

U.S. ENERGY CORP.

**“Strength in Natural Resources”**



Crested Butte and Gunnison Community Meeting  
September 25-26, 2007



# U.S. ENERGY CORP.

*This presentation includes statements which may constitute “forward-looking” statements, usually containing the words “believe”, “estimate”, “project”, “expect”, or similar expressions. These statements are made pursuant to the safe harbor provision of the Private Securities Litigation Reform Act of 1995. Forward-looking statements inherently involve risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, future trends in natural gas and other minerals prices, the availability of capital for development of mineral and other projects, competitive factors, and other risks detailed in the Companies periodic report filings with the Securities and Exchange Commission. By making these forward-looking statements, the Companies undertake no obligation to update these statements for revision or changes after the date of this presentation.*

*The profitable mining and processing of uranium and vanadium will depend on many factors: Obtaining properties in proximity to the Shootaring mill to keep transportation costs economic; delineation through extensive drilling and sampling of sufficient volumes of mineralized material, with sufficient grades, to make mining and processing economic over time; continued sustained high prices for uranium oxide and vanadium; obtaining the capital required to upgrade the Shootaring mill and add a vanadium circuit; and obtaining and continued compliance with operating permits.*

*The profitable mining and processing of gold will depend on many factors, including receipt of final permits and keeping in compliance with permit conditions; delineation through extensive drilling and sampling of sufficient volumes of mineralized material, with sufficient grades, to make mining and processing economic over time; continued sustained high prices for gold; and obtaining the capital required to initiate and sustain mining operations and build and operate a gold processing mill.*

*We have not yet obtained feasibility studies on any of our mineral properties. These studies would establish the economic viability, or not, of the different properties based on extensive drilling and sampling, the design and costs to build and operate gold and uranium/vanadium mills, the cost of capital, and other factors. Feasibility studies can take many months to complete. We have not established any reserves (economic deposits of mineralized materials) on any of our uranium/vanadium or gold properties, and future studies may indicate that some or all of the properties will not be economic to put into production. The molybdenum property has had extensive work conducted by prior owners, but this data will have to be updated to determine the viability of starting mining operations. Obtaining mining and other permits to begin mining the molybdenum property may be very difficult, and, like any mining operation, capital requirements for a molybdenum mining operation will be substantial.*

**Disclosure Regarding Mineral Resources Under SEC and Canadian Regulations.** *USEG owns or may come to own stock in companies which are traded on foreign exchanges, and may have agreements with some of these companies to acquire and/or develop its mineral properties. Examples of these other companies are Sutter Gold Mining Inc., Uranium Power Corp., sxr Uranium One, and Kobex Resources Ltd. These other companies are subject to the reporting requirements of other jurisdictions.*

*United States residents are cautioned that some of the information available about our mineral properties, which is reported by the other companies in foreign jurisdictions, may be materially different from what the Company is permitted to disclose in the United States.*

*For further information on the differences between the reporting limitations of the United States, compared to reports filed in foreign jurisdictions, and also concerning forward-looking statements, please see USEG’s Form 10-K (“Disclosure Regarding Mineral Resources under SEC and Canadian Regulation”).*



- Wyoming-based natural resource company founded in 1966
- Owner of mineral, oil & gas and real estate properties
- Significant portfolio of molybdenum, gold, oil & gas and real estate
- Entrepreneurial corporate culture

NASDAQ listed:	USEG
Shares outstanding (9/21/07)	21,151,980
Market Cap. (as of 9/21/07) @\$4.51/share	\$95,395,400
Cash (6/30/07)	\$8,948,400
Marketable Securities (6/30/07)	\$92,889,200
Total assets (Book) (as of 6/30/07)	\$123,215,500
Long term debt (6/30/07)	\$247,500
Current portion of long term debt (6/30/07)	\$129,600

- **USEG owns a controlling interest in 2 public companies**
  - 71% Crested Corp. (CBAG.OB)                      54% Sutter Gold (SGM.V)





Sitting: Keith G. Larsen, R.Scott Lorimer, and Harold F. Herron  
Standing: Mark J. Larsen and Steven R. Youngbauer

**Keith G. Larsen** is the CEO and Chairman of U.S. Energy Corp. and a director of Crested. He is a former director of Pinnacle Gas Resources, a private coalbed methane company founded by Credit Suisse First Boston.

**Mark J. Larsen** is the President and Chief Operating Officer of U.S. Energy Corp. He is the former President of Rocky Mountain Gas, Inc., a coalbed methane company that was sold to Enterra Energy Trust on June 1, 2005. He is also a former director of Pinnacle Gas Resources, a private coalbed methane company founded by Credit Suisse First Boston.

**Robert Scott Lorimer** is the Chief Accounting Officer, Chief Financial Officer and Treasurer for both USE and Crested.

**Harold F. Herron** is the Senior Vice President of U.S. Energy Corp. Mr. Herron is the former President of the Brunton Company. Mr. Herron is president and director of Plateau and Crested, Chairman, CEO and a director of Sutter Gold Mining Inc.

