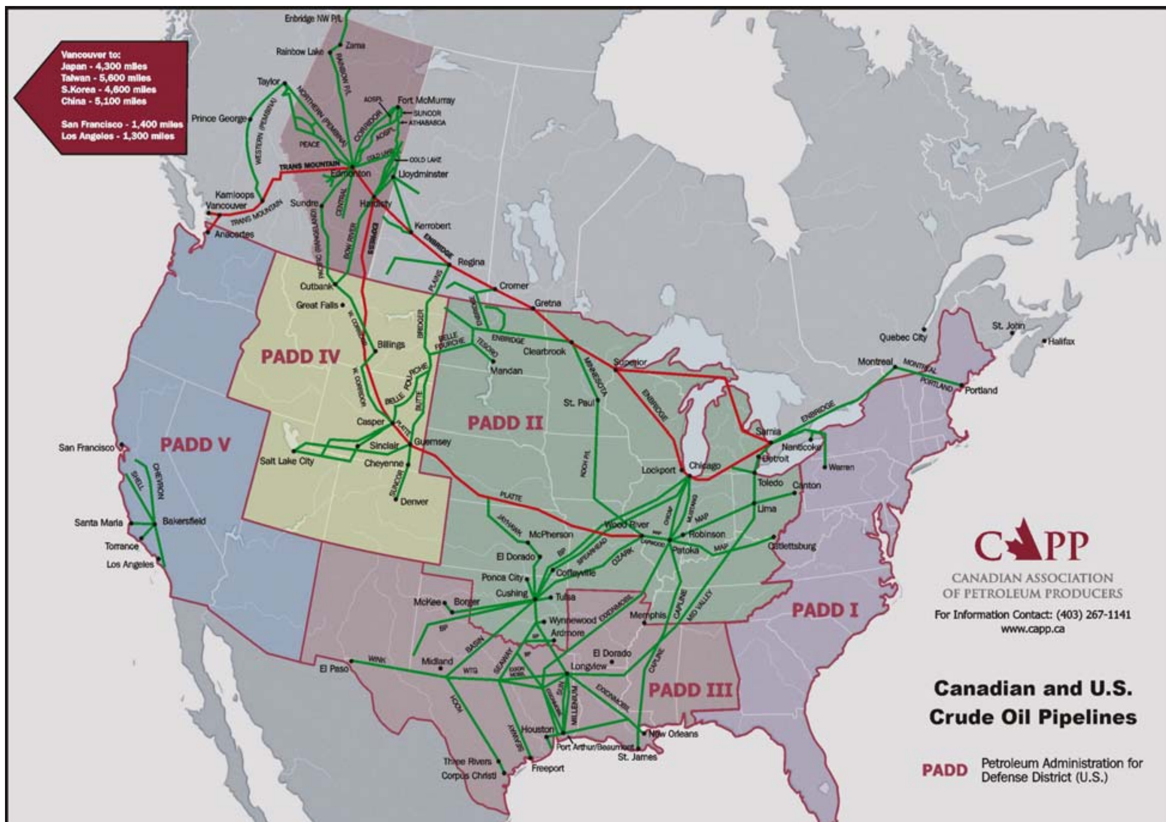
- In 2007, the Chinese National Petroleum company, or CNPC, won exploration rights for a 260 acre tract in Alberta.

- The China National Offshore Oil Corporation (CNOOC) holds a stake in MEG Energy, which operates the Christina Lake project.

- In August 2009, PetroChina acquired a 60% working interest in Athabasca Oil Sands Corporation’s MacKay River and Dover oil sands projects for C$1.9 billion. AOSC has filed regulatory applications for approval of two pilot projects within the project areas with Alberta's Energy Resources Conservation Board and intends to file a regulatory application for the first 35,000 barrels per day phase of the MacKay River commercial project at the end of 2009.

Associated Infrastructure Investment Activity

The strategic importance of Canada’s oil sands is further reflected in the extensive pipeline system that integrates the hub of Canadian production in Alberta with U.S. refineries and distribution facilities.



There are two major oil pipeline operators in Canada: Enbridge Pipelines and Kinder Morgan Canada. Enbridge operates a 9,000-mile network of pipelines and terminals, delivering oil from Edmonton, Alberta to eastern Canada and the U.S. Great Lakes region. Kinder Morgan operates the Trans Mountain Pipe Line (TMPL), which delivers oil mainly from Alberta to refineries and terminals in the Vancouver, British Columbia area. The expansion of Alberta's oil sands industry has necessitated the construction of several new pipelines to transport diluted bitumen and synthetic crude to downstream facilities in the Edmonton area. New oil sands projects expected to come on-stream in the coming years will likely necessitate an expansion of this network. Enbridge maintains connections between major Canadian cities and Chicago, integrating the Canadian and U.S. components of its network. Enbridge also operates Spearhead, a 650-mile pipeline with a capacity of 125,000 barrels per day that links Chicago with Cushing, Oklahoma. Kinder Morgan exports oil to the U.S. through an extension of the TMPL that reaches northern Washington. It also operates Express, a 790-mile, 170,000 barrel per day pipeline that links Hardisty, Alberta and Casper, Wyoming; from Casper, the company's 930-mile, 120,000 barrel per day Platte pipeline runs to Wood River, Illinois. Any increase in oil sands production will require additional pipeline capacity to take that production to world markets.

Along with expanding existing pipelines, companies have proposed several new pipeline projects that would better link Alberta with the U.S. Gulf Coast, allowing oil sands producers greater access to the large concentration of refineries there:

- The Keystone system is currently under construction, with start-up scheduled for 2010. It will link Hardisty with Patoka, Illinois and Cushing, Oklahoma. The system will have an initial capacity of 435,000 barrels per day, to be expanded at a later date to 590,000 barrels per day. The project also includes plans to later expand the system to 1.1 million barrels per day and extend it to Port Arthur, Texas. The Keystone project is a joint venture of TransCanada and ConocoPhillips.

- The 450,000 barrel per day, 770-mile Texas Access pipeline would link Illinois with Nederland, Texas. The project, a joint venture between Enbridge and ExxonMobil, could be online as early as 2012. Enbridge and BP proposed building a new system to connect the Chicago area with Houston, using a combination of new, existing and reversed pipelines. The system would have a capacity of 250,000 barrels per day and is also targeted for start-up in 2012.

- The Trailbreaker project would link Alberta to Portland, Maine (via Ontario and Quebec), allowing oil sands producers to sell into the Atlantic Basin or ship crude via tanker to the U.S. Gulf Coast.

- Enbridge has also proposed plans for the construction of the 720-mile, 400,000 barrel per day Gateway pipeline from Edmonton to Kitimat, a deepwater port in British Columbia capable of supporting very large crude carriers (VLCC). The Gateway pipeline would facilitate the export of oil sands to Asia or California. Kinder Morgan has discussed plans to build a similar pipeline or upgrade the capacity of the TMPL.

The Ongoing Conventionalization of Oil Sands

Finally, the increasing importance of oil sands as an economically feasible alternative to conventional oil has recently been reflected in revisions to the accounting treatment of unconventional reserves. Whereas bitumen was not historically recognized in the international country rankings of world oil reserves, in 2004 the U.S. Department of Energy revised its global oil resource estimates to include oil sands deposits.

More significantly, on December 29, 2008, the U.S. Securities and Exchange Commission adopted final rules amending and modernizing its oil and gas reporting requirements to allow for companies that produce oil and natural gas from non-traditional and unconventional sources, such as bitumen extracted from oil sands and oil and gas extracted from coal and shale, to report these resources as oil and gas reserves beginning January 1, 2010.

Additionally, in estimating reserves for disclosure purposes, oil and gas companies will be required to use a 12-month average of the closing prices for the commodity on the first day of each of the twelve months preceding the end of the company's fiscal year rather than the year-end price. The importance of the new changes is two-fold. First, one could argue that accounting for unconventional resources in the same manner as conventional oil, allows for a more equitable comparison, thereby increasing the visibility of companies in possession of potentially high-value assets such as oil sands. Second, and of great importance to oil sands companies, is the requirement that the price used in estimating reserves be a 12-month average rather than a year-end price. As demonstrated in the table below, the discount at which bitumen trades to Western Canadian Select and West Texas Intermediate is highly variable and seasonal in nature. This is the result of increased demand for bitumen during the summer months when it is used for purposes such as road construction.

Bitumen Price Discount to Western Canadian Select (WCS) & West Texas Intermediate (WTI)			
Date	Bitumen to WCS	Bitumen to WTI	WCS to WTI
Jan-08	-24.56%	-44.24%	-26.08%
Feb-08	-23.22%	-42.25%	-24.78%
Mar-08	-16.47%	-29.61%	-15.72%
Apr-08	-20.22%	-32.94%	-15.94%
May-08	-17.10%	-31.06%	-16.84%
Jun-08	-15.89%	-32.05%	-19.22%
Jul-08	-9.19%	-21.74%	-13.81%
Aug-08	-8.70%	-20.89%	-13.35%
Sep-08	-11.81%	-28.95%	-19.44%
Oct-08	-14.85%	-35.45%	-24.19%
Nov-08	-24.86%	-50.78%	-34.50%
Dec-08	-42.50%	-67.59%	-43.63%

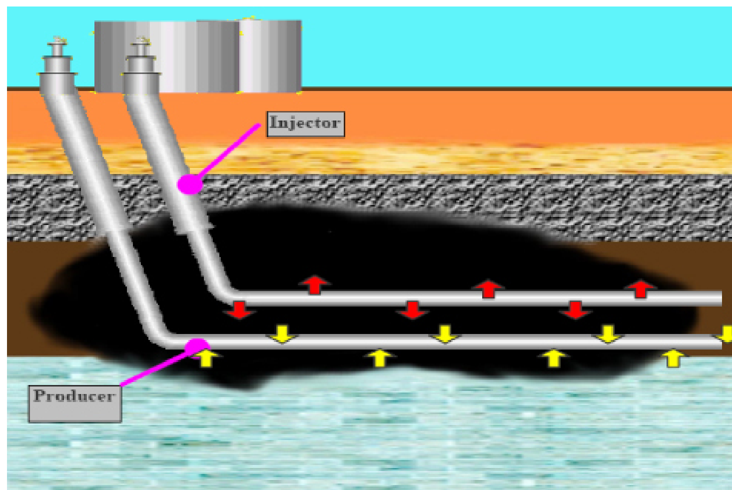
Source: Government of Alberta, Bloomberg

Canadian Oil Sands Projects & Bitumen Extraction Technology

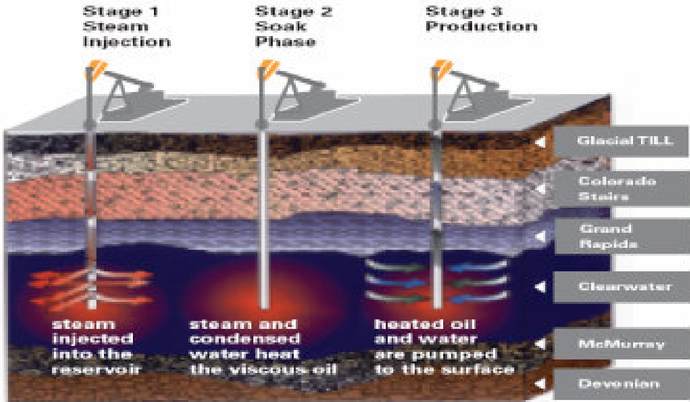
At the individual project level, as of July 2009, there were 91 active oil sands projects in Alberta—that is, projects that have either been proposed, are currently under construction, or are currently producing. Of these, four are producing mining projects; the remaining projects use various in-situ recovery methods. Very generally, there are two different methods of producing oil from the oil sands: open-pit mining and in situ, or Latin for in place. Bitumen that is close to the surface is mined, whereas bitumen that occurs deep within the ground is produced in situ using specialized extraction techniques.

Open-pit mining is similar to many coal mining operations, whereby large shovels scoop the oil sands into trucks that then take it to crushers where the large clumps of earth are broken down. This mixture is then thinned out with water and transported to a plant, where the bitumen is separated from the other components and upgraded to create synthetic oil. This technique is sometimes misrepresented as the only method of mining oil sands; however, only 20% of the oil sands are recoverable through open-pit mining. The remaining 80% of oil sands reserves are recoverable through in situ technology, with limited surface disturbance. Advances in technology, such as directional drilling, enable in situ operations to drill multiple wells from a single location, further reducing the surface disturbance. The majority of in situ operations use steam assisted gravity drainage, or SAGD. This method involves pumping steam underground through a horizontal well to liquefy the bitumen that is then pumped to the surface through a second well. Other common extraction methods include cyclic steam stimulation, or CSS, and toe to heel air injection, or THAI.

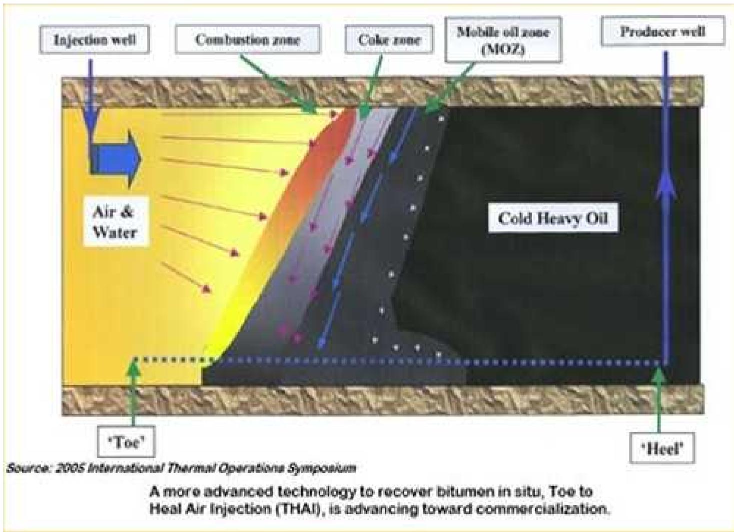
Steam Assisted Gravity Drainage, or SAGD, involves the drilling of two horizontal wells, one at the bottom of the formation and another about 5 meters above it. The upper well injects steam into the reservoir. The resulting heat melts the bitumen which allows gravity to assist it to flow to the lower well where the bitumen is pumped to the surface. SAGD is cheaper than CSS, allows very high oil production rates and recovers up to 60% of the oil. Some of the projects where SAGD is used are Suncor's Firebag project, Suncor's MacKay River project and Encana's Foster Creek project.



