



**CALGARY, ALBERTA May 31, 2016** – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, today announced that it has successfully completed its previously announced equity rights offering (the "**Rights Offering**") raising total gross proceeds of Cdn\$12.8 million.

The Rights Offering was over-subscribed with total subscriptions received equalling 134% of the maximum offering as a result of interested shareholders exercising their additional subscription privilege to acquire common shares of the Company beyond the number allowable under shareholders' basic subscription privilege. Securities regulations do not allow the Company to exceed the approved financing amount of Cdn\$12,797,136. Shareholders, including US Oil Sands' largest shareholder, ACMO S.à.r.l ("**ACMO**"), who subscribed for these additional shares may not have received their full requested allocation and will receive a partial refund of subscription monies from Computershare Investor Services Inc., the Company's subscription agent.

Of the 684,374,887 shares issued pursuant to the basic subscription privilege, insiders of US Oil Sands, including directors and officers of the Company as well as ACMO, subscribed for an aggregate of 407,472,986 shares, to the best of the Company's knowledge. A further 168,767,508 shares were issued pursuant to the additional subscription privilege; ACMO, an insider of the Company subscribed for 110,049,556 of those shares.

The Company issued 223,333,333 shares to ACMO pursuant to the basic subscription privilege, 110,049,556 shares pursuant to the additional subscription privilege, and no additional shares pursuant to the stand-by commitment.

"The support demonstrated by our shareholders, both large and small, through this successful Rights Offering is extremely encouraging considering that the oil industry continues to face very challenging capital markets," said Cameron Todd, CEO of US Oil Sands. "The Company is now well positioned to finish construction of the PR Spring Project 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."

US Oil Sands now has 1,706,284,790 common shares issued and outstanding. In consideration for providing the standby commitment, ACMO has been issued 160,725,000 warrants as further described below. If fully exercised, the Company would have 1,867,009,790 shares outstanding. Pursuant to the approval obtained from shareholders at the Company's Annual General and Special Meeting held on May 18, 2016, US Oil Sands intends to complete a share consolidation in the near

future at a consolidation ratio to be determined by the Company's board of directors, but not exceeding 100 to 1.

The Company is also working towards the approved name change 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. 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.

## **PR SPRING PROJECT UPDATE**

With the closing of the Rights Offering, US Oil Sands today resumed full construction activities on the PR Spring Project (the "**Project**"). The Project is approximately 93% complete with remaining activities consisting 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.

## **INVESTMENT BY ACMO**

ACMO invested Cdn\$5.0 million pursuant to the Rights Offering and its stand-by commitment pursuant to a standby purchase agreement (the "**Standby Purchase Agreement**") between ACMO and US Oil Sands dated April 15, 2016.

Pursuant to the Rights Offering, ACMO acquired 333,382,889 shares, increasing its ownership of US Oil Sands by approximately 6.4%. ACMO paid US\$0.012 per share. Pursuant to the Standby Purchase Agreement, ACMO also received 160,725,000 warrants which entitle ACMO to acquire one share for each warrant held ("**Warrants**"). The Warrants are exercisable on or before November 30, 2016 at an exercise price equivalent to the Rights Offering subscription price of Cdn\$0.015 or US\$0.012 per share. If ACMO were to exercise all of the Warrants as of today's date, ACMO's ownership of US Oil Sands would increase an additional 5.8% and the total amount paid for the exercised Warrants would be Cdn\$2,410,875 or US\$1,928,700.

Prior to the completion of the Rights Offering, ACMO owned 223,333,333 shares, representing approximately 26.2% of outstanding shares of US Oil Sands. Upon completion of the Rights Offering, ACMO owns 556,716,222 shares, representing



approximately 32.6% of the issued and outstanding shares. Prior to the Rights Offering, ACMO did not own Warrants. If ACMO were to exercise all of the Warrants it received pursuant to the Standby Purchase Agreement as of today's date, it would own a total of 717,441,222 shares, representing approximately 38.4% of the then issued and outstanding shares.

ACMO purchased the shares of US Oil Sands for investment purposes. ACMO may increase or decrease its ownership of the shares depending upon the business of the Company and future market conditions.

In connection with entering the Standby Purchase Agreement, ACMO and US Oil Sands entered into a governance agreement which entitles ACMO to nominate a third representative to serve on the board of directors of the Company if ACMO owns greater than 35% of the outstanding shares. The governance agreement further provides that, for a period of 24 months, US Oil Sands will not issue equity securities in excess of 10% of the issued and outstanding shares in any 12 month period without ACMO's consent.

A copy of the early warning report that ACMO will file in connection with its acquisition of shares can be obtained by contacting ACMO's Chief Compliance Officer, David Young, at 610 Broadway, 6<sup>th</sup> Floor, New York, NY 10012 or (212) 432-4600.

#### **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 in Q4 2016.

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, 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.

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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