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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sunshine Oilsands Ltd., you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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阳光油砂

SUNSHINE OILSANDS LTD.

陽光油砂有限公司*

*(a corporation incorporated under the Business Corporation Act of
the Province of Alberta, Canada with limited liability)*
(HK stock code: 2012)

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Calgary, AB, T2S 3E6
Canada
Telephone: 1-403-984-1450

**ISSUE OF SHARES UNDER SPECIFIC MANDATE
FOR SETTLEMENT OF DEBTS**

AND

NOTICE OF SPECIAL MEETING

Meeting Date: January 13, 2026 at 11:30 a.m. (Hong Kong time) /

January 12, 2026 at 8:30p.m. (Calgary time)

December 19, 2025

** for identification purpose only*

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DEFINITIONS

In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“associate(s)”	has the same meaning as ascribed to it under the Takeovers Code, unless the contexts otherwise specify
“Board”	the board of Directors
“Business Day”	a day (except Saturday, and Sunday and public holiday) on which banks in Hong Kong are open for business
“CDN\$”	Canadian dollars, the lawful currency of Canada
“Completion”	completion of the Issuance
“Completion Date”	Date of Completion
“connected person(s)”	Has the meanings as ascribed thereto under the Listing Rules
“Sunshine” or “Company”	Sunshine Oilsands Ltd., a corporation incorporated under the Business Corporations Act of the Province of Alberta, Canada, the Shares of which are listed on the Main Board of the Stock Exchange
“Creditor(s)”	the Creditors are, namely, (i) Union Green; (ii) Happiness Sino; (iii) HongKong Base Power and (iv) Yes Garden.
“Debt Payable(s)”	HK\$60,200,000 (approximately CDN\$10,860,153), being the aggregate amount of the Debt Payable outstanding as at the date of the Settlement Agreements due from the Company to each of the Creditors
“Director(s)”	the Directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People Republic of China
“HongKong Base Power”	HongKong Base Power Technology Co., Limited, being a corporation incorporated in Hong Kong, is wholly owned by Chen Jiongliang.
“Happiness Sino”	Happiness Sino Limited, being a corporation incorporated in Hong Kong with limited liability, is wholly owned by Huang Ninghao.
“independent third party(ies)”	independent third parties who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and its Directors, chief executives and Substantial Shareholders of the Company or any of its subsidiaries or their respective associates

“Issuance”	the allotment and issue of the Relevant Shares to each of the Creditors in accordance with the terms and conditions of the respective Settlement Agreements
“Issue Price”	HK\$0.43 per Relevant Share
“Latest Practicable Date”	December 9, 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining the information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, but (solely for the purpose of the Settlement Agreements) excluding Hong Kong and Macau Special Administrative Regions and Taiwan Regions
“Relevant Shares”	140,000,000 new Shares to be issued by the Corporation to the Creditors pursuant to the Settlement Agreement
“Share(s)”	the Class “A” Common Voting share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Class “A” Common Voting Share(s)
“SM” or “Special Meeting”	the special meeting of the Company to be convened and held for the purposes of considering and, if thought fit, approving the Settlement Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Settlement Agreement(s)”	the settlement agreements all dated October 22, 2025 (Hong Kong time) and entered into between the Company with each of the Creditors, in relation to the settlement of Debt Payable due from the Company to the Creditors
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the SM for the allotment and issuance of the Relevant Shares to the Creditors upon Completion
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Union Green”	Union Green Energy Hong Kong Industrial Co., Limited, being a corporation incorporated in Hong Kong with limited liability, is wholly owned by Chen Jiongliang
“Yes Garden”	Yes Garden Holdings Ltd., being a corporation incorporated in British Virgin Islands with limited liability, is wholly owned by *Zhou Huiming
“%”	per cent.

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL MEETING

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阳光油砂

SUNSHINE OILSANDS LTD.

陽光油砂有限公司*

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

(HK Stock Code: 2012)

NOTICE OF SPECIAL MEETING

TO BE HELD AT 11:30 A.M. ON JANUARY 13, 2026 (HONG KONG TIME)

AND 8:30P.M. ON JANUARY 12, 2026 (CALGARY TIME)

NOTICE IS HEREBY GIVEN that a special meeting (the “SM”, the “**Special Meeting**” or the “**Meeting**”) of the holders (the “**Shareholders**”) of Class “A” Common Voting Shares (the “**Shares**”) of Sunshine Oilsands Ltd. (“**Sunshine**” or the “**Company**”) will be held at 21st Floor, CMA Building, 64 Connaught Road Central, Hong Kong on January 13, 2026 at 11:30 a.m. (Hong Kong Time) / January 12, 2026 at 8:30p.m. (Calgary Time), for the purpose of considering and, if thought fit, passing the following resolution(s) with or without amendments, as ordinary resolution(s) of the Company.

Capitalized terms used herein without definition shall have the same meanings as in the circular issued by the Company dated December 19, 2025 (the “**Circular**”), unless the context otherwise requires:

ORDINARY RESOLUTION(S)

1. “BE IT RESOLVED THAT:

- a) the Issuance (as defined in the Circular) of Relevant Shares under the Settlement Agreements (as defined in the Circular), copies of these Settlement Agreements have been produced at the Special Meeting of the Company marked “A” and signed by the Chairman of the Special Meeting for the purposes of identification, be and are hereby approved;
- b) the execution of the Settlement Agreements and any other agreements, documents and actions taken or to be taken in connection with the Issuance (including the allotment and issuance of the Relevant Shares by the Company) by any Director of the Company, be and are hereby approved, confirmed and ratified;

** for identification purpose only*

- c) any Director be and is hereby authorized to do all acts and things and execute any agreements, deeds, instruments and any other documents, under hand or under seal, or make such arrangement as he/she may determine to be appropriate, necessary or desirable to give effect to or in connection with the Issuance and allotment of Relevant Shares and, subject to and in accordance with the applicable law and regulations, to approve and make such immaterial variation, amendment, supplement or waiver of immaterial matters relating to the Issuance and allotment of the Relevant Shares in the interests of the Company and its Shareholders as a whole; and
- d) subject to and conditional upon (i) the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Relevant Shares; and (ii) the fulfillment of other conditions precedent as set out in the Settlement Agreements, the unconditional specific mandate be granted to the Directors to exercise the powers of the Company to allot, issue and deal with the Relevant Shares pursuant to the Settlement Agreements be and is hereby confirmed and approved.”

