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US Oil Sands Inc. ("US Oil Sands" or the "Company") (TSX VENTURE:USO), an innovator of oil extraction technologies, announces that it plans to proceed with an equity rights offering for gross proceeds of up to C\$12.8 million (the "Rights Offering").

The Company is also pleased to report that it has received and filed its independent evaluation of bitumen contingent resources as of December 31, 2015 in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. For the first time in the Company's history, a portion of the Company's resources have been upgraded to a Contingent Resource classification and assigned a risked value (NPV<sub>10</sub> best estimate) of C\$87.4 million on recovery of 9.6 MMbbls on the Company's 316 acre permitted PR Spring development area. The remaining 5,614 acres of PR Spring lands remain un-appraised with resources classified as Discovered Petroleum (Bitumen) Initially-In-Place totalling 171.8 MMbbls. The Company intends to further appraise and consider development of these additional resources over the next several years.

US Oil Sands also announces that it filed its audited consolidated financial statements ("Financial Report") for the twelve month period ended December 31, 2015 along with the management discussion and analysis of the financial results of US Oil Sands for such period.

A copy 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).

"Our company is at a pivotal point in its history," said Cameron Todd, CEO of US Oil Sands. "With a successful financing we expect to complete our first project at PR Spring and produce first oil before year end. Our recent resource report demonstrates strong value for this project and tremendous potential for additional development. In today's challenging environment, US Oil Sands expects to emerge as an industry leader among the most efficient, lowest capital cost and most environmentally sustainable oil sands companies."

Mr. Todd continued, "I believe a rights offering, versus all other forms of financing, is the most equitable to our shareholders. We are giving the Company's current shareholders, who have been supportive and loyal to the Company, the opportunity to participate in this financing. Along with the entire management team, I personally intend to fully participate in this offering, as we all firmly believe in the Company's future."

## RESOURCE EVALUATION REPORT

The Company engaged Calgary-based McDaniel & Associates Consultants Ltd. ("McDaniel") to complete an independent resource evaluation report dated December 31, 2015 (the "McDaniel Report") in compliance with National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities.

For the first time in the Company's history, a portion of the Company's resources have been upgraded to a Contingent Resource classification and assigned a risked value (NPV<sub>10</sub> best estimate) of C\$87.4 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. It should be noted that these resources are not classified as reserves but as Contingent Resources based on technology under development, and are subject to certain risks and contingencies including project execution and commercial demonstration of the Company's technology. The remaining 5,614 acres of PR Spring land remain un-appraised with resources classified as Discovered Petroleum (Bitumen) Initially-In-Place totalling 171.8 MMbbls. In preparing the McDaniel Report, McDaniel audited and confirmed the Company's entire 184.3 MMbbls of Discovered Petroleum (Bitumen) Initially-In-Place attributed to the PR Spring property as previously evaluated by Sproule Unconventional Limited with an effective date of December 31, 2014.

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, 2015

CONTINGENT RESOURCES - BITUMEN PRICING, NATURAL GAS AS FUEL

## Summary of Risked and Un-risked Volumes

Classification and Product	Bitumen Production (Mbbbl)			
	Risked (@ 90%)		Un-Risked	
	Gross <sup>1</sup>	Net <sup>2</sup>	Gross <sup>1</sup>	Net <sup>2</sup>
Low Estimate Contingent Resources - Bitumen	9,108	8,504	10,120	9,449
Best Estimate Contingent Resources - Bitumen	9,644	8,958	10,715	9,953
High Estimate Contingent Resources - Bitumen	10,180	9,412	11,311	10,458

### 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, 2016 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	NPV (C\$MM)							
		0%	5%	8%	10%	12%	15%	20%	25%
Low Estimate Contingent Resources - Bitumen	Risked	86	46	30	22	15	7	(3)	(9)
	Unrisked	95	51	34	25	17	8	(3)	(10)
Best Estimate Contingent Resources - Bitumen	Risked	214	135	104	87	74	58	38	25
	Unrisked	237	150	115	97	82	64	43	28
High Estimate Contingent Resources - Bitumen	Risked	343	220	174	149	129	104	76	57
	Unrisked	381	245	193	166	143	116	85	63

