


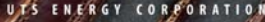


UTS ENERGY CORPORATION

Alberta Royalty Review Presentation

May 24, 2007

Presented by: Will Roach, President & CEO



Agenda

Slide 2

- UTS Corporate Overview
- Business Environment
- UTS' Position on the Alberta Royalty Review
 - UTS as a Case study

UTS ENERGY CORPORATION

UTS

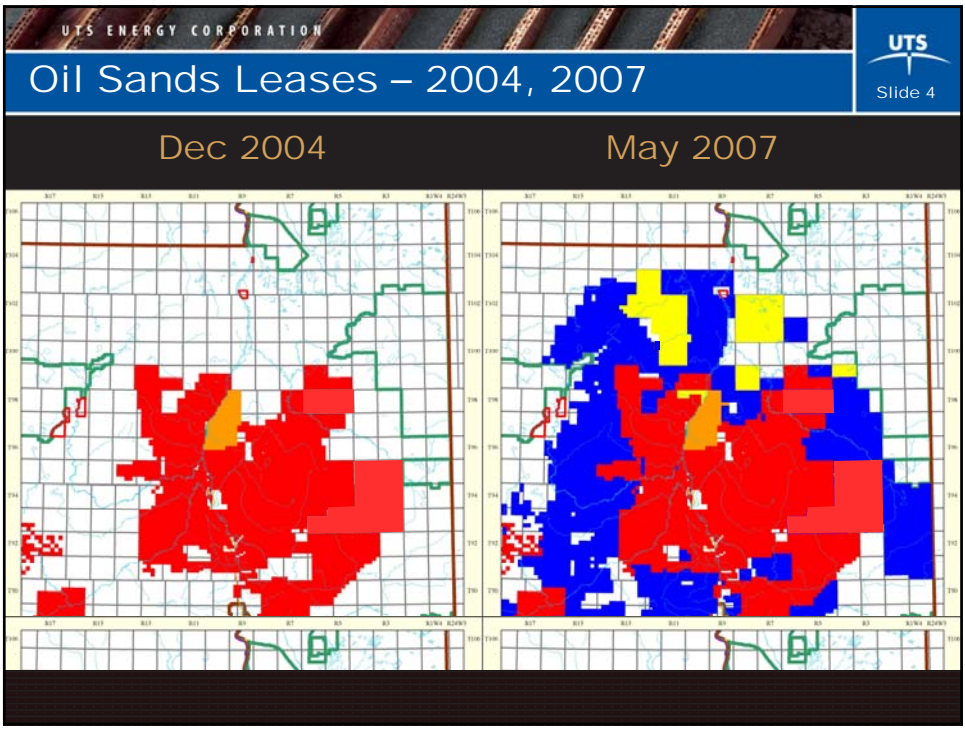
Slide 3

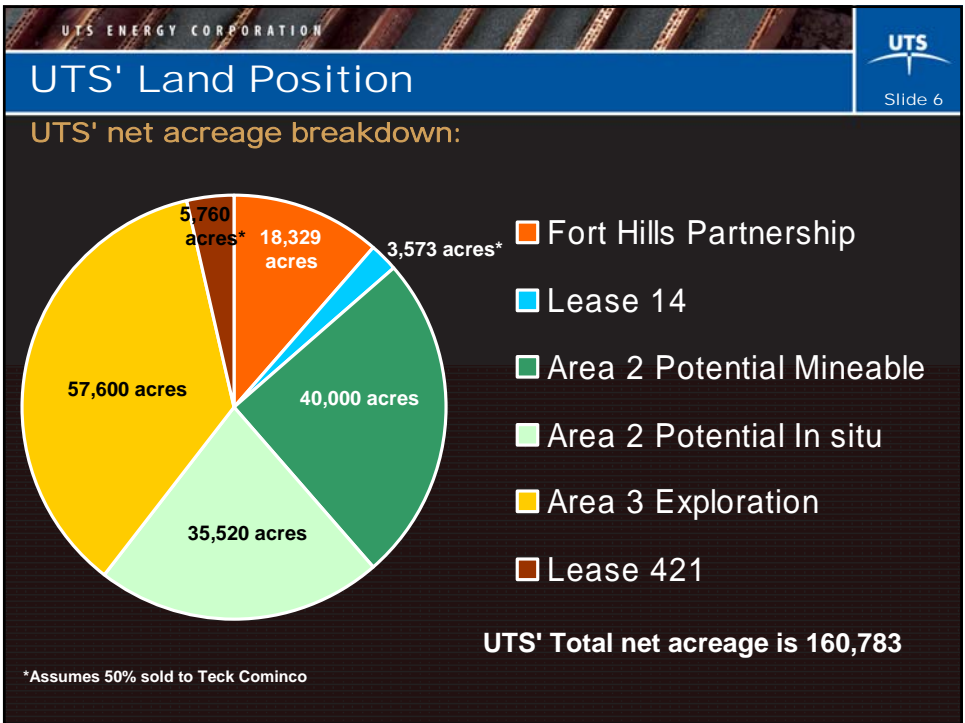
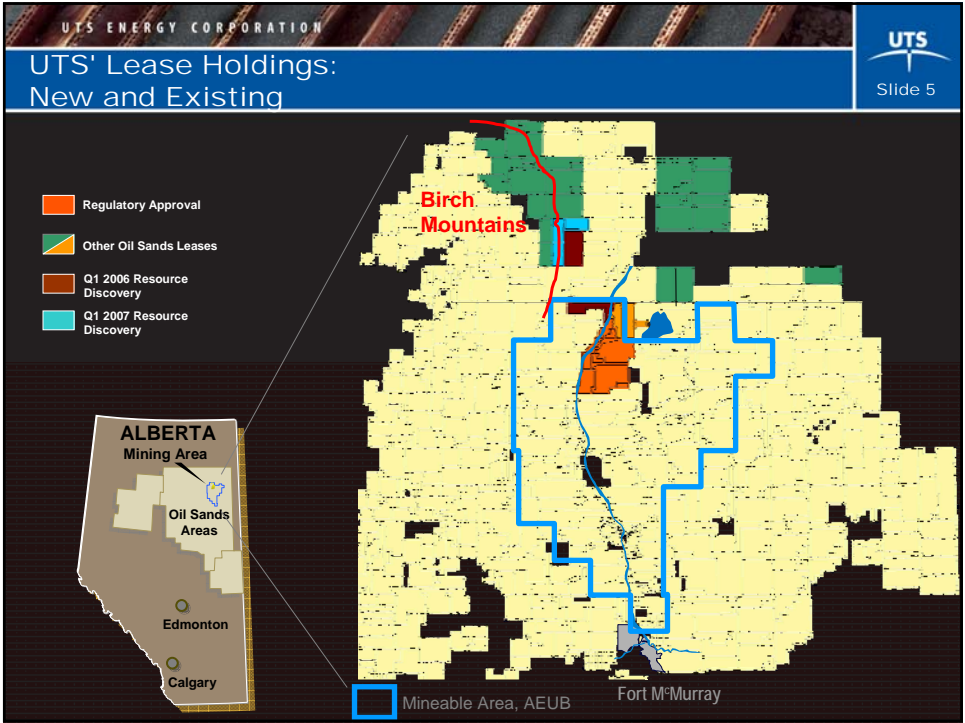
UTS At a Glance:

Nature of Business: Oil Sands Development (mining)
 Fully Diluted Shares: 443MM
 Fully Diluted Market Cap: ~2.3 Billion
 TSX trading symbol: UTS

	UTS WI	Assets	Resource	UTS Net	First Oil
1.	30%	Fort Hills Partnership	4.7 Billion bbls	1.4 Billion bbls	2H 2011
2.	50%	Lease 14	0.4* Billion bbls	0.2* Billion bbls	Planned 2013
3.	50%	Lease 311 & area	Positive preliminary drilling results - currently under evaluation		
4.	50%***	256,000 acres of Exploration Land	Exploration Play		
5.	100%	Funding	\$650MM Fort Hills Partner Earn-in ~\$100MM AT net proceeds from L14* ~ \$80MM UTS Treasury ~\$830MM FHP & Exploration funding to end of 2008		

* Lease 14: Management's Bitumen resource estimate ~400 million bbls based on 124 well logs;
