

HONG KONG, CHINA and CALGARY, ALBERTA--(Marketwired - Mar 22, 2017) - [Sunshine Oilsands Ltd.](#) is pleased to announce its financial results for the fourth quarter and year ended December 31, 2016 and an update on West Ells progress. Please see the attached announcement for further information.

[Sunshine Oilsands Ltd.](#) Announcement of Results for the Fourth Quarter and the Year Ended December 31, 2016 and an Update on West Ells Progress

[Sunshine Oilsands Ltd.](#) (the "Corporation" or "Sunshine") (HKSE:2012) today announced its financial results for the fourth quarter and the year ended December 31, 2016. The Corporation's consolidated financial statements, notes to the consolidated financial statements, Management's Discussion and Analysis and Annual Information Form 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](#)). The Annual Information Form includes the Corporation's reserves and resource data as at an effective date of December 31, 2016 as evaluated by GLJ Petroleum Consultants Ltd. and DeGolyer and MacNaughton Canada Limited and prepared in accordance with National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities. All figures are in Canadian dollars unless otherwise stated.

MESSAGE TO SHAREHOLDERS

For the year ended December 31, 2016, the Corporation achieved progress in the following areas:

- Construction of Phase 1 is substantially completed;
- All 8 well pairs were on early SAGD production;
- All downhole pumps installation were completed and in operation mode;
- The Corporation has received its certificate from the Pressure Equipment Safety Authority in Alberta, for Sunshine's total asset integrity management.

On February 28, 2017, the Corporation ceased capitalization of its West Ells Phase I project. Hence, the Corporation will cease capitalization of the petroleum revenue, royalties, diluent costs, transportation costs and operating expenses in relation to the Project and will commence recording depletion of the Project under IFRS effective March 1, 2017. These amounts will then be included in the Statement of Operations and Comprehensive Loss.

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 Corporation 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) Corporation Limited to definitive terms and agreements, the Corporation initiated discussions with the forbearing holders about altering the timing and the form of payment of the yield maintenance premium. As such, the Corporation 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.

On March 20, 2017, the Company and the Forbearing Holders confirmed the signing of the Forbearance Reinstatement Agreement (the "FRA") and a Note Exchange Agreement (the "NEA"). The principal payment terms of the FRA include: (i) Payment of 20% of the Yield Maintenance Premium (the "YMP") originally due on August 1, 2016 by cash; (ii) 80% of the YMP will be repaid on August 1, 2017 as the bond matures; (iii) the Company agreed to repay bond principal of approximately USD11.2 million by issuance of shares (the "Share Issuance"), which therefore the NEA is to be executed; (iv) Payment of 20% accrued interest and forbearance fee fell due on February 1, 2017 by cash and the remaining amount to be repaid on August 1, 2017 as the bond matures; (v) Regarding the USD22.5 million of principal repayment which fell due on February 1, 2017, both parties agreed to defer the repayment as follows: USD5.0 million and USD10.0 million are to be repaid by the end of April 2017 and June 2017 respectively. The remaining amount shall be repaid on or before the maturity date of the bond, i.e. August 1, 2017.

The Board believes the entering into of the FRA and NEA is in the best interests of the Company and its shareholders as a whole as the FRA and NEA will provide the Company with additional time to repay or refinance the indebtedness owed by the Company to the Noteholders under the Notes. The Company is not aware that the Noteholders intend to enforce their rights in respect of the Notes.

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").

During year ended December 31, 2016, the Corporation completed the closing of 308,575,588 Common Shares (the "Bright Hope 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 Closing, the Corporation received total gross proceeds of HK\$104,915,700 (approximately CDN\$17.6 million in total).

On October 31, 2016, the Corporation announced an extension of the subscription of the remaining 250,247,912 Common Shares (approximately HK\$85,084,290 or CDN\$14.69 million) subscribed for by Bright Hope ("Further Extension") to no later than January 31, 2017.

On November 21, 2016, the Corporation announced that the Further Extension granted to Bright Hope has been mutually terminated as the Corporation was informed by Stock Exchange that the Further Extension did not comply with the allowable pricing discount provisions of the Listing Rules and, as such, the Corporation cannot issue those remaining Common Shares under the Private Placement under the General Mandate.

