

HONG KONG, CHINA and CALGARY, ALBERTA--(Marketwired - Apr 5, 2017) - The Board of Directors (the "Board") of [Sunshine Oilsands Ltd.](#) (the "Corporation" or "Sunshine") (HKSE:2012) is pleased to announce the following:

On April 5, 2017 in Hong Kong (April 5, 2017 in Calgary) (after trading hours), the Corporation entered into a Debt Settlement Agreement with Creditor A, being an Independent Third Party and a creditor to the Corporation, pursuant to which the Corporation will allot and issue the Relevant Shares to Creditor A as full and final settlement of the Partial Debt.

The Issue Price is HK\$0.241, which represents

(i) a discount of approximately 19.9% to the average closing price of approximately HK\$0.301 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to April 5, 2017 (being the last trading day immediately preceding the signing of the Debt Settlement Agreement); and

(ii) a discount of approximately 19.7% to the closing price of HK\$0.30 per Share as quoted on the Hong Kong Stock Exchange on April 5, 2017.

There will be a lock-up period of 4 months from the date of Issuance under which Creditor A undertakes not to transfer and/or dispose of the Relevant Shares.

The Relevant Shares, which shall rank pari passu in all respect with the existing Shares, will be allotted and issued under the General Mandate. The Corporation will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Relevant Shares. Up to the date of this announcement, 397,350,000 Shares have been issued under the General Mandate and no shareholders' approval is required for the allotment and issue of the Relevant Shares.

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

THE ISSUE OF THE RELEVANT SHARES

Pursuant to the Debt Settlement Agreement entered into between the Corporation and Creditor A on April 5, 2017 in Hong Kong (April 5, 2017 in Calgary) (after trading hours), the Corporation will allot and issue the Relevant Shares at the Issue Price to Creditor A as full and final settlement of the Partial Debt.

THE RELEVANT SHARES

Assuming no further issue of new Shares or repurchase of Shares (other than those failing to be issued upon full exercise of the share options), the Relevant Shares represent (i) approximately 2.63% of the existing issued share capital of the Corporation as at the date of this announcement; and (ii) approximately 2.57% of the total enlarged issued share capital of the Corporation immediately following completion of the Issuance.

ISSUE PRICE

The Issue Price is HK\$0.241, which represents

(i) a discount of approximately 19.9% to the average closing price of approximately HK\$0.301 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to April 5, 2017 (being the last trading day immediately preceding the signing of the Debt Settlement Agreement); and

(ii) a discount of approximately 19.7% to the closing price of HK\$0.30 per Share as quoted on the Hong Kong Stock Exchange on April 5, 2017.

It was arrived after arm's length negotiation between the Corporation and Creditor A with reference to the market condition and the prevailing market price of the Shares.

LOCK-UP

There shall be a lock-up period of 4 months from the date of Issuance to Creditor A under which Creditor A undertakes not to transfer and/or dispose of the Relevant Shares.

GENERAL MANDATE TO ISSUE THE RELEVANT SHARES

The Relevant Shares will be allotted and issued pursuant to the General Mandate and the issue of the Relevant Shares is not

subject to Shareholders' approval. The maximum number of Shares that can be issued under the General Mandate is 863,699,620 Shares. As at the date of this announcement, 397,350,000 Shares have been issued and allotted under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Relevant Shares. No separate approval of Shareholders is required for the Issuance. The total amount of Relevant Shares to be issued and allotted constitute approximately 16.31% of the General Mandate as at the date of this Announcement.

RANKING AND APPLICATION FOR LISTING

The Relevant Shares will be issued under the General Mandate and will rank *pari passu* in all respects among themselves and with the existing Shares in issue on the Completion Date. Application will be made to the Stock Exchange for the grant of the listing of, and permission to deal in the Relevant Shares.

CONDITIONS

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

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Relevant Shares; and
- (ii) all relevant approvals and consents from governmental or other competent authority or in accordance with applicable laws having been obtained, if necessary.