**Steven R Youngbauer** is the General Counsel for U.S. Energy Corp. and Crested. Mr. Youngbauer is the previous president of Hi-Pro Production, LLC and Vice President, General Counsel and Secretary of Amax Coal West, Inc.



**Moving forward on Joint Venture Projects**

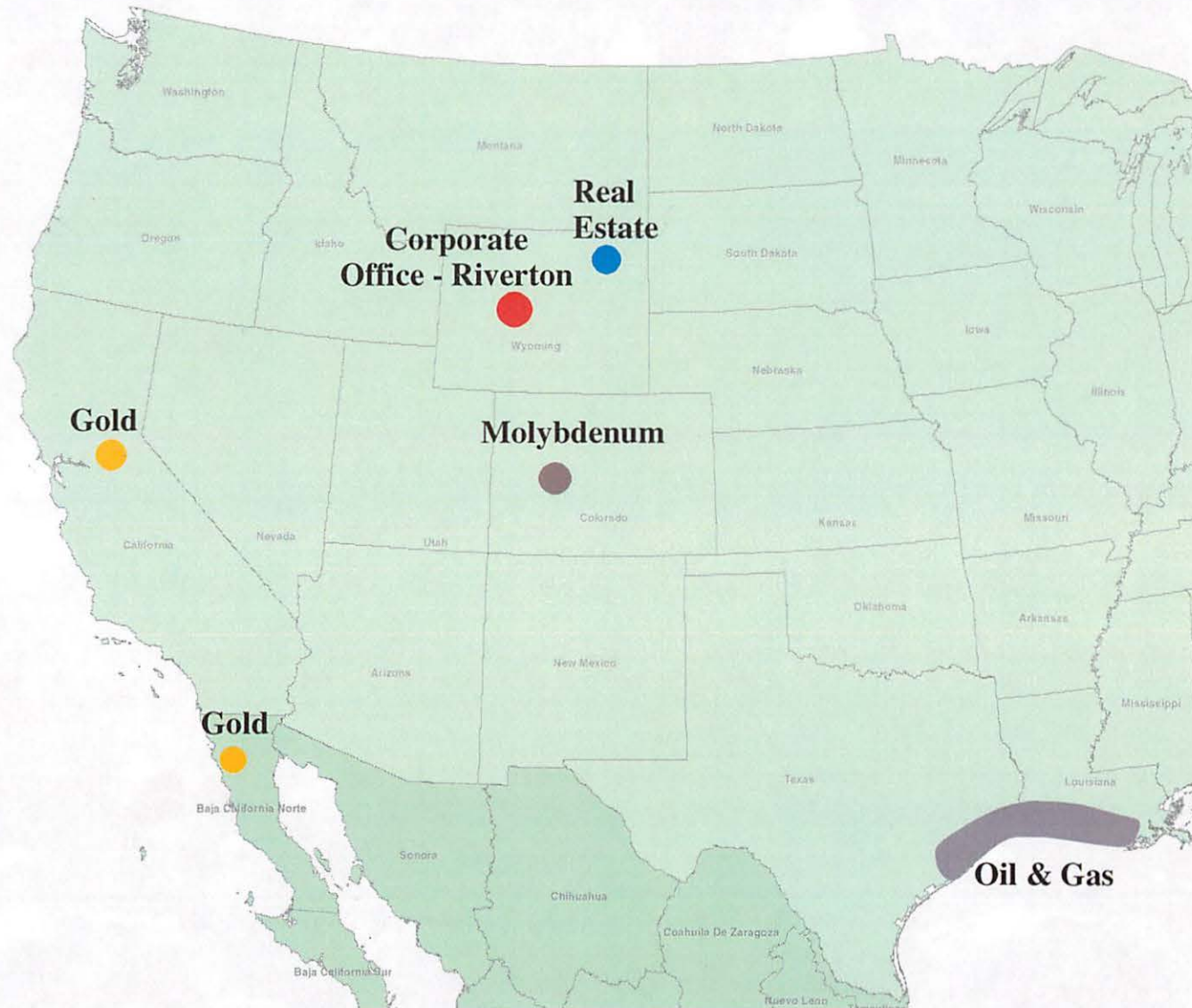
- Commence permitting on Lucky Jack Molybdenum Project in 2007
- Commence bankable feasibility study for Lucky Jack Project in 2008
- Continue toward production with Sutter Gold property in late 2008

