

**CALGARY, ALBERTA May 23, 2017** – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, announces that it has filed its unaudited interim financial statements ("**Interim Report**") for the three-month period ended March 31, 2017 ("**Q1 2017**") along with the management discussion and analysis ("**MD&A**") of the financial results of US Oil Sands for such period.

The Company is also pleased to report that it held its Annual General and Special Meeting of Shareholders and that all resolutions were passed and director appointments made in accordance with the Management Information Circular dated April 7, 2017 ("**Information Circular**"). Subsequent to the shareholder meeting, Mr. Stephen Lehner resigned as a director of the Company.

Copies of the aforementioned documents are available on the System for Electronic Document Analysis and Retrieval website at [www.sedar.com](http://www.sedar.com) as well as US Oil Sands' website at [www.usoilsandsinc.com](http://www.usoilsandsinc.com).

The Interim Report and MD&A contain disclosure that the information has been prepared on a going concern basis, which asserts the Company has the ability to continue to realize its assets and discharge its liabilities and commitments in a planned manner.

The Company is operating with a working capital deficit. Additional capital is required to fund excess capital costs that may arise during the start-up activities, operating losses until reaching positive cashflows from operations, the discharge of its current liabilities, and shortfalls in cashflow due to timing of receivables collection. US Oil Sands is pursuing various financing strategies to improve its liquidity position. At March 31, 2017 the Company had a working capital deficit of \$10.9 million, including its US\$7.5 million senior secured loan facility and accrued interest thereon, and no commitments for capital expenditures.

## **SELECTED QUARTERLY HIGHLIGHTS**

Since January 1, 2017, the Company had the following accomplishments:

- Closed a US\$7.5 million senior secured loan facility (the "**Loan Facility**") with the Company's largest shareholder;
- Demothballed all equipment after a two-month delay of the PR Spring Project (the "**Project**") due to financial constraints;
- Suppliers and contractors were re-engaged;
- Completion of construction deficiencies deemed critical for start-up;
- Initiation of a nine-phase start-up plan. Through this process, systems and equipment are being tested and calibrated. Water, followed by clean solids,

and finally mined oil sands are being successively introduced into the three main equipment areas of the extraction plant;

- Successful completion of water circulation through the extraction plant (start-up phases 1 – 3);
- Commissioning of the plant's natural gas fired turbines, providing power to the Project; and
- Successful Mine Safety and Health Administration inspection noting only four minor deficiencies, all of which have been rectified. The Company views this assessment as an independent acknowledgement of its ongoing commitment to safe operating practices.

## **PR SPRING PROJECT UPDATE**

Subsequent to the quarter end, the Company successfully completed clean solids circulation through equipment loop one (start-up phase 4), thereafter experiencing a mechanical failure of the decanting centrifuge during the final step of loop two (start-up phase 5). Representatives of the equipment manufacturer were on site assisting with its operation when the failure occurred and are now fully engaged in resolving the matter. The affected components have been sent to the manufacturer's facility for inspection and repair. The Company expects to receive the components back by the end of May and will resume start-up procedures immediately thereafter. In all, the Company expects that this event has delayed first-oil by approximately one month but still expects to achieve this major milestone by the end of the second quarter.

"Generally, we are encouraged with the results of the Project's start-up sequencing," said Cameron Todd, CEO of US Oil Sands. "The equipment failure will add a minor delay to the Project but it also allows us an opportunity to complete other important commissioning initiatives. Upon the reinstallation of the equipment component, we will rapidly move into oil sands operations and achieving first-oil."

## **LIQUIDITY**

As at March 31, 2017, the Company had cash and cash equivalents of \$4.6 million, a working capital deficit of \$10.9 million, including the Loan Facility and accrued interest thereon, and no commitments for capital expenditures. As of the date hereof, there is \$2.6 million of cash and cash equivalents and a working capital deficit of \$11.9 million, including the Loan Facility and accrued interest thereon. Included in the working capital deficit are US\$3.8 million of current liabilities directly related to the Project. There is minimal capital required to complete the remaining start-up activities, barring encountering any major construction and/or design deficiencies. The Company is pursuing various financing strategies to fund excess costs that may arise during the start-up activities, operating losses until reaching positive cashflows from operations, the discharge of its current liabilities, and shortfalls in cashflow due

to timing of receivables collection.

The Company's ability to remain a going concern is dependent upon the availability of additional financing, successful commercialization of the Company's proprietary bitumen extraction technology, the generation of positive cashflows from operations and the ability to discharge obligations as they become due.

## **ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

On May 17, 2017, US Oil Sands held its Annual General and Special Meeting of Shareholders. The Company is pleased to report that all resolutions were passed and director appointments made as presented in the Company's Information Circular. The Company confirms that Harry Quarls, Mark Brown, Ed Chwyl, Alfred Holcomb, Serafino Iacono and Stephen Lehner were all re-elected to the Board. The presentation made to those in attendance can be accessed on the Company's website at [www.usoilsandsinc.com](http://www.usoilsandsinc.com).

## **DIRECTOR RESIGNATION**

The Company announces that Mr. Stephen Lehner resigned as a member of the Board of Directors of the Company effective May 18, 2017.

## **OUTLOOK FOR 2017**

The Company will continue the start-up of Phase 1 of the PR Spring Project initiated during Q1 2017 and intends to continue until commercial operations are achieved.

The Company continues to evaluate specific markets for sales of crude oil and other petroleum products, along with optimal product transportation logistics.

Management will continue to investigate and pursue business development opportunities for the Company's technology, including opportunities to work with Athabasca oil sands developers to demonstrate the technology's favourable extraction outcomes. The Company will broaden its working relationships with leaseholders and government agencies supporting development of Canadian oil sands.

## **ABOUT US OIL SANDS INC.**

US Oil Sands is engaged in the exploration and development of oil sands properties and, through its wholly owned United States subsidiary US Oil Sands (Utah) Inc., has a 100% interest in bitumen leases covering 32,005 acres of land in Utah's Uinta

Basin. The Company plans to develop its oil sands properties using its proprietary extraction process which uses a bio-solvent to extract bitumen from oil sands without the need for tailings ponds. The Company is in the pre-production stage, anticipating the commencement of bitumen production and sales once it has completed start-up of the Project.

The foregoing contains forward-looking information relating to the future performance of the Company including expectations relating to the resolution of the decanting centrifuge failure and the resumption of start-up procedures, expectations that the Company will complete commissioning, start-up and operate Phase 1 of the Project during the second quarter of 2017 and expectations relating to capital requirements, financing and business development activities. Forward looking information is subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward-looking statements. Such risks and other factors include, among others, the actual results of exploration activities, changes in world commodity markets or equity markets, the risks of the petroleum industry including, without limitation, those associated with the environment, delays in obtaining governmental approvals, permits or financing or in the completion of development or construction activities, title disputes, change in government and changes to regulations affecting the oil and gas industry, and other risks and uncertainties detailed from time to time in the Company's filings with Canadian securities regulatory authorities (available at [www.SEDAR.com](http://www.SEDAR.com)). Forward-looking statements are made based on various assumptions and on management's beliefs, estimates and opinions on the date the statements are made.

Should one or more of these risks and uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the forward-looking information contained herein. The Company undertakes no obligation to update forward-looking statements if these assumptions, beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

For additional information please contact:

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