Reference is made to the announcements of the Corporation dated on December 7, 2016 and December 14, 2016 (Hong Kong time) in relation to the proposed issue of a total of 50,000,000 new Class "A" Common Voting Shares of the Corporation to a Third Party ("Third Party") under the General Mandate.

On December 7, 2016, the Corporation entered into a subscription agreement with a third party for a total of 50,000,000 class "A" common shares at a price of HK\$0.321 per share (approximately CDN\$0.054 per common share), for gross proceeds of HK\$16.05 million (approximately CDN\$2.7 million). On December 14, 2016 the Corporation completed the closing of this subscription agreement. In addition, a placing commission of HK\$120,375 (approximately CDN\$0.02 million), had been incurred in relation to the Closing.

Reference is made to the announcements of the Corporation dated on December 28, 2016 and December 29, 2016 (all Hong Kong time) in relation to the proposed issue of a total of 150,000,000 new Class "A" Common Voting Shares of the Corporation to Zhengwei International Investment and Management Co. Ltd. ("Zhengwei") under the General Mandate.

On December 28, 2016, the Corporation entered into a subscription agreement with Zhengwei International Investment and Management Co., Limited under which Zhengwei agreed to subscribe for a total of 150,000,000 Class "A" Common Voting Shares of the Corporation at a price of HK\$0.29 per Common Share or approximately CDN\$0.048 per Common Share, which in the aggregate amounts to gross proceeds of HK\$43.5 million (approximately CDN\$7.6 million).

Subsequent to December 31, 2016, on January 17, 2017, the Corporation entered into a subscription agreement for a total of 60,000,000 class "A" common shares at a price of HK\$0.262 per share (approximately CDN\$0.045 per common share), for gross proceeds of HK\$15.7 million (approximately CDN\$2.7 million). On January 24, 2017 the Corporation completed the closing of this subscription agreement. In addition, a placing commission of HK\$117,900 (approximately CDN\$0.02 million), had been incurred in relation to the Closing.

On March 16, 2017 the Company entered into a subscription agreement for a total of 247,350,000 class "A" common shares at a price of HK\$0.283 per share (approximately CDN\$0.050 per common share), for gross proceeds of HK\$70 million (approximately CDN\$12.1 million).

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 year ended December 31, 2016, the Corporation completed the closing the remaining of 413,520,000 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\$310,140,000 (approximately CDN\$52.3 million)

The Corporation intends to apply the net proceeds from the Issued Shares (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 operation costs of the West Ells project.

Summary of Financial Figures

As at December 31, 2016 and December 31, 2015, the Corporation notes the following selected balance sheet figures.

(Canadian \$000s)	December 31, 2016	December 31, 2015
Cash	\$ 13,635	\$ 6,545
Current restricted cash and cash equivalents	-	14,389
Prepaid expense and deposits	5,054	8,119
Exploration and evaluation assets	291,716	290,945
Property, plant and equipment	684,531	650,930
Total liabilities	390,135	369,083
Shareholders' equity	607,455	604,098

For the fourth quarter of 2016, the Corporation had a net loss of \$23.2 million, compared to \$325.8 million for the same period in 2015, representing a net loss per share for each respective year of \$0.00 and \$0.08. For the year ended December 31, 2016, the Corporation had a net loss of \$73.3 million compared to \$406.1 million for the year ended December 31, 2015, representing a net loss per share for each respective year of \$0.02 and \$0.10.

Reserves and Resources

On March 21, 2017, the Corporation announced the results of its reserves and resources evaluations, effective as at December 31, 2016. For a full discussion of the Corporation's reserves and resources data and other oil and gas information, see the "Statement of Reserves Data and Other Oil and Gas information" in the Corporation's Annual Information Form for the year ended December 31, 2016, a copy of which is available on the Hong Kong Stock Exchange's website at www.hkexnews.hk, on the SEDAR website at www.sedar.com and on the Corporation's website at www.sunshineoilsands.com.

2017 Outlook

As at the date of this release, all eight West Ells Phase I well pairs are on early SAGD 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
Chief Executive Officer President & Chief Operating Officer

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 under General Mandate and Specific Mandate and the timing thereof; 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 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, 2016 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.](#)

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

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

Sun Kwok Ping, *Executive Chairman*

Hong Kong, March 22, 2017

Calgary, March 21, 2017

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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