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)

(Stock code: 2012)
(Stock Code for temporary counter for trading in the consolidation shares: 2981)

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, February 27, 2020
Calgary, February 27, 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 (February 27, 2020) / **Calgary, Alberta** (February 27, 2020) - 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 Hong Kong (February 27, 2020) / Calgary, Alberta (February 27, 2020), the Corporation entered into the 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$1.31, which represents

(i) a discount of approximately 10% on the average closing price of HK$1.46 per Share (calculated on a post share consolidation basis) based on the average closing price quoted on the average closing price quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to and including February 26, 2020; and

(ii) a discount of approximately 0.45% to the closing price of HK$1.32 per Share as quoted on the Hong Kong Stock Exchange on February 27, 2020.

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. Under the General Mandate, the Board is authorized to issue 1,227,169,324 Shares (theoretically, equivalent to 24,543,386 Shares after share consolidation). Up to the date of this announcement, the Board has allotted and issued 247,954,980 Shares (equivalent to 4,959,099 Shares after share consolidation) 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.

ISSUANCE OF RELEVANT SHARES

Pursuant to the Settlement Agreement entered into between the Corporation and the Trade Creditor on Hong Kong (February 27, 2020) / Calgary, Alberta (February 27, 2020), 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 1.13% of the existing issued share capital of the Corporation as at the date of this announcement; and (ii) approximately 1.11% of the total enlarged issued share capital of the Corporation immediately following completion of the Issuance.

ISSUE PRICE

The Issue Price is HK$1.31, which represents

(i) a discount of approximately 10% on the average closing price of HK$1.46 per Share (calculated on a post share consolidation basis) based on the average closing price quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to and including February 26, 2020; and

(ii) a discount of approximately 0.45% to the closing price of HK$1.32 per Share as quoted on the Hong Kong Stock Exchange on February 27, 2020.

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.

GENERAL MANDATE TO ISSUE 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. Under the General Mandate, the Board is authorized to issue 1,227,169,324 Shares (theoretically, equivalent to 24,543,386 Shares after share consolidation). Up to the date of this announcement, the Board has allotted and issued 247,954,980 Shares (equivalent to 4,959,099 Shares after share consolidation) 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 March 12, 2020 (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 128,111,630 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:

	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)**	
Name of Shareholders	**Number of Shares**	**Approx. % of Shares**	**Number of Shares**	**Approx. % of Shares**
Kwok Ping Sun	36,308,540	28.34%	36,308,540	28.03%
Trade Creditor	-	-	1,443,000	1.11%
Other public shareholders (excluding the Trade Creditor)	91,803,090	71.66%	91,803,090	70.86%
Total	**128,111,630** *(1)*	**100.00%**	**129,554,630** *(1)*	**100.00%**

Note:

(1) *The above figure does not include 990,347,263 new Shares (equivalent to approximately 19,979,685 new consolidated Shares after share consolidation) to be allotted and issued upon the full conversion of the CB pursuant to the Subscription Agreement per the announcement dated June 16, 2019, supplemented by the announcement dated June 17, 2019 and the announcement dated February 26, 2020.*

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$ 368,670.19 with the Trade Creditor, this Trade Payable will be settled by cash and the remaining balance of CDN$323,670.19 (approximately HK$ 1,896,134.68), being the Partial Trade Payable , will be fully settled by the Issuance.

The Directors are of the view that the settlement of the 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 17, 2019	Private placement of convertible bonds under General Mandate	HK$ 81,406,545 (approximately USD 10,450,000 (1))	For general working capital and capital expenditure for West Ells project	USD$ 10,450,000 (1) – 100% for general working capital and capital expenditure for West Ells project
July 11, 2019	Private placement of Common Shares under General Mandate	HK$2,003,750. (approximately CDN$135,640.57 (2))	For payment of director fees to certain Directors	CDN$ 335,602.95 (2) – there is no actual cash inflow into the Corporation as the issuance of shares was to offset the entire Connected Director fee
August 16, 2019	Private placement of Common Shares under General Mandate	HK$4,442,166.93 (approximately CDN$754,724.16)	For settlement of debt	HK$4,442,166.93 – there is no actual cash inflow into the Corporation as the issuance of shares was to settle the debt
August 22, 2019	Private placement of Common Shares under General Mandate	HK$7,088,040 (approximately CDN$1,200,000 (3))	For settlement with trade creditor	CDN$1,200,000 (3) – there is no actual cash inflow into the Corporation as the issuance of shares was to settle the trade payable

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
October 17, 2019	Private placement of Common Shares under General Mandate	HK$2,376,846.73 (approximately CDN$402,875.52 (4))	For settlement with trade creditor	CDN$402,875.52 (4) – there is no actual cash inflow into the Corporation as the issuance of shares was to settle the trade payable
December 16, 2019	Private placement of Common Shares under General Mandate	HK$2,705,752.6 (approximately CDN$456,998.40 (5))	For settlement with trade creditor	CDN$456,998.40 (5) – there is no actual cash inflow into the Corporation as the issuance of shares was to settle the trade payable

Notes

1. *Based on the exchange rate quoted by The Hong Kong and Shanghai Banking Cooperation Limited on June 16, 2019*
2. *Based on the Bank of Canada's nominal noon exchange rate (as at July 10, 2019) of CDN$1.00 =HK$5.9706.*
3. *Based on the Bank of Canada's nominal noon exchange rate (as at August 21, 2019) of CDN$1.00 =HK$5.9067.*
4. *Based on the Bank of Canada's nominal noon exchange rate (as at October 16, 2019) of CDN$1.00 =HK$5.8997.*
5. *Based on the Bank of Canada's nominal noon exchange rate (as at December 15, 2019) of CDN$1.00 =HK$5.9207.*

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”	Blue Ray Trucking 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 February 27, 2020 (Calgary time) and entered into by the Corporation with Trade Creditor, in relation to the settlement of the 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 June 24, 2019 (Hong Kong time) and June 23, 2019 (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$1.31 per Relevant Share
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Partial Trade Payable"	CDN$323,670.19, 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)"	1,443,000 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
"Share Consolidation"	share consolidation of every fifty (50) issued Existing Shares into one (1) Consolidated Share and the rounded down of the total number of Consolidated Shares to a whole number by cancelling any fraction in the issued share capital of the Corporation arising from the Share Consolidation, effective from February 26, 2020
"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, 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.