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阳光油砂
SUNSHINE OILSANDS LTD.

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陽光油砂有限公司*

(a corporation incorporated under the Business Corporations Act of the Province of Alberta, Canada with limited liability)

(HKEX: 2012)

INSIDE INFORMATION

ANNOUNCEMENT OF PARTIAL CLOSING OF PRIVATE PLACEMENT OF 23,529,412 COMMON SHARES UNDER GENERAL MANDATE AND EXTENSION OF CLOSING DATE AND STATUS UPDATE OF LONG TERM FORBEARANCE AGREEMENT

This announcement is made in accordance with the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

By Order of the Board of Sunshine Oilsands Ltd.

Sun Kwok Ping
Executive Chairman

Hong Kong, October 31, 2016
Calgary, October 30, 2016

As at the date of this announcement, the Board consists of Mr. Kwok Ping Sun, Mr. Hong Luo, Dr. Qi Jiang and Mr. Qiping Men as executive directors; Mr. Michael John Hibberd, Mr. Jianzhong Chen and Ms. Xijuan Jiang as non-executive directors; and Mr. Raymond Shengti Fong, Mr. Gerald Franklin Stevenson, Ms. Joanne Yan and Mr. Yi He as independent non-executive directors.

** For identification purposes only*

Hong Kong (October 31, 2016) and **Calgary, Alberta** (October 30, 2016) – The Board of Directors of Sunshine Oilsands Ltd. (the “**Corporation**” or “**Sunshine**”) (HKEX: 2012) is pleased to announce the following:

Partial Closing of Private Placement under General Mandate

Reference is made to the announcements of the Corporation dated March 16, 2016, April 28, 2016, May 16, 2016, June 22, 2016, July 4, 2016, September 1, 2016 and October 24, 2016 (all Hong Kong time) (collectively, the “**Announcements**”) in relation to the proposed issue of a total of 558,823,500 new Class “A” Common Voting Shares of the Corporation (“**Common Shares**”) to Bright Hope Global Investments Limited (“**Bright Hope**”) under the General Mandate (as defined in the Announcements).

Sunshine is pleased to announce today that it has completed the closing of 23,529,412 Common Shares (the “**Partial Closing**”) under the General Mandate at a price of HK \$0.34 per Common Share (approximately CDN \$0.06 per Common Share at current exchange rates). Under the Partial Closing, the Corporation received total gross proceeds of HK \$8,000,000 (approximately CDN \$1.38 million at current exchange rates) for the allotment and issue of 23,529,412 Common Shares (the “**Issued Shares**”) to Bright Hope. An introduction fee of HK\$160,000 (approximately CDN \$27,619 at current exchange rates) being 2% of the gross proceeds of the Partial Closing has been incurred in relation to the Partial Closing.

The Issued Shares represent: (i) approximately 0.487% of the total issued and outstanding Common Shares prior to the Partial Closing; and (ii) approximately 0.485% of the total issued and outstanding Common Shares as enlarged by the Partial Closing.

The Corporation intends to apply the net proceeds from the Issued Shares: (i) for general working capital of the Corporation; and (ii) as funds for future development of the existing business of the Corporation, including funding the development and operation costs of the West Ells project.

Extension of Closing of Private Placement under General Mandate

The Board of Directors received a request from Bright Hope for an extension of the closing date for the remaining 250,247,912 Common Shares (approximately HK \$85,084,290 or CDN \$14.69 million at current exchange rates) subscribed for by Bright Hope as Bright Hope wishes to continue with closing in tranches as contemplated by the existing subscription agreement terms. After careful consideration, including the advice of the Corporation’s legal counsel relating to the terms and conditions of the subscription agreement and the rights of each party thereunder, the Board of Directors agreed to a further extension of the closing date to January 31, 2017 from October 31, 2016 with the view that such extension is in the best interests of the Corporation and its shareholders. The remaining subscribed Common Shares can now be closed in one or more tranches with the last tranche closing no later than January 31, 2017. The Board of Directors believes that the extension is in the best interests of the Corporation as it provides greater likelihood of receiving the subscription funds in a timely manner than terminating the subscription agreement and taking legal action.

