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阳光油砂

SUNSHINE OILSANDS LTD.

## **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)*

### **PLACING OF UP TO 60,606,500 NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent to the Placing  
China Industrial Securities International Capital Limited**



By Order of the Board of Sunshine Oilsands Ltd.

**Sun Kwok Ping**  
*Executive Chairman*

Hong Kong, December 14, 2017  
Calgary, December 14, 2017

*As at the date of this announcement, the Board consists of Mr. Kwok Ping Sun, Mr. Hong Luo, Mr. Qiping Men and Ms. Gloria Pui Yun Ho as executive directors; Mr. Michael John Hibberd, Ms. Linna Liu and Ms. Xijuan Jiang as non-executive directors; and Mr. Raymond Shengti Fong, Mr. Jeff Jingfeng Liu, Ms. Joanne Yan and Mr. Yi He as independent non-executive directors.*

*\*For identification purposes only*

**Hong Kong** (December 14, 2017) and Calgary, Alberta (December 14, 2017) – The Board of Directors (the "**Board**") of Sunshine Oilsands Ltd. (the "**Corporation**" or "**Sunshine**") (HKEX: 2012) is pleased to announce the following:

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

### **(a) The Placing**

On December 14, 2017 in Hong Kong (December 14, 2017 in Calgary), the Corporation entered into a placing agreement (the "**Placing Agreement**") with **China Industrial Securities International Capital Limited** (the "**Placing Agent**" or "**CISC**") under which the Corporation has conditionally agreed to place, through CISC, on a best efforts basis, up to 60,606,500 common shares of the Company (the "**Shares**") at a price of HK\$0.264 per Share (the "**Placing Price**") which shall be newly issued Shares pursuant to the terms of the Placing Agreement (the "**Placing Shares**"). It is currently expected that there will be at least six placees of the Placing Shares (who will be independent professional, institutional or other investors) who and whose ultimate beneficial owners are third parties residing in Hong Kong (the "**Placees**") and independent of and not connected with the Corporation or its connected persons (as defined under the Listing Rules) (the "**Placing**").

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 number of Placing Shares represents approximately 1.09% of the existing issued share capital of the Company of 5,567,271,113 Shares as at the date of this announcement and approximately 1.08% of the Company's issued share capital of 5,627,877,613 Shares as enlarged by the allotment and issue of the Placing Shares.

### **(b) Placing Price**

The Placing Price represents:

- (i) a discount of approximately 18.01% to the average closing price of approximately HK\$0.322 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to December 14, 2017 (being the last trading day immediately preceding the signing of the Placing Agreement); and
- (ii) a discount of approximately 13.44% to the closing price of HK\$0.305 per Share as quoted on the Hong Kong Stock Exchange on December 14, 2017.

The maximum gross proceeds to be raised from the Placing will be HK\$16,000,116 (approximately CDN\$ 2,635,219.11 at the current exchange rate).

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Corporation and CISC. The directors of the Corporation (the "**Directors**") consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions and the Placing is in the interests of the Corporation and its shareholders as a whole.

**(c) Conditions to Completion of the Placing Agreement**

Completion of the Placing is subject to the fulfillment or waiver (other than conditions (i) and (ii) below which cannot be waived) of the following conditions:

- (i) the Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) approving the listing of and dealing in the Placing Shares to be issued pursuant to the Placing Agreement on or before 12:00 noon on December 20, 2017;
- (ii) compliance of the Placing with the requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) and
- (iii) the receipt of all required documents as stipulated in the Placing Agreement.

**(d) Termination of the Placing Agreement**

The Placing Agent may terminate the Placing Agreement without liability to the Corporation by giving notice in writing prior to 9:00 am on the Placing Completion Date, if in the reasonable opinion of the Placing Agent, the success of the Placing would be adversely affected by (i) any material breach of any of the representations and warranties provided by the Corporation; or (ii) any suspension in dealings in or the listing of the Shares on the Hong Kong Stock Exchange for a period of more than three trading days (other than in connection with the Placing); or (iii) any force majeure events which may adversely affect the Corporation.