 ** Assumes ~\$100MM in AT proceeds for the sale of 50% of Lease 14 to Teck Cominco, net of ~\$79MM owing to Teck Cominco for exploration lands (purchase price to be finalized in Q4 2007, once the full analysis of the Lease 14 drilling results is complete)
 *** UTS holds a 100% working interest Lease 421, and a 50% working interest in all of the other exploration oil sands leases outside the Fort Hills Project





Oil sands challenges:

- Environmental pressures: Federal & Provincial
- Cost escalation
- Workforce constraints
- Oil Price volatility
- Alberta Oil Sands Royalty Review
- Elimination of ACCA for the oil sands

UTS specific challenges:

- Fort Hills Project ("FHP") Level of Pre-investment
- FHP Financing

UTS' Position on the Alberta Royalty Review

We at UTS Energy believe that:

The Royalty regime works, do not change it

- UTS' Rationale is based on UTS as a case study, and its primary asset the Fort Hills Project (of which UTS has a 30% working interest)

History Of the Fort Hills Project (1)

- In October 2002 the Alberta Government approved the Fort Hills Project.
 - This was operated by True North Energy, a subsidiary of Koch Industries, a very large US private company;
 - Project Approved to be a 190,000 bbl/day mining and extraction project. Upgrading was to be done at the Koch Industries Pine Bend refinery in the USA.
 - UTS owned 22% of the FHP, which was UTS' only asset at that time.
- In January 2003 True North as Operator decided, unilaterally, that they did not want to proceed with the project.