The *Cyclic Steam Stimulation*, or CSS, method puts the well through cycles of steam injection, bitumen soaking and, ultimately, oil production. First, steam is injected into a well at a temperature of 300 degrees Celsius for a period of several weeks to several months. The well is allowed to sit for several days to let heat enter the oil sands. The hot bitumen is then pumped out of the well, which may take weeks. When the production rate falls, the well is put through several more cycles of steam injection, soaking and production until the cost of injecting steam exceeds production costs. Recovery factors are around 20-25%, but the cost of injecting the steam is high. This method began to be commercially used in 1985 by Imperial Oil at Cold Lake. It is also being used at Shell Canada's Peace River project.



Toe to Heel Air Injection, or THAI, is a new and experimental method where a vertical air injection well is combined with a horizontal production well. To begin the process, bitumen around the "toe" of the horizontal well is heated with steam. Once this three-month heating cycle is complete, the steam is shut off and air is injected into the vertical well to create a combustion reaction in the reservoir. Through the controlled injection of air, an estimated two meter thick combustion front begins to move along the horizontal well at about 10 inches per day toward the "heel" of the horizontal well. As it heats up, the bitumen drains into the horizontal production well and is brought to the surface through natural pressure. Because the combustion front heats the bitumen to 400 degrees, the oil is also partially upgraded underground. The heat causes a portion of the asphaltine content of the oil to be left behind as coke, which acts as fuel for continued combustion. This process has been patented by Petrobank Energy and Resources. It has been shown to produce more of the resource, while significantly limiting the environmental footprint.



Source: 2005 International Thermal Operations Symposium

A more advanced technology to recover bitumen in situ, Toe to Heal Air Injection (THAI), is advancing toward commercialization.

UTS Historical Background

Summary

The modern history of UTS commences in 1994, when it acquired its first oil sands interest as a minor, 10% partner with another firm. Through a combination of favorable outcomes to adverse circumstances and, later, through the active management and acquisition of oil sands leases, the company has managed to significantly expand its asset base.

The first fortuitous event was the failure of the original joint venture partner, Solv-Ex, in 1997. This permitted UTS to raise its stake in the leases that had become known as the Fort Hills Project from 10% to 22%. Further development was funded by the giant private commodities firm Koch Industries, which, during the restructuring, acquired the balance of the joint venture out of bankruptcy. As the 78% development partner, Koch not only served to further expand the Fort Hills asset base at a highly favorable price, but also provided the next major opportunity for UTS by deciding to exit the project in early 2003.

UTS managed to fund the acquisition of Koch's 78% interest, retaining for a time 100% of Fort Hills, which can fairly be called a world-class oil field. An oil sands production facility, though, is a multi-billion development endeavor and UTS, being asset rich and cash poor, so to speak, was destined to be a minority partner in order to capitalize on the asset. The most important skill set for that position, then, is contract negotiation, as opposed to engineering prowess. Accordingly, in 2005, UTS engaged Petro-Canada as a majority partner in the Fort Hills Project, utilizing the asymmetrically favorable earn-in structure, in which the new partners are responsible for development costs in greater proportion than their equity interests.

This partnering technique was repeated more than once, the summary results being displayed below. This table commences with, in a manner of speaking, the apex of the UTS achievement—100% ownership of the Fort Hills Project; however, exclusive ownership was to be only temporary, since the company could not possibly afford to develop the project on its own. The true accomplishment of UTS was the ability to secure funding for that resource over the ensuing years, building its working capital from near zero to the current C$1.153 billion, while diversifying its asset base into three projects and an additional lease portfolio, and retaining over 70% of the originally estimated 2.4 billion barrels of resource.

In Millions	Working Interest	Best Estimate Contingent Resource Net UTS	% of Original 2.4 Billion Barrels	Contingent Resource Value @ $0.29 per Barrel	Working Capital (Earn-In Plus Cash)	Total Asset Value (Contingent Resource Plus Working Capital)	Total Asset Value (Contingent Resource Plus Working Capital) Per Share
2004	FH: 100%	2,400	100.0%	696	59	755	2.20
2005	FH: 30%	1,050	43.8%	305	737	1,041	2.45
2006	FH: 30%	1,410	58.8%	409	654	1,063	2.49
2007	FH: 20%, EQ: 50%; FT: 50%	975	40.6%	283	1,566	1,849	3.92
2008	FH: 20%, EQ: 50%; FT: 50%	1,717	71.5%	498	1,022	1,520	3.21
2009	FH: 20%, EQ: 50%; FT: 50%	1,717	71.5%	498	1,153	1,651	3.48

FH: Fort Hills Project; EQ: Equinox; FT: Frontier

In essence, during the past decade UTS has markedly built up not only its hard assets, but also its cash and earn-in balances, in what approaches a double-digit annualized per-share increase in its asset value (working capital plus barrels of resource). Its proportionate 1.717 billion barrels of oil sands resources were acquired at an aggregate gross cost of C$0.29 per barrel. However, having been an astute buyer and evaluator of properties, the company has reduced its net cost of resources, following certain property sales, to C$0.03 per barrel.

The current environment, following last year's acquisition of Petro-Canada by Suncor, appears to be placing UTS at the juncture of either active project development or a value-enhancing transaction by a management that continues to feel vulnerable trading at such a sizeable discount to fair value.

UTS History, 1980s to 1994

It was during the challenging environment of the mid-1980s that UTS Energy Corporation began operations; however, its operations in the early years appear to have been characterized by more idiosyncratic interests in the energy and minerals sectors, including activities as diverse as gold exploration in Ghana and a project in Pennsylvania and West Virginia to pelletize coal from the tailings ponds of area coal mines. It wasn't until 1994 that the company established its presence in the Athabasca oil sands area; moreover, it would take an additional six years before the company made the Athabasca oil sands its sole endeavor in 2000.

UTS Energy Corporation was established on January 26, 1977 under the name Tri-Star Resources Ltd. Tri-Star was amalgamated with Battle Energy Corp. on December 31, 1986 and continued under the name United Tri-Star Resources Ltd. until June 30, 1998 when the company amended its articles of incorporation to change its name to UTS Energy Corporation. It was in 1994 that the company entered into an agreement with an oil sands technology and exploration venture called Solv-Ex Corporation in order to participate in the production of minerals and crude oil from the Athabasca oil sands.

Solv-Ex Corporation, 1994-1998

In accordance with the terms of the original agreement with Solv-Ex, UTS was responsible for C$3.0 million in costs related to research and development as consideration for a 10% interest in the Solv-Ex technology used in the Athabasca oil sands region. Additionally, in 1994, the company was granted a 10% interest in Lease 5 and an option to acquire 10% of any working interest acquired by Solv-Ex in the Athabasca oil sands area which utilized Solv-Ex patented technology. In 1995, the company acquired a 10 percent interest in Lease 52 for C$60,450 from Solv-Ex pursuant to this option. In 1997, the company entered into a limited partnership agreement with Solv-Ex to form Solv-Ex LP in which UTS held a 10% limited partnership interest. In 1997, title to Lease 5 was transferred to Solv-Ex LP. Ultimately, Lease 5, Lease 52 and Lease 8 would form what became known as the Fort Hills Project.

As a result of cost overruns and the inability to raise funds, Solv-Ex filed for protection under the Companies Creditors' Arrangement Act on July 14, 1997 and under Chapter 11 of the United States Bankruptcy Code on August 1, 1997 to restructure the ownership of the oil sands project. Specifically, Solv-Ex had claimed that its plant was ready to produce large quantities of high-grade bitumen at very low cost—costs that were lower than all other existing operators, including Suncor and Syncrude. Information was difficult to obtain on the Solv-Ex plant, which was located in Fort McMurray, thirty miles north of Edmonton, Alberta; however, through interviews with Fort McMurray residents and aerial photographs it became clear that the Solv-Ex plant was not only completely unfinished but a mere junk yard full of inoperative equipment. Solv-Ex denied these indisputable facts and announced that on April 1, 1997 it had actually commenced production. All such claims were proved to be false and ultimately led to the company's demise.

In stark contrast to the modicum of work done by Solv-Ex at Fort Hills, the aerial photograph below highlights the significant progress that has been made by UTS and its partners. To date, the vast majority of the preliminary work necessary to begin a mining project has been done, as evidenced by the tailings ponds, various roads and workers camp.

By the time of the bankruptcy filing, Alberta Oil Sands Technology and Research Authority, Suncor, Syncrude and Shell Canada had all evaluated the Solv-Ex process and found it to be of no commercial value. Not surprisingly, Solv-Ex neither produced nor profitably sold any oil from the vast bitumen resource underlying the properties. Throughout the bankruptcy process, which lasted until the second quarter of 1998, UTS management was able to maintain the company's interest in the assets of Solv-Ex LP, Lease 5 and Lease 52. Furthermore, during the restructuring process, UTS paid Solv-Ex C$4.4 million in cash and issued 5 million common shares to acquire certain rights to Solv-Ex technologies and, more importantly, an additional 12% interest in the project, increasing the company's interest to 22%.

Koch Exploration, 1998 – 2004

Upon completion of the Solv-Ex proceedings and throughout the remainder of 1998 and 1999, UTS assessed a variety of business opportunities, namely the acquisition of heavy oil producing assets to augment the longer-term nature of its bitumen assets; however, it was determined that the cost of doing so and the potential for shareholder dilution was exceedingly high. Concurrent with the company's search for complementary business opportunities, the pre-feasibility stage of the Fort Hills project was conducted and upon its

completion in June 2000, the favorable resource assessment led the company to conclude that it would be in its best interests to focus solely on the development of Fort Hills.

Importantly, the remaining 78% interest in the project was acquired for C$30 million during the restructuring process in November 1997 by Koch Exploration Canada, Ltd., the new operator of the Fort Hills Project. The first partnership agreement was entered into between Koch and UTS on March 13, 1998. In November 2000, TrueNorth, established by Koch to operate and lead Fort Hills on behalf of the Fort Hills Joint Venture, entered into a license and technical support agreement with Syncrude for technologies used at its North Aurora mine. By using Syncrude extraction and processing technologies, mining, extraction and processing costs required to produce a barrel of commodity-grade bitumen would be reduced substantially. Additionally, the Koch joint venture required that Koch, one of the largest importers of crude oil to the United States and a significant refiner of bitumen and heavy oil, market all project production at prevailing market prices.

In December 2000, TrueNorth made a successful bid of C$5.38 million for Lease 8, of which UTS's share was C$1.2 million. The cost of this acquisition was C$953 per acre, or approximately C$0.01 per barrel of bitumen. The acquired lease, contiguous to the existing Leases 5 and 52, added an estimated 600 million barrels of mineable bitumen to the Fort Hills resource base. The successful acquisition of Lease 8, combined with the results of three years of drilling and geological assessment in the area, increased the total mineable bitumen resource to 2.4 billion barrels.

After the successful acquisition of Lease 8, beginning in 2001, the company directed capital investment towards the finalization of the Fort Hills feasibility study, reserve report, and applications to the Alberta Energy Resources Conservation Board and Alberta Environment. On October 22, 2002, the project was determined to be in the public interest.

However, in January 2003, TrueNorth Energy decided to defer the project indefinitely. TrueNorth cited as contributing factors in its decision the escalating costs experienced by other established oil sands developers, challenging capital markets, and general uncertainty regarding the potential impacts of the Kyoto Accord.

Throughout the remainder of 2003, UTS worked towards a solution to the indefinite deferral of the Fort Hills Project, ultimately deciding to acquire TrueNorth's 78% interest in July 2004 at a purchase price of about seven cents per barrel of resource. Also, through three separate financings, approximately C$200 million was raised and plans were made to begin implementing the Fort Hills Project.

Notably, it was during this period that current Chairman of the Board, Dennis Sharp, joined UTS in 1998 as Chairman of the Board and Chief Executive Officer. By way of background, in 1988, Sharp founded CS Resources Limited, a company specializing in the production of heavy oil and was a pioneer in the use of horizontal drilling technology.

After selling his company to Canadian Pacific Limited in July 1997, he joined UTS to focus on the development of the leases at Fort Hills.

Lease Acquisition Program of 2006 and Anti-Dilutive Use of the "Earn-In"

The period beginning with the completion of the Solv-Ex restructuring in the second quarter of 1998 through the end of 2007 was characterized by a focus on consolidating, delineating and ultimately monetizing the bitumen asset present at Fort Hills. Given UTS's strong asset position vis-à-vis its, at times, sole ownership of an originally assessed resource of 2.4 billion barrels of bitumen combined with nonexistent mining and processing capabilities, the company focused on developing partnerships with more established operators in the unconventional oil exploration and production industry. Through the use of partnerships structured around the legal mechanism known as an earn-in, UTS has been able to leverage its ownership of a potentially high-value, but illiquid asset to entice its partners to effectively subsidize a significant portion of the development costs, thereby allowing the company to avoid dilution of shareholder value. The leverage embedded in the earn-in structure arises due to an asymmetry between the sharing of working interests and the sharing of costs. For example, UTS owns a 20% working interest in the Fort Hills Project, entitling the company to 20% of the ultimate profits, though it shares responsibility for only 4.7% of the first C$7.5 billion in total costs.

While initially the reduced working interest results in an immediate reduction in net resource owned by UTS, over time the result has been one of continued resource delineation and development. Over this period of partnering and developing, the earn-in structure has been repeatedly applied in order to expand the resource base, namely with the Fort Hills, Equinox and Frontier projects. The ability of UTS to successfully leverage the earn-in structure to the benefit of shareholders is evident in the subsequent tables. Since 2004, UTS has reduced its working interest in Fort Hills by 80% while managing to retain 71.5% of the original 2.4 billion barrels of resource. This is a result of the continued development of Fort Hills and the addition of the 50% working interests it shares with Teck Cominco in the Equinox and Frontier projects.

Year	Working Interest	Best Estimate Contingent Resource (Millions of Barrels)	% of Original 2.4 Billion Barrels
2004	FH: 100%	2,400	100.0%
2005	FH: 30%	1,050	43.8%
2006	FH: 30%	1,400	58.3%
2007	FH: 20%, EQ: 50%; FT: 50%	975	40.6%
2008	FH: 20%, EQ: 50%; FT: 50%	1,717	71.5%
2009	FH: 20%, EQ: 50%; FT: 50%	1,717	71.5%

FH: Fort Hills Project; EQ: Equinox; FT: Frontier

Over this period, share issuance has not been insignificant. For example, the issuance of over 260 million shares during 2004 was the primary means by which the company purchased the additional 78% interest in Fort Hills, increasing its contingent resource base to the initial 2.4 billion barrels. Ceteris paribus, the dramatic increase in share count from 2003 through 2009 would have resulted in asset value per share dilution of approximately 84%; however, as discussed, the company has successfully increased its asset base through progressively higher resource delineation, increased earn-in commitments from its partners and an increased cash balance as a result of lease sales. Consequently, from 2003 through 2009, asset value per share has grown 41% on a cumulative basis despite a more than six-fold increase in the share count. As evident in the table below, this assumes that the contingent resource is valued at an average cost of C$0.29 per barrel rather than a significantly higher fair market value.

