



US OIL SANDS INC.
SUITE 1600, 521 – 3RD AVENUE SW
CALGARY, AB T2P 3T3

June 13, 2017

Dear Shareholder:

Re: Further Loan and Voluntary Delisting from TSXV – Consent of Shareholder

US Oil Sands Inc. (the “**Company**”) has entered into a non-binding letter of intent with ACMO S.à R.L. (“**ACMO**”), the Company’s largest shareholder, for a US\$5 million senior secured convertible loan facility (the “**Loan Facility**”) to fund the remaining PR Spring Project (the “**Project**”) start-up costs and to provide working capital for the Company (the “**Financing**”). The Loan Facility consists of US\$2.5 million available on closing and a further US\$2.5 million available upon the Project producing 500 barrels per day of oil for five consecutive days. The Loan Facility will rank *pari passu* with the Company’s US\$7.5 million loan (the “**Existing Loan**”), will not bear any interest and will mature 10 years from the closing date. At any time between the closing date and maturity, the Loan Facility may be convertible into that number of common shares of the Company that provides ACMO with 90% of the Company’s fully diluted common shares outstanding when combined with its existing shareholdings. ACMO currently holds 31% of the Company’s common shares and 58% on a fully diluted basis when including the 24 million warrants issued in connection with the January 2017 financing transaction. In connection with the Loan Facility transaction, ACMO will cancel the aforementioned 24 million warrants.

In conjunction with the Financing, the Existing Loan will be amended so that its repayment date will be extended to January 12, 2019, interest payable in respect of the Existing Loan will be reduced to zero percent per annum and all accrued and unpaid interest will be forgiven.

Additional details on the terms of the Loan Facility are described in further detail below.

The policies of the TSX Venture Exchange (“**TSXV**”) do not permit the completion of the Loan Facility on the terms currently contemplated due to, among other things, the conversion rights attached to the Loan Facility. Therefore, the Company is seeking to obtain the written consent from a majority of minority shareholders to a voluntary delisting of the Common Shares from the TSXV (the “**Delisting**”) in order to proceed with the Loan Facility.

If a majority of disinterested shareholders do not provide their consent in a timely manner, the Board will likely approve seeking creditor protection as management and the Board of Directors believe the Company has exhausted all other financing alternatives. Board and management expect that under any such creditor protection proceedings, shareholders would experience greater dilution than under the terms contemplated by the Loan Facility and it is possible that all existing equity holdings in the Company may be extinguished.

Terms of the Loan Facility

Loan Facility Terms

- Principal Amount: The principal amount of the Loan Facility would be US\$5.0 million payable on the following schedule:
 - US\$2.5 million would be made available on closing of the Loan Facility; and
 - US\$2.5 million would be made available upon the Project producing 500 barrels per day of oil for five consecutive days.
- Term: The term of the Loan Facility would be for 10 years.
- Interest Rate: The Loan Facility would bear no interest and interest payable on amounts owing on the Existing Loan would be reduced to zero and all accrued and unpaid interest in respect thereof would be forgiven.
- Restrictions on Common Shares Issuances: The Company would only be able to issue additional Common Shares: (a) pursuant to a new management incentive plan to be established in connection with the closing of the Loan Facility; and (b) with the prior written consent of ACMO in its absolute discretion.
- Security: The Loan Facility would be secured by all of the Company's assets and rank equally with the Existing Loan.
- Board Composition: The Board would be reconstituted with three nominees of ACMO.

TSX Venture Exchange Requirements

TSXV Policy 2.9 prescribes the requirements for an issuer to voluntarily delist its securities from the TSXV. In particular, the TSXV will require majority of the minority shareholder approval.

The Company is requesting that shareholders sign the form of consent attached hereto as Schedule "A" in order to satisfy the requirements imposed by TSXV relating to the voluntary delisting application.

Implications on Liquidity

In the event that the Company delists from the TSXV, the Company will continue to be a reporting issuer under Canadian securities laws and will remain subject to Canadian continuous disclosure requirements. It is the Company's understanding that following the TSXV's bulletin notice to delist, the TSXV will keep the trading of the common shares of the Company open for a short period of time, after which time such shares would not be able to be traded on the TSXV. The Company intends to seek to develop a grey market or another mechanism to facilitate trading of its common shares.

