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阳光油砂
SUNSHINE OILSANDS LTD.

SUNSHINEOILSANDSLTD.
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)

INSIDE INFORMATION
LONG TERM FORBEARANCE REINSTATEMENT WITH NOTEHOLDERS

This announcement is made in accordance with the Inside Information Provision under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

By Order of the Board of Sunshine Oilsands Ltd.

Sun Kwok Ping
Executive Chairman

Hong Kong, March 21, 2017
Calgary, March 20, 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*

Hong Kong (March 21, 2017) and Calgary, Alberta (March 20,2017) –The Board of Directors of Sunshine Oilsands Ltd. (“**the Company**” or “**Sunshine**”) (HKEX:2012) hereby announces the following:

LONG-TERM FORBEARANCE REINSTATEMENT WITH NOTEHOLDERS

Reference is made to the announcements of the Company dated August 5, 2014, August 8, 2014 and February 5, 2016 (all Hong Kong time) in relation to, among other things, the offering of US\$200 million principal amount of senior secured notes (the “Notes”). Reference is also made to the announcements of the Corporation dated August 1, 2016, August 12, 2016, August 17, 2016, August 29, 2016, September 1, 2016, September 12, 2016, 31 October, 2016 and 31 January, 2017(all Hong Kong time) in relation to, among other things, the forbearance agreements the Company has entered into with the holders of the Notes (the “Noteholders”).

On March 20, 2017 (Calgary time), 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.

Completion of the share issuance is subject to regulatory approval including approval from the Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) and compliance with the requirements under the Listing Rules. As the share issuance 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.

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 rate of 5,000 barrels per day.

For further enquiries, please contact:

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Chief Executive Officer

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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; and (b) 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.

