阳光油砂
SUNSHINE OILSANDS LTD.

SUNSHINE OILSANDS LTD.
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)

PROPOSED SHARE CONSOLIDATION
AND
CHANGE IN BOARD LOT SIZE

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

Hong Kong, January 3, 2020
Calgary, January 3, 2020

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, Ms. Linna Liu and Ms. Xijuan Jiang as non-executive directors; and Mr. Yi He, Mr. Alfa Li and Mr. Guangzhong Xing as independent non-executive directors.

**For identification purposes only*

Hong Kong (January 3, 2020) / **Calgary, Alberta** (January 3, 2020) - The Board of Directors (the "**Board**") of Sunshine Oilsands Ltd. (the "**Corporation**" or "**Sunshine**") (HKEX: 2012) wishes to announce the following:

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every fifty (50) Existing Shares will be consolidated into one (1) Consolidated Share. The total number of Consolidated Shares in the issued share capital of the Corporation immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fractional Shares of the Corporation arising from the Share Consolidation. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 500 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares. The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation. A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size, and the notice convening the SGM is expected to be dispatched to the Shareholders on or about Wednesday, January 22, 2020.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" below. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every fifty (50) Existing Shares will be consolidated into one (1) Consolidated Share. The total number of Consolidated Shares in the issued share capital of the Corporation immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fractional Shares of the Corporation arising from the Share Consolidation. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the SGM.

Conditions of the proposed Share Consolidation

The Share Consolidation is conditional upon the following conditions:

(i) the passing of a special resolution to approve the Share Consolidation by the Shareholders at the SGM;

(ii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation and the Consolidated Shares which may fall to be allotted and issued upon exercise of each of the Existing Share Options and the Convertible Bonds upon the Share Consolidation becoming effective;

(iii) the compliance with the relevant procedures and requirements under the laws of the Business Corporations Act (where applicable) and the Listing Rules to effect the Share Consolidation; and

(iv) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the next Business Day immediately following the date of passing the ordinary resolution approving the Share Consolidation at the SGM.

Effects of the proposed Share Consolidation

As at the date of this announcement, 6,405,581,506 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the Effective Date, not less than 128,111,630 Consolidated Shares will be in issue.

Status of the Consolidated Shares

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Corporation or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

As at the date of this announcement, the Corporation has no intention to carry out other corporation actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size.

Listing application

An application will be made by the Corporation to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares arising from the Share Consolidation and the Consolidation Shares which may fall to be allotted and issued upon exercise of each of the Existing Share Options and the Convertible Bonds upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Corporation. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 500 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK$0.054 per Existing Share (equivalent to the theoretical closing price of HK$2.7 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK$27; (ii) the value of each board lot of 500 Consolidated Shares would be HK$1,350 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 1,000 Consolidated Shares would be HK$2,700 assuming that the Change in Board Lot Size had also been effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

According to the rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK$0.01 or HK$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities.

The Board considers that the proposed Share Consolidation, resulting in HK$2.7 per Consolidated Share (based on the current closing price of HK$0.054 per Existing Share as at the date of the announcement), would enable the Corporation to comply with the trading requirements under the Listing Rules. Also, the Board believes that trading price per Share above HK$1.00 will enhance the corporate image of the Corporation.

It is expected that the Share Consolidation and Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. With a higher trading price of the Consolidated Shares and reduction in the transaction and handling costs as a proportion of the market value of each board lot, the Board believes that it will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus further broaden the shareholder base of the Corporation.

In view of the above reasons, the Corporation considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Corporation and the Shareholders as a whole.

OTHER ARRANGEMENTS

Arrangement on odd lot trading

In order to alleviate the difficulties arising from the existence of odd lots of Shares as a result of the Share Consolidation and/or the Change of Board Lot Size, the Corporation will appoint a licensed securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, February 26, 2020, being a clear business day after the day immediately following the SGM, the Shareholders may during the period from Wednesday, February 26, 2020 to Thursday, April 2, 2020 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of orange) to the Corporation's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre,183 Queen's Road East, Wan Chai, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of purple) at the expense of the Corporation.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment by the Shareholder of a fee of HK$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) for each share certificate for the Existing Shares submitted for cancellation or HK$2.5 for each new share certificate issued for the Consolidated Shares, whichever the total fee is higher.

After 4:10 p.m. on Tuesday, March 31, 2020, only the Consolidated Shares will be traded on the Stock Exchange. Share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates of the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

ADJUSTMENTS TO THE EXISTING SHARE OPTIONS AND THE CONVERTIBLE NOTES

As at the date of this announcement, there are (i) the Existing Share Options entitling the holders thereof to subscribe for up to an aggregate of 458,284,442 Existing Shares; and (ii) the Convertible Bonds entitling the holders thereof to convert into up to 998,958,680 Existing Shares. The Directors will determine if any adjustments are required to be made in respect of the above as a result of the Share Consolidation. The Corporation will make further announcement(s) about the adjustment(s) in due course if and when appropriate.