Time and venue of the Special Meeting

The Special Meeting will be held and started at 11:30 a.m. on January 13, 2026 (Hong Kong time) / at 8:30p.m. on January 12, 2026 (Calgary time) at 21st Floor, CMA Building, 64 Connaught Road Central, Hong Kong.

Registered Shareholders

If you hold Shares in your own name, you are a registered shareholder of the Company (“**Registered Shareholder**”). As a Registered Shareholder, if you are unable to attend the Special Meeting in person and wish to ensure that your Shares are voted at the Special Meeting, you must complete, date and sign the enclosed form of proxy and deliver it in accordance with the instructions set out in the form of proxy and in the Circular. Such form of proxy is also published on the HKEX news’ website of the Hong Kong Exchanges and Clearing Limited at www.HKEXnews.hk and the website of the Company at www.sunshineoilsands.com.

Beneficial Shareholders

If your Shares are held in an account with a brokerage firm or an intermediary (i.e. a broker, investment firm, clearing house or a similar entity), you are a beneficial shareholder of the Company (“**Beneficial Shareholder**”). Beneficial Shareholders should follow the instructions set out in the voting instructions form or other form of proxy provided by your intermediaries to ensure that your Shares will be voted at the Special Meeting.

Record Date

All Registered Shareholders as at 4: 30 p.m. on December 12, 2025 (Hong Kong Time) and 4: 30 p.m. on December 12, 2025 (Calgary time), as the case may be (the “**Record Date**”), may vote in person at the Special Meeting or any adjournments thereof, or they (including a Beneficial Shareholder) may appoint another person (who need not be a Shareholder) as their proxy to attend and vote in their place.

Delivery of Proxy

Shareholders who receive this Circular and other accompanying meeting materials from the Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, and who are unable to present at the Special Meeting are requested to date and sign the enclosed form of proxy and return it to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in the enclosed envelope provided for that purpose.

Shareholders who receive this Circular and other accompanying meeting materials from the Company's share registrar in Canada, being Odyssey Trust Company, and who are unable to present at the Special Meeting are requested to date and sign the enclosed form of proxy and return it to the Proxy Department of Odyssey Trust Company at Suite 1100 Trader's Bank Building, 67 Yonge St, Toronto, ON M5E 1J8, in the enclosed envelope provided for that purpose.

In order to be valid, the Proxy must be completed, signed, dated and deposited, as applicable:

- (a) if the Shareholder is on the Hong Kong register, at the office of the Company's share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, during regular business hours, at least 48 hours before the Special Meeting (Hong Kong time) excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 11:30 a.m. on January 9, 2026 (Hong Kong time) prior to the time of the Meeting or any adjournment thereof) or, deposited with the Chairman of the Meeting on the day of the Meeting prior to the commencement of the Meeting; or
- (b) if the Shareholder is on the Canada register, at the office of the proxy department of Odyssey Trust Company, at Suite 1100 Trader's Bank Building, 67 Yonge St, Toronto, ON M5E 1J8, during regular business hours, by no later than 48 hours before the Special Meeting (Toronto time) excluding Saturdays, Sundays and public holidays in Toronto (i.e. 4:30 p.m. on January 8, 2026 (Toronto time)) prior to the time of the Meeting or any adjournment thereof.

Results of the Special Meeting

The votes to be taken at the Special Meeting will be taken by poll, the result of which will be published on the websites of the Company and the Stock Exchange after the Meeting.

**BY ORDER OF THE BOARD OF DIRECTORS
SUNSHINE OILSANDS LTD.**

(signed) "Kwok Ping Sun"

Kwok Ping Sun

Executive Chairman

Calgary, Alberta, December 19, 2025

Hong Kong, December 19, 2025

Notes:

- 1. Any shareholder entitled to attend and vote at the Special Meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of his/her/it. A shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder of the Company but must be present in person at the Meeting to represent the Shareholder. Completion and return of the form of Proxy will not preclude a Shareholder from attending the Meeting and voting in person. In such event, his/her/its form of Proxy will be deemed to have been revoked.*
- 2. The proxy must be dated and must be executed by the Shareholder or his attorney authorized in writing or, if the Shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized. A copy of such authorization should accompany the proxy. Persons signing as executors, administrators, trustees, etc. should so indicate. If this Proxy is not dated, it shall be deemed to bear the date on which it was mailed to the Shareholder by the Company.*
- 3. Where there are joint holders of any Share, any one of such joint holders may appoint the chair of the Special Meeting to vote, in respect of such Share as if he/she/it was solely entitled thereto.*

As at the date of this notice, the Board consists of Mr. Kwok Ping Sun and Ms. Gloria Pui Yun Ho as executive directors; Mr. Michael John Hibberd, Ms. Xijuan Jiang and Mr. Yonglan Chen as non-executive directors; and Mr. Yi He, Mr. Guangzhong Xing and Ms. Jue Pang as independent non-executive directors.

LETTER FROM THE BOARD



阳光油砂

SUNSHINE OILSANDS LTD.

陽光油砂有限公司*

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

(HK stock code: 2012)

270, 333 24th Avenue SW

Calgary, AB, T2S 3E6

Canada

Telephone: 1-403-984-1450

December 19, 2025

*To the Shareholders
of the Company*

Dear Sir / Madam,

i.ISSUE OF SHARES UNDER SPECIFIC MANDATE FOR SETTLEMENT OF DEBTS

AND

ii.NOTICE OF SPECIAL MEETING

INTRODUCTION

Reference is made to the announcement dated October 22, 2025 (Hong Kong time) October 22, 2025 (Calgary time) issued by the Company in relation to, among other matters, the entering into the Settlement Agreements between the Company and the Creditors, pursuant to which the Company will allot and issue the Relevant Shares to the Creditors as full and final settlement of the Debt Payable owed to each of the Creditors.

