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SUNSHINE OILSANDS LTD.
陽光油砂有限公司*

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

(HKEX: 2012)

**ANNOUNCEMENT OF PARTIAL CLOSING OF PRIVATE PLACEMENT OF 151,274,509
COMMON SHARES UNDER GENERAL AND SPECIFIC MANDATE**

By Order of the Board of Sunshine Oilsands Ltd.

Sun Kwok Ping
Executive Chairman

Hong Kong, October 24, 2016
Calgary, October 23, 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*

Hong Kong (October 24, 2016) and **Calgary, Alberta** (October 23, 2016) – The Board of Directors of Sunshine Oilsands Ltd. (the “**Corporation**” or “**Sunshine**”) (HKEX: 2012) is pleased to announce the following:

Partial Closing of Private Placement under 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 and September 1, 2016 (all Hong Kong time) (collectively, the “**Bright Hope Announcement**”) in relation to the proposed issue of a total of 558,823,500 new Class “A” Common Voting Shares in the capital of the Corporation (“**Common Shares**”) to Bright Hope Global Investments Limited (“**Bright Hope**”) under the General Mandate (as defined in the Bright Hope Announcement).

Sunshine is pleased to announce today that it has completed the closing of 137,941,176 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 at current exchange rates). Under the Bright Hope Partial Closing, the Corporation received total gross proceeds of HK \$46,900,000 (approximately CDN \$8.05 million at current exchange rates) for the allotment and issue of 137,941,176 Common Shares (the “**Bright Hope Shares**”) to Bright Hope. An introduction fee of HK \$937,995.40 (approximately CDN \$160,927.03 at current exchange rates) being 2% of the gross proceeds of the Bright Hope Partial Closing has been incurred in relation to the Bright Hope Partial Closing.

The Bright Hope Shares represent: (i) approximately 2.948% of the total issued and outstanding Common Shares prior to the Closings (as defined below); and (ii) approximately 2.856% of the total issued and outstanding Common Shares as enlarged by the Closings.

The Corporation intends to apply the net proceeds from the Bright Hope Partial Closing: (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.

An announcement will be issued when the Corporation completes the closing of the remaining 273,777,324 Common Shares (HK \$93,084,290 or CDN \$15.97 million at current exchange rates) subscribed for by Bright Hope which will be closed in one or more tranches with the last tranche closing no later than October 31, 2016.

Partial Closing of Private Placement under 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 and August 4, 2016 (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.

Sunshine is pleased to announce today that it has completed the closing of 13,333,333 Common Shares (the “**Prime Union Partial Closing**” and together with the Bright Hope Partial Closing, the “**Closings**”) under the Specific Mandate at a price of HK \$0.75 per Common Share (approximately CDN \$0.13 per Common Share at current exchange rates). Under the Prime Union Partial Closing, the Corporation received total gross proceeds of HK \$10,000,000

(approximately CDN \$1.72 million at current exchange rates) for the allotment and issue of 13,333,333 Common Shares (the “**Prime Union Shares**”) to Prime Union Enterprises Limited (“**Prime Union**”).

The Prime Union Shares represent: (i) approximately 0.285% of the total issued and outstanding Common Shares prior to the Closings; and (ii) approximately 0.276% of the total issued and outstanding Common Shares as enlarged by the Closings.

The Corporation intends to apply the net proceeds from the Prime Union Partial Closing: (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.

A further announcement will be issued when the Corporation completes the closing of the remaining 98,453,334 Common Shares (HK \$73,840,001 or approximately CDN \$12.68 million at current exchange rates) subscribed for by Prime Union which will be closed in one or more tranches with the last tranche closing no later than December 1, 2016.

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 of Alberta, Canada. 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.

For further enquiries, please contact:

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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 intended use of proceeds of the Closings; (c) the closing of the remaining 273,777,324 Common Shares subscribed for by Bright Hope; (d) the closing of the remaining 98,453,334 Common Shares subscribed for by Prime Union; and (e) 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 the Corporation's website at www.sunshineoilsands.com.