**Identify and invest in new natural resource opportunities**

- Oil & Gas
- Real Estate

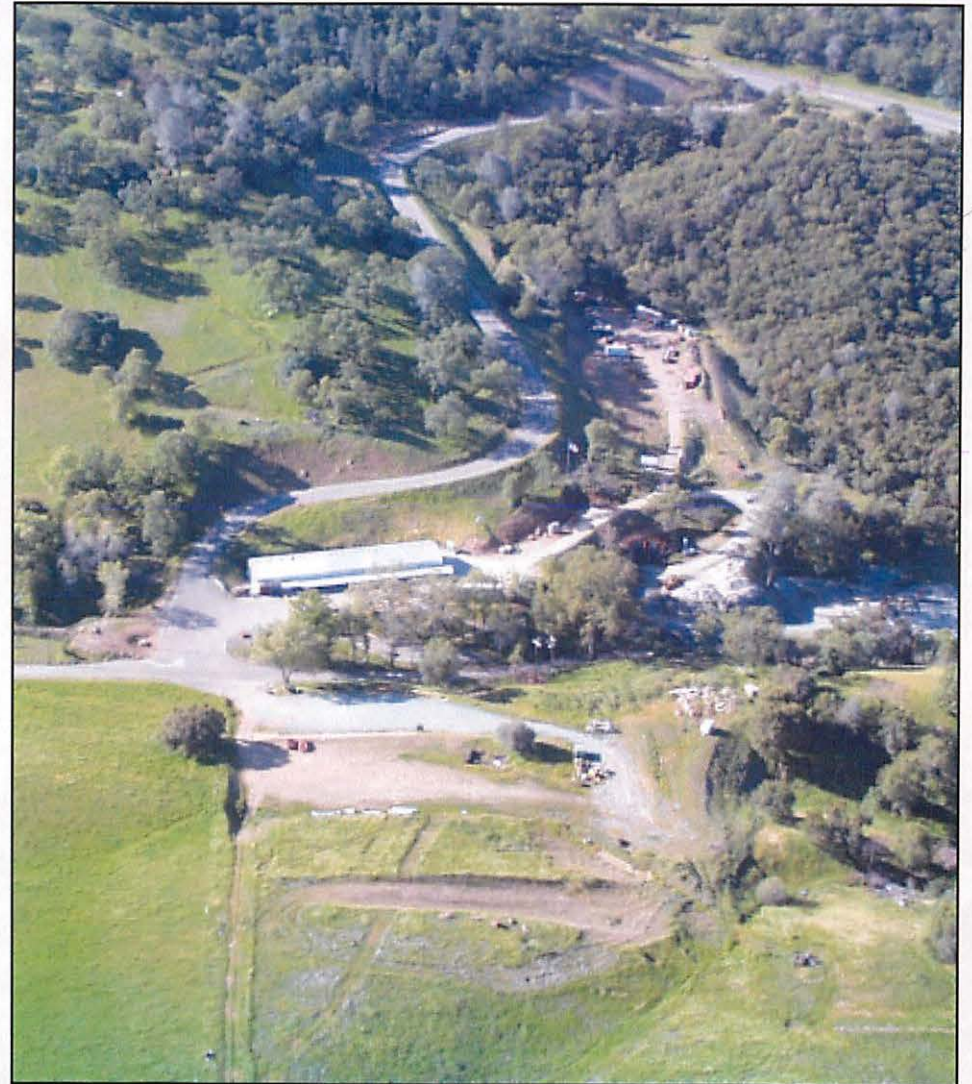
**Concentrate on Environmental Stewardship**

- Protecting human health and safety
- Protecting the environment and wildlife habitat
- Operating with transparency and accountability
- Complying with all national, regional and local laws and regulations
- Engaging and partnering with local communities
- Providing long-lasting benefits to local communities





- Advanced stage mine
- US\$22 million invested to date
- Permits issued allow for 1,000 tpd operation
- Projected year 1 & 2 production of 300 tpd (30,000 ounces/year)
- Projected year 3 production of 500 tpd (52,000 ounces/year)
- Production planned in early 2009
- USEG owns 35 million shares or 54% of SGM.V equity