An announcement will be issued when the Corporation completes the closing of the remaining 250,247,912 Common Shares (approximately HK \$85,084,290 or CDN \$14.69 million at current exchange rates) subscribed for by Bright Hope.

Status Update of Long Term Forbearance Agreement

Reference is made to the announcement of the Corporation dated September 12, 2016 (Hong Kong time) (the “**Agreement Announcement**”). Capitalized terms used in this portion of this announcement and not otherwise defined herein shall have the meanings ascribed thereto in the Agreement Announcement.

In view of the importance of supporting active operations at West Ells while it examines the potential to progress the Memorandum of Understanding with Nobao Energy Holding (China) Company Limited to definitive terms and agreements, the Corporation initiated discussions with the Forbearing Holders about altering the timing and the form of payment of the yield maintenance premium. As such, the Corporation has not paid the yield maintenance premium to the Forbearing Holders as required by the Agreement. While this constitutes a termination event under the Agreement and entitles the Forbearing Holders to exercise their rights and remedies under the Agreement, the Forbearing Holders have not taken steps to terminate the Agreement or exercise such rights and they have not, at this time, advised of any intention to do so. In addition, the Corporation has been in discussions with the Forbearing Holders over the last few weeks to achieve payment terms for the yield maintenance premium that are mutually acceptable to the Forbearing Holders and the Corporation. The Corporation will provide further updates on the negotiation of these payment terms as necessary.

ABOUT SUNSHINE OILSANDS LTD.

The Corporation is a Calgary based public corporation listed on the Hong Kong Stock Exchange since March 1, 2012. The Corporation is focused on the development of its significant holdings of oil sands leases in the Athabasca oil sands region of Alberta, Canada. The Corporation owns interests in approximately one million acres of oil sands and petroleum and natural gas leases in the Athabasca region. The Corporation is currently focused on executing milestone undertakings in the West Ells project area. West Ells has an initial production target rate of 5,000 barrels per day.

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FORWARD LOOKING INFORMATION

This announcement contains forward-looking information relating to, among other things, (a) the future financial performance and objectives of Sunshine; (b) the intended use of proceeds of the Partial Closing; (c) the closing of the remaining 250,247,912 Common Shares subscribed for by Bright Hope; and (d) the plans and expectations of the Corporation. Such forward-looking information is subject to various risks, uncertainties and other factors. All statements other than statements and information of historical fact are forward-looking statements. The use of words such as “estimate”, “forecast”, “expect”, “project”, “plan”, “target”, “vision”, “goal”, “outlook”, “may”, “will”, “should”, “believe”, “intend”, “anticipate”, “potential”, and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on Sunshine’s experience, current beliefs, assumptions, information and perception of historical

trends available to Sunshine, and are subject to a variety of risks and uncertainties including, but not limited to those associated with resource definition and expected reserves and contingent and prospective resources estimates, unanticipated costs and expenses, regulatory approval, fluctuating oil and gas prices, expected future production, the ability to access sufficient capital to finance future development and credit risks, changes in Alberta's regulatory framework, including changes to regulatory approval process and land-use designations, royalty, tax, environmental, greenhouse gas, carbon and other laws or regulations and the impact thereof and the costs associated with compliance. Although Sunshine believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the assumptions and factors discussed in this announcement are not exhaustive and readers are not to place undue reliance on forward-looking statements as the Corporation's actual results may differ materially from those expressed or implied. Sunshine disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, subsequent to the date of this announcement, except as required under applicable securities legislation. The forward-looking statements speak only as of the date of this announcement and are expressly qualified by these cautionary statements. Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. For a full discussion of the Corporation's material risk factors, see the Corporation's annual information form for the year ended December 31, 2015 and risk factors described in other documents we file from time to time with securities regulatory authorities, all of which are available on the Hong Kong Stock Exchange at www.hkexnews.hk, on the SEDAR website at www.sedar.com or the Corporation's website at www.sunshineoilsands.com.