

CALGARY, ALBERTA--(Marketwired - Feb 4, 2016) - US Oil Sands Inc. ("US Oil Sands" or the "Company") (TSX VENTURE:USO), a company focused on oil sands exploration and production in Utah, announces that it has completed a detailed review of its PR Spring Phase 1 Project (the "Project") in light of continued low oil prices and the closure of two key contractors' Utah-based operations. Construction of the Project is approximately 85% complete with costs coming in below budget. However since additional capital will be required for commissioning, start-up and continued operations thereafter to validate the proprietary bitumen extraction process technology, the Company has decided to reduce the pace of field construction in order to maintain working capital flexibility. As the Company has not completed its previously-announced US\$10 million royalty financing, US Oil Sands will be pursuing other financing options including the possibility of equity financing.

As US Oil Sands is in the pre-production stage, low oil prices do not impact the Company's current financial position. The low price environment has impacted the Project as two of the Company's key contractors have closed their operations in Utah and have caused delays to the Project.

Project work will continue at a reduced level, and is expected to focus on critical path items and areas that will lead to the most efficient restart of full construction operations in the future. In spite of delays and increased costs that will occur with restart of full construction operations, the Company is still targeting completion within the original US\$60 million approved budget.

Currently, the Company has in excess of US\$10 million of cash remaining, which will provide sustaining capital for the Company well into 2017 in the event commodity prices remain low for a prolonged period.

"The oil industry is facing one of the most challenging environments it's ever seen and it is prudent for us to adjust our construction plan accordingly," said Cameron Todd, CEO of US Oil Sands. "But the Company's value proposition remains sound. Low oil prices accentuate the need for a new approach in our industry. The Company believes the PR Spring Project will demonstrate the commercial effectiveness of our breakthrough bitumen extraction technology. We are well-positioned to rapidly emerge from the current downturn and complete our work. In the long-run, companies that are the most efficient, have the lowest capital cost, and are the most environmentally sustainable will achieve success in the future. The Company's actions today help ensure US Oil Sands will be a future industry leader."

#### 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 arranged suitable financing.

The foregoing contains forward-looking information relating to the future performance of the Company including information relating to the development and construction of the PR Spring Project, commencement of commercial production, construction costs, sustaining capital requirements and financing 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 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 proposed financing remains subject to negotiation of definitive agreements and obtaining all regulatory approvals and accordingly there is no certainty that the transaction will be completed on the terms described herein or at all. 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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