The purpose of this circular is to provide the Shareholders with, among other things, (i) details of Issuance, the Settlement Agreements and the transactions contemplated thereunder; and (ii) the notice of Special Meeting together with the Proxy to the Shareholders to consider and if thought fit, to approve the Issuance, the grant of the Specific Mandate for the allotment and issuance of the Relevant Shares and the transactions contemplated thereunder.

** for identification purpose only*

SETTLEMENT AGREEMENTS

DATE

October 22, 2025 (Hong Kong Time)

PARTIES

(i) the Company; and

(ii) each of the Creditors, namely (a) Union Green; (b) Happiness Sino; (c) HongKong Base Power and (d) Yes Garden

As at the Latest Practical Date, saved as the beneficial owner of Yes Garden, *Zhou Huiming, directly held 4,100,000 shares, (representing 0.72% of the total issued share capital) and the beneficial owner of Union Green and HongKong Base Power, Chen Jiongliang, directly held 10,000,000 shares (representing 1.75% of the total issued share capital) of the Company respectively, to the best of Directors' knowledge, information and belief, having made all reasonable enquiries, all other Creditors and their respective ultimate beneficial owners (if applicable) are independent of and not connected with the Company, the connected persons of the Company and their respective associates.

ISSUE PRICE

The Issue Price is HK\$0.43, which represents:

- i. at par with the closing price of HK\$0.43 per Share as quoted on the Stock Exchange on October 22, 2025;
- ii. a discount of approximately 3.80% over the average closing price of approximately HK\$0.447 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ending on October 21, 2025;
- iii. a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 0.7% of the theoretical diluted price of HK\$0.444 per Share to the benchmarked price of HK\$0.447 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the date of the announcement of HK\$0.43 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of the announcement of HK\$0.447 per Share); and
- iv. a cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the settlement dated April 28, 2025 represented by a discount of approximately 0.9%, represented by the cumulative theoretical diluted price of approximately HK\$0.436 per Share to the theoretical benchmarked price of HK\$0.44 per Share in respect of the settlement dated April 28, 2025 (as defined under Rule 7.27B of the Listing Rules).

It was arrived after arm's length negotiation between the Company and each of the Creditors with reference to the market condition and the prevailing market price of the Shares. The Directors consider that the Issue Price and the terms of each of the Settlement Agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

THE RELEVANT SHARES

The 140,000,000 Relevant Shares represents approximately 24.50% of the issued share capital of the Company of 571,354,444 Shares as at the Latest Practicable Date, and approximately 19.68% of the issued share capital of the Company as enlarged by the issue of 140,000,000 Relevant Shares. Assuming that there will be no change in the issued share capital of the Company (other than the issue of the Relevant Shares) between the Latest Practicable Date and the Completion.

SPECIFIC MANDATES

The Relevant Shares will be issued pursuant to the Specific Mandate to be sought from the Shareholders at the SM. The Specific Mandate, if approved, will be valid until the Completion of the Settlement Agreements or the transactions contemplated thereunder.

RANKING

The Relevant Shares, when issued and fully paid, will rank *pari passu* among themselves and with all existing Shares presently in issue and at the time of allotment and issuance of the Relevant Shares. Application will be made to the Stock Exchange for the grant of the listing of, and permission to deal in the Relevant Shares.

CONDITION PRECEDENT

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

- i. the duly passing of the resolution(s) at the SM by the Shareholders approving the Settlement Agreements and the transactions contemplated thereunder and the issue of the Relevant shares under the Specific Mandate in accordance with the Listing Rules;
- ii. The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Relevant Shares; and
- iii. 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 February 27, 2026 (Hong Kong time) (or such other time and date as may be agreed between the parties to the Settlement Agreements), the Settlement Agreements shall cease and determine and neither the Company nor the Creditors shall have any obligations and liabilities under the Settlement Agreements.

Completion of each of the Settlement Agreements is not inter-conditional with each other. If any Settlement Agreement does not complete for any reason, the other Settlement Agreements may still proceed to Completion.

COMPLETION

Completion shall take place (unless otherwise agreed) on or before February 27, 2026 following satisfaction of the condition precedent set out above.

The Company and the Creditors shall use their respective best endeavor to procure the fulfilment of the conditions set out above on or February 27, 2026 (Hong Kong time). If the above conditions are not fulfilled by 5:00 p.m. on February 27, 2026 (Hong Kong time) (or such other date as agreed between the Company and the Creditors in writing), the Settlement Agreements shall forthwith cease and terminate and neither the Company nor the Creditors shall have any claim against each other, save for any antecedent breach.

As at the Latest Practicable Date, none of the condition precedent set out above have been fulfilled.

REASONS FOR AND BENEFITS OF THE ISSUANCE

As at the date of the Settlement Agreements, the Company has an aggregate of Debt Payable balance of HK\$ 60,200,000 (approximately CDN\$ 10,860,153 ⁽¹⁾) with the Creditors. This Debt Payable will be settled by the issuance of 140,000,000 Shares. These debts were related to debt agreements dated 15 June 2023, 30 September 2023 and 21 December 2023, a term of three years, unsecured, with an annual interest rate of 10%. The borrowings were used for general working capital.

As of 30 September 2025, the existing borrowing level and maturity profile of the debts are as follows:

As at 30 Sep 2025

CAD'000	Less than 1 year	1-3 years
Bond and Other Loan	24,836	210,932
Senior note	11,137	265,614
Shareholder/Related party Loan	-	59,436
Total Debt	35,973	535,982

Total equity 29,522

Gearing ratio: 1937%

The debt of HKD 60.2m to be settled include principal of HKD 42.34m and outstanding interest of HKD 17.86m, with interest bearing of 10% p.a. The annual interest to be saved by the settlement will be HKD 4.2m. The Board wants to stress that not only will the settlement save interest cost, it also reduces the indebtedness of the Group without cash outflow.

