

**CALGARY, ALBERTA September 29, 2016** – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, today provided an update on completion of the PR Spring Project (the "**Project**") construction, commissioning and start-up costs and timing. In summary, the Company is planning to start up the Project in Q4 this year as previously announced. Construction is estimated at 98% complete and a forecasted remaining expenditure of \$1.2 million is required for mechanical completion. Project total installed cost is now targeted to be under US\$62.5 million, approximately 4% over the original budget. Completion, commissioning and start-up will require additional capital, and the Company is actively pursuing financing alternatives to meet the liquidity requirements.

"We are quite pleased to be at this stage of our Project and excited at the prospect of making first oil. We would like to thank all of our contractors and employees for their contribution on the Project" said Cameron Todd, CEO of US Oil Sands. "We look forward to starting operations and profitably demonstrating the Company's commercial technology. US Oil Sands expects to emerge as an industry leader among the most efficient, lowest capital cost and most environmentally sustainable oil sands companies."

## **OPERATIONAL HIGHLIGHTS**

The Company expects to have the Project mechanically complete within a few weeks, and the remaining commissioning activities are ongoing. The plant's ore handling and conditioning system, the first of four processing systems within the extraction plant, has already been completed and turned over to operations for commissioning. Subsequent hand-offs of the extraction, distillation and utilities systems are expected over the next four weeks.

Mine opening has also been completed and is ready for active mining operations.

## **LIQUIDITY**

As previously disclosed, the Company has limited working capital for funding of remaining Project completion, commissioning and start-up, operations and ongoing corporate G&A costs. Since the Company's June 30, 2016 report, estimated Project costs have increased by approximately US\$2 million due to extra completion costs and rectification of deficiencies. As a result of these additional costs, the Company no longer anticipates having sufficient capital to complete construction of the Project as indicated in the June 30, 2016 report and the Company will require additional financing. The Company currently estimates that with these extra construction costs, along with remaining commissioning, start-up and operating costs, an additional US\$3.0 to US\$4.5 million in working capital will be required prior to year end,

depending upon oil price, operating cost and production assumptions. The Company is actively pursuing funding alternatives in excess of US\$6 million in order to meet this working capital deficiency and provide sufficient flexibility during the upcoming few months.

## **OUTLOOK**

The Company is planning to complete construction, commission, start up and begin operating Phase 1 of the Project during Q4 2016.

Demonstrating 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.

The Company continues to evaluate specific markets and transportation for sales of crude oil and other petroleum products.

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, expectations that the Company will complete construction, commission, start-up and operate Phase 1 of the Project during Q4 2016, 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. In particular, forward looking statements regarding the completion of construction, commission, start-up and operation of the Project are subject to the necessary financing being obtained to complete these steps. There is no certainty that the Project will be completed within the time contemplated herein.

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:

<p>US Oil Sands Inc.  Cameron Todd, CEO or Glen Snarr, President &amp; CFO  Suite 1600, 521 – 3<sup>rd</sup> Avenue SW  Calgary, Alberta T2P 3T3  Tel: +1 403 233 9366  Email: <a href="mailto:info@usoilsandsinc.com">info@usoilsandsinc.com</a>  Website: <a href="http://www.usoilsandsinc.com">www.usoilsandsinc.com</a></p>	<p>Investor Relations  Jack Copping, Manager, Corporate Development    Suite 1600, 521 – 3<sup>rd</sup> Avenue SW  Calgary, Alberta T2P 3T3    Tel: +1 403 233 9366 ext. 27    Email: <a href="mailto:jack.copping@usoilsandsinc.com">jack.copping@usoilsandsinc.com</a></p>
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