

**CALGARY, ALBERTA August 22, 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 and six-month periods ended June 30, 2016 ("**Q2 2016**") along with the management discussion and analysis ("**MD&A**") of the financial results of US Oil Sands for such period.

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 second quarter for US Oil Sands was focused on closing its equity rights offering for gross proceeds of C\$12.8 million (the "**Rights Offering**") and planning for and the resumption of full construction activities at the PR Spring Project (the "**Project**").

"With the additional capital raised and full construction activities resumed, we are on track to complete the Project by the end of the third quarter as mechanical construction is now nearly complete," said Cameron Todd, CEO of US Oil Sands. "Before year end, we expect to produce first oil at the Project and we're 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."

## **SELECTED QUARTERLY HIGHLIGHTS**

Since March 31, 2016, the Company:

- Continued scaled-down construction activities on the Project with internal operations personnel focused on critical path items until completion of financing;
- Received an independent resource evaluation report effective December 31, 2015, in respect of the Project and the Company's 100% interest in bitumen leases located in Utah's Uinta Basin PR Spring Special Tar Sand Area, that upgraded a portion of the Company's 184.3 million barrels of discovered resources to contingent resources with a risked, best estimate NPV<sub>10</sub> of \$87.4 million on recovery of 9.6 million barrels from 12.5 million barrels discovered;
- Completed the Rights Offering on May 31, 2016 by issuance of 853,142,395 common shares at a price of C\$0.015 or US\$0.012 per share for gross proceeds of C\$12,797,136;
- Recommended full construction activities on the Project;
- Further evaluated downstream markets for the PR Spring bitumen, including

- asphalt and alternative fuels;
- Continued to refine and optimize the shop demonstration unit at the Grande Prairie Technology Centre, including commissioning a solvent recovery unit; and
- Submitted provisional patent applications to enhance the Company's patent protection.

## **OPERATIONAL HIGHLIGHTS**

The Company commenced a planned reduction of site activity in March 2016 with the aim of conserving capital. The reduction in the pace of construction allowed the Company to re-evaluate planned aspects of the Project and construction activities, as well as maintain liquidity until additional financing was obtained. Some construction activities continued with internal operations personnel during this period until May 31, 2016 when the Rights Offering was completed. After successful completion of the Rights Offering, construction was resumed at full capacity. The Project is nearing completion with remaining activities focused on piping, instrumentation and electrical installation.

## **LIQUIDITY**

Upon completion of the Project, the Company will have limited working capital for funding of Project operations and ongoing corporate G&A costs. In light of the continued low oil price environment, the Company anticipates requiring additional capital. The Company is evaluating alternatives to fulfill this capital need.

## **OUTLOOK**

The Company will complete construction, commission, start-up and operate Phase 1 of the PR Spring Project. Field assembly will continue for the remainder of Q3 2016, followed by commissioning and commercial start-up in Q4 2016.

The Company is focused on its primary success measures and ensuring these are met as the Company looks forward to first bitumen production. Proving the commercial viability of the Company's patented and unique technology is expected to open the opportunities for future developments in other oil sands areas outside of Utah, in addition to capacity expansion on the Company's Utah production. Key attributes that the Company defines as primary success measures include high oil recovery, elimination of tailings ponds, high solvent recovery and recycle rates, low capital intensity and continuous and safe operations.

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 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, the Company's ability to complete construction of the Project and begin operations using available funds, commencement of commercial production, construction activities, capital requirements, 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.

Contingent Resources are those quantities of bitumen estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include such factors as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable to produce any portion of the contingent resources discussed in this release and the estimated



values of future net revenue disclosed in the resource evaluation referred to herein do not necessarily represent the fair market value of such contingent resources.

Discovered bitumen resources or discovered bitumen initially-in-place is that quantity of bitumen that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered bitumen initially-in-place includes production, reserves and contingent resources; the remainder is unrecoverable. There is no certainty that it will be commercially viable to produce any portion of the discovered bitumen resources discussed herein.

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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