The Directors are of the view that the settlement of the Debt Payable by way of Issuance would not result in significant cash outflow of the Company while reducing the indebtedness of the Company. Meanwhile, the Issuance will strengthen the Group's financial position by reducing its gearing ratio.

The Directors have considered alternative means for raising funds to settle the Debt Payable. However, having considered that:

- a) debt financing is hard to obtain given the suspension in operation and the extremely high gearing of the Company, even if there is, the interest rate will be extremely high;

- b) other equity financing such as placing of new shares and rights issue usually requires a deep discount to the prevailing market price of the Shares and which is not in the best interest of the Shareholders. On the contrary, the Issue Price is in par with the closing market price of the Shares as at the date of the Settlement Agreements. Placing and rights issue also requires considerable transaction costs and is more time-consuming as compared to the Issuance;
- c) the Issuance will reduce the indebtedness of the Group without cash outflow which will in turn facilitate debt financing by the Company; and
- d) With the Issuance transaction, interest expense ceased to accrue from the date of Settlement Agreement which is an immediate cost savings for the Company.

The Directors consider that the Issuance is a more desirable option for the Group to settle the Debt Payable. Accordingly, the Directors consider that the terms of the Settlement Agreements are fair and reasonable and the Issuance is in the interests of the Company and its Shareholders as a whole.

1. Based on the Bank of Canada's nominal noon exchange rate (as at October 21, 2025) of CDN\$1.00 = HK\$5.5432.

CHANGE IN SHAREHOLDING STRUCTURE

As at the date of this circular, the Company has 571,354,444 Shares in issue.

The shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Issuance (assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date to the date of Completion) are as follows:

Name of Shareholders	As at the Latest Practicable Date		Immediately after Completion (assuming that there are no other changes to the shareholding structure of the Company from the Latest Practicable Date to the date of Completion)	
	Number of Shares	Approx. % of Shares	Number of Shares	Approx. % of Shares
Kwok Ping Sun	170,962,591	29.92%	170,962,591	24.03%
Creditor (Union Green) ²	-	-	50,000,000	7.03%
Creditor (Happiness Sino)	-	-	21,000,000	2.95%
Creditor (HongKong Base Power) ²	-	-	39,000,000	5.48%
Creditor (NC New Energy) ³	-	-	30,000,000	4.22%
Other Public Shareholders	400,391,853	70.08%	400,391,853	56.29%
	571,354,444	100.00%	711,354,444	100.00%

Notes:

- As at the date hereof, the beneficial owner of Yes Garden, *Zhou Huiming, directly held 4,100,000 shares, representing 0.72% of the total issued share capital of the Company. Upon Completion, *Zhou Huiming will be deemed to hold 34,100,000, representing 4.79% of the Company's total issued share capital.
- As at the date hereof, the beneficial owner of Union Green and HongKong Base Power, Chen Jiongliang, directly held 10,000,000 shares, representing 1.75% of the total issued share capital of the Company. Upon Completion, Chen Jiongliang will be deemed to hold 99,000,000, representing 13.92% of the Company's total issued share capital. Chen Jiongliang will become a Substantial Shareholder (as defined under the Listing Rules) of the Company.

3. Per the Company's announcement dated August 19, 2025 (Hong Kong time), the Company entered into the Equity Purchase Agreement with Nobao Energy Holding (China) Company Limited (the "Vendor") for which the Company agrees to purchase and the Vendor agrees to sell 51% equity interests in the Nobao Technology Co., Limited (the "Target Company") at the Consideration of HK \$50,919,450. The Consideration will be satisfied by way of issuance and allotment of 56,983,240 Consideration Shares by the Company at the Issue Price of HK\$0.895 per Consideration Share to the Vendor (the "Issuance"). The Target Company is 48.16% held by a company owned by Mr. Kwok Ping Sun, an executive chairman and controlling shareholder of the Company. Therefore, the transaction constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM. As at the date of this circular, the said issuance of Shares has yet to be completed.
4. Per the Company's announcement dated November 16, 2025 (Hong Kong time), the Company will issue 631,299,735 Convertible Bonds at the initial Conversation Price of HK\$0.377 per share under the specific mandate to be granted by independent shareholders at the SGM. This issuance is to settle the total debt of HK\$238,000,000 (approximately CDN\$42,935,489) as stipulated in the subscription agreement. As at the date of this circular, the said issuance of Convertible Bonds has yet to be completed.

CAPITAL RAISING ACTIVITIES DURING THE PAST 12 MONTHS

Save as disclosed below, the Company has not conducted any other fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
December 18, 2024 (Hong Kong time)	Private placement of Shares under general mandate granted by Shareholders at the annual general meeting held on June 28, 2023 (Hong Kong time) ("2023 General Mandate Placing")	HK\$ 18,504,380 (approximately CDN\$ 3,241,967 ⁽¹⁾)	For settlement with creditor	The entire amount of HK\$ 18,504,380 (approximately CDN\$ 3,241,967 ⁽¹⁾) used for debt settlement. There is no actual cash inflow into the Company as the issuance of Shares was to settle the debt payable
April 17, 2025 (Hong Kong time)	Private placement of Shares under general mandate granted by Shareholders at the annual general meeting held on June 18, 2024 (Hong Kong time) ("2024 General Mandate Placing")	HK\$ 17,043,508 (approximately CDN\$ 3,050,787 ⁽²⁾)	For settlement with creditors	The entire amount of HK\$ 17,043,508 (approximately CDN\$ 3,050,787 ⁽²⁾) used for debts settlement. There is no actual cash inflow into the Company as the issuance of Shares was to settle the debt payable balance
April 28, 2025 (Hong Kong time)	Private placement of Shares under general mandate granted by Shareholders at the annual general meeting held on June 18, 2024 (Hong Kong time) ("2024 General Mandate Placing")	HK\$ 73,039,619 (approximately CDN\$13,052,180 ⁽³⁾)	For settlement with creditors	The entire amount of HK\$ 73,039,619 (approximately CDN\$13,052,180 ⁽³⁾) used for Debt Settlement. There is no actual cash inflow into the Company as the issuance of shares was to settle the payable
June 25, 2025	Private placement of	HK\$ 38,400,000	For settlement with	The entire amount of