In Millions	Best Estimate Contingent Resource Net UTS	Contingent Resource Value @ $0.29 per Barrel	Remaining Earn-In	Cash	Working Capital (Earn-In Plus Cash)	Total Asset Value (Contingent Resource Plus Working Capital)
2003	530	154	0	3	3	156
2004	2,400	696	0	59	59	755
2005	1,050	305	632	105	737	1,041
2006	1,410	409	555	99	654	1,063
2007	975	283	1,206	360	1,566	1,849
2008	1,717	498	746	276	1,022	1,520
2009	1,717	498	695	458	1,153	1,651

In Millions	Shares Outstanding	Dilution	Total Asset Value (Contingent Resource Plus Working Capital) Per Share	Cumulative Total Asset Value Per Share Growth
2003	75.55	0%	2.07	0%
2004	342.50	-78%	2.20	6%
2005	424.42	-82%	2.45	16%
2006	427.31	-82%	2.49	17%
2007	472.26	-84%	3.92	47%
2008	474.17	-84%	3.21	35%
2009	474.17	-84%	3.48	41%

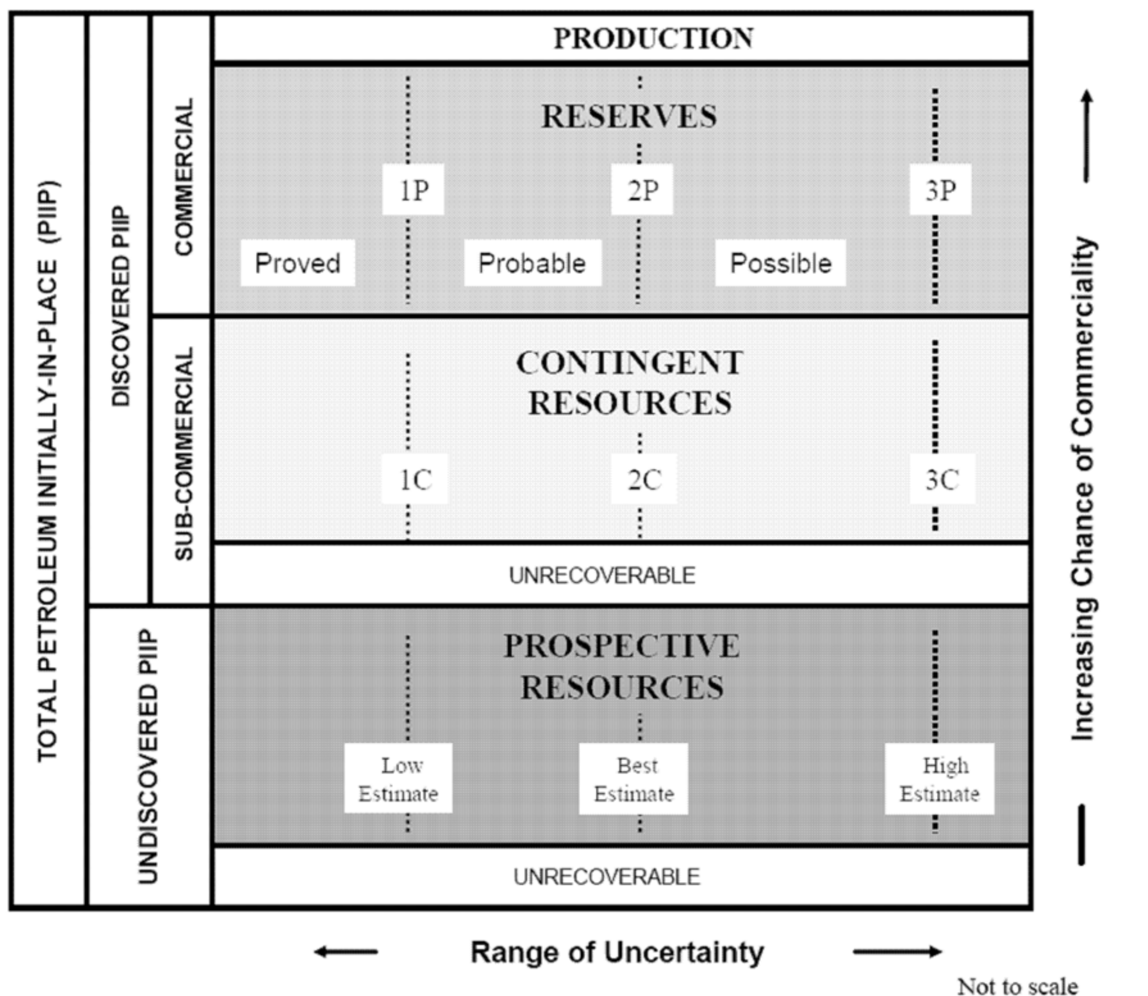
The history and decidedly upward progression of resource estimates across all of UTS's active properties at the low, best and high estimates is documented in the table below at the entire project level, followed by the company's net interests in the projects.

Total Project Estimates			Proved & Probable	Contingent	Discovered	Initially-In-Place
Date	Lease	Interest	Low / Best / High Estimates (In Billions)			
1/6/1989	Fort Hills: Lease 5	0%	-	-	-	- / 1.10 / -
12/31/1996	Fort Hills: Lease 5, 52	10%	-	-	-	- / 7.80 / -
12/30/1999	Fort Hills: Lease 5, 52, 8	22%	-	-	- / 2.40 / -	-
2/13/2002	Fort Hills: Lease 5, 52, 8	22%	-	-	- / 2.80 / -	- / 4.70 / -
12/31/2002	Fort Hills: Lease 5, 52, 8	22%	- / 2.40 / -	-	-	-
12/31/2003	Fort Hills: Lease 5, 52, 8	22%	-	0.73 / 2.40 / 3.00	-	-
12/31/2004	Fort Hills: Lease 5, 52, 8	100%	-	0.73 / 2.40 / 3.00	-	-
12/31/2005	Fort Hills: Lease 5, 52, 8	30%	-	2.40 / 3.50 / 4.60	-	-
12/31/2006	Fort Hills: Lease 5, 52, 8	30%	-	3.10 / 4.70 / 5.50	-	-
12/31/2007	Fort Hills: Lease 5, 52, 8	20%	-	3.40 / 4.00 / 4.40	-	-
12/31/2008	Fort Hills: Lease 5, 52, 8	20%	-	2.10 / 3.88 / 4.35	-	-
12/31/2007	Equinox: Lease 14	50%	-	0.27 / 0.35 / 0.40	-	-
12/31/2008	Equinox: Lease 14	50%	-	0.23 / 0.33 / 0.38	-	-
12/31/2007	Frontier: Lease 311, 468, 470, 477, 610	50%	-	-	-	0.28 / 1.05 / 2.79
12/31/2008	Frontier: Lease 311, 468, 470, 477, 610	50%	-	0.98 / 1.55 / 2.55	-	-

❖ Horizon Investment Opportunities ❖

Total Project Estimates, Net to UTS			Proved & Probable	Contingent	Discovered	Initially-In-Place
Date	Lease	Interest	Low / Best / High Estimates, Net to UTS (In Billions)			
1/6/1989	Fort Hills: Lease 5	0%	-	-	-	-
12/31/1996	Fort Hills: Lease 5, 52	10%	-	-	-	- / 0.78 / -
12/30/1999	Fort Hills: Lease 5, 52, 8	22%	-	-	- / 0.53 / -	-
2/13/2002	Fort Hills: Lease 5, 52, 8	22%	-	-	- / 0.62 / -	- / 1.03 / -
12/31/2002	Fort Hills: Lease 5, 52, 8	22%	- / 0.53 / -	-	-	-
12/31/2003	Fort Hills: Lease 5, 52, 8	22%	-	0.16 / 0.53 / 0.66	-	-
12/31/2004	Fort Hills: Lease 5, 52, 8	100%	-	0.73 / 2.40 / 3.00	-	-
12/31/2005	Fort Hills: Lease 5, 52, 8	30%	-	0.72 / 1.05 / 1.38	-	-
12/31/2006	Fort Hills: Lease 5, 52, 8	30%	-	0.93 / 1.41 / 1.65	-	-
12/31/2007	Fort Hills: Lease 5, 52, 8	20%	-	0.68 / 0.80 / 0.88	-	-
12/31/2008	Fort Hills: Lease 5, 52, 8	20%	-	0.42 / 0.78 / 0.87	-	-
12/31/2007	Equinox: Lease 14	50%	-	0.14 / 0.18 / 0.20	-	-
12/31/2008	Equinox: Lease 14	50%	-	0.12 / 0.17 / 0.19	-	-
12/31/2007	Frontier: Lease 311, 468, 470, 477, 610	50%	-	-	-	0.14 / 0.53 / 1.40
12/31/2008	Frontier: Lease 311, 468, 470, 477, 610	50%	-	0.49 / 0.78 / 1.28	-	-

Upon review of the data above, one will notice a variety of resource definitions: proved and probable, contingent, discovered, and initially-in-place. As a brief review, according to the Canadian Oil and Gas Evaluation Handbook as published by the Canadian Section of the Society of Petroleum Evaluation Engineers, the definition of each is as follows:



Reserves are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on the analysis of drilling, geological, geophysical, and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable. Reserves are further classified according to the level of certainty associated with the estimates and may be subclassified based on development and production status.

Contingent Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political, and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent Resources are further classified in accordance with the level of certainty associated with

the estimates and may be subclassified based on project maturity and/or characterized by their economic status.

Discovered Petroleum Initially-In-Place (equivalent to discovered resources) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered petroleum initially in place includes production, reserves, and contingent resources; the remainder is unrecoverable.

Total Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to "total resources").

As a result of both the unique asset base and the improved financial position of the company, Dr. William Roach joined the company as Chief Executive Officer in June 2004. A professional engineer, Dr. Roach began his oil and gas career with Royal Dutch/Shell in 1983 and was a project manager when he left the company in 1996. He was also a project manager with British-Borneo from 1996 through 2000 before working as Husky[1] Energy's general manager of East Coast operations from 2000 through 2004. Specifically, with Husky, Dr. Roach was responsible for managing all operational activities of the East Coast office and directly managing the Husky operated C$2.35 billion White Rose floating production, storage and offloading vessel, or FPSO. Importantly, the first oil was delivered on time and within budget in Q4 2005.

As discussed previously, through the use of partnership agreements structured around the legal mechanism known as an earn-in, UTS has been able to leverage its ownership of high-value oil sands leases to garner development subsidies from its partners. The use of this new structure was first effected on June 24, 2005 when UTS entered into a partnership arrangement with Petro-Canada whereby Petro-Canada committed to pay C$900 million of the initial C$1.0 billion of development costs in consideration for a 60% interest and designation as operator of the Fort Hills Project. As consideration for the remaining 40% working interest in the project, UTS committed to pay the remaining C$100 million, thereby retaining 1.12 billion barrels of the 2.8 billion barrels of mineable resource.

[1] As a complement to the listing of some of the foreign strategic buyers of oil sands properties in Western Canada, Husky Energy is probably the first major such transactions. In 1987, Li Ka-Shing, initially through his majority controlled Hutchinson Whampoa, acquired most of Husky Energy and took it private. The company was brought public again via an acquisitive merger with publicly traded Rennaisance Energy in 2000. Mr. Lee now controls, both directly and via Hutchinson Whampoa, about 70% of the Husky shares.

The structure of the partnership was further modified when, on September 6, 2005, Teck Cominco[2] joined the Fort Hills Project by purchasing a 15% working interest in exchange for agreeing to fund C$850 million of the initial C$2.5 billion in capital expenses. Furthermore, Petro-Canada agreed to fund C$1.55 billion of the initial C$2.5 billion in exchange for a 55% working interest. This left UTS with at 30% working interest in consideration for funding C$100 million of the initial C$2.5 billion. The new agreement was formalized on November 30, 2005.

Again, in September 2007, the Fort Hills partners announced that each of Petro-Canada and Teck Cominco would earn additional 5% working interests in the Fort Hills Project by committing a further combined C$750 million on UTS's behalf. Therefore, the revised partnership agreement now provides that, in addition to its commitment up to C$2.5 billion, Petro-Canada, now Suncor, will contribute C$3.375 billion of the subsequent C$5 billion of the Fort Hills Partnership's expenditures, Teck Cominco will contribute C$1.375 billion and UTS will contribute C$250 million. After the first C$7.5 billion of spending has been reached, further costs and expenses incurred will be funded by the partners on the basis of their working interests.

Upon completion of the revised partnership agreement in November 2007, the value of a one percent working interest in the Fort Hills Project had grown from approximately C$1.6 million, the amount paid for the asset when it was acquired from TrueNorth in 2004, to C$75 million. More importantly, as a result of the revised partnership agreement and a successful C$275 million equity offering in 2007, the company had secured its share of the first C$7.5 billion of obligations related to the Fort Hills Project.

Apart from the developments taking place at Fort Hills and evident in the tables below, the company's acquisitive activity reach its zenith during 2006 when 21 leases were acquired, representing over 270,000 acres of oil sands properties. Specifically, on January 9, 2006, UTS announced that it and Teck Cominco had jointly purchased 50% interests, respectively, in Lease 311 for C$6.1 million. Immediately thereafter, UTS undertook a successful exploratory drilling program on Lease 311 and Lease 14. As a result of additional engineering work on Lease 14, it was determined that the lease contained a significant mineable resource. On the basis of the 2006 drilling results and other geological studies for Lease 14 and Lease 311, UTS and Teck Cominco embarked on a program to acquire additional oil sands leases in the Athabasca oil sands region. By April 30, 2008, the partnership had acquired over 20 new leases and held a total of 28 prospective oil sands leases representing close to 285,000 acres, an area more than four times the size of the land held within the Fort Hills Partnership. On July 17, 2008, UTS announced the purchase of two additional oil sands leases in the Athabasca oil sands area jointly with Teck Cominco. UTS purchased Lease 022 and Lease 023, comprising a total of 21,760 acres east of the

[2] Teck-Cominco is Canada's largest diversified mining, mineral processing and metallurgical company. In addition to its oil sands interests, the company owns or has interests in 13 mines in Canada, the U.S., Chile and Peru, as well as one metallurgical complex in Canada.

Athabasca River and contiguous with Lease 421. Ultimately, the company would amass a total of 31 leases amounting to over 375,000 acres.

While the accumulated leases have come to represent a large amount of acreage with a significant assessed resource, as with any investment, the element of vital importance is the purchase price relative to the fair value of the acquired asset. In this case, a useful analytical heuristic is the total capital invested per contingent barrel of resource compared to recent bitumen resource acquisitions. As is evident in the following table, the leases have been acquired and resources delineated at a considerable discount to the recent fair market value of a contingent barrel.