### NOTES:

1. Based on McDaniel & Associates January 1, 2016 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.

## RIGHTS OFFERING

The Company will be offering rights to holders of its common shares at the close of business on the record date of April 25, 2016, on the basis of one right for each common share held. Each right will entitle the holder to subscribe for one common share of US Oil Sands upon payment of the subscription price of C\$0.015 or US\$0.012 per common share. There are currently 853,142,395 common shares of the Company outstanding. If all of the rights issued under the rights offering are validly exercised, the Rights Offering will raise gross proceeds of approximately C\$12.8 million.

The rights will trade on the TSX Venture Exchange under the symbol USO.RT commencing on April 21, 2016 and until 10:00 a.m. (Calgary Time) on May 27, 2016. The rights will expire at 4:00 p.m. (Calgary time) on May 27, 2016 (the "Expiry Time"), after which time unexercised rights will be void and of no value. Shareholders who fully exercise their rights will be entitled to subscribe for additional common shares, if available as a result of unexercised rights prior to the Expiry Time, subject to certain limitations set out in the Company's rights offering circular. The Company expects to close the Rights Offering on or about May 31, 2016.

Details of the Rights Offering will be set out in the rights offering notice and rights offering circular which will be available under US Oil Sands' profile at [www.sedar.com](http://www.sedar.com). The rights offering notice and accompanying rights certificate will be mailed to each registered eligible shareholder as at the record date. Registered shareholders who wish to exercise their rights must forward the completed rights certificate, together with the applicable funds, to the subscription agent, Computershare Investor Services Inc. ("Computershare"), on or before the Expiry Time. Shareholders who own their common shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary.

The Rights Offering will be conducted in Canada only. However, certain approved eligible holders of common shares in jurisdictions outside of Canada may be able to participate in the Rights Offering. If you are a holder of common shares and reside outside of Canada please see the rights offering notice and rights offering circular to determine your eligibility and the process and timing requirements to receive and, or, exercise your rights. The Company requests any U.S. shareholder or other ineligible holder interested in exercising their rights to contact the Company at their earliest convenience but before May 17, 2016, after which Computershare will, prior to the Expiry Time, attempt to sell unexercised rights for the benefit of ineligible holders.

Funds raised through the Rights Offering will be used to complete Phase 1 of the PR Spring Project (the "Project") and are targeted to demonstrate the commercial effectiveness of the Company's patented bitumen extraction technology. With a successful financing, the Company expects completion of construction and start-up of operations in Q4 2016. The Company

continues to extensively test and optimize its patented technology at its Grande Prairie, Alberta research and development facility. This facility is now undertaking additional testing to validate the use of the Company's technology for potential development of oil sands in the Athabasca region of Alberta and in other parts of the world.

The Company believes that its value proposition derived from having competitive operating costs, much lower capital costs and significantly improved environmental outcomes is all the more applicable today to an industry that is enduring commodity price pressure, capital market constraints and social license limitations.

In order to allow all shareholders to understand the status of the Company and its value proposition, the Company will be hosting a conference call and webcast on April 20, 2016 at 9:00 a.m. (Calgary Time) with the following details:

Local/toll-free (Canada/U.S.): 416-340-2216 / 866-223-7781

International dial-in numbers: <https://www.confsolutions.ca/ILT?oss=1P29R8662237781>

Webcast link: <http://www.gowebcasting.com/7509>

An instant replay of the conference call will be available until 11:59 p.m. (Calgary Time) on May 20, 2016 and may be accessed by the following:

Local/toll-free (Canada/U.S.): 905-694-9451 / 800-408-3053

International dial-in numbers: <https://www.confsolutions.ca/ILT?oss=4P29R8004083053>

Passcode: 7297512

Additionally, management will conduct a series of information meetings at locations and times to be posted on the Company's website at [www.usoilsandsinc.com](http://www.usoilsandsinc.com). Shareholders are encouraged to attend the webcast or any of these meetings. If any shareholder is interested in speaking to or meeting with the management of US Oil Sands, they are encouraged to contact the Company at their earliest convenience to coordinate suitable arrangements.