Date of announcement	Fund raising activity	Approximate net proceeds raised	Intended use of the net proceeds	Actual use of the net proceeds
(Hong Kong time)	Common Shares under the general mandate granted on 24 June 2025 (Hong Kong Time) /23 June 2025(Calgary Time)	(approximately CDN\$6,727,636 ⁽⁴⁾)	creditor	HK\$ 38,400,000 (approximately CDN\$ 6,727,636 ⁽⁴⁾) used for Debt Settlement. There is no actual cash inflow into the Company as the issuance of shares was to settle the payable
July 30, 2025 (Hong Kong time)	Private placement of Common Shares under the general mandate granted on 24 June 2025 (Hong Kong Time) /23 June 2025(Calgary Time)	HK\$ 4,087,015 (approximately CDN\$ 716,869.26 ⁽⁵⁾)	For settlement with creditor	The entire amount of HK\$ 4,087,015 (approximately CDN\$ 716,869.26 ⁽⁵⁾) used for Debt Settlement. There is no actual cash inflow into the Company as the issuance of shares was to settle the payable

Notes:

1. Based on the Bank of Canada's nominal noon exchange rate (as at May 18, 2024) of CDN\$1.00 =HK\$5.7077.
2. Based on the Bank of Canada's nominal noon exchange rate (as at April 16, 2025) of CDN\$1.00 =HK\$5.5866.
3. Based on the Bank of Canada's nominal noon exchange rate (as at April 25, 2025) of CDN\$1.00 =HK\$5.5960.
4. Based on the Bank of Canada's nominal noon exchange rate (as at June 23, 2025) of CDN\$1.00 =HK\$5.7078.
5. Based on the Bank of Canada's nominal noon exchange rate (as at July 29, 2025) of CDN\$1.00 =HK\$5.7012.
6. Per the Company's announcement dated August 19, 2025 (Hong Kong time), the Company entered into the Equity Purchase Agreement with Nobao Energy Holding (China) Company Limited (the "Vendor") for which the Company agrees to purchase and the Vendor agrees to sell 51% equity interests in the Nobao Technology Co., Limited (the "Target Company") at the Consideration of HK \$50,919,450. The Consideration will be satisfied by way of issuance and allotment of 56,983,240 Consideration Shares by the Company at the Issue Price of HK\$0.895 per Consideration Share to the Vendor (the "Issuance"). The Target Company is 48.16% held by a company owned by Mr. Kwok Ping Sun, an executive chairman and controlling shareholder of the Company. Therefore, the transaction constitutes a non-exempt connected transaction for the Company under Chapter 14A of the Listing Rules. The Consideration Shares will be allotted and issued under the Specific Mandate to be approved by the Independent Shareholders at the SGM. As at the date of this circular, the said issuance of Shares has yet to be completed.
7. Per the Company's announcement dated November 16, 2025 (Hong Kong time), the Company will issue 631,299,735 Convertible Bonds at the initial Conversation Price of HK\$0.377 per share under the specific mandate to be granted by independent shareholders at the SGM. This issuance is to settle the total debt of HK\$238,000,000 (approximately CDN\$42,935,489) as stipulated in the subscription agreement. As at the date of this circular, the said issuance of Convertible Bonds has yet to be completed.

IMPLICATIONS UNDER THE LISTING RULES

The Relevant Shares will be allotted and issued under Specific Mandate, which is subject to Shareholders' approval at the SM. As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed herein, none of the Shareholders and their respective close associates has any material interest in the Settlement Agreements, the allotment and issuance of the Relevant Shares pursuant to the Specific Mandate and the transactions contemplated thereunder and hence, no Shareholder is required to abstain from voting at the SM to approve the relevant resolution(s) regarding the Settlement Agreements, the allotment and issuance of Relevant Shares pursuant to the Specific Mandate and the transactions contemplated thereunder.

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

SPECIAL MEETING

A notice convening the Special Meeting to be held at 21st Floor, CMA Building, 64 Connaught Road Central, Hong Kong on January 13, 2026 at 11:30 a.m. (Hong Kong time) / January 12, 2026 at 8:30p.m. (Calgary time) is set out in this circular for the purpose of considering and, if thought fit, passing the ordinary resolution(s) in relation to the Settlement Agreements, the Specific Mandate and the transactions contemplated thereunder.

Full text of the ordinary resolutions to be proposed at the Special Meeting is set out in the “**Notice of Special Meeting**”, will be determined by way of poll by the Shareholders.

A form of Proxy for use at the Special Meeting is enclosed with this circular. You are requested to complete the enclosed form of Proxy in accordance with the instructions printed thereon and return the same as soon as possible to the Company’s principal share registrar in Canada, being Odyssey Trust Company, Proxy Department at Suite 1100 Trader’s Bank Building, 67 Yonge St, Toronto, ON M5E 1J8, or the Company’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, during regular business hours and in any event not less than 48 hours (excluding Saturdays, Sundays and public holidays in Hong Kong and/or Toronto) before the time appointed for the holding of the Special Meeting or any adjournment thereof.

RECORD DATE

All Registered Shareholders as at 4:30 p.m. on December 12, 2025 (Hong Kong time) and 4:30 p.m. on December 12, 2025 (Calgary time), as the case may be, being the record date, should vote through submitting a proxy to appoint the chair of the Special Meeting or any adjournments thereof, as their proxy to attend and vote in their place.

