CALGARY, ALBERTA--(Marketwired - Jan 12, 2017) - US Oil Sands Inc. ("US Oil Sands" or the "Company") (TSX VENTURE:USO), an innovator of oil extraction technologies, announced today that it has closed the Company's previously announced US$7.5 million financing (the "Financing") with ACMO S.à R.L. ("ACMO"), the Company's largest shareholder, allowing re-engagement of its employees and necessary contractors to complete and operate the PR Spring Project (the "Project").

"This was an important and necessary financing for the Company," said Cameron Todd, CEO of US Oil Sands, "allowing us to preserve the future of Company, the jobs of our U.S. and Canadian employees and address the overdue accounts of suppliers who have patiently stood back and allowed us to complete the Financing. Unfortunately, this did not come without significant sacrifice from our many longstanding shareholders. This capital will allow the Company to take the Project into operation early in 2017. We do believe we obtained the best possible deal for all our stakeholders. We now can re-engage our employees and contractors to complete commissioning procedures, begin operations, and achieve our goal of making first oil early into 2017 and profitably demonstrating the Company's commercial technology."

SENIOR SECURED LOAN FACILITY

The US$7.5 million senior secured loan facility carries a 15% annual interest rate, is repayable after one year and is extendible for an additional 12 months if, by the end of the initial 12-month term, the Company has produced an average of 1,500 barrels per day for 30 consecutive days at a cost of less than US$45.00 per barrel, inclusive of all operating, transportation and marketing costs, together with corporate G&A; essentially a cash-basis corporate cost.

Security is a first priority interest on all present and future property, assets of the Company and its wholly owned subsidiary, US Oil Sands (Utah) Inc. A provision allows the Company to market and obtain a US$3.0 million loan facility (the "AR Facility") using accounts receivable and inventory as security, where ACMO will postpone its security in favour of a first place position. The Company will immediately look to secure such AR Facility in order to add additional working capital resources to the balance sheet.

As an inducement to provide the Financing, ACMO was granted, on a post-consolidation basis, 24,000,000 warrants that are exercisable at $0.75 for a term of five years.

BOARD OF DIRECTORS

The Financing provides for ACMO to increase its board representation to three members and allows the Company to appoint a further three, thereby reducing the board form its current eight members to six members.

ACMO nominees will include current board members Stephen Lehner and Mark Brown, as well as the addition of Harry F. Quarls to the board. Mr. Quarls currently sits as an observer to the board.

Mr. Quarls currently serves as a Managing Director at Global Infrastructure Partners, a $40 billion infrastructure private equity fund with an emphasis on North American midstream energy. Mr. Quarls was recently appointed Chairman of the Board for Penn Virginia Corp. upon emergence from restructuring. Additionally, he currently serves as the Chairman of the Board of Woodbine Holdings LLC, as well as a member of the Board of Managers of Opal Resources LLC, all of which are private equity backed exploration and production companies. Mr. Quarls spent 27 years at Booz & Co. where he served as the Managing Director and Practice Leader for Global Energy. He held various worldwide leadership roles during his tenure including serving on the Executive, Compensation, Personnel, and Finance Committees. Previously, Mr. Quarls was the Chairman of Trident Resources Corp. Mr. Quarls holds an MBA from Stanford University in addition to ScM and B.S. degrees, both in Chemical Engineering, from the Massachusetts Institute of Technology and Tulane University, respectively.

The Company and the board thank Messrs. Johnson, Pantin and Todd for their dedicated service to the board of directors. Mr. Todd is and will remain the Company's Chief Executive Officer.

PR SPRING PROJECT UPDATE

The Project commissioning will resume in January as employees and contractors are brought back to site in a staged basis to allow for coordinated and safe return-to-operations.

The Company expects to complete commissioning and move into commercial operations in Q1 2017. A slower measured start-up will be implemented to reduce the impact of starting up the facility in the coldest winter months.

OUTLOOK

The Company will now be able to turn its focus on final commissioning procedures and start-up of commercial operations of Phase 1 of the Project in Q1 2017.

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 commissioning 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, construction and operation of the Project, expectations that the Company will complete commissioning, start-up and operate Phase 1 of the Project during 2017, expectations relating to 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). 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.

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