

# US Oil Sands Inc. Announces Financing, PR Spring Project Update, Board Changes and Voluntary Delisting from the TSX Venture Exchange

**CALGARY, ALBERTA June 13, 2017** – US Oil Sands Inc. ("**US Oil Sands**" or the "**Company**") (TSXV: USO), an innovator of oil extraction technologies, announces that it has entered into a non-binding letter of intent with ACMO S.à R.L. ("**ACMO**"), the Company's largest shareholder, for a US\$5 million senior secured convertible loan facility (the "**Loan Facility**") to fund the remaining PR Spring Project (the "**Project**") start-up costs and to provide working capital for the Company (the "**Financing**").

In conjunction with the Financing, the Company will be seeking to obtain from a majority of disinterested shareholders written consent for the Financing and the delisting of the common shares of the Company from the TSX Venture Exchange (the "**Exchange**"). **If a majority of disinterested shareholders do not provide their consent in a timely manner, the Board will likely approve seeking creditor protection as management and the Board of Directors believe that the Company has exhausted all other financing alternatives. The Board and management expect that under any such creditor protection proceedings, the shareholders of US Oil Sands would experience greater dilution than under the terms contemplated by the Financing and it is possible that all existing equity holdings in the Company may be extinguished.**

**FINANCING**

The Loan Facility consists of US\$2.5 million available on closing and a further US\$2.5 million available upon the Project producing 500 barrels per day of oil for five consecutive days. The Loan Facility will rank *pari passu* with the Company's US\$7.5 million loan (the "**Existing Loan**"), will not bear any interest and will mature 10 years from the closing date. At any time between the closing date and maturity, the Loan Facility may be convertible into that number of common shares of the Company that provides ACMO with 90% of the Company's fully diluted common shares outstanding when combined with its existing share holdings. ACMO currently holds 31% of the Company's common shares and 58% on a fully diluted basis when including the 24 million warrants issued in connection with the January 2017 financing transaction. Pursuant to the Loan Facility transaction, ACMO will cancel the aforementioned 24 million warrants.

The policies of the Exchange do not permit the completion of the Loan Facility on the terms currently contemplated due to, among other things, the conversion rights attached to the Loan Facility. Therefore, the Company is seeking the consent of a majority of disinterested shareholders to a voluntary delisting of the common shares from the Exchange in order to proceed with the Loan Facility.

In conjunction with the Financing, the Existing Loan will be amended so that its repayment date will be extended to January 12, 2019, interest payable in respect of the Existing Loan will be reduced to zero percent per annum and all accrued and unpaid interest will be forgiven.

Upon closing, the Company will reconstitute its Board of Directors such that the number of directors will decrease from five to three, each of which will be nominees of ACMO.

Completion of the Financing is subject to negotiation of definitive agreements which will require final Board approval and satisfaction of the conditions therein.

## WRITTEN CONSENTS

Application will be made to the Exchange to delist the Company's common shares from trading on the Exchange subject to obtaining written consents from a majority of disinterested shareholders. ACMO is the only shareholder who has an interest in the Financing and will be excluded from providing consent for purposes of satisfying this condition. The Company has prepared a form of shareholder consent letter and will be contacting shareholders to obtain their written consent. To obtain the form of consent or if shareholders have any questions relating to the Financing or the delisting, shareholders are encouraged to immediately contact the Company as follows:

Cameron Todd, Chief Executive Officer	cameron.todd@usoilsandsinc.com	1 403 233 9366 ext. 21
Glen Snarr, President & Chief Financial Officer	glen.snarr@usoilsandsinc.com	1 403 233 9366 ext. 24
Jack Copping, Manager, Corporate Development	jack.copping@usoilsandsinc.com	1 403 233 9366 ext. 27

The Company asks that shareholders deliver their written consent to Glen Snarr by email at [glen.snarr@usoilsandsinc.com](mailto:glen.snarr@usoilsandsinc.com) or by fax at 587-353-5373, preferably no later than Friday June 16, 2017, at which time the Board of Directors will assess the level of shareholder support for the Financing and its alternative course of action to apply for creditor protection.

**In the event that the Company delists from the Exchange, the Company will continue to be a reporting issuer under Canadian securities laws and will remain subject to Canadian continuous disclosure requirements. It is the Company's understanding that, following the Exchange's bulletin notice to delist, the Exchange**

**will keep the trading of the common shares of the Company open for a short period of time, after which time such shares would not be able to be traded on the Exchange. The Company would seek to develop a grey market or another mechanism to facilitate trading of its shares.**

## **PR SPRING PROJECT UPDATE**

This past week for the first time, the Company introduced oil sands into the PR Spring extraction plant, as the damaged decanting centrifuge has been repaired, replaced and tested. The plant is now in the final stage of start-up and working through normal start-up issues and challenges.

## **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 expectations relating to the completion of start-up procedures and expectations relating to the delisting of the common shares of the Company from the Exchange, completion of the Financing and the potential impact to the Company if the Financing is not completed, the likelihood of the Company proceeding with creditor protection proceedings if the required written consent from shareholders is not obtained in a timely manner and possible impact of such proceedings on shareholders and the development of grey market trading following delisting. 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 obtain the necessary consents from shareholders and approval from the Exchange, the ability of the Company to negotiate definitive documentation in respect of the Loan Facility and meet the conditions thereunder, the sufficiency of demand and interest to enable the Company to facilitate trading in the Company's common shares following delisting, 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.

For additional information please contact: