

[Sunshine Oilsands Ltd.](#) is pleased to announce its financial results for the third quarter ended September 30, 2016 and an update on West Ells progress

HONG KONG, CHINA and CALGARY, ALBERTA--(Marketwired - Nov 10, 2016) - [Sunshine Oilsands Ltd.](#) (the "Corporation" or "Sunshine") (HKSE:2012) today announced its financial results for the third quarter ended September 30, 2016. The Corporation's consolidated financial statements, notes to the consolidated financial statements and management's discussion and analysis have been filed on SEDAR (www.sedar.com) and with The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (www.hkexnews.hk) and are available on the Corporation's website (www.sunshineoilsands.com). All figures used in this release are in Canadian dollars unless otherwise stated.

MESSAGE TO SHAREHOLDERS

During the three month ended September 30, 2016, the Corporation made progress in the following areas:

- Full operations of all central plant and well pad facilities were resumed successfully after the Fort McMurray forest fire;
- All eight West Ells Phase I well pairs have been placed on steam injection. Five well pairs were converted to production mode. Due to the low commodity price environment, only one well pair has been operating in continuous production;
- The installation of downhole pumps for the remaining three well pairs are expected to be completed in November;
- The Corporation has received its certificate from the Pressure Equipment Safety Authority in Alberta, for Sunshine's total asset integrity management system.

With continuous steam injection into the formation and delayed production, additional amounts of mobile bitumen have been accumulated near the producing wellbores. As a result, the reservoir and wellbores are well conditioned for faster ramped up oil production in the future. With the current schedule of downhole pump installation for the remaining three wells, all Phase I wells are expected to be on production in December.

Sunshine's Capital Raising Activities

On September 12, 2016, the Corporation and noteholders representing 96% of the outstanding Notes (the "Forbearing Holders") entered into a long-term forbearance agreement in respect of the Notes (the "Agreement"). The principal terms of the Agreement include: (a) payment on October 17, 2016 of the yield maintenance premium payment due on August 1, 2016; (b) payment of the coupon interest accruing on the Notes and repurchase of US\$22.5 million in principal amount of the Notes on February 1, 2017; (c) payment of the principal of the Notes and the coupon interest on the Notes on August 1, 2017; (d) payment of forbearance fees accruing at 2.50% on the principal amount of the Notes held by the Forbearing Holders; (e) payment of a fee equal to 7.298% of the outstanding principal amount of the Notes held by the Forbearing Holders on August 1, 2017 and proportionately smaller fees if the Notes are repurchased or redeemed prior to that date; (f) covenants relating to minimum liquidity to be maintained by the Corporation for specified periods; (g) board of director observation rights for certain significant noteholders; (h) use of proceeds restrictions for the proceeds of any asset sales completed by the Corporation; (i) budget approval rights; and (j) requirements that the Corporation raise additional capital and provide additional security for the Notes.

On October 31, 2016, the Company updated the status of the long term forbearance agreement with its note holders dated September 9, 2016 (the "Agreement"). In view of the importance of supporting active operations at West Ells while it examines the potential to progress the Memorandum of Understanding with Nobao Energy Holding (China) Company Limited to definitive terms and agreements, the Company initiated discussions with the forbearing holders about altering the timing and the form of payment of the yield maintenance premium. As such, the Company has not paid the yield maintenance premium to the forbearing holders as required by the Agreement. While this constitutes a termination event under the Agreement and entitles the forbearing holders to exercise their rights and remedies under the Agreement, the forbearing holders have not taken steps to terminate the Agreement or exercise such rights and they have not, at this time, advised of any intention to do so. In addition, the Company has been in discussions with the forbearing holders to achieve payment terms for the yield maintenance premium that are mutually acceptable to the forbearing holders and the Company.

General mandate

Reference is made to the announcements of the Corporation dated March 16, 2016, April 28, 2016, May 16, 2016, June 22, 2016, July 4, 2016, September 1, 2016, October 24, 2016 and October 31, 2016 (all Hong Kong time) (collectively, the "Bright Hope Announcements") in relation to the proposed issue of a total of 558,823,500 new Class "A" Common Voting Shares of the Corporation ("Common Shares") to Bright Hope Global Investments Limited ("Bright Hope") under the General Mandate.

On March 15, 2016, the Corporation entered into a subscription agreement with Bright Hope under which Bright Hope agreed to subscribe for a total of 558,823,500 Common Shares at a price of HK\$0.34 per Common Share or approximately CDN\$0.055 per Common Share, which in the aggregate amounts to gross proceeds of HK\$190.0 million (approximately CDN\$30.9 million) (the "Bright Hope Placement").

Subsequent to September 30, 2016, the Corporation completed the closing of 161,470,588 Common Shares (the "Bright Hope Partial Closing") under the General Mandate at a price of HK\$0.34 per Common Share (approximately CDN\$0.06 per Common Share). Under the Bright Hope Partial Closing, the Corporation received total gross proceeds of HK\$54,900,000 (approximately CDN\$9.43 million). The remaining 250,247,912 Common Shares (HK\$85,084,290 or CDN \$14.69 million) subscribed for by Bright Hope will be closed in one or more tranches.

On October 31, 2016, the Corporation announced an extension of the remaining 250,247,912 Common Shares (approximately HK \$85,084,290 or CDN \$14.69 million) subscribed for by Bright Hope to be closed in one or more remaining tranches, with the last tranche closing no later than January 31, 2017. The Corporation believes that the extension is in the best interests of the Corporation and Shareholders.

The Company intends to apply the net proceeds from the above issued shares (i) for general working capital of the Company and (ii) as funds for future development of the existing business of the Company, including funding the operation costs of the West Ells project.

