

HONG KONG, CHINA and CALGARY, ALBERTA--(Marketwired - Dec 28, 2016) - The Board of Directors (the "Board") of [Sunshine Oilsands Ltd.](#) (the "Corporation" or "Sunshine") (HKEX:2012) is pleased to announce the following:

PRIVATE PLACEMENT OF HK\$ 42,000,000 OF COMMON SHARES

(a) The Placement

On December 28, 2016 in Hong Kong (December 28, 2016 in Calgary), the Corporation entered into a subscription agreement (the "Subscription Agreement") with Zhengwei International Investment And Management Co., Limited ("Zhengwei") under which Zhengwei agreed to subscribe for a total of 150,000,000 Class "A" Common Voting Shares of the Corporation ("Common Shares") at a price of HK\$ 0.28 per Common Share or approximately CDN\$ 0.048 per Common Share at current exchange rates (the "Subscription Price"), which in the aggregate amounts to gross proceeds of HK\$ 42,000,000 (approximately CDN\$ 7,326,480 at current exchange rates) (the "Placement").

The aggregate number of Common Shares to be issued to Zhengwei (the "Subscriber") represent approximately 2.998% of the existing issued and outstanding Common Shares as at the date of this announcement and, immediately following the completion of the Placement (assuming there will be no other changes in the number of issued and outstanding Common Shares between the date of this announcement and the completion of the Placement including, without limitation, pursuant to the Employee and Connected Subscription as defined below), approximately 2.911% of the then enlarged total issued and outstanding Common Shares.

(b) Subscription Price

The Subscription Price represents:

- (i) a discount of approximately 17.65% to the average closing price of approximately HK\$0.34 per Common Share as quoted on the Hong Kong Stock Exchange for the last five trading days immediately prior to December 28, 2016 (being the last trading day immediately preceding the signing of the Subscription Agreement); and
- (ii) a discount of approximately 18.84% to the closing price of HK\$0.345 per Common Share as quoted on the Hong Kong Stock Exchange on December 28, 2016.

The aggregate gross proceeds to be raised from the Placement will be HK\$ 42,000,000 (approximately CDN\$ 7,326,480 at current exchange rates).

The Subscription Price was determined with reference to the prevailing market price of the Common Shares and was negotiated on an arm's length basis between the Corporation and the Subscriber. The directors of the Corporation (the "Directors") consider that the terms of the Placement are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placement is in the interests of the Corporation and its shareholders as a whole.

(c) Conditions to Completion of the Placement

Completion of the Placement is subject to the fulfillment (or waiver) of the following conditions:

- (i) the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") approving the listing of the Common Shares to be issued pursuant to the Placement;
- (ii) compliance of the Placement with the requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Hong Kong Code on Takeovers and Mergers (where applicable); and
- (iii) the receipt of all other required regulatory approvals.

(d) Termination of the Subscription Agreement

In the event that (i) the Corporation suffers a material adverse change in the management, business, properties, financial condition, prospects, shareholders' equity or results of operation of the Corporation shall have occurred or been announced since the date of the Subscription Agreement; or (ii) any adverse change in the oil price and/or general market conditions and/or the share price of the Corporation takes place after the date of the Subscription Agreement, the Subscription Agreement may be terminated by the Subscriber by written notice, and in which case, the obligations of the Corporation and the Subscriber under the Subscription Agreement shall immediately and unconditionally cease and be null and void.

(e) Completion of the Placement

Completion of the Placement will take place on or before March 28, 2017 (or such other date as the Corporation may choose) (the

"Closing Date").

The certificates representing the Common Shares subscribed for under the Placement will bear certain legends, as required under applicable Canadian securities laws, including a legend stating that unless permitted under applicable Canadian securities legislation, the holder of the Common Shares must not trade the Common Shares before the date that is four months and a day after the Closing Date.

Completion of the Placement is subject to the satisfaction of certain conditions. As the Placement may or may not proceed, shareholders and potential investors of the Corporation are advised to exercise caution when dealing in the securities of the Corporation.

(f) General Mandate to Issue Common Shares

The Placing does not require the approval of the Corporation's shareholders as the Shares under the Placing will be allotted and issued under the general mandate, which was granted to the Board at the annual general meeting of the Corporation held on June 30, 2016 (Hong Kong time) / June 29, 2016 (Calgary time) (the "AGM") to issue up to 20% of its aggregate issued and outstanding share capital as at the date of the AGM until the next annual general meeting of the Corporation (the "General Mandate"). The amount of the General Mandate is 863,699,620 Shares. Details of the General Mandate are set out in the Corporation's circular dated May 31, 2016. As at the date of this announcement, other than (i) the issuance of 88,234,000 Shares as disclosed in the announcement dated April 28, 2016 (Hong Kong time)/April 27, 2016 (Calgary time); (ii) the issuance of 58,871,000 Shares as disclosed in the announcement dated June 22, - 4 - 2016 (Hong Kong time)/June 21, 2016 (Calgary time); (iii) the issuance of 137,941,176 Shares as disclosed in the announcement dated October 24, 2016 (Hong Kong time)/October 23, 2016 (Calgary time); (iv) the issuance of 23,529,412 Shares as disclosed in the announcement dated October 31, 2016 (Hong Kong time)/October 30, 2016 (Calgary time); and (v) the issuance of 50,000,000 Shares as disclosed in the announcement dated December 14, 2016 (Hong Kong time)/December 13, 2016 (Calgary time), the Corporation has not issued, and has not proposed to issue, any Shares under the General Mandate. The Shares when issued pursuant to the Placing will be credited as fully paid and rank pari passu in all respects with the other existing Shares.

