

CALGARY, ALBERTA August 17, 2017 – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, announces that it has filed its unaudited interim financial statements ("**Interim Report**") for the three and six-month period ended June 30, 2017 ("**Q2 2017**") 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 as well as US Oil Sands' website at www.usoilsandsinc.com.

The Interim Report and MD&A contain disclosure that the information has been prepared on a going concern basis, which asserts the Company has the ability to continue to realize its assets and discharge its liabilities and commitments in a planned manner. The Company's ability to remain a going concern is dependent upon securing the second tranche of the recently amended loan facility, successful commercialization of the Company's proprietary bitumen extraction technology, the generation of positive cashflows from operations and the ability to discharge obligations as they become due. The Company will use the US\$2.5 million second tranche of 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 cashflow due to timing of receivables collection. At June 30, 2017, the Company had cash and cash equivalents of \$4.4 million, a working capital deficit of \$1.3 million, and no commitments for capital expenditures.

Since March 31, 2017 the Company has initiated operations into all areas of the PR Spring Project's extraction plant. This process has involved the sequential introduction of water, clean solids and finally oil sand into various sections of the plant in a staged approach. The final stage involving the introduction of diluted bitumen into the distillation section was initiated this week.

The plant has been running in a batch mode allowing for the optimization of each stage. Continued tuning of the process will be required to allow final polishing of oil production to meet sales specifications.

SELECTED QUARTERLY HIGHLIGHTS

In addition, during Q2, the Company had the following accomplishments:

- Repaired the decanting centrifuge that failed during clean solids circulation through equipment loop two;
- Furthered evaluation of markets for the PR Spring bitumen, including the

- asphalt and alternative fuels markets;
- Submitted provisional patent applications to enhance the Company's patent protection; and
- Closed a US\$5.0 million amendment to its existing US\$7.5 million senior secured loan facility, of which an initial US\$2.5 million tranche has been funded.

LIQUIDITY

As at June 30, 2017, the Company had cash and cash equivalents of \$4.4 million, a working capital deficit of \$1.3 million, and no commitments for capital expenditures. As of the date hereof, the Company had cash and cash equivalents of \$1.9 million and a working capital deficit of \$0.6 million. Included in the working capital deficit are approximately US\$2.4 million of current liabilities directly related to the PR Spring Project. There is minimal capital required to complete the remaining start-up activities, barring encountering any major construction and/or design deficiencies. Upon production of 500 barrels of oil per day for five consecutive days, an additional US\$2.5 million will be available under the second tranche of the loan amendment. This additional financing will fund excess capital costs that may arise during the start-up activities, operating losses incurred until reaching positive cashflows from operations, the discharge of its current liabilities, and shortfalls in cashflow due to timing of receivables collection.

The Company's ability to remain a going concern is dependent upon the funding of the second tranche of financing, successful commercialization of the Company's proprietary bitumen extraction technology, the generation of positive cashflows from operations and the ability to discharge obligations as they become due. There is no assurance that the Company will be successful in achieving the second tranche funding milestone of producing 500 barrels of oil per day for five consecutive days. As such, there is significant doubt and there can be no assurance that the Company will be able to continue as a going concern.

OUTLOOK FOR 2017

The Company intends to continue optimizing Phase 1 of the PR Spring Project until commercial operations are achieved. 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 start-up of the PR Spring Project.

The foregoing contains forward-looking information relating to the future performance of the Company including expectations relating to capital requirements, financing, operations and business development activities. 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 ability of the Company to achieve the necessary oil production in a timely manner in order to continue development of the PR Spring Project, the actual results of operational activities, changes in world commodity markets or equity markets, the risks of the petroleum industry generally 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). 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.

For additional information please contact:

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