

**CALGARY, ALBERTA April 13, 2017** – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, announces that the Company has initiated a nine-phase start-up plan of the PR Spring Project (the "**Project**").

"We are pleased to announce that US Oil Sands has initiated the start-up sequence for our PR Spring Project," said Cameron Todd, CEO of US Oil Sands. "As we work through this carefully staged start-up plan, we look forward to soon achieving first-oil on this first commercial oil sands mining and solvent extraction process."

The Company also announces that it has filed its independent evaluation of bitumen contingent resources as of December 31, 2016 and its audited consolidated financial statements for the twelve-month period ended December 31, 2016 ("**Financial Report**") along with the management discussion and analysis 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).

## **PR SPRING PROJECT UPDATE**

Following completion of financing in January, Project work was re-initiated in February. Equipment commissioning and mining operations then followed. The Company has now commenced 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. As first-oil is produced, plant and material balances will be monitored and throughput will be gradually increased. Through the second quarter, the Company expects to optimize operations, targeting a safe and efficient recovery of bitumen, the recycle of water and solvent, and the deposition of clean solids back to the mine for reclamation.

## **RESOURCE EVALUATION REPORT**

The Company engaged Calgary-based McDaniel & Associates Consultants Ltd. ("**McDaniel**") to complete an independent resource evaluation report dated December 31, 2016 (the "**McDaniel Report**") in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

A portion of the Company's resources have been assigned a Contingent Resource classification with a risked value (NPV10 best estimate) of C\$73 million on recovery of 9.6 MMbbls (from Discovered Petroleum (Bitumen) Initially-In-Place of 12.5

MMbbls) on the Company's 316 acre permitted PR Spring development area.

The remaining 5,614 acres of PR Spring land have resources that have been previously evaluated by an independent resource evaluator, subsequently audited by McDaniel and classified as Discovered Petroleum (Bitumen) Initially-In-Place totalling 171.8 MMbbls with the entire PR Spring lease assigned 184.3 MMbbls of Discovered Petroleum (Bitumen) Initially-In-Place, as reported in previous years.

US Oil Sands' PR Spring property lies within the State of Utah's PR Spring Special Tar Sand Area and consists of three leases that encompass 5,930 acres. The Company also holds leases on an additional 26,075 acres that have only been minimally explored and therefore, not evaluated in the McDaniel Report. US Oil Sands currently holds 100% working interest in its Utah-based assets.

McDaniel's resource assessment of the evaluated areas is listed below:

**Summary of Contingent Resources and Net Present Value  
Effective December 31, 2016**

**Summary of Risked and Unrisked Contingent Resources**

Classification and Product	Contingent Resources (Mbbbl)			
	Risked (@ 90%)		Unrisked	
	Gross <sup>1</sup>	Net <sup>2</sup>	Gross <sup>1</sup>	Net <sup>2</sup>
Low Estimate Contingent Resources - Bitumen	9,108	8,513	10,120	9,459
Best Estimate Contingent Resources - Bitumen	9,644	8,965	10,715	9,961
High Estimate Contingent Resources - Bitumen	10,180	9,414	11,311	10,460

**NOTES:**

1. Gross resources are the working interest resources and deductions of royalties payable to others.

2. Net resources include gross resources after royalty payable to others plus royalty interest based on McDaniel & Associates January 1, 2017 forecast bitumen netback prices. McDaniel's oil and gas price forecasts can be found at <http://www.mcdan.com/priceforecast>.

**Summary of Risked (@ 90%)/Un-risked Net Present Values before Income Taxes<sup>1,2,3</sup>**

Classification and Product	Risk	Net Present Value(C\$MM)						
		0%	5%	8%	10%	12%	15%	20%
Low Estimate Contingent Resources - Bitumen	Risked	46	27	19	15	12	8	3
	Unrisked	51	29	21	17	13	9	4
Best Estimate Contingent Resources - Bitumen	Risked	162	106	84	73	63	52	39
	Unrisked	180	118	94	81	70	58	43
High Estimate Contingent Resources - Bitumen	Risked	281	185	148	129	113	94	72
	Unrisked	312	205	164	143	126	105	80

**NOTES:**

1. Based on McDaniel & Associates January 1, 2017 forecast bitumen netback prices. McDaniel's oil and gas price forecasts can be found at <http://www.mcdan.com/priceforecast>.
2. Interest expenses and corporate overhead, etc. were not included.
3. The net present values may not necessarily represent the fair market value of the resources.

**2016 YEAR END RESULTS**

Throughout the year, the Company continued with construction at the Project site

and made significant progress towards the Project's mechanical and electrical completion. Planned reductions of site activity occurred in March and December 2016, with the aim of conserving capital due to low cash reserves. The Company rectified these capital constraint periods by completing a rights offering on May 31st whereby gross proceeds of \$12.8 million were raised and completing a US\$7.5 million loan financing with the Company's largest shareholder subsequent to year-end.

