

HONG KONG, CHINA and CALGARY, ALBERTA--(Marketwired - May 12, 2017) - [Sunshine Oilsands Ltd.](#) (the "Corporation" or "Sunshine") (HKSE:2012) today announced its financial results for the first quarter ended March 31, 2017. The Corporation's condensed consolidated interim financial statements, notes to the condensed consolidated interim 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

On March 1, 2017, the Corporation achieved a key milestone. The Project commenced commercial production. Hence, effective March 1, 2017, the Corporation started recording revenue, expenses and depletion of the West Ells Project in the Statement of Operations and Comprehensive Loss. For one month ended March 31, 2017, the average bitumen production was 1,796 barrels per day ("bbls/day"), steam to oil ratio ("SOR") was 4.8 at this early stage of steam-assisted gravity drainage ("SAGD") production. Diluent is blended at a 21% volumetric rate with the bitumen as part of the production process to create the marketable "Dilbit" blend product, and the average dilbit sales volume was 2,272 bbls/day.

Sunshine's Capital Raising Activities

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 HKD \$0.262 per share (approximately CAD \$0.045 per common share), for gross proceeds of HKD \$15.7 million (approximately CAD \$2.7 million). On January 24, 2017 the Corporation completed the closing of this subscription agreement. In addition, a placing commission of HKD \$117,900 (approximately CAD \$0.02 million), was incurred in relation to the Closing.

On March 16, 2017 the Corporation entered into a subscription agreement for a total of 247,350,000 class "A" common shares at a price of HKD \$0.283 per share (approximately CAD \$0.050 per common share), for gross proceeds of HKD \$70 million (approximately CAD \$12.1 million). On March 24, 2017 the Corporation completed the closing of this subscription agreement. In addition, a placing commission of HKD \$525,000 (approximately CAD \$0.09 million), was incurred in relation to the Closing.

On December 28, 2016, the Corporation entered into a subscription agreement with Zhengwei International Investment and Management Co., Limited ("Zhengwei") under which Zhengwei agreed to subscribe for a total of up to 150,000,000 Class "A" Common Voting Shares of the Corporation ("Common Shares") at a price of HKD \$0.29 per Common Share or approximately CAD \$0.048 per Common Share, which in the aggregate amounts to gross proceeds of HKD \$43.5 million (approximately CAD \$7.6 million). On March 28, 2017, the Corporation completed the closing of 40,000,000 Common Shares HKD \$0.29 (approximately CAD \$0.050 per Common Share). The Corporation received total gross proceeds of HKD \$11.6 million (approximately CAD \$2.0 million). The subscription agreement expired on the March 28, 2017 and hence the time for the completion of the remaining 110,000,000 Common Shares has lapsed.

Subsequent to March 31, 2017, on April 5, 2017, the Corporation entered into a Debt Settlement Agreement with a creditor for CDN \$5.9 million. On April 13, 2017 the Corporation completed the closing a total of 147,874,000 shares to the Creditor at an issue price of HKD \$0.241 per Common Shares (approximately CAD \$0.041 per Common Share) pursuant to the terms and conditions of the Debt Settlement Agreement. The issued Common Shares in this transaction are subject to a four months holding period.

Summary of Financial Figures

The Corporation's external auditor has not performed a review of the condensed consolidated interim financial statements for the three months ended March 31, 2017. As at March 31, 2017 and December 31, 2016, the Corporation notes the following selected balance sheet figures.

(Canadian \$000s)	March 31, 2017	December 31, 2016
Cash	\$ 12,876	\$ 13,635
Prepaid expense and deposits	2,259	5,054
Exploration and evaluation assets	292,237	291,716
Property, plant and equipment	688,488	684,531
Total liabilities	396,904	390,135
Shareholders' equity	603,580	607,455

For the first quarter of 2017, the Corporation had a net loss of \$21.2 million compared to \$2.8 million for the same period in 2016, representing a net loss per share of \$0.004 for the 2017 period and \$0.001 for the 2016 period.

2017 Outlook

Due to the extensive damage associated with the disastrous wild fire in Fort McMurray in May 2016, start up at West Ells was interrupted and delayed. Significant progress has been achieved since then. On March 1, 2017, the West Ells Phase I project commenced commercial production. The West Ells Phase I project is expected to ramp up to its Phase I design capacity of 5,000 bbls/day. The Corporation continues to focus on carefully improving production performance and developing SAGD chambers, which will increase production at West Ells.

Hong Luo
Chief Executive Officer

Qiping Men
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 plans and expectations of the Corporation; and (c) the anticipated closings of the current private placements and the timing thereof. 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.

By Order of the Board of [Sunshine Oilsands Ltd.](http://www.sunshineoilsands.com)

Sun Kwok Ping, Executive Chairman

Hong Kong, May 12, 2017

Calgary, May 11, 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. Linna Liu 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.

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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.](#)

** For identification purposes only*

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

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