Recommendation of the Board

The Board of Directors of the Company has approved the term sheet and intends to enter into the Loan Facility, subject to: (i) negotiation of definitive agreements and satisfaction of the conditions contained therein; and (ii) approval of the Delisting by a majority of minority shareholders and the TSXV.

The Board and management have determined that the Loan Facility and consequently the Delisting are in the best interests of the Corporation. **Accordingly, the Board and management recommend that you sign the attached consent to the Loan Facility and the Delisting.**

Please return a copy of your signed consent, which is attached as Schedule "A" hereto, to US Oil Sands Inc., attention Glen Snarr, by email at glen.snarr@usoilsandsinc.com or by facsimile at (587) 353-5373.

If you have any questions with respect to the matters in this letter, please do not hesitate to contact me.

Yours truly,

(signed) "*Cameron Todd*"

Cameron Todd
Chief Executive Officer

SCHEDULE "A"

US OIL SANDS INC. (the "Company")

CONSENT OF CERTAIN SHAREHOLDERS

The undersigned, representing a majority of the minority shareholders of the Company, by their signatures hereby consent to the following resolutions effective as of the 13th day of June, 2017:

RECITALS:

- A. The Company wishes to enter into a loan transaction (the "**Loan**") with ACMO S.à R.L (the "**Lender**") pursuant to which the Lender proposes to advance funds in the amount of US\$5 million under the existing loan agreement between the Lender and the Company dated January 12, 2017 (the "**Existing Agreement**"), such that:
- a. US\$2.5 million will be made available on closing and US\$2.5 million will be made available upon the PR Spring Project producing 500 bbpd of oil for five consecutive days;
 - b. the maturity date will be 10 years from the date of closing;
 - c. the Loan will be secured and rank *pari passu* with the loan advanced under the Existing Agreement;
 - d. the Loan will bear no interest and interest payable on amounts owing under the Existing Agreement shall be reduced to zero and all accrued and unpaid interest in respect thereof shall be forgiven; and
 - e. the Loan will be convertible into 90% of the fully diluted number of common shares of the Company ("**Common Shares**"), in whole or in part, at the sole discretion of the Lender.
- B. The Board of Directors of the Company believe that there is significant doubt and there can be no assurance the Company will be able to continue as a going concern without additional funding, such as the Loan.
- C. The policies of the TSX Venture Exchange (the "**TSXV**") do not permit the completion of the Loan on the terms currently contemplated.
- D. In order to complete the Loan, the Company wishes to voluntarily delist the Common Shares from the TSXV (the "**Delisting**").
- E. Pursuant to section 4.3 of Policy 2.9 of the TSXV Corporate Finance Manual, the TSXV requires a majority of the minority shareholder approval for the Delisting application.
- F. The board of directors of the Company (the "**Board**") believe that the Delisting and the Loan are in the best interests of the Corporation.

NOW THEREFORE BE IT RESOLVED THAT:

Loan

1. The Loan is hereby authorized and approved on the terms set forth above and any director or officer of the Company is hereby authorized to make any amendments or variations to the terms as such director or officer may consider necessary or advisable, any such amendments or variations to be deemed approved conclusively by the execution and delivery of the Loan documentation.

Voluntary Delisting

2. The voluntary delisting is hereby authorized and approved and the Company is hereby authorized to take all steps necessary to voluntarily delist the Common Shares from the TSXV.
3. Notwithstanding that this resolution has been duly approved by the undersigned shareholders of the Company, Board, in their sole discretion, is hereby authorized and empowered to revoke this resolution at any time before it is acted upon without further approval from the undersigned shareholders.

General

4. Any director or officer of the Company is authorized for and on behalf of the Company to negotiate, finalize, execute and deliver, or cause to be negotiated, finalized, executed and delivered, all such documents, agreements, authorization, certificates or other instruments, with or without the corporate seal affixed, and to do or cause to be done any and all such further acts and things as such director or officer, in his sole discretion determines necessary or desirable in connection with these resolutions.

This Consent will be effective upon the required consents given by the signature below by holders of more than 50% of the common shares of the Company (excluding any common shares held by ACMO or any of its affiliates).

This Consent may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Delivery of an executed counterpart of this Consent by facsimile or transmitted electronically in portable document format (PDF) shall be equally effective as delivery of a manually executed counterpart.

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Signature

Name of Shareholder

Title of Authorized Signatory (if applicable)

Number of Common Shares Held

Contact Person

Phone Number

E-mail address