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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)*

**ISSUE OF SHARES UNDER GENERAL MANDATE
FOR SETTLEMENT OF TRADE CREDITOR**

By Order of the Board of Sunshine Oilsands Ltd.
Kwok Ping Sun
Executive Chairman

Hong Kong, September 11, 2018
Calgary, September 11, 2018

As at the date of this announcement, the Board consists of Mr. Kwok Ping Sun and Ms. Gloria Pui Yun Ho as executive directors; Mr. Michael John Hibberd, Mr. Hong Luo, Ms. Linna Liu and Ms. Xijuan Jiang as non-executive directors; and Mr. Raymond Shengti Fong, Mr. Jeff Jingfeng Liu, Ms. Joanne Yan and Mr. Yi He as independent non-executive directors.

**For identification purposes only*

Hong Kong (September 11, 2018) and **Calgary, Alberta** (September 11, 2018)-The Board of Directors (the “**Board**”) of Sunshine Oilsands Ltd. (the “**Corporation**” or “**Sunshine**”) (HKEX: 2012) wishes to announce the following:

ISSUE OF SHARES UNDER GENERAL MANDATE FOR SETTLEMENT OF TRADE CREDITOR

On September 11, 2018 in Hong Kong (September 11, 2018 in Calgary), the Corporation entered into Settlement Agreement with the Trade Creditor, being an Independent Third Party and a trade creditor to the Corporation, pursuant to which the Corporation will allot and issue the Relevant Shares to the Trade Creditor as full and final settlement of the Partial Trade Payable.

The Issue Price is HK\$0.159, which represents

- (i) a discount of approximately 18.55% as to the average closing price of HK\$0.195 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to and including September 10, 2018 (being the last trading day immediately preceding the signing of the Settlement Agreement); and
- (ii) a discount of approximately 15.87% to the closing price of HK\$0.189 per Share as quoted on the Hong Kong Stock Exchange on September 11, 2018.

There will be a lock-up period of 4 months from the date of Issuance under which the Trade Creditor undertake not to transfer and/or dispose of the Relevant Shares.

The Relevant Shares, which shall rank *pari passu* in all respect with the existing Shares, will be allotted and issued under the General Mandate. The Corporation will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Relevant Shares. Up to the date of this announcement, save as the placing of convertible bonds which upon fully conversion will be an insurance and allotment of 53,140,010 Shares per the announcement dated June 25, 2018, the Board has allotted and issued 14,322,500 Shares under the General Mandate. No shareholders' approval is required for the allotment and issue of the Relevant Shares.

Shareholders and potential investors should note that completion of the Issuance is subject to fulfilment of the conditions under the Settlement Agreement. As the Issuance may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE ISSUE OF THE RELEVANT SHARES

Pursuant to the Settlement Agreement entered into between the Corporation and the Trade Creditor on September 11, 2018 in Hong Kong (September 11, 2018 in Calgary), the Corporation will allot and issue the Relevant Shares at the Issue Price to the Trade Creditor as full and final settlement of the Partial Trade Payable.

THE RELEVANT SHARES

Assuming no further issue of new Shares or repurchase of Shares (other than those failing to be issued upon full exercise of the share options), the Relevant Shares represent (i) approximately 0.20% of the existing issued share capital of the Corporation as at the date of this announcement; and (ii) approximately 0.20% of the total enlarged issued share capital of the Corporation immediately following completion of the Issuance.

ISSUE PRICE

The Issue Price is HK\$0.159, which represents

- i. a discount of approximately 18.55% as to the average closing price of HK\$0.195 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to and including September 10, 2018 (being the last trading day immediately preceding the signing of the Settlement Agreement); and
- ii. a discount of approximately 15.87% to the closing price of HK\$0.189 per Share as quoted on the Hong Kong Stock Exchange on September 11, 2018.

It was arrived after arm's length negotiation between the Corporation and the Trade Creditor with reference to the market condition and the prevailing market price of the Shares.

LOCK-UP

There shall be a lock-up period of 4 months from the date of Issuance to the Trade Creditor under which the Trade Creditor undertake not to transfer and/or dispose of the Relevant Shares.

GENERAL MANDATE TO ISSUE THE RELEVANT SHARES

The Relevant Shares will be allotted and issued pursuant to the General Mandate and the issue of the Relevant Shares is not subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 1,195,831,634 Shares. As at the date of this announcement, save for the placing of convertible bonds which upon fully conversion will be an issuance and allotment of 53,140,010 Shares per the announcement dated June 25, 2018, the Board has allotted and issued 14,322,500 Shares under the General Mandate. No shareholders' approval is required for the allotment and issue of the Relevant Shares.

RANKING AND APPLICATION FOR LISTING

The Relevant Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the Completion Date. Application will be made to the Stock Exchange for the grant of the listing of, and permission to deal in the Relevant Shares.