GENERAL PROXY INFORMATION

(a) Solicitation of Proxies

This circular is furnished in connection with the solicitation of proxies by or on behalf of the management of the Company for use at the Special Meeting or any adjournments thereof for the purposes set out in the notice of SM accompanying this circular.

The cost of this solicitation of proxies is borne by the Company. It is expected that the solicitation will be primarily by mail, but proxies or votes or voting instructions may also be solicited personally or by telephone, facsimile, e-mail, or other means of communication by the Directors, officers and regular employees of the Company.

(b) Voting at the SM

Registered Shareholders should vote their Shares at the SM through appointing the chair of the SM to act as their proxy and vote in their place, as described below under the paragraph headed “Proxy Information for Registered Shareholders”.

Beneficial Shareholders must follow the procedures described below under the paragraph headed “Proxy Information for Beneficial Shareholders” to exercise their voting rights.

(c) Proxy Information for Registered Shareholders

If you hold Shares in your own name, you are a registered shareholder of the Company (“Registered Shareholder”). Such form of proxy is also published on the HKExnews’ website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.sunshineoilsands.com.

Appointment of Proxy Holder

A proxy is a document that authorizes someone else to attend the SM and cast the votes for a Registered Shareholder. The accompanying form of proxy (the “Proxy”) is the form proxying the chair of the SM to vote on behalf of the Registered Shareholder.

A Proxy must be in writing and must be executed by you as Registered Shareholder, or by your attorney authorized in writing, or if the Registered Shareholder is a Company or other legal entity, under its corporate seal or by an officer or attorney thereof duly authorized.

The chair at the SM (the “Proxy”) will vote the Shares represented thereby in accordance with your instructions on any ballot that may be called. If you specify a choice with respect to any matter to be acted upon, your Shares will be voted accordingly. The Proxy confers discretionary authority on the persons named therein with respect to:

- (i) each matter or group of matters identified therein for which a choice is not specified;
- (ii) any amendment to or variation of any matter identified therein; and
- (iii) any other matter that properly comes before the SM.

In respect of a matter for which a choice is not specified in the Proxy, the persons named in the Proxy (the chair of the SM for this case) will vote the Shares represented by the Proxy for the approval of such matter.

Voting by Proxy Holder

Registered Shareholders who received this circular and other accompanying materials of the SM from the Company’s branch share registrar in Hong Kong, and who elect to submit a Proxy to do so by completing, dating and signing the accompanying Proxy and returning it to the Company’s branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East Wan Chai, Hong Kong, ensuring that the Proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Hong Kong (i.e. 11:30 a.m. on January 9, 2026 (Hong Kong time)) before the SM, or any adjournment thereof, at which the Proxy is to be used.

Registered Shareholders who received this circular and other accompanying materials of the SM from the Company’s principal share registrar in Canada, and who elect to submit a Proxy to do so by completing, dating and signing the accompanying Proxy and returning it to the Company’s principal share registrar in Canada, being Odyssey Trust Company at Suite 1100 Trader’s Bank Building, 67 Yonge St, Toronto, ON M5E 1J8, ensuring that the Proxy is received during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Toronto (i.e. 4:30 p.m. on January 8, 2026 (Toronto time)) before the SM, or any adjournment thereof, at which the Proxy is to be used.

(d) Proxy Information for Beneficial Shareholders

If your Shares are held in an account with a brokerage firm or an intermediary (i.e. a broker, investment firm, clearing house or a similar entity), you are a beneficial shareholder of the Company (“Beneficial Shareholder”). Beneficial Shareholders should follow the instructions set out in the voting instructions form or other form of proxy provided by your intermediaries to ensure that your Shares will be voted at the SM.

The information set out in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the SM are those deposited by Registered Shareholders.

Many Shareholders of the Company are Beneficial Shareholders because the Shares they own are not registered in their own names, but are instead registered in the name of the brokerage firm, bank, trust company or clearing house through which they purchased the Shares. Shares beneficially owned by a Beneficial Shareholder are registered either:

- (i) in the name of an intermediary (an “Intermediary”) that the Beneficial Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers, securities brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs, TFSAs and similar plans); or
- (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited or HKSCC Nominees Limited) of which the Intermediary is a participant.

In accordance with applicable securities law requirements, the Company will have distributed copies of the notice of SM, this circular, and the Proxy (collectively, the “Meeting Materials”) to the clearing agencies and Intermediaries for distribution to Beneficial Shareholders.

Intermediaries are required to forward the Meeting Materials to Beneficial Shareholders unless a Beneficial Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Beneficial Shareholders. Every intermediary or service company has its own mailing procedures and provides its own return instructions to clients. Please note that the Company's management does not intend to pay for Intermediaries to forward the Meeting Materials and voting instruction request forms to those Beneficial Shareholders who have objected to their Intermediary disclosing ownership information about them pursuant to Canadian securities legislation ("Objecting Beneficial Shareholders"). Consequently, if you are an Objecting Beneficial Shareholder, you will not receive these materials unless the Intermediary holding Shares on your account assumes the cost of delivery.

You should carefully follow the instructions of your broker or intermediary in order to ensure that your Shares are voted at the SM. The form of proxy supplied to you by your broker will be similar to the Proxy provided by the Company to its Registered Shareholders. However, its purpose is limited to instructing the intermediary on how to vote on your behalf.

In Canada, most brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("Broadridge"). Broadridge mails a voting instruction form in lieu of a Proxy provided by the Company. The voting instruction form will name the same persons as the Company's Proxy to represent you at the SM. You have the right to appoint the chair of the SM to represent you at the SM. To exercise this right, you should complete the voting instruction form and then it must be returned to Broadridge by mail or facsimile or given to Broadridge by phone or over the internet, in accordance with Broadridge's instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Shares to be represented at the SM. If you receive a voting instruction form from Broadridge, you cannot use it to vote Shares directly at the SM. The voting instruction form must be completed and returned to Broadridge, in accordance with its instructions, well in advance of the SM in order to have the Shares voted.