None of the above conditions are capable of being waived. In the event that the conditions of the Issuance are not fulfilled on or before 13 April 2017 (or such other time and date as may be agreed between the parties to the Debt Settlement Agreement), the Debt Settlement Agreement shall cease and determine and neither the Corporation nor Creditor A shall have any obligations and liabilities under the Debt Settlement Agreement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE CORPORATION

As at the date of this announcement, the Corporation has 5,349,951,358 Shares in issue. The shareholding structure of the Corporation as at the date of this announcement and immediately after completion of the Issuance (assuming that there are no other changes to the shareholding structure of the Corporation from the date of this announcement to the date of completion of the Issuance) are as follows:

	As at the date of this Announcement		Immediately after Completion of the Issuance Corporation from the date of this announcement to the date of completion of the Issuance)
Name of Shareholder	Number of Shares	Approx. % of Shares	Number of Shares
Sun Kwok Ping	1,266,202,500	23.67%	1,266,202,500
Bright Hope Global Investment Limited	267,353,088	5.00%	267,353,088
China Life Insurance (Overseas) Co., Ltd	201,941,600	3.77%	201,941,600
Tseung Hok Ming	295,893,656	5.53%	295,893,656
Sinopec Century Bright Capital Investment Limited	239,197,500	4.47%	239,197,500
Creditor A	-	-	140,874,000
Other public shareholders (excluding Creditor A)	3,079,363,014	57.56%	3,079,363,014
Total	5,349,951,358	100	5,490,825,358

REASONS FOR AND BENEFITS OF ENTERING INTO THE DEBT SETTLEMENT AGREEMENT

As at the date of the Debt Settlement Agreement, the Corporation was indebted to Creditor A for CDN\$6,698,347.84 of which CDN\$837,293.48 will be settled by cash and the remaining balance, being the Partial Debt, will be settled by the Issuance.

The Directors are of the view that the settlement of the Partial Debt by way of Issuance would not result in significant cash outflow of the Corporation while reducing the indebtedness of the Corporation. Accordingly, the Directors consider that the terms of the Debt Settlement Agreement are fair and reasonable and the Issuance is in the interests of the Corporation and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE CORPORATION IN THE PAST 12 MONTHS

Save as disclosed below, the Corporation has not conducted any other fund raising activities during the 12 months immediately 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\$ 4,781,662 ⁽¹⁾)
June 22, 2016	Private placement of Common Shares under General Mandate	HK\$ 19,615,817.20 (approximately CDN\$ 3,240,570 ⁽²⁾)
October 24, 2016	Private placement of Common Shares under General Mandate	HK\$ 45,962,004.00 (approximately CDN\$ 2,000,000 ⁽³⁾)
October 31, 2016	Private placement of Common Shares under General Mandate	HK\$7,840,000.00 (approximately CDN\$ 1,000,000 ⁽⁴⁾)
December 14, 2016	Private placement of Common Shares under General Mandate	HK\$15,929,625.00 (approximately CDN\$ 2,000,000 ⁽⁵⁾)
January 24, 2017	Private placement of Common Shares under General Mandate	HK\$ 15,602,100.00 (approximately CDN\$ 2,673,123.6 ⁽⁶⁾)
March 24, 2017	Private placement of Common Shares under General Mandate	HK\$ 69,475,049.6 (approximately CDN\$ 11,925,809.1 ⁽⁷⁾)
March 28, 2017	Private placement of Common Shares under General Mandate	HK\$ 11,599,985 (approximately CDN\$ 1,996,485 ⁽⁸⁾)

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
6. Based on the Bank of Canada's nominal noon exchange rate (as at 24 January 2017) of CDN\$1.00 = HK\$5.8367.
7. Based on the Bank of Canada's nominal noon exchange rate (as at March 24, 2017) of CDN\$1.00 = HK\$5.8256.
8. Based on the Bank of Canada's nominal noon exchange rate (as at March 28, 2017) of CDN\$1.00 = HK\$5.8102.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