CONDITIONS

Completion of the Settlement Agreement shall be subject to and conditional upon the following:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Relevant Shares; and
- (ii) all relevant approvals and consents from governmental or other competent authority or in accordance with applicable laws having been obtained, if necessary.

None of the above conditions are capable of being waived. In the event that the conditions of the Issuance are not fulfilled on or before September 25, 2018 (or such other time and date as may be agreed between the parties to the Settlement Agreement), the Settlement Agreement shall cease and determine and neither the Corporation nor the Trade Creditor shall have any obligations and liabilities under the Settlement Agreement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE CORPORATION

As at the date of this announcement, the Corporation has 5,993,480,672 Shares in issue. The shareholding structure of the Corporation as at the date of this announcement and immediately after completion of the Issuance (assuming that there are no other changes to the shareholding structure of the Corporation from the date of this announcement to the date of completion of the Issuance) are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after Completion of the Placing (assuming that there are no other changes to the shareholding structure of the Corporation from the date of this announcement to the date of completion of the Issuance)	
	Number of Shares	Approx. % of Shares	Number of Shares	Approx. % of Shares
Kwok Ping Sun	1,675,707,000	27.96%	1,675,707,000	27.90%
Trade Creditor	-	-	11,868,000	0.20%
Other public shareholders (excluding the Trade Creditor)	4,317,773,672	72.04%	4,317,773,672	71.90%
Total	5,993,480,672	100.00%	6,005,348,672	100.00%

Note

1. This figure has not included the 53,140,010 conversion shares per the Corporation's announcement dated June 25, 2018.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

As at the date of the Settlement Agreement, the Corporation has a trade payable balance of CDN\$ 346,449.49 with the Trade Creditor (approximately HK\$ 2,065,888.43), CDN\$30,000.00 will be settled by cash and an amount of CDN\$ 316,449.49 (approximately HK\$ 1,886,997.56), being the Partial Trade Payable, will be settled by the issuance of 11,868,000 Shares.

The Directors are of the view that the settlement of the Partial Trade Payable by way of Issuance would not result in significant cash outflow of the Corporation while reducing the indebtedness of the Corporation. Accordingly, the Directors consider that the terms of the Settlement Agreement are fair and reasonable and the Issuance is in the interests of the Corporation and its Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE CORPORATION IN THE PAST 12 MONTHS

Save as disclosed below, the Corporation has not conducted any other fundraising activities during the 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
June 07, 2017	Private placement of Common Shares under General Mandate	HK\$15,880,106 (approximately CDN\$2,742,669 ⁽¹⁾)	(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	HK\$15,880,106 (approximately CDN\$2,742,669 ⁽¹⁾) approximately 95% used as funds for development of existing business including funding operation costs and approximately 5% as general working capital
October 18, 2017	Private placement of Common Shares under General Mandate	HK\$2,296,228 (approximately CDN\$369,032.04 ⁽²⁾)	Settlement of indebtedness	HK\$2,296,228 (approximately CDN\$369,032.04 ⁽²⁾) – there is no actual cash inflow into the Corporation as the issuance of shares was to offset the indebtedness that Sunshine owes to its trade creditor

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
December 20, 2017	Private placement of Common Shares under General Mandate	HK\$15,880,115.1 (approximately CDN\$2,617,042.97 ⁽³⁾)	(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	HK\$15,880,115.1 (approximately CDN\$2,617,042.97 ⁽³⁾) - approximately 95% used as funds for development of existing business including funding operation costs and approximately 5% as general working capital
January 22, 2018	Private placement of Common Shares under General Mandate	HK\$21,835,040 (approximately CDN\$3,467,404.3 ⁽⁴⁾)	(i) for general working capital of the Corporation; and (ii) for repayment of shareholder's loan	HK\$21,835,040 (approximately CDN\$3,467,404.3 ⁽⁴⁾) approximately 92% used for repayment of shareholder's loan and 8% as general working capital
February 13, 2018	Private placement of Common Shares under General Mandate	HK\$28,286,303.6 (approximately CDN\$4,559,752.1 ⁽⁵⁾)	(i) for general working capital of the Corporation; and (ii) for repayment of shareholder's loan	HK\$28,286,303.6 (approximately CDN\$4,559,752.1 ⁽⁵⁾) approximately 48% used for repayment of shareholder's loan and 52% as general working capital
March 14, 2018	Private placement of Common Shares under General Mandate	HK\$25,096,942.5 (approximately CDN\$4,133,466.4 ⁽⁶⁾)	For settlement of indebtedness	HK\$25,096,942.5 (approximately CDN\$4,133,466.4 ⁽⁶⁾) - there is no actual cash inflow into the Corporation as the issuance of shares was to offset the indebtedness that Sunshine owes to its trade creditors
March 14, 2018	Private placement of Common Shares under General Mandate	HK\$4,996,299.50 (approximately CDN\$822,890.52 ⁽⁶⁾)	For settlement of indebtedness	HK\$4,996,299.50 (approximately CDN\$822,890.52 ⁽⁶⁾) - there is no actual cash inflow into the Corporation as the issuance of shares was to offset the indebtedness that Sunshine owes to its trade creditor

