

**CALGARY, ALBERTA May 19, 2016** – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, today announced that it has filed its unaudited interim financial statements ("**Interim Report**") for the three month period ended March 31, 2016 ("**Q1 2016**") 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 13, 2016.

As announced on April 18, 2016, the Company is proceeding with an equity rights offering for gross proceeds of up to C\$12.8 million (the "**Rights Offering**") as detailed in the Company's rights offering notice and rights offering circular.

A copy 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).

"Following the planned slow-down of construction of the PR Spring Project ("**Project**"), our first quarter activities were largely directed at positioning the Project for an efficient recommencement of construction activities following the anticipated closing of our Rights Offering on or about May 31, 2016," said Cameron Todd, CEO of US Oil Sands. "This AGM marks the fifth anniversary of US Oil Sands' formation as a public company. It also marks a turning point in the Company's history. With a successful financing we expect to complete our first project at PR Spring and produce first oil before year end. We are confident that the demonstration of the Company's commercial technology and resource potential will support US Oil Sands' expectation to emerge as an industry leader among the most efficient, lowest capital cost and most environmentally sustainable oil sands companies."

## **PR SPRING PROJECT UPDATE**

As announced on February 4, 2016, the Company initiated a reduction in the pace of field construction in order to preserve working capital. As at March 31, 2016, remaining costs to complete the Project, including commissioning and start-up expenses, are estimated at US\$4.9 million (C\$6.4 million) while working capital at March 31, 2016 is approximately US\$1.3 million (C\$1.7 million). To fund this shortfall along with future costs to optimize operations along with on-going corporate costs, the Company intends to use the proceeds from the Rights Offering.

Upon completion of the Rights Offering, the Company intends to resume full construction activities which consist primarily of on-site piping, instrumentation and electrical installation. Concurrent to and following mechanical completion, commissioning procedures will begin, followed by start-up, expected in Q4 2016.

## **RIGHTS OFFERING**

As announced on April 18, 2016, the Company is currently conducting a financing by way of an equity rights offering. The Rights Offering is open to all shareholders of the Company as of the record date of April 25, 2016, on the basis of one right for each common share held. Each right will entitle the holder to subscribe for one common share of US Oil Sands upon payment of the subscription price of C\$0.015 (US\$0.012) per right.

Details of the financing are more fully described in the April 18, 2016 press release as well as set out in the rights offering notice and rights offering circular which are available under US Oil Sands' profile at [www.sedar.com](http://www.sedar.com) and the Company's website.

In connection with the Rights Offering, US Oil Sands has entered into a standby purchase agreement with the Company's largest shareholder, ACOMO S.à.r.l. (the "**Standby Purchaser**"), pursuant to which the Standby Purchaser has agreed to purchase all of the common shares that are not otherwise purchased by holders of the rights under the Rights Offering, subject to a maximum of US\$7.5 million (C\$9.6 million).

The rights are trading on the TSX Venture Exchange under the symbol USO.RT and will expire at 4:00 p.m. (Calgary time) on May 27, 2016 (the "**Expiry Time**"), after which time unexercised rights will be void and of no value. Shareholders who fully exercise their rights will be entitled to subscribe for additional common shares, if available as a result of unexercised rights prior to the Expiry Time, subject to certain limitations set out in the Company's rights offering circular. The Company expects to close the Rights Offering on or about May 31, 2016.

Management has conducted a series of information meetings for shareholders at locations and times posted on the Company's website and shareholders that were unable to attend any of these meetings are encouraged to review the webcast also available on the Company's website. If any shareholder is interested in speaking to or meeting with the management of US Oil Sands, they are encouraged to contact the Company at their earliest convenience to coordinate suitable arrangements.

## **Annual general and Special Meeting of Shareholders**



On May 18, 2016, US Oil Sands held its Annual General and Special Meeting of Shareholders. The Company is pleased to report that all resolutions were passed as presented in the Company's Management Information Circular dated April 13, 2016. The Company's presentation to shareholders can be viewed by visiting [www.usoilsandsinc.com](http://www.usoilsandsinc.com).

Management is pleased to report that it received very strong support from the Company's shareholders for two important special resolutions. First, a special resolution authorized a consolidation of the issued and outstanding common shares on the basis of one (1) post-consolidation common share for up to every one hundred (100) pre-consolidation common shares. Following the Company's April 2011 going-public transaction, subsequent equity financings, and taking into consideration the maximum number of common shares to be issued pursuant to the Rights Offering, warrants and other dilutive securities related to the Company's long-term incentive plans, the Company will have 1.94 billion common shares outstanding which is considered to be an unsuitable capital structure for the Company. A consolidation of 100 to 1 would result in a post-consolidation amount of 19.4 million common shares.

Second, the Company requested its shareholders to approve a change in the name of the Company. The name "US Oil Sands Inc." was chosen in 2011, after the acquisition of Earth Energy Resources Inc., to reflect the Company's focus on developing oil sands properties in the State of Utah. Since that time, the Company has decided to expand its focus from solely Utah to other potential development areas, such as the Athabasca region of Alberta and other international opportunities.

Management and the Company's board of directors believe that a name change is important to better reflect the focus and strategy of the Company on maximizing its use of innovative technologies in the energy industry and expanding to new geographic locations.

In the coming months, management will work with its board of directors to determine an appropriate consolidation ratio and to select a new name for the Company which better reflects its business focus and strategy.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available



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## 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 the Rights Offering and completed construction and start-up of the Project.

The foregoing contains forward-looking information relating to the future performance of the Company including information relating to the development and construction of the Project, commencement of commercial production, construction activities and costs, sustaining capital requirements, the completion of the Rights Offering, the amount of proceeds from the Rights Offering and the use of such proceeds, the proposed name change and consolidation, corporate development activities and international opportunities. 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.

Additional information relating to resource estimates is contained in the Company's Statement of Resources Data and Other Oil and Gas Information for the year ended December 31, 2015 dated April 6, 2016 and available on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

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