Oil Sands Leases	Year Acquired	Total Acreage	UTS Working Interest	UTS Net Acreage	Working Interest Cost (MM)	Additional Capital Cost (MM)	Total Cost (MM)	Contingent Barrels (MM bbls)	Total Cost Per Contingent Barrel
Fort Hills Project									
Lease T05	1994	5,873	20%	1,175	n/a	n/a	n/a	n/a	n/a
Lease T008	2000	5,715	20%	1,143	n/a	n/a	n/a	n/a	n/a
Lease T52	1995	35,110	20%	7,022	n/a	n/a	n/a	n/a	n/a
Subtotal		46,698	20%	9,340	33.00	301.00	334.00	776	0.43
Fort Hills Partnership									
Lease 438	2006	5,440	20%	1,088	1.92	n/a	n/a	n/a	n/a
Lease 437	2006	7,680	20%	1,536	0.48	n/a	n/a	n/a	n/a
Lease 634	2005	1,280	20%	256	0.26	n/a	n/a	n/a	n/a
Subtotal		14,400	20%	2,880	2.66	n/a	n/a	n/a	n/a
Subtotal (Fort Hills Areas)		61,098	20%	12,220	35.66	301.00	336.66	776	0.43

❖ Horizon Investment Opportunities ❖

Oil Sands Leases	Year Acquired	Total Acreage	UTS Working Interest	UTS Net Acreage	Working Interest Cost (MM)	Additional Capital Cost (MM)	Total Cost (MM)	Contingent Barrels (MM bbls)	Total Cost Per Contingent Barrel
Equinox Project									
Lease 14	2005	7,147	50%	3,574	0.06	22.00	22.06	166	0.13
Frontier Project									
Lease 311	2005	11,520	50%	5,760	0.54	22.00	22.54	n/a	n/a
Lease 468	2006	5,120	50%	2,560	9.00	2.60	11.60	n/a	n/a
Lease 470	2006	5,120	50%	2,560	12.75	2.80	15.55	n/a	n/a
Lease 477	2006	5,120	50%	2,560	18.25	9.70	27.95	n/a	n/a
Lease 610	2006	15,360	50%	7,680	8.79	4.20	12.99	n/a	n/a
Lease 840	2006	23,040	50%	11,520	3.05	3.40	6.45	n/a	n/a
Subtotal		65,280	50%	32,640	52.39	44.70	97.09	774	0.13
Exploration Area West of the Athabasca River									
Lease 003	2008	8,320	50%	4,160	n/a	n/a	n/a	n/a	n/a
Lease 469	2006	5,120	50%	2,560	0.50	n/a	n/a	n/a	n/a
Lease 471	2006	5,120	50%	2,560	0.50	n/a	n/a	n/a	n/a
Lease 513	2006	23,040	50%	11,520	0.19	n/a	n/a	n/a	n/a
Lease 514	2006	23,040	50%	11,520	2.21	n/a	n/a	n/a	n/a
Lease 611	2006	7,680	50%	3,840	0.08	n/a	n/a	n/a	n/a
Lease 614	2006	7,040	50%	3,520	0.04	n/a	n/a	n/a	n/a
Lease 615	2006	6,400	50%	3,200	0.03	n/a	n/a	n/a	n/a
Lease 915	2007	8,320	50%	4,160	n/a	n/a	n/a	n/a	n/a
Exploration Area East of the Athabasca River									
Lease 022	2008	11,520	50%	5,760	n/a	n/a	n/a	n/a	n/a
Lease 023	2008	10,240	50%	5,120	n/a	n/a	n/a	n/a	n/a
Lease 421	2006	11,520	50%	5,760	0.24	n/a	n/a	n/a	n/a
Lease 422	2006	11,520	50%	5,760	0.24	n/a	n/a	n/a	n/a
Lease 423	2006	11,520	50%	5,760	0.26	n/a	n/a	n/a	n/a
Lease 509	2006	23,040	50%	11,520	18.50	n/a	n/a	n/a	n/a
Lease 510	2006	23,040	50%	11,520	0.24	n/a	n/a	n/a	n/a
Lease 511	2006	23,040	50%	11,520	3.51	n/a	n/a	n/a	n/a
Lease 837	2006	23,040	50%	11,520	0.59	n/a	n/a	n/a	n/a
Subtotal West and East Areas		242,560	50%	121,280	27.13	14.00	41.13	n/a	n/a
Subtotal (Equinox , Frontier, West & East) Excl. Sales		314,987	50%	157,494	79.57	80.70	160.27	940	0.17
Leases Sold		Proceeds							
Lease 14 - Sold 50% Interest		200							
Lease 421 Area - Sold 50% Intere		250							
Subtotal (Equinox , Frontier, West & East Areas) Incl. Sales		314,987	50%	157,494	79.57	-369.30	-289.73	940	-0.31
Total Excl. Sales Proceeds		376,085	45%	169,713	115.23	381.70	496.93	1,717	0.29
Total Incl. Sales Proceeds		376,085	45%	169,713	115.23	-68.30	46.93	1,717	0.03

Specifically, the Fort Hills resource has been acquired and delineated at a cost of C$0.43 per contingent barrel and the Equinox and Frontier resources at a combined cost of C$0.13 per contingent barrel. More importantly, the aggregate cost for all leases amounts to C$0.29 per contingent barrel; however, after one takes into account the recent sale of a 50% interest in Lease 14 as well as the company's remaining 50% interest in Lease 421, Lease 022 and Lease 023 for proceeds totaling C$450 million, the net purchase price amounts to C$0.03 per contingent barrel. Putting the average value of a contingent barrel in perspective, PetroChina recently acquired a 60% interest in Athabasca Oil Sands Corporation's MacKay River and Dover oil sands projects, which have an assessed contingent resource of approximately 5 billion barrels of bitumen, for C$1.9 billion, or approximately C$0.63 per barrel of contingent resource.

Recent Project Initiatives & Future Development Plan

The period marked by the beginning of 2008 and continuing through the end of the most recent third quarter in 2009 was one of a less acquisitive nature, characterized by a focus on the continued development and preservation of the assets at Fort Hills, Equinox and Frontier.

The Equinox Project, created in a joint transaction with Teck Cominco in June 2007 whereby Teck Cominco acquired a 50% interest in Lease 14 for C$200 million, is a potentially high-value, strategic asset of 7,147 acres in the exploration area west of the Athabasca River. It is proximate to three other projects, including the Fort Hills Project, providing UTS with a number of development options. It could proceed either as a stand-alone mine with dedicated bitumen production and extraction facilities or as one where bitumen froth is exported to either the Frontier Project or another neighboring project. The company could also choose to further monetize the asset by disposing of its remaining 50% interest as a means to raise proceeds to finance other projects such as Fort Hills. The Equinox Project is a single phase development with an estimated production capacity of 50,000 barrels per day of bitumen.

The Frontier Project, comprised of Lease 311 together with Lease 610 and Lease 840, includes 65,280 acres west of the Athabasca River, approximately 10 kilometers north of the Equinox Project. From December 2005 to January 15, 2007, UTS and Teck Cominco jointly acquired 257,920 acres, including Lease 311, at a total cost of C$163.5 million. Based on 63 core holes drilled prior to the 2007-2008 winter season, UTS estimated that recoverable bitumen could support an oil sands mining operation with production of 100,000 to 160,000 barrels per day of bitumen for a 40 to 60 year production life. Additional drilling during the 2007-2008 winter season increased drilling density in order to provide a contingent resource estimate by the end of 2008. The Public Disclosure Document described the first phase of the Frontier Project as having an estimated

production capacity of between 100,000 to 160,000 barrels per day of bitumen, confirming the company's previous estimates of the productive capacity.

The Total S.A. Takeover Attempt

On September 17, 2008, the Fort Hills Partnership announced that preliminary results from the engineering design studies suggested that estimated costs for its Fort Hills Project had increased significantly from those announced when the Fort Hills partners approved the design basis memorandum for the project in June 2007. UTS's original view was that the costs associated with the project would be C$15.2 billion; however, the revised estimate in the fourth quarter had increased to C$25.3 billion, largely as a result of the overheated Alberta labor market. As a result of increased cost estimates, on October 23, 2008, UTS announced that the Fort Hills partners were contemplating making the initial investment decision with respect to only the mining and extraction portion of the Fort Hills Project and deferring the decision regarding the construction of the upgrader. This decision would substantially reduce the Fort Hills Project costs prior to first bitumen production to a range of C$13 to C$15 billion.

On November 17, 2008, UTS advised that the Fort Hills Partnership would defer the investment decision on the Fort Hills mine until a cost estimate took into account the expected decrease in labor costs that would likely result from a deteriorating global financial environment. As a first step towards reducing near-term costs, the Fort Hills Partnership put the upgrader portion of the Fort Hills Project on hold.

Taking advantage of the prevailing market environment and associated project delays, on January 27, 2009, Total made an unsolicited offer to purchase all of the company's outstanding common shares for consideration of C$1.30 per share, an offer that was ultimately revised to C$1.75 per share. As part of the company's defense against the takeover offer, management implemented a formal value maximization initiative designed to highlight the extreme discount at which UTS traded; between November 17, 2008 and January 26, 2007, the average trading price of UTS shares was C$0.84.

Specifically, as part of the takeover defense, on February 5, 2009, UTS announced that the best estimates of contingent resources net to UTS at Fort Hills, Equinox and Frontier were 776 million barrels, 166 million barrels and 774 million barrels, respectively. When compared to the previous year's combined estimate of 975 million barrels, the revised combined estimate of 1.717 billion barrels represented a 76% increase in contingent resource. More importantly, perhaps, on March 2, 2009, UTS announced that its 2009 preliminary drilling results from Lease 421, 022 and 023 had determined that the area contained a significant mineable resource.

While the entirety of the company's 1.717 billion barrel contingent resource is held within the leases associated with the three primary projects at Fort Hills, Equinox and Frontier, as

part of the company's strategic defense against the takeover, management chose to highlight the potential value of its other land holdings that had not been officially designated a contingent resource yet held a significant amount of bitumen deposits.

As a display of the true marketability of such assets, the leases were ultimately monetized for after-tax proceeds of approximately C$200 million, thereby increasing UTS's already sizable cash balance and highlighting the potential and largely unrealized value of UTS. Furthering the case for the undervalued state of UTS and its key projects, on March 20, 2009, the Government of Alberta agreed to extend the duration of the Fort Hills leases through 2019, giving the company ample time to develop each of its key projects. The Total takeover offer ultimately failed, expiring on April 27, 2009; however, in light of the proposed merger between Suncor and Petro-Canada, the Fort Hills Project operator, the key point of interest transitioned from questions regarding the true value of the underlying assets to questions regarding project funding and timing of development plan implementation.

The Suncor Acquisition

On August 1, 2009, Suncor Energy acquired Petro-Canada in an all stock deal totaling C$25.9 billion, resulting in one of the world's largest integrated energy companies. The structure of the current partnership agreement is summarized in the table below.

Working Interest vs. Share of Costs	Working Interest	First $2.5 Billion	Next $5.0 Billion	Share of Costs
UTS	20%	100	250	4.7%
Petro-Canada / Suncor	60%	1,550	3,375	65.7%
Teck Cominco	20%	850	1,375	29.7%

Through September 30, 2009, the Fort Hills Partnership has funded C$2.867 billion in development expenditures. Currently, Suncor's immediate intentions for the Fort Hills Project are uncertain; however, Suncor is expected to complete a re-assessment of its oil sands assets before the end of 2010, which should provide more clarity regarding the expected development timeline, including the timing of future funding requirements. In the near-term, Suncor has provided a project spending estimate of C$33 million for 2010, of which the UTS share is expected to be C$2 million compared with C$18 to C$20 million in 2009. The de minimis funding requirements for 2010 assume that the Fort Hills Project remains in care and custody during 2010 and only certain regulatory work is carried forward. Construction activities at the Fort Hills mine site, primarily infrastructure construction and camps, have been concluded at a point where the work done to date can be preserved and winterized for future use pending a development decision.

Expenditures Since Inception Until September 30, 2009 (In Millions)	
Fort Hills Partnership	Expenditures
Suncor	1,797
Teck	951
UTS	119
Total	2,867

Irrespective of the development timeline, in order to reach the bitumen production target of 160,000 barrels per day, the partnership will ultimately be required to construct a two train processing apparatus. Since the Fort Hills Project is a mining project, the relatively more time consuming component of the operation is the processing of the oil sands rather than the mining of them.

The term "train" simply refers to the point in the process during which the oil sands are converted from ore to pure bitumen. During the processing of oil sands, the mined ore is first combined with hot water to remove larger particulates. The next step adds to the mixture of sand, clay and bitumen a chemical compound generally known as a surfactant, causing the separation of bitumen from the other components of the solution. The bitumen froth that results from the addition of the surfactant is then removed from the mixture and sent either to market as bitumen or to an upgrader for further processing into synthetic crude oil. The one train configuration is expected to cost C$5 to C$6.5 billion, whereas the two train configuration is expected to cost C$8 to C$10 billion. The costs shown below are going-forward capital cost estimates excluding sunk costs of C$2.867 billion.

Development Configuration	Capacity (bbls/ day)	Estimated Additional Cost
One Train	80,000	$5 - 6.5 billion
Two Trains	160,000	$8 - 10 billion

In the single train case, UTS could be fully funded by available cash and remaining earn-in until at least the second quarter of 2014. In the two train case, UTS could fund the project with available cash of C$458 million and remaining earn-in of C$695 million until at least the first quarter of 2014, at which point approximately C$646 million would be needed. The company expects to raise additional capital through an issuance of either debt or equity, or through the sale of certain projects and/or leases.

UTS Future Funding Requirement		
In Millions C$	One Train	Two Trains
Partnership Expenditures to Date	2,867	2,867
Add: Targeted Additional Expenditures	5,750	9,000
Total Targeted Partnership Expenditures	8,617	11,867
Less: Initial C$7.5 Billion Partnership Commitments	7,500	7,500
Expenditures In Excess of Initial C$7.5 Billion Partnership Commiments	1,117	4,367
UTS 20% Share of Expenditures in Excess of Initial C$7.5 Billion	223	873
UTS Portion of Initial C$7.5 billion	350	350
Less: UTS Expenditures to Date	119	119
Remaining UTS Expenditures for Initial C$7.5 Billion	231	231
Total UTS Funding Requirements	454	1,104
Less: Current Cash Available	458	458
UTS Required Capital Raise	(4)	646

While the company's ability to withstand unreasonably low takeover attempts has been affirmed, an offer substantially above the current price could offer short-term motivated shareholders enough of an incentive to part with their shares while offering the ultimate buyer an attractive long-term rate of return.