Specific mandate

Reference is made to the announcements of the Corporation dated June 1, 2015, July 28, 2015, August 21, 2015, October 1, 2015, November 2, 2015, December 6, 2015, March 2, 2016, May 3, 2016, June 3, 2016, June 23, 2016, July 21, 2016, August 1, 2016, August 4, 2016 and October 24 (all Hong Kong time) (collectively, the "Prime Union Announcement") and the circular of the Corporation dated June 22, 2015 (the "Circular") in relation to, among other matters, the proposed issue of new Common Shares under the Specific Mandate (as defined in the Prime Union Announcement) and the connected transactions involving subscriptions for new Common Shares by connected persons. Unless the context requires otherwise, terms use herein shall have the same meanings as those defined in the Prime Union Announcement and the Circular.

During the three months ended September 30, 2016, the Corporation issued 248,400,000 Common Shares and subsequently issued 248,400,000 Common Shares subscribed by Prime Union Enterprises Limited ("Prime Union") under a subscription agreement between, amongst others, Prime Union and the Corporation dated May 31, 2015 (the "Prime Union Placement") for aggregate gross proceeds of HK\$186,300,000 (approximately CDN 31.4 million). Prime Union is a Corporation directly wholly owned by Mr. Kwok Ping Sun who is a substantial shareholder and the Executive Chairman of the Corporation.

Subsequent to September 30, the Corporation completed the closing of 13,333,333 Common Shares (the "Prime Union Partial Closing") under the Specific Mandate at a price of HK\$0.75 per Common Share (approximately CDN\$0.13 per Common Share). Under the Prime Union Partial Closing, the Corporation received total gross proceeds of HK\$10,000,000 (approximately CDN\$1.72 million). The remaining 98,453,334 Common Shares (HK\$73,840,000 or CDN\$12.68 million) subscribed for by Prime Union will be closed in one or more tranches. An announcement will be issued when the Corporation completes the closing of the remaining 98,453,334 Common Shares subscribed for by Prime Union.

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

Summary of Financial Figures

The Company's external auditor has not performed a review of the condensed consolidated interim financial statements for the three and nine month periods ended September 30, 2016. As at September 30, 2016 and December 31, 2015, the Corporation notes the following selected balance sheet figures.

(Canadian \$000s)	September 30, 2016	December 31, 2015
Cash	\$ 615	\$ 6,545
Current restricted cash and cash equivalents	-	14,389
Non-current restricted cash and cash equivalents	-	8,119
Exploration and evaluation assets	292,877	290,945
Property, plant and equipment	683,186	650,930
Total liabilities	381,926	369,083
Shareholders' equity	603,348	604,098

For the third quarter of 2016, the Corporation had a net loss of \$26.5 million compared to \$30.4 million for the same period in 2015, representing a net loss per share of \$0.01 for the 2016 period and \$0.01 for the 2015 period.

2016 Outlook

As at the date of this release, all eight West Ells Phase I well pairs are on steam injection, with five well pairs converted to production. The Corporation is fully committed to advancing its corporate initiatives and expects to operate the plant to prove the reservoir performance.

Hong Luo

Qiping Men

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 was also listed on the Toronto Stock Exchange from November 16, 2012 to September 30, 2015, when it chose to voluntarily delist. The Corporation is focused on the development of its significant holdings of oil sands and heavy oil leases in the Athabasca oil sands region. The Corporation owns interests in oil sands and petroleum and natural gas leases in the Athabasca region of Alberta. The Corporation is currently focused on executing milestone undertakings in the West Ells project area. West Ells Phase 1 is operational and has an initial production target rate of 5,000 barrels per day.

FORWARD-LOOKING INFORMATION

This announcement contains forward-looking information relating to, among other things, (a) the future financial performance and objectives of Sunshine; (b) the closing of each of the Bright Hope Placement and the Prime Union Placement and the timing thereof; and (b) the plans and expectations of the Corporation. Such forward-looking information is subject to various risks, uncertainties and other factors. All statements other than statements and information of historical fact are forward-looking statements. The use of words such as "estimate", "forecast", "expect", "project", "plan", "target", "vision", "goal", "outlook", "may", "will", "should", "believe", "intend", "anticipate", "potential", and similar expressions are intended to identify forward-looking statements. Forward-looking statements are based on Sunshine's experience, current beliefs, assumptions, information and perception of historical trends available to Sunshine, and are subject to a variety of risks and uncertainties including, but not limited to, those associated with resource definition and expected reserves and contingent and prospective resources estimates, unanticipated costs and expenses, regulatory approval, fluctuating oil and gas prices, expected future production, the ability to access sufficient capital to finance future development and credit risks, changes in Alberta's regulatory framework, including changes to regulatory approval process and land-use designations, royalty, tax, environmental, greenhouse gas, carbon and other laws or regulations and the impact thereof and the costs associated with compliance. Although Sunshine believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the assumptions and factors discussed in this announcement are not exhaustive and readers are not to place undue reliance on forward-looking statements as the Corporation's actual results may differ materially from those expressed or implied.

Sunshine disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, subsequent to the date of this announcement, except as required under applicable securities legislation. The forward-looking statements speak only as at the date of this announcement and are expressly qualified by these cautionary statements. Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. For a full discussion of the Corporation's material risk factors, see the Corporation's annual information form for the year ended December 31, 2015 and risk factors described in other documents we file from time to time with securities regulatory authorities, all of which are available on the Hong Kong Stock Exchange at www.hkexnews.hk, on the SEDAR website at www.sedar.com or the Corporation's website at www.sunshineoilsands.com.

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This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of [Sunshine Oilsands Ltd.](#)

By Order of the Board of [Sunshine Oilsands Ltd.](#)

Sun Kwok Ping, *Executive Chairman*

Hong Kong, November 10, 2016

Calgary, November 9, 2016

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

** For identification purposes only*

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