*Sutter Gold Mine*



## Real Estate

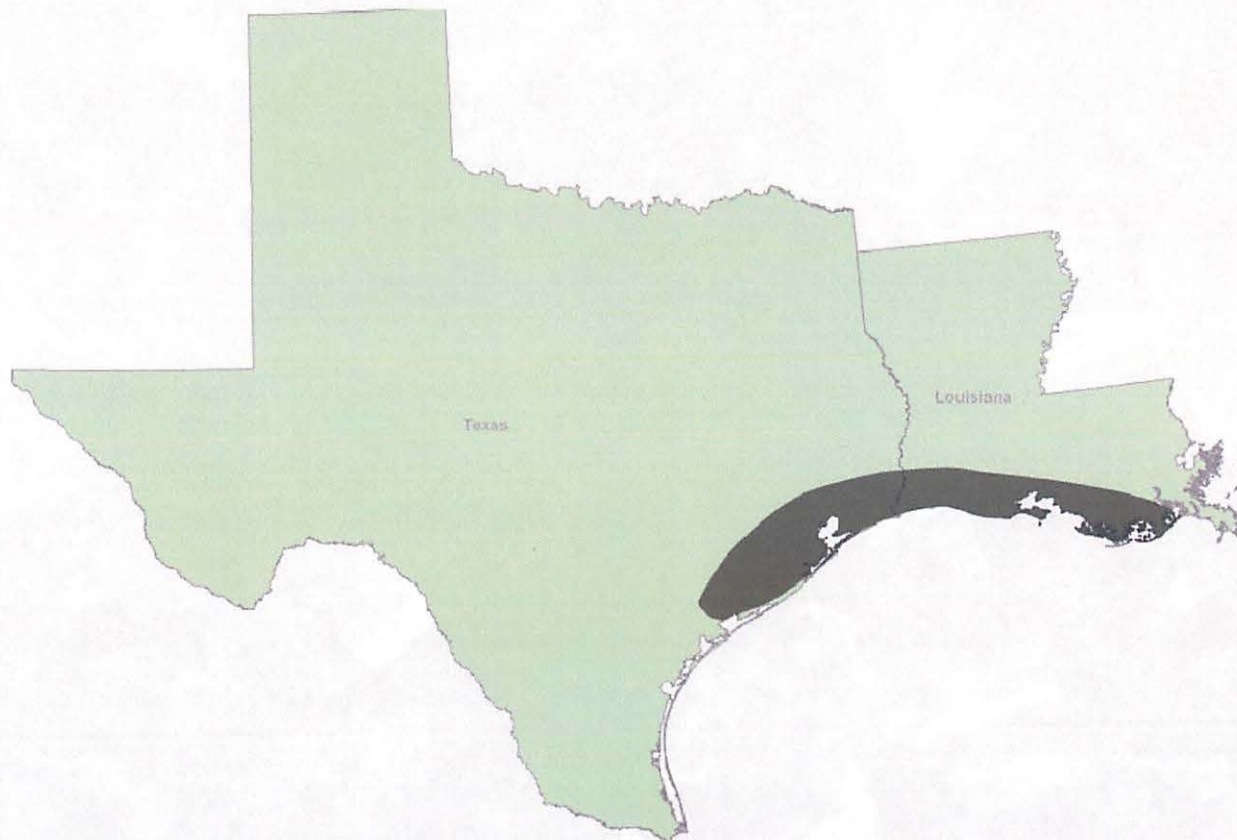
- 216 Unit apartment complex in Gillette, Wyoming
- Completion date scheduled for October 2008
- \$26.1 million project

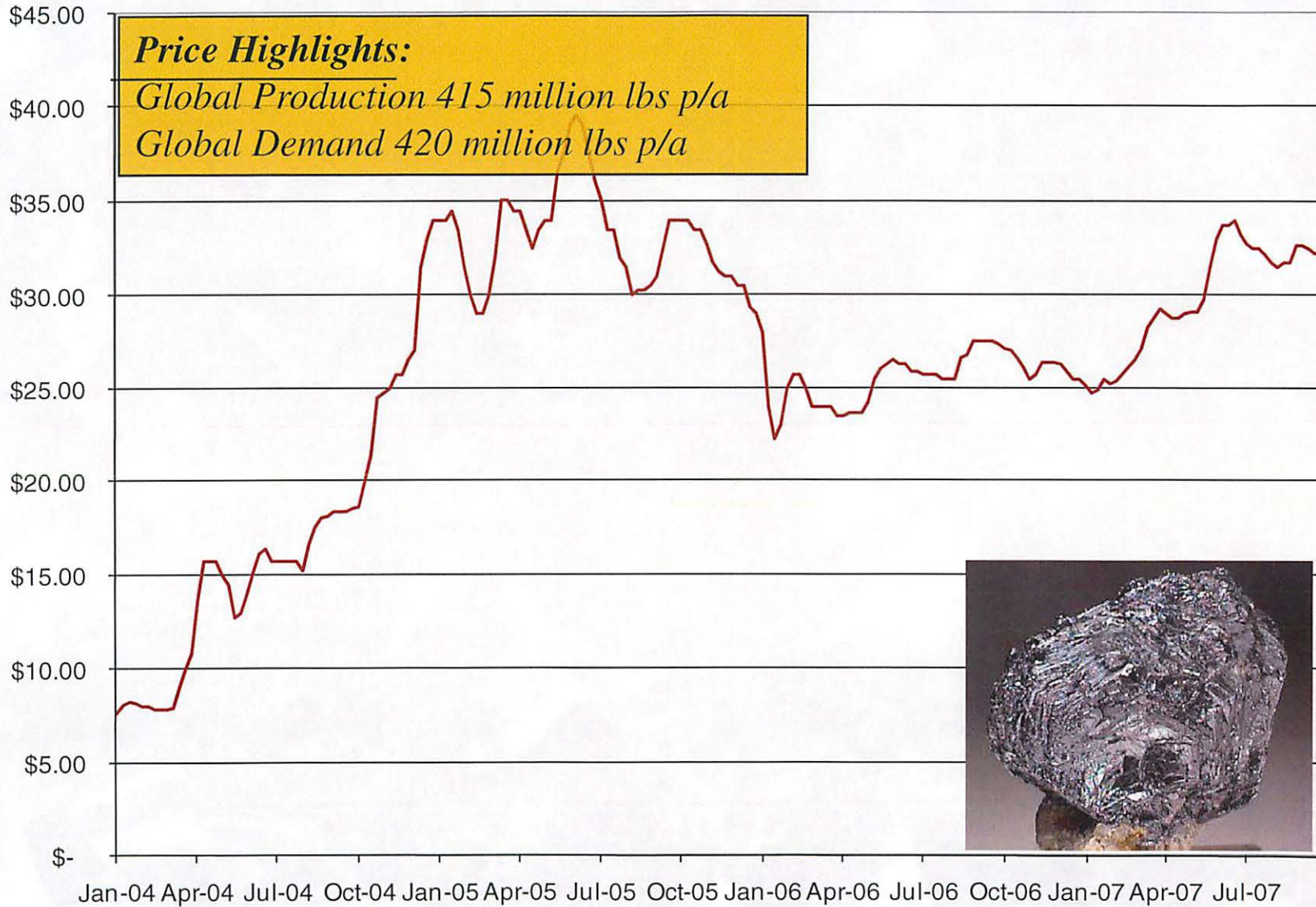




## Oil & Gas

- 20% working interest in large acreage Area of Mutual Interest
- Estimate \$15 million program (12-15 wells) over 5 year period