Valuation

The current market environment has forced both development and production-stage Canadian oil sands companies to delay capital spending necessary for either beginning or increasing production, resulting in an industry wide diminution in market capitalization. As the long-term value of any exploration and production company is ultimately contingent upon growth in total production, it is important to note that UTS is still in the development stage and is unlikely to reach the production stage of the Fort Hills Project until 2015 at the earliest. It is the shortsightedness of investors, however, that lends to UTS an extraordinary discount and, therefore, an exceedingly attractive prospective rate of return. Importantly, UTS would remain compelling if the investment thesis were based on little more than the fact that it possesses a strategic asset, albeit undeveloped, with a significant margin of safety derived from its unlevered balance sheet, strong cash position and remaining earn-in. Specifically, as a result of the recent sale of Lease 421, 022 and 023 for after tax proceeds of C$200 million, the company's cash balance has increased to C$458 million. When combined with the remaining earn-in of C$695 million, the company's working capital balance of C$1.153 billion exceeds the current market capitalization of C$1.082 billion despite the possession of 1.717 billion barrels of contingent resource. If the value of the contingent resource is based on the recent PetroChina purchase of an interest in Athabasca Oil Sands Corporation's MacKay River and Dover oil sands projects for C$0.63 per barrel, UTS's total asset value amounts to C$2.235 billion, or C$4.71 per share.

Public Equity Data (Market Capitalization In Millions)

As of December 31, 2009	C$
Market Capitalization	1,082
Shares Outstanding	474,471,300
Price Per Share	2.28

Cash and Cash Equivalents (Millions)

As of September 30, 2009	C$
Sale of Leases 421, 022 & 023	200
Balance of Earn-In	695
Cash and Cash Equivalents	258
Total Working Capital	1,153
Total Working Capital Per Share	2.43

Contingent Resource Value (Millions)

As of September 30, 2009	C$
Barrels of Contingent Resource	1,717
Contingent Resource Value Per Barrel	0.63
Market Value of Contingent Resource	1,082
Market Value of Contingent Resource Per Share	2.28
Total Value of Working Capital & Contingent Resource	2,235
Total Value of Working Capital & Contingent Resource Per Share	4.71

Obviously, the company is expected to deplete its current cash and earn-in balances as the various projects are developed, so deriving any margin of safety from the working capital balance must be seen as of short-term utility only; however, with any development-stage enterprise it is important to first eliminate the short-term risk associated with the potential for project abandonment, irrespective of the perceived likelihood. Of greater comfort, if the company were to proceed with project development and abandonment were to occur at a later stage after the current cash position and remaining earn-in had been depleted, the C$1.082 billion value of the contingent resource alone, at C$0.63 per contingent barrel, would justify the company's current market capitalization. As made evident in the table above and unlike many development-stage companies, the risk of loss from the current market value is de minimis even if the primary projects are not advanced beyond their current state.

In the quite likely case that UTS continues to develop its oil sands projects, two approaches might be taken as a means of valuing the company. The more complex one would be to estimate the future earnings of UTS, so that some multiple or premium may be applied to those earnings. Some attempt will be made to do this in a succeeding portion of the valuation section; however, a simpler approach should suffice. The product to be produced is fungible with that of its competitors. Also, the scale of production and the technologies employed is comparable. Therefore, in the absence a differentiating factor, the various producers should be readily comparable, founded on their ownership of a common product. This is typical in the physical resource industries and such companies are, therefore, compared on the basis of ounces of gold, standing board feet of lumber or barrels of oil equivalent, for example. Certain discounts to a given quantity of oil, lumber or gold, adjusted for differences in production rates and production and delivery costs, will apply with some consistency.

Asset-Based Valuation

On a per-share basis, the most well-known and largest energy company, ExxonMobil, is priced at C$16.92 per barrel of oil, including the barrels-of-oil equivalent of its natural gas reserves. That this price is far lower than the selling price of a barrel of oil and incorporates allowances for the costs of finding, producing and delivering the oil, as well as the time required to process these reserves since they will not be fully extracted and sold for many years. In the case of ExxonMobil, its current production rate of 1.43 billion barrels per year would exhaust its proved and probable reserves in approximately 15 years in the absence of continued replenishment. In practice, the company does replenish its reserves through its exploration efforts; however, ExxonMobil's record of production and year-end reserve growth has been relatively stagnant for at least the past ten years.

ExxonMobil Production & Reserves

Year	Production (MBOE / DAY)	Net Proved Developed & Undeveloped Reserves (MMBOE)
1999	4,235	20,726
2000	4,277	20,872
2001	4,255	20,815
2002	4,238	21,109
2003	4,203	21,203
2004	4,215	20,954
2005	4,065	21,642
2006	4,237	22,110
2007	4,180	21,757
2008	3,921	21,115

The same exercise may be applied to Suncor, which has the largest individual company production effort in the Athabasca oil sands area and to Canadian Oil Sands Trust, which, through the Syncrude Joint Venture, is the largest participant in the largest overall oil sands project currently in the production stage. These companies are priced at C$6.74 and C$9.27 per barrel per share, respectively. At current production rates, their proved and probable reserves would sustain production for 53 years (Suncor) and 40 years (Canadian Oil Sands Trust).

	Price Per Barrel of Proved and Probable Reserves			
	UTS Energy Corp.	Suncor Energy	Canadian Oil Sands Trust	Exxon-Mobil Corp.
	UTS CN	SU CN	COS-U CN	XOM US
Market Capitalization (12/31/2009)	C$1,082	C$58,021	C$14,490	US$323,717
Price (12/31/2009)	C$2.28	C$37.21	C$29.91	US$68.19
Reserves (MMBBL)	1,717	5,165	1,556	21,115
Shares Outstanding (MM)	474.2	935.5	482.0	4,976.0
Barrels Per Share	3.62	5.52	3.23	4.24
Price/Barrel/Share	C$0.63	C$6.74	C$9.27	US$16.07
In C$ @ 1.0532 CAD / USD	C$0.63	C$6.74	C$9.27	C$16.92
Production (MMBOE / YEAR)	34	97	39	1,431
Reserve Life (YEARS)	50.24	53.44	40.22	14.75

Note: "Reserves" for UTS means Contingent Resource;
UTS SCO production uses low estimate and 87.5% SCO yield;
Fort Hills (20%): 140,000 bbls/day; Equinox (50%): 43,750 bbls/day; Frontier (50%): 87,500 bbls/day

Since the UTS resource is not classified as reserves but as a contingent resource, a more equitable way to view the data above would be from the perspective of price per barrel of resource. To review, the term proved and probable reserves refers to known reservoirs that can be economically exploited under existing economic and operating conditions, whereas the term resource refers to the additional portions of reservoirs that have not yet been classified as reserves. The difference may be due to the impracticability of recovering those assets given the current market price of petroleum or the technological difficulty of doing so. However, it may also simply mean that the owner of those reservoirs has yet to conduct the necessary surveys to define its content with sufficient exactitude to be classified as reserves.

	Price Per Barrel of Resource			
	UTS Energy Corp.	Suncor Energy	Canadian Oil Sands Trust	Exxon-Mobil Corp.
	UTS CN	SU CN	COS-U CN	XOM US
Market Capitalization (12/31/2009)	C$1,082	C$58,021	C$14,490	US$323,717
Price (12/31/2009)	C$2.28	C$37.21	C$29.91	US$68.19
Resources (MMBBL)	1,717	15,000	3,800	72,000
Shares Outstanding (MM)	474.2	935.5	482.0	4,976.0
Barrels Per Share	3.62	16.03	7.88	14.47
Price/Barrel/Share	C$0.63	C$2.32	C$3.79	US$4.71
In C$ @ 1.0532 CAD / USD	C$0.63	C$2.32	C$3.79	C$4.96
Production (MMBOE / YEAR)	34	97	39	1,431
Resource Life (YEARS)	50.24	155.22	98.23	50.31

Note: Resources Include Proved Plus Probable Reserves Plus Contingent Resource
UTS SCO production uses low estimate and 87.5% SCO yield;
Fort Hills (20%): 140,000 bbls/day; Equinox (50%): 43,750 bbls/day; Frontier (50%): 87,500 bbls/day

ExxonMobil cites total resources of approximately 72 billion barrels of oil, versus its 21 billion barrels of proved and probable reserves. The additional resource is very likely characterized as difficult or uneconomic to extract, at least given current technology and/or petroleum prices. The Canadian oil sands companies also list total resources of two times or more their proved and probable reserves. However, these are much more likely to be listed as resources simply because these companies have not found it necessary to fund the expensive assays to officially designate their bitumen assets. This is because the bitumen deposits in Alberta require little in the way of exploration, which limits the incentive to make the additional investment in such assays. For an example of the difference in finding costs, one can compare the ExxonMobil exploration and development expenditures, which

have averaged C$13.4 billion over the last five years with those of Suncor, which have averaged C$80 million.

	Cash Operating / Prod. Costs, C$		Exp. & Dev. Costs, C$		Total Costs, C$	
Year	Suncor Energy	Exxon-Mobil Corp.	Suncor Energy	Exxon-Mobil Corp.	Suncor Energy	Exxon-Mobil Corp.
2004	1,257	7,810	55	11,554	1,312	19,364
2005	1,536	7,802	56	12,513	1,592	20,315
2006	2,057	15,397	104	14,196	2,161	29,593
2007	2,391	9,195	95	12,759	2,486	21,955
2008	3,212	10,124	90	16,171	3,302	26,295
5-Year Avg	2,091	10,066	80	13,439	2,171	23,504

As is evident in the tables below, on a total cost per barrel basis, the difference between Suncor and ExxonMobil is arguably not meaningful enough to justify the sizeable asset value discount at which the Canadian oil sands companies trade. It is observed that the production costs for a conventional oil company are far lower than for a bitumen mining company and that conventional oil companies, therefore, generate greater profit per barrel; however, as demonstrated below, the finding costs for the conventional oil companies are far higher. It is an accident of accounting protocols that finding costs are typically capitalized on the balance sheet, bypassing the income statement, whereas production costs are expensed as a direct deduction from operating income. Since bitumen is ultimately processed to be of a comparable quality to conventional crude oil, the discount does not appear to be justified.

Production (MBBLS / DAY)		
Year	Suncor Energy	Exxon-Mobil Corp.
2004	226.5	2,571.0
2005	171.3	2,523.0
2006	260.0	2,681.0
2007	235.6	2,616.0
2008	228.0	2,405.0
5-Year Avg	224.3	2,559.2

❖ Horizon Investment Opportunities ❖

	Cash Operating / Prod. Costs Per Barrel, C$		Exp. & Dev. Costs Per Barrel, C$		Total Costs Per Barrel, C$	
Year	Suncor Energy	Exxon-Mobil Corp.	Suncor Energy	Exxon-Mobil Corp.	Suncor Energy	Exxon-Mobil Corp.
2004	15.2	8.3	0.67	12.31	15.9	20.6
2005	24.6	8.5	0.90	13.59	25.5	22.1
2006	21.7	15.7	1.10	14.51	22.8	30.2
2007	27.8	9.6	1.10	13.36	28.9	23.0
2008	38.6	11.5	1.08	18.42	39.7	30.0
5-Year Avg	25.6	10.7	0.97	14.44	26.5	25.2

Perhaps the asset value discount between oil sands companies and conventional oil companies should not exist due to the very similar cost structure. However, oil sands companies are still operating meaningfully below their long-term production potential and it may take time for the market to recognize the degree to which untapped resources can be economically exploited. It is not unreasonable, therefore, that their shares are priced at an asset value discount to producers whose current production potential and future production growth is more easily discernable. The asset value discount is perhaps offset, in part, by the slight earnings premium at which Canadian Oil Sands Trust and Suncor are priced relative to ExxonMobil, as evident in the table below. In other words, the market is likely reflecting the relatively greater potential for production growth through unconventional resources.

	Suncor Energy	Canadian Oil Sands Trust	Exxon-Mobil Corp.
	SU CN	COS-U CN	XOM US
Price (12/31/2009)	C$37.21	C$29.91	US$68.19
Shares Outstanding (MM)	935.5	482.0	4,976.0
Market Capitalization	C$58,021	C$14,490	US$323,717
Mean Estimated GAAP EPS, 2010	2.42	1.88	5.29
P/E Ratio, 2010	15.40	15.89	12.90
Dividend Yield (12 Month Yield)	0.67	4.23	2.39

Since discerning the productive capacity and long-term production growth of UTS's oil sands assets is, perhaps, a more dubitable proposition than doing so with its more established peers, it understandably trades at a discount to ExxonMobil on an asset value basis. Yet, there is little reason to expect that it would be priced any differently than other Canadian oil sands operators once its projects approach the production stage. Assuming the same asset value multiples as Suncor and Canadian Oil Sands Trust, upon approaching the completion of the production facility and first bitumen production in 2015, UTS could

reasonably be expected to trade between C$2.32 and C$3.79 per barrel of resources per share, ceteris paribus. If this ultimately transpires, UTS would be valued between C$8.40 and C$13.74 per share.

UTS Energy Corp. Potential Market Value	
Suncor Price Per Barrel Per Share Mult., C$	2.32
COST Price Per Barrel Per Share Mult., C$	3.79
UTS Barrels Per Share	3.62
UTS Price @ $C2.32 Per Barrel	8.40
UTS Price @ $C3.79 Per Barrel	13.74

Given its current share price of C$2.28, UTS shares would appreciate at an annualized rate of between 24.3% and 34.9% if attaining the comparable multiples were to take the next six years. Since first bitumen production is expected by 2015, this appears to be a reasonable expectation.

UTS Energy Corp. Potential Rates of Return, Annualized		
Suncor Price Per Barrel Per Share Mult., C$	2.32	
COST Price Per Barrel Per Share Mult., C$	3.79	
UTS Barrels Per Share	3.62	
UTS Current Price, C$	2.28	
UTS Potential Market Value Per Share, C$	8.40	13.74
Investment Horizon, Years	Rate of Return, Annualized	
1 Year - 2010	268.6%	502.5%
2 Years - 2011	92.0%	145.5%
3 Years - 2012	54.5%	82.0%
4 Years - 2013	38.6%	56.7%
5 Years - 2014	29.8%	43.2%
6 Years - 2015	24.3%	34.9%
7 Years - 2016	20.5%	29.2%
8 Years - 2017	17.7%	25.2%
9 Years - 2018	15.6%	22.1%
10 Years - 2019	13.9%	19.7%

These exercises do not employ a popular valuation approach, which is to measure a company's enterprise value as opposed to its equity market capitalization. Canadian Oil Sands Trust and Suncor employ some debt, since they are now in the midst of major construction programs. The resultant enterprise values would make them appear more expensive relative to ExxonMobil than if valued upon an equity basis. Yet, their businesses generate such large quantities of cash that the debt can be defeased in a relatively short

period of time once each project is complete. Thus, the use of debt balances might be said to distort the relative valuation measures in a misleading fashion. For instance, Canadian Oil Sands, which has a stock market capitalization of C$14.3 billion, currently records C$1.3 billion of debt. However, its cash from operations less capital expenditures in 2008 was nearly C$2 billion.