**(e) Completion of the Placing**

Completion of the Placing will take place on three business days (means any day excluding Saturday and Sunday on which commercial banks are generally open for business in Hong Kong) immediately following receipt of the listing approval from the Hong Kong Stock Exchange referred to in condition (c)(i) above or such other date as the parties may agree (the “**Placing Completion Date**”).

The certificates representing the Shares placed for under the Placing will bear certain legends, as required under applicable Canadian securities laws.

**Completion of the Placing is subject to the satisfaction of certain conditions. As the Placing 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.**

**(f) General Mandate to Issue Shares**

The Placing does not require the approval of the Corporation’s shareholders as the Shares under the Placing will be allotted and issued under the general mandate, which was granted to the Board at the annual general meeting of the Corporation held on June 27, 2017 (Hong Kong time) / June 26, 2017 (Calgary time) (the “**AGM**”) to issue up to 20% of its aggregate issued and outstanding share capital as at the date of the AGM until the next annual general meeting of the Corporation (the “**General Mandate**”). The amount of the General Mandate is 1,111,667,271 Shares. As at the date of this announcement, the Board has issued and allotted 8,934,755 Shares under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Placing Shares. No separate approval of Shareholders is

required for the Issuance. The total amount of Placing Shares to be issued and allotted constitute approximately 5.45% of the General Mandate as at the date of this Announcement.

**(g) Reasons for the Placing and Use of Proceeds from the Placing**

The Directors consider that the Placing represents an opportunity to raise capital for the Corporation at an important time for the Corporation. The maximum gross proceeds to be raised from the Placing will be HK\$16,000,116 (approximately CDN\$ 2,635,219.11 at the current exchange rate). Based on the estimated expenses of approximately HK\$ 120,000.87 (approximately CDN\$ 19,764.14) at the current exchange rate), the maximum net proceeds to be raised from the Placing will be approximately HK\$ 15,880,115.1 (approximately CDN\$ 2,615,454.96 at the current exchange rates). On this basis, the net price per Share under the Placing is approximately HK\$ 0.262.

The Corporation intends to apply the net proceeds from the Placing (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.

**(h) Fund Raising Activities of the Corporation in the Past Twelve Months**

The Corporation has conducted the following equity fund raising activity in the 12 months preceding the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Approximate net proceeds raised</b>	<b>Intended use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
December 14, 2016	Private placement of Common Shares under General Mandate	HK\$15,929,625.00 (approximately CDN\$ 2,694,511.8 <sup>(1)</sup> )	(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.	HK\$15,929,625.00 (approximately CDN\$ 2,694,511.8 <sup>(1)</sup> ) used as intended
January 24, 2017	Private placement of Common Shares under General Mandate	HK\$15,602,100.00 (approximately CDN\$2,673,123.6 <sup>(2)</sup> )	(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.	HK\$ 15,602,100.00 (approximately CDN\$ 2,673,123.6 <sup>(2)</sup> ) used as intended
March 24, 2017	Private placement of Common Shares under General Mandate	HK\$69,475,049.6 (approximately CDN\$11,925,809.1 <sup>(3)</sup> )	(i) for general working capital of the Corporation; and  (ii) as funds for future development of the	HK\$69,475,049.6 (approximately CDN\$11,925,809.1 <sup>(3)</sup> ) used as intended

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Approximate net proceeds raised</b>	<b>Intended use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
			existing business of the Corporation, including funding the development and operation costs of the West Ells project.	
March 28, 2017	Private placement of Common Shares under General Mandate	HK\$11,599,985 (approximately CDN\$1,996,485 <sup>(4)</sup> )	(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.	HK\$11,599,985 (approximately CDN\$ 1,996,485 <sup>(4)</sup> ) used as intended
April 13, 2017	Private placement of Common Shares under General Mandate	HK\$33,950,634 (approximately CDN\$5,861,054.36 <sup>(5)</sup> )	For settlement of indebtedness	HK\$33,950,634 (approximately CDN\$5,861,054.36 <sup>(5)</sup> )
June 07, 2017	Private placement of Common Shares under General Mandate	HK\$15,880,106 (approximately CDN\$2,742,669 <sup>(6)</sup> )	(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.	HK\$15,880,106 (approximately CDN\$2,742,669 <sup>(6)</sup> )
October 18, 2017	Private placement of Common Shares under General Mandate	HK\$2,296,228 (approximately CDN\$369,032.04 <sup>(7)</sup> )	Settlement of indebtedness	HK\$2,296,228 (approximately CDN\$369,032.04 <sup>(7)</sup> )