(a) Revocation of Proxy

A Shareholder who has submitted a Proxy may revoke it at any time prior to the exercise thereof. In addition to revocation in any other manner permitted by law, a Shareholder who has given a Proxy may revoke it by executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Shareholder or such person's authorized attorney in writing or, if such person is a Company, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to the Company's principal share registrar in Canada, being Odyssey Trust Company at Suite 1100 Trader's Bank Building, 67 Yonge St, Toronto, ON M5E 1J8, or the Company's branch share registrar in Hong Kong, being Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East Wan Chai, Hong Kong, as applicable, or at the address of the registered office of the Company at 270, 333 24th Avenue SW Calgary, AB, T2S 3E6, during regular business hours at least 48 hours, excluding Saturdays, Sundays and public holidays in Toronto (i.e. 4:30 p.m. on January 8, 2026 (Toronto time) or 11:30 a.m. on January 9, 2026 (Hong Kong time), as the case may be) before the SM, or any adjournment thereof, at which the Proxy is to be used, or to the chairman of the SM on the day of the SM or any reconvening thereof, or in any other manner provided by law.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

INTERESTS OF CERTAIN PERSONS AND COMPANIES IN MATTERS TO BE ACTED UPON

Other than as disclosed in this circular, management of the Company is not aware of any material interest of any Director or executive officers or anyone who has held office as such since the beginning of the Company's last financial year or any "informed person" of the Company (as defined under applicable Canadian securities laws) or of any associate or affiliate of any of the foregoing in any matter to be acted on at the SM.

RECOMMENDATION

The Directors are of the opinion that though the Issuance is not conducted in the ordinary and usual course of business of the Group, but is on normal and commercial terms, fair and reasonable so far as the Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution(s) set out in the notice of SM enclosed to this circular.

GENERAL

Your attention is also drawn to the Letter from the Board and the additional information set out in the appendix to this circular and the notice of SM.

Additional information relating to the Company is available on the System for Electronic Document Analysis and Retrieval at www.sedar.com.

Financial information is provided for in the Company's financial statements and management's discussion and analysis for the year ended December 31, 2024. Documents affecting the rights of security holders, along with other information relating to the Company, may be found on the Company's website at www.sunshineoilsands.com.

DIRECTORS

As at the Latest Practicable Date, the Board consists of Mr. Kwok Ping Sun and Ms. Gloria Pui Yun Ho as executive directors; Mr. Michael John Hibberd, Ms. Xijuan Jiang and Mr. Yonglan Chen as non-executive directors; and Mr. Yi He, Mr. Guangzhong Xing and Ms. Jue Pang as independent non-executive directors.

RESPONSIBILITY STATEMENT

This Circular, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

DIRECTORS' APPROVAL

The contents and sending of this circular have been approved by the Board.

**BY ORDER OF THE BOARD OF DIRECTORS
SUNSHINE OILSANDS LTD.**

(signed) "Kwok Ping Sun"
Kwok Ping Sun
Executive Chairman

Calgary, Alberta, December 19, 2025
Hong Kong, December 19, 2025

GENERAL INFORMATION

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The Company's authorised share capital is as follows:

- an unlimited number of Class "A" and Class "B" voting common shares without par value; and
- an unlimited number of Class "C", Class "D", Class "E" and Class "F" non-voting common shares without par value; and
- an unlimited number of Class "G" and Class "H" non-voting preferred shares.

The Company's issued share capital of the Company as at the Latest Practicable Date:

Issued and fully paid Shares:	CDN\$ '000
571,354,444 Shares	\$ 47,746 ⁽¹⁾

Common Shares consist of fully paid Class "A" common shares, which have no par value, carry one vote per share and carry a right to dividends.

Note (1) Based on the Bank of Canada's nominal closing exchange rate as at December 8, 2025, being the last bank working date prior to the Latest Practicable Date, of CDN\$ 1.00 = HK\$ 5.6243

All the issued Shares in the capital of the Company rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

Each Share carries the right to one vote at any meeting of the Shareholders. As at the Latest Practicable Date, there are no classes of shares of the Company, other than the Shares, entitled to vote at the SM.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as disclosed in this circular, the Company did not have any other options, warrants and other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares or Debentures

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them had taken or was deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules were as follows:

Director's long position in the Company

Name	Company	Nature of Interest	Number of Common Shares held ⁽¹⁾	Approximate % interest in the Common Shares ⁽¹⁾
Mr. Kwok Ping Sun	Sunshine Oilsands Ltd.	Direct/Indirect	170,962,591	29.92%
Mr. Michael J Hibberd	Sunshine Oilsands Ltd.	Direct/Indirect	2,165,981	0.38%
Ms. Gloria Ho	Sunshine Oilsands Ltd.	N/A	-	-
Mr. Yi He	Sunshine Oilsands Ltd.	Direct	32,000	0.01%
Ms. Xijuan Jiang	Sunshine Oilsands Ltd.	Direct	104,814	0.02%
Mr. Yonglan Cen	Sunshine Oilsands Ltd.	N/A	-	-
Mr. Guangzhong Xing	Sunshine Oilsands Ltd.	N/A	-	-
Ms. Jue Pang	Sunshine Oilsands Ltd.	N/A	-	-

Note

(1) As at the Latest Practicable Date, the Company's issued share capital is 571,354,444 Class "A" Common Voting Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had interests or short positions in the Shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them had taken or deemed to have taken under the provisions of the SFO); or (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

So far as is known to the Directors, as at the Latest Practicable Date, the following shareholders (other than the Directors or chief executive officer of the Company) had 5% or more beneficial interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Substantial Shareholder's long position in the Company

Name of Shareholder	Capacity	Number of Common Shares Held	Approximate % interest in the Shares
Future Communications Limited	Beneficial owner	60,000,000	10.50%

COSMETIC CABINET LTD	Beneficial owner	33,333,333	5.83%
ZHENGWEI INTERNATIONAL INVESTMENT AND MANAGEMENT CO LIMITED	Beneficial owner	30,490,377	5.34%

Save as disclosed above, as at the Latest Practicable Date, so far as the directors are aware, no other persons (except the directors or chief executives) or company had 5% or more interests or short positions in shares and underlying shares of the Company which were recorded in the register required to be maintained by the Company pursuant to Section 336 of Part XV of the SFO.

4. DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors or chief executives of the Company was materially interested in any contract or arrangement entered into by any member of the Group since December 31, 2024, being the date to which the latest audited financial statements of the Company were made up, and which was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, save as disclosed in this circular, None of the Directors or chief executives of the Company had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or proposed to be so acquired, disposed of or leased to any member of the Group since December 31, 2024, being the date to which the latest published audited accounts of the Company were made up, and up to the Latest Practicable Date.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

7. MATERIAL ADVERSE CHANGE

On May 12, 2025, the Company received a notice from the AER requiring the Company to submit a project abandonment plan on its West Ells project as the Company failed to meet their maintenance requirements. The Company also received legal documents from the Orphan Well Association (“OWA”), a delegated body under the AER, seeking to take over the Company’s project as a result of the AER’s notice. After consulting legal Advice, the order is not final and conclusive, and is subject to appeal. The Company has already filed an appeal and stay application of the order.

The appeal and stay application has been filed on 15 May 2025 and the application was accepted in 24 June 2025. The appeal procedure involves filing an application to AER to apply for an appeal and a stay of the order within 7 days after receipt of the order letter. AER has accepted the application and the hearing panel has already been established by AER internally. Meanwhile the hearing process is being set. The AER has also issued a notice for hearing to involving parties in order to set the hearing process. The commissioner will hear substantive issues of the case. A decision will be made within 90 days after the end of the hearing. If the appeal party is not satisfied with the AER decision, it can appeal to the Court of Appeal and pursue further. The Company is still waiting for further notice from the AER as to when a hearing will be scheduled but is aware that a hearing could happen in second quarter of 2026. Meanwhile the Company will continue to carry out repair and maintenance work.

Given the likely timing of the hearing, the estimated time for resumption of production is 3Q26. However, our estimate is subject to external factors e.g. that our estimate is subject to uncertainty due to uncontrollable factors, e.g. market condition for capital raise, schedules of R&M vendors, weather conditions, road conditions, pace of and result of the appeal, etc.

The repair and maintenance work required by the AER includes, amongst other things, repair of tank with leakages and insufficient containment, manage vegetation to mitigate fire risk by reducing the availability of flammable fuels, repair of turbine steam generators and leak detection installation on pipelines. It could be hard to estimate the cost of the repair and maintenance as: 1) consultants need to be hired to determine the route for repair and the scope of repair could change based on their assessments; 2) most vendors are only interested to provide a quote after the Company pays up certain deposits especially for those which involve consultants or involve write-up of plans.

Currently, the Board do not foresee any impediments in appealing against the order.

As at the Latest Practicable Date, the Company has yet to be resumed production. The Company will issue further announcement(s) as and when appropriate and necessary.

Save as disclosed, the Directors are not aware of any material adverse change in the financial or trading position of the Group since December 31, 2024, being the date to which the latest published audited financial statements of the Group have been made up.

8. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business, apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

9. LITIGATION

The Group received a demand notice from the Regional Municipality of Wood Buffalo ("RMWB") in relation to the 2016-2025 municipal property taxes of approximately CAD17.5 million. The Group was also charged with overdue penalties of approximately CAD25.5 million. Since then the Group was in active negotiation with RMWB for a settlement plan with proposals to waive overdue penalties. As at the date of this circular, the Group believes that notices issued by RMWB relating to property taxes did not comply with relevant legislation and the Group has sought judicial review to determine the effect of non-compliant tax notices on RMWB's property tax claim.

The Company is involved in various claims including claims described above and actions arising in the course of operations and is subject to various legal actions, pending claims and exposures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. Unfavorable outcome were to occur against such claims or pending claims, there exists the possibility of a material adverse impact on the Company's consolidated net income or loss in the period in which the outcome is determined. Accruals for litigation, claims and assessments are recognized if the Company determines that the loss is probable and the amount can be reasonably estimated. The Company believes it has made adequate provision for such claims. While fully supportable in the Company's view, some of these positions, if challenged may not be fully sustained on review. From time to time, the Company receives liens or claims on accounts payable balances, and the Company continues to work toward resolution of any liens or claims. At December 31, 2024, the Company had incurred CAD0.82 million

(US\$0.57 million equivalent using the period end exchange rate) in Builders' liens (not related mineral leases) against them during the ordinary course of business.

The Company received a judgment from the Court of the State of New York, New York County (the "Judgment") that the Company shall pay the Non-forbearing holder all the amounts due and owing on the Senior Notes issued under the notes indenture dated August 8, 2014 (including principal and interests) in an aggregate amount of approximately US\$15,481,000 (equivalent to approximately CAD20,967,000). The judgment was vacated on May 25, 2023. On December 13, 2023, the Company received a judgment from the Court of the State of New York, New York County that the Company should pay the Non-forbearing Holder all the amounts due and owing on the Notes (including principal and interests) in an aggregate amount of approximately US\$19,694,000 (equivalent to approximately CAD26,048,000). On January 2, 2024 and February 20, 2024, the Company lodged an appeal against the Judgment to the New York court of appeal. On February 27, 2024, the Non-forbearing Holder tried to execute the judgment by serving notice in the State of New York.

10. MISCELLANEOUS

- (a) The HK company secretary of the Company is Ms. Yui Shan Hau, an associate of the Hong Kong Institute of Chartered Secretaries;
- (b) The registered office of the Company is at; 270, 333 24th Avenue SW, Calgary, AB, T2S 3E6, Canada
- (c) The place of business in Hong Kong is 20/F, Two Chinachem Central, No.26 Des Voeux Road Central, Central, Hong Kong; and
- (d) The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copy of each of the Settlement Agreements will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sunshineoilsands.com>) for a period of 14 days from the date of this circular (both days inclusive).