Earnings-Based Valuation

The Fort Hills Partnership has proposed a phased development for the Fort Hills Project based on mining, extraction and upgrading of bitumen to produce synthetic crude oil, or SCO. Due to Suncor's recent acquisition of Petro-Canada, however, there is a certain amount of uncertainty regarding the production time table. It seems reasonable to expect, though, that between 2015 and 2016, the Fort Hills Project will reach production of 160,000 barrels per day of bitumen in order to yield 140,000 barrels per day of SCO, or an SCO yield of 87.5%. The production is expected to come on-line in phases, with 70,000 barrels per day in 2015 and 140,000 barrels per day in 2016. Equinox and Frontier are expected to employ a similarly phased approach as well, which is evident in the production time table below. Ultimately, the Fort Hills Project is expected to produce up to 280,000 to 350,000 barrels per day of SCO once the full potential of the properties has been exploited. In addition to Fort Hills, the estimated initial bitumen output of Equinox and Frontier is estimated to be 50,000 and between 100,000 and 160,000 barrels per day, respectively. Importantly, since Frontier has nearly the same amount of contingent resource as Fort Hills, the ultimate production could reach nearly the same level, or 280,000 to 350,000 barrels per day. The most recent production time table shows that all three projects would be in various stages of production by 2017 at the latest.

UTS Energy Corp. Synthetic Crude Oil (SCO) Production Potential @ 87.5% Yield

Project / Net UTS	2015	2016	2017	2018	Thereafter
Fort Hills (20%)	70,000 / 14,000	140,000 / 28,000	140,000 / 28,000	280,000 / 56,000	350,000 / 70,000
Equinox (50%)	0 / 0	21,875 / 10,938	43,750 / 21,875	43,750 / 21,875	43,750 / 21,875
Frontier (50%)	0 / 0	0 / 0	70,000 / 35,000	140,000 / 70,000	280,000 / 140,000
Total	70,000 / 14,000	161,875 / 38,938	253,750 / 84,875	463,750 / 147,875	673,750 / 231,875

Assuming that the SCO yield is similar to the 87.5% yield expected at Fort Hills, the daily SCO production for Equinox and Frontier could be 43,750 and between 70,000 and 140,000 barrels per day, respectively. In other words, by 2017-2018, one could reasonably expect SCO production from all three projects, net to UTS, of between 84,875 and 147,875 barrels per day once the initial potential of all three projects is exploited. As discussed, Frontier could ultimately reach 280,000 to 350,000 barrels per day given the magnitude its contingent resource. If the more conservative 280,000 barrel per day scenario were to transpire for Frontier, SCO production, net to UTS, would be 231,875 barrels per day.

As a reference point, the Syncrude Joint Venture, of which Canadian Oil Sands Trust is 36.74% member, has produced an average of 261,000 barrels per day over the last five years through 2008, with targeted production of over 350,000 barrels per day. The average cash operating cost over the same period has been C$27 per barrel and is expected to be around C$30 per barrel in 2009. Comparatively, Suncor has produced an average of 224,000 barrels per day over the last five years at a cash operating cost of C$26 per barrel.

Syncrude: Oil Sands Net Income Per Barrel (C$ Per Barrel)	2008	2007	2006	2005	2004
Revenues Per Barrel	107.47	79.29	72.56	70.91	43.68
Net Income Per Barrel	39.25	18.10	24.92	29.96	16.45
Net Income Per Barrel Margin	36.52%	22.83%	34.34%	42.25%	37.66%
5-Year Average Net Margin	34.72%				

Suncor: Oil Sands Net Income Per Barrel (C$ Per Barrel)	2008	2007	2006	2005	2004
Revenues Per Barrel	112.79	78.78	78.05	63.42	44.03
Net Income Per Barrel	34.55	28.77	29.24	15.61	11.73
Net Income Per Barrel Margin	30.63%	36.52%	37.46%	24.62%	26.65%
5-Year Average Net Margin	31.18%				
Average West Texas Intermediate (US$ Per Barrel)	99.75	72.36	66.25	56.70	41.47
Average Foreign Exchange Rate (US$/C$)	0.94	0.93	0.88	0.83	0.77
Average West Texas Intermediate (C$ Per Barrel)	106.12	77.81	75.28	68.66	53.89

If revenues were C$80 per barrel and assuming Fort Hills was operated with a cost structure identical to that of Suncor, which is a reasonable assumption since Suncor is now the project operator, the average net income margin would be 31.18%. Assuming Fort Hills produces 280,000 barrels per day by 2018, then UTS's net income would be $510 million (280,000 barrels per day x 365 days x C$80 revenue per barrel x 31.18% 5-year average net margin x 20% working interest). With 474 million shares outstanding, this would amount to C$1.07 per share. The longer-term prospect of 350,000 barrels per day with respect to only Fort Hills is shown below, as are the more conservative prospects of 70,000 and 140,000 barrels per day.

UTS Energy Corp. Potential Market Value - Fort Hills

1) Barrels Per Day / Year	2) Annual Revenue Per Barrel @ C$80	3) Net Income @ 31.18% Margin
2015: 70,000 / 25,550,000	2,044,000,000	637,319,200
2016: 140,000 / 51,100,000	4,088,000,000	1,274,638,400
2017: 140,000 / 51,100,000	4,088,000,000	1,274,638,400
2018: 280,000 / 102,200,000	8,176,000,000	2,549,276,800
Thereafter: 350,000 / 127,750,000	10,220,000,000	3,186,596,000

4) Net Income @ 20% Net to UTS	5) Per Share @ 474.44 MM Shares	6) Market Value @ 15X P/E
127,463,840	0.27	4.03
254,927,680	0.54	8.06
254,927,680	0.54	8.06
509,855,360	1.07	16.12
637,319,200	1.34	20.15

If a price-to-earnings ratio of 15 were applied, UTS shares would trade for C$16.12. In the event that the market's reflection of a 280,000 barrel per day project transpires over the course of nine years, by 2018, the appreciation from the current price of C$2.28 would be 24.3% per annum. Should the market reflect this information sooner, say by 2017 when expectations should be more clearly defined, then the rate of return would be 27.7% per annum.

UTS Energy Corp. Potential Rates of Return, Annualized - Fort Hills

Year	2015	2016	2017	2018	Thereafter
Barrels Per Day, Fort Hills	70,000	140,000	140,000	280,000	350,000
Barrels Per Day, Net UTS	14,000	28,000	28,000	56,000	70,000
UTS Current Price, C$	2.28	2.28	2.28	2.28	2.28
UTS Potential Market Value Per Share, C$	4.03	8.06	8.06	16.12	20.15
Investment Horizon, Years	Rate of Return, Annualized				
1 Year - 2010	76.7%	253.5%	253.5%	607.0%	783.7%
2 Years - 2011	32.9%	88.0%	88.0%	165.9%	197.3%
3 Years - 2012	20.9%	52.3%	52.3%	91.9%	106.7%
4 Years - 2013	15.3%	37.1%	37.1%	63.1%	72.4%
5 Years - 2014	12.1%	28.7%	28.7%	47.9%	54.6%
6 Years - 2015	10.0%	23.4%	23.4%	38.5%	43.8%
7 Years - 2016	8.5%	19.8%	19.8%	32.2%	36.5%
8 Years - 2017	7.4%	17.1%	17.1%	27.7%	31.3%
9 Years - 2018	6.5%	15.1%	15.1%	24.3%	27.4%
10 Years - 2019	5.9%	13.5%	13.5%	21.6%	24.3%

Obviously, the prospective rates of return become progressively larger when one takes into account the potential output from the Equinox and Frontier projects; however, given the vicissitudes of the oil and gas industry and the early-stage nature of the projects, it is perhaps too presumptuous to make any assumptions thereupon. As discussed previously,

the company might make use of the projects as a means to raise cash and could, perhaps, dispose of them prior to reaching production-stage. At the very least, it can be said that the Equinox and Frontier projects provide an additional and, likely, significant margin of safety. For example, should debt and equity markets continue to be unaccommodating, UTS could raise cash through the sale of either project in order to fund the continued development of Fort Hills. Another possible alternative is the sale of leases on which there exists a significant resource but where the lease is lacking an official assessment. It is difficult, if not impossible, to determine whether leases of this type continue to be present in the UTS portfolio; however, it is worth noting that Lease 421, 022 and 023, acquired for approximately C$15 million, were sold for C$250 million in the absence of any formal, publically disclosed resource assessments.

It is important to note, however, that UTS is developing Equinox and Frontier in the same manner as Fort Hills and has partnered with an experienced operator in Teck Cominco. In the absence of any project sale to raise cash, UTS is targeting first oil from Equinox and Frontier in 2016 and 2017, respectively. Taking into consideration all of the projects combined, the total output could likely range from 253,750 to 463,750 barrels per day by 2017 and 2018, respectively. Net to UTS, this would amount to a range of 84,875 to 147,875 barrels per day. Assuming the same profit margin and market multiple as used under the Fort Hills scenario, earnings per share could range from C$1.63 to C$2.84, or a price per share between C$24.43 and C$42.56.

UTS Energy Corp. Potential Market Value - Fort Hills, Equinox & Frontier

1) Barrels Per Day / Year	2) Annual Revenue Per Barrel @ C$80	3) Net Income @ 31.18% Margin
2015: 70,000 / 25,550,000	2,044,000,000	637,319,200
2016: 161,875 / 59,084,375	4,726,750,000	1,473,800,650
2017: 253,750 / 92,618,750	7,409,500,000	2,310,282,100
2018: 463,750 / 169,268,750	13,541,500,000	4,222,239,700
Thereafter: 673,750 / 245,918,750	19,673,500,000	6,134,197,300

4) Net Income, Net to UTS*	5) Per Share @ 474.44 MM Shares	6) Market Value @ 15X P/E
127,463,840	0.27	4.03
354,508,805	0.75	11.21
772,749,530	1.63	24.43
1,346,336,810	2.84	42.56
2,111,119,850	4.45	66.74

Note: UTS Project Interests: Fort Hills: 20%; Equinox: 50%; Frontier: 50% ;

*Given the varying interests for each project, the weighted average interest for each year is: 20.0%, 24.1%, 33.4%, 31.9%, 34.4%

If reaching this range of output were to take the next 10 years until 2019, the annualized rate of return would be between 26.8% and 34.0%. Obviously, the more rapidly the projects come on-line, the higher the prospective rate of return. Should the production targets be met on time by 2017 and 2018, the annualized rate of return would be between

34.5% and 38.4%. Clearly, there is a wide margin of safety embedded in the option to dispose of or continue with the Equinox and Frontier projects and in the flexibility of when the company reaches the production stage of each project. Even in the event that projects are delayed by years, the prospective rates of return are high enough to make the investment an extraordinarily attractive proposition.

UTS Energy Corp. Potential Rates of Return, Annualized - Fort Hills, Equinox & Frontier

Scenario	2015	2016	2017	2018	Thereafter
Barrels Per Day, Fort Hills	70,000	140,000	140,000	280,000	350,000
Barrels Per Day, Equinox	0	21,875	43,750	43,750	43,750
Barrels Per Day, Frontier	0	0	70,000	140,000	280,000
Barrels Per Day, Total - Project	70,000	161,875	253,750	463,750	673,750
Barrels Per Day, Total - Net UTS	14,000	38,938	84,875	147,875	231,875
UTS Average Working Interest	20.00%	24.05%	33.45%	31.89%	34.42%
UTS Current Price, C$	2.28	2.28	2.28	2.28	2.28
UTS Potential Market Value Per Share, C$	4.03	11.21	24.43	42.56	66.74
Investment Horizon, Years	Rate of Return, Annualized				
1 Year - 2010	76.7%	391.6%	971.5%	1766.8%	2827.2%
2 Years - 2011	32.9%	121.7%	227.3%	332.1%	441.0%
3 Years - 2012	20.9%	70.0%	120.5%	165.3%	208.2%
4 Years - 2013	15.3%	48.9%	80.9%	107.9%	132.6%
5 Years - 2014	12.1%	37.5%	60.7%	79.6%	96.5%
6 Years - 2015	10.0%	30.4%	48.5%	62.9%	75.6%
7 Years - 2016	8.5%	25.5%	40.3%	51.9%	62.0%
8 Years - 2017	7.4%	22.0%	34.5%	44.2%	52.5%
9 Years - 2018	6.5%	19.4%	30.1%	38.4%	45.5%
10 Years - 2019	5.9%	17.3%	26.8%	34.0%	40.2%

Conclusion

By virtue of the strategic use of partnership agreements with well-established, well-funded oil sands operators, UTS Energy Corp. is successfully navigating the transition from a development-stage enterprise to something much more akin to an operating company. Impressively, this has been done without eroding shareholder value through excessive share issuance or misguided investments. In one sense, it is still a development-stage company in that the extensive facilities that will mine and convert its bitumen reserves into salable petroleum have yet to be constructed. Yet, the construction will be primarily funded by UTS's partners, Suncor and Teck, both of whom are highly successful operating companies. For Suncor, this is simply another expansion of its existing oil production activities. The risk of this venture being completed is largely dependent on the financial capacity of Suncor rather than that of UTS and, therefore, is of little concern. In the event that UTS is forced to raise additional funds, there exist high-value assets in the form of the Equinox and Frontier projects, as well as potentially high-value leases similar to Lease 421, 022 and 023. Ergo, financing risk is of little concern. The key variable appears to be Suncor's decision on when to proceed with the project; however, this too is governed by the partnership agreement and, therefore, appears to be an insignificant risk.

By the most basic measure of a resource-based company's value, the quantity of resource represented by each share, UTS is deeply undervalued in comparison with established companies engaged in precisely and exclusively the same business activity—that is, mining and upgrading bitumen in the Athabasca oil sands area. Convergence to the same valuation per unit of resource over a five year period would result in annualized returns on the order of 29.8% or greater. If only Fort Hills were to reach its potential for 280,000 barrels per day by 2018, an earnings-based valuation similar to that of Canadian Oil Sands Trust and Suncor would result in annualized returns on the order 24.3%. Finally, should each of Fort Hills, Equinox and Frontier reach production targets by the end of the decade, one should expect annualized returns on the order of 34.0% to 40.2%. Further, given that the shares trade for working capital, with the raw resource not priced at all, the valuation risk must be considered close to nil. Accordingly, due to the high potential returns and exceedingly low risk, purchase is recommended.