Some of the operational achievements in 2016 include:

- Turnover of all areas of the Project's extraction facility from the construction team to the operations group;
- Successfully started one of the Project's two gas turbines which generate electricity for the extraction facility and enabled commissioning and start-up activities to be performed;
- Pre-commissioned certain major pieces of equipment, including the hot oil heater, paddle dryer, and fuel gas system;
- Took ownership of the Company's Wirtgen surface miner, which will mine and mill the oil sand ore prior to processing in the extraction facility;
- Completed a four-week mobilization and field training program of the Company's Wirtgen surface miner and produced a stockpile of oil sand ore for the Company to use during commissioning and start-up procedures;
- Finished hiring all required operations staff for the Project site;
- Continued evaluating markets for the Project's sales oil, including the asphalt and alternative fuels markets;
- Commissioned a scaled-down solvent recovery unit in the Grande Prairie Technology Centre, as well as implemented other modifications to the shop demonstration pilot unit leading to higher bitumen and solvent recoveries and lower water requirements; and
- Submitted provisional patent applications for additional separation innovations to enhance the Company's patent portfolio.

### Summary of selected 2016 financial results

The following financial data was selected from the Company's Financial Report which has been prepared using the accounting policies under IFRS as issued by the International Accounting Standards Board.

<b>Year Ended December 31, in C\$</b>	<b>2016</b>	<b>2015</b>
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Total assets	\$ 74,542,561	\$ 110,548,184
Cash used in operations	(4,597,247)	(6,990,217)
Net income (loss)	(50,979,963)	168,171
Total comprehensive income (loss)	(53,246,044)	8,666,221
Loss per share – basic and diluted	(1.88)	0.01

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As at December 31, 2016, the Company had cash and cash equivalents of C\$306,601, a working capital deficit of C\$7.7 million and no commitments for capital expenditures. The Company completed a US\$7.5 million loan financing subsequent to year-end.

Currently, there are approximately 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 will seek financing 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 cash flow due to timing of receivables collection.

For the year ended December 31, 2016, the Company recognized non-cash impairment of C\$44 million (2015 – nil) on the Project's exploration and evaluation assets, largely as a result of lower future commodity prices as estimated by McDaniel. This impairment charge is included in the Company's statement of comprehensive loss of C\$53.2 million. Impairment is recognized as an expense in the period in which it occurs and may be reversed at such time that the fair value of the impaired assets increases.

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

The Annual General and Special Meeting (the "Meeting") of the shareholders of US Oil Sands will be held at the Calgary Petroleum Club, 319 – 5th Avenue SW, Calgary, Alberta on Wednesday, May 17, 2017 at 9:30 a.m. (Calgary Time). The Company will mail the management information circular, form of proxy and notice on or before April 20, 2017.

In addition to the normal business of the Meeting, the Company is requesting its shareholders to reapprove a change in the name of the Company. Shareholders previously approved the name change at the last annual general and special meeting in 2016 but due to the Company's sole focus of financing and constructing the PR Spring Project, the Company did not implement it. Management and the Company's

board of directors continue to believe that a name change is important to better reflect the focus and strategy of the Company on maximizing its use of innovative separation technologies in the energy industry and expanding to new geographic locations beyond the U.S. The Company expects to implement the name change after successful operations at PR Spring have been achieved.

At the Meeting, shareholders will be asked to pass a resolution reauthorizing the board of directors to change the Company's name from "US Oil Sands Inc." to such name deemed appropriate by the board of directors, at its sole discretion, and as may be acceptable to the TSX Venture Exchange and pursuant to the requirements of the Business Corporations Act (Alberta). It is the intention that the Company's U.S. subsidiary will continue to operate as US Oil Sands (Utah) Inc.

A copy of the aforementioned documents will be available for viewing on the System for Electronic Document Analysis and Retrieval website at [www.sedar.com](http://www.sedar.com).

## **SHARES FOR DEBT AGREEMENTS**

The Company has entered into agreements with three of its service-provider creditors to issue 192,868 common shares in the capital of the Company ("Common Shares") at a deemed price of C\$0.68 per Common Share in settlement of an aggregate of C\$131,150 in debt.

The issuance of the Common Shares to creditors as described herein is subject to acceptance of the TSX Venture Exchange.

The Company anticipates entering into further agreements with service-provider creditors.

## **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 obtaining approval of the TSX Venture Exchange in respect

of the current and anticipated shares for debt transactions (“transactions”) described herein, closing of the transactions, the Company’s ability to enter into agreements with other service-provider creditors, expectations that the Company will complete commissioning, start-up and operate Phase 1 of the Project during 2017, and that production will reach the expected capacity. 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.

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