## STANDBY COMMITMENT

In connection with the Rights Offering, US Oil Sands has entered into a standby purchase agreement (the "Standby Purchase Agreement") with the Company's largest shareholder, ACOMO S.à.r.l. (the "Standby Purchaser"), pursuant to which the Standby Purchaser has agreed to purchase (the "Standby Commitment") all of the common shares that are not otherwise purchased by holders of the rights under the Rights Offering, subject to a maximum of US\$7.5 million (including the aggregate exercise price of any rights exercised by the Standby Purchaser as a shareholder of US Oil Sands).

In consideration for providing the Standby Commitment, the Standby Purchaser will receive warrants entitling the Standby Purchaser to acquire common shares equal to 25% of the maximum number of common shares that the Standby Purchaser has agreed to acquire pursuant to the Standby Purchase Agreement, exercisable within six months after the closing of the Rights Offering and having an exercise price equivalent to the Rights Offering subscription price of C\$0.015 or US\$0.012 per common share.

A condition of the completion of the Standby Commitment is that US Oil Sands enters into a governance agreement which would entitle the Standby Purchaser to a third board representative if the Standby Purchaser owns at least 35% of the issued and outstanding common shares after giving effect to the Rights Offering and Standby Commitment. The Standby Purchaser currently owns 26% of the outstanding common shares and is entitled to two board representatives pursuant to an existing nomination rights agreement. Furthermore, during the 24-month period following the closing, US Oil Sands would agree not to issue any equity securities in excess of 10% of the issued and outstanding common shares in any 12 month period without the prior written consent of the Standby Purchaser.

## PR SPRING PROJECT UPDATE

The Company's Lead Technical Director has completed a detailed review of the Project. The review confirms construction of the Project is now approximately 90% complete with costs coming in under the US\$60 million original budget. As announced on February 4, 2016, the Company initiated a reduction in the pace of field construction in order to preserve working capital. Remaining costs to complete the Project are estimated at US\$5.6 million (C\$7.2 million) while working capital at March 31, 2016 was approximately US\$2.1 million (C\$2.8 million). To fund this shortfall along with future costs to optimize operations along with on-going corporate costs, the Company intends to use the proceeds from the Rights Offering.

Upon completion of the Rights Offering, the Company intends to resume full construction activities which consist primarily of on-site piping, instrumentation and electrical installation. Concurrent to and following mechanical completion, commissioning procedures will begin, followed by start-up, expected in Q4 2016.

## 2015 YEAR-END RESULTS

The Company commenced field construction at the Project site in May 2015 and maintained full site activity through the end of 2015. All aspects of the Project have now been calibrated towards mechanical completion and start-up in Q4 2016. Piping, electrical and instrumentation installation, pipe and tank insulation, and other site construction activities continued to progress through December 31, 2015.

Some of the achievements in 2015 include:

- Received at site for erection and installation all of the key pieces of process equipment that were fabricated off-site including the paddle dryer, disk stack centrifuge, rotating mixer, hot oil system, turbine generators, wiped film evaporator, modular electrical house, office and control room buildings, bulk storage tanks and the heat recovery steam generator;
- Completed all civil work including foundations and pilings, trenching and underground utilities, water supply pipeline and main gas tie-in from a commercial supply pipeline;
- Made substantial progress on the field fabrication of piping, and electrical, instrumentation, and controls installation;
- Recruited and assembled key PR Spring operations team staff including the plant foremen, mine engineer, mine operations geologist, lead operators, plant operators, HSE personnel and administrative staff.
- Issued a report to a Province of Alberta agency supporting technology development in the Canadian oil sands concerning the Company's testing program using oil sands supplied from the Athabasca region of Alberta; and
- Received a favourable ruling from the Utah Division of Oil, Gas and Mining regarding a challenge to the Company's large Mine Permit whereby the Company applied to optimize the mining sequence at PR Spring which reduced the size of the storage areas required for overburden and clean processed and dewatered tailings.