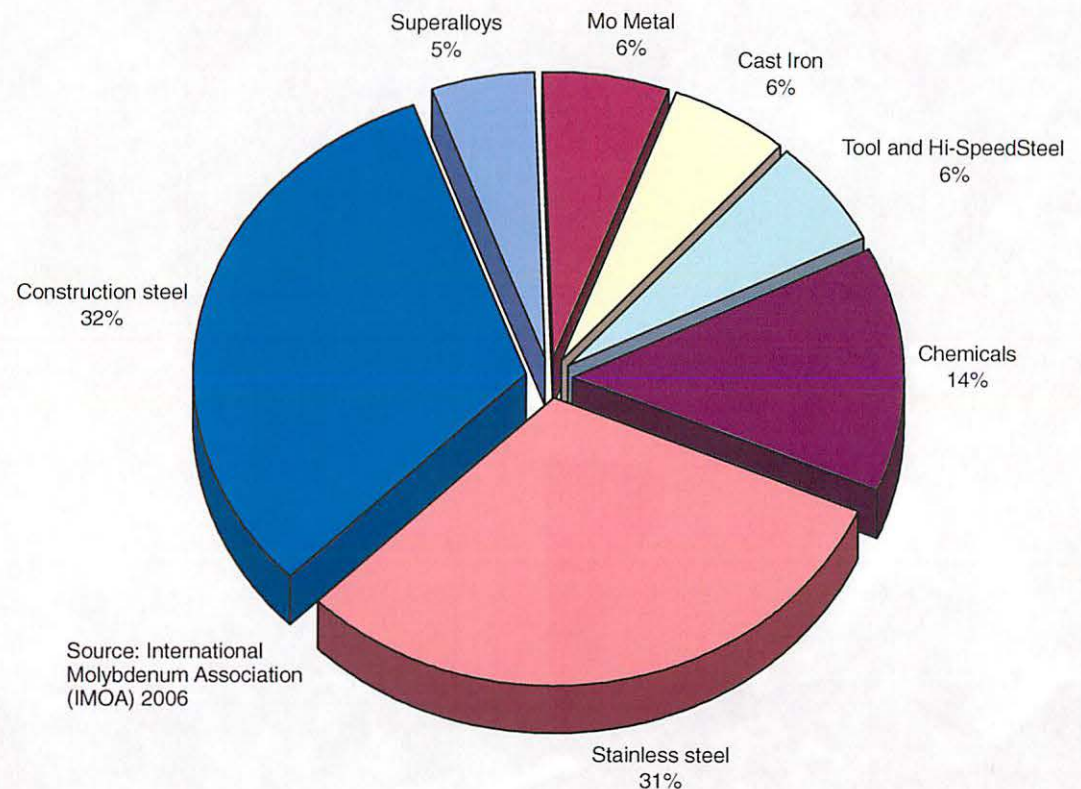




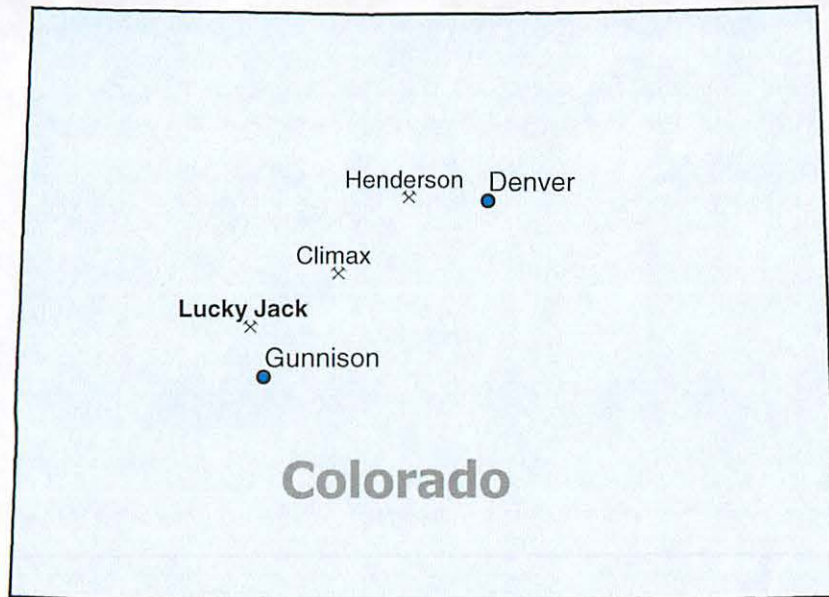


- Demand growth 4-6% per annum
- 30% growth over 5 years
- Market needs an extra 100 – 120 million lb/year new production in 5 years
- Mo price is \$32 per lb
- Future \$10 -\$15 per lb
- Demand closely related to:
  - U.S. economy
  - Asian economies (China/India)
  - Steel production
  - Energy sectors
  - Mining/shipping sectors