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
June 15, 2018	Private placement of Common Shares under General Mandate	HK\$6,583,710 (approximately CDN\$1,094,870.97 ⁽⁷⁾)	For settlement of partial trade payable	HK\$6,583,710 (approximately CDN\$1,094,870.97 ⁽⁷⁾) – there is no actual cash inflow into the Corporation as the issuance of shares was to offset the partial trade payable that Sunshine owes to its trade creditor
July 5, 2018	Private placement of Convertible Bonds under General Mandate	HK\$10,917,500 (approximately CDN\$ 1,829,773 ⁽⁸⁾)	For general working capital	HK\$10,917,500 (approximately CDN\$ 1,829,773 ⁽⁸⁾) –100% as general working capital
July 16, 2018	Private placement of Common Shares under General Mandate	HK\$2,749,920 (approximately CDN\$461,436.58 ⁽⁹⁾)	For settlement of partial trade payable	HK\$2,749,920 (approximately CDN\$461,436.58 ⁽⁹⁾) – there is no actual cash inflow into the Corporation as the issuance of shares was to offset the partial trade payable that Sunshine owes to its trade creditor

Notes

1. Based on the Bank of Canada's nominal noon exchange rate (as at July 7, 2017) of CDN\$1.00 =HK\$5.79
2. Based on the Bank of Canada's nominal noon exchange rate (as at October 17, 2017) of CDN\$1.00 =HK\$6.2223
3. Based on the Bank of Canada's nominal noon exchange rate (as at December 19, 2017) of CDN\$1.00 =HK\$6.0667
4. Based on the Bank of Canada's nominal noon exchange rate (as at January 21, 2018) of CDN\$1.00 =HK\$6.2972
5. Based on the Bank of Canada's nominal noon exchange rate (as at February 12, 2018) of CDN\$1.00 =HK\$6.2035
6. Based on the Bank of Canada's nominal noon exchange rate (as at March 13, 2018) of CDN\$1.00 =HK\$6.0716
7. Based on the Bank of Canada's nominal noon exchange rate (as at June 14, 2018) of CDN\$1.00 =HK\$6.013
8. Based on the Bank of Canada's nominal noon exchange rate (as at July 4, 2018) of CDN\$1.00 =HK\$5.967
9. Based on the Bank of Canada's nominal noon exchange rate (as at July 13, 2018) of CDN\$1.00 =HK\$5.959

Shareholders and potential investors should note that completion of the Issuance is subject to fulfilment of the conditions under the Settlement Agreement. As the Issuance may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Completion”	completion of the Issuance
“Completion Date”	the date of Completion
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Trade Creditor”	Green Oilfield Services Ltd., a company incorporated in Canada with limited liability, an Independent Third Party and a trade creditor to the Corporation
“Settlement Agreement”	the agreement dated September 11, 2018 and entered into by the Corporation with Trade Creditor, in relation to the settlement of trade payable due from the Corporation to Trade Creditor
“Director(s)”	the director(s) of the Corporation
“General Mandate”	the general mandate obtained from the shareholders of the Corporation at the annual general meeting held on 25 June 2018 (Hong Kong time) and 24 June 2018 (Calgary time) of the Corporation authorizing the Directors to allot and issue up to 20% of the issued and outstanding shares of the Corporation as at the date of the annual general meeting
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party”	independent third party who is not a connected person (as defined in the Listing Rules) of the Corporation and is independent of and not connected with the connected persons of the Corporation
“Issuance”	the allotment and issue of the Relevant Shares to the Trade Creditor in accordance with the terms and conditions of the Settlement Agreement

“Issue Price”	HK\$0.159 per Relevant Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Partial Trade Payable”	CDN\$316,449.49 (approximately HK\$ 1,886,997.56), being the amount of the Partial Trade Payable outstanding as at the date of the Settlement Agreement due from the Corporation to the Trade Creditor
“Relevant Share(s)”	11,868,000 new Shares, which represents the amount of Partial Trade Payable divided by the Issue Price to be allotted and issued by the Corporation to the Trade Creditor on Completion Date
“Shares” or “Common Shares”	the Class A common voting shares of the Corporation that is listed on the Stock Exchange
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“CDN\$”	Canadian dollars, the lawful currency of Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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. 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 of 5,000 barrels per day.

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FORWARD LOOKING INFORMATION

This announcement contains forward-looking information relating to, among other things, 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 the Corporation’s experience, current beliefs, assumptions, information and perception of historical trends available to the Corporation, 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 the Corporation 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. The Corporation 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, 2017 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 on the Corporation’s website at www.sunshineoilsands.com.