(g) Background of Zhengwei

Zhengwei is not an existing shareholder of the Corporation. After the completion of the Placement (assuming there will be no other changes in the issued Common Shares between the date of this announcement and the completion of the placement) including, without limitation, pursuant to the Employee and Connected Subscription), Zhengwei will hold 2.911% of the then enlarged total issued and outstanding Common Shares.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhengwei, and its respective associates (as defined under the Listing Rules) and respective ultimate beneficial owners are independent of and not connected with the Corporation and its connected persons (as defined under the Listing Rules).

An application will be made by the Corporation to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Common Shares to be issued to the Subscriber pursuant to the Placement.

(h) Reasons for the Placement and Use of Proceeds from the Placement

The Directors consider that the Placement represents an opportunity to raise capital for the Corporation at an important time for the Corporation. The gross proceeds to be raised from the Placement will be HK\$ 42,000,000 (approximately CDN\$ 7,326,480 at current exchange rates). Based on the estimated expenses of approximately HK\$ 840,000 (approximately CDN\$ 146,530 at current exchange rates), the net proceeds to be raised from the Placement will be approximately HK\$ 41,160,000 (approximately CDN\$ 7,179,750 at current exchange rates). On this basis, the net price per Common Share under the Placement is approximately HK\$0.274.

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

(i) Fund Raising Activities of the Corporation in the Past Twelve Months

The Corporation has conducted the following equity fund raising activity in the 12 months preceding the date of this announcement.

Date of announcement	Fund raising activity	Approximate net proceeds raised
April 28, 2016	Private placement of Common Shares under General Mandate	HK\$ 29,399,568.80 (approximately CDN\$

June 22, 2016	Private placement of Common Shares under General Mandate	HK\$ 19,615,817.20 (approximately CDN\$ 1,100,000.00)
October 24, 2016	Private placement of Common Shares under General Mandate	HK\$ 45,962,004.00 (approximately CDN\$ 2,700,000.00)
October 31, 2016	Private placement of Common Shares under General Mandate	HK\$7,840,000.00 (approximately CDN\$ 460,000.00)
December 14, 2016	Private placement of Common Shares under General Mandate	HK\$15,929,625.00 (approximately CDN\$ 930,000.00)

Notes

- (1) Based on the Bank of Canada's nominal noon exchange rate (as at April 28, 2016) of CDN\$1.00 = HK\$6.1484.
- (2) Based on the Bank of Canada's nominal noon exchange rate (as at June 22, 2016) of CDN\$1.00 = HK\$6.0532
- (3) Based on the Bank of Canada's nominal noon exchange rate (as at October 24, 2016) of CDN\$1.00 = HK\$5.8227
- (4) Based on the Bank of Canada's nominal noon exchange rate (as at October 31, 2016) of CDN\$1.00 = HK\$5.7934
- (5) Based on the Bank of Canada's nominal noon exchange rate (as at December 14, 2016) of CDN\$1.00 = HK\$5.9118

EFFECT ON SHAREHOLDING STRUCTURE

The 150,000,000 Placing Shares represent (i) approximately 2.998% of the issued share capital of the Corporation immediately before completion of the Placing and (ii) approximately 2.911% of the issued share capital of the Corporation as enlarged by the allotment and issue of the Placing Shares.

Set out below is the shareholding structure of the Corporation immediately before and after completion of the Placing:

Name of Shareholder	As at the date of this Announcement		Immediately after Completion of the Placing	
	Number of Shares	Approx. % of Shares	Number of Shares	Approx. % of Shares
Sun Kwok Ping	1,312,881,500	26.24	% 1,312,881,500	25.91
Bright Hope Global Investment Limited ⁽¹⁾	267,353,088	5.34	% 267,353,088	5.14
China Life Insurance (Overseas) Co., Ltd	201,941,600	4.04	% 201,941,600	3.91
Tseung Hok Ming	295,893,656	5.91	% 295,893,656	5.70
Sinopec Century Bright Capital Investment Limited	239,197,500	4.78	% 239,197,500	4.62
Zhengwei International Investment And Management Co., Ltd	-	-	150,000,000	2.86
Other public shareholders (excluding Placees)	2,685,334,014	53.68	% 2,685,334,014	52.00
Total	5,002,601,358	100	% 5,152,601,358	100.00

Notes:

1. Bright Hope Global Investments Limited is a company incorporated in the British Virgin Islands. The company is 100% held by Mr. Zhang Yi. On March 15, 2016 in Hong Kong (March 15, 2016 in Calgary), the Corporation entered into a subscription agreement (the "Subscription Agreement") with Bright Hope Global Investments Limited ("Bright Hope Global") under which Bright Hope Global agreed to subscribe for a total of 558,823,500 Class "A" Common Voting Shares of the Corporation ("Common Shares") at a price of HK\$ 0.34 per Common Share. The Corporation and Bright Hope Global Investments Limited mutually terminated the Subscription Agreement on 21 November 2016 (Hong Kong time). Up to the date of the termination of the Subscription Agreement, a total of 308,575,588 Common Shares were allotted and issued to Bright Hope Global Investments Limited under the Subscription Agreement.

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 rate of 5,000 barrels per day.

FORWARD LOOKING INFORMATION

This announcement contains forward-looking information relating to, among other things, (a) the closing of, and the anticipated timing of the closing of, the Placement and the remainder of the Employee and Connected Subscription; (b) the future financial performance and objectives of Sunshine; and (c) 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 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, 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 on 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.](#)

SUNSHINE OILSANDS LTD.

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

(HKEX:2012)

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

Sun Kwok Ping, *Executive Chairman*

Hong Kong, December 28, 2016

Calgary, December 28, 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*

Contact

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