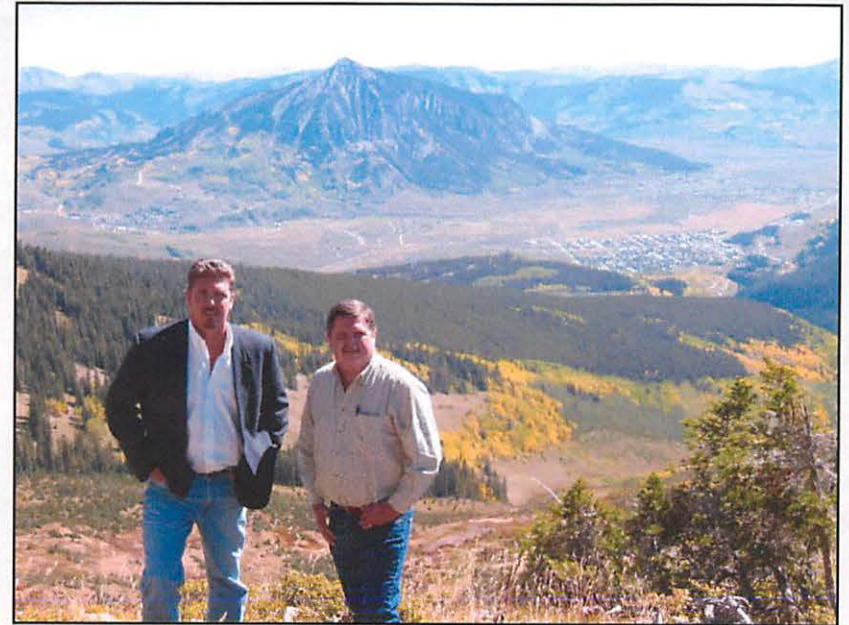
Estimated World Demand for Molybdenum







*Property Location*



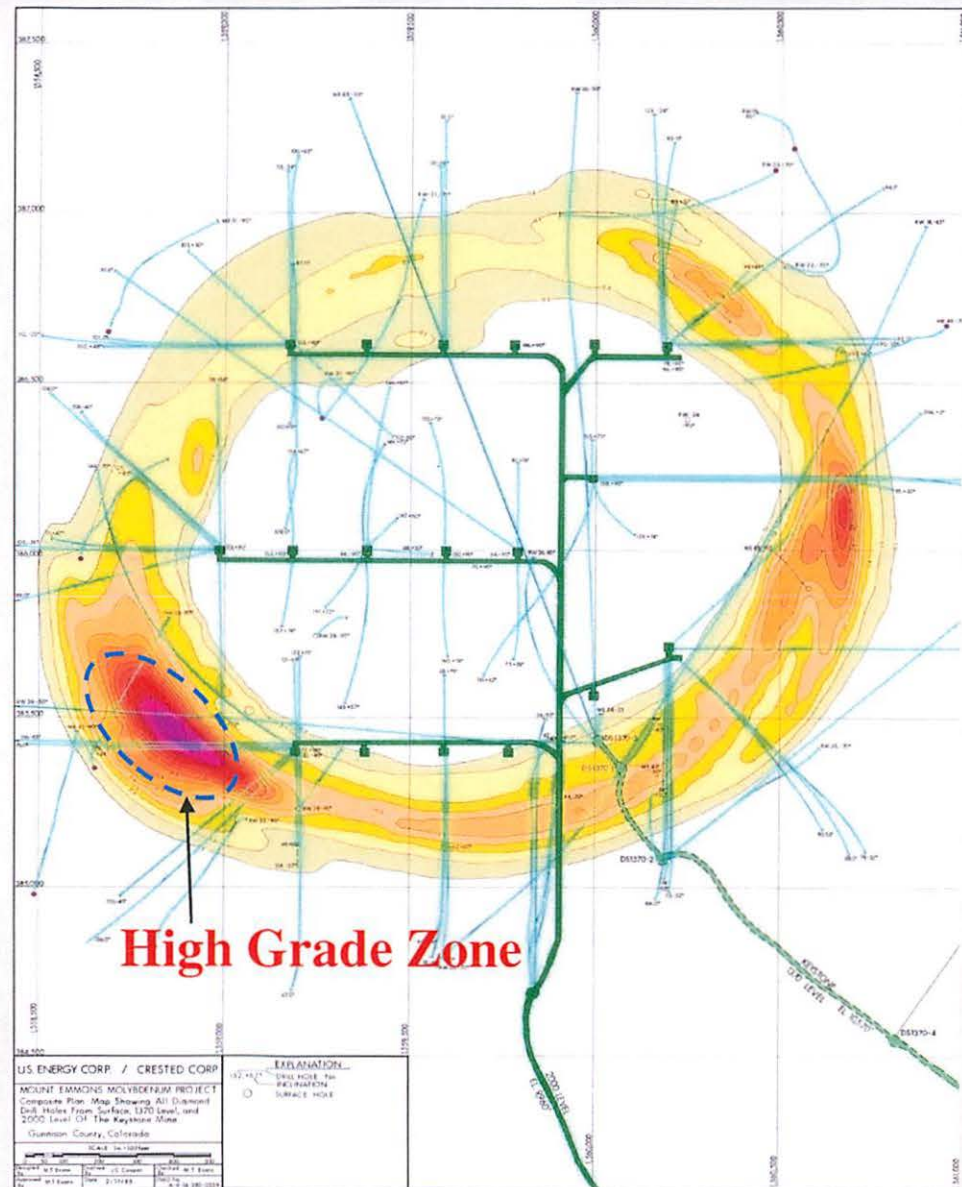
*Mark and Keith Larsen atop Mt. Emmons*

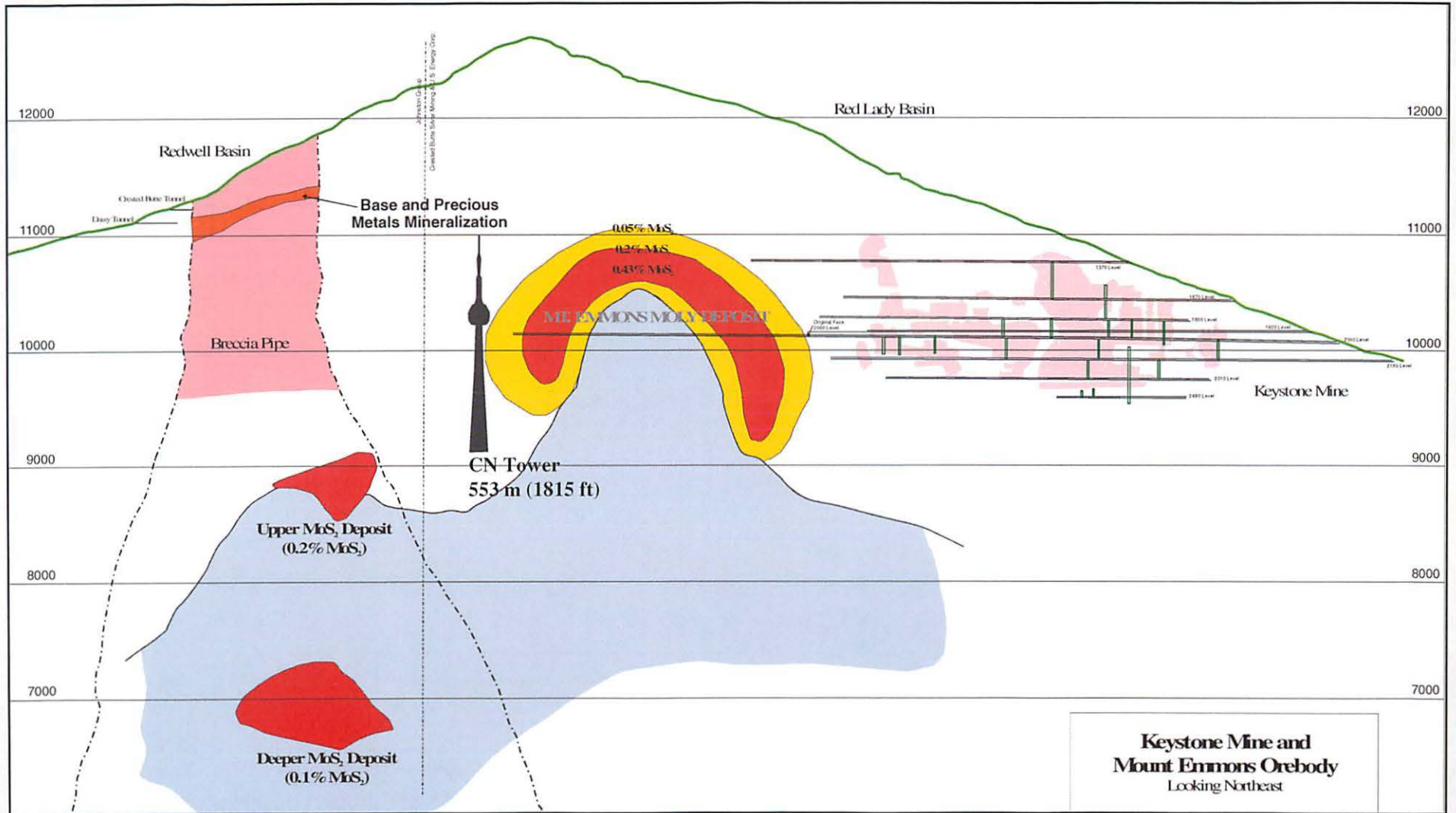
- Transfer from Phelps Dodge took place February 2006
- Lucky Jack is a high grade, “world class” primary molybdenum deposit
- Updated pre-feasibility study (Behre Dolbear) October 2005
- Entered Option Agreement with Kobex Resources Ltd. (KBX.V) in April 2007 (\$50 million for 50% interest)