## SUMMARY OF SELECTED 2015 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.

Year Ended December 31, in C\$	2015	2014
Total assets	110,548,184	98,084,333
Cash used in operations	(6,990,217)	(5,890,390)
Net income (loss)	168,171	(4,913,417)
Total comprehensive income (loss)	8,666,221	(3,592,249)
Loss per share - basic and diluted	0.00	(0.01)

As at December 31, 2015, the Company had cash and cash equivalents of C\$18,529,111, net working capital of C\$14,048,857 and commitments for capital expenditures of US\$446,055, all related to the Project.

For the fourth quarter of 2015, the Company had a net loss of C\$1,153,096 compared to C\$236,456 for the same period in 2014. The increased loss is attributable to the higher staff count in 2015, associated with the construction of and anticipation of operating the Project.

## 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 18, 2016 at 3:30 p.m. (Calgary Time). The Company will mail the management information circular, form of proxy and notice on or before April 21, 2016.

In addition to the normal business of the Meeting, shareholders will be asked to consider for approval two special resolutions.

First, a special resolution authorizing a consolidation of the issued and outstanding common shares on the basis of one (1) post-consolidation common share for up to every one hundred (100) pre-consolidation common shares. Following the Company's April 2011 going-public transaction, subsequent equity financings, and taking into consideration the maximum number of common shares to be issued pursuant to the Rights Offering, warrants and other dilutive securities related to the Company's long-term incentive plans, the Company will have 1.94 billion common shares outstanding which is considered to be an unsuitable capital structure for the Company. A consolidation of 100 to 1 would result in a post-consolidation amount of 19.4 million common shares.

Second, the Company is requesting its shareholders to approve a change in the name of the Company. The name "US Oil Sands Inc." was chosen in 2011, after the acquisition of Earth Energy Resources Inc., to reflect the Company's focus on developing oil sands properties in the State of Utah. Since that time, the Company has decided to expand its focus from solely Utah to other potential development areas, such as the Athabasca region of Alberta and other international opportunities.

Management and the Company's board of directors believe that a name change is important to better reflect the focus and strategy of the Company on maximizing its use of innovative technologies in the energy industry and expanding to new geographic locations. At the Meeting, shareholders will be asked to pass a resolution authorizing 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).

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available

#### 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 Project, commencement of commercial production, construction activities and costs, sustaining capital requirements, resource estimates, the completion of the Rights Offering, the amount of proceeds from the Rights Offering and the use of such proceeds, the proposed name change and consolidation, 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. 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.

Contingent Resources are those quantities of bitumen estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include such factors as economic, legal, environmental, political and regulatory matters or a lack of markets. There is no certainty that it will be commercially viable to produce any portion of the contingent resources disclosed in this release and the estimated values of future net revenue disclosed herein do not necessarily represent the fair market value of such contingent resources.

Discovered bitumen resources or discovered bitumen initially-in-place is that quantity of bitumen that is estimated, as of a given date, to be contained in known accumulations prior to production. The recoverable portion of discovered bitumen initially-in-place includes production, reserves and contingent resources; the remainder is unrecoverable. There is no certainty that it will be commercially viable to produce any portion of the discovered bitumen resources disclosed herein.

Additional information relating to resource estimates is contained in the Company's Statement of Resources Data and Other Oil and Gas Information for the year ended December 31, 2015 dated April 6, 2016 and available on SEDAR at [www.sedar.com](http://www.sedar.com).

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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