

Received via Email - June 20, 2007

The impact of the elimination of Alberta Royalty Tax Credit ("ARTC") effective January 1, 2007 on UTS is indirect, in that there is no direct impact on UTS' oil sands development or future oil sands operations, but there is an indirect implied impact on UTS' options to pursue conventional oil and gas opportunities, which may or may not impact UTS' oil sands development or future operations. To the extent that UTS mitigates its oil sands energy needs through the pursuit of conventional oil and gas opportunities, the elimination of ARTC will negatively affect the economics of such conventional oil and gas opportunities available to UTS. Other oil sands developers and operators, such as Suncor Energy Inc. have successfully developed conventional production to hedge or offset their energy requirements for their oil sands operations. Also of note, is the fact that UTS has explored for conventional oil and gas in its past. UTS may have the opportunities to do so again in the near future. ARTC is a small incentive provided by the Alberta Government to help small companies, and as UTS is a small company in the development stage with only 24 employees currently, every element of support will go a long way to developing the 100% Albertan assets that make up UTS.

Cam Bateman
UTS