Financial Statements

UTS ENERGY CORPORATION

CONSOLIDATED BALANCE SHEETS

As at December 31,	2008	2007
ASSETS		
Current Assets		
Cash and cash equivalents	**$276,185,466**	$360,176,078
Invested cash collateral (note 3)	**14,683,150**	-
Accounts receivable and accrued receivables	**10,932,548**	6,913,183
Corporate income taxes recoverable	**4,974,307**	-
Current portion of sale proceeds receivable (note 4)	**39,126,983**	39,126,983
	345,902,454	406,216,244
Property, Plant and Equipment (note 4)	**521,237,464**	399,392,161
Sale Proceeds Receivable (note 4)	-	37,405,400
Other Assets (note 5)	**3,150,000**	3,150,000
	$870,289,918	$846,163,805
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 37,577,408**	$ 16,624,645
Corporate income taxes payable	-	6,350,000
	37,577,408	22,974,645
Future Income Taxes (note 6)	**97,477,339**	88,117,900
Asset Retirement Obligation (note 7)	**3,642,200**	1,479,600
	138,696,947	112,572,145
Shareholders' Equity		
Share capital (note 8)	**585,182,107**	587,487,269
Contributed surplus (note 8)	**32,466,535**	20,260,909
Retained earnings	**113,944,329**	125,843,482
	731,592,971	733,591,660
Commitments (note 15)		
Contingencies (note 16)		
Nature of Operations and Going Concern (note 1)	**$870,289,918**	$846,163,805

see accompanying notes to consolidated financial statements

UTS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF INCOME (LOSS), OTHER COMPREHENSIVE INCOME (LOSS) AND RETAINED EARNINGS

Year ended December 31,		2008	2007
Interest		$ 12,866,761	$ 7,370,954
Gain on disposition of property, plant and equipment (note 4)		4,800	184,203,357
		12,871,561	191,574,311
Expenses			
General and administrative		13,569,542	14,690,865
Depreciation and amortization (note 4)		5,385,553	205,598
Other (note 13)		9,318,487	-
Change in fair value of third party asset-backed commercial paper (note 5)		-	1,200,000
		28,273,582	16,096,463
Income (loss) before income taxes		(15,402,021)	175,477,848
Income taxes (note 6)			
Current (recovery)		(5,707,806)	6,350,000
Future (reduction)		2,204,938	31,756,252
		(3,502,868)	38,106,252
Net income (loss) and other comprehensive income (loss)		(11,899,153)	137,371,596
Retained Earnings (deficit), beginning of year		125,843,482	(11,528,114)
Retained Earnings, end of year		$113,944,329	$125,843,482
Net income (loss) per share	- basic (note 10)	$(0.03)	$0.32
	- diluted (note 10)	$(0.03)	$0.31
Weighted average common shares outstanding	- basic (note 10)	473,379,139	432,704,416
	- diluted (note 10)	473,379,139	437,161,954

see accompanying notes to consolidated financial statements.

UTS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOW

Year ended December 31,	2008	2007
Cash Provided by (Used in):		
Operations		
Net income (loss) from operations	**$ (11,899,153)**	$137,371,596
Items not involving cash:		
Future income tax	**2,204,938**	31,756,252
Stock-based compensation expense	**6,883,216**	7,698,020
Impairment in value of asset-backed commercial paper	-	1,200,000
Depreciation and amortization	**5,385,553**	205,598
Gain on disposition of oil sands lease interests	**(4,800)**	(184,203,357)
Accretion of sale proceeds receivable	**(2,594,600)**	(1,734,928)
	(24,846)	(7,706,819)
Change in non-cash working capital	**(15,116,424)**	9,125,796
	(15,141,270)	1,418,977
Investing		
Net additions to property, plant and equipment	**(116,970,253)**	(45,368,130)
Net proceeds received on disposition of property, plant and equipment	**40,004,800**	41,333,960
Invested cash collateral	**(14,683,150)**	-
Investment in other assets	-	(4,350,000)
Change in non-cash working capital	**20,725,515**	3,625,763
	(70,923,088)	(4,758,407)
Financing		
Issue of common shares	**2,073,746**	264,418,190
Increase (decrease) in cash and short-term deposits	**(83,990,612)**	261,078,760
Cash and cash equivalents, beginning of year	**360,176,078**	99,097,318
Cash and cash equivalents, end of year	**$276,185,466**	$360,176,078
Income taxes paid	**$ 5,666,732**	$ -
Interest received	**2,807**	-

see accompanying notes to consolidated financial statements

Sensitivity Analysis

Sensitivity Analysis - UTS Energy Corporation Potential Price Per Share

Note: Price Per Share Equals: [[(Barrels Per Day) x 365 x (Price Per Barrel) x (Net Margin) x (UTS Working Interest)] / (Shares Outstanding)] x (15 P/E Multiple)

Fort Hills

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2015: 70,000 / 25,550,000									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	0.97	1.09	1.21	1.33	1.45	1.51	1.58	1.70	1.82	1.94
35	1.13	1.27	1.41	1.55	1.70	1.76	1.84	1.98	2.12	2.26
40	1.29	1.45	1.62	1.78	1.94	2.01	2.10	2.26	2.42	2.58
45	1.45	1.64	1.82	2.00	2.18	2.27	2.36	2.54	2.73	2.91
50	1.62	1.82	2.02	2.22	2.42	2.52	2.63	2.83	3.03	3.23
55	1.78	2.00	2.22	2.44	2.67	2.77	2.89	3.11	3.33	3.55
60	1.94	2.18	2.42	2.67	2.91	3.02	3.15	3.39	3.63	3.88
65	2.10	2.36	2.63	2.89	3.15	3.27	3.41	3.68	3.94	4.20
70	2.26	2.54	2.83	3.11	3.39	3.53	3.68	3.96	4.24	4.52
75	2.42	2.73	3.03	3.33	3.63	3.78	3.94	4.24	4.54	4.85
80	2.58	2.91	3.23	3.55	3.88	4.03	4.20	4.52	4.85	5.17
85	2.75	3.09	3.43	3.78	4.12	4.28	4.46	4.81	5.15	5.49
90	2.91	3.27	3.63	4.00	4.36	4.53	4.73	5.09	5.45	5.82
95	3.07	3.45	3.84	4.22	4.60	4.79	4.99	5.37	5.76	6.14
100	3.23	3.63	4.04	4.44	4.85	5.04	5.25	5.65	6.06	6.46
105	3.39	3.82	4.24	4.66	5.09	5.29	5.51	5.94	6.36	6.79
110	3.55	4.00	4.44	4.89	5.33	5.54	5.78	6.22	6.66	7.11
115	3.72	4.18	4.64	5.11	5.57	5.79	6.04	6.50	6.97	7.43
120	3.88	4.36	4.85	5.33	5.82	6.04	6.30	6.79	7.27	7.75
125	4.04	4.54	5.05	5.55	6.06	6.30	6.56	7.07	7.57	8.08
130	4.20	4.73	5.25	5.78	6.30	6.55	6.83	7.35	7.88	8.40
135	4.36	4.91	5.45	6.00	6.54	6.80	7.09	7.63	8.18	8.72
140	4.52	5.09	5.65	6.22	6.79	7.05	7.35	7.92	8.48	9.05

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2016: 140,000 / 51,100,000									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	1.94	2.18	2.42	2.67	2.91	3.02	3.15	3.39	3.63	3.88
35	2.26	2.54	2.83	3.11	3.39	3.53	3.68	3.96	4.24	4.52
40	2.58	2.91	3.23	3.55	3.88	4.03	4.20	4.52	4.85	5.17
45	2.91	3.27	3.63	4.00	4.36	4.53	4.73	5.09	5.45	5.82
50	3.23	3.63	4.04	4.44	4.85	5.04	5.25	5.65	6.06	6.46
55	3.55	4.00	4.44	4.89	5.33	5.54	5.78	6.22	6.66	7.11
60	3.88	4.36	4.85	5.33	5.82	6.04	6.30	6.79	7.27	7.75
65	4.20	4.73	5.25	5.78	6.30	6.55	6.83	7.35	7.88	8.40
70	4.52	5.09	5.65	6.22	6.79	7.05	7.35	7.92	8.48	9.05
75	4.85	5.45	6.06	6.66	7.27	7.56	7.88	8.48	9.09	9.69
80	5.17	5.82	6.46	7.11	7.75	8.06	8.40	9.05	9.69	10.34
85	5.49	6.18	6.87	7.55	8.24	8.56	8.93	9.61	10.30	10.99
90	5.82	6.54	7.27	8.00	8.72	9.07	9.45	10.18	10.90	11.63
95	6.14	6.91	7.67	8.44	9.21	9.57	9.98	10.74	11.51	12.28
100	6.46	7.27	8.08	8.89	9.69	10.07	10.50	11.31	12.12	12.92
105	6.79	7.63	8.48	9.33	10.18	10.58	11.03	11.87	12.72	13.57
110	7.11	8.00	8.89	9.77	10.66	11.08	11.55	12.44	13.33	14.22
115	7.43	8.36	9.29	10.22	11.15	11.59	12.08	13.00	13.93	14.86
120	7.75	8.72	9.69	10.66	11.63	12.09	12.60	13.57	14.54	15.51
125	8.08	9.09	10.10	11.11	12.12	12.59	13.13	14.14	15.15	16.15
130	8.40	9.45	10.50	11.55	12.60	13.10	13.65	14.70	15.75	16.80
135	8.72	9.81	10.90	11.99	13.09	13.60	14.18	15.27	16.36	17.45
140	9.05	10.18	11.31	12.44	13.57	14.10	14.70	15.83	16.96	18.09

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2017: 140,000 / 51,100,000									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	1.94	2.18	2.42	2.67	2.91	3.02	3.15	3.39	3.63	3.88
35	2.26	2.54	2.83	3.11	3.39	3.53	3.68	3.96	4.24	4.52
40	2.58	2.91	3.23	3.55	3.88	4.03	4.20	4.52	4.85	5.17
45	2.91	3.27	3.63	4.00	4.36	4.53	4.73	5.09	5.45	5.82
50	3.23	3.63	4.04	4.44	4.85	5.04	5.25	5.65	6.06	6.46
55	3.55	4.00	4.44	4.89	5.33	5.54	5.78	6.22	6.66	7.11
60	3.88	4.36	4.85	5.33	5.82	6.04	6.30	6.79	7.27	7.75
65	4.20	4.73	5.25	5.78	6.30	6.55	6.83	7.35	7.88	8.40
70	4.52	5.09	5.65	6.22	6.79	7.05	7.35	7.92	8.48	9.05
75	4.85	5.45	6.06	6.66	7.27	7.56	7.88	8.48	9.09	9.69
80	5.17	5.82	6.46	7.11	7.75	8.06	8.40	9.05	9.69	10.34
85	5.49	6.18	6.87	7.55	8.24	8.56	8.93	9.61	10.30	10.99
90	5.82	6.54	7.27	8.00	8.72	9.07	9.45	10.18	10.90	11.63
95	6.14	6.91	7.67	8.44	9.21	9.57	9.98	10.74	11.51	12.28
100	6.46	7.27	8.08	8.89	9.69	10.07	10.50	11.31	12.12	12.92
105	6.79	7.63	8.48	9.33	10.18	10.58	11.03	11.87	12.72	13.57
110	7.11	8.00	8.89	9.77	10.66	11.08	11.55	12.44	13.33	14.22
115	7.43	8.36	9.29	10.22	11.15	11.59	12.08	13.00	13.93	14.86
120	7.75	8.72	9.69	10.66	11.63	12.09	12.60	13.57	14.54	15.51
125	8.08	9.09	10.10	11.11	12.12	12.59	13.13	14.14	15.15	16.15
130	8.40	9.45	10.50	11.55	12.60	13.10	13.65	14.70	15.75	16.80
135	8.72	9.81	10.90	11.99	13.09	13.60	14.18	15.27	16.36	17.45
140	9.05	10.18	11.31	12.44	13.57	14.10	14.70	15.83	16.96	18.09

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2018: 280,000 / 102,200,000									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	3.88	4.36	4.85	5.33	5.82	6.04	6.30	6.79	7.27	7.75
35	4.52	5.09	5.65	6.22	6.79	7.05	7.35	7.92	8.48	9.05
40	5.17	5.82	6.46	7.11	7.75	8.06	8.40	9.05	9.69	10.34
45	5.82	6.54	7.27	8.00	8.72	9.07	9.45	10.18	10.90	11.63
50	6.46	7.27	8.08	8.89	9.69	10.07	10.50	11.31	12.12	12.92
55	7.11	8.00	8.89	9.77	10.66	11.08	11.55	12.44	13.33	14.22
60	7.75	8.72	9.69	10.66	11.63	12.09	12.60	13.57	14.54	15.51
65	8.40	9.45	10.50	11.55	12.60	13.10	13.65	14.70	15.75	16.80
70	9.05	10.18	11.31	12.44	13.57	14.10	14.70	15.83	16.96	18.09
75	9.69	10.90	12.12	13.33	14.54	15.11	15.75	16.96	18.17	19.39
80	10.34	11.63	12.92	14.22	15.51	16.12	16.80	18.09	19.39	20.68
85	10.99	12.36	13.73	15.10	16.48	17.13	17.85	19.22	20.60	21.97
90	11.63	13.09	14.54	15.99	17.45	18.13	18.90	20.36	21.81	23.26
95	12.28	13.81	15.35	16.88	18.42	19.14	19.95	21.49	23.02	24.56
100	12.92	14.54	16.15	17.77	19.39	20.15	21.00	22.62	24.23	25.85
105	13.57	15.27	16.96	18.66	20.36	21.16	22.05	23.75	25.44	27.14
110	14.22	15.99	17.77	19.55	21.32	22.16	23.10	24.88	26.66	28.43
115	14.86	16.72	18.58	20.44	22.29	23.17	24.15	26.01	27.87	29.72
120	15.51	17.45	19.39	21.32	23.26	24.18	25.20	27.14	29.08	31.02
125	16.15	18.17	20.19	22.21	24.23	25.19	26.25	28.27	30.29	32.31
130	16.80	18.90	21.00	23.10	25.20	26.19	27.30	29.40	31.50	33.60
135	17.45	19.63	21.81	23.99	26.17	27.20	28.35	30.53	32.71	34.89
140	18.09	20.36	22.62	24.88	27.14	28.21	29.40	31.66	33.93	36.19