Notes

- (1) Based on the Bank of Canada's nominal noon exchange rate (as at December 14, 2016) of CDN\$1.00 = HK\$5.9118
- (2) Based on the Bank of Canada's nominal noon exchange rate (as at January 24, 2017) of CDN\$1.00 = HK\$5.8367.
- (3) Based on the Bank of Canada's nominal noon exchange rate (as at March 24, 2017) of CDN\$1.00 = HK\$5.8256.
- (4) Based on the Bank of Canada's nominal noon exchange rate (as at March 28, 2017) of CDN\$1.00 = HK\$5.8102.
- (5) Based on the Bank of Canada's nominal noon exchange rate (as at April 13, 2017) of CDN\$1.00 = HK\$5.7936.

- (6) Based on the Bank of Canada's nominal noon exchange rate (as at June 7, 2017) of CDN\$1.00 =HK\$5.79.
- (7) Based on the Bank of Canada's nominal noon exchange rate (as at October 17, 2017) of CDN\$1.00 =HK\$6.2223.

**(i) Effects on Shareholding Structure**

The existing shareholding structure of the Corporation and the effect of the Placing on the shareholding structure of the Corporation immediately following the completion of the Placing (assuming there will be no other changes in the issued Shares between the date of this announcement and the completion) is set out below.

Name of Shareholders	As at the date of this Announcement		Immediately after Completion of the Placing (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)	
	Number of Shares	Approx. % of Shares	Number of Shares	Approx. % of Shares
Sun Kwok Ping	1,656,812,500	29.76%	1,656,812,500	29.44%
Tseung Hok Ming	295,893,656	5.31%	295,893,656	5.26%
Placees	-	-	60,606,500	1.08%
Other public shareholders (excluding the Placees)	3,614,564,957	64.93%	3,614,564,957	64.23%
<b>Total</b>	<b>5,567,271,113</b>	<b>100%</b>	<b>5,627,877,613</b>	<b>100%</b>

## **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 of 5,000 barrels per day.

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### **The Placing Agent**

The Placing Agent has been appointed to place, on a best efforts basis, the Placing shares at the Placing Price. The Placing Agent is a licensed corporation to carry out business in type 1 regulated activity (dealing in securities) and type 6 regulated activity (advising on corporate finance) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with the Corporation and its connected persons (as defined under the Listing Rules).

Notwithstanding that the Placing Shares shall only be placed to Placees residing in Hong Kong, the Placing Agent and the Corporation agree that the Placing and the Placees must qualify with the applicable securities laws of Alberta, Canada (the "**Applicable Securities Laws**") as the Corporation is a "reporting issuer" under such law. The Placing Agent agrees, inter alia, that it will offer the Placing Shares for sale on behalf of the Corporation only to Placees who are eligible to purchase such Placing Shares under the private placement exemptions available under the Applicable Securities Laws and conduct its activities in connection with the Placing in compliance with all Applicable Securities Laws.

The Placing Agent will be entitled to receive a commission of 0.75% of the amount equal to the Placing Price multiplied by the actual number of the Placing Shares successfully placed by the Placing Agent. The commission for the Placing was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market practice.

## **FORWARD LOOKING INFORMATION**

This announcement contains forward-looking information relating to, among other things, (a) the closing of, and the anticipated timing of the closing of, the Placing; (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](http://www.hkexnews.hk), on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Corporation’s website at [www.sunshineoilsands.com](http://www.sunshineoilsands.com).