### High Grade Zone

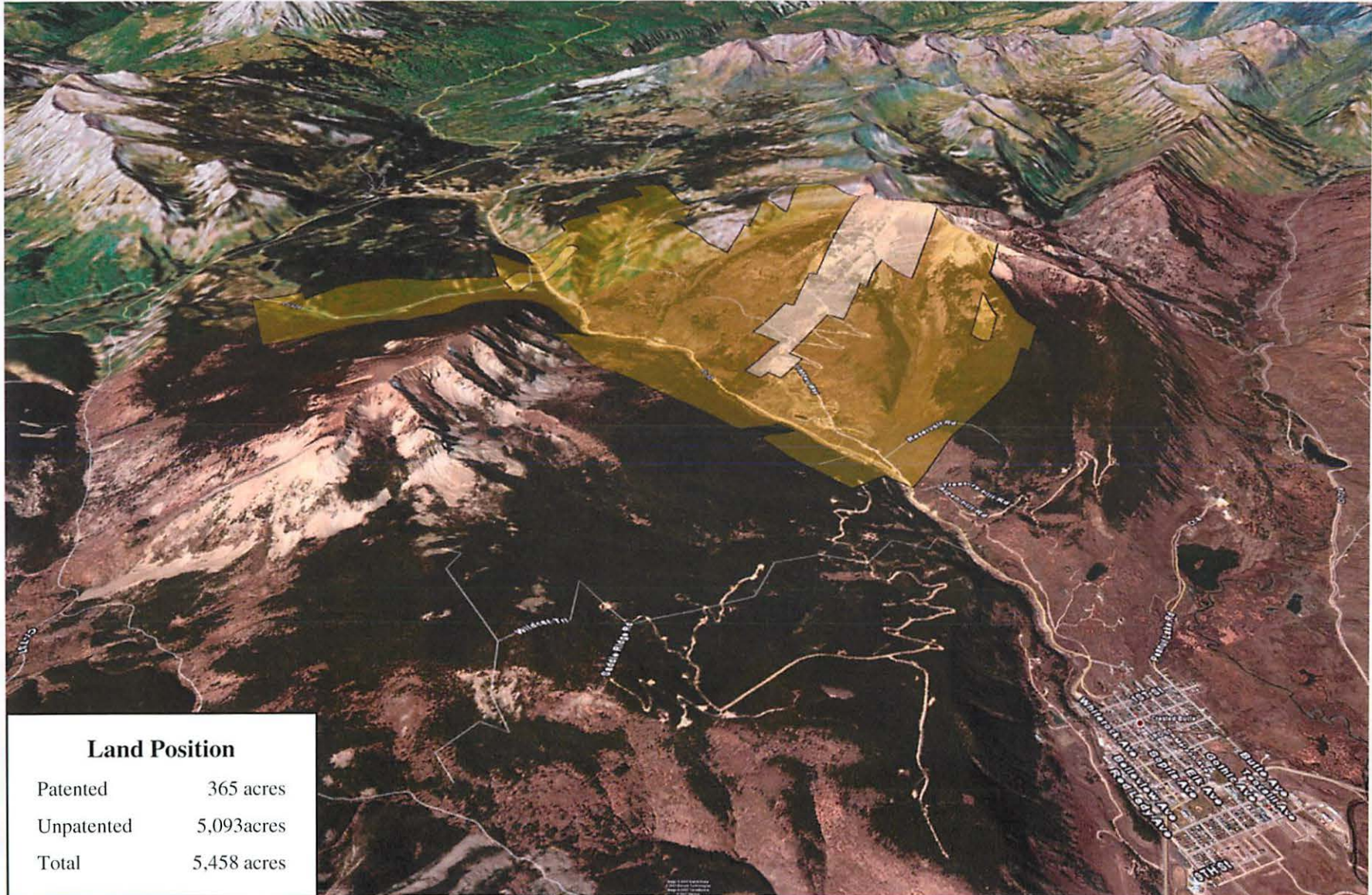
- 191,000 feet of core (38 miles)
- Significant underground infrastructure in place
- Expect further resource delineation with future drilling





Keystone Mine and  
Mount Emmons Orebody  
Looking Northeast





**Land Position**

Patented	365 acres
Unpatented	5,093 acres
Total	5,458 acres





- Defined resources are very substantial
  - Reportedly contains 220 million tons of mineralization averaging .36% MoS<sub>2</sub> ~ 800 million pounds MoO<sub>3</sub>
  - High grade sections contain 22 million tons of .71% MoS<sub>2</sub>
    - Henderson grade is .17%, Climax grade is .25%
  - Mine life could exceed 50 years
- Significant expenditures/milestones to date
  - Previous owners spent ~ \$150 million
  - Water rights secured in July 2002
  - Patented claims granted in May 2004
- High grade ore supports favorable economics
- **If operational today, Lucky Jack would be among the top 10 molybdenum producers in the world**