Price / Barrel, C$	Barrels Per Day / Year: Scenario Thereafter: 350,000 / 127,750,000									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	4.85	5.45	6.06	6.66	7.27	7.56	7.88	8.48	9.09	9.69
35	5.65	6.36	7.07	7.77	8.48	8.81	9.19	9.89	10.60	11.31
40	6.46	7.27	8.08	8.89	9.69	10.07	10.50	11.31	12.12	12.92
45	7.27	8.18	9.09	10.00	10.90	11.33	11.81	12.72	13.63	14.54
50	8.08	9.09	10.10	11.11	12.12	12.59	13.13	14.14	15.15	16.15
55	8.89	10.00	11.11	12.22	13.33	13.85	14.44	15.55	16.66	17.77
60	9.69	10.90	12.12	13.33	14.54	15.11	15.75	16.96	18.17	19.39
65	10.50	11.81	13.13	14.44	15.75	16.37	17.06	18.38	19.69	21.00
70	11.31	12.72	14.14	15.55	16.96	17.63	18.38	19.79	21.20	22.62
75	12.12	13.63	15.15	16.66	18.17	18.89	19.69	21.20	22.72	24.23
80	12.92	14.54	16.15	17.77	19.39	20.15	21.00	22.62	24.23	25.85
85	13.73	15.45	17.16	18.88	20.60	21.41	22.31	24.03	25.75	27.46
90	14.54	16.36	18.17	19.99	21.81	22.67	23.63	25.44	27.26	29.08
95	15.35	17.27	19.18	21.10	23.02	23.93	24.94	26.86	28.78	30.69
100	16.15	18.17	20.19	22.21	24.23	25.19	26.25	28.27	30.29	32.31
105	16.96	19.08	21.20	23.32	25.44	26.44	27.56	29.68	31.80	33.93
110	17.77	19.99	22.21	24.43	26.66	27.70	28.88	31.10	33.32	35.54
115	18.58	20.90	23.22	25.54	27.87	28.96	30.19	32.51	34.83	37.16
120	19.39	21.81	24.23	26.66	29.08	30.22	31.50	33.93	36.35	38.77
125	20.19	22.72	25.24	27.77	30.29	31.48	32.81	35.34	37.86	40.39
130	21.00	23.63	26.25	28.88	31.50	32.74	34.13	36.75	39.38	42.00
135	21.81	24.54	27.26	29.99	32.71	34.00	35.44	38.17	40.89	43.62
140	22.62	25.44	28.27	31.10	33.93	35.26	36.75	39.58	42.41	45.23

Sensitivity Analysis - UTS Energy Corporation Potential Price Per Share

Note: Price Per Share Equals: [[(Barrels Per Day) x 365 x (Price Per Barrel) x (Net Margin) x (UTS Working Interest)] / (Shares Outstanding)] x (15 P/E Multiple)

Fort Hills, Equinox & Frontier

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2015: 70,000 / 25,550,000									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	0.97	1.09	1.21	1.33	1.45	1.51	1.58	1.70	1.82	1.94
35	1.13	1.27	1.41	1.55	1.70	1.76	1.84	1.98	2.12	2.26
40	1.29	1.45	1.62	1.78	1.94	2.01	2.10	2.26	2.42	2.58
45	1.45	1.64	1.82	2.00	2.18	2.27	2.36	2.54	2.73	2.91
50	1.62	1.82	2.02	2.22	2.42	2.52	2.63	2.83	3.03	3.23
55	1.78	2.00	2.22	2.44	2.67	2.77	2.89	3.11	3.33	3.55
60	1.94	2.18	2.42	2.67	2.91	3.02	3.15	3.39	3.63	3.88
65	2.10	2.36	2.63	2.89	3.15	3.27	3.41	3.68	3.94	4.20
70	2.26	2.54	2.83	3.11	3.39	3.53	3.68	3.96	4.24	4.52
75	2.42	2.73	3.03	3.33	3.63	3.78	3.94	4.24	4.54	4.85
80	2.58	2.91	3.23	3.55	3.88	4.03	4.20	4.52	4.85	5.17
85	2.75	3.09	3.43	3.78	4.12	4.28	4.46	4.81	5.15	5.49
90	2.91	3.27	3.63	4.00	4.36	4.53	4.73	5.09	5.45	5.82
95	3.07	3.45	3.84	4.22	4.60	4.79	4.99	5.37	5.76	6.14
100	3.23	3.63	4.04	4.44	4.85	5.04	5.25	5.65	6.06	6.46
105	3.39	3.82	4.24	4.66	5.09	5.29	5.51	5.94	6.36	6.79
110	3.55	4.00	4.44	4.89	5.33	5.54	5.78	6.22	6.66	7.11
115	3.72	4.18	4.64	5.11	5.57	5.79	6.04	6.50	6.97	7.43
120	3.88	4.36	4.85	5.33	5.82	6.04	6.30	6.79	7.27	7.75
125	4.04	4.54	5.05	5.55	6.06	6.30	6.56	7.07	7.57	8.08
130	4.20	4.73	5.25	5.78	6.30	6.55	6.83	7.35	7.88	8.40
135	4.36	4.91	5.45	6.00	6.54	6.80	7.09	7.63	8.18	8.72
140	4.52	5.09	5.65	6.22	6.79	7.05	7.35	7.92	8.48	9.05

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2016: 161,875 / 59,084,375									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	2.70	3.03	3.37	3.71	4.04	4.20	4.38	4.72	5.05	5.39
35	3.15	3.54	3.93	4.32	4.72	4.90	5.11	5.50	5.90	6.29
40	3.59	4.04	4.49	4.94	5.39	5.60	5.84	6.29	6.74	7.19
45	4.04	4.55	5.05	5.56	6.07	6.30	6.57	7.08	7.58	8.09
50	4.49	5.05	5.62	6.18	6.74	7.00	7.30	7.86	8.42	8.99
55	4.94	5.56	6.18	6.80	7.41	7.71	8.03	8.65	9.27	9.88
60	5.39	6.07	6.74	7.41	8.09	8.41	8.76	9.44	10.11	10.78
65	5.84	6.57	7.30	8.03	8.76	9.11	9.49	10.22	10.95	11.68
70	6.29	7.08	7.86	8.65	9.44	9.81	10.22	11.01	11.79	12.58
75	6.74	7.58	8.42	9.27	10.11	10.51	10.95	11.79	12.64	13.48
80	7.19	8.09	8.99	9.88	10.78	11.21	11.68	12.58	13.48	14.38
85	7.64	8.59	9.55	10.50	11.46	11.91	12.41	13.37	14.32	15.28
90	8.09	9.10	10.11	11.12	12.13	12.61	13.14	14.15	15.16	16.18
95	8.54	9.60	10.67	11.74	12.81	13.31	13.87	14.94	16.01	17.07
100	8.99	10.11	11.23	12.36	13.48	14.01	14.60	15.73	16.85	17.97
105	9.44	10.61	11.79	12.97	14.15	14.71	15.33	16.51	17.69	18.87
110	9.88	11.12	12.36	13.59	14.83	15.41	16.06	17.30	18.53	19.77
115	10.33	11.63	12.92	14.21	15.50	16.11	16.79	18.08	19.38	20.67
120	10.78	12.13	13.48	14.83	16.18	16.81	17.52	18.87	20.22	21.57
125	11.23	12.64	14.04	15.44	16.85	17.51	18.25	19.66	21.06	22.47
130	11.68	13.14	14.60	16.06	17.52	18.21	18.98	20.44	21.90	23.36
135	12.13	13.65	15.16	16.68	18.20	18.91	19.71	21.23	22.75	24.26
140	12.58	14.15	15.73	17.30	18.87	19.61	20.44	22.02	23.59	25.16

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2017: 253,750 / 92,618,750									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	5.88	6.61	7.35	8.08	8.81	9.16	9.55	10.28	11.02	11.75
35	6.86	7.71	8.57	9.43	10.28	10.69	11.14	12.00	12.85	13.71
40	7.84	8.81	9.79	10.77	11.75	12.21	12.73	13.71	14.69	15.67
45	8.81	9.92	11.02	12.12	13.22	13.74	14.32	15.43	16.53	17.63
50	9.79	11.02	12.24	13.47	14.69	15.27	15.92	17.14	18.36	19.59
55	10.77	12.12	13.47	14.81	16.16	16.80	17.51	18.85	20.20	21.55
60	11.75	13.22	14.69	16.16	17.63	18.32	19.10	20.57	22.04	23.51
65	12.73	14.32	15.92	17.51	19.10	19.85	20.69	22.28	23.87	25.46
70	13.71	15.43	17.14	18.85	20.57	21.38	22.28	23.99	25.71	27.42
75	14.69	16.53	18.36	20.20	22.04	22.90	23.87	25.71	27.55	29.38
80	15.67	17.63	19.59	21.55	23.51	24.43	25.46	27.42	29.38	31.34
85	16.65	18.73	20.81	22.89	24.97	25.96	27.06	29.14	31.22	33.30
90	17.63	19.83	22.04	24.24	26.44	27.48	28.65	30.85	33.05	35.26
95	18.61	20.93	23.26	25.59	27.91	29.01	30.24	32.56	34.89	37.22
100	19.59	22.04	24.48	26.93	29.38	30.54	31.83	34.28	36.73	39.18
105	20.57	23.14	25.71	28.28	30.85	32.06	33.42	35.99	38.56	41.13
110	21.55	24.24	26.93	29.63	32.32	33.59	35.01	37.71	40.40	43.09
115	22.53	25.34	28.16	30.97	33.79	35.12	36.60	39.42	42.24	45.05
120	23.51	26.44	29.38	32.32	35.26	36.64	38.20	41.13	44.07	47.01
125	24.48	27.55	30.61	33.67	36.73	38.17	39.79	42.85	45.91	48.97
130	25.46	28.65	31.83	35.01	38.20	39.70	41.38	44.56	47.75	50.93
135	26.44	29.75	33.05	36.36	39.67	41.23	42.97	46.28	49.58	52.89
140	27.42	30.85	34.28	37.71	41.13	42.75	44.56	47.99	51.42	54.85

Price / Barrel, C$	Barrels Per Day / Year: Scenario 2018: 463,750 / 169,268,750									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	10.24	11.52	12.80	14.08	15.36	15.96	16.64	17.92	19.20	20.48
35	11.94	13.44	14.93	16.42	17.92	18.62	19.41	20.90	22.40	23.89
40	13.65	15.36	17.06	18.77	20.48	21.28	22.18	23.89	25.60	27.30
45	15.36	17.28	19.20	21.12	23.04	23.94	24.96	26.88	28.79	30.71
50	17.06	19.20	21.33	23.46	25.60	26.60	27.73	29.86	31.99	34.13
55	18.77	21.12	23.46	25.81	28.15	29.26	30.50	32.85	35.19	37.54
60	20.48	23.04	25.60	28.15	30.71	31.92	33.27	35.83	38.39	40.95
65	22.18	24.96	27.73	30.50	33.27	34.58	36.05	38.82	41.59	44.37
70	23.89	26.88	29.86	32.85	35.83	37.24	38.82	41.81	44.79	47.78
75	25.60	28.79	31.99	35.19	38.39	39.90	41.59	44.79	47.99	51.19
80	27.30	30.71	34.13	37.54	40.95	42.56	44.37	47.78	51.19	54.60
85	29.01	32.63	36.26	39.89	43.51	45.22	47.14	50.76	54.39	58.02
90	30.71	34.55	38.39	42.23	46.07	47.88	49.91	53.75	57.59	61.43
95	32.42	36.47	40.53	44.58	48.63	50.54	52.68	56.74	60.79	64.84
100	34.13	38.39	42.66	46.92	51.19	53.20	55.46	59.72	63.99	68.25
105	35.83	40.31	44.79	49.27	53.75	55.86	58.23	62.71	67.19	71.67
110	37.54	42.23	46.92	51.62	56.31	58.52	61.00	65.69	70.39	75.08
115	39.25	44.15	49.06	53.96	58.87	61.18	63.77	68.68	73.59	78.49
120	40.95	46.07	51.19	56.31	61.43	63.84	66.55	71.67	76.79	81.90
125	42.66	47.99	53.32	58.66	63.99	66.51	69.32	74.65	79.99	85.32
130	44.37	49.91	55.46	61.00	66.55	69.17	72.09	77.64	83.18	88.73
135	46.07	51.83	57.59	63.35	69.11	71.83	74.87	80.63	86.38	92.14
140	47.78	53.75	59.72	65.69	71.67	74.49	77.64	83.61	89.58	95.56

Price / Barrel, C$	Barrels Per Day / Year: Scenario Thereafter: 673,750 / 245,918,750									
	Net Margin									
	20.0%	22.5%	25.0%	27.5%	30.0%	31.18%	32.5%	35.0%	37.5%	40.0%
30	16.05	18.06	20.07	22.07	24.08	25.03	26.09	28.09	30.10	32.11
35	18.73	21.07	23.41	25.75	28.09	29.20	30.44	32.78	35.12	37.46
40	21.41	24.08	26.76	29.43	32.11	33.37	34.78	37.46	40.13	42.81
45	24.08	27.09	30.10	33.11	36.12	37.54	39.13	42.14	45.15	48.16
50	26.76	30.10	33.45	36.79	40.13	41.71	43.48	46.82	50.17	53.51
55	29.43	33.11	36.79	40.47	44.15	45.88	47.83	51.51	55.19	58.86
60	32.11	36.12	40.13	44.15	48.16	50.06	52.18	56.19	60.20	64.22
65	34.78	39.13	43.48	47.83	52.18	54.23	56.52	60.87	65.22	69.57
70	37.46	42.14	46.82	51.51	56.19	58.40	60.87	65.55	70.24	74.92
75	40.13	45.15	50.17	55.19	60.20	62.57	65.22	70.24	75.25	80.27
80	42.81	48.16	53.51	58.86	64.22	66.74	69.57	74.92	80.27	85.62
85	45.49	51.17	56.86	62.54	68.23	70.91	73.91	79.60	85.29	90.97
90	48.16	54.18	60.20	66.22	72.24	75.08	78.26	84.28	90.30	96.32
95	50.84	57.19	63.55	69.90	76.26	79.26	82.61	88.97	95.32	101.67
100	53.51	60.20	66.89	73.58	80.27	83.43	86.96	93.65	100.34	107.03
105	56.19	63.21	70.24	77.26	84.28	87.60	91.31	98.33	105.35	112.38
110	58.86	66.22	73.58	80.94	88.30	91.77	95.65	103.01	110.37	117.73
115	61.54	69.23	76.92	84.62	92.31	95.94	100.00	107.69	115.39	123.08
120	64.22	72.24	80.27	88.30	96.32	100.11	104.35	112.38	120.40	128.43
125	66.89	75.25	83.61	91.98	100.34	104.28	108.70	117.06	125.42	133.78
130	69.57	78.26	86.96	95.65	104.35	108.45	113.05	121.74	130.44	139.13
135	72.24	81.27	90.30	99.33	108.36	112.63	117.39	126.42	135.45	144.48
140	74.92	84.28	93.65	103.01	112.38	116.80	121.74	131.11	140.47	149.84