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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 Corporation Act of the Province of Alberta, Canada
with limited liability)
(HKEX: 2012)*

**ISSUE OF SHARES UNDER GENERAL MANDATE
FOR SETTLEMENT WITH CREDITOR**

By Order of the Board of Sunshine Oilsands Ltd.
Kwok Ping Sun
Executive Chairman

Hong Kong, May 10, 2024
Calgary, May 10, 2024

As at the date of this announcement, the Board consists of Mr. Kwok Ping Sun 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. Yi He, Mr. Guangzhong Xing and Ms. Jue Pang as independent non-executive directors.

**For identification purposes only*

Hong Kong (May 10, 2024) / **Calgary, Alberta** (May 10, 2024) - The Board of Directors (the “**Board**”) of Sunshine Oilsands Ltd. (the “**Company**” or “**Sunshine**”) (HKEX: 2012) wishes to announce the following:

ISSUE OF SHARES UNDER GENERAL MANDATE FOR SETTLEMENT WITH CREDITOR

On Hong Kong (May 10, 2024) / Calgary, Alberta (May 10, 2024), the Company entered into Settlement Agreement with the Creditor, being a shareholder and a creditor of the Company, pursuant to which the Company will allot and issue the Relevant Shares to the Creditor as full and final settlement of the Debt Payable.

The Issue Price is HK\$0.38, which represents:

- i) a premium of approximately 14.11% to the average closing price of HK\$0.333 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to and including May 9, 2024; and
- ii) the closing price per Share as quoted on the Hong Kong Stock Exchange on May 10, 2024.

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 Company 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, the Board has not allotted or issued any Shares under the General Mandate. 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 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 Settlement Agreement entered into between the Company and the Creditor on Hong Kong (May 10, 2024) / Calgary, Alberta (May 10, 2024), the Company will allot and issue the Relevant Shares at the Issue Price to the Creditor as full and final settlement of the Debt Payable.

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 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the total enlarged issued share capital of the Company immediately following completion of the Issuance.

ISSUE PRICE

The Issue Price is HK\$0.38, which represents:

- i) a premium of approximately 14.11% to the average closing price of HK\$0.333 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to and including May 9, 2024 ; and
- ii) the closing price per Share as quoted on the Hong Kong Stock Exchange on May 10, 2024.

It was arrived after arm's length negotiation between the Company and the Creditor with reference to the market condition and the prevailing market price of the 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 48,695,736 Shares. Up to the date of this announcement, the Board has not allotted or issued any Shares under the General Mandate. No shareholders' approval is required for the allotment and issue of the Relevant Shares.

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 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 June 7, 2024 (or such other time and date as may be agreed between the parties to the Settlement Agreement), the Settlement Agreement shall cease and determine and neither the Company nor the Creditor shall have any obligations and liabilities under the Settlement Agreement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 243,478,681 Shares in issue.

The shareholding structure of the Company 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 Company from the date of this announcement to the date of completion of the Issuance) are as follows:

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 Company 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
Kwok Ping Sun	150,232,591	61.70%	150,232,591	51.42%
Creditor and its ultimate beneficial owner	11,000,000	4.52%	59,695,736	20.43%
Other public shareholders (excluding the Creditor)	82,246,090	33.78%	82,246,090	28.15%
Total	243,478,681	100.00%	292,174,417	100.00%

REASONS FOR AND BENEFITS OF ENTERING INTO THE SETTLEMENT AGREEMENT

As at the date of the Settlement Agreement, the Company has a Debt Payable balance of HK\$ 18,504,380 (approximately CDN\$ 3,241,967) with the Creditor. This Debt Payable will be settled by the issuance of 48,695,736 Shares.

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

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

Shareholders and potential investors should note that completion of the Issuance is subject to fulfilment of the conditions under the 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”	Zhang Jun, a shareholder of and a creditor to the Company
“Settlement Agreement”	the agreement dated May 10, 2024 (Hong Kong time) / May 10, 2024 (Calgary time) and entered into by the Company with Creditor, in relation to the settlement of Debt Payable due from the Company to Creditor
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate obtained from the shareholders of the Company at the annual general meeting held on June 28, 2023 (Hong Kong time) and June 27, 2023 (Calgary time) of the Company authorizing the Directors to allot and issue up to 20% of the issued and outstanding shares of the Company as at the date of the annual general meeting
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issuance”	the allotment and issue of the Relevant Shares to the Creditor in accordance with the terms and conditions of the Settlement Agreement
“Issue Price”	HK\$0.38 per Relevant Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Debt Payable”	HK\$ 18,504,380, being the amount of the Debt Payable outstanding as at the date of the Settlement Agreement due from the Company to the Creditor
“Relevant Share(s)”	48,695,736 new Shares, which represents the amount of Debt Payable divided by the Issue Price to be allotted and issued by the Company to the Creditor on Completion Date
“Shares” or “Common Shares”	the Class A common voting shares of the Company 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 Company is a Calgary based public corporation, listed on the Hong Kong Stock Exchange since March 1, 2012. The Company is focused on the development of its significant holdings of oil sands and heavy oil leases in the Athabasca oil sands region. The Company owns interests in oil sands and petroleum and natural gas leases in the Athabasca region of Alberta. The Company 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 of 5,000 barrels per day.

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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 plans and expectations of the Company; 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 Company’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 Company's material risk factors, see 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's website at www.hkexnews.hk or the Company's website at www.sunshineoilsands.com.