"Completion"	completion of the Issuance
"Completion Date"	the date of Completion
"connected persons"	has the meaning ascribed thereto in the Listing Rules

"Creditor A"	Precision Drilling Canada Limited Partnership, a company incorporated in Canada with limited liability and a creditor to the Corporation
"Debt Settlement Agreement"	the agreement dated April 5, 2017 and entered into by the Corporation with Creditor A, in relation to the Debt
"Director(s)"	the director(s) of the Corporation
"General Mandate"	the general mandate obtained from the shareholders of the Corporation at the annual general meeting (Hong Kong time) and 29 June 2016 (Calgary time) of the Corporation authorising the Directors to allot and issue the issued and outstanding shares of the Corporation as at the date of the annual general meeting
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	independent third party(ies) who is(are) not connected person(s) (as defined in the Listing Rules) of the Corporation and not connected with the connected persons of the Corporation
"Issuance"	the allotment and issue of the Relevant Shares to Creditor A in accordance with the terms and conditions of the Debt Settlement Agreement
"Issue Price"	HK\$0.241 per Relevant Share
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Partial Debt"	CDN\$5,861,054.36, being the amount of partial debt outstanding as at the date of the Debt Settlement Agreement of the Corporation to Creditor A
"Relevant Share(s)"	140,874,000 new Shares, which represents the amount of Partial Debt divided by the Issue Price to be issued by the Corporation to Creditor A on Completion Date
"Shares" or "Common Shares"	the Class A common shares of the Corporation that is listed on the Stock Exchange
"Shareholder(s)"	holder(s) of the issued Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"CDN\$"	Canadian dollars, the lawful currency of Canada
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

ABOUT SUNSHINE OILSANDS LTD.

The Corporation is a Calgary based public corporation listed on the Hong Kong Stock Exchange since March 1, 2012. The Corporation is focused on the development of its significant holdings of oil sands leases in the Athabasca oil sands region. The Corporation owns interests in approximately one million acres of oil sands and petroleum and natural gas leases in the Athabasca region. The Corporation is currently focused on executing milestone undertakings in the West Ells project area. West Ells has an initial production target rate of 5,000 barrels per day.

FORWARD LOOKING INFORMATION

This announcement contains forward-looking information relating to, among other things, (a) the negotiation and entering into of definitive documentation relating to the settlement of indebtedness under the Partial Debt; (b) the future financial performance and objectives of the Corporation; 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 the Corporation's experience, current beliefs, assumptions, information and perception of historical trends available to the Corporation, and are subject to a variety of risks and uncertainties including, but not limited to those associated with resource definition and expected reserves and contingent and prospective resources estimates, unanticipated costs and expenses, regulatory approval, fluctuating oil and gas prices, expected future production, the ability to access sufficient capital to finance future development and credit risks, changes in Alberta's regulatory framework, including changes to regulatory approval process and land-use designations, royalty, tax, environmental, greenhouse gas, carbon and other laws or regulations and the impact thereof and the costs associated with compliance. Although the Corporation believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the assumptions and factors discussed in this announcement are not exhaustive and readers are not to place undue reliance on forward-looking statements as the Corporation's actual results may differ materially from those expressed or implied. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, subsequent to the date of this announcement, except as required under applicable securities legislation. The forward-looking statements speak only as of the date of this announcement and are expressly qualified by these cautionary statements. Readers are cautioned that the foregoing lists are not exhaustive and are made as at the date hereof. For a full discussion of the Corporation's material risk factors, see the Corporation's annual information form for the year ended December 31, 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 on the Corporation's website at www.sunshineoilsands.com.

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

Sun Kwok Ping, *Executive Chairman*

Hong Kong, April 5, 2017

Calgary, April 5, 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 purpose only*

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

Contact

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