History Of the Fort Hills Project (2)

- UTS, under the leadership of Dennis Sharp, then decided to buy True North and its interest in the Fort Hills Project in order to proceed with the project itself.
 - In the first half of 2004 UTS raised in excess of \$150 MM to buy the other 78% of the project.
 - These funds were raised in the private and public markets on the basis that UTS would execute a smaller project (50,000 bbls/day) with upgrading at site.
 - The development costs at that time were estimated at about \$33,000 per flowing bbl of SCO.
 - This transaction was completed on July 9th 2004; UTS now owned 100% of the FHP and had committed to the Alberta Government to have 50,000 bbls/day on stream by June 2009.

History Of the Fort Hills Project (3)

- By September 2005 UTS had found two strong Canadian partners:
 - Petro-Canada, a partner with downstream experience who would act as Operator at 55%, and
 - Teck Cominco, a mining expert at 15%,
 - UTS retains a 30% working interest

These partners have jointly committed to have 100,000 bbls/day of Bitumen production on stream by June 2011 with (if approved by the Government) an upgrader in the Edmonton area.

Capital and Operating Cost Increases

- The Fort Hills Partners have spent approximately \$450 million on development of the Project, over and above the \$180 million spent prior to the formation of the Partnership
- Since July 2004 we have seen a tripling in the estimated capital costs of the FHP from \$33,000 flowing bbl of SCO to about \$100,000 per flowing bbl of SCO.
- These cost increases are also seen in the ongoing operating cost estimates, in addition to increases due to government legislation:
 - Greenhouse gas ("GHG") levies
 - Elimination of ACCA

Project Economics (1)

- Notwithstanding the significant increases in oil price, the financial returns for new projects have not increased significantly due to the marked increase in costs.
- While it is true that the current royalty regime was introduced when oil prices were about \$20 per bbl and now oil sells for approximately \$55 – 60 per bbl it is not as simple as increasing royalties to match the increase in oil price.
- The after tax rate of return on oil sands projects is still only around 8 – 10% given the large increases in capital and operating costs that have occurred.

Project Economics (2)

- UTS and its shareholders risk their money to develop these resources and benefit when oil prices are high – as do all Albertans and Canadians.
- If oil prices fall, as they inevitably do in cyclical commodity businesses, the shareholders take the risk that they won't get a satisfactory return for their investment.
- At current capital costs, and following the recent GHG and ACCA initiatives, our returns are being substantially eroded, even with the current high oil price.
- Any increase in the royalty rate will reduce our ability to manage through periods of low oil price, and will reduce investor confidence in this sector.

Project Economics (3)

- Over the same timeframe we have also seen:
 - Increased environmental pressures both at the Provincial and Federal level.
 - Elimination of the ACCA Federally.
 - Elimination of the ARTC effective January 1, 2007.

UTS as a Case Study

UTS' Additional Investment in Oil Sands Exploration & Development

- Over and above the FHP investments, UTS (in a joint venture with Teck Cominco) has purchased crown lands for \$180 MM and spent over C\$50 MM on exploration and development drilling since.
- UTS now needs to raise a further \$4.0 Billion to \$5.0 Billion of equity and debt in the public markets over the next year to fund our 30% of the FHP and the ongoing exploration program.
- All of this money has and will be invested in Alberta.

UTS as a Case Study

Investment Risks & Rewards (1)

- Please be reassured that UTS remains very optimistic about the opportunities presented by the oil sands in Alberta, but
- we have seen an increasingly difficult business environment driven by cost increases, environmental pressures, removal of ACCA and now uncertainties brought about by the Provincial Royalty Review.
- Clearly the UTS story is a strong vote of confidence in Alberta and specifically the existing Royalty system which as:
 - UTS understands it was designed to stimulate investments just like the FHP, and
 - UTS' exploration activities in the oil sands.

Investment Risks & Rewards (2)

- Moreover UTS in founding a strong Canadian partnership and,
- as we understand it, changing the True North plan from upgrading in the USA to upgrading in Alberta, is also consistent with the concept of increasing the value add from oil sands developments in Alberta:
 - Specifically Capital Expenditures in:
 - Oil Sands Lease Bonuses
 - Mining & Extraction
 - Upgrading
 - Pipelining

Concluding Remarks (1)

- Accordingly, for a company like UTS, which does not currently enjoy any cash flow from production, changing the Royalty system now is we believe:
- Not required.....it currently works. The overall Government take from oil sands (via a combination of Royalties, Lease bonuses, Provincial Taxes and Federal Taxes) is significant. If there is a change, the projects developed under the previous fiscal regime should be grandfathered.
- Introduces a level of uncertainty that will increase the difficulty of entrepreneurial Canadian companies like UTS to raise the necessary finances to fund these projects.

Concluding Remarks (2)

- In conclusion you should note that all of the above UTS investments made on behalf of our shareholders have been on the assumption of a stable business environment based on the current Royalty regime.