Save as disclosed above, as at the date of this announcement, the Corporation has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is as follows:

Event		Time and Date
Record Date for ascertaining Shareholders who are qualified for attending and voting at the SGM		Friday, January 17, 2020
Despatch date of circular with notice/proxy of the SGM		Wednesday, January 22, 2020
Latest time and date for lodging the proxy forms for the SGM		9:00 a.m. on Saturday, February 22, 2020
Date and Time of the SGM		9:00 a.m. on Monday, February 24, 2020
Publication of announcement of voting results of the SGM		Monday, February 24, 2020

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation:

Effective date of the Share Consolidation		Wednesday, February 26, 2020
Dealing in the Consolidated Shares commences		9:00 a.m. on Wednesday, February 26, 2020
First day for free exchange of Existing Share certificates for new share certificates for the Consolidated Shares		Wednesday, February 26, 2020
Original counter for trading in the Existing Shares in board lots of 500 Existing Shares (in form of Existing Share certificates) temporarily closes		9:00 a.m. on Wednesday, February 26, 2020

Temporary counter for trading in the Consolidated Shares in board lots of 10 Consolidated Shares (in the form of Existing Share certificates) opens		9:00 a.m. on Wednesday, February 26, 2020
Original counter for trading in the Consolidated Shares in new board lots of 1,000 Consolidated Shares (in the form of new share certificates) re-opens		9:00 a.m. on Wednesday, March 11, 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and Existing Share certificates) commences		9:00 a.m. on Wednesday, March 11, 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares		9:00 a.m. on Wednesday, March 11, 2020
Temporary counter for trading in the Consolidated Shares in board lots of 10 Consolidated Shares (in the form of Existing Share certificates) closes		4:10 p.m. on Tuesday, March 31, 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and Existing Share certificates) ends		4:10 p.m. on Tuesday, March 31, 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares		4:10 p.m. on Tuesday, March 31, 2020
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares		4:10 p.m. on Thursday, April 2, 2020

The expected timetable set out above is subject to the results of the SGM and is therefore for indicative purpose only. All times and dates in this announcement refer to Hong Kong local times and dates. Any changes to the expected timetable will be announced in a separate announcement by the Corporation as and when appropriate.

GENERAL

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions relating to the proposed Share Consolidation at the SGM.

A circular containing, among other things, information regarding the proposed Share Consolidation and the notice of the SGM is expected to be despatched to the Shareholders on or about Wednesday, January 22, 2020.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the proposed Share Consolidation" above in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

In this announcement, the following terms shall have the meanings ascribed to them below unless the context otherwise requires:

"Board"	the board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for general business in Hong Kong
"CCASS"	the Central Clearing and Settlement System established and operated by the HKSCC
"Change in Board Lot Size"	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 500 Existing Shares to 1,000 Consolidated Shares
"Corporation"	Sunshine Oilsands Ltd., a corporation incorporated under the Business Corporations Act of the Province of Alberta, Canada with limited liability
"Consolidated Share(s)"	the Class "A" Common Voting Share(s) of the Corporation immediately after the Share Consolidation becoming effective
"Convertible Bonds"	the fixed rate convertible bonds in an aggregate principal amount of USD 10,450,000, further particulars of which are set out in the announcements of the Corporation dated June 16, 2019 and June 17, 2019
"CDN$"	Canadian dollars, the lawful currency of Canada

“Director(s)”	the director(s) of the Corporation
“Existing Share(s)”	the Class "A" Common Voting Share(s) of the Corporation prior to the Share Consolidation being effective
“Existing Share Options”	the share options granted to certain eligible participants pursuant to the Post IPO Share Option Scheme of the Corporation adopted on January 26, 2012 and subsequently amended by (i) a resolution passed at the Corporation's annual general meeting and special meeting of Shareholders held on May 7, 2013; and (ii) a resolution of the Board on June 13, 2013, conferring the holders thereof the rights to subscribe for up to 458,284,442 Existing Shares as at the date of this announcement
“Effective Date”	the date on which the Share Consolidation shall become effective, being the next Business Day immediately following the date of the passing of the ordinary resolution approving the Share Consolidation at the SGM
“Existing Share(s)"	the Class “A” Common Voting Share(s) of the Corporation before the Share Consolidation becomes effective
"Group"	the Corporation and its subsidiaries
“HK$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong"	the Hong Kong Special Administrative Region of the People’s Republic of China
"HKSCC"	Hong Kong Securities Clearing Company Limited
“Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Consolidation”	the proposed share consolidation of every fifty (50) issued Existing Shares into one (1) Consolidated Share and the proposed rounded down of the total number of Consolidated Shares to a whole number by cancelling any fractional Shares of the Corporation arising from the Share Consolidation
“SGM"	a special general meeting to be convened and held for the purpose of considering, and if thought fit, approving, the Share Consolidation

“Share(s)”	the Class "A" Common Voting Share(s) of the Corporation
“Shareholders"	holder of the shares of the Corporation
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"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, 2018 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.